

# LETTER FROM THE PRESIDENT

June 2022

## **Summer House Owners:**

The summer heat has arrived. The temperature dial has also been raised on a number of topics at Summer House as the board and staff work through another year of challenges. Here's some info on current topics.

## **The 2022 Insurance Renewal**

As discussed at length in the March President's Letter, the hostile property insurance premium environment in coastal areas of Florida, resulting in numerous non-renewals and staggering premium increases for condo properties, required a high-wire act by our insurance representatives to obtain coverages for us at reasonable prices. Compounding the difficulty and cost of renewal, the re-appraisal of Summer House common property was reported at a value more than \$13,000,000 [+26%] over the previous appraisal. In combination, the insurance market conditions and the re-appraisal values created a perfect storm for our May renewal. Fortunately, we avoided the potential outcomes that would have created an immediate financial crisis for Summer House, a comment on the truly excellent professional representation we enjoy [Gallagher Risk Management Services] and a reflection of the solid condition and sound operation of the Summer House property. Nonetheless, the renewal was very expensive and necessitates some operational changes in order to avoid transferring the financial pain to the membership. Total insurance package costs increased almost \$94,000 [+43.3%] over last year. Proper insurance is not only a statutory requirement... it's a duty to the membership. Be assured that the board and staff will adjust our finances and operations to accommodate the extraordinary conditions imposed by the Florida insurance markets.

## **The Inflation Monster**

No one needs a reminder of what you experience when you go to the grocery store, fill up with gas or have to substitute products because the item you want to purchase is not available. Summer House, of course, buys a somewhat different set of goods and services than most individuals, but we are subject to price increases, shortages, delays and empty shelves, too. Because we budget our operations with paper-thin margins of error so that we can maximize capital improvements, the unexpectedly steep inflation levels we are all witnessing have required us to amend the details and timing of operational and capital projects. For example, our Golfside siding contractor was notified in May to prepare to receive the exterior HardiBoard materials that were being shipped to our site, but the materials didn't arrive until weeks later, evidently due to transportation complications. What additional delays in material delivery and availability will we experience, and when? With such delays and with the severely limited labor market in our area, will our contractor be able to hire and deploy an adequate work crew continuously throughout the project? To what extent can peripheral work be accomplished out of order? How long will one of the pools be closed? What happens to our experienced on-site construction manager during the delays? When dealing with questions like this, the key is to be able to adjust as necessary and make rational

decisions - bend but not break. That's what your board and staff are doing. The lack of landscaping labor at reasonable prices is partially disabling our landscaping vendor from performing at the level we expect and that they prefer to perform. All landscapers are experiencing the same issue. The high cost of area housing is contributing to the problem. The price and only-intermittent availability of basic pool chemicals is impairing the operations of every commercial pool vendor in the area. The list goes on and on. Our board and staff are all experienced business people who are used to operating in adaptive environments. Please bear with us while we do our jobs.

### **Important Reminders**

-> *Leasing Process*: For safety and sound management purposes, the staff needs to maintain an accurate database of residents. Landlords should contact the office, fill out a simple form and submit a lease to the office staff when renting a unit. Compliance is easy; failure to comply can be expensive.

-> *Bulk Item Disposal*: The compactors are designed for household trash only. Dumping large items like mattresses, furniture or construction materials can damage the compactors. Please don't. Again, contact the office for details on disposal. Also remember that there are operational cameras on the compactors.

### **New Legislation**

In a special session last month, the Florida Legislature passed a property insurance reform package and a comprehensive condominium safety law. Only time will tell if the insurance provisions materially reduce renewal rates and prevent the continued diminution of coverages by making changes to state reinsurance reimbursements and reforming litigation rules in an effort to reduce insurance carrier litigation costs and exposures. The key provisions of the condominium safety law require condo buildings at least three stories tall within three miles of the coast to be inspected when they reach 25 years of age. Phase 1 visual assessments of structural conditions will be due by the end of 2024. The act also requires structural component reserve studies, alters reserve opt-out provisions [we have never opted out of reserve funding], makes building safety information available to a wide range of interested parties and clarifies developer requirements prior to membership transition. The board will take careful note of these new provisions and will plan to timely meet the requirements of the new law.

### **The Maintenance Staff**

It may be easy to take daily maintenance for granted, but it's not easy work, it's not easy to plan and it's certainly not easy to find motivated staff members who are creative and skilled enough to actually succeed at this kind of work. Our maintenance staff is small, effective and...well...amazing. Hats off to Jose and Fito. The two of them are a huge part of what makes Summer House a great place to live and invest. The next time you see Jose or Fito, let them know just how important they really are.

Thanks for your trust and support.

**Joe Gill**  
**President**