

AUGUST 2017
MANAGERS REPORT

Crescent Royale
C O N D O M I N I U M S

ADMINISTRATION

1. Bookkeeper: Monthly bookkeeping services have been secured, Cheryl Adams. Her schedule will be on an as needed monthly basis with minimum hours being 5-6 per month. We are working together to accurately display how the financials are being calculated and posted. Sharon Racey did a wonderful job in rebuilding our financial foundation and we are working to get to the next level.
2. Websites:
 - a. Rental: Removing the Owner section from the rental website will enable a lien and purpose driven website by streamlining the rental website
 - b. Owners: A separate website dedicated to owners is being created. This will provide access to day-to-day operations of Crescent Royale. The Board continues to operate in a transparent light as we welcome owners to access official records of CR via the website: crescentroyale.org. It will take approximately two weeks to create.
3. Board of Director's officers have been changed; the newly elected President is Joe Marinelli. We gratefully thank Pat Chandler-Smith for her dedication to CR during a challenging and difficult time. She has been a great asset to all of us. The Annual Corporation Report has been updated to reflect the Board's decision.

FINANCIAL

1. Financial institutions signature cards updated adding JByram as signer
 - a. Synovus (still waiting for docs to be signed to replace bookkeeper for ACH)
 - b. Wells Fargo
 - c. Bank of America
 - d. Suntrust
 - e. Cadence Bank (still waiting for docs to be signed to replace bookkeeper for ACH)
2. Ongoing reclassification of some invoices to proper chart of accounts is in progress
3. The 2016 audit has been completed and will be mailed to all owners.
4. 2018 Budget in process
 - Monday, August 14 at 10:00 am
 - Monday, September 11 at 10:00 am (budget to be presented to the Board at the September meeting for approval to send to owners)
 - October Board Director meeting for the *adoption* of the 2018 Budget (with a 14-day prior notice to owners)
5. **SALES: Cap on estoppel certificate fees** – Sellers of properties who live in a condo association will have a limit on the amount they will pay for an estoppel certificate, a document that informs a buyer if the seller is current with their assessments. Effective July 1, 2017 caps estoppel certificate fees at \$250 for unit owners who are current in their assessments.

RENTAL PROGRAM

SUMMARY

The focus this month has been working with Rental Committee members on updating the Owner Rental Agreement on issues relating to Standards of Excellence, VRBO, commissions, cancellations and security deposits. Marketing goals and improvements have been implemented along with video streams on Facebook and Instagram for social media. The office has begun the scheduling of annual deep cleans.

CLEANING ISSUES

5-Star cleaning has taken over cleaning for all units on the property, including the common areas. Cleaning problems and guest complaints regarding cleaning have ceased. The rental staff is no longer spending several hours a day rectifying cleaning complaints and issues with the linens.

A continuing issue that needs to be addressed is for owners that would like to complete their own departure cleaning and deep cleaning.

The office receives calls from Owners disputing cleaning charges on their statements. A common explanation from owners that refuse to pay cleaning fees is that they cleaned their own unit and do a better job than the cleaning companies themselves, so when owner statements are posted owners call in saying that their cleaning charge is a mistake and demand that the charge is reversed.

Owners have also called the office to instruct that after a guest departs, do not allow a cleaning company to enter the unit and to leave it dirty. They are then requesting to apply the amount that the guest paid for cleaning to be transferred to the cleaning fee after the Owners departure.

OWNERS RENTAL PROGRAM AGREEMENT

The Rental Committee has collaborated on some minor changes to the **Guest Rental Contract** to make it more applicable to the offices operations regarding the cancelation policy and security deposits. The **Owners Rental Program** agreement is still in the process of being updated. The contents of these agreements are paramount for creating a standard for all participants.

PHOTOGRAPHING UNITS

The Rental office is considering different options for improving the image quality of units currently posted on the Crescent Royale website in addition to taking photos in-house.

RNS PROGRAM UPDATES

RNS is continuing to improve and adjust to our needs.

First, the **NEW BROWSER BASED SOFTWARE** platform is well into development. Many portions are completed and running in various forms usable in the new "REST" Application Program Interface (API). The REST API allows outside developers to do many customized tasks, such as fully-customized websites and guest communications, just to name a couple. And being browser based means ease of use on any device, including smart-phones and tablets.

A new feature available now is our **Mobile Housekeeping and Work Order App**. We can setup "accounts" for our cleaning staff, contractors or inspectors to easily sign-in to see their list of cleans and instructions. With a tap on

the screen you can initiate, monitor and close out the clean on the app which will update the RNS software during the entire process. A big help when you have those massive turn days. The app also allows cleaners or inspectors to issue work orders while they are at the unit, making their time more productive and speeding up the repair process!

Crescent Royale now has a new **Responsive Web Design** that have become the Search Engine standard. RNS has Responsive Web Design listing and booking pages that meet those new standards. Check out the sample site here: www.crescentroyale.com.

Finally, Crescent Royale is now using the new **Easy Image Loader**. This new browser application lets you pick several picture files at once, resizes the photos automatically (typically in 900 x 600 format, at 150kb), uploads the files to the RNS FTP, and loads the files into the RNS program – all with just a few clicks.

Online Terms & Conditions Acceptance, the **Online Guest Payment Portal** and a **New Calendar View** by unit are among some of the new enhancements as well. But my note is already getting too long!!

WEBSITE

Added several images of our property and Siesta Key. Spoke with Realtech about events calendar.

Event Calendars: Realtech has very few sites that use them. It's a good idea to give visitors a way to find out what is going on locally, but how much work do we want to put into managing that information?

Here are some options that our web developer suggests with different levels of time required to manage them:

1. Have a Things To Do / Events page on your site that has links to other companies that already compile this info. This is by far the easiest option. You build a page on your site and put some links in it. Occasionally you can add to that list of links if you find additional sources. The links should always open in a new tab/window so the user is never taken off [crescentroyale.com](http://www.crescentroyale.com). Here are a couple of examples of links:
<http://events.siestakeychamber.com/events/calendar>
<http://www.visitsarasota.com/events-festivals#/34236-sarasota/all/today>
<https://www.mustdo.com/fl/sarasota-gulf-islands-venice-bradenton>
2. We could build an Events list in a Word or Excel file, save it as a PDF and post that in a blog post on your site. This is a pretty simple option to but takes some time for someone to compile the list of items.
3. Install a plugin in your site which would allow you to enter a lot of details of events. The plugin we would use is <http://wp-events-plugin.com/> we can set this up and let you manage it as you see fit. It allows for a lot of details & options like event location, times, recurring events, descriptions, pics...however with all that functionality you have a much more time-consuming process to get an event added to your website.

Options 2 & 3 are not beneficial regarding search engine rankings to our website if you are copying event data from other sites. Only original content you created will do that.

Recommended changes:

While reviewing our site I noticed how straightforward it is. Keeping the website pages/options simple and easy for a user will help online bookings to our site. The less diversions you have from letting someone book a rental the better.

We had a few pages that were blank and have been removed:

- Specials
- Rates
- Realtors

Our rental website is constantly monitored so that we can make necessary changes to provide the best guest experience.

OFFICE MARKETING EFFORTS

The rental office has established some goals from a marketing standpoint.

- On site search optimization & content marketing (SEO)
- Social media marketing
- Paid ads creation and management

SEO - During the website build RealTech focused on optimizing SEO practices by publishing relevant content to provide a great user experience, and make sure Google can find and index all of our content. This is done by using on-page components like meta-titles and descriptions, headings, and page load speed. The user experience improved interlinking flow throughout site. We also have the ability to use video integration for advertisement. We can create content and optimize our landing page by optimizing our page word counts, adding relevant keywords in content body and implement internal and external links. We are using our website to promote social media interaction throughout your website. You can see the links to our social media in the footer of our site.

Social Media - We are focusing on social media to grow our audience and increase user engagement through Facebook and Instagram. Our goal is to increase our audience from 1000 to 1500 users. Facebook allows us to create ads to promote our condos and target guests that have already stayed at Crescent Royale. We have the ability to offer promotions through this channel of users who match the demographic profile of guests that have already converted to bookings.

Paid Ads - Google Ads is a form of advertisement requires no contract and will bring in new website visitors, grow online sales, get the phones ringing or keep customers coming back. We can target customers in certain countries, regions or cities. We will be easily found on google web searches.

You set your own budget, so your costs will depend on what you are trying to accomplish with your advertising. Some businesses spend tens of thousands of dollars a month, and others are comfortable investing several hundred. Crescent Royale has set a daily limit of \$35.00 a day.

Signing up for Google AdWords is free. You only pay when someone clicks your ad to visit your website, or calls you. In other words, when your advertising is working.

The rental office has created a Google Ads account and will be managing the account in house, while working directly with professionals from Google to optimize an AdWords campaign that will be effective in driving new guests to our website.

Professionals from Google will assist the rental office free of charge for 90 days by working directly with our staff. Google representatives will create a build for the rental office and work with us by making changes to operate more efficiently on the following points:

1. Campaign changes: Includes the ability to edit targeting settings, add or edit ad groups, and edit campaign distribution.
2. Placement changes: Includes the ability to add and delete placements, pause and resume targeted placements, add or delete negative sites and categories, and edit placement-level bids.
3. Ad text changes: Includes the ability to add, edit, and delete text and display ads*, edit destination URLs (landing pages), add or delete tracking URLs to ad text and placements, and pause/resume ad text.

4. Keyword changes: Includes the ability to add and delete keywords, and increase or decrease the maximum cost per click.

5. Performance Monitoring: Includes the ability to track the overall performance of your campaign(s).

We will be using a Conversion Tracking code on our website to track conversions from website visitors so that we know exactly who is booking and where they are from. This will help with the process of remarketing.

Remarketing is one of the most effective AdWords features we can use to drive conversions from the visitors to our site. It lets us reach our website visitors and app users with a fresh message tailored just for them by engaging wandering prospects and bringing them back to convert more rentals. Our message will appear to those visitors as they browse other sites and apps in the Google Display Network or search on Google. It's a powerful way to continue the conversation we began with them on our site.

The Association could pay for a company to manage these applications; however, it is somewhat expensive. We reached out to our website developer Realtech and they offer their services for an investment of between \$1500.00 and \$3500.00 a month, with a 30% commission for their services to manage google ads. The staff has the skill to perform this in-house.

RENTAL DATA FOR INFORMATION AND COMPARRITIVE RESULTS

Monthly Rental Progress Report

July 2017

	2017	YTD	2016	YTD	+/-
Net Rent (by arrival date)	\$215,397.16	\$1,977,002.79	\$209,456.46	\$1,879,176.99	5.21%
Commissions	\$35,886.84	\$311,618.31	\$31,040.88	\$293,062.57	6.33%
Paid Guests (by arrival date)	163	837	178	880	-4.89%
Reservations	<u>2017 MTD</u>	<u>2016 MTD</u>	<u>Qtr</u> (to date)	<u>Qtr 2016</u> (to date)	<u>+/-</u>
Booked	223	153	223 7/1 - 10/31	153 7/1 - 10/31	45.75%
Travel Insurance	<u>Policies Sold</u>	<u>Commission</u>	<u>2017 YTD</u>	<u>2016 YTD</u>	<u>+/-</u>
July (by pmt date)	2	\$58.50	5,119.92	\$6,726.16	23.88%

YTD = Year to Date MTD = Month to Date Qtr = Quarter

OCCUPANCY COMPARISON

	2016	2017
JANUARY	89%	89%
FEBRUARY	99%	99%
MARCH	96%	99%
APRIL	56%	76%
MAY	58%	54%
JUNE	55%	50%
JULY	59%	55%

The occupancy percentage reflects paying renters; owners and owner guests are not included.

INFORMATION FOR OWNERS

There has been an ongoing debate on the split commission rates for owner referrals. There is more clerical administrative and communication work involved with owner referral process. There is more office staff time spent on owner referrals than time spent booking guests directly through the Crescent Royale Rental Office.

The following table illustrates 100% the Owner Referrals (OR) provided to the office between January 1, 2017 and June 30, 2017. The OR column shows how many Owner Referrals were received through June 30. Proceeds column indicates the rental proceeds the guests paid.

- 12% identifies the amount of commission that the owners paid to the association.
- 16% is the commission amount that owners pay for renters secured through the office. Difference between 12% and 16% is the difference, or amount that the owner saved by providing an OR.
- 3% credit card column is the amount that was proposed to be reimbursed the owners who use VRBO.

Finally, the column labeled Commission to Association would be the amount that Crescent Royale would receive in commissions based on a 12% commission rate and a 3% credit card reimbursement. Not all the referrals were provided by owners that were using VRBO.

OR	Proceeds	12%	16%	Difference of 12 and 16%	3% credit card	Commission to Association
1	1138.00	136.56	182.08	45.52	34.14	102.42
1	1426.00	171.12	228.16	57.04	42.78	128.34
1	1735.50	208.26	277.68	69.42	52.07	156.20
2	2211.32	265.36	353.81	88.45	66.34	199.02
2	1980.88	237.71	316.94	79.24	59.43	178.28

2	2728.00	327.36	436.48	109.12	81.84	245.52
2	4907.00	588.84	785.12	196.28	147.21	441.63
3	3829.07	459.49	612.65	153.16	114.87	344.62
4	5151.47	618.18	824.24	206.06	154.54	463.63
4	5827.90	699.35	932.46	233.12	174.84	524.51
5	6257.00	750.84	1001.12	250.28	187.71	563.13
6	7467.16	896.06	1194.75	298.69	224.01	672.04
6	10023.43	1202.81	1603.75	400.94	300.70	902.11
6	7432.80	891.94	1189.25	297.31	222.98	668.95
7	10462.00	1255.44	1673.92	418.48	313.86	941.58
10	15650.29	1878.03	2504.05	626.01	469.51	1408.53
62	\$88,227.82	\$10,587.34	\$14,116.45	\$3,529.11	\$2,646.83	\$7,940.50

We contacted neighboring condo resorts that are comparable to Crescent Royale Condominiums and asked them what amount do they charge owners for commissions:

Crystal Sands 15% straight commission

Siesta dunes 18% straight commission

Gulf and Bay 18% straight commission

Siesta Gulf View 15% straight commission

Horizon West 18% and owner pays all cleaning of their unit between guests

White Sands 15% straight commission

Jamaica Royale currently 17% but considering raising 18% straight

Sarasota Surf and Racquet 20% straight commission

Further research is under way to see how other resorts handle the everchanging Vacation Rental By Owner.

DAY-TO-DAY OPERATIONS

1. **Fitness Renovation:** Sarasota County has provided Nutter Custom Construction with the permit! Steve has been onsite with the demo company to review the beginning process.
2. September 18, 19, and 20, 2017 has been scheduled for pool paver cleaning and sealing. The area where the renovation workers use will be done at a later date.
3. **Elevator room** HVAC was draining onto the floor. It is necessary to keep moisture out of the air due to the elevator equipment. The HVAC now drains out into the bushes next to the elevator door.
4. Three new carts have been ordered for owners and guests. The old ones will be used by contractors.
5. **Landscape** bids have been received by Grants Gardens and Golden Leaf Landscaping.
6. **Laundry floors** in 777 and 797 building to be replaced with more durable materials
7. **Arrow Fence** who is to repair our existing fencing and replace some areas has been detained as the product was back-ordered
8. **Verizon** (cell tower) to cover the cost of bldg. 777 roof hatch protection railing
9. Stairway and Laundry doors are being painted and some of the handles replaced.

10. **INTERIOR OFFICE:** The office walls and doors were painted.
11. **DECORATIONS:** The closet behind the lobby where decorations were stored have now been moved upstairs in the storage area. Remaining in the outside closet are the beach chairs and window screens. Also housed in this closet are the two circuit breaker boxes and will be used during the fitness renovation project.
12. **HVAC:** The HVAC maintenance letter will be sent out to owners when the Board of Directors adopt the HVAC policy.
13. **UNIT MODIFICATION:** The Building and Grounds committee has finalized their unit modification policy and forms and are awaiting Board approval
14. **Roof Hatches:** Florida Southern Roofing will be replacing the roof hatches of the 777 and 757 building. Verizon Cell Tower will install a protective railing around the 777 roof hatch for safety issues regarding their technician coming on a monthly basis to assess the cell tower.
15. **Trees Trimmed:** All trees 15 feet and above have been trimmed the 10/2 (10:00 / 2:00)
16. **Mailboxes** are installed

BEFORE



AFTER



17. **Fire Pump** inspection: Building 777 is the only building piped to the fire pump due to it being a 7-story building, enabling water to be pumped up to the seven stories. Alliance Fire performed the annual inspection of the fire pump, roof-top standpipe and hose valves (16). There were a few deficiencies noted and will be corrected. Useful Life of the fire pump is 40 years as per our 2016 Reserve Study with -0- remaining years. \$20,000 replacement cost.



18. **Walkways** cleaning of the walkways/ hallways will also be pressure washed during the 18-20 of September.
19. **Banquet Room:** Kitchen backsplash has been installed

20. **Three Elevator** “Zone 6” uniform key for the elevator fire knox boxes have been received. The Fire Marshall will be given these keys to insert in the fire knox boxes.

UPCOMING PROJECTS

Insurance policy review	Second floor deck repair or replacement
HVAC database	Generator is in need of repainting
	Fitness Center renovation
Elevator pit to be cleaned and smoke alarm replaced with 10-year alarm	Installation of the Verizon cell tower on 777 building in September 2017
	Elevator cabs in September 2017
	Repair laundry floors where needed in each building