

# MAGNOLIA POINT COMMUNITY ASSOCIATION

## PROPERTY MANAGEMENT OVERVIEW

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MPCA BOARD OF DIRECTORS

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**EXECUTIVE SUMMARY** – PROPERTY MANAGEMENT AT MPCA HAS BEEN PREDOMINANTLY SELECTED AND CONTROLLED BY DEVELOPERS SINCE INCEPTION. THE PERFORMANCE OF THE PROVIDERS HAS CONSISTENTLY FELL SHORT OF COMMUNITY EXPECTATIONS IF NOT ALSO COMMUNITY NEEDS. IN MARCH, THE BOARD TRANSITIONED TO A COMMUNITY BASED MODEL. THE DISCUSSION AS TO IMPROVED SERVICES WAS BROACHED BUT TABLED TO AN IN-DEPTH REVIEW FOR THE 2<sup>ND</sup> YEAR OF THE NEW BOARDS TERM.

**BACKGROUND** – IN MAY OF THIS YEAR, THE CURRENT MPCA CAM SUBMITTED A RESIGNATION TO THEIR EMPLOYER, LIFESTYLES PROPERTY SERVICES; LIFESTYLES SUBSEQUENTLY SUBMITTED ITS RESIGNATION TO MPCA FOLLOWING THE RECEIPT OF ITS CAM'S RESIGNATION. LIFESTYLES AGREED TO REMAIN ACTIVE UNTIL A REPLACEMENT WAS SELECTED. LARRY HANLINE, BOARD PRESIDENT, APPOINTED KEVIN SMITH TO SEEK OUT, QUALIFY AND SELECT 3 CANDIDATES FOR THE BOARD TO SELECT FROM. WITH THE BOARD SECRETARY'S OVERSIGHT, A SOW WAS DEVELOPED AND USED AS THE BASIS FOR RECRUITING AND QUALIFYING CANDIDATES. SOURCING OF CANDIDATES CAME FROM ONLINE RESOURCES, REAL ESTATE AND COMMUNITY REFERRALS, AS WELL AS REFERRALS FROM THE COMMUNITY ITSELF. THE CANDIDATES WERE NARROWED BY THEIR ABILITY TO 1. MANAGE A COMMUNITY OF THIS SIZE AS DETERMINED BY CURRENT AND/OR HISTORICAL CONTRACT(S) 2. ABILITY TO TRANSITION THIS COMMUNITY FORWARD TO AN EQUILATERAL LEVEL OF ITS PEERS WHILE EFFECTIVELY SOLVING ITS CURRENT ISSUES. NINE COMPANIES WERE SOLICITED AND PARTICIPATED IN A PHONE INTERVIEW; FIVE OF THE NINE WERE SELECTED TO BID; THREE OF THE FIVE PROVIDED THE MOST SENSIBLE BIDS; TWO OF THE THREE ROSE TO THE TOP AND ARE THE TOPIC OF THIS DOCUMENT.

**VENDORS** – ALL VENDORS HAVE OFFICES LOCATED WITHIN ONE HOUR TRAVEL TIME OF MAGNOLIA POINT. ALL VENDORS OFFER LIKE MANAGEMENT SERVICES AS DEFINED BY THE SOW. ALL VENDORS COMMIT TO PROVIDING AND MAINTAINING ALL APPLICABLE STATE AND FEDERAL LICENSE'S AND INSURANCE. ALL VENDORS COMMIT TO ONGOING CONTINUING EDUCATION FOR BOARD. BOTH VENDORS HAVE SIMILAR ACCESS TO SERVICE PROVIDERS, AT REDUCED RATES, FOR CONSIDERATION.

**LELAND PROPERTY MANAGEMENT** IS A PRIVATE COMPANY OWNED BY REBECCA AND DAVID FURLOW. LELAND HAS BEEN IN BUSINESS FOR 15 YEARS. THE COMPANY IS FULLY INSURED, INCLUDING GENERAL LIABILITY (\$1 MILLION/\$2 MILLION), ERRORS AND OMISSIONS/ PROFESSIONAL LIABILITY (\$1 MILLION), FIDELITY/CRIME (\$1 MILLION), AUTO WITH NON-OWNED VEHICLE COVERAGE (\$1 MILLION), WORKER'S COMPENSATION (STATUTORY) AND AN EMPLOYMENT PRACTICES LIABILITY (\$1 MILLION). LELAND EMPLOYS 300+ PEOPLE. IN ADDITION TO THE OWNERS' DAY-TO-DAY INVOLVEMENT, THE ORLANDO OFFICE HOUSES NINE DIRECTORS OVERSEEING OUR OPERATIONS AND A STAFF OF 90. THE LELAND TEAM INCLUDES APPROXIMATELY 100 COMMUNITY ASSOCIATION MANAGERS, 30 ACCOUNTING MANAGERS, AND

15 ASSESSMENT/COLLECTIONS SPECIALISTS. ALL THE OFFICES ARE ADDITIONALLY SUPPORTED BY HUMAN RESOURCES, IT, INSURANCE, AND OTHER ADMINISTRATIVE STAFF. LELAND OVERSEES OVER 100 TEAM MEMBERS AT ON-SITE PROPERTIES.

**MAY MANAGEMENT INC** IS A PRIVATE COMPANY OWNED BY ANNIE MARKS. MAY HAS BEEN IN BUSINESS FOR 30 YEARS. THE COMPANY IS FULLY INSURED, INCLUDING GENERAL LIABILITY (\$1 MILLION/\$2 MILLION), ERRORS AND OMISSIONS/ PROFESSIONAL LIABILITY (\$1 MILLION), FIDELITY/CRIME (\$1 MILLION), AUTO WITH NON-OWNED VEHICLE COVERAGE (\$1 MILLION), WORKER’S COMPENSATION (STATUTORY) AND AN EMPLOYMENT PRACTICES LIABILITY (\$1 MILLION). MAY EMPLOYS 125 ASSOCIATES. THE MAY TEAM INCLUDES 37 COMMUNITY ASSOCIATION MANAGERS, 21 ACCOUNTANTS, 40 MAINTENANCE PERSONNEL AND 23 EXECUTIVE ADMINISTRATIVE STAFF. MAY OVERSEES 140 COMMUNITIES OUT OF FIVE OFFICES LOCATED THROUGHOUT FLORIDA. ACCOUNTING, IT AND DOCUMENT STORAGE ACTIVITY ARE IN ST. AUGUSTINE. MAY UTILIZES PORTFOLIO CAM MODELING AND CLOUD-BASED TECHNOLOGY TO MAXIMIZE CAM AND COMMUNITY TIME/COST MANAGEMENT. MAY HAS THE HIGHEST COMMUNITY RETENTION RATE.

**COST SUMMARY** – WE ASKED THE BIDDERS TO PROVIDE SEPARATE COST INFORMATION FOR INCLUSIVE SERVICES WITH 1) ONSITE MANAGEMENT 2) OFFSITE MANAGEMENT

TABLE A IS A HIGH-LEVEL SUMMARY OF BASE ACTIVITY COSTS PROVIDED BY THE VENDORS.

<b>TABLE A</b>	<b>ONSITE</b>		<b>OFFSITE</b>		<b>HYBRID</b>		
	<b>VENDORS</b>	<b>BASE COST</b>	<b>CAM</b>	<b>BASE COST</b>	<b>CAM</b>	<b>BASE COST</b>	<b>CAM</b>
LELAND	\$4.25; \$0 SET UP FEE	+SALARY	\$4.25; \$0 SET UP FEE	FLOAT	NOT OFFERED		
MAY	\$4.25; \$2,500 SETUP FEE	+SALARY	\$6.00; \$2,500 SETUP FEE	FLOAT	\$8.00; \$2,500 SETUP FEE	ASSIGNED; RESIDES OFFSITE	

NOTE (A): THE HYBRID OPTION CONSISTS OF A DEDICATED ‘PORTFOLIO CAM’ ASSIGNED TO THE PROPERTY BUT NOT OPERATING ONSITE.

TABLE B IS A HIGH-LEVEL SUMMARY OF ACTIVITY INCLUDED IN THE COST PER DOOR.

<b>TABLE B</b>	<b>LELAND</b>	<b>MAY</b>
<b>ACTIVITY</b>		
OWNER SERVICES	DIGITAL OR WRITTEN (NOT BOTH)	DIGITAL WITH 100 HOMES WRITTEN
MEETING SUPPORT	YES	YES
FINANCIAL MANAGEMENT	YES	YES; INCLUDES INVESTMENT PLANNING
VENDOR MANAGEMENT	OPTION; OUTSOURCED	YES
COLLECTION MANAGEMENT	OPTION; OUTSOURCED	YES
ON SITE MAINTENANCE	OPTION; OUTSOURCED	YES
ACCESS CONTROL	NO; OUTSOURCED	YES; OPTION
ASSOCIATION MANAGEMENT (ARC, REC)	OVERSIGHT WITH COMPONENTS OUTSOURCED	YES

## **OPPORTUNITY AND SAVINGS –**

- **LELAND** BASELINE COST PER DOOR (OFFSITE) AFFORDS THE COMMUNITY AN ANNUAL SAVINGS OF APPROXIMATELY \$70K. HOWEVER, MANY OF THE SERVICES WE EXPECT TODAY WILL BE AT AN ADDITIONAL COST.
- **MAY** BASELINE COSTS PER DOOR (OFFSITE) AFFORDS THE COMMUNITY ANNUAL SAVINGS OF APPROXIMATELY \$50K WITH MANY SERVICES EXPECTED INCLUSIVE. THE HYBRID PLAN OFFERED ALLOWS THE COMMUNITY AN ANNUAL SAVINGS OF \$27K AND A DEDICATED, OFFSITE CAM MANAGING THE COMMUNITY WITH THE SAME SERVICES INCLUDED. MAY HAS THE CAPABILITY TO COLLECT OUTSTANDING BALANCES DUE FOR FINES, DUES AND LEVIES ASSESSED WHILE RETURNING MOST REVENUE BACK TO MPCA (VS. SELLING THE DEBT).
- THERE IS A COST SAVINGS TO BE REALIZED BY ELIMINATING THE SUPPORT SERVICES REQUIRED FOR ‘ON-SITE’ STAFFING. LONG TERM SAVINGS IS AN ‘INTANGIBLE’ AS WE ARE UNFAMILIAR WITH WHAT WILL BE NEEDED OUTSIDE OF THE PRESCRIBED SERVICES AS OF THIS BID.

## **RECOMMENDATION –**

- MAY MANAGEMENT PROVIDES THE GREATEST LEVEL OF SERVICES AND HIGHEST RETENTION LEVEL AGAINST THE COST OF SERVICE. I RECOMMEND WE PURSUE THE NEXT STEP OF REQUESTING A CONTRACT AGAINST THE PROPOSED BID FOR REVIEW.

## **PROJECT SCHEDULE –**

- REVIEW AND APPROVAL OF TERMS AND CONTRACT; INTERVIEW MAY ACCOUNTING DEPT.; INTRODUCTION TO COMMUNITY
- UPON RATIFICATION OF CONTRACT, BUILD TRANSITION TIMELINE WITH FOCUS ON CRITICAL FUNCTIONS (FINANCE, COMMUNICATION AND LEGAL); TIMELINE OF TRANSITION NOT TO EXCEED 60 DAYS IN TOTAL.
- ASSIGN SPECIFIC ACTIVITIES TO BOARD MEMBERS AND CHAIRPERSONS FOR EXPEDIENCY
- SEND NOTIFICATIONS FOR TERMINATIONS OF SERVICES AND/OR SPACE NO LONGER REQUIRED
- BEGIN EVALUATION OF CURRENT SERVICES FOR REDUNDANCY AND TERMINATE AS THE BUSINESS DICTATES; BEGIN EVALUATION OF REMAINING VENDORS FOR COST AND SERVICE IMPROVEMENTS AGAINST MAY’S PORTFOLIO OF VENDORS