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COMMUNITY LIVING

Creative budget-saving tips

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As summer draws to a close, association boards and finance committees begin to lay out their budgets for the coming year. What a challenge, especially this year when so many communities have been hit with record numbers of delinquencies and foreclosures. Every dollar matters.

Budget planning falls into two main categories: Budget-saving and budget-stretching. The first is how to avoid spending money, perhaps by eliminating certain expenditures or finding less expensive ways to buy something. The other is how to get the most value from money that has to be spent.

We asked a panel of association pros for their best financial advice to those heading into budget season. Before you get out a calculator or spreadsheet, consider their budget-savers.

Lower your service levels. Full-time onsite management is the most expensive management service you can buy. You'll save money by scaling back to off-site management or from full-time to part-time management, said Sal Sciacca, president of Chicago Property Services in Chicago. "Oftentimes, onsite personnel is a luxury, not a necessity," he said.

"Some associations are cutting costs in landscaping by making do with what they have instead of putting in annuals and new plantings," said Timothy Snowden, deputy director for property management at Heil, Heil, Smart & Golee in Evanston.

Others are washing windows or cleaning hallway carpets twice a year instead of thrice, or by contracting for an accounting review instead of a full-blown audit.

Be energy-efficient. Small leaks and obstructions add up to big dollars. Switch lightbulbs from incandescent to fluorescent. Install timers and sensors. Change filters often to keep mechanical systems running smoothly. "Make sure all exterior doors are closing properly to prevent cold or hot air from coming inside," said Shirley Feldman, an association consultant and president of Association Advocates Inc. in Chicago.

Watch expiration dates. Elevator maintenance, laundry machines and other service contracts often are tied to multi-year terms and automatic extensions. Opportunities to cancel or change are slim. "Jot down the dates that those contracts are up for renewal and be sure to renegotiate each one," said Brawley Reishman, a condo board member and president of Transproperties Management LLC in Chicago. "Don't let those renewal windows slip by."

Take fast action against delinquent assessments. The industry norm is that accounts are turned over to the association's attorney when they become 60 days late. "A strict delinquency policy is needed to ensure that the income anticipated is the income collected, or this could create a hardship on the remaining owners," said Feldman.

Offer electronic payment options for assessments. The cost of paper checks, coupons, postage and lockbox processing can



run several dollars per unit every month, said Brook Silvestri, president of the Fox Valley Homeowners Confederation and Midwest regional executive for the Smartstreet division of RNC Bank in St. Charles. Also, when owners have the ability to schedule future payments, they are less likely to incur short-term delinquencies because they forget to pay or go out of town, he said.

Save by spending. Proactive maintenance prevents emergencies, which tend to be expensive. "It costs a little more money upfront, but you'll save money in the long run," said Sciacca. Deferred repairs and replacement projects cost more the longer you wait because the disrepair and damage accelerates over time, he said.

Team up. Create a Cost Reduction Committee to solicit owners' input and money-saving ideas, said Feldman.

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