

Why Setting Limits on Dues Increases Is a Bad Idea

Insurance and personnel costs account for all of the increase in 2024 OVA dues.

In a comment on my post *Next Door (OVA Expenditures in Perspective)*, Carol Cabot said she would like to have a firm limit on increases in dues of 3% per year. Bruce Bon (<https://oakmontobserver.com/dues-inflation-in-oakmont/>) favors aiming to tie dues to the cost of living and to have a hard maximum rise in dues to twice the increase in the cost of living.

Would you apply maximums to your own expenditures, like for fire insurance? I suspect not. The problem with fixed maximums is that many expenses are not under one's control. This is true for the OVA as well as for you.

Take the 2023-2024 OVA dues increase of \$12 per month, or 10.62%. Bruce Bon is very critical of this rise, "Dues increases as high as this year's 10.6% increase, above an all-time-high 2023 dues level and compounded over the years, are not stable and threaten many Oakmont homeowners' financial ability to remain here." By either Carol's or Bruce's rule, this increase would not be allowed.

Consider, though, what accounted for the \$12 increase. \$9.58 of the increase was caused by massive increases in our insurance policies, especially for the Umbrella Policy. The choice for the OVA Board was between 1) No insurance and 2) paying the insurance bill. It would not be fiscally prudent to be uninsured, and OVA Board members would likely have been open to being sued if they left Oakmont seriously under insured. The other source of increase was Personnel Costs, which rose by 12% and accounted for \$3.75 of the increase in monthly dues. This was the first increase in wages in two years, during which consumer prices rose by 11%. Would you have denied our employees a cost-of-living raise? To do so would not only be unkind but would increase turnover, which has its own costs.

Insurance and personnel costs account for all of the increase in 2024 OVA dues.

Placing arbitrary limits on the ability of management to pay these increased costs would have been detrimental to the well being of us all. The unexpected happens often, and the Board needs to be able to respond appropriately.

PDF version available <https://www.dharmacloud.com/OVA.htm>

Vince Taylor, February 25, 2024