

The Trinity of Reconstruction: Reserve, Management & Planning

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Who are those who may identify upcoming projects in the near future?

- 1) Homeowner
- 2) Manager
- 3) Service Vendor
- 4) Reserve Prepares (your most likely source)

Types of Reserve Studies (by quality)

- 1) “Drive-by” reserve study
- 2) Comprehensive
- 3) Forensic

Cost Estimates are just that, estimates!

What are factors that may cause costs to vary?

- a) Timing of the project (in terms of seasons and years)
- b) Economies of scale
- c) Replacement project/materials changes
- d) Replacement project detail (scope may change)
- e) Design change
- f) Use of construction Manager and/or Architect

Project Information Verification

- a) Project funding verification
 - a) Will the association have enough funds
 - b) Will a special assessment or bank loan be necessary
- b) Typically on non-recurring projects
 - a) Roofs
 - b) Decking
 - c) Siding
 - d) Stairs
- c) Years in advance
 - a) Get your PM/Architect involved early

BAY AREA PROPERTY SERVICES ANNUAL SEMINAR

Planning a Reconstruction Project

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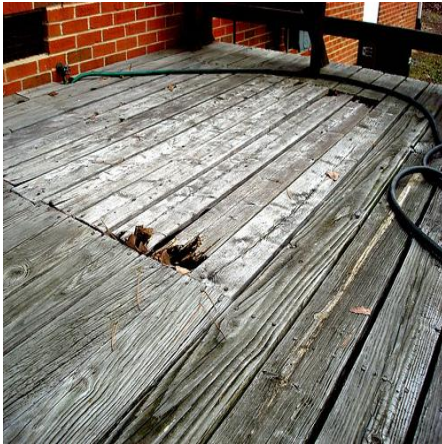
Planning a Reconstruction Project

- Understanding your Building
 - Age, size, site constraints, materials, occupants, potential hazards, etc.



- Identify the Issues

- What problems are you experiencing and to what extent?
- Life safety issues vs. normal maintenance vs. wish list



- How do I achieve a level of understanding with the project requirements that will allow me to make informed decisions?

- What are the
- Do nothing?



- What are the risks?
- What are the rewards?



- Investigating the Issues
 - How do we define the issues to be corrected and potential cost?
 - What is the process to investigate the required repairs & what will be impacted?
- Decide who will be needed to assist with the project planning
 - No one. Project can be self managed
 - Maintenance person
 - Property Manager
 - General Contractor or subcontractor
 - Construction Manager
 - Architect or other professional consultant
- Define the Scope of Work and establish priorities that meets the goals, expectations and budget
 - Once the scope is defined, will there be guarantees that all work will meet the budget requirements?



- What is the budget?
 - Is there a budget?
 - What if there is no budget but there are problems that need to be addressed?
- Prepare a repair plan that defines all your needs, wants, and wish lists
- Prioritize the scope of work and your goals
- Understand all possible costs that can affect your project. Outside the reconstruction costs, are there other costs to be considered?
- Know when you are ready to implement the project. What is the best time?
- Educate and communicate with all affected parties
- Understand what you will need in order to make responsible, informed decisions and proceed with the reconstruction project.



- What are the next steps after the repair plan process has been completed?
 - Development of approved repair plan suitable for bidding, securing permits, and implementing work by proceeding with a process that best protects Owners and property
 - Maintain constant communication with Owners





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Maintain Corporate Assets

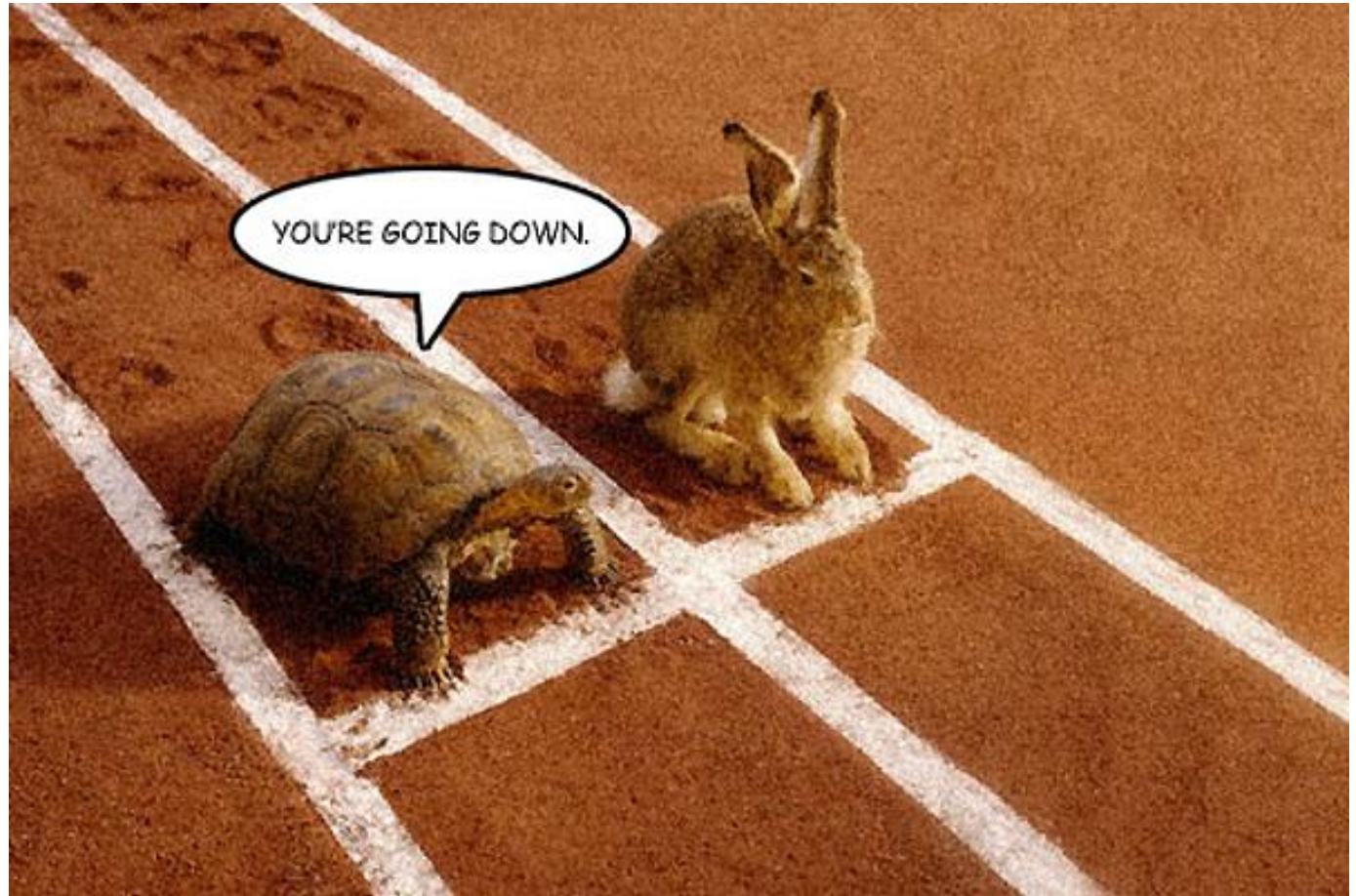
- Board Members have a fiduciary duty to protect, repair and maintain assets of the corporation.
 - Roofs, paint, decks, landscaping, paving and major components depending on governing documents.
 - Be sure of association vs. member responsibility. If necessary, amend.
- Failure to reserve sufficient funds to meet obligations to maintain corporate assets can expose board members to personal liability.
- Failure to increase dues to meet obligations.



Dredging the Harbor

- Board members want a wide and deep safe harbor.
- Reasonable inquiry, act as a reasonable board, where required consult with experts.
- Reserve specialists and construction managers are the key.
- Changes in indemnity law increased exposure of board.
- Additional insured is not what it used to be.

Tortoise and the Hare





Good Planning & Reserves Gives Options

- Look forward to upcoming major projects.
- Investigate to confirm scope and costs are consistent with reserves.
- Communicate early and often with Membership. Let the members know there is a plan.
- If there is going to be short fall early planning allows options:
 - Bank loan, raising dues over several years, can work be done in segments?
- The sooner the Members know about a special assessment the better.



Special Assessments

- Lack of proper planning and funding is not an emergency.
- Members must vote on most special assessments. Pay attention to ballots and voting material.
- Hold town hall meetings explaining circumstances. Have reserve expert, construction manager present.
- If life safety issues must act.
- Explain increase value to homes, impact on value to project.



Thank You! Questions?

