

## **On Top of the World –Clearwater**

### Frequently Asked Questions

#### **Fiscal Year Budget 2022-2023:**

##### **1. Why such a significant increase?**

Answer: This is a new budget process for our community. As you may recall, the Association has been working with the Division of Florida Condominiums, Timeshares and Mobile Homes (the “Division”) on a modernized and more transparent budget format since 2019. We formed a Working Group comprised primarily of resident Board Members which held public meetings and workshops to discuss and prepare the new format and make recommendations to the full Board. Finally, the new format was approved and enacted by the Circuit Court of the Sixth Judicial Circuit in Pinellas County.

With this new budget format, approved by the Division, On Top of the World Clearwater (“OTOW”) is recognized as a "Multi-Condominium community," or a community consisting of multiple condominiums operated by a single Association. This designation allows for a single, consolidated budget across all buildings. Now all individual buildings and building budgets are in parity with one another. This means that the overall OTOW budget is divided equally across all buildings, and then each building divides its budget based on each unit’s share of common element as specified in each building’s Declaration.

##### **2. How come some buildings went up more than others?**

Answer: This is closely related to the question above. The answer is that in previous years we have used two different budget formats – one for fee simple buildings and one for leasehold buildings. Our new budget format created adjustments to most buildings, some more than others. Other cost increases are result of 9.1% inflation. Wages have increased among the vendors that serve our community. In addition to wages, fuel and anything fuel related has also increased affecting the cost of most goods and services.

##### **3. Request for line by line budget based on increase that everyone has received for 22/23 year. Include salaries, payroll, and what new expenses would allow for a 5million dollar increase.**

Answer: One of the reasons your Board was looking forward to this new budget format is that it is far more detailed and resident-oriented than the previous formats. Your budget, mailed to you in advance of the Annual Meeting, includes a breakdown of all community operating expenses. Because this budget is so different than the prior year's budget, we are unable to provide an item-by-item comparison of the two budget formats. The largest cost changes are due to inflation year over year, as discussed above.

If you would like to obtain a copy of your budget, you may do so in one of two ways:

- a. Download it from our website [otowclearwaterinfo.com/building-budgets](http://otowclearwaterinfo.com/building-budgets), or
- b. Email your request to [clw\\_clearwater@otowfl.com](mailto:clw_clearwater@otowfl.com).

##### **4. Why were we not given 30 days’ notice of increase, no explanation of lease monthly payment, in past years, Management fees were waived. When budget paper was sent, there was no amount listed for lease.**

Answer: There seems to be some confusion on this point. Chapter 718 of the Florida Statutes and the Association’s Bylaws require that the proposed budget be provided to members 14 days (not 30 days) prior to budget consideration by the board. In this regard, every resident was mailed a Proposed Budget on May 23, 2022 which included, on the back side of the building budget, the new monthly Assessments for your unit. It also included the rate with and without the adoption of reserves (the community voted overwhelmingly to waive reserves).

If you live in a leasehold building, please note that the monthly leasehold payment is not an expense of the Association, thus it is not part of the budget. The leasehold payment is added to your monthly bill as a matter of convenience for owners in leasehold condominiums, so you have a single bank draft or check to write.

**5. Why do I have to pay for the elevator if I live on the first floor?**

Answer: The cost to maintain the elevators is a common Association expense which is shared equally across all buildings in our Community.

**6. Why do I have to pay for gate staffing if I live in Paradise where the gates are not staffed?**

The cost to maintain the gate staffing is an Association expense which is shared equally across all buildings in our Community. However, your Board has directed the Management Company to develop alternative options to the current gate staffing for the Board to consider, as the cost of staffing the gates has skyrocketed recently.

**Leasehold:**

**1. What is a leasehold?**

Answer: Simply stated, a Leasehold estate is form of property interest where the condominium sits on leased land underlying the building. At OTOW-Clearwater there are 81 condominium buildings which were sold as leasehold units. The interest created by a lease is for a defined term of years in return for the monthly payment of land rent. The lease gives the tenant the right to occupy and use the property for the "term." The leasehold units at OTOW-Clearwater were sold for a term of 100-years and rent is collected together with Association assessments in the monthly Community Service Fees. During the term of the lease, the tenant may sell the leasehold interest together with their condo and the buyer assumes the remaining lease term. When the lease term is up, ownership of the entire property reverts to the Landlord unless the lease term is extended.

**2. Can there be a cap on amount (of leasehold) charged? If no lease extension, can amount go up \$10, \$20 per month? If lease extension, can it only go up \$.50 per month?**

Answer: There are three questions here. Answering the first and last, a First Amendment to Lease is available to extend the leasehold term to June 30, 2119 and cap the annual lease payment increase at \$6.00/year or \$.50/month. Please go to [www.otowclearwaterinfo.com/leasehold-first-amendment-request](http://www.otowclearwaterinfo.com/leasehold-first-amendment-request) if you would like to request the First Amendment to Lease. In answer to the second question above, if there is no lease extension, the lease payment amount may increase as per the current Lease Agreement for your unit.

**3. I don't lease my unit, why are you charging me a fee for this all of a sudden?**

Answer: The Lease Monthly Payment fee listed in the Association letter dated June 27, 2022 pertains to the leasehold (also known as a land lease – see above) of your condominium. This is not a new fee, you have paid a leasehold payment since you purchased your condo. As a matter of convenience, and by agreement with the Association, the leasehold payment is collected with your Association assessments monthly.

**4. I signed the First Amendment which says the most my CSF can increase is \$6.00 per year, how can you raise my HOA so much now?**

Answer: The First Amendment to Lease limits the leasehold payment increase to \$6.00 per year, it does not affect your Association fee. The leasehold fee is paid with the Community Service Fee as a matter of convenience to the owner.

### **Bulk Cable:**

#### **1. How come some are paying for bulk cable and not getting any benefits? Plus, I am still paying for Spectrum!**

Answer: The rate for the Summit Broadband (SBB) bulk cable services will be \$45.00/month plus taxes and fees in the 2023-2024 budget year. Service is expected to be available to all units before the end of 2022. Since our fiscal year runs from July 01, 2022 through June 30, 2023, a \$19.00 per month fee is included in the budget each month. You are paying \$19.00 now while the service is being prepared and you will continue to pay only \$19.00 per month once you are able to receive bulk cable service. Planning the budget like this prevents the need for an amended budget once service is available. You can think of it like building painting and roof replacements in our community. Every unit owner pays towards these every month, however, the roofs are replaced in two or three months of dry season. The \$19.00 per month Summit rate will remain in place until a new budget is adopted for the 2023-2024 fiscal year.

#### **2. How do we get the streaming service as promised in advance of actual payment? I am paying \$20 for no actual return and this can go on for several months.**

Answer: There seems to be a misunderstanding here. There was never a “promise” of an advanced start to the SBB video streaming service. The video streaming service will be available as part of the SBB bulk cable offering. At the suggestion of a resident, we reached out to Summit on two occasions asking for an early start to the streaming service. So far the answer has been “no,” but we continue to work on it with SBB. The Board anticipates that most residents will see a significant reduction in their monthly cable expense, once the SBB bulk cable and internet service are fully deployed.

#### **3. I have a special arrangement with Spectrum to get a discount. Will I get that discount through Summit?**

Answer: Any such individual arrangements are currently between residents and Spectrum. As of now we are not aware of any discount programs from Summit, though we will update you if that changes.

#### **4. When will my building be connected to Summit’s cable?**

Answer: Late-fall or early-winter is the current timeline. Summit plans to have most buildings fully connected by November of this year. Currently, the installation of fiber throughout the community is a little ahead of schedule, but we are very early in the very complicated process.

#### **5. Why can’t owners opt out of Summit’s services if we don’t use or want internet or cable?**

Answer: In 2020, residents voted overwhelmingly to move to a bulk cable arrangement that would provide cable and internet to the entire community at a discounted rate. The Board spent nearly two years negotiating with providers before agreeing to the new arrangement with Summit Broadband. In a community as large as ours, all residents rarely agree. So, the Board took action based on the input of a vast majority of residents.

#### **6. Can Summit Broadband provide the SBB video IPTV application to prior to Internet service being installed?**

Answer: Unfortunately Summit will not be able to launch their (IPTV) product so early in the project. While they are focused on a great customer experience, they are also focused on a one time roll out vs multiple. Additionally, the time to setup a remote headend to handle this property wouldn’t be ready prior to SBB’s original forecast.

NOTE: Additional information on the transition to Summit and the services provided may be found online at [www.OTOWClearwaterInfo.com/Summit-Broadband](http://www.OTOWClearwaterInfo.com/Summit-Broadband)

**Gates and Staffing:**

**1. Why such a high increase in Gate Operations and we are seeing the same attendants?**

Answer: The new company is expected to start operations on November 1, 2022, following expiration of the notice of termination for the current vendor. You may have noticed the gates often unstaffed recently by the current provider. This is because the company hired to manage the gates experienced a labor shortage. Your Board is working to move to a new company that can hopefully improve performance. This new company pays a substantially higher labor rate, which accounts for the increased costs. Going forward, your Board has asked the Management Company to present alternative options for gate staffing and access management for the next fiscal year. More information will be provided once these alternatives have been presented.

**2. Human greeters or electrical monitoring? How often were the police called last year? And the reasons for those calls? What are the stats for the surrounding areas?**

Answer: Over 59% of those who responded to the gate staffing question on the ballot/proxy indicated the board should consider no longer staffing the gate and only maintain electronic video surveillance in the next year's budget. The Board does not track police calls into the community but crime statistics are available online.

**3. Possible concerns for unstaffed gatehouse: speeding, increased traffic, more door-to door solicitation, loss of Market value, insurance coverage increase, crime opportunities increase, more open access by random outsiders.**

Answer: All of your scenarios are already a concern with the existing gate operations. Gate attendants have no legal authority to stop anyone from entering the community. When solicitors enter the community, the quickest way to address it is for residents to call the Community Service Office so that a Management Company employee can ask the solicitors to leave. We have talked to the Pinellas County Sheriff's Office repeatedly about increasing patrols through our community, but they have not committed to offer this service.

**4. Suggestion: move Belcher gate back and lock all entrances with all residents getting a key FOB to open gate automatically, key pad for guest and vendors.**

Answer: The Board asked the Management Company to develop suggested alternatives to gate staffing and the cost associated with each alternative.

**5. Why are we paying for security when the vote was to get rid of them?**

Answer: Two points here. One, we do not have security, we have gate greeters. Two, the vote was to gauge interest among residents for an alternative means of entry monitoring. Based on the feedback received, the Board has asked the Management Company to look into alternative options and the cost for each.