

## **Village Board Continues Crunching Numbers, Revises Others**

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**HOT SPRINGS VILLAGE** – Hot Springs Village Property Owners' Association revenues through September are more than \$1 million below projections, the HSV Board of Directors were told Wednesday.

Financial figures in Treasurer Wayne Copeland's report, along with a study done by the Research and Special Projects Committee, prompted the board to take immediate action in revising 2009 budget proposals.

The shortfall is due mainly to decreased golf rounds and more lots becoming delinquent in assessments, particularly \$473,000 in payments owed on 2,522 lots by National Recreational Properties.

Operational expenses have been cut more than \$365,000 and capital expenses by \$1.4 million to compensate. A hiring freeze is also in place that has kept payroll \$40,000 under budget. Copeland, sitting in for General Manager Dave Johnston, said that as employee numbers drop by attrition, they will not be replaced unless absolutely essential, per approval by the general manager and the board.

A report given by Larry Ebner on behalf of the Research and Special Projects Committee pointed out recommendations to help balance a 2009 budget. The 2008 budget projected \$400,000 in uncollected assessments, which has ballooned to \$1.2 million this year. This is the amount tentatively budgeted for next year, and the committee feels this is underestimated by \$500,000 to \$1 million, given the state of the national economy.

"A conservative approach is essential while still maintaining what we have in the highest quality possible," Ebner said.

The report also noted that an \$8 million golf revenue projection for 2009 is too high and the recently passed \$3 increase in greens fees is too excessive and would result in a loss of golf rounds. Fewer golfers would buy annual fees, which could jeopardize the association's 60/40 tax-exempt status.

In turn, the report summary stated that other fee areas were not scheduled for an increase and nominal ones would be in order. The summary also calls for curtailing capital expenditures. However, the

report suggests to continue spending funds on advertising and promoting the village.

“We need more people here to make these lots viable. We have been called the best kept secret in the country. That statement doesn’t need to apply any more. We need more people to move to the village,” Ebner said. With those two reports, Director Dick Breckon presented a proposal to address these issues. Board members had reviewed it a few days prior to the meeting, and it was unanimously approved. Breckon’s proposal calls for the following:

#### **2008 actual**

- Continue the hiring freeze.
- Continue to scrub operational expenses and reduce them where possible.
- Continue to scrub capital projects to reduce or eliminate expenditures.
- Report to the board a projected year-end financial position.

#### **2009 budget**

- Revenue – Increase the delinquent assessment payments amount from \$1.2 million to \$3 million. In golf, reduce the green fee rate increases from \$3 to \$1 for property owners, bringing it in line with other rate increases. This was met with applause from the audience as several golfers in recent weeks felt the \$3 increase was unfair and would result in a reduction in rounds.
- Expense – Reduce the number of full-time employees from 398 to 378 or less, continue the hiring freeze, scrub operational expenses while incorporating a \$1 million contingency, and scrub capital projects, not to exceed income minus expense.

“The village can survive one to two years without a lot of these capital projects. It will help us get through this until the economy turns around,” Breckon said.

As another cost-cutting measure, the board, on a motion made by director Teri Jackson, rejected the \$1,048,966 bid to renovate the Balboa Club. Jackson presented a counter proposal that would save over \$500,000. The entire project would not be done, but it would get the club back in operation, and the rest of the job could be done as finances allow. Representatives of several clubs and organizations who use the Balboa Club for meeting space have expressed a desire to have the facility reopen and they would strongly patronize it.

Jackson’s proposal, which was unanimously approved, calls for paying the architect’s fee and retaining that firm; carry over the \$225,000 allotted in the 2008 budget to 2009 and earmark another \$175,000 for a

\$400,000 amount; rebid the heating and air contract; rebid the upper level renovation as three separate components; use association crews where possible; repair the dumb waiters on the lower level, but do no modification on the lower level except for removing the stairwell.

“The facility will deteriorate if we do not get it back up and running, and I think this way is workable to get it operational while still taking a conservative financial approach,” Jackson said.

In yet another financial move, the board unanimously approved the purchase of a 2006 Morbark tub grinder for \$37,100. Public Works Director David Whitlow said the grinder will be used for yard waste and will pay for itself in 16 months. This would eliminate transporting yard waste to the landfill, plus the mulch produced can be used by the parks and recreation division for landscaping, eliminating the need to purchase mulch.

Annual fees were also approved, with the reduced golf round increase figured in, as well as eliminating the Internet fee for registering and paying on line.