



Coming Clean on Contracts

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The Situation. The building had a central laundry room that desperately needed renovation. The space, which had been serviced by the same company for the last decade, was dirty and dusty, with walls and flooring showing obvious signs of extended wear and tear.

STEP 1 Preparing. Board director Joan Tedeschi did more than most to prepare herself for the job. She took a seminar at the Council of New York Cooperatives and Condominiums given by **Adam Leitman Bailey** on how to negotiate a laundry room contract. While that option is not always available, you can find information regularly in the Habitat archive (the article, "Clean-Up Time," for example, offers questions to ask when setting up or renegotiating; how to negotiate; and the importance of some of the fine print in a typical contract).

STEP 2 Carding. The board wanted to enter into a contract with a new vendor and also to begin using SmartCards. The old provider offered coin-operated machines, and Tedeschi's building was unsatisfied with record-keeping that coins allowed. SmartCards were the way to go. After everything was installed, the vendor reps offered an open house at the co-op to explain SmartCard use the building residents.

STEP 3 Rev Sharing. Deals with laundry service companies can vary, but Tedeschi negotiated a revenue sharing contract where the co-op begins to earn revenue after a target is reached. The laundry service company made an initial investment in the room - painting, installing new floor, providing a folding area and a new laundry sink, new piping and venting - and will recoup it's investment over the seven year contract.

STEP 4 Is Leasing Right for You? A key debate in this area concerns the pros and cons of purchasing machines over leasing them. While ownership has its attractions (primarily no middleman between the board and the residents), ownership also means that the board members (or the super) will have to service the machine themselves - or take out a collection and/or repair contract with an outsider.

STEP 5 Half the battle is just showing up. Trusting and working with your vendor is obvious - but key. In the interview process, the vendor that was ultimately chosen, Tedeschi said, "was extremely responsive." He was constantly available for questions from the board and the management company. The other bidder's salesperson was personable, but during the whole interview period, never called.

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