

TO: Seven Lakes Landowners Association Board of Directors

FROM: M.G. Shaver – Director – Maintenance Committee Chair

SUBJECT: Summary of Maintenance Department's Activities (Six-Month Report)

DATE: 1 December 2008

CC: 7LLOA Maintenance Committee
R. Darr – Maintenance Superintendent

- A. The Maintenance Committee's initial Goal:** The Maintenance Committee held its first meeting on 17 April 2008 and since then much has been accomplished in accordance with the Committee Chairman's initial guidance that *"The past is prologue and cannot be changed. Let's concentrate on what is required now and in the future to help the Association's Maintenance Department to successfully and efficiently accomplish their tasks to enhance our community's appearance and amenities in a cost-effective and timely fashion. Our mission should be one of neither assistance nor criticism nor condemnation..."* In view of the BOD's forthcoming requirement to plan for the future and the financial support needed to support that plan, the Maintenance Committee Chairman is submitting this six-month report on what has been accomplished to date.
- B. Maintenance Department Organization:** The Maintenance Department is currently organized into the following two sub-departments:
- 1. Buildings and Grounds (Accounting Code – 623):** The maintenance work accomplished by this Department's current three assigned maintenance personnel is for those tasks required on and in the Association's buildings (i.e. – trash removal, change light bulbs, etc. in the stables, pool, North Clubhouse, North and South Postal Offices, Association's office and the North and South Gatehouses plus those listed in Paragraphs C2, C3, C4, C5, C6 and C7 below. It also includes any maintenance work required as "projects" in support of the Association's other committees (i.e. – Security, Recreation, Lakes and Dams, etc.). During the spring and summer seasons part-time help in the past was required. Since 1999 the Buildings and Grounds Department has accounted for 44.7% of the total Maintenance Department expenditures.
 - 2. Streets and Grounds (Accounting Code – 560):** Includes the maintenance work required by the current two assigned maintenance department personnel to maintain the Association's dams (Paragraph C1 below), streets (Includes Seven Lakes Drive), and the street shoulders. Since 1999 the Streets and Grounds Department has accounted for 55.3% of the total Maintenance Department expenditures.
- C. Maintenance Department Priorities:** The following is the Maintenance Department's current priority list:
- 1. Dams (North side dams only with a major concern for safety):** All normal routine maintenance is to be accomplished under the Maintenance Committee's oversight except that which is contracted by S&ME or other outside contractors. Non-routine maintenance work requested by the Lakes and Dams Committee is to be initiated by a Work Order and the cost charged to the Lakes and Dams Committee. The following list represents the normal dam maintenance that is the responsibility of the maintenance department.
 - a. Periodic inspection and immediate repair of any serious problem areas. (The Lakes and Dams Committee also are to inspect quarterly)
 - b. Dams are to be mowed twice a year (Yet to be approved by the BOD). Mow the upstream side of each dam as required and mow the downstream side of the dams two times per year in accordance with the S&ME report, page 5, dated June 17, 2008. The Maintenance Department mows and weed eats the grass on the Association's roads crossing the Country Club's dams.
 - c. Weed eat the upstream side of each dam as required while inspecting the rip-rak for any needed repairs.

- c. In their letter dated June 17, 2008, S&ME recommended, “areas of poor vegetation and surface erosion should be repaired and revegetated. Where bare soil is exposed, the soil should be loosened with a tiller or harrow and topsoil should be placed to match the adjacent grading. The topsoil should be fertilized, seeded and covered with straw mulch in accordance with recommendations in the North Carolina Erosion and Sediment Control Planning and Design Manual.”
2. **North/South Gates:** Maintain a year around attractive appearance especially during the warm weather season. Provide any necessary support to insure adequate gate operation.
 3. **Sequoia Point and Beach Areas:** Maintain an attractive appearance especially during the warm weather season.
 - a. During the warm weather season prior to weekends and holidays insure areas are clean with empty trash receptacles.
 - b. Immediately after weekends and holidays during the warm season insure areas are cleaned up and all trash receptacles are emptied even if it requires work on a weekend.
 4. **Seven Lakes Drive:** Insure that the area and shoulders along Seven Lakes Drive and the pasture area maintain an attractive appearance year round. Prior to mowing the Kiwanis Club removes debris and trash from Seven Lakes Drive and should be recognized for their efforts. The Maintenance Department is responsible for removing pine straw.
 5. **Association Buildings and Surrounding Grounds:** Maintain an attractive appearance (Buildings include Association Office, North Clubhouse, Pool Area, Postal Offices and Stables).
 6. **Association Roads:** Insure Association roads are periodically mowed and maintained with priority to Dogwood, Firetree, Shenandoah, and Devonshire. Whenever an Association fence post needs to be replaced have it done so at the first opportunity.
 7. **Lakes:**
 - a. Apply required weed control chemicals to all North side lakes annually in May (Accomplished this year on Monday May 19th, Sequoia, Dogwood and Timber Lakes, Tuesday May 20th, Echo, Ramapo, Little Juniper and Wednesday May 21st Longleaf, Big Juniper).
 - b. Inspect and maintain all beach areas during the summer for cleanliness and safety.
 - c. Periodically check the location of the buoys on Lakes Sequoia and Echo. All buoys must be a MINIMUM of 150 feet from the shore.

D. Maintenance Department’s Year-to-Date Major Accomplishments: In addition to normal maintenance operations the Maintenance Department has accomplished the following since April. Included are recommend future projects.

1. **Completed construction of new additional Maintenance Building:** The previous BOD voted to purchase and construct a new maintenance building in the maintenance area. Approximately \$25,000 was budgeted with the anticipated plan to use Maintenance Department personnel for construction of the building. Prior to the current BOD being sworn in, the Association had spent approximately \$21,974.84. While some personnel costs were spent after the current BOD took responsibility it became clear to the Maintenance Committee Chair that without outside help the new building would not be completed prior to late fall or early winter which was unacceptable. With the BOD’s approval the Committee Chair directed the Community Manager to find a suitable contractor to complete the building’s construction prior to fall. The total cost of the new building exceeded \$42,000.00. However without the availability of the new building the Maintenance Department would not have been able to refurbish all the maintenance area buildings and clean out the equipment sheds.

Except for the latrine the Maintenance Department buildings have been renovated. The large equipment storage shed has been thoroughly cleaned up and equipment has been assigned to a specific parking spaces. Equipment is to be cleaned before being stored in the shed. The small storage building by the entrance has had its walls replaced; then painted and specific equipment is now being stored in assigned locations within the building. The lower shed building has also been cleaned out. An outside rack has been installed for the storage

of steel rods, bars, etc. A rack has been prepared for storage of the outboard motors and special equipment.

2. **Refurbished North/South Entrance Gates:** Project completed to refurbish, paint and install new floors in the Gate House buildings.
3. **Roads:** According to the Association's records the Association's roads were first paved between 1973 and 1975. Extensive repaving was again done between 1985 and 1989. The Association's roads are generally in good condition although there are some spots that appear to be failing. A prime example is Firetree Lane at the south end of the Echo dam. The integrity of the roads to date has been maintained by "pouring" or filling the cracks with liquid asphalt. The problem with this process is it's cosmetic appearance - it makes the roads look ugly. It has been 20 years, more or less, since the repaving so these pavements are nearing the end of their life expectancy. However, their condition is such that we can reasonably expect to do the next repaving in a couple of years.
4. **Vandalism:** Vandalism is become a growing problem within the Association not only at Sequoia Point but elsewhere primarily in the North section. Recently a number of the Clubhouse Globe lights were broken plus doors to the Pool area were kicked in. A short while ago fifty brand new Stop signs were installed and within 24 hours one-third of them had been disfigured with graffiti. In addition to the stop signs some of the newly painted lake Picnic Shelters were also disfigured with graffiti.

	North Side	South Side	Total
Stop Signs	86	40	126
Speed Limit Signs	22	16	38
Children Playing	7		
Stop Sign Ahead		1	
Caution Hidden Drive		1	
No Parking	3	1	

5. **Equipment Inventories:** Inventories on equipment with a value of \$2,500 and over (Attachment A) and also on equipment with a value less than \$2,000 (Attachment B) have been conducted.
6. **Surplus Equipment Sales:** A sale of surplus equipment and other items was held providing a return of \$1,953.02 (Attachment C). There were a number of surplus bicycles remaining that have been donated to the Sandhills/Moore Coalition for Human Care.
7. **Maintenance Department Supervisor:** A resident, Bob Darr, recently has been hired as the Maintenance Department Supervisor. After six months Mr. Darr is to submit a report to the Community Manager and BOD with his recommendations on how the Maintenance Department should be organized, supervised and function.
8. **Work Force:** A log of the number of hours it takes to perform specific tasks is being recorded. In time a substantiated work history of general maintenance requirements will be established. To date the Maintenance Department's personnel have responded favorably to directions and have performed their tasks in a very satisfactory manner.

D. Resident's Cost for Maintenance (Refer Attachment D): Attachment D contains a summary of the Association's maintenance costs by the Buildings and Grounds Department and the Streets and Grounds Department for the last ten years and the changes that have occurred. Those costs have been broken down to the average daily cost per Home Owner, per Single Lot Owner and per Multiple Lot Owner

1. **North/South Association's Growth since 1999 (Attachment D1):** During the period 1999 to 2008 the Association has grown by almost 15% as to the number of homes while the number of single and multiple lots have diminished. During this ten-year period Home Owner annual dues increased by 17.3% while Single Lot Owner annual dues increased by 20.8% and Multiple Lot Owner annual dues also increased by 26.0%. Total annual Dues Income increased by 26.3%. The Association has had only one dues increase (\$50) in the last eight years. The average annual ten-year inflation rate has been 2.6% per year.

Year	1999-2000	2008-2009	% Change
Number homes	1081	1242	14.9%
Annual Dues/Home	\$682	\$800	17.3%
Nbr Single Lots	236	147	- 37.7%
Annual Single Lot Dues	\$472	\$570	20.8%
Nbr MultiLots	143	129	- 9.8%
Annual MultiLot Dues	\$315	\$397	26.0%
Total Dues Income	\$893,679	\$1,128,603	26.3%
Annual Inflation Rate	2.19%	4.38%	

- a. **Buildings and Grounds Expenditures (Attachment D2):** Salaries and Benefits average about 74% of the total Buildings and Grounds Expenditures that have decreased by 3.6% during the last ten years while the annual cost per Home Owner decreased by 8.7%, the cost per Annual Single Owner decreased by 6.1% and the cost per Annual Multiple Lot Owner also decreased by 2.0%.

Year	1999-2000	2008-2009	% Change	% Total Cost
Salary&Benefits	\$102,504	\$ 98,809	- 3.6%	74.5% 73.2%
Other Costs	\$ 34,955	\$ 36,240	3.7%	25.5% 26.8%
Total Costs	\$137,459	\$135,049	- 1.8%	
Annual Cost/Home	\$ 104.90	\$ 95.73	- 8.7%	
Home Cost/Day	\$ 0.29	\$ 0.26		
Annual Cost/Single Lot	\$ 72.60	\$ 68.21	- 6.1%	
Annual Cost/MultiLot	\$ 48.45	\$ 47.51	- 2.0%	

- b. **Streets and Grounds Expenditures (AttachmentD3):** Salaries and Benefits have increased by 15.6% while Other Costs have decreased by 21% resulting in a total reduction of 2.8%. The annual cost per Home Owner has decreased by 9.7%. Single Lot annual cost has decreased by 7.1% while annual MultiLot cost has also decreased by 3.0%.

Year	1999-2000	2008-2009	% Change	% Total Cost
Salary& Benefits	\$ 91,426	\$105,696	15.6%	49.7% 59.1%
Other Costs	\$ 92,684	\$ 73,200	-21.0%	50.3% 40.9%
Total Costs	\$184,110	\$178,896	- 2.8%	
Annual Dues/Home	\$ 140.50	\$ 126.81	- 9.7%	
Home Cost/Day	\$ 0.38	\$ 0.35		
Annual Single Lot Dues	\$ 97.24	\$ 90.35	- 7.1%	
Annual MultiLot Dues	\$ 64.89	\$ 62.93	- 3.0%	

- c. **Other Maintenance Expenditures (Attachment D4):** This is the only data available at this point in time.

3. **Salaries and Benefits Comparison:** During the last ten years there have been some fluctuations in number of employees per year plus there was a change in the Association's Group Insurance Company in 2005. Also employees became responsible for paying 20% of their Group Insurance cost. The Maintenance Superintendent's current wages are divided three-fifths to the Buildings and Grounds sub-department and two-fifths to the Streets and Grounds sub-department. The Maintenance Department's average annual hourly rate is \$16.11, 16% below the Moore County average hourly rate.

- a. **Buildings and Grounds Annual Salaries and Benefits Comparison (Attachment D5):** During year 1999-2000 the cost for Group Insurance was 10.7% of the annual budget. The cost for Group Insurance increased dramatically until year 2004-2005 when it became 22.3% of that year's total budget. The Association changed to another Group Insurance Company plus requiring employees to pay 20% for their individual cost. Note also the growing increase in the IRA rate.

Year	1999-2000	2008-2009	% Change	% 2008-2009
Salaries	\$ 84,691	\$78, 975	- 6.7%	79.9%
FICA	\$ 6,587	\$ 6,132	- 6.9%	6.2%
Group Insurance	\$ 9,088	\$10,917	11.0%	11.1%
Bonus	\$ 1,410	\$ 1,185	-16.0%	1.2%
IRA	\$ 728	\$ 1,600	119.6%	1.6%
Total	\$102.505	\$ 98,809	- 3.6%	100.0%

- b. **Streets and Grounds Salaries and Benefits Comparison (Attachment D6):** One of three current employees is a part-time employee who does not receive Group Insurance and Other Benefits. During year 1999-2000 Group Insurance was 8.6% of the sub-department's total expenditures whereas in 2008-2009 it was 9.2% of total expenditures. As previously commented note the growing increase in the IRA rate.

Year	1999-2000	2008-2009	% Change	% 2008-2009
Salaries	\$ 76,257	\$ 88,546	16.1%	83.8%
FICA	\$ 5,898	\$ 6,875	16.6%	6.5%
Group Insurance	\$ 7,865	\$ 8,155	3.7%	7.7%
Bonus	\$ 840	\$ 1,320	57.1%	1.2%
IRA	\$ 566	\$ 800	41.3%	0.8%
Total	\$ 91,426	\$105,696	15.6%	100.0%

E. Maintenance Committee's Goal for the end of 2008-2009: During the past six months much has been accomplished. The remainder of this year the Maintenance Committee will concentrate its efforts on developing and publishing a Maintenance Department Policy and Procedures Manual.

Manila G. Shaver

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Director – Maintenance Committee Chairman

Attachment A: Seven Lakes Association Maintenance Department Asset Depreciation Report dtd 30 April 08

Attachment B: 11/12/2008 Maintenance Inventory of Equipment with Value less \$2,000

Attachment C: Seven Lakes Land Owner's Maintenance Department's 2008 Surplus Sale

Attachment D1: Association Members & Dues

Attachment D2: Buildings and Grounds (623) Year 1999-2000 to 2008-2009

Attachment D3: Streets and Grounds (560) Year 1999-2000 to 2008-2009

Attachment D4: Other Maintenance Expenditures

Attachment D5: Annual Salaries and Benefits for Buildings and Grounds (623)

Attachment D6 Annual Salaries and Benefits for Streets and Grounds (560):