



KCR

General Managers Report

5-8-2020

Presented by:

Jacob Marsh

The work done at the property is a team effort from HMC to the board down to the most important our amazing staff. None of this would be possible without Kehau, Roberto, Roberto, Flor, Rexen, Larry, and Edgar.

Mid-Pacific pest control

Exterior sprayed and interiors of each condo except those who did not want treatment and units we could not enter.
Completed May 4th, 2020

Fire Alarm install

Wires have been pulled and new equipment mounted, we are awaiting programming and fire marshal inspection.



Financials

6010- Electricity

Inspect and adjust time clocks weekly
Replaced KOA lights with LED (thanks to Wayne and Glenn from KOA)
Continue to fine tune plant operation to provide adequate chilled water to every unit in the most efficient manner
(Due to COVID-19) Closed pool area

6030- Water

Identified 2 irrigation leaks and made repairs
Recalibrated all irrigation
North plant chilled water leak is almost nonexistent
(Due to COVID-19) pool water turnover is @ 0 and overall water use is down

6051- Gas

(Due to COVID-19) Hot tub and grills are off

6300- Refuse (reducing Vehicle expense)

(Due to COVID-19) Trash bins are empty so we are utilizing them to throw away excessive waste around property including increased green waste saving money on trips to the dump

6501- Building R&M

Utilizing what is in stock on property
Focusing on labor intensive tasks

Purchasing with a purpose

6510- AC R&M

North and South Plant Daily Log

Water testing

Holding Dorvin Accountable

When the plant goes down and or needs minor work, I am completing in house eliminating unnecessary Dorvin invoices

6551- Grounds

We are increasing grounds work which will increase expenses

6570- Plumbing

Completing plumbing jobs in house rather than contracting out

Teaching Roberto how to shut down systems properly resulting in less down time and reduces expenses

6812- Admin Expense

We are utilizing what we have

Purchasing with a purpose

Organizing storage spaces and finding stock of parts

6830 – Vehicle Expense

Creating better plans and having parts on property to reduce expense and wasted time

Ordering in advance rather than going to pick up

7010 - Payroll

We will not be filing the open position this year; the team has agreed to work harder and save money this year to invest in tools and supplies that will help them be more efficient

Landscaping

Purchased a new chainsaw and removed 3 large trees in-house saving a significant amount of money





Cleaned up and removed trash around maintenance yard and tennis courts as well as started new garden and relocated avocado trees on property for future guacamole



Many Plumerias on property where overgrown and starting to show signs of a black infection. These plumerias were trimmed and have surprisingly already started to sprout new leaves.



Removed foreign plants to help unify the overall landscaping. We have also started to identify and replace croton hedges.



Bogin villas are still filling out in our test locations and we have increased the frequency of all hedge trimming.



Adjusted sprinklers and time clocks for most effective watering while keeping in mind water conservation when possible

Owner coil replacement project

Kulana will install there first AC next week

CPR has chosen to go with a larger door and now has Lincoln construction cutting and installing the hatch. This has created some extra challenges, but we are all working together to provide the owners with the product they contracted for. Roberto is still sanding and painting.

If needed, we are assisting with building shutdowns and minor plumbing in house to reduce cost for owners and to help keep CPR on schedule



Front wall stone

Stone that was ordered was incorrect Clive found a similar stone and completed the front wall stone project



General Maintenance

Spa blower failed so we ordered a new blower and replaced it in house saving a significant amount of money

Sewer line preventative maintenance on all main sewer lines from the building.

AC water shut down and pro press replacement of multiple valves for owner AC, this was outsourced in the past to a plumber. This type of work is specialized and is very expensive, but we have all the right tools to do the job in house and can do it for the fraction of the cost

North plant closed loop leak is down to a minimum that could still be due to multiple coil leaks from owner AC units that have yet to be replaced

Since I started, we have experienced 3 AC units that have had major failures causing us to shut off the coil. One unit was so bad our team had to spring to action and help mitigate any further damage to the unit.



Purchased new parts for power washer and washed front entrance as well as the flagstone at the pool





Sample spot complete by PWC to potential contract entire parking lot side building power wash



Replaced broken sewer line for D-302



Replaced broken drain line for M building lanai sink

Replace broken y and sewer line in N202



North and South Chiller Plants

Daily inspections checking all pressures and overall operation of both chilled water systems



Minor failures are fixed right away in house



Reprogramming of chiller settings and manipulation of valves to run the plant more efficient



Chloride testing to ensure we are doing everything we can to prevent major failures



Bleed solenoid valve failure replaced in house



Cooling tower bearing was making a strange noise and hopping had DL replace



Below is an outline of the new chiller project from how we will be paying for the construction contract that we have entered with Dorvin Leis. How it will affect our reserves and cash flow. The additional cost that we need to be aware of as they are not included in the Promissory Note. To the potential savings moving forward.

Kaanapali Royal will be receiving 2 custom designed Dunham Bush screw chillers with custom shell and tube heat exchangers on both chilled water and condenser water loops in mid-July. This contract will also include reconfiguring both plants with new piping and insulation. This will cost \$409,572.90. While DL installs the new system, I will also have them replace the pump and motor assemblies along with new strainers. The total estimated budget for this project is \$460,000 with all additional parts and warranties.

This note is for a total of \$327,572.90 @ 2%, the down payment was \$82,000 for the construction contract. This will make our monthly payments \$9,382.53.

Total interest = \$10,198.29 / 105 = \$97.00 per door for life of loan
 Cost per door per month = \$9,382.53 / 105 = \$89.00 per month per door
 MF- Reserve per month = \$17,430 / 105 = \$166.00 per door per month
 MF- Reserve per month after payment = \$17,430 - \$9,382.53 = \$8,047.47 Still going into reserves / 105
 = \$77 per door still goes to reserves

The above summed up very simply means this will not raise dues as it will be absorbed by our reserve funds while still contributing to reserves to ensure we are financially stable in accordance with the law.

Additional Expenses could be up to but should not exceed an extra \$50,000. This will finish the plant so that everything down there will be new and most efficient as well as clean and professional. Additional items to include:

\$8,000 in Paint, Labeling, insulation, and lighting
 \$2,000 in concrete work
 \$30,000 for 4 new pump and motor assemblies and 4 new strainers
 \$5,000 for extended warranty
 \$5,000 for unforeseen additional work (possible new valves and upgraded electrical)

Please also note that DL's maintenance contract may increase due to added equipment

Will this project save us anything and if so, what is the ROI?

These chillers are completely customized for Kaanapali Royal; all estimates are derived from the Engineering specifications provided by DB and historical data from KR.

Lowest potential savings per month due to chiller efficiency compared to current and water savings will be \$1,800 a month.

Highest potential savings per month due to chiller efficiency compared to current and water savings will be \$3,000 a month.

Taking into consideration new high efficient pump and motor assembly and new pipe configuration that will add to overall system efficiency and the reduced water use from custom shell and tube design, savings could be even greater.

This project is being completed out of necessity, not because we have the money for a potential ROI.

Looking at all the numbers and taking into consideration the extra time and money being spent we will see a monthly savings. What the savings is we will not truly know until August 2021. But if we only saved \$1,800 a month the ROI would be just over 21 years. This new system should be reliable for 10-15 years and if maintained properly, even longer. I would hope and imagine savings will be closer to \$3,000 a month making the ROI just under 13 years.

Beyond the monetary cost and savings this project will more importantly provide us with the following:

- A reliable and fully redundant chilled water system
- It will reduce water usage in the plants by almost 50% saving potentially a million gallons of water a year
- We will be using less chemicals when treating the system
- Surprise failures will be a thing of the past
- When doing regular and or unplanned maintenance we will be able to use Multistacks so that chilled water supply is not interrupted
- Loss of rental income and or living in condo with no AC should not be a worry

- The chiller rooms will be clean and bright allowing us to identify failures faster
- Looking down the road our reserves will continue to grow and with the current monthly operating savings we should be on track to build reserves in preparation for painting in a few years and other large money projects.

Miscellaneous

Beyond all the things above we continue to complete day to day Maintenance as well as keeping up with CPR and Kulana on cutting and finishing ceilings

We will continue to power wash throughout the property after we fix the pump

Spoke to Wayne and Rodger about the appearance of the lot next door and Rodger is working on getting that cleaned up asap

Completed some complimentary services in 10 units

Major plumbing projects are planned to help us isolate each building

Working on getting more plants to add color and fill bare spots like behind the pool building

During these uncertain times we have put some spending on hold but will continue to move forward on all projects that are mainly labor intensive.

Everyday we strive to complete all that we can and be the most helpful to our owners and vendors when we can. The above is a lot but trust that even more work has been done over the last 4 months. Our staff is very happy and excited to be doing more and more work around the property.