

January 14, 2023

## General Manager Report

Property: We've wrapped up the season on outdoor work and are heading into our intensive indoor upgrade and repair season with in-house staffing performing most of the work.

The first section of this report may repeat previous information as many of the projects and quote processes are still in the works.

**(Updates and additional information since the last report are in BOLD)**

- 1) Pricing of new children's playset – current one has reached the end of its life for both safety and inviting look. **Rainbo Equipment and Sam's Club are starting points. We've received notice about use of Residential rated equipment in a business from our insurance company.**
- 2) Electric:
  - a. Still waiting for Action Electric to finish a couple areas of downlighting on the main A Frame of the building.
  - b. Indoor sconce lighting in stairwells and Front Desk entry area to be replaced by can lighting. Old sconces are being held together with tape at this time. **New lighting fixtures have been installed on the stone poles of the main entryway. New fixtures have also been installed on the parking lot polls to match the style. Electrical repairs still on the radar on one outdoor poll with no power.**
  - c. Waiting on Itemized List from Action Electric for ways to create a better environment in the indoor Pool maintenance closet. **I check in weekly with this company. They know our property and do excellent work – but they are behind.**
- 3) Estimate/Quote process in place for:
  - a. Plumbing evaluations (including hot water heater in laundry)
    - i. Soft water system was installed in 1998. 15 year life of equipment. We should not be surprised if it goes soon. Culligan has informed that replacement will run between \$9,000.00 - \$10,000.00 **(So far we've avoided this – keeping an eye on it)**
    - ii. Still awaiting hot water heater replacement quote in laundry room (Reinhard). **(Reinhard has been reliable but are understaffed – I call them weekly as well for updates).**
  - b. Pool Upgrades/Repairs (received) from Neuman Pools. (Phase 1)
    - i. **Work is scheduled from Jan 16 – 25, 2023. Confirmation of work crews arriving on the morning of January 16<sup>th</sup>. Indoor pool/hot tub will be closed for the duration of the repairs. All guests potentially booking for this time period are notified prior to confirming their reservation that the repairs are underway so we have no surprises.**

- c. Parking Lots/Walkways/Front Entry Concrete
    - i. Front Entry Concrete – approximately \$2,500.00 in late April/early May
    - ii. No further updates on engineering survey
    - iii. Updates on George Burr parking lot?
  - d. Hallway upgrades: Carpet, Wood Trim, Room Numbers, Signage, Owner Doors
    - i. **Duncan Flooring from Chicago has come up to measure all areas of flooring in the building, including common spaces, hallways, stairwells, lobby spaces, office spaces, owner patios and owner rooms (1 of each style of unit).**
    - ii. **All trim has arrived from Home Depot and is currently being painted and readied for installation by our maintenance staff.**
    - iii. **Room numbers being created by Bay & Lakes Design (In Process).**
    - iv. Pricing hardware, auto-locking door knobs (hotel style) & spyglasses, **kick plates and door thresholds.**
- 4) Main Lobby Tiling to be leveled and covered with same faux wood vinyl flooring as we installed last spring in the public restrooms, laundry area and front entryway. **We've received samples of faux wood from Duncan Flooring. Floor leveler would need to be applied before putting faux wood over the top of existing tile. This would significantly accelerate the timeline for completing this project.**
- 5) Choosing carpet for Main Lobby – last phase of flooring project building-wide. Waiting to match the stairwell choices.
- 6) **Currently exploring all attic, crawl spaces and roof spaces for mice, voles, wasps, bats and squirrels. We have visitors – and are attempting to first rid ourselves of them, and hopefully can find the entrances to the building. This may require a professional building inspection as there are places we cannot safely reach on the roof.**
- 7) **Currently troubleshooting poor Owner Unit Indoor Bathroom Venting Fans.**
- a. **Even the units that function are not keeping the air circulating. We've made sure all the venting on the Garden Level and 1<sup>st</sup> Floor (Rooms 101 – 122) actually open on the outside wall to the units when the fan is engaged. However, room still steam up and condensation forming on the walls after only running the shower for 5 minutes with fan on. This seems to indicate the units currently installed are not strong enough for the cubic footage of the rooms.**
  - b. **On the second floor (Units 201 – 219) we've discovered that the venting is going into the attic, but that all the vent tubing was crimped shut after it was hung over rafters in the attic, and they collapsed over time. End result is that our fans are just noise-makers, with no practical effect on venting humidity out of the rooms at this time. We would need an inspection to find out if the venting is getting past the attic areas – we cannot send staff on the roof, and there is a layer of drywall between the areas we can access and any area that would actually vent through the roof.**
  - c. **The biggest concern with fans is that poor ventilation and excess condensation is causing the mildew smells in the Garden Level Units (G01 – G07).**
  - d. **Several of the units throughout the building have stopped functioning completely and will become a fire hazard without replacing the units immediately.**
  - e. **The style of Venting Fans with lighting and heat lamps is outdated. While some companies still manufacture such units (Broan for one), the effectiveness of the**

available units does not meet our cubic footage needs. We do need lighting, but would have far more effective options if we went with higher capacity units (that are also quieter) with a light kit, rather than including the heat lamp option.

- 8) **In Unit Repairs:** We are currently going through every bathroom in the building and repainting with semi-gloss paint. The previous paint used after the bathroom upgrades in 2019-2020 has begun to bubble and peel (was either flat or satin) and the caulk seal used around the frame of the shower walls was inadequately applied – meaning we have water seeping into the drywall. Our maintenance staff is going room by room to make repairs and repaint. Since these are costs incurred by owners, we are simply calculating the cost of the paint and supplies and will be passing that along to owners. It should not amount to much since one gallon of paint can cover 6 bathrooms.
- 9) **Deep Cleaning** is well underway for the season. All carpets and upholstery have already been steam cleaned in-house. Most kitchens have been deep cleaned as well – and we should be finished with that project by the end of February.
- 10) Since we offer and advertise our exercise room as an amenity, we have purchased a NordicTrack recumbent exercise bike which significantly enhances our options in that room. The other bicycle was rarely used, and always complained about by guests hoping to use an exercise bike. We do skew older with our guests, and they will appreciate the option of exercising on something comfortable.
- 11) We are looking at more efficiently using our very limited storage space in the building. We have dead spaces beneath several of the stairwells in the building. We are planning to install doors and shelving so we can keep more housekeeping items, supplies and vacuums there instead of filling up the maintenance garage with perishable supplies in cold weather.
- 12) **Upgrading Cable TV/Internet Download/Upload Speeds:** This will allow us to use our security cameras at 8 different locations throughout the property that will add a level of Guest & Staff safety for the outdoor pool, firepit/grill area, each entryway to the building, Ping Pong Room, Great Room, Indoor Pool Area and Front Desk area. Our current internet speed is overwhelmed by our Internet needs at this time. We have a “Legacy” account with Charter/Spectrum Cable/Internet. The pricing has been artificially maintained while technology has passed us by. We’ve come to the conclusion that HBO is a service that no longer needs to be offered – most guests now stream their movies on HULU, Netflix, etc. The Business Advantage and Basic Business levels of Cable Service will more than offer the widest variety of programming options for guests – including all sporting events and children’s channels.
- 13) All kitchen items approved by the Board in 2022 have now been stocked in the Owner Units. This was a time-consuming project, and because of our credit card limits, we were only able to complete this project in phases. January QMF’s should show the last of these items specifically. Thank you all for choosing to do this – it’s made a MAJOR difference in the guest experience here, and we are hearing positive comments constantly.

Financials/Employment/Operations:

- 1) Financials (bottom line) are remarkably close to budget at this time. We're over and under in certain areas, but the bottom line shows we were fairly accurate with overall for 2022.
  - a. **Advance reservations are ahead of any year we have on record. ADR (Average Daily Rates) are up significantly and 2023 pricing is in place. An across-the-board 7% increase in nightly rates should see our revenue rising while continuing to allow us to budget accurately from the Rental side of the business. Please note: Raising rates does not affect the Maintenance Budget, which is solely funded by Owner Maintenance Fees.**
- 2) **Financials have been provided to the Board through December 31<sup>st</sup>, 2022.**
- 3) **The 2023 Budgeting Process will begin toward the end of this month when we've analyzed the EOY 2022 books.**
- 4) **All Owners have been notified to send us any updates for contact information and physical mailing addresses to assure that the 2022 1099 forms are received in a timely manner. These will be sent through US Mail by Bacon CPA at the end of January 2023. We cannot send electronically – US Mail is the only option.**
- 5) Employee Staffing/Pay/Benefits:
  - a. We've reached out to INTRAX (based in California and Washington) for J-1 information for the 2023 season. We'll be looking for 5 housekeepers to join us from June 1<sup>st</sup> through mid/late September. 4 Females in Unit 211, 1 additional male to join one of our year-round employees as a room-mate for the season. **(We are currently accepting online interviews – no bites yet – but it's VERY early).**
  - b. **We continue to look at the potential for additional benefits for staffing. While not all the staff will take advantage currently, health benefits, PTO, dental, YMCA. We are working with Secura Insurance for rates and plans.** Memberships, etc. are being investigated so recommendations can be made for Board consideration.
  - c. We're currently in a very good place with a great staff – but things have a way of changing up here quickly, so we look ever forward as we prepare for potential changes.
- 6) **Advertising: Our electronic billboards are up and running in the metro areas mentioned last report. We continue to advertise with WHLA, Ephraim Business Council and Destination Door County. Radio is the next step in Wisconsin metro areas. We did sponsor a holiday old-time radio broadcasts locally to dip our toes in the water locally with radio.**
- 7) Online updates: **Sending in new photos for our website – should be up after this weekend.**
- 8) In Room Directories have been placed in all rooms. **A positive response from guests and owners, as well as a noticeable drop in late night questions for the front desk staff.**
- 9) **There have been concerns that the electric bills are higher this year. There are multiple reasons for this – higher electric rates, colder temperatures, carpet cleaning that needs a heated environment to finish the drying process, and in many cases, higher occupancy during the "off" season. Additionally, our insulation building-wide is terrible – and is a major source of our inability to maintain consistent temperatures building wide. The complaints are understandable – please be assured that we do everything we can to monitor electric usage.**

After every check out we:

- a. **shut the blinds for some heat conservation**

- b. check all doors and windows for sealed/locked positions
- c. turn all baseboard heaters to 50 degrees
- d. turn all Bryant Units off
- e. shut off all lights

We have our head of housekeeping keeping track of this, and we've re-doubled our efforts to make sure no matter who is stripping the rooms, that all procedures are followed. I perform spot-checks as well.

**WE'LL BE POSTING DETAILED LISTS ON WEBSITE FOR NECESSARY WINDOW UPGRADES NOW THAT WE'VE RECEIVED UPDATED NUMBERS FROM PELLA AND TIELEN CONSTRUCTION.**

**(This item is in progress – it took quite some time to get actual accurate figures from the contractors. Notes have been sent to the Board for review previously)**

**Submitted by Chuck Naffier, Waterbury Inn GM on January 14<sup>th</sup>, 2023**