

## **Rationale for club house maintenance and usage charges**

1. The clubhouse of Sarovar Grande is of high end category measuring more than 45,000 Sft. consisting of facilities/amenities like multi-purpose hall, guest rooms, gym, roof top swimming pool, tennis courts, basketball court, indoor shuttle court, squash court, indoor games, library, mediation hall, aerobics, spa and saloon, crèche, restaurant, front office etc., with high end furniture, fittings and sports equipment.
2. This luxurious club house is the common property of all the owners valuing several crores of rupees. This is the focal point for the overall ambience, comfort and quality life of the community and should be maintained in a befitting manner without any compromise to ensure quality living, attract tenants, maintain good rentals and property values.
3. It is the collective responsibility of the owners to maintain it in a sustainable way in the long term keeping in view the purpose for which it was created. The revenue has to accrue within the community to meet the expenses for day to day maintenance, replacements and refurbishments periodically in the long run. No third party other than users or owners will fund or subsidize.
4. There are only two ways of revenue generation i.e. usage charges from users and rentals from vendors or collecting fixed charges from all owners (including non-users) the entire amount of expenditure irrespective of usage. Collecting from all owners/residents amounts to cross subsidizing to users by non-users compulsorily basing on area of the flat plus service tax too. This second option can only be decided by the elected body of society with the majority opinion of the owners.
5. The scope of prepaid maintenance does not include the running and maintenance of clubhouse which is a known fact and the amount paid by the owners towards clubhouse is only for creating the clubhouse (asset) which is obviously the common property of all the owners.
6. APMS, the maintenance arm of Aparna, is maintaining the clubhouse as a custodian at the behest of the all the owners as mandated by them.
7. APMS as a custodian has to set in good practices and try to achieve breakeven of clubhouse at least by the end of two years prepaid maintenance so as not to handover clubhouse to the elected society in deficit and making it a liability.
8. Ideally the clubhouse should sustain on its own with usage charges and create a surplus to fund the ever increasing community monthly maintenance charges and not the other way round.
9. As we have done in other communities including Sarovar and Avenues, APMS will be transparently sharing the revenue and expenditure of clubhouse with the elected body and hand over surplus if any to elected society at the end of prepaid maintenance which is

however a rare possibility as usage tariff fixed is reasonable and moderate.

10. It is estimated to cost more than **Rs.6.5 lakhs** on average per month for the maintenance of clubhouse **excluding** depreciation and property tax for the following.

- Manpower - **19 nos.** (Front office, Housekeeping, security, operators, trainers, coaches, plumbers, electricians and shared services.
- Electricity – Approx. **800 units** per day including swimming pool and sports. (excludes consumptions by vendors like restaurant, saloon etc.,)
- Water Charges
- AMCs, repairs and maintenance of lift, Gym and sports equipment, swimming pool, Ac's, vacuum cleaners, access control system, computer and DG Sets.
- Consumables for Housekeeping, Electricals, Plumbing, swimming pool, games, sports, diesel oil for DG sets and cleaning equipment etc.,
- Rodent and pest control
- Printing and stationary, cartridges, tubes and bulbs and replacement of fixtures and fittings.
- Laundry and upkeep of upholstery.
- Conveyance and communications
- Miscellaneous and contingencies.

11. With the kind of above expenditure the tariff fixed for two years without any increase in between is very reasonable and time tested in other Aparna communities during initial two years. Deficit will anyhow be absorbed by APMS subject to the tariff notified. Surplus if any will be handed over to society at the end of two years.

12. As has been the practice APMS will hold elections in June'2017 or 50% occupancy whichever is earlier. In the event of such elected and legally accountable body not agreeing for this tariff, APMS will be willing to hand over the maintenance of clubhouse to the society to enable it to fix the tariff as it likes and take care of deficit /surplus.

Hope this would clarify the rationale behind fixing the clubhouse tariff.