

Village Has Saved Millions

LAGUNA WOODS VILLAGE SAVES OVER \$36.5 MILLION THANKS TO COST CONSCIOUS MOVES BY PCM

Laguna Woods Village residents have realized savings of over \$36.5 million due to cost-cutting measures instituted by Professional Community Management (PCM), the managing agent that directs the services, programs, and operations of the community. Many of these efficiencies were suggested and implemented by PCM's creative and motivated work force, which suggests that the company's policy of rewarding loyal and productive employees pays off in very tangible ways.

The most significant of the innovations and changes in the management of Laguna Woods Village have resulted in a total one-time savings of \$5,410,000 and ongoing annual savings of over \$4,600,000, according to a company analysis of budget figures from 1990 through 2010. These savings and more have been the result of changes in many areas of service to the community, including more effective financial analysis and planning, new technologies, returns on recycling and composting, and other cost-conscious moves by PCM employees.

For example, a new gate clearance system instituted in 2006 resulted in a cost savings near \$200,000 a year and a recently installed emergency access road translated into a one-time savings of over \$1 million for the community. Thanks to the innovative thinking by several PCM staff members, what was planned to be an expense of over \$2 million dollars to allow for an emergency access for over 650 residents in the Gate 14 area, an alternative route was proposed, designed and planned with an adjacent community. This not only saved over \$1 million, but resulted in a beautification of the area and a safe alternative route out for residents of both communities.

Recently, a savings was made possible by contracting with Connexion Technologies for the daily management and operation of the community's cable network. Implementation of that change provided a net reduction of approximately \$1.3 Million in the operating budget. Furthermore, Connexion will be responsible for capital expenditures required to maintain or upgrade the system; therefore, projected capital expenditures related to Broadband Services in the 30-year reserves expenditures plan were reduced to include only the TV Studio and Media Services equipment.

The following table shows examples of significant cost savings achieved by PCM staff members between 1990 and 2010:

Community Savings through 2010				
Item Description	Effective Date	One-Time Savings	Annual Savings	Savings to Date
Outsource CATV Mgmt	2010	\$ 900,000	\$ 1,350,000	\$ 2,250,000
Property Tax	2005	\$ 1,500,000	\$ 550,000	\$ 4,800,000
Federal Income Tax	2001	\$ 600,000	\$ 250,000	\$ 3,100,000
State Income Tax	1996	\$ 500,000	\$ 50,000	\$ 1,250,000
Grants	Various	\$ 960,000		
Emergency Access Road	2007	\$ 950,000		
Cable TV Operations	2003-09		\$ 600,000	\$ 4,200,000
High Speed Internet	2005-09		\$ 386,000	\$ 1,930,000
Ad Insertion	2005		\$ 380,000	\$ 2,280,000
Workers' Compensation	1994		\$ 350,000	\$ 5,950,000
Composting	1992		\$ 225,000	\$ 4,275,000
Nursery	1990		\$ 185,000	\$ 3,885,000
Gate Clearance System	2006		\$ 180,000	\$ 900,000
Recycling	1994-2008		\$ 130,000	\$ 1,950,000
		\$ 5,410,000	\$ 4,636,000	\$ 36,770,000