

# COVID-19: Keeping Your Budget Healthy

*Moderated by:*

**Emily Fallon**

*Panelists:*

**Bobet Bennett-Marshall**

Senior Vice President for Financial Services, FirstService Residential

**John Lee**

Vice President, FirstService Financial

July 29, 2020



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# MEET YOUR *panelist*

## **Bobet Bennett-Marshall** *Senior Vice President for Financial Services, FirstService Residential*

Bobet Bennett-Marshall leads the teams that provide accounting and financial services to the 1,700 community associations managed by the Southern region.

Prior to joining FirstService Residential, Bennett-Marshall spent 17+ years with Wyndham Destinations Inc., where she was most recently the Regional Vice President of Resort Operations – Florida, Caribbean and New Orleans. She also held leadership roles in finance and corporate services including Vice President Division Controller- Wyndham Vacation Ownership and Vice President of Finance-Enterprise Shared Services for Wyndham Worldwide.



# MEET YOUR *panelist*

## **John Lee**

*Vice President, FirstService Financial*

John Lee has been with FirstService Residential for over 15 years. He spent several years in the Developer and Startup division and now leads the FirstService Financial team in the South region, overseeing both banking, lending and insurance relationships. John and his team are charged with facilitating deposit placement services for the 1,700 properties in the South region. They also advise boards and provide expertise on the insurance procurement and placement process.

Prior to his roles with FirstService Residential and FirstService Financial, John spent 4 years running the condominium unit of an insurance brokerage.



# AGENDA

- ▶ Maximizing Value
- ▶ Insurance
- ▶ Cash management
- ▶ Collections and late fees
- ▶ Communication to residents about budget concerns or changes
- ▶ Q & A
- ▶ Takeaways



# MAXIMIZING *value*



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# Maximizing Value

It's always a good time to look at ways to optimize your budget through:

- ▶ Performing a cost benefit analysis
- ▶ Working with your property management company to renegotiate contracts
- ▶ Using bulk buying
- ▶ Getting an energy audit

**“Half of board members surveyed said they were looking for ways to optimize their budget.”**

# Maximizing Value

*Performing a cost-benefit analysis*

- ▶ Work with your property management company to get a line item list of the costs being spent on goods/services (e.g. Landscaping, Maintenance, Janitorial Supplies).
- ▶ Go line by line to identify any opportunities.
- ▶ Make sure changes won't create a bigger burden down the road.

# Maximizing Value

## *Renegotiating contracts*

- ▶ The right management partner will be able to assist you with that negotiation and help you identify places to maximize value.
- ▶ Ask if your current vendors are able to provide greater value for the money.





# Maximizing Value

## *Bulk buying*

- ▶ Take advantage of bulk buying.
- ▶ Work with your property management company to have them negotiate on your behalf.

**“55% of boards said that *increased expenses due to additional cleaning and disinfecting* had negatively affected their budgets.”**



# Maximizing Value

*Getting an energy audit*

- ▶ Ask utility company to perform an energy audit on your community.
- ▶ Get recommendations on ways you can reduce your power usage.
- ▶ Look for city, state or federal rebates being offered to offset the cost of upgrading to more energy efficient systems.

**“41% of board members are looking to save on their energy and utility bills.”**





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**INSURANCE**

# Insurance

## *The current situation*

- ▶ Uncertainty due to COVID-19 has caused insurance renewals to come in at higher costs than previous years.
- ▶ A few factors, including insurance carriers increasing restrictions and becoming more selective, have led to these increases.
- ▶ Associations can prepare for these changes by further optimizing their budget using the tactics outlined in the previous section.



# Insurance

*The right fit*

- ▶ Know what your exposures are and what is and is not covered on the property.
- ▶ Leverage your property management company's resources and expertise to understand your risk, perform benchmarking and work diligently to get your association the best value.





# CASH FLOW

*management*



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# Cash Flow Management

## *Improved forecasting*

- ▶ Plan and budget accordingly for any increased delinquencies or decreases in other revenue areas.
- ▶ Increase focus on forecasting, especially through 2020.
- ▶ Focus on how current trends will impact your 2021 budget.

# Cash Flow Management

*Keep your cash surplus*

- ▶ For associations ending with a cash surplus, hold on to as much of it as possible.
- ▶ Associations with shortfalls should consider short-term loans.
- ▶ Consider delaying smaller planned projects or “wish list” items to save the extra cash.





**COLLECTIONS**  
*and late fees*



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# Collections and Late Fees

*Stay the course*

- ▶ Don't suspend collections.
- ▶ The board has an obligation to continue to fund and run the association as best as possible.
- ▶ There are risks to relaxing collections during the pandemic.

**“73% of board members surveyed said they are collecting assessments as usual.”**





# COMMUNICATING

*with residents*



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# Communication to Residents

*Be clear about budgets*

- ▶ Make sure your management company is communicating regularly to the board.
- ▶ Transparency is important when communicating to residents.
- ▶ Clearly communicate any budget changes or updates to residents.
- ▶ Follow your state law and your governing documents, as well as your attorney's advice when discussing the budget with homeowners.



**QUESTIONS**  
*and answers*



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# TAKEAWAYS



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# CONCLUSION

- ▶ Look for ways to optimize your budget and maximize value by:
  - Performing regular cost-benefit analysis
  - Obtaining an energy audit
- ▶ Work with your property management company to:
  - Use their bulk buying power
  - Renegotiate vendor contracts
- ▶ Get the best value on insurance coverage for your association
- ▶ Keep a close eye on your cash flow management
- ▶ Continue to collect assessments
- ▶ Communicate budget changes with residents

# ABOUT US

*Who we are and what we do*

## In a Nutshell

- Leading residential property management company in North America
- Trusted partner of associations of every type and size
- Provider of full-service property management solutions

## Mission

Deliver exceptional service and solutions that enhance the value of every property and the lifestyle of every resident in the communities we manage.

## Brand Promise

- Deliver Exceptional Service
- Improve Resident Lifestyles
- Enhance Property Values
- Optimize Operational Budget
- Mitigate Risk



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# CONTACT US

*We're here 24/7*

For more information on how your board can have a healthy budget through this crisis and beyond, contact [learn@fsresidential.com](mailto:learn@fsresidential.com) today!

