

**LEISURE WORLD OF MARYLAND CORPORATION
PHYSICAL PROPERTIES COMMITTEE**

Tuesday, July 20, 2010

Members Present: Tony Marotta, Chairman; Dick Carlson, Larry Kotzker, Brenda Flam, Darlene Hamilton, John Quill, Vlady Rozenbaum, Charles Smith, Judith Tarr, Joan Thomas, Philip Yaffe

Members Absent: Evelyn Allin, Harold Crisp, Jim Elliott, Clarise Pruitt-Jones, Bob Xander

Management: Mark C. Ellis, Deputy General Manager
Jennifer Peacock, Comptroller
Bill Carr, Director PPD
Mary Clark, Recording Secretary

Guests: Phil Marks, Nancy Kupperian, Ray Rinn, Flora Wolf, Bob Conn

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1. Call to Order - Mr. Marotta, Chairman, called the meeting to order at 1:30 p.m.
 2. Adoption of Agenda - The agenda was adopted as presented.
 3. Approval of Minutes of June 8, 2010 - The minutes of the meeting held on June 8, 2010 were approved as presented.
 4. General Manager's Report - Mr. Ellis reviewed and highlighted the General Manager's Report for the month of July 2010. Mr. Ellis responded to questions and comments from the committee (see attached).
 5. Chairperson's Report - There was no report.
 6. Director of Physical Properties Report -
 - a. PPD Activities & Operations - Concrete and Asphalt work for the Trust Properties is nearing completion, but H&H Concrete has several areas yet to be done; such as, golf parking lot and drainage improvements at the rear entrance to Clubhouse II.

The striping of the concrete and asphalt is also mostly complete.

Clubhouse I - Clay Kinney Construction is working on replacing sections of rotten wood on the north face of the bell tower roof discovered while replacing the metal roofing. Forest green standing seam metal roofing will be installed to replace the original copper material that is failing.

We will be replacing the Administration Building Lobby Heat Pump.
 7. Old Business - The five year plan will be discussed at the August or September meeting. Mr. Marotta asked the committee to review and if they have any questions to give them to Mary Clark prior to the meeting.

8. New Business - The 2011 Budget was presented by Mr. Ellis. Mr. Ellis stated we were originally suggesting the hourly rates for PPD technicians be increased by \$6.00 per hour, but we have reduced the 2011 rate increase to \$4.00 per hour across all the departments. Consistently throughout all the cost centers budgets, there are significant increases in SUI (State Unemployment Insurance) and Health Insurance premiums over which we have no control.

CC 40 Management - This is a subsidized department. Revenue is generated from dollars included in the hourly rate charged for services. \$18.00 from each billable hour goes to support the management division. The 2011 budget includes a reduction of customer service staff from five to four positions. One assigned vehicle has been eliminated for 2011. The dollars per billing unit subsidization has dropped from \$0.94 to \$0.40 = \$0.54 drop per unit per month.

CC 42 Special Projects - This is a zero based budget. Revenue comes from Mutual, Trust and Resident projects. Originally this department was set up to do projects at a moderate cost, but the staff working in this department are long-time employees who have become highly skilled over time. They now perform a wider variety of projects than previously contemplated.

Ms. Hamilton questioned the high cost of the uniform/laundry expense line. Mr. Ellis responded it is because of coveralls, high waders and boots needed for that department for performing jobs outside under inclement conditions unlike other departments that work mostly indoors.

CC 43 Refuse and Recycling - The residents have helped to hold costs down through generating revenue from the sale of recycling materials on the commodity market. The primary revenue comes from the recycling of newsprint. The subsidization amount of \$8.61 per residential unit in 2010 has dropped to \$8.60 in 2011. There are two trash vehicles and one recycling vehicle in this department with a driver and helper on each, plus a supervisor (part time).

CC 45 Vehicle Maintenance - This is a zero based budget. The Director for this department is split with the Refuse and Recycling Department. Vehicle Maintenance also provides gasoline/diesel fuel to our vendors and contractors, who pay on a monthly basis thereby creating revenue for this cost center. This was a great benefit during the large snow fall this winter. We did not run out of fuel as some fuel stations in Montgomery County ran out during the big snow storm.

CC 50 Janitorial - This is a zero based budget. The supervisor of this department splits his time between this cost center and warehouse operation.

Service Agreements

Management's objective is to expand on the scope of work that the Service Agreements for 2011 provide. The need to customize service agreements for the Mutuals is something that we are exploring. We would like to achieve more penetration and expand the utilization of the Service Agreements the best we can. Mr. Ellis would like for

the PPD Committee members to think about tasks to add in on a Mutual basis or Residential basis that will increase the value offered by these agreements. This needs to be completed right away since the service agreements go out on September 15th.

CC 52 After Hours - Two men handle this department after normal working hours until 12:00 midnight on weekdays, and on weekends. This is a subsidized department charging each unit owner \$0.56 in 2010 with an increase to \$0.57 per unit/month in 2011. This department has revenue coming in from the Trust Cost Centers, Mutuels, Residents and Service Agreements. It would be ideal for this cost center to do more work pertaining to the Service Agreements in the evening and on weekends to improve the productivity moving forward. This is one of the goals for 2011.

CC 53 Electrical - This is a zero based budget. One of the technicians has obtained his Journeymans' Electrician License recently which impacts an increase in the salary expenses. This is a very big step for this individual. This foreman does a great job in keeping this a very productive and smooth running department. Revenue, salaries and other expenses were all reviewed and discussed.

CC 54 Plumbing - This is a zero based budget. This is the largest and busiest department with seven plumbers and one foreman. At the present time we are searching for two plumbers to fill vacant positions. Revenue, salaries and other expenses were all reviewed and discussed.

CC 55 Carpentry - This is a zero based budget. We have included rather aggressive revenue targets but feel that these are achievable. There has been an increase in materials as a result of the kind of kitchen and bath renovations we are doing. Revenue, salaries and other expenses were all reviewed and discussed.

Before reviewing **CC 56 and 57**, Mr. Ellis paused to explain the reasons for taking a different approach with these two departments in 2011. Each currently has one foreman and four technicians which makes it difficult to reach a level of productivity that offsets the cost of the foreman. The type of work done by these two cost centers is rather repetitive and standard in nature. There is not much project work that requires significant time for a foreman to create detailed proposals. Consequently, management is recommending proceeding with one half a foreman's time for each of these cost centers in 2011. Each full-time foreman's equivalent will be converted to a full-time technician's equivalent in 2011. In order to help the staff of these two cost centers be fully productive, several areas will be pursued. CC 57 Appliance will take over the maintenance of the restaurant equipment rather than having this work performed by an outside vendor. The Showroom at PPD has also helped to add volume to their business. CC56 - HVAC is anticipated to pick up additional work as a result of the mandated change to a new generation of refrigerant (Puron). Many older HVAC systems will no longer be capable of repair. Instead, they will require complete replacement of the entire split system, both inside and outdoor units, which should translate into a higher volume of work. We will also examine performing HVAC maintenance of more commercial

equipment in the Trust facilities by CC 57 as opposed to outside vendors.

CC 56 HVAC - This is a zero based budge. The revenue, personnel and other expense schedules were reviewed and discussed.

CC 57 Appliances - This is a zero based budget. All revenue, personnel and other expense schedules were reviewed and discussed.

A motion was made and seconded to approve the Budget, with all in favor.

**RESOLVED, for the PPD Committee to approve
the 2011 budget for Cost Centers
40,42,43,45,50,52,53,54,55,56,57**

Resolution #1 7/20/10

9. Open Discussion - There was no open discussion.
10. NEXT MEETING - The next Committee meeting is scheduled to be held on Tuesday, August 10, 2010 at 9:30 a.m. in the Meeting Room of Clubhouse II.
11. Adjournment - There being no further business to come before the committee, the meeting was adjourned at 3:00 p.m.

Mr. Tony Marotta
Chairman

Attest:

Mary Clark