



COMMUNITY RESOURCE

INSIGHT & EDUCATION FOR COMMUNITY ASSOCIATIONS

SEPTEMBER 2020

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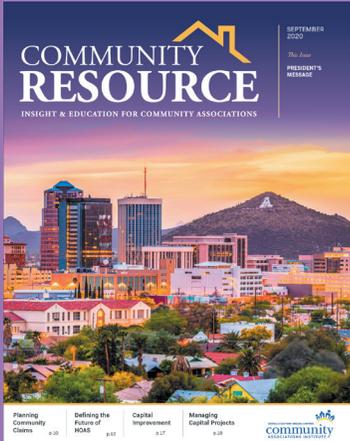
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CENTRAL & SOUTHERN AZ

September 2020



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STRATEGICALLY PLANNED COMMUNITY CAPITAL ENHANCEMENTS

By Ian M. Welsh, President
CAI Central AZ Chapter

Since coming on board in 2010 as the Executive Director of Trilogy at Power Ranch CA, I am not sure a more suitable title would have been Capital Projects Manager. Trilogy's chartered Strategic Planning, Planning, and Facilities Committees coupled with a brilliant, talented, and creative Finance Committee have completed some extraordinary Capital Enhancement projects over the past few years.

By far the largest and most expensive Capital Project (Pictured below) was our 2011- 2014 Modernization and Expansion project at a cost of 2.8 Million Dollars.

The project included:

1. **Constructing a 14,700 SF Fitness Center and Multi-Purpose Aerobics Multi-Purpose Studio including Maintenance and storage areas**
2. **Installing a fountain with LED lights that change color**
3. **Upgrading and remodeling the Trilogy Café and dining area**
4. **Remodeling, repurposing, and upgrading all the club amenities**
5. **Creating a centralized Management and Administrative Office**

This project was completed with funds out of the Capital Reserve, New Capital Account, and a five (5) year loan provided by Mutual of Omaha Bank repaid by the revenue from the Capital Contribution Account (home resale fees). There was no increase in assessments or special assessments for this project and the loan was paid off 6 months early.



Commencing in October of 2018 and completed In September of 2019, our Parking lot was totally replaced and constructed in two phases to comply with the Town of Gilbert Code at a cost of 1.35 Million Dollars. The project was funded out of allocated Reserve Capital Funds

Finally, in the next six (6) months, we will tear out the Tennis and Pickleball courts and replace them with state-of-the-art post-tension courts and add restrooms, gathering and storage areas. This project will be funded out of Capital Reserves and New Capital funds. The cost of this project estimate at \$900,000 plus will be funded from Capital Reserve, New Capital account, and contributions from the Tennis and Pickleball clubs.

To conclude, the monthly assessment at Trilogy at Power Ranch is a modest \$149 and ALL amenities are included. The Reserve Fund account percentage funded is still over 50% with all these major Capital Projects and Enhancements. We expect the Reserve Fund to be up to 80% by the year 2024. One of our resident expert realtors, Richard Johnson of Caldwell Bankers, recently provided data that the average homes prices per square foot on the golf course in Trilogy at Power Ranch have increased from \$228 SF in 2019 to \$244 SF in 2020.

Ian M. Welsh, President
CAI Central AZ Chapter

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HURRICANE SEASON READINESS

By Rebecca Herro

Chief Development Officer, DLC Resources, Inc.

HURRICANE SEASON IN THE ARIZONA DESERT? IT SOUNDS A BIT NUTTY, DOESN'T IT?

While we don't get hit with the gale-force winds and extreme rain like actual hurricane-prone areas do, we do still get affected. For the last several years, hurricanes off the coasts of California and Mexico have disrupted weather patterns for us in the Valley, bringing heavy rains that have caused flooding, sometimes severe.

Prevention is always easier than repairs. Now is a great time to assess your Community's common area landscape for Enhancements and Capital Improvements that will help you weather any hurricane-sized rains in the future.

Your Community most likely already has flood prevention or mitigation structures installed. Things like culverts and spillways help direct water through a Community and into retentions or drainage areas.

Culverts (the structures that direct water under roads or other infrastructure) often become clogged with built-up sediment, rocks or trash or their inlets and outlets become buried or overgrown with vegetation. If you notice any of your culverts appear to be blocked (even just a little) or look like water would have a hard time passing through, it's a good idea to have them assessed for cleaning. In general, we recommend a full cleaning any time a culvert is 50% or more blocked with sediment. It's a good idea to have all your culverts assessed for cleaning once a year, though your needs may vary based on your Community's location, average amount of erosion you see, etc.

Spillways are the cement or rock-lined pathways that lead into retention areas. Like culverts they provide a pathway for flood waters to follow. And like culverts, they can become blocked with sediment or plant debris. If you notice plants or weeds growing in the spillway; any sand, sediment or leaf litter in between rocks; or erosion damage around the spillway, there's a good chance your spillway isn't functioning as designed and needs to be cleaned or regraded. Like culverts, spillways should also be assessed each year for functionality.

Finally, assess your Community for areas of chronic erosion damage. If you know your Community frequently suffers from washouts along a particular sidewalk, that may be a good place for rip-rap or river rock to be installed and cemented in place. Large-scale erosion on a slope leading into a retention might be a perfect spot for a new spillway. As an added bonus, the new spillway or river rock may add a nice aesthetic accent to your landscape.

Once you understand what state your Community is in, you can then address any deferred maintenance. If you have a good relationship with your current landscape contractor, that may be a good place to start. If they don't offer culvert, spillway or construction services, they may be able to recommend a reputable contractor who can help.

As always when you hire a new contractor, make sure they are licensed to do the work you are hiring them for. Also, ask for (and then actually call!) their references.

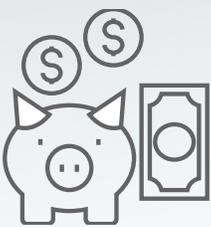
If you don't have any deferred maintenance, it's still a good idea to set up regular assessments of your flood infrastructure going forward. Many landscape contractors will do this for a fee or included with any work they discover needs to be done.

A little bit of forward-thinking and planning now can go a long way in helping you and your Community get through the next big weather event. With the way this year has gone, who knows what's just around the corner!

STRATEGIC PLANNING TO ENHANCE YOUR COMMUNITY

Community managers are charged with maintaining the assets of the Association. Whether a reserve project or capital improvement, enhancing the community is an important part of the responsibility as a manager.

By Lynelle Glysson, CMCA, AMS, PCAM



Finances

With any reserve or capital improvement project, the manager needs to know where the association stands financially. Having a reserve study done by third party experts, is essential to planning any replacement of a common area component. Whether the Association has the funds or not, as a manager they have a fiduciary duty to act in the best interest of the association. I have had the pleasure of working with both extremes. I was hired by one Association that when I arrived, had two loans, a special assessment, and reserves of about 20%. During the first year, by taking the strategic steps to improve the financial standing, I had increased assessments to help increase the reserve contribution. The second year, I incorporated the special assessment into the regular assessments. That way, there would be no out of pocket increase to the resident, and the association would now have the ability to eliminate the special assessment and increase the regular assessment. During the second year, the association was able to pay off the first loan. The following year, the loan payment was and added it to the reserve contribution which increased it, this time without an assessment increase. During my time there, I also remodeled the grand lobby and the hallways on a prudent budget. By the time I left, the association had solid finances and a 10-year plan with a steady increase to their reserves, so they could replace and improve their common areas as they should. By taking the strategic steps to improve finances, the association was in the beginning plans for a remodel of the rooftop party room, pool, and patio area.

Another Association I have worked with had almost too much money, which is not necessarily a good thing. This was done by being overly cautious and not following their reserve study in replacing or repairing the common areas. Kicking the can down the road is not a good financial plan. Timing replacement of components can be tricky, but better to replace a component before it is broken and can later become an emergency. This happened with the AC units, which should have been replaced, and later broke down in the summer. Rather than replacing, they were pumping them with coolant over the years. It was frustrating that there was money for the replacement of these components, but it kept being deferred. This Association was also starting to get dated, and to enhance the residents experience, as well as remain a desirable location to live, the Board needed to start looking at capital improvements. What was desirable in the 70's, may need improvement in 2020 and beyond.



Plan

Once it has been decided what to do, it is time to start planning. As in the examples above, planning Association financials is the first step. If the reserve is funded to meet Association needs, the manager can review the reserve study and plan contributions for the next 5 years. Most reserve studies plan out your next 30 years, but 5-year increments are more manageable, and helpful when looking to see what projects are upcoming. Sometimes when planning, a bit of shuffling may have to happen. For example, I worked with an Association that had a year where there were multiple large ticket items set to be done, and the following year there were hardly any projects. Taking the projects that could wait one year and pushing them out, lessened the financial impact as well as the strain on staffing the projects could have caused.

I like to have my reserve projects planned and sent for bids before the end of the year for the following year, when possible. This helps to hit the ground running; the year projects are due. At my current Association, I am already getting architectural drawings for next year's projects and planning for closures of amenities to help minimize any surprises. For example, the Associations hallway project, a bid was received, and the work was scheduled to be done. On day one, the project came to a screeching halt. When the crew was removing the old wallpaper, they found another weird layer of cloth and plaster underneath. To remove that layer, so there could be a smooth surface to paint, added time and cost which was not in the original bid.

Planning for surprises can be difficult, but by going over the bids in detail with the contractor, committees, and Board, can help save everyone time and money.

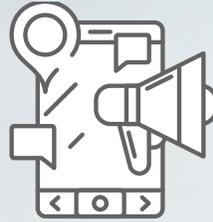
“ Timing replacement of components can be tricky, but better to replace a component before it is broken and can later become an emergency.



Before Foyer



After Foyer



Communication

When taking on projects with Board members, communication is key. This helps to ascertain the Boards goals and objectives when laying out a plan for them to follow to meet their goals. Communication with committee members is vital as well. Committees are appointed to advise the board. Committees need to have accurate information to utilize, so that they can make educated recommendations. When it comes to capital improvements, communication with residents is also a recommended key component. As a manager, it is vital to know what the members need, want, and would want to use. As an example, the community I currently manage is assessing a need of a capital improvement. A survey was sent to residents, asking them if they would use park restrooms if available. If most of the community voted that they would not use them, then the board might not spend the money for that improvement. However, if the majority sees it as a need that they would utilize, the board can be confident in moving forward. Surveys are a great way to check the pulse of the members. Another great example would be at one of my old properties, the lobby needed remodeling, I put two design options out for a survey to the members. There were two water features proposed: one more modest and one elaborate. The members ended up voting for the more elaborate water feature. They were willing to pay more money for a more sophisticated water feature and saw the value this would add to the community. Once the survey was completed, work was started on the design that got the most positive feedback. When it was all said and done, even those who at first preferred the more modest design liked the improvement. Getting feedback from members or by using surveys, helps keep the members included in the process.

With sound financials, strategic planning and open communication with board members, committees, and residents, you can enhance your common areas, amenities, and the overall quality of life for Association members.

Lynelle Glysson is the Executive Director of The Dobson Association in Mesa, Arizona. She has been a member of CAI since 2011 and earned her CMCA, AMS and PCAM. She is newly appointed to the Arizona Legislative Action Committee. She has worked in large-scale communities and condominiums in Arizona and California.

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DEFINING THE FUTURE OF HOAS

By Darwin Albrecht CMCA ® AMS ®

The HOA industry will face two significant challenges in the next 20 years: repair and replacement of existing infrastructure, and enhancing Associations with capital improvements. HOA professionals and board members' decisions will have a significant impact on the value of several trillion dollars of personal property and the enjoyment residents have in their communities. Those decisions will define the HOA industry.

The communities that kick the can down the road will wake up one day and face many problems that will overwhelm them and leave them with ugly choices.

The thesis of this article is to present a condensed executable outline of a plan to update and increase the amenities of an HOA.

Good solutions begin with good questions.

First, three questions must be answered:

1. What are the desires and needs of the Association?
2. Why do plans fail to come to fruition?
3. How will success be defined? Define the end game.

What are the desires and needs of the Association?

Several tools can be utilized to help understand the desires and needs of a community.

Surveys can help. It is essential to ask the right questions to receive honest and revealing feedback.

Empirical evidence can be gathered from visiting other communities. Then you should ask two questions; What works best? Can it be applied here?

Receive feedback from realtors who sell homes in the community. What are the primary reasons people purchase a home in the community, and why people choose not to buy?



Why do plans fail to come to fruition?

The lack of proper planning.

Construction projects require extensive planning. It is imperative to invest in researching site feasibility. One must commit to hiring qualified engineers to perform site feasibility. Numerous code requirements need to be met. Many may have been modified since a community was initially developed, including; ADA accessibility, fire protection, grading, drainage, parking, and landscaping requirements.

Engineering requirements, including; electrical power, water, sewer, communications, and the structural integrity of modifying existing structures, need to be examined.

Large projects require budgets with an adequate contingency to deal with unforeseen circumstances. The unexpected can adversely affect the outcome of a project, including; finding issues behind the wall, and under the slab, as well as price increases after budgets are approved. Many older properties fail to have correctly documented as-built drawings, which can lead to undesirable surprises.

The lack of trust in leadership

The board and management must work to build trust. Planning a project before trust is developed decreases the chances of approval.

Bring people to the decision-making group who have the relevant knowledge, are positive contributors, and willing to compromise. Too many opinions will sink the project. It will cause wish list items to get tacked on to the project and drive budgets to a level that is not financially feasible.

Try to avoid grandiose plans. People are fearful of committing to large financial obligations. It is difficult for people to grasp the impact of large plans. Human nature is that if people are not comfortable with the plan, they will vote no. Make the project a digestible size.

How is success defined?

Projects need to be supported by the community. Develop trust by selling projects through small groups and clubs. Large town hall meetings can be fraught with unnecessary drama. It is vital to understand the impact of preference falsification in group decision making.

Projects need to be completed under budget. It is critical to use a cost estimate that includes all possible contingencies. It is crucial to have the courage to seek approval from the membership of the amount of money necessary to complete the project. Don't go into a project hamstrung by inadequate amounts of money.

Projects must be completed in a reasonable time. Have a good team that works well as a team; architect, engineer, and general contractor.

Projects need to be built with quality construction and be aesthetically pleasing. Architectural design should make a statement of progress. The design should give the appearance that the community is looking forward 20 years rather than looking back 20 years.

Residents need to be very supportive of the project after completion. Community support helps to ensure that future projects will be approved. It will also help the community gain a sense of accomplishment and goodwill.

Conclusion

Good planning + good people=good results.

Seek to prioritize improvements. How do you eat an elephant? One bite at a time.

Never lose sight of the need to manage expectations. Under-promise and over-deliver.

Know your community, know what it wants, and have the courage to act on it.



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CURB APPEAL



By Ritchie Lipson, Esq.

What is Curb Appeal?

Wikipedia defines **Curb Appeal** as the attractiveness of the exterior of a residential or commercial property, as viewed from the street. The term was extensively used during the housing boom in the United States and continues to be used as an indicator of the initial appeal of a property to prospective buyers.

Since one of the most important roles of the board of directors in a homeowner's association is to enhance the value of the community, paying attention to curb appeal is an extension of the recurring maintenance duties of the board. Curb appeal not only speaks to the pride an association takes in its property, but to how the property is maintained (or not).

What Role does Deferred Maintenance Play?

One of the biggest negative impacts to curb appeal is deferred maintenance. Deferred maintenance is the natural consequence of the board and owners' failure to accept and budget for the expense of proper and on-going regular maintenance. The typical argument in favor of deferred maintenance is the desire to keep assessments artificially low, and the justification is that, after paying for all the recurring basics, there are simply not enough monthly funds remaining to sufficiently reserve and budget for future maintenance—and an increase of assessments would be a burden on the owners. When the signs of deferred maintenance appear, the board defends its actions, or lack thereof, by pointing to the indisputable fact that there is not enough money to pay for needed repairs, and the cycle continues.

There can be significant risks in taking the deferred maintenance path. Just look at the life-safety issues surrounding the balcony collapse in Berkeley, Ca that prompted the introduction of SB721 and SB326 in California. Both laws require mandatory statewide balcony inspections of multifamily buildings. This trend can easily expand to Arizona. How will the board defend not having addressed the lack of maintenance or regular thorough inspection of the common element causing damage? It is not a matter of if major components need to be repaired or replaced over time, but rather when.

There are only three truths that all HOAs must accept regarding required maintenance. First, the project will not go away. Second, the longer the HOA waits to undertake the project, the more expensive it will be to complete. Third, the needed funds will have to come from the owners, unless of course, construction defects are causing the issues. The funds should then come from the responsible parties.

What are the Responsibilities and Potential Liabilities for Failure to Maintain and Inspect the Common Area, and Bring Claims against Responsible Parties for Defects?

The responsibility of the board in making (or not making) decisions related to maintenance, repair and inspection of association common areas is often set forth in the association's governing documents such as the Covenants, Conditions & Restrictions (CC&Rs), Bylaws, etc. Arizona and Courts throughout the country have applied and interpreted these responsibilities in various ways, with potentially significant impact on a board member's role under current law.

It is well established in Arizona that the specific provisions of an Association's CC&R's must be followed. (See *Johnson v. Pointe Communities*.) For example, some CC&R's contain a requirement that independent experts inspect the common area annually and issue a report to the members of any required maintenance. If the reports are not completed and maintenance is continually deferred which results in excessive special assessments will the business judgment rule protect the Board if a member sues?

In a case in Maryland, the Court of Special Appeals in *Greenstein v. Council of Unit Owners of Avalon Court Six Condominium, Inc.* found that an association can be sued by its unit owner members if it fails to investigate the common area and take timely legal action against a developer for defects.

The court held that the duty to maintain, repair and replace the common elements creates a concomitant obligation on the part of the association to not only inspect and investigate the condition of the common elements, but to also pursue recovery from the developer on behalf of the unit owners for damage to the common elements caused by the developer's negligence, breach of contract, or a violation of any applicable law.

In Arizona it is clearly established that an Association owes a duty of reasonable care to maintain the common area in a safe manner and protect owners, tenants and invitees, just like a landlord. It is not much of a leap to envision an Arizona court ruling similar to courts in Maryland.

Many associations have their reserve study specialist perform these inspections, if inspections are performed at all. Indeed, most reserve study specialists will readily admit that they are not competent to assess building component performance, nor estimate what it would cost a contractor to repair them. Only the repair contractors themselves can do that adequately.

The bottom line is that Boards need to: (1) conduct regular inspections by an independent 3rd party professional; (2) bring appropriate claims against the developer and general contractor for defects before the statute of limitations and repose expires (8 years from substantial completion); and, (3) do not defer needed maintenance projects.

Ritchie Lipson, Esq. is Director of Client Relations and leads Business Development Efforts for Kasdan LippSmith Turner LLP in Arizona, California, Hawaii* and New Mexico. For over 20 years, Lipson has limited his practice to representation of Homeowners Associations, Residential Property Owners, School Districts, Municipalities, and Commercial Investors to assist in the fair resolution of their claims for defective construction.



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TO MANAGING A SUCCESSFUL CAPITAL IMPROVEMENT PROJECT

By Greg Lason, PE, CDT

When you hear the words “Capital Improvement Project”, what emotion do you feel? Is it dread/worry/ uncertainty or is it confidence/excitement/calm? You may ask yourself; how can I have confidence my project will run smoothly? The trick to running a successful capital project is to follow the proper steps. Without proper planning, team development, and timing of the steps below, the chances of your project turning into a train wreck will drastically increase.

STEP 1: IDENTIFY THE PROBLEM

The key to a successful project is know what the problem is. The first member of the project team is a licensed architect or professional engineer (AE). The AE is the team member that can evaluate the needs of your project and determine the full scope of work that needs to be accomplished. When evaluating an issue, the AE will look at all possible avenues that need to be included in your project to ensure it is not short sighted.

STEP 2: PREPARE SCOPE OF WORK

The preparation of a complete scope of work, specifications, drawings, and bidding documents (project documents) is a crucial step to ensure contractor bids are comparable. Without a defined scope of work and bidding documents, the contractors are left to bid anything they want making the bids incomparable. The AE is responsible for producing the scope of work along with any design documents necessary to provide the contractor with ample information to provide a competitive bid.

STEP 3: PROJECT BIDDING

The second team member is the contractor. The AE will typically engage 3-5 qualified contractors to obtain competitive bids based on the project documents. Narrowing your list down will be based on the contractors overall bid, interview results, past experiences, references, etc.

STEP 4: PROJECT FUNDING SOLUTIONS

The type of project will dictate the appropriate funding solution. Except for smaller projects that are funded straight from your reserve account, most capital improvement projects require some sort of outside funding to complete. Adding a lender and your attorney to the team for this step are necessary to ensure your funding solution makes sense for your project and complies with your community governing documents and state laws.

STEP 5: CONTRACT NEGOTIATION

The type of contract used will depend on the type of project being undertaken. Projects that are smaller in nature (under \$50,000) are typically performed using the Contractors standard contract. Larger projects (over \$50,000) typically use an AIA contract. The AE prepares the AIA contract which also incorporates the project documents as a part of the legal contract. Your attorney should also review all contracts and prepare a rider as necessary to protect your interests while also being fair to the Contractor.

STEP 6: PRE-CONSTRUCTION

This is the crucial step to set up all lines of communication during the project. Meetings with the Contractor, AE, Board, and Manager highlight this step. I would also recommend a meeting with homeowners to discuss the project. The project schedule, material staging, and parking will be determined. Communication to the homeowners via postings, email blasts, etc. should be discussed and reviewed by all parties so all pertinent information is provided.

STEP 7: CONSTRUCTION

Throughout the project, the AE should perform regular site inspections to ensure all completed work complies with the project documents. The AE should regularly report on the progress of the project and any major non-compliance issues. On larger projects, weekly or monthly progress meetings should be held to keep all parties informed and held accountable for their project duties. During construction unexpected situations can arise, so it is imperative that all parties work together to expeditiously resolve whatever issues come up. All parties should agree to changes to project timelines or cost before additional work is started. Timely payment for all parties throughout the project is necessary as it keeps the peace and ensures delays do not arise.

STEP 8: POST CONSTRUCTION

At the completion of the project, the contractor finishes any touch ups, removes equipment and materials, and provides any warranty documents. The AE will perform final inspections and provide final sign offs for final payments to the contractor.

The steps above are key to ensuring your project runs as smoothly as possible. Sadly, many projects skip some crucial steps and turn into the horror stories that make you feel dread/worry/uncertainty when faced with a Capital Improvement Project. Follow the steps, engage your team of experts, and you can have a successful project.

Greg Lason, PE, CDT is a Licensed Professional Engineer in the states of Arizona and Illinois. He has been working in the homeowner's association industry since 2002 and has been an active member of the Community Associations Institute (CAI) since 2005. Mr. Lason specializes in preparing construction specifications, evaluation of building exteriors, and construction management. For more information visit www.engineeringsupportservice.com.

MANAGING CAPITAL PROJECTS AND RESERVE FUND ACTIVITY IN TIMES OF ECONOMIC UNCERTAINTY

By Stephanie Mueller, RS, PE

It is more important now than ever to not lose sight of maintaining your association's physical and financial health, and particularly curb appeal. As recent events have forced community leaders to focus on immediate business needs, there is an inherent risk of overlooking long-term activities, such as managing capital projects and improvements. If neglected for an extended period of time, failure to address critical projects and deficient reserve funds in times of economic uncertainty can be catastrophic to the long-term health of one's community.

NOW IS A STRATEGIC TIME TO GET A RESERVE STUDY FOR THOSE SEEKING EXPERT GUIDANCE

A current reserve study provides expert guidance on prioritizing capital projects and ensures community leaders allocate reserve funds for those of utmost importance, which is critical in today's economic climate. When conducted by a professional firm, a reserve study should account for environmental conditions that affect component useful lives and also utilize current local project costs to ensure the most realistic projection of near-term expenditures. Accuracy of expenditures is critical to ensuring that the supporting funding plan supports your long-term financial needs.

Associations suffering from inadequate reserve funds and those struggling to prioritize capital projects benefit most from a current reserve study. The expertise and guidance they receive offers immediate support and alleviates many challenges associated with evaluating repair and replacement of common property. There is always an element of unpredictability and having a current reserve study and adequately funded reserves helps associations weather tougher times.

PRIORITIZING CAPITAL PROJECTS TO REDUCE EXPENSES

As of May 15th, 2020, Community Associations Institute research indicates that 21% of community associations have had an increase in requested payment plans or forbearance as a result of the current pandemic. Furthermore, one-third of associations have taken steps to reduce expenses due to long-term uncertainty regarding future assessment revenue. Doing so mitigates economic unpredictability and its effects on community finances.

Focusing on critical capital projects and limited discretionary expenses is an effective strategy to provide associations time to address reduced or inconsistent assessment revenue. Critical capital projects are those that jeopardize the safety of residents and/or lead to more costly repairs if deferred. For example, deteriorated asphalt pavement will worsen if not maintained and can lead to unsafe road conditions.

On the other hand, there are discretionary projects that, if deferred, are limited to affecting curb appeal of the association. For example, clubhouse interior finishes and furnishings have no effect on the integrity of the clubhouse structure. Furthermore, the useful life or rate at which associations freshen up common areas is discretionary. Some may take issue with its dated appearance. The association must balance the need to address outdated appearances and worn finishes while still focusing on projects of utmost importance. The association might renovate the most used spaces and omit the minimally used kitchen. This balanced approach will ensure the association schedules key capital projects when reserve funds are limited.

MANAGING RESERVE FUND ACTIVITY

Managing reserve income and expenses is critical to surviving economic unpredictability. Exhausting such resources is not advisable and causes undue stress on the long-term physical and financial health of the community.

Community Associations Institute research indicates that only two-percent of associations have borrowed from reserve funds to secure working capital during the current pandemic. However, this number is likely to increase over time. Although this option is available for many associations, it is not considered best practice. Additionally, state statutes and governing documents ultimately dictate whether or not associations can borrow from reserves and the mechanism for doing so. For those faced with the decision to borrow from reserves, it must be done with extreme discipline and should include a payback plan. Not doing so is a disservice to the association and may lead to a more dire situation in the future.

BENEFITS OF PROPER PREPARATION

Proper preparation begins with having a current reserve study. Doing so promotes the ability to maintain common property in excellent condition and increases the likelihood of maintaining properly funded reserves over time. Prepared associations are able to complete capital projects in a timely manner with little to no deferred maintenance. Furthermore, they are in a position to take advantage of vendor discounts being offered on near-term work. These associations have flexibility with maintaining their physical health and have security knowing that their community has a strong financial future.

Bio: Stephanie Mueller, RS, PE is a Senior Engineer with Reserve Advisors, LLC and has completed more than 800 reserve studies since 2010. Stephanie also presents reserve study related education throughout the industry.





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WHAT TO DO WITH AN UNUSED POOL!

SAVE MONEY AND TIME ON POOL MAINTENANCE

COVER YOUR POOL TO REDUCE MAINTENANCE COSTS AND LIABILITY

TO SWIM OR NOT TO SWIM... THAT IS THE QUESTION

By Tom Bohner

As swimming pool owners and operators, we tend to have a love/hate relationship with our pools. Pools are a necessity for certain properties, but they require year-round maintenance that costs time and money. If the pool is heated, the costs are even higher.

Now we have a pandemic creating even more challenges as we strive to provide a safe environment for our clients. What unknown extra costs and liabilities are we facing as we coordinate with management companies, Boards of Directors, maintenance staff, attorneys, etc.? We have many new safety guidelines requiring limited crowd size, wearing masks, and social distancing. We are buying hand sanitizer by the gallon and treasure hunting for sanitizing wipes. We also have the realization that at any time if we do not follow some newly created, nebulous rule, we could be held liable for an issue we had never heard about a mere six months ago.

So, what can be done with your pools to lower your liability and operating costs?

COVER THEM!

According Greg Epperson, Managing Supervisor Water and Waste Management Division with the Maricopa County Environmental Services Department, pools can be shut down to save on operating costs if the following conditions are met.

Seasonal closing of the pool shall be allowed when all of the following exist:

1. A sign is posted that the pool/spa is closed;
2. The gates are locked shut, and
3. The Department is notified in writing of any such closure.

This means you are not required to incur all the maintenance costs of running a pool that is not being used. Each fall when the water temperature in an unheated pool becomes suitable only for polar bears, you can shut off your pool equipment, stop adding chemicals and save on the pool guy expense until you want to start it back up in the late spring. That savings can be several hundred dollars each month. You can even hibernate the pool for many months or years at a time.

Not all covers are created the same. There are several different types with different features and benefits. Here are the main pool covers available today in the Arizona market.

MANUAL LOCKDOWN COVERS (POWERLOCK):

This is a custom-made pool cover which locks the pool cover down to the decking. This cover seals out almost all dirt and debris from the pool. The POWERLOCK is cut and sewn on the jobsite to fit a free form or standard shaped pool. The unique brass lockdown anchors meet the requirements to be an ASTM approved safety cover. In addition to its safety characteristics it allows you to lower your filtering time to a couple hours a day or shut it off entirely for weeks, months or even years. The cover pays for itself quickly by lowering operating costs in the off season. If you want to “hibernate” your pool all winter you will no longer need to run the pump, add chemicals or lose water to evaporation. In addition, there is nothing for the pool service person to do, so you save on your maintenance staff time or the money you pay to an outside vendor.



THERMAL POOL COVERS:

Thermal pool covers were primarily designed for commercial pools that are heated in the off season. A thermal cover is insulated with multiple layers that trap in heat. You can save over a thousand dollars a month in heating costs depending on pool size. Thermal covers generally pay for themselves in one to two seasons. They are used for pools at YMCAs, universities, apartment complexes, condos and hotels. They also can be used for residential pools because they are custom sewn on site to fit any pool size or shape.

MESH POOL COVERS:

These are very popular covers in cold climates where pools are winterized for the season. They are made with a see-through mesh material somewhat like what you find on window screens. They will keep out large debris like leaves but still allow dust and spores to get into the pool water. When they are used in areas that the water does not freeze in the winter, you will still have to filter the pool regularly. The attachment anchors are similar to the anchors used on the POWERLOCK cover but they also add a tensioned spring to allow the cover to flex if a person or pet walks on it. They are primarily designed not as a daily cover like the POWERLOCK or THERMAL covers, but as a winter cover to put on in the fall and take off in the spring.

BLUE BUBBLE/SOLAR COVER:

This is by far the most common cover you will find in the Arizona market. They are inexpensive and will last one or possibly two seasons if you are lucky. They are designed to trap in heat at the beginning and end of the swimming season to give the pool season a several week extension. They are quite common in residential applications but are not safety covers at all. In fact, they are just the opposite. If a child, adult or pet, falls on the cover the material will surround the body, immobilizing the arms and legs, rendering them useless. They are not a good idea for commercial properties or homes with children or pets that have access to the pool because of liability concerns.

These are the four most common pool covers to be found in Arizona. Why not look into covering a pool which can be a wise economic choice and also a way to lower liability while the pool is not in use.

Tom Bohner is the owner of Solar Safe Pool Covers LLC which manufactures and installs pool covers in the Arizona market. He has been in the energy and water saving industries for 40 years. Tom has been on the Board of Directors of the National Spa and Pool Institute, Solar Rating Certification Corporation, Solar Energy Industries Association and the Arizona Solar Energy Industries Association. Solar Safe Pool Covers LLC is licensed, bonded and insured as a pool service contractor in Arizona.



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