

# COMMON FOUNDATIONS

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Summer is officially here! This means weekend trips, early tee times on the golf course, and community cookouts every night.... Right?

The warmer months are a time of change for many associations: your summer population either dwindles or rises; many projects that have been waiting for a sunny day are now upon you; and board meetings are either put on hold or crammed into a busy schedule to accommodate summer residents, all while juggling the summer schedules of property managers and board members.

This issue of Common Foundations will help associations as they develop effective methods for improving their community while trying to keep costs reasonable—owner demands are changing, and it's tough to balance the two!

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## Repair, Replace, or Renovate?

### How to Maintain Value and Improve Efficiency

Some associations struggle with long-range vision, especially if it means spending large amounts of money. It's not realistic for a board to plan for the exact property value 10 years down the road or rely on an outdated reserve study to predict the remaining useful life of all common elements. But making it up as you go along is clearly a recipe for disaster! What's a board to do?

Renovations and upgrades will improve efficiency, reduce maintenance, lower operating costs and enhance the quality and value of an association facility. Building technology is changing, and it is important to keep up and on top of the trends. Owners are becoming more educated and their demands for security, internet technology, and various other aspects of community life are also changing. Deciding when to repair, when to replace, and when to renovate can be



tricky and depends on varying factors such as age and size of the property.

#### What's the difference?

Repairing a common item is simply maintaining it as is. When performing repairs, the object is to maximize the useful life of each item and care for it as such.

When it is no longer cost effective to

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## Spotlight On..... Ohio

Ohio has recently joined the many states that are passing new or improved laws to govern community associations. An estimated 80% of new housing constructed in the past five years has been built as part of a community association, according to Association Information Services. As laws catch up with the rapidly growing world of HOAs, some Boards find themselves in danger of non-compliance with state ordinances. What is the next step for a Board whose laws have suddenly changed?

"Property managers and Boards of Directors are responsible for implementing the new laws and navigating the gray areas of the legislation," says Chuck Jones, P.E., of Detroit. "Hiring a local engineer with a detailed understanding of

local laws to perform a reserve study will help ensure cooperation with updated regulations, and also protect the Board from potential lawsuits."

The Ohio legislature focused specifically on reserve studies in a portion of the bill, where they declare that Boards are now required to "collect assessments for common expenses from unit owners." The Board also legally has a duty to "adopt rules that regulate... the maintenance, repair, and replacement.... of common elements."

"The mandated laws in Ohio stress communication among residents," says Jones, "which is really the most important piece of the association puzzle."

# RENOVATIONS: Don't Just Repair When You Can Upgrade

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repair, it then becomes necessary to replace a failing item. Replacing often means installing a new unit of essentially the same type and function, but perhaps benefiting from more updated technology.

A renovation is an improvement on the current item, based on more efficient technology. For structures more than 10 years old, renovations and upgrades should be considered before an in-kind replacement is made.

## Where do you start?

Looking at the big picture of an association's maintenance and reserve items can be overwhelming! Hiring a third-party expert is always the first place to begin; their assessment will ensure an objective evaluation of the property and give your association a clear blueprint for the future. There are three different assessment categories – your association may fall into one or all of them.

A risk assessment – Associations can be liable for conditions that do not meet current standards. At a minimum the following areas should be reviewed every 3 – 5 years: site lighting, building accessibility, tripping hazards, railings, and security and entry systems. A technology assessment will analyze your HVAC, roofing, windows, waterproofing, and security and inform you of significant advances in technology since your facility was built. A regulatory assessment covers elements such as life safety, fire safety, parking, environmental, and zoning, and reviews changes in building codes and/or local regulations that have occurred since

your property was built.

To select a consultant to perform these evaluations of your property, some consulting engineers will be the best choice, along with select Reserve Specialists. Avoid choosing a contractor for an assessment, as they will have a vested interest in the outcome of the assessment, and may not have a good sense of some money-saving alternatives.

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Water intrusion is the number-one problem in residential construction nationwide.

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## Which areas are upgrade candidates?

Each association is different, but as a guide, anything related to water intrusion can be upgraded – it's the number one

problem in residential construction nationwide. Security technology can always be renovated; roofing, windows, and HVAC systems also have excellent upgrade potential.

## Which areas are replacement candidates?

Parking areas, specifically surface parking lots, are well suited for replacement, as are recreational facilities. Common areas such as decks and other exterior systems are also cost-efficient replacement projects.

When planning renovations or replacements for association property, your budget and reserve study should always be the starting point. Your reserve study provider can help identify opportunities while creating a long-range plan.

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