

HAWAII COMMUNITY ASSOCIATIONS

A PUBLICATION OF COMMUNITY ASSOCIATIONS INSTITUTE - HAWAII CHAPTER

Volume 18 Issue 2

April 2004

From Your President

You should receive this newsletter after the end of the annual meeting season. This is a good time to provide some training for new board members.

The ABCs are coming

This is a must for new board members and a refresher for experienced board members. The ABCs are great fun networking. It would be extremely beneficial for committed members and involved homeowners.

The seminar will be at the Honolulu Airport Hotel at 3401 N. Nimitz Hwy on Saturday, June 26th. Registration starts at 8:00 a.m. Parking is free. Lunch is included. Space is limited. Call our office (488-1133) or e-mail us at cahawaii@hawaii.ci.com. A brochure will be mailed shortly.

The seminar on difficult owners has been rescheduled.

We had a family emergency with our lead speaker at the last minute. The seminar is currently being rescheduled for Saturday, July 24th.

Recodification: The recodification of the Condominium Property Act (SB2210, SD2) has been approved by the Senate and is waiting for committee hearings in the House. Thanks go to the many groups of people who supported this bill. The recodification was supported by homeowners, board members, property managers, and the Real Estate Commission. The only negative remarks came

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Are Rising Elevator Costs Getting You Down?

By James B. Hutchinson, President of Pacific Elevator Corp.

The single most important fact that all building owners and managers should know concerning their elevators is that the cost for elevator services is projected to increase dramatically over the next few years. However, there is some good news... You can significantly reduce your building's elevator costs through simple planning and cost restructuring now.

Generally speaking, the average lifespan of an elevator is approximately twenty-five years before major improvements become necessary in order to maintain acceptable levels of performance, reliability and safety. Factors that can vary this benchmark are the elevator's operating environment, usage, equipment type and maintenance level. Hawaii's new construction boom in the 1960's and 70's has resulted in many buildings whose elevators are now near or beyond their intended life, and whose owners are today paying top dollar for elevator maintenance. For these buildings, elevator upgrades are inevitable.

The most practical way to address these upgrades is through *elevator modernization*. Elevator modernization is defined as a comprehensive approach to upgrading your elevator and reducing your ongoing maintenance costs. At a minimum, the scope of work encompasses upgrades to the elevator's control system, traction machine or hydraulic power unit, door operation, ride quality, signal fixtures and cab interior.

Today more than ever, there is a sense of urgency to modernize because elevator maintenance and modernization costs are dramatically on the rise. This is due to the new elevator labor union contract that calls for large incremental wage increases. As a result of these increases, building owners will be forced to pay an estimated 25% more for elevator services in the next five years, and as much as 50% more in ten years. Consequently, building owners who put off their elevator modernizations will end up paying tens of thousands of dollars more than if they make those investments now.

In many cases, capital reserve budgets are not adequately funded to cover the cost of modernization, nor are reserve contributions keeping up with these steep increases in costs. Fortunately, you can still avoid these large cost increases. The answer is *cost restructuring*. Through cost restructuring you can receive the benefits of newly modernized elevators while reducing your monthly elevator maintenance costs. Even if financing is necessary to supplement reserves, the rate of interest will still be considerably less than the future cost increases.

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Are Elevator Costs Getting You Down?

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Now is the time to take advantage of those low interest rates and avoid large elevator cost increases. Modernizing today will save you exponentially in the future. Furthermore, your new elevator is sure to make a positive impression, ultimately increasing the overall value of your property.

About the Author

James B. Hutchinson is president of Pacific Elevator Corp., a company that specializes in providing solutions to the rising costs of elevator services. Pacific Elevator Corp. provides free, no obligation elevator assessments and cost analyses. Phone: 808-395-6695; e-mail: info@pacific-elevator.com; website: www.pacific-elevator.com



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We're not just another elevator company...

We specialize in providing solutions to the rising cost of elevator services. Let us show you how we can reduce your building's elevator costs.

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All the Content that's Fit to Print

Available to members and nonmembers alike, CAI's online Reading Room is an excellent resource for those who govern, manage or reside in community associations. In addition to resources for community association board members, Reading Room documents address building community, finance, insurance and risk management, leadership, maintenance, management, policies and rules, and much more. Visit CAI's Reading Room at: <http://www.caionline.org/excerpts/index.cfm>

Articles: CAI members can check out CAI's Research Library (<http://www.caionline.org/prog/reslib/>) for an extensive collection of articles on community associations.

EXCERPTS FROM PUBLICATIONS:

Board Member Resources

- An Introduction to Community Association Living (full publication in PDF)
- Choosing a Management Company (GAP Report #8)
- The Condominium Concept: A Practical Guide for Officers, Owners and Directors of Florida Condominiums, 8th ed.
- The Role of the Association Secretary (GAP Report #18)

Building Community

- Communications for Community Associations (GAP Report #15)
- Community First!
- Revitalizing Apathetic Communities (GAP #16)

Disaster Management

- Disaster Management for Community Associations (GAP #14)

Environmental Issues

- The Urban Forest Management Handbook : A Guide for Managing Our Urban Forest Lands

Finance

- Assessment Collection: Legal Remedies (GAP Report #5)
- Collecting Assessments: An Operational Guide (GAP #10)
- Property Taxes and Homeowner Associations (GAP Report #6)
- Reserve Funding & Reserve Investment Strategies, 6th Ed. (GAP Report #24)

Finding Professionals

- Bid Specifications & Contract Preparation (GAP #9)
- Selecting the Landscape Maintenance Contractor (GAP #12)

Homeowner Resources

- Research Foundation Best Practices Reports
- The Homebuyer and the Community Association

Insurance and Risk Management

- Community Association Insurance: A Guide for Condominiums, Cooperatives, and Planned Communities (GAP #4)
- Community Association Risk Management, GAP 25
- Insurance Glossary of Terms (MS Word, 86 KB)

Leadership

- Decision Making in Communities: Why Groups of Smart People Sometimes Make Bad Decisions

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