

INSPECTION AND ANALYSIS FOR THE ROMAR TOWER CONDOMINIUM

Orange Beach, Alabama



Owners Representative:
Ms. Stephanie Guinn

Prepared By:
Cornerstone Facilities Engineering, Inc.
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Introduction

After our on-site inspections, Cornerstone Facilities Engineering, Inc. wishes to document our analysis on the condition of your building and the systems of the common elements that must be maintained. This report is submitted to the Board 10 years after our initial 2008 Capital Reserve and Replacement Report.

Generally, it is Cornerstone Facilities Engineering's opinion that the building and the common systems have been well maintained by the HOA over this period. For the purposes of this analysis, it is assumed that the Owners Association is beginning with no money in any of the accounts for capital reserve and replacement as of January 1, 2018. We know this is not the case but this "zero based budgeting" allows you to judge where you are now versus our recommendations.

The overall condition of the Romar Tower's main building and associated elements is good. We find that the structural systems and building components are capable of being properly maintained. At the time of this submittal, Cornerstone Facilities Engineering concludes the building can remain operational and attractive for many years with normal maintenance attention.

Without undertaking destructive testing, but based on our visual inspection of the building, our conclusion is that the basic design and construction of the building provides for adequate structural capacity. There were some items that will require periodic maintenance, but this is to be expected. The required maintenance tasks will be discussed in the report. Based on our observations, the original construction followed the Standard Building Code in terms of structural, mechanical and electrical systems. Cornerstone Facilities Engineering Inc. does not recommend any major structural repair or reinforcement projects at this point.

The main concerns in maintaining the common elements at a property such as yours are as follows:

- Waterproofing Integrity
- Mechanical Systems
- Common Electrical Systems
- Architectural Items

‘Waterproofing Integrity’ includes keeping the roof and exterior walls in proper condition to withstand the challenging conditions that exist for buildings on the Gulf Coast. Experience on structures in this area show that exterior wall coatings need maintenance every 7 to 10 years in order to assure sealants and other features are in good repair. Roofs are subject to severe challenge and need to be maintained and/or replaced as they age and weather.

‘Mechanical Systems’ include elevators, common area heating, ventilating and air conditioning (HVAC), swimming pool and equipment, plumbing and water booster pumps. This category of items is essential to the use of the building and proper maintenance is preferable to repair of failed items since failed items lead to generally serious disruptions to Owners and guests.

‘Common Electrical Systems’ for the building involve the primary electric power distribution equipment, fire alarms and exterior lighting. Such systems generally have long useful lives. However, it has been shown that as such equipment reaches the end of its useful operating life; the passage of time has caused technology changes to the extent that often spare parts are not available and/or direct replacement is not permitted because of changes beyond the control of the Owners (Code changes, different operating configurations, etc.) It is often necessary then to replace entire components instead of repairing a single part for such systems.

‘Architectural Items’ involve furnishings, floor coverings, common area doors, interior painting and finishes of common areas and specific features such as the dune walkovers. The exterior of the building is also an appearance function, but this is usually addressed when the waterproofing element is addressed. The care

and budgeting of the appearance items usually receives ample attention and is the one area that most Owners' Associations can find suitable common agreement on and plan accordingly. Therefore, this report will only address items where periodic maintenance is anticipated, and will not address items such office equipment, furniture and landscaping.

Based on the conditions found at the Romar Tower Condominium, Cornerstone Facilities Engineering has compiled a draft, Capital Reserve and Replacement spreadsheet to identify suggested funding levels for major items. The basis of the data presented contains the following assumptions:

- The Capital Reserve and Replacement fund begins with a zero-balance starting January 1, 2018. Of course, we are aware that you have some level of funding, but we feel that by starting with a zero-funding level, it is easier to compare your current situation to the recommendations presented.
- The condition of the buildings and common elements at the time of the inspection and the information available from visual inspection and analysis of records, and discussions with the maintenance manager.
- The Owners Association desires to keep the building and grounds properly maintained.
- The Owners Association desires to avoid special assessments.
- Regular maintenance items (landscape maintenance, cleaning of the interior, pool cleaning and chemicals, etc.) are not included in the budgeting of the Capital Reserve and Replacement fund.

Immediate Concerns

There were no items of major concern that require immediate attention.

Remarks on Major Items

The following remarks are in the order of items shown on the attached spreadsheet. The recommendations for budgets include the expenditure of funds on projects in future years. These expenditures are discussed to provide a schedule based on the conditions found during the inspection. The timing and extent of some of these projects are subject to modifications, if the Board so desires. However, the initial presentation here is based on maintaining an attractive and fully functional building and systems and avoiding special assessments. Cornerstone Engineering believes there is nothing inherently wrong with using special assessments to generate funds for large projects. However, we feel that by predicting the magnitude of funding required to keep an adequate capital reserve budget in the view of the Board of Directors and the Owners, everyone can be knowledgeable on the likely costs over time. This is how we find that most of our industrial clients forecast for their production facilities, and we suggest it as a means of reflection for all condominium associations also.

Money will flow into and out of these accounts. For example, in five years a pump for the pool filter system may fail. The account row "Pool Equipment" would be the source to repair this unit. Similarly, if the potable water back flow preventer needs rebuilding in 2010, and reserves are accrued in the "Plumbing Piping & Equipment" fund, then the money required to rebuild this essential device will be on-hand.

This method is used by Cornerstone Engineering because so many things at condominiums simply do not fail completely, and then must be completely replaced. Rather, the real-world scenario is that these systems must be regularly maintained, and if they are, then their life can be extended for many years. The remarks below describe the requirements for each category of item noted on the spreadsheet.

Capital Reserve and Replacement Fund Romar Tower Condominium

RESERVE CATEGORY	2018	2019	2020	2021	2022	Maximum Reserves	Remarks
SITE WORK							
Stormwater System & Erosion Control	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 9,000	1
Paving	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 80,000	2
WEATHERPROOFING							
Exterior Sealing & Painting	\$ 26,500	\$ 26,500	\$ 26,500	\$ 26,500	\$ 26,500	\$ 132,500	3
Roofing, Main	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ 191,000	4
Roofing - Metal	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 44,000	4
ARCHITECTURAL							
Balcony & Common Area Concrete	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 45,000	5
EQUIPMENT							
Plumbing Piping & Equipment	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 18,000	6
Electrical Distribution Equipment	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 30,000	7
Exterior Lighting	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 16,000	8
Pools, Pool Area & Equipment	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 38,400	9
Elevators	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200	\$ 304,000	10
Beach Access Structure & Gazebo	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 12,000	11
Emergency Systems	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 108,000	12
Common Area Doors & Misc.	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 42,000	13
TOTALS	\$ 91,800	\$ 91,800	\$ 91,800	\$ 91,800	\$ 91,800	\$ 1,069,900	

1. **Stormwater System** – The original design of the stormwater system is sound. We note that the system will need to be cleaned of debris and sand cleared, and therefore, money should be accumulated to perform this function when required. Towards this end, a minor, \$900 per year reserve to address drainage and erosion issues should they occur. The maximum reserve recommended for this account is \$9,000.
2. **Paving** – The current drives and parking paving in general are in good to fair condition. The spreadsheet provides for funding of a project in the future to upgrade asphalt paving conditions and to correct minor, distressed areas and to reseal the asphalt to protect it from oils and water intrusion and eventually provide for an overlay of the asphalt. The slopes and breaks in the paving appear to be adequate for moving stormwater away from pedestrian ways. The funding provides for an overall overlay project of \$80,000 in expected cost to be needed in approximately 20 years.



Asphalt paving in parking area.

3. **Exterior Sealing & Painting** – The exterior of the Romar Tower Condominium is all stucco application over concrete and sheathing. The system on the building's exterior walls and other surfaces are in relatively good condition. The building was last recoated in approximately 2015 with

elastomeric products. The coatings have held up very well but will need to be refreshed in a few years in order to continue to provide adequate weather protection for the structure.



South elevation of building

It is suggested that recaulking and coating (painting) the building be planned for the year 2022. The spreadsheet is based on the year 2022 project plan and a total project budget of \$132,500. After that project, the building's exterior should be resealed every seven to ten years. This type of program will also result in providing an attractive appearance that is an important part in maintaining the value of the property.

The project planned for 2022 would have the following tasks associated with it:

- Pressure washing the building's exterior to remove salt and dirt that has accumulated in the stucco exterior.

- Inspect the caulk at the perimeter of the sliding glass doors and remove damaged sections. Install new caulk around the doors' perimeters as required.
- Priming the exterior walls with a base coat for adhesion purposes and then applying a 12-mil coating of elastomeric paint to all exterior walls.
- Apply one coat of acrylic latex paint to balcony ceilings, walkway ceilings and other surfaces that do not need waterproofing in terms of keeping the water out of the interior of the condominiums.
- Paint doors and trim as required.

The above program would provide the Owners with a 7-year to 10-year warranty (depending on the specification selected) on the integrity of the exterior waterproofing system. The budget noted above will provide for all materials and labor required based on costs of similar projects completed in the area in the past few years. After the above-recommended waterproofing program has been completed, then the buildings will need to be recoated with elastomeric paint approximately every seven to ten years.

4. **Roofing** – Main Roof: The single-ply, PVC roofing is in good condition. It was installed in 2005. It is our estimate, that the existing roof will provide 10 to 15 years of service before the system requires attention. The allocation of reserve funds to the roofing account has been based on beginning to accumulate funds for the roof repairs when they become necessary. The parapet details of the buildings, as well as the through roof details, appear to be of good quality and correctly installed. The suggested reserves will allow for accumulation of funds to address roof replacement when it becomes needed.



The single-ply roof has performed well and is in good general condition.

Metal Roofing at Entry: The metal roofing here is in good condition also. The photograph below shows the general condition.



Metal roofing at main entry.

It is suggested a fund be started to fund the replacement of the roofing. Based on the size of the roof this project will likely cost \$44,000. The current

roof can be expected to last approximately another 20 years. The funding shown provides for the cost of this future project.

- 5. Walks, Balcony and Upper Walkway Concrete** – The concrete for the balconies and walkways are in good structural condition. There are signs that the reinforcement has been impacted by water intrusion over the years. Water intrusion carries sodium chloride (salt) into the concrete and this in turn corrodes the reinforcing bars (rebar) that are in the concrete. The photograph below shows one area where this has occurred.



Rust spots forming on the concrete of a balcony.

The cost to correct those items has been estimated and shown on the spreadsheet. It is suggested the work be done in conjunction with the 2022 exterior coating and waterproofing project. It is also suggested a separate fund to address future issues be kept for this activity because as the building ages it is probable more such damage may occur.

- 6. Plumbing Piping** – There are usually only minor repairs to be performed on plumbing piping. This reserve however, also covers repairs that will be required for the domestic water booster pump system that serves the building. The pump and its motor will require some repair as they age.

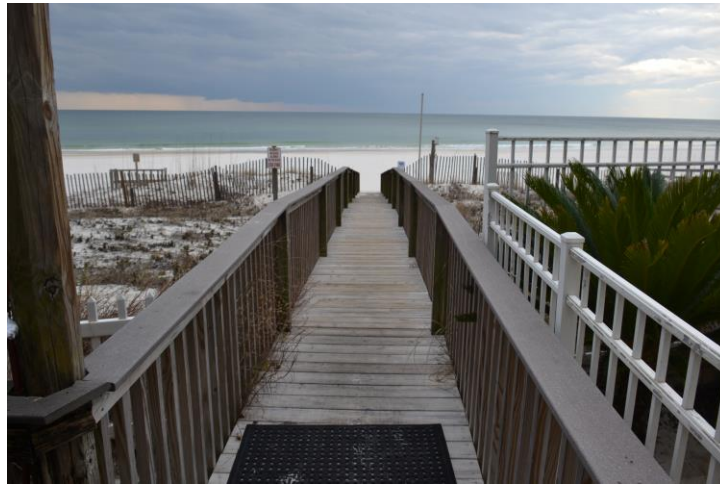
7. **Electrical Distribution Equipment** – The electrical distribution system meets the requirements of the National Electrical Code and no repairs are needed at the time of the inspection. The major concern of electrical switches and breakers in this region is corrosion. This report recommends that a reserve budget be established for rebuilding/cleaning panels that may require rebuilding/cleaning in the future to remove corrosion deposits.
8. **Exterior Lighting** – While the property has sufficient light fixtures to illuminate walkways, parking areas and other pedestrian spaces, there will be maintenance requirements as fixtures need rebuilding and/or conductor wiring needs repair. The report recommends a budget for addressing these needs as they occur.
9. **Pool and Equipment** - The pool was recently installed and is in very good condition. All mechanical systems are of first quality and should be capable of being maintained with normal maintenance. The budget shown should accumulate funds for upkeep of the pool and its related equipment. This fund will also be the source for refinishing the interior of the pool which will be required about every 10 years.



Pool and deck area.

10. Elevator – While the elevator is in relatively good repair a fund needs to be accrued for the system. The spreadsheet presumes that the current system will operate normally. The costs shown are for revising the interior of the cab every ten years, and then replacing the drive years. These funds are in excess of the costs to provide the on-going maintenance agreement with the elevator vendor.

11. Beach Access Structure & Gazebo – The beach access structure is in good condition and has no current problems. A fund for regular repair of the structure should be considered to keep the walk in good repair and safe for use. Also, this fund is to be used for maintenance of the gazebo.



Beach Access

12. Emergency Systems – The standpipes, fire alarm, and emergency electrical systems were found to be in generally good condition. The funds shown are to provide regular, preventive maintenance and to accrue funds for the eventual replacement of the fire alarm system, maintenance to the fire sprinkler controls and replacement of emergency light fixtures.



Fire pump and its accessories were found to be in good condition

- 13. Common Area Doors, Fencing, and other Maintenance Items –** There are numerous doors that are maintained by the Association. The stairwell doors, maintenance areas and similar items also need repair on an on-going basis. The funding shown provides for the repair of these areas as needed. The funds shown provide for on-going maintenance for the steel doors and other high maintenance exterior items.

Summary

On the attached spreadsheet, the report calculates the “maximum reserve” total to be \$1,069,900. This definition of this category is the amount in the account at which point no added contributions need to be made in order to assure the correct continued maintenance for the property. Again, for the purpose of discussion this report presumes there to be no money in any reserve accounts as of January 1, 2018. Cornerstone Facilities Engineering, based on the current status of the Romar Tower Condominium, would recommend an annual contribution to the capital maintenance fund of \$91,800 per year for the next five years to be adequate to fully fund the capital reserves for the building. This amount will provide sufficient funding of all probable work required including recoating (repainting) the building in year 2022. It is important to note that this recommendation is based on two assumptions that are not necessarily true:

- The capital reserve fund has zero dollars in it on January 1, 2018
- That it is the intent of the Owners to avoid special assessments for large projects.

The use of special assessments can obviously reduce the goal for capital repair fund accumulation. In the real world, money is flowing both into and out of accounts, so most Owner Associations never reach their maximum reserve amounts. The purpose of establishing a “snap-shot” such as this report provides is so that Owners can have information from the Board of Directors that states the anticipated level of capital maintenance required to keep the property in sound and usable condition. For the Romar Tower Condominium, based on the current status of the property, Cornerstone Facilities Engineering finds that the forecasts noted herein provides for a capital reserve that will adequately address the needs of the property.

Cornerstone Facilities Engineering finds the Romar Tower Condominium to be a structurally sound property with solid mechanical and electrical systems. There are some items that need to be addressed in the upcoming years, and this report attempts to define those items and estimate a budget for them. It is recommended the Board review the current Capital Reserve and Replacement Fund and compare that to the suggested funding noted on the attached spreadsheet. Remember the spreadsheet prepared by Cornerstone Facilities Engineering does not address items such as furniture or new project work that the Board may wish to consider.

Cornerstone Engineering, Inc. appreciates this opportunity to serve the Owners of the Romar Tower Condominium with this inspection and overview. We would be pleased to answer any questions or investigate any other specific matters the Board desires. As time passes, we would hope to be of service in the specifying and bidding of future, major repairs at your property. Again, we hope the information in this report is of value to the Board in developing a long-term strategy for maintaining the value of the property.