

in the way of corporate enticements to make purchases in a particular place. Basically we get nothing. It costs us to get there ourselves or send staff there and the ultimate blow is that the loss of tax revenue to our city may eventually cause reduction in the freebies and the taxi vouchers we get from them. Only Associa gets the advantage in this program and once again, with them running the show, we stand to lose.

## *Response from General Manager*

The following email was sent to the president of the Third Mutual, Mike Straziuso, by the General Manager, Jerry Storage, with the instructions to forward it to Residents Voice.

“Good afternoon Mike.

We would like to clarify some of the items included in the 2012 (Volume 5, Issue 1) of “The Voice” publication regarding Purchasing and the Warehouse.

The decision to compare Home Depot with Lowe’s was brought about by Home Depot’s delivery policy. Maintenance staff members were instructed to only visit Home Depot on an emergency basis and primarily go through the Purchasing Department for routine purchases, which would maintain controls and save labor costs. Unfortunately, Home Depot was charging from \$79 to \$99 on each order for delivery and normally they would not deliver the following day. Lowe’s only charges \$20 for delivery, will group numerous orders together when they ship, and guarantees next day delivery.

When comparing costs with Lowe’s, some of Home Depot’s items were higher and some were lower. However, Staff negotiated a 10% discount with Lowe’s and because Laguna Woods Village has an affiliation with Associa, Lowe’s gave an additional 2% discount.

The second item discusses Warehouse inventory. Third Mutual would like toilets to be replaced with 3 inch outlets; however this is not a code issue, so the toilets with 2 inch outlets are not obsolete and will continue to be used as the standard in United Mutual. If any stock item is becoming obsolete, suppliers usually give Staff the date that will occur well in advance and the current stock is used prior to ordering the replacement item.

The publication also states that a larger share of Warehouse costs is allocated to Third Mutual. All three Mutuels are allocated a small portion of personnel related costs such as wages and uniforms, with a majority of the Warehouse costs being allocated to GRF. However, the Warehouse allocations to United include revenue received from the sale of used refrigerators so the net expense is lower than that of Third. Each year, management reviews the basis behind these allocations and makes adjustments as needed to reflect current operations.

Best regards,

Jerry

Jerry C. Storage, BSCE, MBA, CMCA®, AMS®, CCAM®”