

Vecinos Sargasso report for the first part of 2022.

As you all know, the Sargasso has returned in HMB in 2022. One item that was proposed in 2022 was for 12 buildings to hire a contractor to remove the Sargasso using a special cart and pay the contractor 220 Pesos per cubic meter of Sargasso removed. This program lasted about 3 weeks. The reason the program failed was 2 main reasons. 1. The 220 Pesos was below the contractor's cost. 2. The contractor did not have the equipment or staff for the project. This shows owners are willing to try new ways to mitigate the Sargasso problem. Many buildings went back to the program started by Playa Caribe and La Bahia in 2019. This program is to leave a Sargasso dam at the water's edge and remove the Sargasso from the back of the dam and spray the sargasso 3 times a day.

On June 1, 2022 the Barrier committee sent out an email in regards to the barrier project. The email was to inform the owners that the Barrier committee was expecting the permits to be approved in the next few weeks. To my understanding the next step on the barrier is to ask for funding. An owner sent me a copy of an email that was sent to the Barrier committee asking questions on various items on the program. The group did respond to the email on 6/10/2022. In the email the Barrier committee stated ongoing costs for repairs and maintenance for the barrier would be \$58,372.00 per year. The barrier committee said that removal and reinstallation of the barrier was \$15,820.00 each time and project 1 removal per year. NOAA has forecast a 65% chance of above normal hurricane season with 14 to 21 named storms, 6 to 10 hurricanes, 3 to 6 cat 3, 4 or 5 hurricanes. This forecast was made with a 70% confidence. If the barrier has to be removed 3 times in a year the yearly budgets increase from \$58,372.00 to \$90,012.00. That is an extra \$31,640.00 that must be paid by the owners of HMB.

Some owners have relayed to me that they had pledged funds for the barrier. However, now they do not plan to support the project because of the unknown cost for maintenance of the barrier. This cost is to be paid for by only the units in HIZ (high impact zone).

The Mexican Daily News posted an article on the Hotel's cost for Sargasso barriers. The average hotel in Q-Roo spends \$200,000.00 per year to buy and maintain a barrier, that is 1 million dollars over 5 years. The projected cost for HMB over 5 years is \$641,860.00 or \$128,372.00 per year. Many owners are questioning why in HMB we can do a barrier for so little, or if the estimated cost is correct.

The other items that need to be noted are: La Bahia had a total of 7 nights canceled because of Sargasso. That is less than 5% of the total room nights for May at La Bahia. Also, the guests that canceled rebooked for a later date. Sargasso removal cost for La Bahia for the first 5 months is \$3,336.08.

Will the Barrier Group get funding to install the barrier? We do not know at this time. Will the barrier work? We will not know until the barrier is installed. Is there another option to mitigate the Sargasso? Not at this time.

Conclusion: Will the barrier reduce the Sargasso in HMB? Maybe. Questions: What will be the final annual cost be to support the barrier? Will the owners receive a ROI? How much are the owners willing to spend on the Sargasso problem?

At this time, I would recommend that Vecinos stay neutral on the barrier project and not open other ideas on the Sargasso problem. We need to see if the barrier project is going to work and let the buildings in the HIZ address the Sargasso problem on their own.

Thank You

George