

HSVPOA Board Discusses Assessment Increases

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Description

At the August 18, 2021 Board meeting, recommendations from the Future Revenue Analysis Task Force were again discussed by the Hot Springs Village Board of Directors.

Future Assessments Proposed by Board

Director Omohundro said, “the Board at this time has decided we are going to go towards the number one option they had – very similar to it, but we’re going to be a little more aggressive.” The Board has decided on the following assessments:

- 2022 improved properties – \$90
- 2022 unimproved properties -\$42
- 2023 improved properties – \$100
- 2023 unimproved properties – \$44
- 2024 improved properties – \$110
- 2024 unimproved properties – \$46
- 2025 improved properties – \$120
- 2025 unimproved properties – \$48
- 2026 improved properties – \$125
- 2026 unimproved properties – \$49

Village has Changed

Omohundro stated, “I guess we can discuss why and how we got to this point. I think most people know that the Village has actually changed since we started this deal with the FRATF Committee. We didn’t have a lot of money in here for employees and for retention and so forth. It was a three percent increase, I think. I think we all obviously are figuring out that this is – we’re going to have to go a little

more aggressive or we're going to be in trouble as a community."

Continuing, Omohundro said, "I for one will say the last thing I think this Board and most people in this Village wants to do is raise dues to the extent that people have to leave the community. I honestly believe if this causes that, they are probably going to have to leave anyway because everything else is going up, too. It is a tough situation."

"I said something the other day. My house insurance went up \$500 this year. Our insurance on our buildings go up. We have to maintain what we have here. That's just my feelings about it."

Director Gary Belair said, "to further expand on what Tucker said, we have had two committees, this year, look at what it takes to run the Village. And by running the Village I am talking about keeping the roads and making sure our water is clean and that we can dispose of our wastewater."

Belair stated, "both of those committees saw needs for constant repair and evaluated the costs and the things that we've been postponing for a long time. So, based on all their hard work, I can see no option but to increase our assessments and I fully agree with the way Tucker described it."

Board Received Tremendous Support for Higher Increase Than FRATF's Recommendations

Omohundro explained, "one other thing I would like to point out, because we do get a lot of emails and we have actually got a tremendous amount of emails and I want to go as far as to say 99% have been positive, which is fabulous, but we have had some others and I want to point out one thing that's been going on in this community and it's going to continue, but I am going to say it anyway, just because that is how I am. We have eliminated since 2019, we have eliminated a Chief Operating Officer, a Food and Beverage Director, Agronomy Director, Real Estate Acquisitions Director, Real Estate Sales Director, Chief Member Experience Officer, and Recreation Director. That alone is \$964,000, annually. We have cut the fat for those that keep saying, 'we need to cut the fat.' We've cut it. We cannot operate the Village without some people. I am sorry. We have to have people to run this community. And unfortunately, yes, we are a nonprofit organization, but we're not a church. We don't have people working for fifty cents on the dollar because it is a church. We can't hire people because we're a nonprofit organization at fifty cents on the dollar. They don't care that we are nonprofit. We are a recreational retirement community. They have to make a living. Everybody has to make a living. It is just a way of life. So, for those people out there that keep saying, 'cut the fat,' we've cut it. We've cut a lot of things. So get off of that wagon, cause it doesn't work."

:: Clapping in the audience::

Avila Said Higher Assessments are Reality of What is Needed

Director Pam Avila added, "I have a comment. I think it is always hard when we're talking about reaching into somebody's pocket or pocketbook. It's always personal and we always kind of grab hold and say, 'no, get your hand out of there.' The reality is that this is about your home, your home, your home... and it is just not about reaching into your pocketbook. It is really about maintaining all of those things that we moved here for in the first place. So while I don't want to see the assessments go up, I know they have to and it is just the reality that we're faced with, if we want to keep this Village what we all came here for in the first place."

Special Board Meeting in a Week (They did not specify exact details)

Omohundro added, "I am sorry. I forgot to say. We have a scheduled meeting, I think in a week." The Board will vote on this issue in a week.

Assessment Increase is in Hands of Property Owners

Chair Corry said, "we are giving everyone a week to make sure everything is good and that is the only thing that will be done at that special meeting."

Corry continued, "we did not want to have anyone think that we were doing anything underneath the table. This is all very transparent. You can see it. That's what we are doing. "

Corry said, "I would just like to say that this is the biggest time in HSV history, I think, that Property Owners need to understand. This is in your hands. We are not – we are not, as a Board, wanting to raise dues. That is not what we want to do, to raise assessments. But this is a time, this is all in the hands of Property Owners. It is not the Board. It is Property Owners and how you vote. So you do want to talk to your friends and family, whoever lives here, to make sure that when this vote is set and it comes up, you get what you want. Because it is not the Board. We'll vote to present it to you. That is it."

Wages and Salaries

Director McLeod said, "One of the things that I am not sure everybody knows, but we are way behind in hiring people. We can't get people. We can't keep the people. Something that you all need to know is that the minimum wage keeps going up. Every time minimum wage goes up a dollar, it costs us over a million dollars a year, right here in the Village. Every time. And so if that continues to go up, we're trying to plan for that. If we don't, we're going to be back in this situation again four years from now. So we need to be aggressive with what we are doing and take care of the problem today and take care of the problem in the future."

Corry said FRATF recommended Option three and they are not necessarily taking that option.

Original Approach was for More Modest Increase

Omohundro said, "they did. They went with the same approach that I think I started when we started this program was, we didn't feel like we could get what we needed and we really are still not getting what we need. But, things have changed. I have been in discussions with them, myself. The retention

problem, that's what I said. We started in January or whatever. Here we are and it's changed. The dynamics have changed in this six-month period. I spoke with Larry (Siener), which is one of the analysis guys, yesterday. They already see it has changed since their recommendations. Our situation has changed. We didn't even have anything calculated for raises and hiring people and it slammed us in the last few months. You can't hire anybody at McDonald's. You can't hire anybody anywhere right now. It is just a fact of life and we have to deal with it or go home. So, they are one hundred percent behind this. They put the programs together and they're one hundred percent behind what we have came up with, because I [have] spoken to them myself. And I am sure Pam has, too."

Good News/Bad News

Avila explained, "I think part of the challenge is recognizing that, it is a good news/bad news thing. The good news is, the Village is 50 years old. The bad news is, the Village is 50 years old. And just like a 50-year-old house, it needs major repairs and it needs major things that it didn't need 20 years ago or 30 years ago. But it needs it now. We've been putting off some of those things that have been creeping up that we should have been doing and now they are becoming major repairs instead of minor repairs, so we need to step up. The reality is, that we need to step up."

Ultimate Need to Reach \$125

Director Chris Jones said, "I think you guys have all spoken eloquently about what we're talking about. I was going to mention the 50 years. I am the young guy on the Board. I am the young guy in the Village. I would like to see the Village last another 50 years or more. The reality is, the way we are going right now, it probably can't. It likely can't. This is helping us not only solve the problem for five years. It is helping us solve the problem for many more years than that. And ultimately, that is kind of the nature of how the world goes. Things grow, things become more expensive. We need to adapt. We need to make sure that we're operating the best we can, with what we have, but also, ensuring that we can continue to maintain for years to come. That red blob, as it were, it's only going to grow. We can predict all we want, but it's going to continue to grow and we need to not only just meet the top of that line. We need to extend past it. So all of that mentality went into this and we understand the need for ultimately, in 2026, to get to \$125. We didn't want to just recommend changing it overnight and cutting people off at the ankles. We wanted to gradually grow into that because we know that it is a problem when you just reach into people's pocketbooks and we didn't want to make it feel like we are robbers in any way. But we want you to understand that this is the reality of where we are. We put tons and tons of time – the FRATF has done a tremendous effort to look at every single detail that we have from our operations, maintenance, potential outcomes, potential revenue sources, whatever we could do. I can't compliment them enough on the amount that they have done. But overall, that is just the nature of where we are. So, I think, advocating for a more aggressive approach is the right mentality. We don't want to kick the can down the road. We want to put it out there right now. This is the reality today. This is where we need to be. This is where we want to be and we as a collective community need to protect what we have and continue to grow for another 50 years or another 75 years or 100 years, however, many years this community will last. And it only lasts as long as we allow it to. I think, from my own perspective, I think this is a great time for us. I think we as a community can come together and celebrate that we are protecting what we have and we're protecting our future growth. And I think that is great."

We Don't Want to Lose More Unimproved Lot Owners

Omohundro said, "I have one other thing to say. The nonresident Property Owners, I would love to have them pay \$70, \$80 a month and subsidize my luxuries here in the Village while they live in Chicago and don't use the place. But, honestly, we do not dictate that, no more than this vote. We can, I know some people say, 'well, we need to charge them \$60.' We're not going to charge them \$60. They're not going to vote for it. It's bar none. They're not going to do it. So, ultimately, one of these days, I've said it a few times, it won't be in my lifetime, but one of these days the residents of this Village, whoever they are, are going to have to pay for this Village, whether they like it or not. It's ultimately going to get there. We went from 25,000 nonresident Property Owners, paying dues. Correct me if I am wrong, Stephanie. Now we've got 13,000. That number is not going up, probably. It may. But it continues to go down. We ultimately have to take care of this community ourself and we've got to get out of the attitude of trying to get somebody in Chicago to pay for our lives, here in the Village. We are the ones enjoying this place. We have to pay our part and I hate it, but that's the way it is. We're lucky that we have them. They are already saving me \$50 a month. I like them. I don't want to run them off. I don't want to run them off and we will run them off. We're going to run them off with this. But hopefully, not many."

Avila said she wasn't sure people understood the dynamic of that. "There are more nonresident Property Owners voting than there are resident Property Owners voting. So if they don't like what is being proposed, they can vote it down and we have to live with it. So while, as Tucker said, there are people here in the Village who have said, 'why don't we go back to a one-tier – why don't they pay their share?' It's really more of a sort of balancing game and a strategic game and we have to understand that they are a powerful voting block and they could literally destroy the Village if they chose to do that."

Belair stated, "if they destroy the Village. Then they'll lose everything they have paid to date. So people should not get that."

Omohundro said, "some of them don't care."

"A lot of them don't care," said Avila.

Omohundro said, "that's where we lost – 11,000 so far don't care. They let them go somewhere else. We don't need another 11,000 to not care. Because guess who is going to have to pay the bill? Us."

Avila said, "it is a hard, cruel world out there."

Omohundro, "yeah."

By Cheryl Dowden, August 19, 2021

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4. hot springs village
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8. hot springs village assessments
9. hot springs village board of directors
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