

Sector 1 Costs Update July 2020

Hi All

Facebook has given invaluable feedback on community fees and the Lagoon Entry Policy. The Presidents Report prepared for the AGM planned for March of this year addressed both issues but with its deferral it has yet to be sent out with the other papers for the re-scheduled AGM on 11 September. Coronavirus has clearly changed the goalposts for this year and there has already been a lot of dialogue on Facebook relating to Lagoon Entry and Usage by “outsiders”. However I would like to address the issue of community fees which some owners have commented are both higher than initially promised by our developer and also other communities. I cannot comment on promises made on costs on an individual basis although for my part the fees are in line with my expectations when we purchased.

Last autumn we were asked by some owners if we could have an external review of our Sectors expenses and following on from our EGM in January we employed the services of an experienced, independent accountancy firm (PFV). As is normal their review covers procedures and the accuracy of our financial statements ensuring consistency from year to year and does not look to recommend or suggest cost efficiencies. PFV will attend our re-scheduled AGM, present their report and take questions.

In addition we have prepared a summary sheet of our fees over the last 4 years to show the impact of our extensive gardens on our community fees and to explain our costs. Our gardens are per unit one of the largest on the Costa Del sol and the summary shows both the impact of them on our costs and what the costs would be if we didn't have them. For simplicity the paper takes an average cost based on 100 apartments which is the total of our sector. Owners with three bed apartments of course pay more than those with two bed as the total costs are shared based on size of units. Starting with 2017 (pre the existing committee) you will see our Sector costs were 286k Euros but no provision was included for the refurbishment/repainting of our bloques which this committee and the AGM approved in 2018 on the assumption it would need to be done every 6 years.

The increase in the fees for our sector in 2019 was due to a dry winter and associated additional water costs and the need to treat the neglected grass and other deferred projects. Our gardens including water accounted for 50% of our total sector costs in 2019 and we as a committee are looking at ways to reduce this in the future and we can discuss this at the AGM. Water costs are of course unpredictable and very much dependable on the previous winter's rainfall. If we were to exclude our gardens i.e. assume we were similar to many other developments our average monthly fee would be 158 Euros per month which in my experience is in line with other communities who do not have gardens.

In addition of course we pay our share for the Entity and the Lagoon and when it is all added the total costs average 373 Euros per month which we appreciate is no small sum.

We have been constantly reviewing our costs and looking for ways to reduce them without compromising the quality of our up market urbanisation. We have noted some owners wish to conduct their own review of costs and would welcome any ideas from them how we can reduce the costs further whilst maintaining the resort to a high standard.

Hoping this helps and we will of course take any questions on this subject at the AGM.

David Fitchett
On behalf of the Committee

ALCAZABA LAGOON COST COMPARISON 2017-2020

Description	2017 Actual	2018 Actual	2019 Actual	2020 Budget
Sector 1	285.943	300.482	350.251	335.290
Entity	36.611	39.851	41.000	42.000
Lagoon	-	26.229	70.000	70.000
Total	322.554	366.562	461.251	447.290
Costs included in Sector 1				
Water	34.574	10.354	52.975	37.000
Gardens including Water	122.205	128.796	176.813	146.000
Refurbishment Fund	-	25.000	25.000	25.000
Average Adjusted Monthly Fee				
Sector 1	238	250	292	279
Entity	31	33	34	35
Lagoon	-	22	58	58
Total	269	305	384	373
Sector 1 (without gardens and water)	136	143	145	158