



A New Reality: For Mexico and for LMPOA

Where this story begins: The Warm Ghost of Yesterday

Let's be honest with ourselves for a moment.

Think back to when you first arrived here—whether it was five, ten, or twenty years or more ago. We all shared the same comforting, unspoken promise: *Mexico is cheap*.

In that familiar mental model, everyday life had a gentle rhythm. But the real cushion—the magic that made everything run effortlessly—was cheap labor. You could hire hands for security, gatekeeping, gardening, and heavy maintenance at a fraction of what it cost in the United States. Long shifts, six-day work weeks, and minimal overhead meant that labor-intensive community projects were easy on the wallet. Surprises were small, and stretching a dollar felt effortless. For most of us, we had found a less stressful way to live.

That was our comfort zone. And it is completely natural to feel a protective tug at your heart when someone tells you that world is gone. And, in addition, nobody wants to pay more. It gets us angry. We feel like that prior way of life is slipping through our fingers.

If we on the Board made any mistake in past years, it was trying to keep things moving slowly... to protect the community from what was emerging as a much faster changing landscape and the shock to our systems that these changes can bring. We avoided raising dues dramatically when we worried the community wasn't ready, and instead we leaned on legacy funds, we tapped our reserves, and we postponed vital projects. Looking back, we have to own that. That wasn't being cautious; that was relying on deficit spending. That was kicking the can down the road, robbing Peter to pay Paul, and pretending we could preserve a lifestyle by ignoring the truth that maintaining a community is an active, and increasingly costly, ongoing responsibility.

So, let me ask you straight from the heart: **Can we honestly look around today and pretend that world still exists?**

It's unmistakable now: The Tide Has Turned

To understand why we are facing a 45% adjustment today, we have to let go of the old story and face the reality of the new one. This shift didn't happen by accident, and it isn't the result of poor management. It is the result of a deliberate, historic national transformation.

Driven first by López Obrador and now marshaled forward by President Claudia Sheinbaum, Mexico is successfully executing a long-overdue mission: **raising the standard of living and dignity for its working class.**

Look at what is happening in our community and throughout Mexico:

- **The Wage Floor:** Aggressive, double-digit increases to the daily minimum wage have compressed wage scales, lifting the baseline for every technician, cleaner, security guard, and maintenance specialist we rely on.
- **The Regulatory Workweek:** The workweek, once characterized by 6-day work weeks and 12 hour daily shifts has stepped down to the current 48 hour work week. And 2026 legislation will continue to move Mexico toward a 40-hour limit. Daily shifts are capped, with heavy statutory penalties—double time for early extra hours, and triple time thereafter—alongside mandated expansions in social security and universal healthcare.

When the legal floor for human dignity rises, the cost of human capital changes forever.

Our inflection point: The Anatomy of the Perfect Storm

When you put all of this together, we aren't just dealing with isolated changes. We are facing a literal financial perfect storm where multiple pressures are hitting us all at once and we must comply with regulations that are driving it.

1. **The Two Inflations:** Inflation is a worldwide phenomenon...not just a Mexican problem. And while general consumer inflation in Mexico sits at a relatively tame 3.5% to 4%, labor inflation has surged in the 10% to 11% range year after year—and it is locked in to continue. We can expect things to tighten.
2. **The Currency Squeeze:** We collect our dues in U.S. dollars, but we pay our bills in Mexican pesos. A few years ago, an exchange rate of 20 to 20.5 pesos per dollar gave our dollars immense purchasing power. Today, with the rate sitting closer to 17, our dollar buys significantly less.

The Physical Truth of Our Neighborhood

What are we paying to protect? We don't need to become a manicured community. But we do have a dramatic, beautiful Beach/Hill community that is worth investing in. We have roads that take a beating, gates that secure our homes, and a relentless physical reality: **water runs down hill**. Doing what we can to manage our drainage, keeping our roads intact, and maintaining our infrastructure isn't optional maintenance—it is the structural foundation of our safety.

Compounding this is our history. When the Stockers laid out our neighborhood decades ago, they were supposed to deliver fully finished infrastructure: complete roads, a water system, and all the finishing touches. They did some of it, but not all. Some of the infrastructure development has been left to us. For years, we operated under the illusion that we could skate by on a shoestring. But if we want a quality, safe community, we have to stop leaning on a ghost of a blueprint and finally pay to maintain the neighborhood we actually live in.

Beyond changing our Mexico Paradigm we must also redefine "What We Need"

Some might look at our budget and ask a fair question: *"Why are we collecting discretionary infrastructure funds year after year? Why not just collect the exact money we need for next year's bills and keep the budget down?"*

That question brings us to the most important mental shift we have to make today: **redefining what we actually "need."**

If we define "need" as hand-to-mouth budgeting—collecting only what is due tomorrow—we are engineering a crisis. If we wait until year five to realize we need to paint the gates, or until an emergency hits before we secure our secondary Beach and Hill access points, we aren't saving money. Good financial planning anticipates capital expenses before they arrive. It means building the reserves required for future infrastructure, beyond the automated gates we are currently planning, so we never have to resort to sudden, punishing special assessments going forward or other years of dramatic dues increases, beyond what we would normally expect.

Smart Technology Meets Human Talent

Facing soaring labor inflation, tighter work-hour caps, and a tighter exchange rate, clinging to old operational habits is fiscal suicide. We cannot continue to throw brute-force manual labor at every community challenge.

That is why our financial strategy makes a definitive pivot: **substituting escalating routine labor costs with intelligent technology.**

Our infrastructure fund is explicitly designed to transition how we operate. As an example, instead of relying solely on round-the-clock manual oversight for every gate, perimeter, and checkpoint, we are investing in automated access control, advanced camera networks, and smart security systems. We are spending capital today on technology so we don't have to endlessly fund hyper-inflationary manual labor tomorrow.

Looking in the Mirror

Changing how we plan and execute our financial planning also requires us to change how we look at ourselves. That internal transformation comes down to two fundamental shifts:

First, we are moving away from short-sighted, year-to-year budgeting and embracing **long-term financial planning**. We are building anticipated CAPEX—like our secondary access points, road upkeep, and drainage management—into our models transparently and paced over time, protecting us from sudden shock assessments.

Second, we are addressing our biggest historical bottleneck: **relying on volunteer board members to execute day-to-day operations.** Running a community of this scale cannot depend on a rotating cast of volunteers elected every two years. We need a dedicated operations group led by a competent professional property manager. This team will provide crucial local continuity—bilingual individuals who know the lay of the land, speak Spanish fluently, deal seamlessly with suppliers, and carry the institutional history across board cycles.

Yes, funding a professional operations group and investing in smart technology costs money. We are redistributing where we spend our dues—allocating fewer resources to inefficient brute-force staffing and investing properly in high-value human talent where it matters most, combined with the technology that multiplies its effectiveness.

Conclusion: The Bridge to Our Future

A 45% increase is heavy. We know that, and we feel it with you.

But it is not a tax on our past; it is the bridge to our future. It is the moment we stop looking backward at a romanticized Mexico that no longer exists, and start stepping forward to build a secure, self-sustaining, beautifully maintained community that will protect our homes and our values for decades to come.

Thank you for seeing and supporting our vision for the future of LMPOA and our community.