

Above Board

December 22, 2022

We had a good meeting on Monday. Following are items that will bring you up to speed on what we discussed.

FY23 Budgets and Programming News

The Board of Trustees reviewed the FY23 budgets for the four program areas and REM. We will see the FY23 budget for Chautauqua Administration in January and all budgets will be finalized at the Mid-Winter meeting in February. All budgets are expected to breakeven or yield positive results.

Some of the key points this year are:

- The Education Program won't have much in the way of changes this year. The year will be spent analyzing the mix of classes offered, assessing the timing of class offerings and discussing ways to maximize attendance. The Education Committee will be consulted on possible changes for FY24.
- Performing Arts will have four weeks each of brass, woodwinds and strings. The musical will run just Friday and Saturday nights this year. The opera will consist of two one-act operas.
- Recreation Program will offer seven normal weeks of programming. The eighth week has been troubling in recent years with few campers and fewer leaders. This year the eighth week will have a separate sign-up and offer combined group programming.
- Worship and Religious Life has contracted with eight "Preachers of the Week," representing a wide range of theological diversity. You should expect 4 weeks of professional musical support at the communion services and an improved Sunday bulletin. Keep an eye out for communications regarding "Big Sunday."

Some members have commented that Bay View offers too many programs and activities – occasionally resulting in competing events. In response, our Executive Director decided to create a comprehensive calendar, which will allow staff to do a better job of setting dates and times and avoid taking attendees from other, already scheduled, activities.

Development

I am delighted to announce that we received an endowment commitment in support of Performing Arts! The "Carol Jane and William Perkins Endowment" in honor of Carol and William reflects their long-term love of Bay View's Performing Arts program and is a lasting reminder of their impact to Bay View. We are thrilled that our Performing Arts program has this kind of support.

We had hoped to receive an endowment commitment in support of the American Experience program, but we were not able to agree to the restrictions required by the anonymous donor.

The restrictions ranged from asking us to waive our rights afforded by Michigan law and limiting our ability to evolve programming, to removing from the agreement one of our basic policy requirements for approving endowments.

American Experience is a popular and beloved program. However, acceptance of this gift's restrictions would have created a long-term liability to Bay View Association. In the end, the responsibility of both staff and Trustees is to work in the best interests of all of Bay View. We appreciate all those who have a deeper interest in philanthropy in Bay View and thank the donor for his/her time and consideration.

Finance Policy News

In a continuation of our effort to become more transparent, the Association is making quite a few changes to the charges we send members this year. There are many unknowns, and while we can estimate an average change, we recognize that the effect of these changes will be different for each leaseholder. We discussed the idea of making one change each year, but were concerned that, if we go that route owners, wouldn't have a handle on his or her personal cost of cottage ownership for two or three years. Ultimately, we decided to make all the changes at once so after FY23, each cottager would be able to expect, and plan for, the costs he or she would be facing.

Real Estate Tax Apportionment Changes

One big change is in how our real estate tax bill from Bear Creek Township is apportioned to cottage owners. The bill distribution will be based on current market value of the lot and cottage. The Board of Assessors (BoA) had our attorney look at the Resort Act under which we were founded and he determined that our prior method of allocation did not align with the requirements of the Act. Allocation based on current market value was determined to be the appropriate method.

You will have read information from the Assessors regarding this change, and are probably aware that the Assessors hired a highly qualified professional assessor to value our cottages and lots, in preparation for the change. The real estate tax distribution bill will go up for some cottages, down for others, and for others remain about the same. We will hear more from the Assessors as they change to the new system. The BoA will distribute the new valuations to leaseholders in the Spring.

Water/Sewer Bills

Another change is the installation of water meters on cottages so as to allow us to bill each cottage for the water it uses versus using cottage/lot values as a basis for allocating water/sewer bills. For the first time you will only pay for what you use! In past years, an allocated cost for water and sewer was included in a REM fee called "Lot Rent." The cost of water and sewer services that your cottage uses will be billed periodically beginning in 2023. Staff are finalizing the billing cycles and frequency and we will keep you updated.

REM Service to Cottages

The final change is what REM bills cottagers. For the past many years, Bay View's Real Estate Management company (REM) has sent an annual bill for something called "lot rent." But it was actually never "rent" for the lot your cottage sits on. What we called "lot rent" paid for all the services your cottage receives from Bay View, such as yard waste pick up, fall raking, the post office, assessor fees, leasehold-related legal fees, etc. as well as distribution of the water/sewer bill that the Association receives from the City of Petoskey. "Lot rent" was based on outdated lot valuations.

Now that we will remove water/sewer costs from the "lot rent" bill, there will be two changes:

1. First we will rename the bill to better describe what you are paying for. The name will be "Services to Cottages."
2. Second, we will change the basis of the bill from lot value to a flat fee for all cottages. The thinking here is that a small cottage and a large cottage both receive the same services from Bay View so they both should pay equally.

Going forward, each cottage will pay the same dollar amount to fund both Bay View's non-profit activities (the Chautauqua Fee) and for services provided to our cottages (the Services to Cottage Fee). We all receive the same benefits from being part of Bay View and, for the first time, we will all pay the same amount to fund the activities. We believe this is not only equitable, but because it is more understandable, it will aid in transparency.

Trustee Appointment

We were honored to have two highly qualified candidates show interest in being appointed to the Board of Trustees. It was a difficult decision. In the end, we decided that accounting acumen was our most critical need, as we make all the financial changes I have described above.

Please join me in welcoming **Martha Blandford** to the Board of Trustees.

Bits and Pieces

- Water meter installation has continued. At this point, only 5% of our cottages still need installation. The next step will be to activate the meters, get staff trained on the software, and begin rate calculations.
- We added to the golf cart policy a requirement that golf carts be insured.
- We updated the investment policy so our investors could plan for a fixed 3% annual draw from our long-term gift funds, but also allowing the Board of Trustees to draw more if there are sufficient excessive funds and the need to do so.
- We received a pulse report from the Long Range Planning Committee's end of season survey, which tells us that people who attend our programs are mostly or very satisfied

with them. You will be able to find the report behind our member wall. A link to the member wall is [here](#).

- Our Superintendent of Buildings and Grounds, Jake Porath, has found someone who can fix the leaks in our swimming pool. The work will be done in the Spring as it will require digging and jackhammering of concrete. We have been told that the pool is near the end of its useful life, therefore, we have asked our Recreation Director, Amy Seamster, to recommend to the Trustees what it should be replaced with (when it finally needs to be replaced) so we can add it to our capital plan. Amy is on the agenda for our September, 2023 meeting so you (and she) will have all summer to consider this. However, if you have ideas/thoughts now, please email her at rec@bayviewassociation.org
- Anyone who is local might notice activity at the Moors cottage, which the Association purchased in the fall. The cottage is being be renovated this winter in order to get it ready for staff use during the season. As a security measure, we asked one of our staff members to stay in it while it is being renovated. Additionally, since the cottage is a recent build, it was built with winter use in mind. That means we will be able to use it for contractors, consultants, and program staff in the off season, instead of paying for hotel rooms.

The Trustees join me in wishing each of you a very merry Christmas!