

# Dollars and \$en\$e Submitted by Eric Breisach, Treasurer



## Excellent Financial Position Despite Challenging Times

I am pleased to report that as we emerge from pandemic-induced uncertainty only to face the uncertainty of surging inflation, Bay View

couldn't be better financially prepared.

About 95% of the costs of running Bay View (not including program direct costs or services to cottages) are paid for by members through the Chautauqua Fee and Member Dues. Thus, as inflation increases Bay View's costs, members end up paying those costs.

At the Midwinter Meeting, we reviewed the projected inflation-triggered increases in Chautauqua Fee and Member Dues over the next 20 years. Even assuming that inflation doesn't go much above 8% and is reasonably under control within two years, the combined total annual per-cottage cost (which, assuming two lease-holding members, is now \$3,100) crosses the \$5,000 line by 2031 – nine years from now *unless we are proactive* – which we are!

Because we didn't know what the future would hold, over the past two years, we have closely managed costs, sought and received substantial employee retention tax credits and, as a result, built up a nest egg of about \$456,000.

In the short-term, we will likely use this money over the next few years to soften the inflation triggered increases in the Chautauqua Fee, giving time for incomes to catch up with inflation.

In the long-term, under the leadership of Barbara Pfeil, Bay View is exploring initiatives that could potentially generate meaningful revenues so that we would not need to rely on member fees and dues to pay for 95% of our operating costs.

## Capital Expense Funding is on Target

This fiscal year we have scheduled over \$1.1 million in capital and major maintenance expenditures. Again, the good news is that this is almost all planned for and we have the money to pay for it.

This amount includes about \$227,000 to pay down our bank loan and interest. While I had hoped to pay off that loan five years early, given that we pay only 4% interest and inflation is running close to 8% (and likely higher in the months to come), we are much better off investing that money rather than paying off the loan early.

Jake Porath and Barbara continue to make excellent progress on our 20-year capital plan. The largest piece that is being finalized is that of our sewer system. We had the entire system scoped and roots cleared out last year. While we have a handful of things to repair this year, overall, the 35-year old clay pipe system is in much better condition than expected and hopefully will last much longer than the engineers originally predicted. We will update you once we get the engineer's report.

We will continue to refine the capital expenditure and major maintenance plans to ensure that we continue to set aside the appropriate amount every year to meet future needs.

## "One-Bay View" Approach to Funding

We are many people, but we are one community. We have many interests but we are one community. We have many activities, but we are one community.

Despite Bay View being one community, we have become compartmentalized in many ways by areas of interest or activities. Financial segregation, while giving ownership to activities, had the unintended consequences of sometimes creating walls, isolation and ultimately division.

While we are working to understand how the special interest committees and clubs all fit together, let me stop the rumor mill that has already gone crazy. We are NOT taking money from any group's bank account. Rather, we are crafting a plan to work with all groups to build a common understanding and appreciation for the contribution each group makes to Bay View and the cost of services that Bay View members pay in support of each group.

In some cases, it might be that a group could and should help pay for

some of the support services currently paid for through the Chautauqua Fee and Member Dues. But in many cases, groups have no way to pay for those services and nothing will change.

Importantly, we will build a strong working relationship between Bay View's financial management and each group. We have begun this effort very successfully with the Program Directors.

For example, using the "One-Bay View" approach, last fiscal year, despite Covid-related limitations, the programs ended with about \$41,000 after direct expenses. This operating equity is available to offset the costs of support services in the next fiscal year that would otherwise be financed by members.

I ask for patience and to let us work through this process. We need to be very intentional about how we fund Bay View. We also need to break down financial barriers and work cooperatively to provide the best possible programs, activities and amenities while managing costs to members.

Despite all of the challenges thrown our way during my little over three years as your Treasurer, I am incredibly optimistic – no, make that excited – about the work we have well underway to ensure long-term financial stability and security while building cooperation, trust and community in the process.

