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6 FIVE QUESTIONS

NEW CHALLENGES

Gene Gomberg of The Continental Group discusses unions, sky-high maintenance fees and the glutted housing market.

5 QUESTIONS WITH GENE GOMBERG

Managing condos in land of plenty



GENE GOMBERG

Title: CEO

Company: The Continental Group

Age: 59

Residence: Coconut Grove

Education: Bachelor's degree in education from the University of Miami

Background: Grew up in Pittsburgh, moved to South Florida to attend college and never left

Hobbies: Running, hiking, biking, skiing

Personal: Married with two children

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■ **Gene Gomberg of The Continental Group discusses unions, sky-high maintenance fees and the challenges of a glutted housing market.**

BY MATTHEW HAGGMAN
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Gene Gomberg is CEO of The Continental Group, the largest residential management company in the country. Many of the high-rise condominiums that dot South Florida's skyline are managed by Continental.

Founded in 1990 by Gomberg and Continental's president Richard Strunin, the Hollywood-based company is a subsidiary of First Service in Toronto. It manages condos and housing developments across Florida under the Continental name and residential communities from California to New York under other corporate names.

Locally, the company has come under pressure from the Service Employees International Union for failing to offer adequate pay and benefits to its employees. Currently, SEIU is pursuing unionization efforts on Fisher Island, where Continental previously operated but no longer does. Yet, the union has pledged to focus on Continental employees in the future.

Due to the record number of condos set to be completed within the next two years, Continental is set for significant growth. Gomberg spoke to The Miami Herald about the challenges and opportunities the boom is bringing and its much-publicized fight with SEIU.

Q: How did you get your start in condo management?

A: It started with me pushing a lawn mower. This was in the early 1970s. After graduating from the University of Miami I was cutting the grass for a condo and cleaning the swimming pool. They said, do you have anyone who can do janitorial work? So I put two

janitors in that building. It started with one building, El Conquistador in Kendall.

Back then management companies were few and far between. I built the company into 1,000 employees. It was called GDG Services. I sold the company in 1985 and operated it until 1988. The company ended up with AmeriFirst Savings & Loan and they wanted to run a service company like a bank. They did not understand the concept of customer service and myself and a whole bunch of key people decided to leave.

We all got back together in 1990. That is when Continental was created. We partnered with First Service in 1997.

Q: SEIU has made a big push to unionize Continental employees. Discuss your thoughts on those efforts and are you against your workers joining a union?

A: We have always said that is the decision of our employees. I think SEIU realized that we do pay wages on the high end of the industry and that our people do receive benefits that are provided to all of our building workers. They do have medical benefits and 401(k)s. The union has taken a hiatus; they realized the battle was not quite as easy as they anticipated.

The company is completely non-union. We have partners in Chicago and New York that are union. But those are traditionally union cities.

There are pockets of industry in South Florida that quite frankly the union maybe should be looking into. South Florida is potentially a great market for their business and I do look at them as a business. But in our case we said from the first day, let the employees decide. We could not stand in the way of employees voting to go union. That is the prerogative of the employees.

But it is also our job to make sure our employees had no reason to want a union.

Q: With all the cranes in the sky, there would appear to be a tremendous opportunity for condo management companies but also unique challenges?

A: We are adding 150 employees a month across the state. Continental has in excess of 5,000 employees. The bulk of our hiring is in South Florida; [I] can safely say we are adding 100 new employees a month in South Florida.

This cycle we are in is different because we have experienced something in the last 10 years that Miami has never experienced before. The cranes we see present an opportunity because those buildings — no matter how many people initially occupy them — will need management. And it also gives us challenges because we don't know how many people will actually occupy them.

We will be dealing with investors, primary owners, renters and developers who all have units. We really will have four clients. The investors used to get out very quickly. Developers used to be able to turn these buildings very quickly. Now these turn-

overs take longer. It may be harder to get involvement from unit owners.

It makes our services every bit as necessary and maybe even more necessary. The property values will have to be maintained. There is a lot on the line with those buildings. If those buildings are not occupied by actual homeowners, in many cases they will be occupied by renters and there will be a lot of units on the market. From our perspective, it raises the challenge.

Q: Are condo owners going to get any relief from high maintenance fees?

A: The insurance issue has been a huge challenge. It has had a negative impact on maintenance fees. We are not seeing rates come down. But we feel through our own product line we will be able to provide relief to the buildings we are involved in.

We are hoping to see a 15 to 20 percent reduction for our clients shortly. We've been working on putting something together ourselves. We've been working with Berkshire Hathaway and AON. We hope to start offering it by December latest or possibly before. The goal is to bring something to market that will bring relief to clients.

Q: What about critics who say you have too big a chunk of the condo management business? That homeowner associations don't have other, good places to turn?

A: We have earned the business. I have heard the nonsense that we are the only game in town. There are hundreds of companies. They just have not stepped up to the plate like we have. We have given people careers and turned it into a profession. I am proud that I have people who have worked with me over 30 years. It is a challenging business in that contracts must be renewed each year, but 97 percent of our clients renew their contracts year in and year out.