

**Making  
a Difference.  
Every Day.**

**FirstService Residential**

# ADVANTAGE



## FirstService Residential Helps Launch Mayor's Organic Food Waste Recycling Program

**M**orningside Heights Housing Corp. (MHHC) was among a handful of residential properties selected to participate in New York City's Organic Food Waste Recycling Pilot Program, which aims to reduce the amount of post consumer waste that ends up in landfills.

The pilot program's success prompted Mayor Bloomberg to announce its expansion at a press conference in July at the Morningside Heights complex, which comprises six buildings and 980 apartments. FirstService Residential's Russell Jermyn, who serves as the property's general manager, was invited to join the mayor in speaking about the program's success.

"This is a fabulous opportunity to reduce the volume of materials sent to landfills

and utilize the resulting organic material as fertilizer in our parks and neighborhood gardens," says Lawrence D'Addona, MHHC Board President.

The idea was born when some MHHC residents noticed compost collection stations in a nearby Greenmarket and asked Jermyn to look into bringing the program to the site. With the backing of the Board, Jermyn contacted GrowNYC and the Department of Sanitation. MHHC met the program's criteria and was selected to participate.

The program will be expanded to select high-rises in Manhattan, with neighborhoods in Brooklyn and the Bronx to follow this fall. Additional communities in those boroughs, as well as others in Queens and Staten Island, will begin recycling organics in the spring. The program will reach more than 100,000 residences by 2014.

Learn more at [www.nyc.gov/wasteless](http://www.nyc.gov/wasteless).

## Energy Purchasing Program Saves Buildings \$6.4 Million To Date

The FirstService Residential Energy Aggregation Purchasing Program, which is run by our FS Energy subsidiary, continues to deliver impressive returns to participating buildings—having saved properties more than \$6.4 million since its inception in fall 2011.

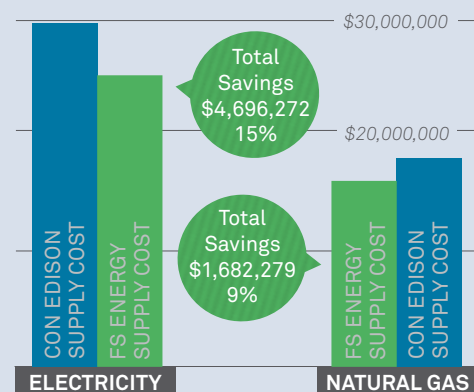
The program is designed to leverage the purchasing power of a large group of buildings in order to reduce natural gas and electricity costs relative to the local utility.

FS Energy Aggregation Tracker reports were distributed to participating buildings over the summer. The reports provide a month-by-month comparison of the supply costs to buildings in the program versus what would have been charged by Con Edison and/or National Grid for the same period.

You may direct questions about this program to Edmond Ohin, FS Energy Client Commodity Manager, at (212) 634-5486 or [edmond.ohin@fsenergyservices.com](mailto:edmond.ohin@fsenergyservices.com).

### FirstService Residential Portfolio-wide Energy Savings

October 2011 – July 2013



> Above: FirstService Residential's Russell Jermyn (second from right) helps Mayor Bloomberg launch the city's newest recycling program.



# Sustainability Expo Champions “Green” Buildings

FirstService Residential hosted its second annual Sustainability Expo to commemorate Earth Day. The event focused on the benefits of sustainable building systems and practices for reducing energy use, operating costs, and environmental impact while increasing the value of a property and improving residents' quality of life.

“By providing a platform for increased collaboration and awareness, we are presenting critical knowledge that will help to ‘green’ the 500-plus properties we manage,” says David Kuperberg, President, FirstService Residential.

## 300-plus Staff Attend Morning Expo

More than 300 superintendents, resident managers and property managers attended seminars on topics including New York City’s updated Energy Conservation Code; combined heat and power systems; emergency preparedness; Con Edison incentives; control systems; and HVAC systems. Our subsidiary, FS Project Management, showcased the ecological and economic benefits of green, cool, and solar roofs.

Demonstrations by 30 suppliers covered a spectrum of services addressing sustainability – from environmentally friendly cleaning supplies and water management to efficient lighting, pest extermination and various recycling programs.

## Exclusive Session for Boards

The evening event featured an expert panel discussion exclusively for board presidents on “Energy Efficiency and Sustainability: How Your Property Can Benefit from New York City Regulations.” Attendees were presented with practical solutions that illustrate how compliance with New York City Local Laws and regulations can, in fact, provide economically positive results.



Company executives and panel members at the evening Sustainability Expo: (from left) John Lee, Deputy Director for Green Buildings and Energy Efficiency, NYC Mayor’s Office of Long-Term Planning & Sustainability; Tal Eyal, EVP; David Kuperberg, President; Richard Leigh, Director of Research, Urban Green Council; William C. Ragals, Jr., former energy attorney and Board President of The Strand Condominium; Howard L. Zimmerman, President, H.L. Zimmerman Architects; Michael Colgrove, Director of Energy Programs, NYSERDA; and moderator Chris De Weaver.



FirstService Residential Green Team members organized the sale of homegrown herbs.



Attendees learn about cash rebates and incentives for efficiency projects available through Con Edison.

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## Customer Care Center Update

It has been a year since the FirstService Residential Customer Care Center began handling calls from clients 24 hours a day, seven days a week. During that time, our Customer Care Specialists have fielded more than 65,000 calls from residents—more than double the number answered the previous year.

The average speed of answer is under one minute and more than 90 percent of inquiries are resolved on the first call.

Residents are guaranteed to reach a live specialist who can address their inquiries in a professional and timely manner. All calls are logged in FSRConnect, our web-based system that maintains critical resident and building information, so that property managers can efficiently track all calls, responses, and follow up on issues when necessary.

“Our clients have found this service to be a immense benefit,” says Dan Wurtzel, President, Property Management. “We are delighted to be the only residential management company in New York City to offer this enhanced level of customer service.”

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## Sustainability Expo

*continued from page 2*

“The wealth of information, knowledge and experience available to us is beyond anything we had at our previous management company,” said one Upper East Side Board President. “I diligently took notes during the lecture regarding what we can do for the environment and to be fiscally responsible for our co-op. Maybe other corporations are running these seminars, but I had never been and this was executed first class.”

### Event Proceeds Benefit MillionTreesNYC

Nearly \$2,500 was raised through the purchase of homegrown herbs and plants at the event. Proceeds benefitted MillionTreesNYC, a program which aims to plant and care for one million new trees across the five boroughs over the next decade. ●

## New Name. Same Great Company.

Cooper Square Realty changed its name to FirstService Residential in June, having been a subsidiary of the company for more than a decade.

While we have a new logo and a fresh look to our correspondence, there have been no changes to our leadership team, your property management and support teams, or the day-to-day business of managing your property.

This initiative unites the 18 FirstService Residential management companies across the country—many of which were long-established businesses in their region like Cooper Square Realty. Operating under one name will enable us to optimize the benefits of scale, invest in future technology and share best practices across all of our offices.

For nearly 30 years, Cooper Square Realty led the industry by striving to deliver the best possible service to its clients. As FirstService Residential, we renew our commitment to making a difference, every day, to enhance the quality of life at our managed properties.



## Coming Soon: Neighborhood Roundtable Events

FirstService Residential will be hosting a series of neighborhood-based discussion groups for board members over the coming months. The purpose of these events is to provide a forum for board presidents and officers to gather with peers from neighboring properties to discuss successes, challenges and opportunities that have made a difference in their buildings.

If you would like more information about this program and wish to find out when a roundtable event is happening in your area, please email [chris.deweaver@fsresidential.com](mailto:chris.deweaver@fsresidential.com).

## How May We Better Serve You?

Each fall our board members have the opportunity to participate in a Client Experience Survey conducted by an independent research firm. The candid feedback we receive from our clients enables us to continue to improve our services and surpass your expectations.

Your opinions and recommendations are vital to this process. Please take a few moments to respond when contacted by email or telephone.



# Kips Bay Towers Launches Electronics Recycling Initiative

The Board at Kips Bay Towers, a condo with 1,120 units, sponsors a sub-committee called C.A.R.E.S. (Community Activity Resources Enhancement and Sustainability), whose members seek ways to create a greener, more environmentally friendly community.

The committee became interested in starting an electronics/cell phone recycling initiative for residents after learning that less than 20% of the 400 million new gadgets purchased in the US every year are being recycled.

Previous attempts to start a program proved challenging until resident and C.A.R.E.S.

Co-Chair Jasmine Narula discovered Guzu, Inc.—a local company that specializes in electronics recycling.

For a reasonable one-time cost, Guzu places its recycling bins in a location. “The Kips Bay Towers Board purchased a bin for each of the laundry rooms,” explains Yvette Diaz-Moreno, General Manager of the property. “Guzu assembled and delivered the bins and within the first month, they were full!”

Guzu first looks at ways to re-use electronics. Gadgets that cannot be re-used are disposed of in an environmentally friendly way. Through a partnership with American Forests, a tree is planted for every 100 pounds of e-waste recycled through Guzu.

The onsite bins are designed to collect smaller items such as

Most electronics contain toxic materials such as lead, cadmium, mercury and other hazardous waste that can contaminate soil and drinking water.

cell phones, cameras, gaming consoles and batteries. In addition, an Onsite Recycling Day is being planned at Kips Bay Towers to allow residents to conveniently dispose of larger electronic items such as computers, TVs and monitors.

“By providing residents an easy way to discard their unwanted gadgets and other electronics, Kips Bay Towers Condominium is setting a strong example of how everyone can play a role in reducing e-waste and help to create a more sustainable environment,” adds Narula.

For more information, visit [www.guzu.com](http://www.guzu.com). ●



## Properties Net Nearly \$1 Million through ABO Safety Group

The Associated Builders and Owners (ABO) Workers' Compensation Safety Group declared a dividend of 17.5% for the 2011–2012 policy period. Combined with the upfront discount of 25% off the premium rate, our managed properties received 42.5% savings off the standard premium rates for 2011–2012, resulting in a total of **\$934,000 in dividends** from the Safety Group.

If your building is not in the Safety Group, please speak with your property manager about how to move this placement.



## Dressed to Impress

The 42 staff members at the five-building Southgate co-op are among the “best dressed doormen” in New York City according to *Real Estate Weekly*. The 455-unit complex, located on East 51st and 52nd Streets, has been managed by FirstService Residential since 2010. Pictured are: (from left) Ilir Panajota, Jeff Cruz, Anthony Mosely and John Mason.



# Value Added Service: A Refinancing Success Story

Our affiliate, FirstService Financial, Inc. (FFI), assists clients of FirstService Residential in fulfilling their financing requirements at the most competitive interest rates and terms available. FFI has facilitated or assisted in loan placements in excess of \$600 million for cooperatives and condominium associations.

This recent transaction illustrates why many of our clients choose to participate in FFI's programs, which provide added value based on the global purchasing power of our parent company, FirstService Corporation.

"We are thrilled with the highly favorable terms that FFI was able to secure for us, which will translate into significant savings for our co-op," says Dan Rosenfield,

University Towers Treasurer. "FFI's professional guidance is a great benefit of having FirstService Residential as our management company."

## University Towers 551-unit cooperative in Brooklyn

### Existing Situation

Original Mortgage:	\$13,000,000
Balance at Prepayment:	\$11,104,726
Original Interest Rate:	7.38%

While faced with a large pre-payment penalty, the co-op wanted to take advantage of the low interest rate environment. Some concerns were: What would the balloon payment be in 10 years if significant additional funds were withdrawn today? And how would maintenance fees be impacted in the future if the co-op refinanced a larger balance at the then projected higher interest rate?

### FFI Solution

New Mortgage Amount:	\$20,000,000
New Interest Rate:	3.21%

FFI locked in a rate on behalf of UTAC of 3.21% on a mortgage with a 10-year term and a 23-year amortization.

The total defeasance cost on the existing mortgage was \$2.3 million, and the co-op received proceeds in excess of \$6 million at closing, which was deposited into reserves to be available for future capital needs.

FFI provided the client with a sensitivity analysis that showed what future pay-

ments would be, at various interest rates, and at various balloon payment amounts.

FFI calculated various iterations that included the ability to obtain an additional \$2 million to deposit into reserves upon refinance in 2023 and a future interest rate of 8%. (Based on the last 20 years, FFI concurred this was a conservative number.)

To ensure the client would not have to increase their debt service payments in 10 years, FFI determined the optimal amortization period was 23 years.

The balloon payment 10 years from now will be approximately \$13.2 million prior to refinancing. This allowed the board to exercise its fiduciary responsibility for a 20-year time horizon versus 10 years.

As a result of the transaction being completed in such a timely manner, FFI determined at closing that had the co-op waited 30 days, the loan proceeds would have been \$2 million less. ●

*To learn how FFI's programs may benefit your property, please speak with your property manager.*

This recent transaction illustrates why many of our clients choose to participate in FFI's programs, which provide added value based on the global purchasing power of our parent company, FirstService Corporation.





# Cooperative/Condominium Tax Abatement: What Boards Need to Know

By Benjamin Kirschenbaum, VP & General Counsel, FirstService Residential

In 1996, the New York State Legislature passed a law providing for a real estate tax abatement for co-op and condo unit owners. This was expected to be a “temporary”



measure to address inequities in the real estate taxes paid by co-op/condo owners and owners of one or two family homes. The intent was to keep the abatement in place while an effort was made to create a mechanism to equalize the assessments.

The goal was never addressed and the law renewed every few years until 2012. As the June 30, 2012 expiration approached, a number of alternatives were considered but the law was not extended. The governor and the legislature agreed to address the extension in the fall. Meanwhile, the Department of Finance (DOF) issued bills for the 2012/2013 tax year as if the law had been extended.

## New Law Retroactive to July 1, 2012

Superstorm Sandy disrupted all focus last fall. The legislature finally addressed the abatement in January 2013 by passing a

Increased Abatement Rates for Cooperatives/Condominiums with Average Assessed Values per Unit as follows:				
Average AV:	≤\$50,000	\$50,000– \$55,000	\$55,000– \$60,000	>\$60,000
FY2012	25%	22.5%	20%	17.5%
FY2013	26.5%	23.8%	21.2%	17.5%
FY2014	28.1%	25.2%	22.5%	17.5%

new law, retroactive to July 1, 2012, with two significant changes:

1. Only owners who use their apartment as their primary residence are eligible to receive the abatement. (Owners can continue to own up to three apartments within a co-op/condo and if one unit is their primary residence, the abatement applies to all three.)
2. The benefit amounts increase from the “base rate” of 17.5 percent for a building where the average assessed value is \$60,000 or less (see table). Previously, there had been greater benefits for buildings when the average assessed value was \$15,000 or less.

The law called for a phase out over three years for owners who are not primary residents. For the 2012/2013 tax year the abatement was 50 percent for non-primary; for 2013/2014 the abatement is 25 percent; and for 2014/2015 there will be no abatement.

The DOF was hard pressed to implement the new law by the end of its first year. In February, the DOF sent notices to all owners that it had determined—based on personal income tax return records—are not primary residents.

FirstService Residential received numerous calls from owners indicating that they received a notice but that they are primary residents. The only way to correct the

determination was to deal directly with the DOF by returning the form included with the notice. The DOF eventually gave these owners an opportunity to reverse the determination.

Legislation was passed to allow ownership by trusts to be considered a primary resident for the purposes of the abatement if one of the beneficiaries of the trust used the apartment as his/her primary residence. However, apartments owned by corporations or limited liability companies could not be primary residents for purposes of the abatement. Further, if an apartment was owned in this manner, the DOF eliminated the abatement as of the 2012/2013 tax year rather than phase it out.

The July 1, 2013 real estate tax bill contained adjustments retroactively for the 2012/2013 year as well as for the 2013/2014 tax year. Condo unit owners saw this on the individual tax bills for their unit(s) and co-ops had the changes reflected on their tax bill.

The real estate industry continues to work with the DOF to address the numerous administrative issues that surround the application of the new law and, in particular, how the determinations of primary residence will be administered. FirstService Residential will keep our boards and residents informed of any developments. ●

Superstorm Sandy disrupted all focus last fall. The legislature finally addressed the abatement in January 2013 by passing a new law, retroactive to July 1, 2012, with two significant changes.



# FEMA Revises NYC Flood Insurance Rate Maps

The Federal Emergency Management Agency (FEMA) has released preliminary revisions to New York City flood zones to update the information shown on the Flood Insurance Rate Maps (FIRMs). These maps determine who must buy flood insurance.

Protection against loss due to floods is not covered under most homeowner's policies. It is provided through the National Flood Insurance Program and administered by FEMA.

Once the preliminary FIRMs become official, property owners mapped into a high-risk area may be required to carry flood insurance as part of their mortgage agreement. New construction will be required to build to the standards shown in the FIRMs, as defined in the City's Building Code. Flood insurance rates are determined by the zone in which a structure is located and the relationship between the lowest occupied floor and the potential flood height as indicated on the maps.

FEMA assesses a region's risk by conducting a Flood Insurance Study which takes river flow, storm surge, rainfall, and other factors into account to determine current flood risk. Flood risk is assessed in three ways—the floodplain, flood zones (there are four zones in New York City) and Base Flood Elevation.

To access FEMA's Preliminary Work Maps for New York City, visit [www.region2coastal.com](http://www.region2coastal.com). For additional information about flood risk and insurance, visit [www.floodsmart.gov](http://www.floodsmart.gov). ●

## Changes Made to National Flood Insurance Program

In July 2012, the U.S. Congress passed the Biggert-Waters Flood Insurance Reform Act of 2012 which calls on the Federal Emergency Management Agency (FEMA) and other agencies to make changes to the way the National Flood Insurance Program (NFIP) is run.

In turn, the NFIP is making important changes to the program:

- NFIP will begin to phase out premium subsidies for some policy holders, which will result in premium increases.
- Premiums will be increasing based on the type of property (higher increases will be incurred for vacation properties in high hazard flood areas).
- Any new building that is to be quoted by NFIP, and some renewals, will require an elevation certificate. A surveyor will need to be hired to survey the building and provide this document. The carrier will be sending non-renewal notices on those properties.

Please visit [www.fema.gov/flood-insurance-reform-act-2012](http://www.fema.gov/flood-insurance-reform-act-2012) for additional information.



## Associates go the Extra Mile

Several associates were honored at the company's annual celebration with "Extra Mile" awards in recognition of their efforts to assist our clients and restore services before, during and following Superstorm Sandy. (Back from left): Rich Nardo, Robert Ruiz, John Foley, Drew Kanter, Rich Horovitz, Michael Mintz, Jim Sheehan, Jeff Hower, Nick Dubovici; (front from left) Jeff Cohen, Robin Klasewitz, Yvette Diaz, Irina Besser, Shanna Chervony, Maja Cobaj, Matina Monioudis. Missing from photo: Jacqueline Ackerina, Marsha Bangaru, Tony Bolbolian, Cheryl Castellano, Ashlee Friedman, Josh Garafano, Charlene Jeanty, Boris Meydid, Aubrey Phillibert, Kenny Smith, David Valente and Renee Wigfall.



# Emergency Remediation Project Following Superstorm Sandy

Following the devastation of Superstorm Sandy, residents of 88 Greenwich Street were required to evacuate after the 452 unit condo was deemed unsafe and uninhabitable by the Department of Buildings (DOB). The overwhelming damage to the property, and subsequent inconvenience to residents, called for an emergency remediation project encompassing restorative and preventive measures.

The board contracted with FS Project Management (FSPM) for remediation after the storm. The FSPM team immediately recommended and implemented three phases of restoration—emergency, temporary, and permanent—to bring the building back to its original condition and include preventive modifications in the event of another disaster.

Before residents moved back in, several components had to be restored and operational. With the assistance of FSPM, the oil tank providing heat and hot water to the building was repaired; a temporary electric generator was obtained; and service to one elevator was restored. Additionally, on the building's behalf, FSPM received approval from the FDNY and the DOB to have a full time fire guard present as a substitute for the inoperable fire pump.

Once the heat, hot water, electricity, elevator service and an operational fire alarm system were restored, the building was able to obtain occupancy approval from the DOB shortly after, enabling residents to begin moving back into their units in incremental stages. Before FSPM's services were

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## FS Project Management

### BEFORE & AFTER





## 88 Greenwich Street

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retained, the anticipated timeline to restore the building and allow residents to return to their homes was three to four months.

FSPM coordinated and negotiated with utilities and contractors to restore the mechanical systems, boiler, fire pumps, and remaining elevators, all of which were deemed inoperable. Historic flood levels required over 30 million gallons of salt water to be pumped out of the building's basement and sublevels. The three ton oil tank was ripped from the floor and over 5,000 linear feet of wiring, and 10,000 linear feet of pipe, were removed from the premises.

The magnitude of damage to the basement by a mixture of salt water and oil included corroded electrical switches, and ruined mechanical equipment, alarm system, elevator pits, HVAC system, basement infrastructure, pipes and wiring, both storage rooms, and the million dollar workout facility. FSPM worked with an environmental cleaning company to perform necessary clean-up and environmental tests throughout the basement and sub-basement

areas. A separate environmental hygienist was hired to ensure the space was in compliance with regulations and to work with the insurance carrier to determine any additional testing. Air quality, mold, and wipe tests were also performed.

With the board's support, in addition to permanent restoration, FSPM also took preventive measures. To date, FSPM has overseen the installation of new and improved high velocity sump pumps, arranged to raise the mechanical equipment several feet off the ground, and managed the contractor that injected concrete in the sub-basement.

Going forward, the board is working with FSPM on other key components such as potential installation of two cogeneration units; flood gates positioned outside the Con Edison vault door, the fire pump room, and the storefront windows; relocating outside air vents at street level to eight feet; providing a hydraulic sealed sidewalk hatch in place of the old grate; and installing a quick connect that will enable the building to plug a generator into the electric system. The project is anticipated to be completed by April 2014.

FS Project Management obtained DOB occupancy approval nine days after being brought on board. Before its services were retained, the anticipated timeline to allow residents to return was 3–4 months.

The value of teamwork on this project cannot be overstated. The extreme circumstances made it necessary for all of the parties—FSPM, the board, general manager, resident manager and building staff—to work together for the welfare of the residents and to maintain the quality of life at 88 Greenwich Street. ●

*FS Project Management is a subsidiary of FirstService Residential, which has managed 88 Greenwich Street since 2005. For more information about FSPM, please contact Tal Eyal at (212) 634-8907.*

## Insurance Program Provides Greater Coverage at Lower Costs

FirstService Residential managed properties and their boards of directors are eligible to participate in an exclusive insurance program that includes coverage for

General Liability, Commercial Property, Commercial Umbrella Liability, Boiler & Machinery, Directors & Officers and Fidelity risks. Among the benefits are more direct access and better service with respect to insurance placement, claims or any other matters that may come up during the course of the year.

As a result of weather-related events and increases in claim activities, insurers are increasing rates—even on properties that suffered little or no losses. M.R. Cooper, Ltd., a licensed insurance broker and a subsidiary of FirstService Residential, has leveraged our portfolio of managed properties to significantly reduce, and sometimes completely reverse, this trend. M.R. Cooper



is able to achieve this outcome for our managed properties as a result of three factors:

1. By aggregating the size of the FirstService Residential portfolio, M.R. Cooper brings enormous buying power to the negotiating table.
2. Our managed properties receive credits stemming from the Risk Management Certificate earned by FirstService Residential property managers via the company's Learning Center.
3. The data on claims and loss experience that M.R. Cooper maintains and presents to the insurance companies helps to keep costs low.

Fireman's Fund Insurance Company, which is rated A XV by A.M. Best, is the lead carrier and has been a top insurer for over 150 years.

Questions? Contact Program Administrator Leonor Vivona at (212) 324-9625.

### > PROGRAM FEATURES

- Green upgrade coverage
- 24/7 superior claims handling
- Complimentary consultation with an independent insurance risk manager
- Annual insurance review
- Premium financing
- Free boiler and machinery inspections
- \$100 million or \$200 million umbrella liability options
- On-demand Certificates of Insurance
- Optional guaranteed replacement cost coverage



## Resident Manager Superstar: Bill Murphy

**Resident manager superstars can handle it all—staff oversight, supervision of a complex infrastructure, and customer service.**

“Bill has been working with me for almost 10 years,” says Keith Werny, President of FirstService Residential’s CityLine Division. “He is one of the best, if not *the* best, I have ever worked with in the industry.”

Murphy began his career in the 1970s as an operating engineer in commercial real estate before spending 15 years as an engineer in AT&T’s Design Department. In 1989 he became resident manager of an 800 unit condominium because, he recalls, “no one else wanted the job.”

From there, Murphy moved to his current position at The Park Millennium, 111 West 67 Street, a mixed use tower that occupies a full city block. The 57-story luxury condominium, developed in the early 1990s, includes 282 residential units, a 12-screen movie theater, an over 100,000 sq. ft. health club, a post office, and retail space.

Murphy’s 30 staff members are dedicated to servicing the condominium apartments managed by FirstService Residential. He

considers himself a teacher and mentor to his staff. “I can teach them theory as an engineer and guide them through their work and various projects,” he says, “but the most important thing I can do is treat them with respect and teach them to work as a team.” In a building with non-union workers, some employees have been concerned with job security over the years. Murphy says that in his job, reassurance and correction solve most issues.

“We have no rule book, so to speak, so it’s important to keep a clear channel of communication between myself, management and the staff at all times,” adds Murphy. One way he accomplishes this is by holding a staff meeting every morning. Quarterly staff meetings are also held with Werny, who manages the property.

The tower is split amongst several entities—commercial, low, middle and high—which comprise multiple boards. As such, an educated and seasoned resident manager is required to navigate its many complexities. Murphy has overseen many major projects over the years. He finds it best to schedule common area projects during the summer, when his residents are most likely to be on vacation, as evidenced by recent elevator modification projects.

Move ins, move outs, as well as construction workers and materials for the building’s many apartment renovations are all staged through his office. On some days, as many as 80 workers are in the building. A weekly work schedule is posted on the building’s website and Murphy himself inspects the work zones daily to ensure compliance with the condominium’s rules.

Murphy also has administered several energy efficiency projects over the last decade. In 2004, modifications to the building’s pumps and fans reduced energy



As the role of resident manager has evolved, so too has the need for exceptional communication and customer service skills.

consumption from 3 million kwh to 1.2 million kwh. Additionally, lighting was changed in the common areas and motion sensors were installed in the compactor rooms. The effect of all of these energy projects has resulted in approximately \$180,000\* in annual savings for the property.

As the role of resident manager has evolved, so too has the need for exceptional communication and customer service skills. Today’s resident managers are responsible for managing building employees, communicating with their management company, board and residents, fire safety, emergency preparedness, the building’s operational systems and so much more. To be successful, having an intimate knowledge of each component is an advantage. These attributes and abilities set Bill Murphy apart and earn him a place amongst the superstars. ●

*\* Based on an annual reduction of 900,000 kwh at an average cost of \$0.20 per kwh*





# Budgeting 101: Items for Boards to Consider

FirstService Residential has started the budget process for our clients whose calendar year begins on January 1. Here are some points to consider when creating your budget.

- **Maintenance/Common Charge Increases.** To cover operating expenses, consider increasing the budget by a reasonable percentage each year, rather than implementing a double digit increase every three to five years.
- **Special Assessment.** Many boards levy an assessment in lieu of an increase in maintenance/common charges. FirstService Residential suggests an assessment be levied only to fund a particular project or as a way to raise working capital or reserve funds.
- **Working Capital Reserve.** The main purpose of a working capital reserve is to provide a cushion against the potential impact of seasonal cash flows (i.e. utility costs that spike in certain months, or insurance costs paid annually) and allow the property to have funds to pay other expenses in a timely manner. Consider funding working capital as a budget line item over a

specified time period or through a special assessment.

- **Capital Reserve.** Lending institutions require most associations to have an adequate reserve plan. We recommend that boards set a policy on how they will address reserve funds. Capital reserve fund should only be used to fund major capital spending projects (i.e. roof replacement, major interior/exterior renovations, or restorations). Many boards are developing a five or ten year capital plan. Your property manager, along with our financial management team, can help identify the costs of needed expenditures in order to determine the contribution.
- **Deficit Funding.** Operating deficits create cash flow issues resulting in the inability to pay vendors on a timely basis. For most boards, an accumulated deficit or the amount of payables greater than 30 days should be part of the budget, either as a line item or funded through a special assessment.
- **Cash Management.** Working capital ensures that your property's cash flow is

Careful planning can significantly reduce overall expenditures while maximizing the quality of life for your residents, and contributing to the overall health of the community.

sufficient to meet payment obligations. Consider programs to equalize monthly payments so that cash flow is spread throughout the year. These include setting up self escrows for real estate taxes, water and sewer costs, and insurance.

- **Fixed Expenses.** Approximately 75 percent of a property's expenditures are tied to fixed costs such as debt servicing, taxes (cooperatives), utilities and payroll. Finding ways to reduce expenses without sacrificing quality of life can be challenging. Consider asking your property manager to monitor overtime, re-bid service contracts and re-evaluate supplier contracts. Energy costs may be reduced by entering into agreements with energy service companies to lock in a supply of electric, gas and fuel. Boards may wish to consider having a professional evaluation of their building's energy systems in order to identify areas for improvement.

Budgets are prepared to ensure that the goals and objectives of your property can be met. Careful planning can significantly reduce overall expenditures while maximizing the quality of life for your residents, and contributing to the overall health of the community. As your partner, FirstService Residential stands ready to help you make a difference. ●

## Kuperberg Named Director of Realty Advisory Board on Labor Relations

David Kuperberg, President, FirstService Residential, has been named an Organization Director (Residential) of the Realty Advisory Board on Labor Relations (RABOLR). The RABOLR is a multi-employer organization serving the real estate industry in New York City, Long Island, Westchester, Connecticut and northern New Jersey. The organization's directors are the residential, commercial and contractor leaders in their fields.

In this role, Kuperberg joins other residential management leaders, developers and contractors at the organization which negotiates collective bargaining agreements on behalf of owners and operators of real property with unions that represent their maintenance and operating employees. RABOLR directors also advise and represent members in the administration of their collective bargaining agreements and in matters concerning personnel and human resources.





## FirstService Residential Receives National Environmental Improvement Award

FirstService Residential received an Award of Merit in the Environmental Improvement Awards Program sponsored by the Professional Landcare Network (PLANET). The award recognized our company's involvement, in conjunction with John Mini Distinctive Landscapes, in the landscaping improvements executed at 515 East 72 Street Condominium.

The program rewards independent landscape professionals who execute superior projects, together with the clients and properties that best exemplify this commitment.

The award reads, "In recognition of your efforts in improving the environment for the benefit of mankind. This award commends you for promoting, protecting and preserving the heritage of beauty for all future generations." ●



The finished gardens at 515 East 72 Street Condominium, which FirstService Residential has managed for eight years.

FirstService Residential

## ADVANTAGE

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Have a comment about this newsletter? Send an email to: [news.ny@fsresidential.com](mailto:news.ny@fsresidential.com).

FirstService Residential supports the highest social and environmental standards in the market. We are contributing to conservation and responsible management by using FSC-certified paper and print products.

