



Written by Miguel Aponte

# ONE Waterstone

## Is there *really* savings in Unity?

On Friday, January 21st, 2011, the South Dade Venture Community Development District (CDD) hosted its 2nd "ONE Waterstone" public presentation. Approximately 32 Waterstone residents attended the evening event in hopes of learning more about this fairly new concept of conveying Waterstone's two clubhouses to the CDD in order to unify the two Waterstones while dramatically reducing operational costs for both clubhouses, reduce liability, eliminate the need to collect BAD DEBTS relative to uncollected clubhouse maintenance assessments, provide more services, and actually produce over \$300,000.00 annually to improve both clubhouses! The District's Manager, Mr. Paul Winkeljohn announced that the Waterstone II Master Association's Board of Directors has already approved to proceed with the transfer of ownership of the Waterstone II Clubhouse to the CDD; however, as of the date of this article, The Waterstone I Master Association Board of Directors have not officially provided a definitive answer to their participation in this proposal.

During this recent presentation, Mr. Winkeljohn provided the current operational costs of three other local communities that utilize their respective CDD's to maintain their community's clubhouse. Among these communities is the Malibu Bay Clubhouse (Stonegate CDD) located right next door to the Waterstone community. Although, these clubhouses have costs associated with the actual purchase of these properties (an issue that does not apply to Waterstone), Mr. Winkeljohn was able to demonstrate that in comparison to the current independent operational budgets of both Waterstone clubhouses under their respective Master Associations, the CDD can provide a greater level of service for both clubhouses for far less costs while providing more available funding for future clubhouse improvements *at no additional cost to the Waterstone homeowners.*



Malibu Bay Clubhouse (Stonegate CDD)



South Kendall CDD Clubhouse

## *How is that possible?*

*Let's look at the current operational costs and collection methods utilized within the Waterstone I Master Association.*

Waterstone I Master Association (Waterstone Grand Clubhouse) 2011 Annual Budget = \$373,650.00 or \$26.50 a month/\$318 a year per home.

How does the Waterstone I Master Association collect its monthly assessments? Each of the following Waterstone I Neighborhood Home Owners/Property Owners Associations (HOA/POA) collects their monthly assessments from each home via a monthly billing system. This monthly assessment includes that neighborhood associations operational costs as well as the \$26.50 for the operation and maintenance of the Waterstone Grand Clubhouse. Each Waterstone I neighborhood HOA/POA must provide a full monthly payment to the Waterstone I Master Association for every home within their respective HOA/POA; even if they do not collect all of the assessments from any particular homeowner. The following reflects the Waterstone I monthly payments to their Master Association:

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Marbella Cove HOA	pays \$4,531.50 a month for their 171 homes
Portofino Estates POA	pays \$3,445.00 a month for their 130 homes
Floridian Isles HOA	pays \$3,975.00 a month for their 150 homes
Pebblebrook HOA	pays \$3,180.00 a month for their 120 homes
Stonebrook HOA	pays \$3,869.00 a month for their 146 homes
Portofino Bay POA	pays \$4,319.50 a month for their 163 homes
Portofino Lakes POA	pays \$3,180.00 a month for their 120 homes
Floridian Bay Estates HOA	pays \$4,637.50 a month for their 175 homes

## *But, what happens when homeowners do not pay their monthly assessments to their respective neighborhood HOA's/POA's?*

EXAMPLE: Assuming that an average of 40 homes in any one of these neighborhoods are not paying their monthly HOA/POA assessments, that HOA or POA pays \$1,060.00 (40 x \$26.50) to the Master Association, which equates to a **BAD DEBT**. This BAD DEBT is typically averaged in most HOA/POA annual budgets and the cost is then carried over to the remaining homes that are paying their assessments. Under this example, this is how much each home would carry in monthly BAD DEBT relative to the Clubhouse maintenance alone:

Marbella Cove HOA	Remaining 131 homes pay \$ 8.09 more per home
Portofino Estates POA	Remaining 90 homes pay \$11.77 more per home
Floridian Isles HOA	Remaining 110 homes pay \$ 9.64 more per home
Pebblebrook HOA	Remaining 80 homes pay \$13.25 more per home
Stonebrook HOA	Remaining 106 homes pay \$10.00 more per home
Portofino Bay POA	Remaining 123 homes pay \$ 8.62 more per home
Portofino Lakes	Remaining 80 homes pay \$13.25 more per home
Floridian Bay Estates	Remaining 135 homes pay \$ 7.85 more per home

This same method of payment repeats itself within the Waterstone II Master Association and its 8 individual neighborhood HOA's/POA's. Under the current clubhouse maintenance payment system, Waterstone I and Waterstone II pay a combined \$574,697.00 annually for the two clubhouses.

However, under the full ONE Waterstone Proposal, the CDD can operate both clubhouses for just \$334,480.00 due to various exclusive advantages such as the greatly reduced liability under sovereign immunity. **That's a combined \$240,217.00 annual savings for Waterstone!** Additionally, if the CDD were to collect \$318 a year from all 2,269 Waterstone homes (instead of the current method of paying \$26.50 a month via HOA/POA for one clubhouse) it can operate both clubhouses while generating a total of \$721,542.00, which would allow for an additional \$387,062.00 annually for clubhouse improvements and/or events such as a splash pad for kids, heating of the pools, community events, additional amenities, etc. And since the CDD collects 100% from all 2,269 homes within Waterstone, the BAD DEBT relative to the clubhouse maintenance is completely eliminated. So, instead of the HOA or POA trying to collect the clubhouse maintenance for 1 clubhouse on their monthly assessments, the CDD could assure the collection of the same amount for 2 clubhouses via the annual CDD assessments (taxes). And, as if all this weren't enough, there's even more exclusive benefits such as:



- Reduced maintenance and insurance costs
- Cost recoveries by FEMA for non-insured damages after major storms (avoids the risk of special assessments to cover damages not covered by insurance)
- Eliminates the need to generate supplemental funds by closing the facilities for private parties
- Tax exemption on all purchased products and services
- Elimination on accounting costs and legal processing relative to such accounts
- Reduced liability due to the CDD's Sovereign Immunity status
- The use of both clubhouses for all Waterstone residents
- Access to professional CDD staff such as Arborist, Landscape Designers, traffic and civil engineers, Graphic Artist, etc. at no additional costs
- Merging of established esthetics and landscape designs/themes to provide continuity and value to the community
- Accessibility to government grants for identified projects/improvements

## Q&A: The following are some of the questions/answers provided at our recent public presentations:

### 1. **IF THE CDD WERE THE OWNER OF THE CLUBHOUSES, WOULD WE HAVE TO OPEN THE CLUBHOUSES TO THE GENERAL PUBLIC?**

Yes. However, Non-Waterstone homeowners would be required to pay a \$318 annual membership fee in order to utilize these facilities. In the case of the Malibu Bay Clubhouse, their CDD has been operating their clubhouse for over 1 year and to date they have not had a single Non-Malibu Bay homeowner purchase an annual membership.

### 2. **WON'T THE CLUBHOUSES BECOME OVERCROWDED IF WE OPEN THE FACILITIES TO ALL WATERSTONE RESIDENTS?**

Of course overcrowding is always a possibility; however, under this proposal you will always have a 2nd option, which is currently not the case. Case and point: If the clubhouse is overcrowded now, you do not have a second option under the current system.

### 3. **IS SAVING \$10 A MONTH IN BAD DEBT AND ALL OF THE MENTIONED BENEFITS AND IMPROVEMENTS AT NO ADDITIONAL COST TO ME WORTH THE EXCLUSIVITY OF MY ONE ASSIGNED CLUBHOUSE?**

That is a personal opinion, but from a business standpoint, we believe that most would agree that the benefits of ONE Waterstone far outweigh any perceived disadvantages. Furthermore, from an investment perspective many believe that the access to two clubhouses instead of just one, increases a home's marketability and value for sales and leases.

### 4. **WOULD WE BE GIVING TOO MUCH "POWER" TO JUST ONE BOARD (THE CDD)?**

That would be an individual opinion; however, it should be noted that the CDD Board of Supervisors are elected by the residents of Waterstone and are held to a much higher standard of conduct and ethics as sworn elected officials.

### 5. **WHY DOES THE CDD BOARD WANT TO SAVE ITS HOMEOWNER'S MONEY?**

The Board of Supervisors feel this proposal will maximize the efficiency of our combined resources while actually providing more services, reducing liability and promoting a unified community and that's an obvious benefit to everyone.

### 6. **WHAT IF THE WATERSTONE I MASTER ASSOCIATION BOARD MEMBERS REJECT THE ONE WATERSTONE PROPOSAL?**

The listed benefits and approximately half of the savings would benefit the homeowners within Waterstone II only. The CDD Board would then have to determine whether they would open the Waterstone II Clubhouse to all 2,269 Waterstone homes in which all Waterstone homes would pay an equal share for the operation and maintenance costs (approximately \$90 a year or \$7.50 a month) OR the CDD could reserve the Waterstone II Clubhouse for the exclusive use of the homeowners within Waterstone II in which only the Waterstone II homeowners would pay (approximately \$183.77 a year or \$15.31 a month).

### 7. **HAS THERE BEEN IN DEPTH ANALYSIS ON THE RISKS AND EFFECTS OF THIS PROPOSAL?**

Unlike our current method of funding these clubhouses (HOA/POA), the ONE Waterstone proposal is very simple and actually reduces the likelihood of increasing budgets or issuing a special assessment to meet financial obligations because established annual budgets insure that the funds are available throughout the year.

### 8. **WITH ALL THE FORECLOSURES IN THE AREA, HOW CAN THE CDD EXPECT TO COLLECT 100% OF THEIR ANNUAL ASSESSMENTS?**

Over the last couple of years, the CDD has been collecting 100% of their budgeted assessments (regardless of foreclosure status) because the assessments are collected through the annual Miami-Dade County tax bill. Whenever a tax bill is unpaid, a tax certificate is issued and sold on the home and such taxes are paid by the holder of the tax certificate. This ensures that all items on the tax bills are paid annually.

**Do you have questions of your own?** Please join us for our next public presentation of the ONE Waterstone proposal to be held at our 5th Annual *Town Hall Meeting on Friday, April 29th, 2011, at 7:00 p.m.* at the Waterstone II Clubhouse or for further details and updates, please visit us on-line at: [SouthDadeCDD.com](http://SouthDadeCDD.com)

# It just makes "cents" !