

# FIRST Impressions

News for board members of properties managed by FirstService Residential



Q2 2024

## Leveraging our National Relationships to Deliver Valuable Programs to our Clients

**CATCH UP ON OUR LATEST COST-SAVING PROGRAMS AND EDUCATIONAL RESOURCES FOR BOARD MEMBERS**



Our insurance brokerage affiliate recently hosted a live panel event to unpack the state of the market, catastrophic insurance claim trends, Labor Law 240 (the “Scaffold Law”), umbrella policies, contractor best practices, and adequate D&O policy limits.

- [Click here](#) to watch the replay and download the presentation.
- [Click here](#) for highlights from our presentation, including insurance market trends and tips to mitigate risk.



To meet or exceed the internet needs of our residents, we recently expanded our partnership with Charter (Spectrum).

To date, 22 buildings have signed new bulk internet deals.

Building benefits:

- \$405,000 in building revenue generated through the one-time door fee

Resident benefits:

- \$6.5 million in collective savings over 5 years
- 3x faster (1 Gig) internet for 1/3 the cost

The program, available only to FirstService-managed properties, will save each resident as much as \$720 per year.

- [Click here](#) to watch the webinar and download the presentation.
- [Click here](#) to contact our team to learn more.

The Bulk Internet Program includes:

- Monthly Bulk Rate: \$29.99
- Internet Speed: 1 Gig
- Router/Modem: Included
- Contract Term: 5 years
- One-time Upfront Signing Bonus: \$300 per unit
- Dedicated 24/7 Bulk Call Center

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## NATIONAL RELATIONSHIPS, CONTINUED



We've partnered with Logical Buildings, a sustainability and smart building technology provider, to help buildings curb energy costs and overall emissions, and for residents to reduce monthly Con Ed bills.

[Click here](#) to watch the webinar.



Con Edison's PowerReady program offers incentives that may cover up to 70% of the costs of EV (electric vehicle) charger installations. Our experts answered the most common questions about EV chargers and covered:

- Current state of the EV market
- EV charging station components and infrastructure
- How FirstService Residential can simplify the process

By joining our exclusive **EV charging, made simple** program, your building will have the support of a trusted advisor when investing in the future of your property and our planet.

[Click here](#) to watch the recording and [learn more about the program](#).

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Contact our energy advisors today for more information: [EVCharging@firstserviceenergy.com](mailto:EVCharging@firstserviceenergy.com)

## LOCAL LAW 97 ENFORCEMENT PREPARATION BEGINS ONE YEAR FROM FILING DEADLINE

Newly proposed investments in Mayor Eric Adams' proposed executive budget for the 2025 fiscal year allocate \$4 million and 36 new full-time staffers to enforce the city's landmark decarbonization law... The new positions would more than double the current team of 22 people working in the Department of Buildings preparing to enforce Local Law 97.

Credit: [Crain's New York](#), April 30, 2024

## VALUE-ADDED SERVICES GUIDE

FirstService Residential strives to provide unmatched value to our clients by using our purchasing power to obtain opportunities for better services at lower prices.

[Click here](#) to view our *Value-added services and cost-saving solutions guide* to familiarize yourself with the additional, optional services we offer through our affiliated companies.

## Value-added services and cost-saving solutions





# Corporate Transparency Act: Impact on Co-ops and Condos

Congress passed the Corporate Transparency Act (CTA) in 2021 for the purpose of curbing racketeering and money laundering. It requires that business entities that file with the Secretary of State, have fewer than 20 employees, and have budgets under \$5 million must register specific information about the Beneficial Owners of the entity and must update this filing within 30 days of any changes or face stiff penalties.

The Beneficial Owners of co-ops, condos, and HOAs are the officers of the board. Given the frequency of changes on boards, CTA reporting is costly and intrusive on the volunteers who serve in these positions.

In April 2024, the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a new FAQ stating that HOAs are required to file their Beneficial Owner Information (HOAs being the generic term that includes co-ops and condos). Existing businesses must file by Jan. 1, 2025.

With this setback, the best hope to secure an exemption is to seek support from Congress to intervene with the Department of the Treasury.

## FirstService mobilizes with leading associations

Many groups are advocating for changes to the laws/regulations in order to exempt co-ops and condos. FirstService's General Counsel, Ben Kirschenbaum, has used our network of associations to create an ad hoc team — comprising The Real Estate Board of New York (REBNY), the Co-op/Condo Committee of the New York City Bar Association, and the Council of New York Cooperatives & Condominiums (CNYC) — to contact Senator Charles Schumer's office to enlist



their assistance in requesting FinCEN exempt HOAs from the filing requirements. The Senator's office has been receptive and has presented the basis for an exemption to FinCEN.

## Call to action

In addition, CNYC is attempting to have its member boards contact Senators and Representatives to plead for an exemption. We encourage all board members in our managed properties to contact their US Senators and Members of Congress to request legislation to exempt co-ops, condos, and HOAs from inclusion in the CTA.

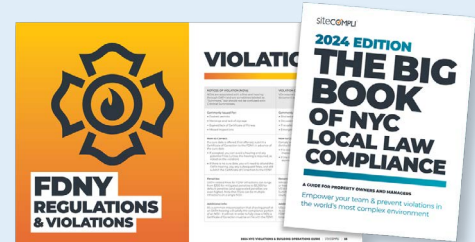
Please go to [democracy.io](https://democracy.io), enter your name and address, and you will be directed to links to email your senators and representative. You can send them your version of this message:

*"We are homeowners and do not engage in terrorist activity nor money laundering. Please introduce legislation to exempt housing cooperatives, condominiums, and homeowner associations from the onerous reporting requirements of the Corporate Transparency Act (CTA) and support legislation that delays the date of CTA compliance."*

## THE BIG BOOK OF NYC LOCAL LAW COMPLIANCE

Our partners and compliance experts at SiteCompli have published *The Big Book of NYC Local Law Compliance* — a go-to resource for the latest compliance changes and best practices for NYC property operations.

The guide will help you understand what's required for most NYC properties, and how to stay ahead of the ever-changing compliance curve. SiteCompli's goal in publishing the guide is to give boards and property owners as many details as possible to stay informed, take action, and reduce risk. [Download a copy here.](#)



# Client Cost-saving Success Stories

## Energy procurement

Our FirstService Energy procurement specialists help determine the best energy pricing solution for each FirstService Residential building by considering the property's energy usage, risk tolerance, and long- and short-term goals. Selecting the right product is crucial for maximizing energy savings.

The *fixed price product* ensures price stability and may be favorable in a low-price environment, covering all energy supply components. Conversely, the *index plus basis product*, a combination of a fixed basis with a variable index, lacks price certainty but offers long-term flexibility that may benefit your association. These client case studies can help put these concepts into real-world context.

□ For the 2023 renewal, our team recommended changing from a *fixed price* to an *index plus adder product*, which yielded superior financial results for a 58-unit condo.

**\$ savings: \$88K**

**% savings: 49%**

□ For the 2023 renewal, our team recommended changing from a *fixed price* to an *index plus adder product*, which yielded excellent financial results for this 585-unit condo.

**\$ savings: \$180K**

**% savings: 41%**

□ A 276-unit condo was on a *fixed price contract* when we assumed management in 2022. For the 2023 renewal, our team proposed the *index plus adder product*, which demonstrated much stronger performance over the last 22 months.

**\$ savings: \$141K**

**% savings: 19%**



**Forward Look:** The current market trend leans toward a bearish outlook, with expectations for continued lower prices until October 2024. We advise consulting with your FirstService Energy Procurement Specialist for hedging strategies in the current market.

## Utility bill auditing

Duplicate billings, improper tax classifications, inaccurate usage estimates and meter readings, defective meters, and other causes of utility overcharges can span months or even years, and are often not obvious to a board or a property manager.

The FirstService Energy data team continuously audits utility bills to identify errors or ways a building can recoup money. When errors are identified, we help secure a credit on the account and are often able to reduce future billing amounts.

□ **\$158K recovered from Con Edison**

When our team discovered an error in how Con Ed was billing a 35-unit condo, our team analyzed the natural gas invoices for the last two years to identify the issue. It was revealed that Con Ed was incorrectly charging the building, so our team worked with the utility over several months to obtain a refund of \$158K for our client.

□ **\$33K recovered from utility taxes**

Our team discovered an error with the utility taxes for a Con Ed electricity charge. We concluded the error was caused by a misclassification, resulting in higher tax rates. On behalf of the building, our team filed for a refund with New York State which resulted in \$33K refunded to our client.

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**Unlocking Value for Co-ops and Condos**

FirstService Financial worked with a Brooklyn condo to reallocate their reserve funds which resulted in an increase in annual interest income of \$33,000.

# Energy Conservation Measures



By John Skipper,  
Director, FirstService Energy

*These measures can enhance resident comfort, reduce expenses, and help your building reach its Local Law 97 emissions goals.*

## Elevator modernization

The useful life of an elevator system typically ranges from 20-25 years. As the elevator nears the end of its lifespan, its efficiency decreases, leading to higher operating costs and lower resident satisfaction. Elevator modernization can improve the system's efficiency and ease your compliance with codes such as ASME A17.1 and ASME A17.3. Modernization projects typically involve upgrading elevator controls, motors, and doors. Some specific upgrade options include switching to energy-efficient EC motors, installing motorized dampers in the elevator machine room, and installing regenerative drives.

## EC motor retrofit

During an EC (electronically commutated) motor retrofit, traditional motors in the building are replaced with EC motors. An EC motor is a highly efficient, variable-speed, brushless DC (direct current) motor. Existing AC (alternating current) motors can be replaced by EC motors. EC motors can be anywhere from 30–80% more efficient than conventional motors, with a typical payback in one to three years. Due to the high efficiency, less heat is generated, reducing stress on the windings and bearings and extending the motor's useful life. Another benefit is that they are extremely quiet.

## Where are EC motors feasible?

- Rooftop exhausters
- Fan coils for hydronic systems
- Heat pumps
- Packaged RTUs
- Domestic hot water systems
- Cooling tower water loops
- Elevator units

If your property is considering replacing the entire unit or fan in the short term, an EC motor upgrade may not make financial sense. Make sure to speak with your property manager and

FirstService Energy regarding the pros and cons of this solution.

## Most ventilation fans can be categorized into three types of motors:

- EC (electronically commutated)
- DC (direct current)
- AC (alternating current)

## Boiler tune-up

Boiler tune-ups should be an annual item on your building's maintenance checklist. During the tune-up, a professional will inspect, clean, and test the boiler or furnace. Tune-ups identify and address any issues prior to the heating season. Dirt, damage, or worn-out components can negatively affect residents' health, the lifespan of the unit, and its efficiency, resulting in wasted energy.

## Pipe insulation

Installing or replacing worn-out insulation reduces heat loss in the winter and prevents heat from entering in the summer. In addition to increased comfort, insulation can greatly improve your building's energy efficiency. Heating and cooling systems do not need to work as hard to recover from added or lost heat, saving an average of 11% on energy costs, according to the EPA. Check the domestic hot water, chilled water, and heating pipes, along with the boiler feed tank and jacket, for worn-out insulation.

## Energy Management Systems (EMS)

Energy Management Systems, or smart building control software, allow your resident manager or building staff to monitor, manage, and optimize energy consumption using a single platform. EMS projects can save approximately 15% on heating costs and provide valuable insights on overall energy use.

*If your building is interested in implementing these or any other efficiency measures, please speak with your property manager, who will consult with our dedicated advisors at FirstService Energy to plan and develop a cost-effective strategy, uniquely tailored to your needs and energy goals, for your consideration.*

# Requirements: Local Laws 88, 132, and 134

NYC's Local Laws 88, 132, and 134 require all buildings larger than 25K sf to upgrade all lighting in commercial buildings and common areas of residential buildings by 2024. Sub-meters need to be installed in all non-residential tenant spaces exceeding 5K sf, and tenants must receive monthly energy usage reports.

## To comply with these local laws, your building must:

- ❑ Hire a professional to conduct a LL 88 audit to determine compliance status and upgrades needed for compliance. Note: The professional submitting the attestation to the DOB must be a registered design professional, a licensed master electrician, or a licensed special electrician.
- ❑ Based on the audit, any necessary lighting upgrades and/or installation of electric sub-meters must be complete by Dec. 31, 2024. Note: Electric sub-meters are only required in non-residential spaces of 5K sf or more.
- ❑ The qualified professional must file the LL 88 compliance report by May 1, 2025, to confirm with the DOB that the building is in compliance. Occupancy types R-2 and R-3 are exempt from the law but must still file a report with the DOB stating and confirming the exemption.
- ❑ The penalty for not filing a lighting attestation is \$1,500 billed annually until documentation is submitted to the DOB. The penalty for not filing an electric submetering attestation is \$1,500 annually. Failure to install sub-meters in tenant spaces is \$500 per tenant annually.



## How can FirstService Energy help your building comply with LL 88, 132, and 134?

- ❑ We have vetted and obtained pricing from multiple vendors.
- ❑ We work with your property manager to make sure your building receives LL 88 bids from our approved and qualified vendors.
- ❑ We work with your property manager to complete each of the necessary steps by the Dec. 31, 2024 deadline.
- ❑ We track the work done so that the filings are submitted to the DOB by the May 1, 2025 deadline.

If you have not already upgraded your lighting to LED, it is important that you select a vendor as soon as possible to avoid DOB penalties and to take advantage of potential Con Ed incentives. Please work with your property manager to select a LL 88 vendor now. If you have any questions, please ask your property manager to connect you with FirstService Energy.

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STAY CONNECTED

Know of a fellow board considering new management?  
Please have them [contact our team](#).

[Click here to read our latest industry-related articles.](#)

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