

JK FINANCE COMMITTEE MEETING MINUTES FOR 10/5/10

ATTENDING:

Betty Latson, Committee Chair

Judy Barnes

Dave Beck

Jay Owens

Karla Ross

Duane Hickling

Tom Meyers

Barbara Grodzins

Gina Zehr

Barbara Fiacchino

Allan Werth, DK Property Supervisor

Rich Vicens, JK Property Manager

The meeting commenced at 6:30 pm

Ms. Latson welcomed everyone to the meeting and announced that tonight's meeting topics would center on operating expenses and income.

Allan Werth noted that some expenses had been revised since the first meeting and passed out a revised operations budget. Changes included a reduction in anticipated legal expenses from \$40,000 to \$25,000.

The discussion was opened up to questions and comments about various budget items.

Tom Meyers expressed concern about continuing to include the scavenger rebate from the City of Chicago (about \$42,000 a year) as income. He had heard that the city might cancel the program due to its serious budget concerns. The consensus of the committee was to leave the items as income until and unless the city actually announced a cancellation of the program. It was

noted that the city, although behind on the payments, continued to pay JK on a yearly basis.

The discussion turned to utilities. Barbara Fiacchino expressed her concerns that we might be under budgeting for utilities as we were dropping the budgeted amount significantly from 2010. It was noted that we had locked in lower rates for both gas and electricity for 2011 and we had hoped for a substantial reduction with the ongoing window replacement project. After discussion, Allan Werth indicated that he would review the figures and there would be further discussion at the 10/19 final review meeting.

The committee looked at garage income and noted that the income seemed to be increasing in 2010 over 2009 and looked even better for 2011. The committee agreed that monthly parking rates should not be increased for 2011 as they had been increased in both 2009 and 2010. Members of the committee had concerns about the seemingly high amount of overtime for the garage employees and whether the event parking was covering that cost. It was agreed that Eddie Main, JK Garage Manager would be asked to provide details. Discussion turned to garage coupons. It was suggested that there be a two tier coupon---one coupon for eight hours and one coupon for 24 hours. Some members were opposed to a two-tier system and others proposed different time periods (e.g. twelve hours as opposed to 8 hours for the first level). It was agreed that this would be brought to Eddie Main to calculate which system might make the most sense and maximize income.

The discussion then turned to employee salaries. It was noted that this was one of the biggest components of the operating budget at an expense of over \$1,000,000. Rich Vicens noted that he had already moved to reduce employee costs by cutting the full time janitor from Kilmer. He noted that having a full time janitor at Kilmer never made any sense and it was akin to having a janitor for every 6 floors in James House, which also would make no sense. This has resulted in a savings to the Association of approximately \$45,000.

Dave Beck suggested that the doormen shifts in Kilmer House be reduced to one shift per day from the current level of two shifts per day and 24 hours on the weekend. He indicated that it made no sense to have that many shifts for a 96 unit building, that significantly larger buildings in the neighborhood had fewer doormen shifts and that the allocation study indicated that the Kilmer owners are not paying for the additional doorman shifts. He emphasized that we needed to control costs and that this would save the Association over \$50,000, which represented over 1% of the entire budget. Rich Vicens felt that reducing the doorman shift at Kilmer was a reasonable way to reduce costs and that the reduction in doorman shifts could be offset by certain capital improvements such as moving the directory outside the building to prevent access to the vestibule to non Owners. Duane Hickling noted that this was a reasonable way to equalize spending between the two buildings. Barbara Grodzins disagreed with removing the doorman shift feeling it was an amenity that increased security at Kilmer. Tom Meyers also objected to the reduction in door staff at Kilmer stating that it would endanger their security and create two classes of ownership. The consensus of the committee, with Barbara Grodzins and Tom Meyers dissenting, was to recommend that a reduction in door staff be carried out for Kilmer House, the amount of the reduction to be recommended by Rich Vicens.

The committee also looked at the fee schedule. The only change recommended was to increase the dog registration fee from \$30 to \$45. The rationale for the change was to cover the cost of doggie bags for the approximately 80 dogs registered in the Association. The cost of these bags is more than \$3200 per year.

Betty Latson indicated that the proposed changes would be incorporated into the budget and discussed further at the final meeting on October 19, 2010 and that the committee would consider such things as garage coupon increases.

The next meeting will be on 10/12/10. The topic will be capital reserves.