

PROTECTING YOUR INVESTMENT

By PRECISION MANAGEMENT GROUP

One of the most important elements in a cooperative or condominium is the heating plant. There are two areas that will save your investment thousands of dollars.

The first area of savings is found in the simple **day-to-day maintenance**. The following is a basic essential maintenance program.

- A daily, weekly, and monthly preventive maintenance program must be instituted. This will enable the superintendent or maintenance staff to clean clogged filters and carefully observe pressure and vacuum gauges in an effort to prevent boiler breakdowns.
- Manually flush the boiler mudlegs and low water cut-off from rusty sediment weekly. This task is usually performed by the building superintendent or maintenance staff.
- Professionally overhaul the burner to include an efficiency test annually.
- Professionally install a boiler chemical treatment program to preserve the boiler tubes from corroding. Management then needs to monitor the monthly results.
- Professionally clean the boiler tubes at least three times annually when using #4 or #6 fuel.

The second area of savings can be found in **fuel consumption**.

- Management should obtain prices from at least three bona fide fuel distributors before oil deliveries are placed. Be wary of secondary oil distributors who provide lower than market prices. Very often these distributors may put contaminated additives into #2, #4 and #6 oil. This will very often cause boiler malfunctions.
- A **boiler failure computer alert system** which notifies the superintendent or management that the boiler is in a "flame failure mode." The significance of this very inexpensive system is that it will alert the responsible person to restart the boiler **before** the heating system begins to cool, allowing the heating pipes and apartment radiators to get cold. Once this occurs, thousands of dollars must be spent to reheat the entire heating system. This computerized alert system will also alleviate the inconvenience of residents not having heat and hot water.
- In the past 6 years, natural gas has been proven to be less expensive than oil. There are gas rebate incentives for cooperatives and condominiums to replace the antiquated oil burners with new gas efficient (maintenance free) burners. Very often a dual fuel gas burner conversion has a two to three year payback period.

- Consider installing a hot water system instead of using the entire heating plant to produce hot water 12 months a year. This will allow the discontinued use of the heating system and simply use a minimal amount of fuel to maintain hot water heaters 4 to 5 months a year, which can save thousands of dollars.
- There are several inexpensive **computerized heat distribution programs** available. These programs allow heat to be equally distributed to all apartments. Very often many residents experience too much heat requiring open windows while other residents do not receive enough heat.
- At certain times of the year it can be very beneficial to enter into an **annual lock-in agreement** for either natural gas or oil. This can be a great savings, but like any stock or commodity trade it must be an educated decision. For example, for many years a gas or oil annual lock-in arrangement was very beneficial to cooperatives and condominiums. However, in 2008 both of these commodities experienced an all time low price. All lock-in arrangements should be investigated annually by consulting with bona fide fuel distributors and your managing agent before any decision is made.
- It is anticipated that New York State Energy Research & Development Authority (NYSERDA) may be providing rebates in May 2010 for upgrading heating plants, cogeneration, etc. Consult with your managing agent for more information.

Condominium associations who do not share in a universal heating plant should note these recommendations do not apply. Newly built condominiums have been provided with individual heating/cooling systems built into each apartment and the unit owner should negotiate with bona fide heating/air conditioning contractors for an annual contract in an effort to maintain their mechanical equipment at a competitive rate. ■



1-888-447-7720

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