

Palm Gardens Community Newsletter Summer June 2014

When you voted me to continue to be President in January, I pointed out that the owners of properties in the community fell into three categories. There are those for whom it is home and live here. Second are the owners who use the property only as a holiday home. Then there is the Developer, Canaria Hispania [CH], who built the complex and would like to be able to sell all the empty units. I pointed out that meeting the expectations of all groups, including those who live here on long term rental, is sometimes like pushing rocks uphill, but that the job of being President, unpaid as it is, and the job of the Administrator, is to seek to satisfy 100% of owners. Two ideas I intended to put into practice were to produce a 'Welcome Pack' of information for new purchasers and also, to produce an occasional 'Newsletter' for all owners, even though the Palm Gardens Community (PGC) is relatively small. This is the first newsletter. A welcome pack is being developed.



CANARIA HISPANIA IN ADMINISTRATION

Never has the objective of 100% satisfaction been more fraught than this year because in February, only a month after our AGM, we had scheduled an Extraordinary General Meeting [EGM] to settle the matter of external extensions and installations. On the Monday prior to the meeting [held on the Friday], Miguel Chinae, our Administrator, was advised by CH that they were about to be put into administration. This did not surprise us as the company had been falling further and further behind in paying their Community fees. To remind you, the owner of every unit in the complex is responsible to pay the community fees for that unit.

THE FIRST EGM

During the week of the EGM the community had no money in the bank, no income and was not allowed, by law, to borrow money. We did have debts. To remind you, CH should still pay fees for 19 unsold properties representing just under 40% of the PGC income/expenditure. At the time they had not been paid for several months.

As President, I agreed with Miguel that we would take the opportunity of the imminent EGM to put a proposal to the Community that we should choose between cutting expenditure by the full [near] 40% amount of the CH outstanding debt or some other sum representing savings, OR, we should ask the remaining owners to pay an additional amount, a levy, so we could retain 100% of the amenities to keep the complex in as good a condition as possible. Miguel prepared a spreadsheet, which was put to PGC owners, showing a comparison between possible savings and continuing as before.

I should make it clear that from the budget agreed at the AGM, without dissent, there are only three items that offered any possible significant savings. The first, obviously is to shut the swimming pool and gardens. The second is to stop the elevators, other than those that serve owners of 70+ years old or who are infirm. The third significant item is site maintenance. This is largely undertaken by José who is not actually employed by the community. He works for CH [and was the site foreman during construction] and the community pays a contribution towards his salary. If he left their employment, the community would still have to employ contractors to undertake the various tasks he undertakes. We do not contribute towards the night watchman who still patrols our properties on behalf of CH.

In accordance with our legal obligations the majority of owners at that meeting voted to subscribe to the levy to maintain services. Subsequent to the meeting it emerged that an owner disputed the legality of the EGM vote and held private owners' meetings to dispute the PGC decision. This group of owners demanded another EGM to discuss the budget and levy particulars.

THE SECOND EGM

This was held on 22nd May with an explanation of the current status of CH who are in Voluntary Administration. Miguel advised that they had told him that they are in negotiation with the Fiscal Administrator [and their bank] and intend to pay outstanding back and future community fees and are actively engaged in selling properties. We hope this is true.

He also commented that, in his opinion, the community would be best served if the bank took over ownership of the CH company and the PG properties as they would then be obligated to pay Community fees. None of these options is in our control. A vote was then held to decide whether the meeting should discuss possible savings OR whether to confirm the vote of the previous meeting to maintain full services via the owners levy. The majority of owners represented voted to maintain the levy. And that is where we are today.

STOP PRESS

Since writing the above we have heard that CH have paid their Community fees in full for the first half of 2014 and hope to resume payment of fees in future.

WHERE YOUR FINANCES ARE SPENT IN PALM GARDENS

[All rounded to whole numbers]

Swimming Pool

Last year's costs	€ 2,855
This year's budget amount	€ 3,500
First 6 month's costs	€ 686

This represents only the cost of chemicals and filters for the swimming pool. In fact, a large chunk of the maintenance personnel time goes on the swimming pool involving dosing, cleaning and vacuuming. Those of you who have owned swimming pools know that the maintenance of them is a permanent cost.



Gardens

Last year's costs	€ 91
This year's budget amount	€ 300
First 6 month's costs	€ 0

This represents the cost of plants and treatments for the swimming pool garden and the portals. The latter are tended by Jill Waring [free of charge]. Jill intends to cultivate new plants rather than buy them. She would welcome other owners' help in nurturing the portal containers. The actual gardening, of the swimming pool area, including mowing the grass, is contracted out which is budgeted under the maintenance personnel item. Grass cutting is done normally on a two-week schedule.



Elevator Maintenance

Last year's product costs	€19,104
This year's budget amount	€19,500
First 6 month's costs	€11,836

This is a contract price with OTIS. If we shut off the elevators to save cash, we would still have to negotiate a residual contract fee to OTIS. Lifts may not be turned off if the resident(s) who benefit are over 70 years of age or are infirm. We believe that the latter consideration applies to two lifts of the eight in service. The above figure also includes the cost of repairs to the elevator circuit boards as a result of damage from an electrical storm last winter for the sum of €2,324.85.



Maintenance Personnel

Last year's costs	€14,273
This year's budget amount	€14,000
First 6 month's costs	€ 7,906

As mentioned in the comments above, the PGC pays CH €10,914 a year for the service of their maintenance man by reducing the amount they pay in fees, called contra-accounting. By this arrangement the community does not incur any pension, social security or other overhead costs. The rest of the personnel costs are made up of garden contractors, cleaners and maintenance staff during vacation periods.



Maintenance Materials

Last year's product costs	€ 770
This year's budget amount	€ 500
First 6 months costs	€ 493

General Expenses

Last year's costs	€ 197
This year's budget amount	€ 1000
First 6 month's costs	€ 86

This item covers unplanned expenditure and for items that we cannot foresee.

Pest Control

Last year's costs	€ 720
This year's budget amount	€ 720
First 6 month's costs	€ 0

A contractor undertakes both scheduled and on demand infestation control for cockroaches and vermin. Payment not due until later in the year.



Fire Extinguishers & Equipment

Last year's product costs	€	532
This year's budget amount	€	600
First 6 month's costs	€	0



These are scattered about the complex and are maintained by a contractor. The developer installed fire hoses in the garages but failed to licence or commission the pumps which require new licence applications and other installation costs. Up to now the community has not had the funds to complete this work.

Electricity

Last year's costs	€	7,951
This year's budget amount	€	9,000
First 6 month's costs	€	5,080

Self-explanatory.



Electrical Repairs & Installations

Last year's costs	€	1,987
This year's budget amount	€	800
First 6 month's costs	€	468

During the last year the community installed portal release units to enable non-key exits through portals. This year the cost to date pertains to electrical repairs around the building.

Water

Last year's costs	€	3,833
This year's budget amount	€	3,500
First 6 month's costs	€	2,047

Seems to keep going up. Obviously we use water in the swimming pool and for watering the plants and for cleaning purposes. The cost for the first semester of this year is high due to the two large water leaks. Since the repairs the bills have come down substantially.



Plumbing

Last year's costs	€	0,000
This year's budget amount	€	1,000
First 6 month's costs	€	322

A budget amount to cover unblocking drains, purchase of plumbing materials such as pressure retention valves and repairs to leaking systems not covered by the insurance.



Telephones

Last year's costs	€	1,069
This year's budget amount	€	1,300
First 6 month's costs	€	635

All made up of the cost of mandatory emergency telephones in the lifts.

Television Systems

Last year's costs	€	773
This year's budget amount	€	800
First 6 month's costs	€	1,302

The original installation by the developer with annual costs comprising maintenance and repairs and re-tuning when transmissions are changed.



Special Work

Last year's costs	€	75
This year's budget amount	€	1,000
First 6 month's costs	€	368

Cost incurred mainly refers to repairs to the vehicular garage door.

General/Variou Expenses

Last year's costs	€	197
This year's budget amount	€	1000
First 6 month's costs	€	86

This item covers small costs and unplanned expenditure and for items we cannot foresee.

Community Administration

Last Year's costs	€	5,136
This year's budget amount	€	5,130
First 6 month's costs	€	2,568

These are the fees charged by Universal Sur for managing the complex, operating the financial accounting system, banking etc. etc.

Professional Services

Last year's costs	€	496
This year's budget amount	€	600
First 6 month's costs	€	88

These are for those occasions when we need external professional assistance such as surveyors, lawyers, water and electrical consultants and etc.

Insurance

Last year's costs	€ 3,217	<i>Self-explanatory. We have had to make insurance claims already this year in respect of water leaks and damage caused to the elevators. The total amount received so far this year is €3,783.</i>
This year's budget amount	€ 3,250	
First 6 month's costs	€ 1,746	

Postage

Last year's costs	€ 36	<i>Email has the effect of reducing our mail costs.</i>
This year's budget amount	€ 50	
First 6 month's costs.	€ 0	

Bank Fees

Last year's costs	€ 142	<i>Not within our control although the Administration tries to negotiate the best price for the community. The costs principally refer to processing direct debits and transfers.</i>
This year's budget amount	€ 200	
First 6 month's costs	€ 147	

Budget Comment

As those of you who have experience of budgetary control will know, the individual forecast numbers and the actual are often at variance due to unforeseen circumstances. Most often, however, compensating factors come into play and the outcome can be very close to the total budgeted figure.

You may remember that at the 2013 AGM we wanted to add 10% to the budget so that the community could accumulate a small reserve each year to take care of the ageing building. CH would not agree to the 10% that we wanted to add but did agree to the final 5% that has been added for the past two occasions. Unfortunately, events seem to have come between us and that objective. Which does not mean that we will not have to find sums of money for building repairs and maintenance in the [possibly] near future.



A couple of the installations and agreed blinds that adorn the building. There are three apartments that have installed blinds that do not conform to the community standard which is for SATTLER No. 320 833 pattern fabric.



Annual General Meetings [AGM] and Extraordinary General Meetings [EGM]

The Palm Gardens Community is required by statute to hold an Annual General Meeting to fix annual budgets and also to hold interim EGMs to decide individual events. ***It is appreciated that not all owners can attend such meetings however, you are earnestly advised that they are held to support your interests and that you should attend if at all possible. If you cannot attend in person then you are entitled to appoint a representative who will look after your interests by proxy.***



Ambitions

I have a couple of ambitions for the future. Easiest will be to get rid of the hideous fence that surrounds the spare land opposite PG. It belongs to CH and we have no control over it.

Probably the most requested improvement to the community will be to install a heating system to the swimming pool. Given that we maintain the pool all year round but that it is used in reality only for 6/7 months we are not getting best value for our expenditure.

Miguel and I intend to continue to ensure that Palm Gardens amenities and utilities are maintained to the highest standards. We are delighted that we have received the encouragement of so many owners on the estate.

I wish to thank Miguel China for his ever competent and professional approach to running the Palm Gardens Community affairs. His patience and knowledge contribute much to our amenities.

Tony Waring
President, Palm Gardens Community
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