

Special Assessments: Price of Power & Cost of Comfort

Last Spring, a report prepared for the board of directors summarized the structural status of three building elements critical to our safety and/or quality of life. Released to the membership on July 10, 2014, it described the measures taken by our engineer to evaluate our balconies, his conclusion that the “minor spalling” merits annual revisitation and his recommendation to delay a concrete rehabilitation until the association was prepared to paint the building. His pronouncements for the aging cooling tower and fast-decomposing emergency generator were far darker, having advised immediate replacement.

The backup generator enables critical fire safety systems during a power outage, when we are most vulnerable to a flash fire. In powering emergency hallway lighting and an elevator, elderly residents who are unable to navigate the stairs will not be stranded on the upper floors. Providing emergency power to the garage door preserves the means for unit owners with garaged vehicles to optionally depart Regency Tower if the power fails. The importance of our cooling tower is self-evident, since every air conditioner in the building is operationally dependent on its unflagging functionality. As such, the board approved a new generator and cooling tower; authorizing SPEC Engineer John Evans to commence the replacement process on June 25, 2014. Although a structural engineer, Evans consulted with mechanical and electrical engineers who respectively specialize in power management and HVAC.

The Emergency Generator Assessment

On June 26, Evans accompanied Coral Springs Electrical Engineer Carlos A. Estenoz P.E. (of Estenoz Engineering Inc.) on the first in a series of site visits to our generator. No stranger to the association’s engineering footprint, a few years earlier Estenoz performed a comprehensive electrical inspection of Regency Tower in compliance with the County-mandated 40-Year Building Safety Certification. As Estenoz began reconfiguring the generator, fire pump, relevant switchgears and connecting conduit, Evans faced a regulatory dilemma.

As 1970s developer-installed generators along the Galt Mile became candidates for replacement, City Code Officials restricted the new generators to outdoor placements. Relocating our generator to an outdoor site would skyrocket costs – and the financial burden on unit owners. Expenditures for extensive camouflage landscaping to cloak this mechanical eyesore (as required by City code) and a costly noise-dampening envelope (another code requirement) would be topped off with a long, interred channel of expensive copper conduit connecting the remote exterior location to the meter room in the garage.

Investigating the rationale for this noisy, ugly, budget-busting regulatory dogma, Evans learned that Fort Lauderdale Code officials had two reservations about garage generator installs along the Galt Mile. In addition to trepidations about storm surge flooding the below grade garage of a beachfront association, building officials were also concerned about prospective heat buildup in poorly ventilated interior rooms.

To preserve an expansive indoor parking area (Galt Mile garages were originally envisioned to house valet parking), Galt Mile developers spatially shortchanged garage level mechanical rooms (for generators, pool pumps, electrical equipment & meters, fire pumps, etc.). They systematically plunked 5-foot generators into 6-foot x 7-foot closet-like enclosures. While these engines were designed to survive thermal extremes (sustained periods of 100 degrees and higher within minutes of ignition), people are not. When reclassified as unsafe by the evolving

NFPA (National Fire Protection Association) Life Safety Code, the grandfathered exemptions that shielded these enclosures from code violations were forfeit when the generators were replaced.

Fortunately, the Regency Tower generator site differs from those of our neighbors, as the original garage-level generator enclosure was subsequently opened to the large adjacent Maintenance Room. On meeting with code officials, Evans demonstrated that the current indoor location was not only expansive and well-ventilated, but also air conditioned (in 2004, our maintenance guys rehabilitated a discarded air conditioner for use in the Maintenance room).

To dispel regulatory concerns about storm surge, Evans described how chronic flooding that used to plague the garage was cured by the 2003 construction of a lower driveway subsurface drainage system and gravity well (a project which Evans supervised). Years before the flooding issues were permanently corrected, the association had erected a wainscot waterproof protective barrier around the generator (and a similar 4-foot wall in the meter room to protect the association's electrical switchgears & breakers), serendipitously providing a secondary defense against storm surge flooding.

Within 5 weeks, Estenoz modeled a new emergency power system around an engine manufactured by Generac Power Systems and based on the regulatory concessions negotiated by Evans. By increasing the size of the new generator from 115 kW to 150 kW, Estenoz eliminated the need for an expensive soft starter on the fire pump, explaining ***"I prefer to keep the system simpler and put the money into a little larger generator than complicating the fire pump controller with reduce voltage or a soft starter."*** On August 12, Estenoz submitted his completed project drawings and technical specifications of the Generac generator to Evans, who compiled the documentation into bid packages on August 14.

On August 19, the bid packages were sent to four reputable vendors, including American Generator Services (the company that maintains our generator), Fischer Electric (installed our deck lamps and Playa del Sol's emergency generator), Kerney & Associates (a Dania Beach contractor recommended by Evans) and Edd Helms (formerly maintained our HVAC systems - until replaced by a less costly "competitor"). The vendors submitted bids by the September 12 deadline; except for Edd Helms (whose representative later admitted that ***"someone dropped the ball"***).

The bid submitted by Kerney & Associates was \$194,050 and Fischer Electric submitted a proposal for \$149,400. On behalf of American Generator Services (AGS), a contractor they use for new installations called Toro Engineering submitted a bid for \$236,292. Inexplicably, AGS ignored the bid parameters that called for installing the Generac generator and priced a much more expensive model manufactured by Kohler. Since a contract's profitability is often a percentage of the overall project cost, goosing costs with more expensive products is a tactic commonly used to flesh out a contractor's bottom line.

Angered by the AGS self-serving attempt to explode project costs, at a September 25 meeting to discuss the bids, John Evans declared that Generac makes an excellent generator, an opinion shared by Estenoz. Likening Kohler to the ***"Rolls Royce of the generator world,"*** he added that it was ***"clearly unnecessary for our purposes."*** In a bid report he submitted on September 28, Evans explained ***"At a cost difference of \$70,000 it does NOT seem warranted for a piece of equipment that will likely run no more than 55 hours a year!"*** Board members agreed. Our objective is to install an efficient and reliable generator, without unnecessarily increasing the assessment burden.

During the bid review, Evans enumerated additional expenses that the association would have to directly address, including two regulatory costs that hinge on last minute opinions rendered by the Fire Department and Building Services. Since no generator will be available during the changeover, the Building Department may require a “standby” generator to power emergency systems in the event of a power outage - an expense reckoned at \$2,000 a week for about two weeks - totaling \$4000. Secondly, when the fire pump conductor is changed, the fire pump will be down for a few days. During this hiatus, the Fire Department may demand that we implement a “fire watch”. For this task, the Department could either require that we hire a firefighter or assign the responsibility to our security staff. If directed to hire a firefighter, a 5-day watch could cost an additional \$4800.

An elective expense relates to warranty protection. Although the Generac generator is warranted for two years, the company offers an optional 5-year warranty for an additional \$1750. Lastly, engineering costs for design and bid management were \$8,500. Incorporating the \$8,500 for engineering, the \$1750 cost of an extended 5-year warranty, the possible \$4000 rental expense for an interim generator and \$4800 for a firefighter to serve as a “fire watch” will add \$19,050 to an assessment.

Of the two bids received for the specified Generac engine, Fischer’s bid of \$149,400 was roughly 23% less expensive than the Kerney proposal for \$194,050. Given Evans’ conclusion that the proposed services were essentially the same, the board accepted the bid from Fischer Electric. Cushioning the bid price of \$149,400 with a standard 20% contingency totaling \$29,880 increases the project cost to \$179,280. Adding the \$19,050 for engineering, warranty and prospectively mandated regulatory costs brings the total project assessment to \$198,330.

The Cooling Tower Assessment

When asked to commence preparations for replacing the cooling tower on October 1, Evans solicited input from several engineering disciplines. Carlos Estenoz would update the electrical drawings while Evans recruited Parkland-based Mechanical Engineer Richard G. Corbett to integrate the new cooling tower into our HVAC system. Evans would draft wind load specs, design the support stand and mold the team’s “scope of work” into a bid package. On October 6, Evans forwarded the completed plans to Regency Tower for approval.

Prior to creating vendor bid packages, Evans had to investigate several regulatory land mines. If the cooling tower is visible from any public right-of-way, City code requires that an aesthetically acceptable “screen” be erected to mollify a potential “eyesore.” Cooling towers atop several other Galt Mile associations are cloaked by such hurricane-proof privacy walls – including Galt Ocean Club and Playa del Mar. At its current location on the north side of the roof, our cooling tower is visible from a 40-foot stretch of Galt Ocean Drive in front of Playa del Mar. Although we hope to reason with the assigned inspector, code enforcement may opt to drop the hammer. Citing some similar SPEC projects completed in the past decade, Evans priced the job at \$70,000 to \$100,000.

Seeking a less costly alternative, we asked Evans to ascertain the cost of relocating the cooling tower to the center of the roof, which would eliminate line-of-sight visibility from the street. After consulting with the Mechanical Engineer, Evans estimated the cost at \$35,000 to \$40,000, clipping \$60 grand from the contingency.

Evans described a second potential regulatory expense. When the old cooling tower is emptied, City code requires its discharge into a sanitary drain. Unfortunately, we only have a

rooftop storm drain. Admonishing that a Hallandale code officer refused to allow an association to evacuate their cooling tower into a storm drain, Evans devised a solution if faced with the same obstacle. Since the rooftop storm drain descends through the entire building, the discharge can be intercepted in the garage, where it can be piped to a nearby sanitary drain. He postulated the cost of this work-around at \$12,000. Evans also estimated impending project management costs at \$5000. The \$40,000 to relocate the cooling tower, \$12,000 to reroute the effluent to a sanitary drain and \$5000 for construction oversight could inflate the project cost by \$57,000.

Contractors invited to bid on the project included Kerney & Associates, Thermal Concepts (the vendor that installed our current cooling tower) and Smart Air Systems (a Margate contractor also recommended by Evans). Bid packages sent in mid-November were returned by the December 15, 2014 deadline. Kerney & Associates offered to complete the project for \$294,700. The Thermal Concepts bid was \$285,625 and Smart Air Systems submitted a proposal for \$218,836. Upon Evans' confirmation that services provided in the three proposals were substantially similar, the board selected the \$218,836 Smart Air bid – in a heartbeat.

To provide for unanticipated construction problems, the base bid of \$218,836 was padded with a standard 20% contingency cushion of \$43,767, raising the project cost to \$262,603. The \$57,000 for prospective regulatory expenses will bring the total cooling tower assessment to \$319,603.

The Total Assessment: Nosing Around the Block

Adding the \$198,330 cost for the new generator to a \$319,603 expense for the cooling tower yields a total assessment of \$517,933 for both projects. How do these anticipated costs stack up to those of similar projects in neighboring associations? Ironically, with the exception of L'Hermitage I & II and L'Ambiance (built in 1998, 1999 and 2003) other Galt Mile associations have already replaced their original generators (most of them were swapped out prior to the Millennium).

The last association to do so (before us) – Playa del Sol – replaced its emergency generator in 2008. Absent information about their funding strategy, only vendor contracts are available for fiscal comparisons. The \$149,400 Regency Tower contractor proposal is 14% less than the 2008 Playa del Sol vendor contract for \$171,000 (with Fischer Electric). Factoring for inflation, the \$171,000 PDS price tag in 2008 would cost \$187,588 in 2014 (last year), framing the Regency Tower bid cost as almost 26% less. That said, the comparison is also skewed by Playa del Sol's larger owner pool and differences in size and type between our natural gas generator and their diesel engine.

In 2005, Hurricane Wilma eviscerated the Galt Ocean Club cooling tower (along with the entire roof), strewn sections across our balconies and parking deck. According to Galt Ocean Club President Pio Ieraci, they paid \$350,000 for a replacement cooling tower. Since the \$350K was a small part of a much larger assessment (that funded the roof replacement and other storm damage repairs), he was unable to identify the exact amount of the incremental contingency specifically assessed for the cooling tower. Even without the Galt Ocean Club contingency costs, the \$319,603 Regency Tower levy is 11% less than Galt Ocean Club's 2005 cooling tower outlay. With inflation, the 2005 \$350,000 allocation would cost \$423,210 in 2014, technically rendering the Regency Tower assessment 25% less than the Galt Ocean Club burden. Of course, factoring in Galt Ocean Club's unknown contingency expense would appreciably increase this assessment gap.

Vacation Time – Getting Out of Dodge!

The impact of each project on those in residence was discussed during a project update at the Budget Meeting. While the generator project will only affect a few deeded parking spaces adjacent to the maintenance room, the cooling tower replacement will inconvenience everyone in residence during the project. For the week or so it takes to install the new cooling tower, central air conditioning will be unavailable. If you can be elsewhere during this project, by all means - hit the road. To help soften the discomfort for those of us fettered to in-residence responsibilities, we are currently negotiating a per diem rate for unit owners to directly rent spot coolers (portable A/C units) for their favorite rooms. This should stir memories in those who endured the riser project. Since the rental costs will be paid by each unit owner directly to the vendor, it will have no financial impact on the assessment. Thank you for your attention.

Assessment Summary

Emergency Generator Assessment

Type of Expense	Costs	(Sub)Totals
Accepted Bid	\$149,400	
20% Contingency	\$29,880	
Subtotal – Bid Based Expenses		\$179,280
*Engineering	\$8,500	
Extended 5-Year Warranty	\$1,750	
*Interim Generator Rental	\$4,000	
*5-Day Firefighter “Fire Watch”	\$4,800	
Subtotal – Non-Bid Expenses		\$19,050
Total Generator Assessment		\$198,330

Cooling Tower Assessment

Type of Expense	Costs	(Sub)Totals
Accepted Bid	\$218,836	
20% Contingency	\$43,767	
Subtotal – Bid Based Expenses		\$262,603
*Engineering	\$5,000	
*Rooftop Relocation	\$40,000	
*Sanitary Drain Effluent Reroute	\$12,000	
Subtotal – Non-Bid Expenses		\$57,000
Total Cooling Tower Assessment		\$319,603

Total Combined Assessment

Project	Assessment Cost
Emergency Generator	\$198,330
Cooling Tower	\$319,603
Total Combined Assessment	\$517,933

Permit costs/municipal costs or fees are not included

*Estimated and/or subject to municipal requirements