

MAINTENANCE MATTERS



Creating and Implementing a Building Envelope Maintenance and Renewals Program

In our Maintenance Matters #7 bulletin, we learned about planning for the maintenance and renewal of the physical components of your building. In this bulletin we will look at how to create and implement a maintenance and renewals program that will protect your building's assets and the owners' investment.

Why Create a Maintenance and Renewals Program?

Planned maintenance is beneficial to protect property and control costs. The challenge is determining how much proactive maintenance is the

right amount, and what level of reserves should be set aside for future capital asset replacement obligations.

When selecting the desired maintenance and renewals approach, consider the following:

- legal obligations for maintenance and repair
- home warranty insurance
- risk tolerance
- how you will pay for the program, and
- the need for reliable and functional assets.



Many benefits are associated with developing a maintenance and renewals program.

Maintenance Matters

This series of bulletins and companion videos is designed to provide practical information on maintaining residential buildings. Produced by BC Housing, this bulletin was prepared by BC Housing, and was prepared by RDH Engineering in collaboration with industry organizations and experts.





By planning for repairs and renewals the strata has the time necessary to allow for best price negotiations.

The benefits of developing a maintenance and renewals program include:

- spending owners' funds responsibly
- reducing unnecessary costs resulting from neglected maintenance or poorly planned repairs
- preserving both the physical integrity and appearance of the building
- protecting the owners' real estate investment
- creating a comfortable, reliable and enjoyable home for the owners, their families, guests or tenants, and
- protecting the warranties on the assets.

Owners of homes with home warranty insurance could risk limiting their coverage as a result of negligent or improper maintenance. While licensed residential builders and warranty providers have a responsibility to provide maintenance information to the original buyers of a home, the Homeowner Protection Act regulations do not specify the contents, or standards and organization of these "manuals," so this is generally left to the design and construction team. As a result, it may be necessary to add to the content of the manual to ensure proper protection of your building's assets.

The Strata Property Act requires stratas to:

- repair and maintain the common property and assets
- establish an operating fund for common expenses that usually occur either once a year or more often than once a year, and
- establish a contingency reserve fund for common expenses that usually occur less often than once a year or that do not usually occur.

Building systems that are routinely inspected and maintained contribute to better building performance and longer service life. Ongoing maintenance reduces the likelihood of premature failures and the associated emergency costs to repair or rehabilitate. Proper planning will allow for best price negotiations before problems occur (for example, a failed hot water tank is more costly to repair or replace if not maintained properly and left to the last minute).

Getting Started

In order to develop a successful maintenance and renewals program, a few key questions need to be considered.

Do We Have the Necessary Baseline Information?

The strata should have comprehensive baseline information including:

- an inventory of common property and assets that the strata has a duty to maintain and repair
- an inventory checklist of all service requirements
- knowledge about the current condition of the assets, and
- financial and operational plans to meet current and future maintenance and renewals needs.

Most stratas (i.e. created from 1999 onwards, or those that have undergone building envelope remediation) will likely have received a package of information from the developer at hand-over after construction, or as part of the completion documents when undertaking a major building envelope rehabilitation project.

If the strata does not have this information, or if the planning documents are out of date or incomplete, the

strata will need to develop and update the background information for the building's physical components in order to get started with the maintenance and renewals program.

How Does Our Building Rate?

Once the baseline information is available, consider the desired standards for maintenance and renewals. These standards demonstrate how much importance a strata corporation assigns to its maintenance and renewals program. The following examples describe the rating scale. Stratas positioned between comprehensive management and showpiece facility have developed an effective maintenance and renewals program.



Key Definitions

- › **Maintenance and Renewals Plan:** Itemizes the maintenance and renewals tasks with suggested implementation timeframes, often in the form of tables or checklists.
- › **Maintenance and Renewals Program:** Commits the funding and resources required to achieve a specific set of maintenance and renewals activities.
- › **Depreciation Report:** This report provides information to strata lot owners and prospective purchasers about the strata corporation's buildings and shared assets. The report outlines the maintenance and renewals work over a 30-year period and the projected costs.

Following are some guidelines to help the strata establish the desired standards for maintenance and renewals:

Reactive Management

- There is no maintenance manual or inventories.
- A depreciation report has not been commissioned.
- The maintenance budget is inadequate for the required work.
- The balance in the reserve fund account will not replace most of the asset projects without special levies.
- The maintenance service contracts have not been reviewed annually.
- There are no resources dedicated to overseeing the required maintenance.

Managed Care

- The maintenance manual covers some of the building systems and has not been updated for a few years.
- There is some understanding of the asset renewal requirements but a formal depreciation report has not been completed.
- The maintenance budget can only support some of the maintenance requirements.
- Preparation for reserve funds has been inconsistent. Some projects have been funded through special levies.
- Maintenance service agreements exist for regulated assets (e.g. elevators, fire safety equipment).
- There is no consistent resource for maintenance.



Comprehensive Management

- The maintenance manual covers the majority of building systems and has not been updated for a few years.
- The depreciation report was prepared by a qualified professional a few years ago.
- The maintenance budget is generally adequate.
- The reserve fund will replace most of the assets without special levies and the account is generating good interest.
- Maintenance service agreements exist for most assets.
- The maintenance team will require further guidance once the maintenance policy is updated.

Showpiece Facility

- The maintenance manual covers all building systems and is up to date.
- The depreciation report has been prepared and routinely updated (every 3 years).
- The maintenance budget will support the maintenance plan.
- The reserve account is adequate to meet all upcoming renewal projects without any special levies and is generating interest in the account.
- Maintenance service agreements exist for all assets.
- The strata council is providing the necessary oversight to ensure the program is on track.



Ongoing maintenance reduces the likelihood of premature failures and the associated emergency costs to repair or rehabilitate.

Moving From 'Plan' to 'Program'

Initial Planning

It is important to realize that the maintenance and renewals plan needs to be given life by committing to the necessary funding resources and ongoing management. The strata needs to further develop the program with consideration of the following:

- What work are we going to do over the next 12 months?
- What is the plan for coordinating these activities?
- Who is going to do the work?
- Are these expenditures in our approved budget?

Securing Funds

Issues to consider are whether the maintenance tasks are itemized as individual items, limiting the strata to spend the funds on the prescribed maintenance schedule, or do they appear within the annual budget as part of a general budget line? Ensure maintenance activities include associated budgets that are realistic. Planning and estimates need to be refined and incorporated into the yearly operating budget for the strata corporation.

Who Will Do the Work?

Various responsibilities need to be clearly defined and implemented. While the complexity and size of the maintenance and renewals activities vary based on the building's features, the basic roles and responsibilities do not change. A variety of questions need to be answered regarding who will do the work.

- Who will coordinate the activities of the consultants, contractors and arrange access as required?
- How will services be hired? Will proposals be necessary for the hiring process?
- What type of resources are required (maintenance personnel, trade contractors, consultants)?
- Does the strata have a by-law that sets out minimum standards for tendering and procurement?

Stratas are legally obligated to maintain and repair the various physical components of the common property of their buildings.

The Strata Council

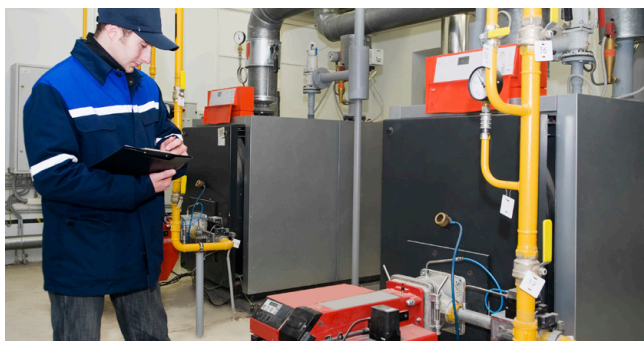
Subject to applicable regulations and by-laws, the strata council performs the duties of the strata corporation. Although the council may hire a strata manager to take on some duties, the strata council also has an ongoing role in reviewing the plan and program with the strata manager, overseeing decisions regarding alternative courses of action, selecting contractors, and other tasks. The extent of decision-making capability delegated to the strata manager requires input by the strata council and owners.

The strata council is responsible for ensuring the plans for building maintenance, service contracts and approved renewals are implemented. Summaries of annual service agreements, maintenance schedules and depreciation reports may be provided to each council member and form part of the agenda of council monthly meetings.

The Strata Manager

The role of the strata manager may vary depending on whether the manager has the skills and resources to take on specific responsibilities. If the strata council hires an external party as program administrator to implement the maintenance and renewals program, then the strata manager and/or a consultant may be required to supervise the program administrator and provide background information such as construction drawings, existing service agreements and the annual operating budget.





Ensure appropriate budgets are developed and included in the operational budget.

The Program Administrator

The program administrator is responsible for safeguarding and updating the maintenance and renewals plan, and for the overall coordination and management of the maintenance and renewals activities. The responsibilities associated with implementing the maintenance and renewals program are:

Information Gathering

Collect information and update the maintenance and renewals plan periodically.

Long-Term Planning

Develop a list of maintenance and renewals services to be conducted over the long term.

Annual Tasks

Develop a list of maintenance and renewals services to be conducted within the upcoming year, based on advice from an appropriate building envelope specialist.

Budget Development

Provide a budget to the strata corporation, track the costs of the maintenance work, and update the maintenance and renewals program.

Primary Liaison

Act as the primary contact person for all questions and comments from any of the maintenance and renewals team members.

Progress Tracking

Document the completion of maintenance tasks and the results of inspections.

Report to the Council

Liaise with contractors and consultants and report findings and recommendations to council, including the recommended budget for next year and an up-dated project schedule outlining key priorities.

Record Keeping

Maintain accurate records by administering a central and organized database of all pertinent reference information. This is necessary to ensure continuity and demonstrate due diligence to warranty providers and prospective purchasers.

The Homeowner

While homeowners are required to properly maintain their individual suite systems, they also have some responsibilities within the maintenance and renewals program for common property areas.

Provide Access

Owners and/or tenants are required to provide access to their homes so maintenance personnel can carry out their tasks without undue interference. Reasonable notice is required.

Problem Notification

Homeowners are expected to promptly notify the council and/or the program administrator of any problems observed within the confines of their strata property so that appropriate action may be taken.





The strata council will need to retain a consultant if the council, owners and the program administrator do not have the expertise and time to assess certain elements of the maintenance and renewals program.



Consultants and Contractors

The strata council may need to retain a consultant if the council, owners and the program administrator do not have the expertise and time to assess certain elements of the maintenance and renewals program. For example, the program administrator may not be qualified to inspect and maintain a roof with all the associated flashings and related components.

Consultants

A consultant, particularly those that specialize in maintenance and renewals planning, is generally required under the following circumstances:

- More comprehensive knowledge and planning are required for planning and implementing the necessary work.
- The maintenance and renewals work requires more than one trade contract.
- Technical drawings and specifications are needed.
- The plan needs to be updated and calls for inspection work.

Maintenance Contractors

A maintenance contractor can undertake routine cleaning, inspection and maintenance work throughout the building. Tasks such as cleaning roof drains and cleaning windows would fall into this category.

Renewals Contractors

A renewals contractor generally refers to a company that specializes in a particular type of work and has the necessary expertise, tools and equipment to undertake

the renewals task. Tasks such as roof repairs or caulking replacement would fall into the category of a renewals task.

Before hiring a contractor, the strata council should review their financial situation, insurance coverage for work in a condominium environment, bonding capacity, and the appropriate experience of both the company and the on-site personnel.

Plan-Do-Check-Adjust

As the program is implemented, you will learn more about the building and its maintenance and renewals needs. The plan will need to be refined and updated. Over time, this cyclical pattern will result in an efficient and reliable maintenance and renewals program for the building.

Action Plan Tips

Creating the Program

- Ensure that you have good quality and current baseline information. This includes advice from building professionals regarding the assets and the maintenance and renewals needs for your complex.
- Develop a system for document storage and tracking of maintenance and renewals activities.
- Ensure that appropriate budgets are developed.
- Look for opportunities to combine or bundle items into logical packages of work.
- Develop clear roles and responsibilities for all team members including the program administrator.

Implementing the Program

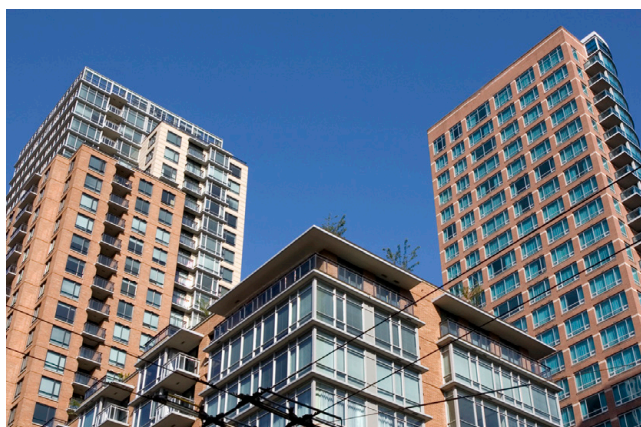
- Update the baseline maintenance and renewals requirements based on appropriate advice from building professionals.
- Develop ongoing relationships with the maintenance and renewals contractors and consultants.
- Organize and undertake the work in an efficient and cost effective manner.
- Update the maintenance and renewals plan, and depreciation report as work is completed.
- Provide a written annual report to the strata corporation.

For More Information

1. Maintenance Matters #7 – Building Envelope Maintenance and Renewals Planning, published by BC Housing, available online at www.bchousing.org.
2. Strata Property Act (Sections 72 and 92) available online at www.housing.gov.bc.ca/strata.
3. Building Asset Management Bulletins, Condominium Home Owners' Association of B.C. (CHOA), available online at www.choa.bc.ca.
4. Maintenance and Renewals Standards, CHOA Journal, September and December 2008, March 2009.
5. Review your building's maintenance manual.

Who Should Read This Bulletin?

Anyone who lives in or looks after a multi-unit residential building should read this bulletin, including residents, unit owners, strata councils, housing co-operatives, maintenance managers, property managers or building owners.



Notice to Reader

This bulletin is intended to provide readers with general information only. Issues and problems related to buildings and construction are complicated and may have a variety of causes. Readers are urged not to rely simply on this bulletin and to consult with appropriate and reputable professionals and construction specialists before taking any specific action. The authors, contributors, funders, and publishers assume no liability for the accuracy of the statements made or for any damage, loss, injury or expense that may be incurred or suffered as a result of the use of or reliance on the contents of this bulletin. The views expressed do not necessarily represent those of individual contributors or BC Housing. The regulations under the Homeowner Protection Act contain specific

provisions requiring owners to mitigate and restrict damage to their homes and permitting warranty providers to exclude coverage for damage caused or made worse by negligent or improper maintenance. These apply to both new and building envelope renovated homes covered by home warranty insurance. Failure to carry out proper maintenance or carrying out improper maintenance either yourself or through qualified or unqualified personnel may negatively affect your warranty coverage. It is important for the property owner to read and review their warranty documents to understand how to file any claims and correspondence in the proper written form directly with the warranty company. Refer to your home warranty insurance documentation or contact your warranty insurance provider for more information