

Managing New Builds vs. Old Condos



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Today's Actions are Tomorrow's Results

Long-term performance, efficiency and the overall quality of a condominium strongly correlate with specific actions and procedures put in place early in a building's life. From inception, a condominium must be guided in the right direction, and its future market value may be traced back to the actions taken or not taken during the pre-turnover period and the first couple of years following registration.

In terms of maintaining the physical building, one of the most important tasks early on is ensuring the physical chemistry of the water in all closed loops is within an acceptable range defined by a water treatment specialist. The water in a closed loop must be clean and chemically treated from the beginning to ensure all mechanical components that come in contact with that water remain functioning as designed throughout their expected life. It is not uncommon for the water to be out of range or "dirty."

Still, no action is taken because the board of directors blames the developer, and the developer claims they did what was required pre-turnover. The consequences of this willful blindness will be a premature failure of main building components resulting in unexpected capital projects and yearly operating fund deficits.

Damage and deterioration should be expected to the building's boilers, pumps, pipes, heat exchangers, air bleeders, in-suite fan coils and heat pump units if dirty water perpetually flows through the system. Managing that building can become a nightmare when heat or air conditioning is compromised inside the units, and the corporation is responsible for repairing it. If you manage a building pre-turnover, review and confirm that the water tests are within the acceptable range before the corporation is registered and handed over.

Property managers should ensure that the service contracts are carried out as defined in the executed contract. Catching performance deficiencies relating to service contracts early on in a building's life is extremely important to prevent extensive damage to mechanical components further down the road. Have your performance audit engineer verify that the HVAC contractor completes the service according to their contract. Just because the tags on the mechanical system are signed and dated, it doesn't mean they actually did the job. Have the engineer crack some bolts to see if it is physically serviced per the contract. Your engineer can decipher if mechanical components are being maintained by doing a quick investigation. Eliminating bad service contracts early on is integral for the health of your building.

Section 112 of Ontario's Condominium Act 1998 ("the Act") permits

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a corporation to terminate certain agreements by resolution of the board within one year of the turnover meeting by providing sixty days written notice. Although there are several caveats to be considered before leaning on Section 112, the performance of all vendors engaged by the developer needs to be evaluated before the Section 112 dead-line expires.

When engaging new contractors, the most critical condition that needs to be in a contract is the right to terminate with 30 days' notice. Managers need to be aware that some large companies purposely draft contracts that are difficult to get out of. Before sending any contract to the board, cross out any ambiguous termination clause and write "termination by either party with 30 days' notice." They will not be happy but will agree to make the changes if it means getting the contract.

Inexperienced directors think that spending a lot of money on maintenance in the first couple of years is unnecessary because a building is new. That couldn't be further from the truth. Many components of a building need to be serviced annually to keep warranties intact. This includes servicing pressure relief valves, mixing valves and changing filters in specific components. It is strongly recommended that a plumber be engaged by the corporation immediately after registration. Not only will the corporation stay on top of warrantyrelated services, but the corporation's plumber will have a chance to meet and ask the developer's plumber questions about installation. The developer's plumber will be on-site frequently for the first couple of years, and it could be misconstrued that all necessary plumbing tasks are being completed, which is simply not true.

Understanding what is required regarding maintenance and communicating that to the board of directors can be challenging. For instance, most people don't realize how accumulated dirt and grease can deteriorate garage floor membranes. The flow of greases and oils into cracks in the membrane allows for a breakdown of the adhesive bond, propagating localized failure to the membrane. A limited approach to garage floor cleaning (only cleaning once a year, or worse, not at all) may result in the membrane failing at

an accelerated rate. Furthermore, the material warranties may be voided if the maintenance instructions are not followed, and you can bet those instructions call for regular cleaning.

A symptom of a poor start is common element fees increasing exponentially year after year. When due diligence on the part of the property manager and the board of directors is not conducted from the beginning, mechanical systems will break down prematurely, warranties will be voided, and essential tasks will fall through the cracks.

Fees will always go up, but a predictable, linear fee slope can be achieved by putting in the required effort and time and paying attention to the details right from the beginning. Remember, today's actions are tomorrow's results.

Thomas Inrig, RCM, is a condo manager who utilizes the practical knowledge gained by working in the construction industry to maintain and manage buildings proactively. themeritusgroup.ca

