

Reforecast of 2022-2023 Operating Budget

In the July 30th edition of the *CC Times*, I wrote to you about the effect that inflation was having on the current Riverbay Corporation operating budget and provided you with an overview of our major revenue sources and expense categories. At the Board of Director meeting this past Wednesday evening, Management presented a reforecast of the 2022-2023 operating budget that anticipates an \$18.6 million deficit in the current fiscal year which is already 4½ months complete. To close that deficit would require a 10% carrying charge increase.

I also have reported to you, the major reason for this deficit is the increase in the cost of natural gas and oil, which we use to run the power plant. As I reported to the Board, we originally estimated that our cost for gas this year would be \$12.86 million, based on what we paid last year, and assuming increases that we were seeing in the energy markets. However, prices have increased more dramatically due to domestic supply constraints and the Ukrainian-Russian war. We now expect that our gas costs will be closer to \$31.13 million. We use oil at times in the power plant, and even there, we are expecting to have an increase in our projected cost of \$1.6 million.

Other major expenses greater than original projections are \$3.3 million for property insurance, \$2.2 million for flooring materials and installation, \$1.36 million for plumbing and convecter replacement parts, and \$4.1 million for asbestos abatement costs.

The final deficit projection does take into account both \$7.5 million in expense reductions and \$10 million in increased revenue, primarily from the 2% increase implemented on January 1, 2022 but also from increased carrying charge collections now that we are able to commence eviction proceedings post-pandemic.

The Board has this information and we will work

Management Report

Bob Klehammer



collaboratively with them to reach a decision on funding this deficit. As I stated in my last article, this will be based on reliable data and not on wishful thinking or unsupported assumptions of what additional cuts to operations can be made.

We are not alone in having to deal with increased costs. Recently, Amalgamated Houses, a similar limited equity Bronx cooperative located on Van Cortlandt Park South, took a 16.28% increase and also raised parking and storage fees. Their new, per room carrying charge is \$327.37 including utilities (they do not have central AC) and their indoor monthly parking fee is \$202.00 and their outdoor rate is \$141.00.

By contrast, our current carrying charge rate is \$238.02 per room which includes utilities and our highest parking rate is a reserved spot for \$111.85 per month.

I know this is small comfort when facing a carrying charge increase and I am not looking to minimize the effect of an increase on our residents, but I think Co-op City continues to be one of the best housing deals in NYC even through these difficult financial times precisely because of the efficiencies that we have implemented here at Riverbay which help to keep our cost down as much as possible, and the creative solutions that we have sought out in collaboration with the Board of Directors, our consultants and local elected officials. Please keep in mind that while some of our expenses are under our control, others are not. Nevertheless, we will continue to work diligently to lessen financial strain on shareholders whenever and wherever possible.

