



**OPEN MEETING**

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL  
MAINTENANCE AND CONSTRUCTION COMMITTEE**

**Monday, February 5, 2018 at 1:00 PM  
Laguna Woods Village Community Center, Board Room  
24351 El Toro Road**

**NOTICE AND AGENDA**

*This Meeting May be Recorded*

1. Call to Order
2. Acknowledgement of Media
3. Approval of Agenda
4. Approval of Meeting Report for November 6, 2017 and January 8, 2018
5. Chair's Remarks
6. Member Comments – *(Items Not on the Agenda)*
7. Department Head Update

**Consent:**

*All matters listed under the Consent Calendar are considered routine and will be enacted by the Committee by one motion. In the event that an item is removed from the Consent Calendar by members of the Committee, such item(s) shall be the subject of further discussion and action by the Committee.*

8. Project Log

**Reports:**

9. Revised Red Curb Request Procedure
10. Laundry Room Dryer Replacement with Card System Costs
11. 3-story Building Address Signs & Locations for Pilot Program (Steve)
12. Cool Seal Product for GV Recessed Breezeways (oral discussion)
13. Trash Chute Repairs (oral discussion)

**Items for Future Agendas:**

- Red Curb Removal Appeal at B3304 - CDS 325
- Contract Award for Shepherd's Crook (closed session)
- Non-Emergency Chargeable Services
- Non-wood Alternatives for Dry Rot Repair (Patrick)
- Washing Machine Coin Box Change Out (Mark)
- GV Inspection and Replacement of Receptacles in Garages (Mark)
- GV Garage Cabinet Costs per Building
- Create Policy for 20-gallon WH Replacement in Free-standing Laundry Rooms



Concluding Business:

- Committee Member Comments
- Date of Next Meeting – March 5, 2018
- Adjournment

John Frankel, Acting Chair  
Ernesto Munoz, Staff Officer  
Telephone: 268-2281



**OPEN MEETING**

**REPORT OF REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL  
MAINTENANCE AND CONSTRUCTION COMMITTEE**

**Monday, November 6, 2017 – 1:00 PM  
Laguna Woods Village Community Center Board Room  
24351 El Toro Road**

**MEMBERS PRESENT:** Bert Moldow – Chair, John Frankel, Rosemarie di Lorenzo, Burt Baum, Bill Walsh, Susan Caine, Annette Sabol Soule, Jules Zalon, Steve Parsons |

Advisors: Steve Leonard, Roy Bruninghaus |

**MEMBERS ABSENT:** Bunny Carpenter, James Tung |

**STAFF PRESENT:** Ernesto Munoz – Staff Officer, Guy West, Laurie Chavarria |

**1. Call to Order**

Chair Moldow called the meeting to order at 1:02 PM stated that the meeting is being held pursuant to notice duly given and established that a quorum of the Committee was present.

**2. Acknowledgement of Media**

No Media were present.

**3. Approval of the Agenda**

The Project Log and Maintenance Expenditures Report were pulled from the Consent calendar for discussion. The agenda was approved as amended.

**4. Approval of Meeting Report for August 29, 2017**

The meeting report for August 29, 2017 was approved as written.

## **5. Chair's Remarks**

Chair Moldow reminded the Committee that this meeting starts at 1:00pm and would like all attendees present by this time. Committee Members should read the agenda in full and be prepared to discuss all of the items.

## **6. Member Comments (Items Not on the Agenda)**

Lynn Jarrett (4010-1C) commented on mailroom floor replacement, the recent flood in her rec room, moisture smells from the pool tables, and the GV Rec Room Fund.

Mike Straziuso (4006-2E) commented on the carpet replacement scheduled for Rec Room 4006. The members of this building would prefer epoxy flooring instead of carpet. Mr. Straziuso stated that he received a proposal of \$5,700 for epoxy flooring. He provided the flooring company's business card to staff.

Discussion ensued between staff and the Committee regarding flooring costs, carpet shampooing, resident requests for their rec rooms and monthly M&C Committee meetings.

By consensus staff was directed to place the rec room flooring replacement at 4006 on hold and speak to the flooring company about what the \$5,700 proposal includes. This information will be brought back to the January 2018 meeting for review and direction by the Committee.

By consensus the Committee agreed to start meeting on a monthly basis beginning in 2018.

## **7. Department Head Update**

Ernesto Munoz provided a brief summary of the recent change to the agenda line up and stated that he would provide an update on four items.

### **a. Solar Project O&M Update**

Ernesto Munoz provided an update on the solar operations and maintenance contract and addressed questions from the Committee.

### **b. Street Light Acquisition Consultant**

Ernesto Munoz provided an update about the street light consultant and addressed questions from the Committee.

Staff was directed to present the contract award at the December Energy Committee, and

then at the January Board meeting.

**c. Garden Villa Breezeway Recessed Areas**

Ernesto Munoz provided an update Garden Villa Breezeway Recessed Areas project and addressed questions from the Committee.

Discussion ensued regarding additional color of top coat, plant policy, video presentation, contract extension, timeline, and coordination with residents.

**d. Attic Rodent Cleanout Program**

Ernesto Munoz provided an update on the procedure for removing rodents from attics. Discussion ensued regarding insulation replacement, baiting & sealing of units, history of problem resolution, maintenance of common area attic space, chargeable service by square foot.

This topic will be discussed during closed session of the next Board meeting. Staff will attend the meeting to answer questions relative to the existing process. Burt Baum will discuss the issue with Legal Counsel and request an opinion to the common area and the formulation of a policy.

Additional discussion ensued regarding bed bugs and staff was directed to provide an organized plan on how to handle deal with bed bugs at the upcoming closed session of the Board.

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**Consent:**

**8. Project Log**

Item# 11 GV Breezeway Recessed Areas – move completion date to 2018.

Item #15 Storage Cabinets in GV Parking Garages – staff to confirm if funding can be provided prior to the scheduled work in 2023.

Item #16 Copper Pipe Epoxy Program – Ernesto Munoz provided a status update.

Item #17 – Red Curb Reset Program – Ernesto Munoz provided a status update.

Item #21 – Curb Cuts – Ernesto Munoz provided a status update.

## **9. Maintenance Program's Reports**

## **10. Maintenance Expenditures Report & Variance Explanations**

~~Director~~ Advisor Leonard commented on the deficit shown for washing machine repairs.

Discussion ensued regarding the repair policy and criteria for replacement. Ernesto Munoz will look into the criteria for washing machine repairs versus replacement and direct staff appropriately.

A motion was made and unanimously carried to approve all items listed in the Consent Calendar.

### **Reports:**

## **11. Laundry Room Dryer Replacement**

Guy West provided an update on the ROI for dry replacement and addressed questions from the committee. Discussion ensued regarding cost of dryers, installation using in-house labor or outside contractor, reduction of monthly laundry surcharges, programmable charges, and timing for replacement.

By consensus, staff was directed to bring back a report with costs for an outside vendor versus in-house staff installation, including a schedule for dryer removal and replacement.

## **12. Policy for Mandatory Water Heater Replacement During Resale**

Guy West provided a summary on the proposed policy and addressed questions from the Committee. Discussion ensued regarding warranties, additional staffing needs and interior inspections.

Director Moldow questioned if the City had a requirement of replacing like for like regarding water heaters. Staff was directed to look into the City requirements.

Currently, staff does not inspect the interiors of Manors during resale; implementing the proposed water heater policy and adding the task to the process would also require modification of the existing resale policy. With an average of 41 resales per month in Third Mutual, implementing the new policy would significantly increase staff time necessary to complete the process.

A motion was made and carried unanimously to accept staff's recommendation to begin interior resale inspections and to implement a policy requiring members to replace their

water heaters, if over 10 years of age, during the resale process, to be effective January 1, 2019.

### **13. Laundry Room Water Heater Alternatives**

Guy West provided an update and addressed questions from the committee.

Staff was directed to prepare a policy for replacing 50-gallon water heaters in free standing laundry rooms only with 20-gallon water heater in the future once the currently mothballed water heaters have exceeded their useful life. This will be written into the future budget component sheets.

### **14. Trash Chute Cleaning & Repair**

Guy West provided a summary on the need for trash chute cleaning and repairs in all 3-story buildings and addressed questions from the Committee.

Staff was directed to pursue quotes for repairs and cleaning of trash chutes for all three story buildings in Third Mutual. During the contractor inspection, many existing doors and chutes were found in need of major repair due to repeated usage. Additionally, during initial construction some trash chute doors were not properly installed in the correct configuration and need to be modified.

The repair estimate for 28 LH-21 buildings is \$59,587.85 and for 53 Garden Villa buildings is \$246,484.84.

A motion was made and carried unanimously to approve a supplemental appropriation not to exceed \$325,000 to be funded from the Unappropriated Expenditures Fund for the trash chute repairs at all LH-21 and Garden Villa buildings in 2018.

An additional motion was made and carried unanimously to approve \$22,000 to be funded from the Operating Fund - Miscellaneous Repairs by Outside Services for the trash chute cleaning at all LH-21 and Garden Villa buildings.

### **15. Trellis Removal at Mutual Expense**

Guy West provided a summary on offering trellis removal at Mutual expense during the Prior to Paint Program and answered questions from the Committee.

To facilitate this removal program, PTP staff will reach out to those Members with manors scheduled for the Paint Program to offer trellis removal at Mutual expense. If Members are agreeable, staff will schedule the original trellis to be removed during the prior to paint process.

Only originally constructed trellises will qualify for removal. However, if the existing original trellis is attached to an alteration, it will not be removed. In addition, the Mutual will not be responsible for alteration flooring at locations where the removal of the structural posts leaves a void in the alteration flooring. If the member does not wish to participate in this removal program, the PTP staff will leave the trellis in place and proceed with repairs and paint.

Discussion ensued regarding the PTP program, external wood structures, alteration attachments and offering to transfer ownership of the trellis to the member if they do not want it removed.

Director Baum will present the idea of transferring ownership of the trellis to Legal Counsel for review during the next closed session before a decision can be made.

### **16. 3-Story Building Address Sign Locations**

Ernesto Munoz provided an update on address signs for 3-story buildings and addressed questions from the committee.

Discussion ensued regarding signage background colors, material of monument posts, reflective signage, number of building signs needed, location of monument signs and breakdown of costs for signs and posts.

Ernesto Munoz recommended that staff be allowed to determine the proper placement of the signage and move forward with installation of building signs and monument signs, using black locust material.

A motion was made carried unanimously to table this discussion until the next meeting. Volunteers from the Committee will source pricing on signs, posts and installation and bring this information back to the January 2018 meeting.

### **17. Handyman Services Program**

Ernesto Munoz provided a summary of the proposed handyman services program and addressed questions from the Committee. Discussion ensued regarding resident services capability to handle incoming calls, cost of parts, staffing and vehicles, popularity of program, offering chargeable services, and needed approvals from United and GRF.

By consensus, the Third Mutual is in favor of this program and staff is directed to schedule a combined meeting with VMS and all 3 boards to discuss the details and offerings for the program before it moves forward.



**18. Entertain a Motion to Approve a Resolution Amending Golf Cart Policies and Procedures**

Director Sabol Soule spoke briefly about the policy. A motion was made and unanimously carried to approve a resolution amending golf cart policies and procedures.

**19. Entertain a Motion to Approve a Resolution Amending Electric Vehicle Policies and Procedures**

Director Walsh spoke briefly about the policy and requested additional changes be made to the resolution. A motion was made and unanimously carried to approve the revised resolution amending golf cart policies and procedures.

**ITEMS FOR FUTURE AGENDAS -**

*Non-wood Alternatives for Dry Rot Repair*

*Washing Machine Coin Box Change Out*

*GV Inspection and Replacement of Receptacles in Garages*

*GV Garage Cabinet Costs per Building*

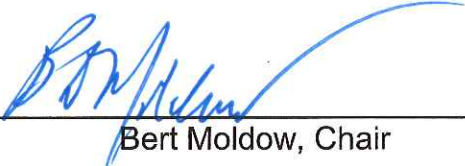
**CONCLUDING BUSINESS**

**Committee Member Comments**

**Date of Next Meeting January 8, 2018**

**Adjournment**

The meeting was adjourned at 4:31 PM.

  
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Bert Moldow, Chair



**OPEN MEETING**

**REPORT OF REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL  
MAINTENANCE AND CONSTRUCTION COMMITTEE**

**Monday, January 8, 2018 – 1:00 PM**

**Laguna Woods Village Community Center Board Room  
24351 El Toro Road**

**MEMBERS PRESENT:** Bert Moldow – Chair, John Frankel, Rosemarie di Lorenzo, Burt Baum, Susan Caine, Bunny Carpenter, James Tung, Jules Zalon, Steve Parsons, Roy Bruninghaus

Advisors: Steve Leonard, |

**MEMBERS ABSENT:** Bill Walsh

**STAFF PRESENT:** Ernesto Munoz – Staff Officer, Mark Stal, David Collins, Laurie Chavarria |

**1. Call to Order**

Chair Moldow called the meeting to order at 1:05 PM and stated that the meeting is being held pursuant to notice duly given and established that a quorum of the Committee was present.

**2. Acknowledgement of Media**

No Media were present.

**3. Approval of the Agenda**

The Project Log and Maintenance Expenditures Report & Variance Explanations Report were pulled from the Consent calendar for discussion. The agenda was approved as amended.

#### **4. Approval of Meeting Report for November 6, 2017**

The approval for the meeting report from November 6, 2017 was postponed to the February meeting.

#### **5. Chair's Remarks**

Chair Moldow welcomed the volunteers present and thanked them for their attendance.

#### **6. Member Comments (Items Not on the Agenda)**

- Lynn Jarrett (4010-1C) extended an invitation to new Director Roy Bruninghaus for a tour of the 3-story buildings in the Community and invited Committee members to be part of the discussion panel during upcoming GVA meetings.

#### **7. Department Head Update**

##### **7a. PowerPoint Presentation – 2017 Projects and Programs**

Ernesto Munoz gave a presentation on the projects and programs that the Maintenance and Construction Division completed in 2017 and answered questions from the Committee.

- Kim Shirley 2395-1B – commented on his concerns regarding wastelines and street drainage.

Ernesto Munoz, Director di Lorenzo and Chair Moldow responded to wasteline and drainage concerns.

Chair Moldow commented on the proposed senate bill that would require HOA's to perform balcony inspections every 6 years. Discussion ensued regarding destructive testing, using a lobbyist to oppose the senate bill, and the number of balconies in Third Mutual.

Chair Moldow requested that staff provide the quantity of balconies to Advisor Leonard.

#### **Consent:**

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A motion was made and unanimously carried to approve all items listed in the Consent Calendar.

## **8. Project Log**

Item #1 Wasteline Remediation: Chair Moldow asked to be provided with the amount of buildings that still need remediation. Ernesto Munoz will send that information to the Committee via email.

Item #2 Exterior Paint Program: Chair Moldow asked about the budget overage. Ernesto Munoz responded.

Item #5 LH21 Stairway Beam Replacements: Chair Moldow and Directors di Lorenzo and Baum asked about billing, percentage complete and staff inspections. Ernesto Munoz responded.

Item #9 GV Breezeway Recessed Areas: Director Frankel asked about an executed contract. Ernesto Munoz responded.

Item #18 Wrought Iron Fence Replacement: Chair Moldow asked about alternative products in place of the wrought iron. Ernesto Munoz responded.

- Amikam Gilad (5585-B) commented on the paint program and dry rot inspections. Ernesto Munoz and Director di Lorenzo responded.
- Koby Bennett (2381-3H) commented on the possibility of additional heat conducted by the breezeway concrete. Ernesto Munoz and Director di Lorenzo responded.
- Kim Shirley (2395-1B) commented on synthetic grass, breezeway drainage and beam replacements. Ernesto Munoz and Chair Moldow responded.

Advisor Leonard responded briefly on the uses for Cool Seal and Cool Deck products.

## **9. Maintenance Program's Reports**

### **10. Maintenance Expenditures Report & Variance Explanations**

Director di Lorenzo commented on the variance explanation report. Discussion ensued regarding gutter replacements, gutter cleaning and scheduling a meeting with staff.

Ernesto Munoz and David Collins responded.

### **Reports:**

### **11. Rec Room Flooring at Building 4006**

Discussion ensued regarding epoxy flooring costs, the quote from the epoxy flooring vendor and the GV Rec Room budget.

A motion was made and carried unanimously to approve staff's recommendation to uphold the current resolution of replacing Rec Room carpeting with carpet.

## **12. Red Curb Removal Appeal at B3304 - CDS 325**

A video prepared by staff was played showing that while another vehicle was parked in the area where the red curb was removed, adjacent to the carports, a vehicle could still pull into and back out of the under building carport space.

Discussion ensued regarding width of the street, requests for reinstating red curb, criteria for approval/denial of requests, parking space needs for this cul-de-sac, and slurry sealing sidewalks.

- Marie Landri (3305-A) commented on the red curb removal at Building 3304.
- Judith Troutman (3011-B) commented on the red curb removal inside Gate 7 and 3011-A. Placing a "No U-Turn" sign may be an alternative to reinstating red curb at this location.
- Thomas Morgan (3304-P) commented on the red curb removal at Building 3304.

A motion was made and carried unanimously to reconsider this request and bring it back at a later date after staff discusses the criteria for consideration of requests to reinstate red curb.

## **13. RFP for Energy Consultant Services**

Ernesto Munoz provided an update on the RFP for Energy Consultant Services and answered questions from the Committee.

Discussion ensued regarding possible consultant services performed, companies available to perform the scope of work and not-to-exceed contracts.

A motion was made to advertise this RFP for Energy Consultant Services and return with a contract award to a future closed session. By a vote of 9/1/0 (Director Frankel opposed), the motion carried.

## **14. Removal of Solar Lighted Building Address Signs**

Chair Moldow provided an update on the removal of the solar lighted address signs. Ernesto Munoz answered questions from the Committee.

Discussion ensued regarding what exactly would be removed, and what is the reason for the removal.

A motion was made and carried unanimously to approve removal of the solar lighted address signs when those buildings are scheduled for the prior to paint program.

### **15. Laundry Room Dryer Replacement Schedule & Costs**

A motion was made and carried unanimously to have staff provide additional information such as coin operation versus card system, the specifications of the card system and a recommendation for a company to provide this service.

Discussion ensued regarding the time frame for replacement, card payment systems; fees to use laundry cards, collection fees, security issues and reduction of the laundry assessment.

- Lynn Jarrett (4010-1C) commented on adding platforms/pedestal for the washers and dryers.
- Robert Stace (2381-3H) commented on the size of the washing machine and card systems.
- Kim Shirley (2395-1B) commented on a way to simplify laundry room equipment costs.

### **16. 3-story Building Address Sign Locations (Bert)**

Chair Moldow provided an update and presented pictures of signage for cul-de-sac entrances. He suggested that a taskforce be formed and that they look at each intersection and specifies which sign would be appropriate for each intersection. Address signage will be different for cul-de-sacs and buildings.

Director Caine suggested that a consultant be hired to perform this work instead of a taskforce.

Discussion ensued regarding a study that may have already been completed. Staff was asked to look for this study and provide it to the Committee.

Advisor Leonard provided a handout showing signage on single posts with information on costs and installation.

A motion was made and carried unanimously to start a pilot program. Chair Moldow and Advisor Leonard will designate the type of signs to purchase and the location for the installations and provide this information to staff for the pilot.

## **17. Breezeway Presentation (Bunny)**

Director Carpenter provided an update on the GV Recessed Area Presentation.

Discussion ensued regarding the 3-building pilot program, designated color locations, the landscape architect, deck coatings, construction start date and a presentation date for the residents in buildings on the pilot program.

- Kim Shirley (2395-1B) commented on using synthetic grass instead of concrete.
- Ed McGill (2390-2C) commented on the amount of plants and furniture at some buildings and the notice to be provided to residents.

By consensus, staff was directed to look into the cool seal or cool deck product for future use during the breezeway recessed area project.

## **18. Fireplace Usage (oral discussion)**

Chair Moldow questioned if there were OCFD or City requirements regarding fireplace renovations. Ernesto Munoz answered questions from the Committee.

Discussion ensued tree trimming over fireplaces, input from legal counsel and asthma problems from burning wood and

Director Parsons commented that he placed a service order to request that trees near Clubhouses 5 & 6 be trimmed due to the multitude of fireplaces in the area.

## **19. Ridge Route Security (oral discussion)**

Ernesto Munoz provided an update on the security concerns along the wall from the Dog Park on Ridge Route to Avenida de la Carlota.

Discussion ensued regarding the thick vegetation between the street and the Mutual wall, the low grade height on the street side of the wall, a surveyor to determine ownership, and the budget for Shepherd's Crook installation.

The Committee will request that Brad Hudson contact the City of Laguna Woods to inform them that the amount of vegetation in the setback between the street and Mutual wall is a legal liability on their part, if left in that condition.

By consensus, staff was directed to come back with a recommendation for contract award to place Shepherd's Crook on the Mutual wall from the Dog Park to Avenida de la Carlota.

**Items for Future Agendas:**

- Non-wood Alternatives for Dry Rot Repair (Patrick)
- Washing Machine Coin Box Change Out (Mark)
- GV Inspection and Replacement of Receptacles in Garages (Mark)
- GV Garage Cabinet Costs per Building
- Create Policy for 20-gallon WH Replacement in Free-standing Laundry Rooms
- Trash Chute Repairs
- Alteration Flooring Replacement

**Concluding Business:**

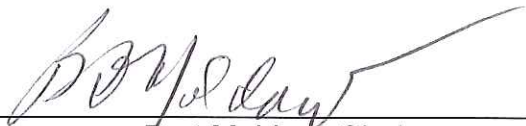
**Committee Member Comments**

- Director Tung commented on the Mutual Policy regarding the members' responsibility for flooring replacement due to Moisture Intrusion events. He would like this topic added as a future agenda item so that changes to the Policy may be considered.

**Date of Next Meeting – February 5, 2018**

**Adjournment**

The meeting was adjourned at 5:04 PM.

  
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Bert Moldow, Chair



					<b>Third Mutual Project Log (01/19/18)</b>		
<b>Priority Rating</b>	<b>#</b>	<b>Type</b>	<b>Name</b>	<b>Description</b>	<b>Status</b>	<b>Estimated Completion/On- going Programs</b>	<b>Budget</b>
	1	904 Maint Svc	<b>2018 Wasteline Remediation</b>	The Wastelines Program involves the installation of a seamless liner within the existing pipes to mitigate future root intrusion as well as to resolve and prevent future back up problems related to compromised pipes. If there are consistent internal issues, these are also investigated and addressed during the wasteline program. The program addresses interior as well as exterior waste lines. The program commenced in 2011.	The Board awarded a three-year contract to Specialized Pipe Technologies (SPT), to perform epoxy wastelining services for the Mutual. Work for the 2018 program will resume in February. A monthly schedule is currently being prepared by staff.	December 2018 Annual	2018 Budget: \$750,000 Invoiced: \$0 Balance: \$750,000
	2	904 Maint Svc	<b>2018 Electrical Systems</b>	This program is dedicated to repairing or replacing electrical equipment as needed.	Funding is provided for this program as a contingency to address electrical panel failures. No replacements are scheduled at this time.	December 2018 Annual	2018 Budget: \$50,000 Invoiced: \$0 Balance: \$50,000
	3	910 Maint Opr	<b>2018 Prior to Paint Program (PTP)</b>	The Mutual has a 10 year full cycle exterior paint program. Prior to paint dry rot , decking repairs will be performed every 10 years to prepare building surfaces for painting.	Staff is currently working in CDS 214. All buildings within the followings cul-de-sacs have been scheduled for completion with the 2018 PTP program: CDS 214, 225, 223, 220, 218, 216, 224, 222, & 221.	December 2018 Annual	2018 Budget: \$857,243 Invoiced: \$0 Balance: \$857,243
	4	910 Maint Opr	<b>2018 Exterior Paint Program</b>	The Mutual has a 10 year full cycle exterior paint program. All exterior components of each building are to be painted every 10 years. Components to be painted include the body, (stucco and/or siding and the trim (fascia boards, beams, overhangs, doors, closed soffits and structural and ornamental metal surfaces). Decks are top coated, damaged building address sign are replaced, and lead abatement activities are performed in conjunction with the Exterior Paint Program.	Staff is currently Painting on Via La Mesa, subsequently crews will move to CDS 214. All buildings within the followings cul-de-sacs have been scheduled for completion with the 2018 Paint Program: CDS 214, 225, 223 ,220, 218, 216, 224, 222, & 221.	December 2018 Annual	2018 Budget: \$1,602,744 Invoiced: \$0 Balance: \$1,602,744
<b>Agenda Item #8 Page 1 of 6</b>	5	910 Maint Opr	<b>2018 Balcony/Breezeway Resurfacing</b>	This program provides for the waterproof topcoat sealing of balcony and breezeway deck surfaces midway between exterior paint cycles. This waterproofing process protects the deck substructure against future dry rot and improves the aesthetics of the deck surface. Prior to applying topcoat, the crews also conduct an inspection of the deck structure to locate any potential safety hazards or dry rot problems.	This program is scheduled to start in June. There are 56 buildings on the schedule for this year.	December 2018 Annual	2018 Budget: \$411,008 Invoiced: \$0 Balance: \$411,008

6	910 Maint Opr	<b>2018 Garden Villa (GV) Lobby Renovations</b>	This program addresses the replacement of the existing acoustic ceiling, wallpaper and carpet in GV lobbies. All walls, ceilings and doors are patched and painted and the carpet is replaced. As of 2018 this program will include 10 GV lobbies to be renovated annually.	Ten lobby renovations are scheduled for 2018. The lobbies to be renovated are as follows: 2370, 3499, 2353, 2354, 2393, 5517, 969, 2400, 3241, 2399. Staff will begin work in lobby 2370 in January, and it is anticipated all lobbies will be completed in July 2018.	July 2018 Annual	2018 Budget: \$114,126 Invoiced: \$0 Balance: \$114,126
7	910 Maint Opr	<b>2018 Garden Villa (GV) Mailroom Renovations</b>	This program is funded to renovate GV mail rooms. The scope of work includes removing existing paneling and adding drywall, trim, installation of new light diffusers, installation of new mailboxes and complete painting of walls , ceilings and doors. Starting with the 2018 program 10 GV mailroom lobbies will be renovated annually.	A total of ten mailrooms will be renovated this year. The mailrooms to be renovated are as follows: 2355, 2384, 3499, 5499 ,5370, 3242, 2398, 2396, 2394, 2397. Work will begin at mailroom 2355 in January and it is anticipated all listed mailroom will be completed in May 2018.	May 2018 Annual	2018 Budget: \$23,469 Invoiced: \$0 Balance: \$23,469
8	910 Maint Opr	<b>2018 Garden Villa Laundry Room Renovations</b>	This program is funded to replace the GV and LH-21 style buildings laundry room floors with epoxy flooring when existing vinyl flooring is damaged. Six buildings are scheduled to be completed in 2018.	The list of laundry floors that will be renovated this year are as follows: 2392, 2389, 3243, 4001, 4013 and 5515. Staff will start at building 2392 in March and anticipate completing all laundry rooms on the list in April 2018.	April 2018 Annual	2018 Budget: \$28,444 Invoiced: \$0 Balance: \$28,444
9	910 Maint Opr	<b>2018 Pest Control for Termites</b>	This program is dedicated to eradicating drywood termites from inaccessible areas by tenting buildings for fumigation. The budget also includes funding for local termite treatments on an as needed basis and hotel accommodations during tenting.	45 buildings are currently in need of fumigation. Staff is analyzing the approved budget and will possibly request a supplemental appropriation to complete all buildings in 2018. The fumigation program starts in May and is typically completed by November.	November 2018 Annual	2018 Budget: \$298,968 Invoiced: \$0 Balance: \$298,968
10	910 Maint Opr	<b>2018 Gutters - Replacement and Repair</b>	Gutter replacement will be performed on original construction building rain gutters and downspout systems that are exhibiting deterioration. The Board authorized replacement using a "seamless" gutter system in conjunction with the Mutual's exterior painting of the building. This program also addresses gutter repairs performed by VMS staff.	10 buildings are budgeted to be replaced in 2018. Staff is assessing the buildings and will create a scope of work and a schedule. Complete building gutter and downspout replacement will be awarded to an outside vendor. Funds have also been budgeted for repairs by in-house staff on an as needed basis throughout the year.	December 2018 Annual	2018 Budget: \$137,118 Invoiced: \$0 Balance: \$137,118
11	920 Projects	<b>2018 Roofing Replacement Program</b>	This program is dedicated to replacing and maintaining Third Mutual roofs. Built-up roofs are inspected 15 years after installation. Roofs determined to have reached the end of their serviceable life are scheduled to be replaced with a new PVC cool roof system.	The re-roofing program work is scheduled to start in March and roofing repairs will be ongoing throughout the year.	December 2018 Annual	2018 Budget: \$1,682,954 Invoiced: \$0 Balance: \$1,682,954

12	920 Projects	<b>2018 Roofing Maintenance Program</b>	This program is dedicated to preserving the serviceable life of the roofs through a 5 and 10-year inspection cycle. Roofs are inspected and maintained accordingly.	This program is scheduled to be started and completed during the month of January.	December 2018 Annual	2018 Budget: \$205,100 Invoiced: \$0 Balance: \$205,100
13	920 Projects	<b>2018 Asphalt Paving Program</b>	This program is dedicated to preserving the integrity of the street paving. As part of this <b>program</b> , each year asphalt paving is inspected and rated for wear. The life for asphalt paving is estimated at 30 years. The 2018 program will consist of 108,293 square feet of paving replacement.	The Asphalt Paving work is scheduled to begin in May and be complete in July. The 2018 program will consist of 108,293 square feet of pavement replacement. The scheduled cul-de-sacs include 322, 323, 326, and 3150, 3232, and 3317.	August 2018 Annual	2018 Budget: \$375,000 Invoiced: \$0 Balance: \$375,000
14	920 Projects	<b>2018 Parkway Concrete Program</b>	This program is funded to replace and repair damaged concrete parkways in conjunction with the asphalt paving program. Parkways are inspected for damage and other deficiencies, and repaired or replaced accordingly.	The Concrete replacement is scheduled to begin in May and be completed in July concurrently with the Asphalt Paving Program.	July 2018 Annual	2018 Budget: \$150,000 Invoiced: \$0 Balance: \$150,000
15	920 Projects	<b>2018 Seal Coat Program</b>	This program is funded to extend the life of the asphalt paving by sealing the asphalt cracks and applying a bituminous slurry seal to the asphalt surface to prevent water intrusion and protecting the asphalt from deterioration.	The Seal Coat program work is scheduled to begin in August and be completed in September.	September 2018 Annual	2018 Budget: \$72,000 Invoiced: \$0 Balance: \$72,000
16	920 Projects	<b>2018 Gutter Cleaning Program</b>	This program is for the annual cleaning of Mutual Owned and Alteration Gutters.	The gutter cleaning program will start in September and will be completed in December.	December 2018 Annual	2018 Budget: \$139,364 Invoiced: \$0 Balance: \$139,364
17	920 Projects	<b>2018 Foundations Program</b>	This program is funded to replace foundations showing signs of distress or impending failure. These repairs or replacements are performed on an as needed basis.	As requests for foundation inspections are received, staff performs a field observation and if required, schedules a structural engineer to inspect the foundation and provide a recommendation. If required, staff schedules a contractor to make necessary repairs.	December 2018 Annual	2018 Budget: \$207,000 Invoiced: \$0 Balance: \$207,000
18	920 Projects	<b>2018 Parapet/Stucco Wall Repairs</b>	Several Villa Paraisa and Casa Grande style homes in the Gate 11 area have had parapet wall leaks causing wood rot and wall damage. A phased program to remove these parapet walls was adopted by the Board, to remove five walls per year.	The buildings approved in 2017 for parapet wall removals will be completed in March 2018, which include 5028, 5088, 5185, 5205, 5302. Staff is also preparing to start the next five buildings scheduled for 2018, which include 5212, 5193, 5312, 5265, 5219.	December 2018 Annual	2018 Budget: \$230,000 Invoiced: 0 Balance: \$230,000

19	920 Projects	<b>2018 Building Address Signs</b>	<p>This program was funded to replace building address signs on 1,405 buildings over a ten year period beginning in 2016. However, more recently, the M&amp;C Committee has determined that the 82 three-story buildings required a more visible sign. Staff was directed to develop new three-story building signs that are larger than the currently installed signs. Sign placement was to be determined by building configuration.</p>	<p>The Committee directed staff to place the installation of the larger signs (developed to replace the smaller original signs) on hold. The Committee will be providing a sign type and location for staff to purchase and install.</p>	TBD	<p>2018 Budget: \$33,970 Invoiced: \$0 Balance: \$33,970</p>
20	920 Projects	<b>2018 Building Structures</b>	<p>This program is dedicated to replacing and repairing building structural components that are not performing as designed.</p>	<p>Staff will be investigating and developing a priority list of needed building structural repairs and will provide engineered drawings to secure a permit from the city. Staff will solicit contractor bids for the work and bring a contract award recommendation to the M&amp;C/Board for their consideration. Once approved, work is anticipated to begin as early as July.</p>	December 2018 Annual	<p>2018 Budget: \$750,000 Invoiced: \$0 Balance: \$750,000</p>
21	920 Projects	<b>Dry Rot Program</b>	<p>This program is aimed at developing and implementing a systematic approach to eradicate wood rot throughout Third Mutual.</p>	<p>This project is in the investigation phase. The field inspections phase is scheduled to start at the end of January and will take approximately ten weeks to complete. The consultant will provide bi-weekly status reports until the inspections are completed, at which time they will provide staff with plans, specifications, and an engineer's cost estimate. The Plans, Specifications and Estimates development phase of the program is scheduled to be completed by the end of June.</p>	December 2018 Annual	<p>2018 Budget: \$1,025,000 Invoiced: \$0 Balance: \$1,025,000</p>
22	920 Projects	<b>2018 Elevator Replacement Program</b>	<p>This program is dedicated to elevator maintenance and replacement of worn equipment. In addition ten elevator cars are scheduled for interior renovations.</p>	<p>The building elevators scheduled for maintenance in 2018 include: 2381, 2355, 2390, 2394, 2397, 2402, 2399, 2369, 4001, 4005. Notifications will be mailed to the residents/owners in each building. 2381 is the first building scheduled for improvements this year. Work is anticipated to begin in February and be completed in April, 2018.</p>	December 2018 Annual	<p>2018 Budget: \$330,189 Invoiced: \$0 Balance: \$330,189</p>
23	920 Projects	<b>2018 Elevator Tile Floor Replacement</b>	<p>This program replaces the elevators ceramic tile flooring with a high grade vinyl tile when the existing tile flooring is reported as damaged.</p>	<p>Staff monitors and reviews the elevator tile repair requests to determine candidates for the 2018 program. The elevator flooring at Building 2393 will be scheduled for floor replacement in February.</p>	December 2018 Annual	<p>2018 Budget: \$17,083 Invoiced: \$0 Balance: \$17,083</p>

24	920 Projects	<b>2018 Water Lines - Copper Pipe Remediation</b>	This program is intended to extend the life of copper pipes in all buildings which experience a high frequency of copper pipe leaks.	Staff is reviewing the current quarterly leak rate report to determine what manors will be candidates for the 2018 program.	December 2018 Annual	2018 Budget: \$100,000 Invoiced: \$0 Balance: \$100,000
25	920 Projects	<b>Trash Chute Cleaning for Three Story Buildings</b>	This project is dedicated to cleaning the trash chutes in all three story buildings.	Staff has scheduled all buildings to be cleaned starting in January and will be completed in March.	March 2018	2017 Supplemental Appropriation Budget: \$23,975 Invoiced: \$0 Balance: \$23,975
26	920 Projects	<b>Exterior Lighting</b>	In 2018 funding for this program will be allocated towards the purchase of the Southern California Edison street light infrastructure. Additionally, it will offset the cost of consulting services to assist with the acquisition, and the upgrade of other exterior lighting.	M&C recommended approval of a contract with Siemens to assist with the street light acquisition, retrofit of the existing lighting fixtures, and to perform the operations and maintenance of the asset. A recommendation to award a contract to Siemens will be presented to the Board on February 20th.	December 2018	2018 Budget: \$500,000 Invoiced: \$0 Balance: \$500,000
27	920 Projects	<b>2018 Common Wall Replacement</b>	Funding for this program is allocated as a contingency to replace damaged common walls as needed. As requests for wall repairs are received, staff field observes the condition and as required, repairs or replaces the walls.	No request for repairs have been received at this time.	December 2018 Annual	2018 Budget: \$25,000 Invoiced: \$0 Balance: \$25,000
28	920 Projects	<b>2018 Perimeter Walls</b>	As a part of the Conditional Use Permit 1135 with the City of Laguna Woods, The Mutual will remove and replace barbed wire on all perimeter walls with Shepherds Crook on a phased approach.	Staff was directed to secure a contract to install shepherds crooks for security reasons along the property wall on Ridge Route (2,750ft). Staff will be presenting a recommendation for a contract award and a supplemental appropriation at the M&C for this work.	December 2018	2018 Budget: \$50,000 Invoiced: \$0 Balance: \$50,000
29	920 Projects	<b>2018 Garden Villa Breezeway Recessed Areas</b>	This pilot project will fill in the Garden Villa breezeway recessed areas with light weight concrete to match the existing walkway surface and eliminate hazard of tripping on existing uneven surface in recessed area; reduce maintenance costs; and increase dry rot repair and prevention of mold.	On September 19, 2017 the Board awarded this contract to B. Foster Construction with an appropriation of \$150,000 to complete buildings 2384, 2385 and 2386. The start of construction has been placed on hold until the Board adopts the walkway color scheme and potted plant policy.	December 2018	2018 Budget: \$195,000 Invoiced: \$0 Balance: \$195,000

	30	920 Projects	<p><b>Energy Projects</b></p> <p>Funding was allocated to advance energy initiatives to reduce the Mutual's energy footprint. These efforts will include partnering with all Boards to pursue an overall energy strategy for the community. Investigate issues such as: Community Choice Aggregation (CCA); Energy Generation During Power Outages; Battery Storage Facilities to help regulate energy flow; Residential Application of Fuel Cell technology; Upgrade of the Community's Aging Electric Infrastructure; Time of Use Strategies; Performance Management Services to Ensure Accurate Billing Rates from SCE; and Infrastructure Upgrades for Electric Vehicle Charging Stations. These are just a few of the topics Board Members have expressed an interest in, and a desire to obtain professional guidance on.</p>	<p>Staff prepared a comprehensive Request For Proposal for energy consulting services for review by the Energy and M&amp;C Committees. Staff was subsequently directed to release the RFP to engage an Energy Consultant in order to advance the Community's future energy initiatives. The RFP will be advertised and an award recommendation will be brought forward for Committee and Board consideration.</p>	<p>December 2018</p>	<p>2018 Budget: \$50,000 Invoiced: \$0 Balance: \$50,000</p>
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## STAFF REPORT

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**DATE:** February 5, 2018  
**FOR:** Maintenance and Construction Committee  
**SUBJECT:** Revised Criteria for Red Curb Request Procedure

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### **RECOMMENDATION**

Approve the revised criteria for the Red Curb Request Procedure..

### **BACKGROUND**

An assessment of parking supply and demand in Third Mutual was commissioned and an outside consultant provided recommendations for action at the M&C Committee meeting on January 9, 2017. The Parking Assessment study found a significant amount of curb-side area which is currently painted red that may be used for vehicle parking. The Committee instructed staff to move forward on a variety of recommendations. One recommendation was the establishment of a procedure for the evaluation and approval of requests for red curbs by staff.

Recently a red curb request was made from residents in cul-de-sac 325. The request was subsequently denied by staff based on the Board-approved procedure. The resident appealed the decision at the January 8, 2018 M&C Committee. The Committee postponed the decision on the appeal and directed staff to meet with the Parking Taskforce to review and revise the criteria for evaluating red curb requests from residents.

### **DISCUSSION**

The current policy specifies that curbs will be painted red only when required by statute, or when a safety issue has been identified by a formal study. The Parking Task Force reviewed the current criteria and recommended additional criteria to address situations such as that brought forward by the resident at cul-de-sac 325. The Task Force added additional criteria to allow for red curb to be installed when a written request for red curb is submitted with signatures from a majority of the affected owners. The revised criteria for evaluating requests to paint curbs red is included herein as Attachment 1 with the additional criteria in bold letters. Criteria such as convenience and esthetics are not recommended.

### **FINANCIAL ANALYSIS**

The cost to paint red curb is based on the lineal feet of curb to be painted. However, for VMS staff to execute the work there is approximately a minimum cost of \$150 per location.

**Prepared By:** David Collins, Senior Management Analyst  
Laurie Chavarria, Executive Assistant

**Reviewed By:** Ernesto Munoz, P.E., Maintenance and Construction Director

## **ATTACHMENTS**

Attachment 1: Recommended Revisions to the Red Curb Request Procedure



## **ATTACHMENT 1**



### **REVISED RED CURB REQUEST PROCEDURE**

1. Any request from a resident to have curbs painted red shall be reviewed and decided on by VMS Maintenance & Construction Department Staff. Denials may be appealed to the Maintenance and Construction Committee. Staff shall provide a report with a recommendation for action to the Maintenance & Construction Committee on all appeals.
2. Staff shall only recommend approval of such a request if:
  - A. Legal requirements imposed on the Mutual such as Fire Lanes, etc. require a red curb.
  - B. A finding is made from an engineering study that such red curb is needed for safety reasons.
  - C. A majority vote from owner occupants only within the cul-de-sac affected by the request for a red curb.**



## STAFF REPORT

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**DATE:** February 5, 2018  
**FOR:** Maintenance and Construction Committee  
**SUBJECT:** Laundry Room Dryer Replacement with Card System Costs

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### **RECOMMENDATION**

1. Provide direction as to whether new commercial dryers in the laundry rooms be replaced with the capability of a card reader system, coin-operation, or both.
2. Purchase and install the new commercial dryers with the capability as selected by the Committee.

### **BACKGROUND**

On June 6, 2017 the Energy Committee discussed replacing dryers in all laundry rooms with coin operated commercial dryers. Director di Lorenzo offered to analyze laundry costs (equipment, maintenance, possible revenue) versus the cost of the surcharge and provide report at next energy meeting.

On June 29, 2017 staff was directed by the M&C Committee to research and bring back a report to the Committee with the estimated cost to purchase new coin-operated dryers, and to also provide the current average usage of machines in the laundry rooms.

On August 1, 2017 staff presented a report to the Energy Committee (Attachment 1), and was directed by to provide additional information regarding costs and additional return on investment information.

On August 29, 2017 at the M&C Committee, oral discussion took place, and staff was directed to bring back a report on commercial size dryers with associated cost information.

On October, 3, 2017 the Energy Committee recommended that the Finance Committee approve the Energy Committee's endorsement to replace all laundry room dryers with coin operated commercial grade dryers, to be funded with a supplemental appropriation of \$350,000 from the Laundry Replacement Fund.

On November, 6, 2017, staff presented a report to the M&C Committee with additional ROI information (Attachment 2), and was again directed to bring back a report with costs for installation by an outside vendor as opposed to in-house staff installation, including a schedule for dryer removal and replacement.

At the December 5, 2017 Energy Committee, discussion ensued regarding the ROI spreadsheet prepared by the Finance Department since the endorsement for the supplemental appropriation was not approved. Staff presented a report regarding costs for installation, salvage value, revenue, electricity savings and installation labor costs (Attachment 3).

Staff was directed to bring back a recommendation for a contract award to the Energy Committee and include a detailed schedule for execution which should coincide with coin collection routes and continuity for keying the coin boxes.

At the January 8, 2018 M&C Committee staff presented a report for the laundry room dryer replacement schedule and associated costs (Attachment 4). A motion was made and carried unanimously to have staff provide additional information such as coin operation versus card system, the specifications of the card system and a recommendation for a company to provide this service.

## **DISCUSSION**

### **Coin-operated Commercial Dryers**

**The cost to purchase new commercial Speed Queen coin-operated dryers is \$294,000.** This included all costs such as delivery, installation and haul away of the old machines. The warranty on the machines is limited to the factory warranty, which is 3 to 5 years depending on which part of the machine is being replaced.

There is an estimated \$110,000 additional income per year associated with the installation of these machines. This equates to a simple return on investment of 2.67 years.

### **Card System Commercial Dryers**

There are many different types of card reader systems on the market. The system used by staff to provide a comparison is called the LaundryCard system, which can be fitted to accept coins, credit or debit cards, or a value added card. This system provides the greatest flexibility, but requires internet connectivity at each location. This can be provided via cellular service, at an additional cost of \$20 per laundry room or building.

Staff investigated another system by the name of the Wash Laundry Card, which did not require connectivity at the machines, but the manufacturer required a service agreement that incurred a prohibitive cost. The Wash Laundry Card does not allow the machines to accept any other tender besides the proprietary loyalty card. Staff estimates the annual cost savings in coin collection and maintenance service calls to be \$7,000 per year. This does not include the costs associated with internet connectivity. At the rate of \$20 per month per building, this equates to \$29,760 per year.

**The cost to purchase machines that accept card readers is \$365,000.** This includes all costs such as delivery, installation and haul away of the old machines. The warranty is identical to the coin operated machines. If dryers which use card readers are purchased, it would be recommended that existing washers also be retrofitted to utilize card readers as well,

for uniformity. However this may be accomplished at a later time as washers are replaced. Using \$110,000/year income, the simple payback is 3.32 years for the purchase of the card-operated dryers.

### **FINANCIAL ANALYSIS**

If staff is directed to purchase coin-operated commercial dryers the cost is estimated at \$294,000, and staff would recommend a supplemental appropriation of \$330,000. If staff was directed to purchase card operated commercial dryers at an estimated cost of \$365,000, staff would request a supplemental appropriation of \$434,236 which includes the first 12 month of internet connectivity as well as a 10% contingency.

### **ATTACHMENT(S):**

Attachment 1 – 8/1/17 Staff Report from Third Energy  
Attachment 2 – 11/6/17 Staff Report from Third M&C  
Attachment 3 – 12/5/17 Staff Report from Third Energy  
Attachment 4 – 1/8/18 Staff Report from Third M&C

**Prepared By:** Mark Stal, Maintenance Services Manager

**Reviewed By:** Ernesto Munoz, P.E., Maintenance and Construction Director



## STAFF REPORT

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**DATE:** August 1, 2017  
**FOR:** Energy Committee  
**SUBJECT:** Cost of Commercial Dryers & Average of Current Usage

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### **RECOMMENDATION**

Receive and file.

### **BACKGROUND**

Staff was directed to estimate the cost associated with replacing current dryers with commercial units. Staff was also directed to provide the average usage of existing dryers.

### **DISCUSSION**

The cost to purchase a new commercial Maytag dryer is about \$900. With materials and installation the cost is about \$1,000 per unit. At the current inventory level of 413 dryers it would cost roughly \$413,000 to replace all the units, or \$332,000 if the inventory was reduced by 81 units.

Because there is no coin collection on the dryers, staff does not have any data on the average dryer loads per day.

### **FINANCIAL ANALYSIS**

None at this time.

**Prepared By:** Mark Stal, Maintenance Services Manager

**Reviewed By:** Ernesto Munoz, P.E., Maintenance Operations Director



## STAFF REPORT

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**DATE:** November 6, 2017  
**FOR:** Maintenance and Construction Committee  
**SUBJECT:** Laundry Room Dryer Replacement

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### **RECOMMENDATION**

Review and provide direction.

### **BACKGROUND**

Staff was directed to bring a report with additional information on costs and ROI for the Committee to review in order to provide further direction to staff.

### **DISCUSSION**

The Purchasing Department was asked to source a commercial dryer to replace the existing residential models. The unit selected by Purchasing was a Maytag brand, which is the same brand as the existing washers. The cost for the unit is approximately \$900. With the small amount of parts required and the labor for installation, the total cost for installation is estimated at \$1000.

The revenue generated from washing machines in 2016 was \$101,554. If the inventory for dryers is reduced to 331 as previously suggested, the cost of installation would be \$331,000. If the dryer cost is set to \$0.50, similar to the charge for the washing machines, it will generate additional revenue of \$101,554. This calculates to a simple ROI of 3.26 years.

There are several other sources of income or savings that are unknown variables at this time and not included in this ROI. It does not include any income that would come from the sale of the existing machines. Additionally, there would be energy savings from several sources. First, the commercial dryers are more energy efficient, and thus would use less electricity per load. It has been noted that in the current situation where the dryers are free, residents are more likely to put the dryer on for much longer than is necessary. There are also residents that wash their clothes in their manors and bring the clothes to the laundry room for drying. A coin operated dryer would greatly reduce both of these situations. Lastly, with all new machines, the cost of repairs and maintenance would be greatly reduced. Most likely these factors would bring the ROI below 3 years.

There are costs associated with the collection of the coins from the dryers. Additionally, if the machines need to be stored while switching them out, there would be costs for the labor and possible container rental to house the machines. These costs are relatively small compared to the purchase price, and are estimated to balance out with the energy savings mentioned previously.

If this replacement is to be done with in-house staff, installations would be limited by staff and vehicle availability. The estimated time for replacement of all machines by existing staff is one year. If replacement is to be done by an outside service or the hiring of additional staff, the Union would have to be consulted and additional research would be needed.

### **FINANCIAL ANALYSIS**

If coin operated commercial dryers were to be purchased and installed, a supplemental appropriation not to exceed \$350,000 from the Laundry Replacement Fund would be required.

**Prepared By:** Mark Stal, Maintenance Service Manager

**Reviewed By:** Guy West, Projects Manager

**STAFF REPORT**

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**DATE:** December 5, 2017  
**FOR:** Energy Committee  
**SUBJECT:** Coin Operated Dryer ROI

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**RECOMMENDATION**

Review and provide direction.

**BACKGROUND**

Staff was directed to prepare a report with additional information on costs and ROI for the Committee to review in order to provide further direction to staff for a coin operated laundry room dryer replacement program.

**DISCUSSION**

The Purchasing Department was asked to source a commercial dryer to replace the existing residential models. The unit selected by Purchasing was a Maytag brand, which is the same brand as the existing washers. The following assumptions were made to determine the financial impact of a coin operated dryer program.

***Installation***

The cost to purchase a commercial dryer is approximately \$900. With the small amount of parts required and the labor for installation, the total cost per installed dryer is estimated at \$1,000. If the inventory for dryers is reduced to 331 as previously suggested, the cost of installation would be \$331,000.

***Salvage Value***

The Mutual currently owns 413 machines of varying ages which would be sold at auction. An average residual value of \$50 per unit was assumed for this analysis.

***Revenue***

The revenue generated from washing machines in 2016 was \$101,554. If the dryer cost is set to \$0.50, similar to the charge for the washing machines, it will generate additional revenue of approximately \$100,000.



### ***Electricity***

Commercial dryers are more energy efficient than residential units and the introduction of fee-based drying may act as a deterrent to overuse. A graduated savings in electricity was assumed, 10% less usage in the first year, 8% in the second year, and 5% every year thereafter.

### ***Labor Cost***

The cost of repairs and maintenance would be reduced with the installation of new machines. Maintenance costs would be minimal during the 5-year limited warranty, after which costs are projected at a 25% savings from the current dryer repair budget. Partially offsetting this savings would be additional hours required for coin collection by Security personnel.

If replacements were performed with in-house staff, installations would be limited by staff and vehicle availability. The estimated time for replacement of all machines by existing staff is one year. If replacement is to be performed by an outside service or the hiring of additional staff, the Union would have to be consulted to provide temporary labor.

### **FINANCIAL ANALYSIS**

A financial analysis of the projected cash flows was used to determine an initial cash outlay of \$331,000 and total savings of \$1,058,000 over the 10-year expected life (in today's dollars), an average net savings of \$74,800 per year. The payback period is just under 2.5 years and the total rate of return is estimated at 16% for this project (Attachment 1).

Proceeding with implementation of coin operated commercial dryers would require a supplemental appropriation of \$350,000, which includes a contingency, to be funded from the Laundry Replacement Fund. Revenue collected from dryers during 2018 would be booked to the same reserve and in subsequent years, the laundry surcharge assessment would be reduced to reflect lower net operating costs.

**Prepared By:** Mark Stal, Maintenance Service Manager  
Christopher Swanson, Financial Analyst

**Reviewed By:** Ernesto Munoz, P.E., Maintenance Operations Director  
Betty Parker, Financial Services Director

**Attachment(s):**  
Attachment 1: Coin Operated Dryers Cash Flow

Coin Operated Dryers Cash Flow

	Salvage Value	Purchase Cost	Laundry Coin Revenue	Maintenance Old	Maintenance New	Coin Collection	Net Savings	Electricity Old	Electricity New	Net Savings	Total Cash Flow	Pay off Progression
Implementation	\$ 20,650	\$ (331,000)									(\$310,350)	(310,350)
Year 1			\$100,000	\$30,000	\$0	\$1,000	\$29,000	\$69,729	\$62,756	\$6,973	\$135,973	(174,377)
Year 2			\$100,000	\$30,600	\$0	\$1,020	\$29,580	\$73,215	\$67,358	\$5,857	\$135,437	(38,940)
Year 3			\$100,000	\$31,200	\$0	\$1,040	\$30,160	\$76,876	\$73,032	\$3,844	\$134,004	95,064
Year 4			\$100,000	\$31,800	\$5,000	\$1,060	\$25,740	\$80,720	\$76,684	\$4,036	\$129,776	224,840
Year 5			\$100,000	\$32,400	\$10,000	\$1,080	\$21,320	\$84,756	\$80,518	\$4,238	\$125,558	350,398
Year 6			\$100,000	\$33,000	\$22,600	\$1,100	\$9,300	\$88,994	\$84,544	\$4,450	\$113,750	464,147
Year 7			\$100,000	\$33,700	\$23,100	\$1,120	\$9,480	\$93,443	\$88,771	\$4,672	\$114,152	578,299
Year 8			\$100,000	\$34,400	\$23,600	\$1,140	\$9,660	\$98,115	\$93,210	\$4,906	\$114,566	692,865
Year 9			\$100,000	\$35,100	\$24,100	\$1,160	\$9,840	\$103,021	\$97,870	\$5,151	\$114,991	807,856
Year 10			\$100,000	\$35,800	\$24,600	\$1,180	\$10,020	\$108,172	\$102,764	\$5,409	\$115,429	923,285

Assumptions:		PV of Initial Outlay	\$ (310,350)
# Units Old	413	NPV of Annual Savings / Payments	\$ 1,058,000
# Units New	331	Total Savings in Today's Dollars	\$ 748,000
New Unit Cost	\$900	Average Annual Savings	\$ 74,800
New Unit Labor	\$100	Modified Internal Rate of Return	16%
Salvage Value	\$50		
CPI	2.0%		
Interest Rate	3.0%		
Maintenance	5 Year Limited Warranty		
Electricity	5-10% Savings over current surcharge budget		
Coin Revenue	Projection		



## STAFF REPORT

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**DATE:** January 8, 2018  
**FOR:** Maintenance and Construction Committee  
**SUBJECT:** Laundry Room Dryer Replacement Schedule and Costs

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### **RECOMMENDATION**

Direct staff to bring back a recommendation to award a contract to an outside vendor to replace all laundry room dryers with commercial, coin-operated dryers.

### **BACKGROUND**

Staff was directed to provide costs and a plan for removal and replacement of all laundry room dryers.

### **DISCUSSION**

The two options for the execution of this work are to either use in-house maintenance staff or retain an outside vendor.

#### ***In-house staff***

If in-house maintenance staff performs this work it will defer other work staff is assigned to implement for the annual operations budget. Additionally, the dryers will have to be received and stored prior to installation, incurring additional staff time. Based on estimated available staff time, it will take 11-12 months for staff to complete this work, while placing other budgeted work on hold. The purchase price for Maytag units is approximately \$900, and the labor and materials required to receive, remove and replace the dryers is estimated at \$100. Thus the total cost for in-house staff is estimated at \$1,000.

#### ***Outside Vendor***

Staff solicited and received two bids from outside vendors to provide the labor and materials required to implement this process. Based on their experience with different manufacturers, they did not recommend using Maytag dryers. Staff selected Maytag units in order to stay uniform with the existing Maytag washers. The two vendors who have proposed on this work suggested Speed Queen and Whirlpool equivalent machines. Both vendors had pricing of under \$1,000 per unit. If an outside vendor was retained to perform this work, once a contract is executed, it would be completed in approximately 30 days.

There are several factors which make installation by an outside vendor preferable:

1. The cost is lower, with an estimated savings of \$30,000.
2. There are problems associated with a prolonged installation by staff, including resident complaints based on order of installation. Residents may also choose to use laundry rooms that still have original dryers, as these machines would still be free to use. This would create over use in some areas, and under use in others.
3. Staff time would be encumbered during this project, which will require setting other budgeted operations' work aside.
4. Storage in the warehouse would require additional space, congestion during delivery, and staff time to coordinate. A temporary storage unit may also be required.

A detailed deployment schedule by laundry room would be prepared and provided to the community once a vendor has been selected.

### **FINANCIAL ANALYSIS**

There currently are no funds appropriated for this work. After an installation plan has been chosen, staff will recommend a supplemental appropriation.

**Prepared By:** Mark Stal, Maintenance Services Manager

**Reviewed By:** Ernesto A. Munoz, P.E., Maintenance and Construction Director