

# apm NEWS

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## **TIME TO RETHINK OUR HURRICANE PREPAREDNESS**

**By John R. Math, LCAM**

In the wake of Hurricane Charley, Frances and Ivan, we need to rethink our preparedness for hurricane and other major emergencies. Associations, local governments, management companies, subcontractors, suppliers and other professionals related to community associations, need to realize that whatever plans that we had in place for emergencies was inadequate. This is especially true for multiple storms and/or slow-moving storms that cause destruction in large areas that will overload the resources of the public and private sectors in terms of preparedness and post-storm clean-up.

Within days of the passing of Hurricane Frances, we saw many associations that sustained roof, structural, common area and landscape damages. For the most part, associations were not prepared for damages and most are not

prepared for the resultant costs that now accompany the post-storm clean-up.

Due to the lack of budgeting for emergency funds and storm clean-up funds, many associations will now have to resort to emergency special assessments, deplete any savings that may be on hand or borrow from banks to help accomplish the clean-up and repairs.

If the damage to your association was covered under your Windstorm Policy, most associations do not have the funds and/or made provisions to have the funds to make up the Windstorm Deductible. These funds will also have to be made up in some fashion that was not budgeted.

Recently, the National Weather Service predicted that we have entered into a period of "Above Normal Hurricane Activity." If this is true, and it seems to be, we need to begin

to make preparations and provisions for this future heightened activity in terms of planning and budgeting. In most cases, this will require increases in future maintenance assessments and reserve funding.

It may make sense to hire structural engineers to evaluate and survey your buildings and common elements and make recommendations concerning their ability to withstand various strength hurricanes. Are there items and elements that can be changed, altered or retrofitted to strengthen your building and structures? Have the engineer recommend and evaluate these items and then act upon them, as they may help to lessen any future damages and expenses.

To begin preparing, we need to educate our Membership on the realistic costs on the planning for, actual preparation of a storm and then for the cost

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of the post-storm clean-up. Begin including in your operating budgets or your reserves for the following items:

- Pre storm labor
  - Pre storm tree trimming
  - Post storm labor
  - Post storm tree trimming & tree damage removal
  - Storm repairs
  - Repair and replacement items not covered under the "deductible"
- If the above is not included in the Operating Budget, then establishing Reserves for these items.

We recommend that associations have reserves for these items. After the reserve is in place, if we have a season without a hurricane, the reserve would not have to be funded until they were used. Whereas, if these items are included in the operating portion of the budget, they need to be included year after year. What happens if the funds are not expended? Will this create a surplus that needs to be returned to the owners? By this method, you have defeated the purpose of saving for an emergency and having the funds available immediately.

After Hurricane Frances many associations have been unable to get contractors to respond to their needs quickly. Should an association have emergency equipment, chain saws available and supplies on hand to protect their residents and

common elements, etc.? Prior to the hurricane season, should the association have contractors "on staff" or "on retainer" in order to ensure that they will show up and respond quickly in the preparation of a storm and in the aftermath of a hurricane? This list of contractors would include roofers, electricians, plumbers, landscapers, tree trimmers, HVAC, irrigation and labor. Other contractors might include screen, railing and gutter contractors, pool, glass, sign, awning companies, elevator, generator and pump contractors. When hiring or considering a contractor or professional consultant for your association, it might be wise to inquire about their emergency preparedness plans. Do these contractors have the resources and labor to handle a situation like Frances? If they will not be able to respond to or be available prior to a storm, or after the storm how can help you're your association? At least choose the contractor that also has a plan in place to respond to your needs.

Finally, if associations are unable to or are unwilling to budget for these expenses, then at least set up a Line-Of-Credit with your bank, that could be used in case of an emergency. In this way you can respond quickly to an emergency without having a special assessment that is not only time consuming, but at that point-in-time, difficult for many to fund. Have credit cards for Home Depot or Lowes available for supplies

and materials for immediate repairs. Have accounts set up with labor companies, whereby you can call for day labor and pay later. Prepare for the worst and hope for the best. But overall, be prepared as well as possible.

We need to begin to prepare, plan and save for emergencies, especially for future heightened hurricane activity or be prepared to suffer the consequences and costs of being complacent. We all know now what we have to do in the future, it is the right thing to do in order to secure our homes, protect our investments and our way of life without too many disruptions.

***REMINDERS!***

1. Financial reporting requirements must be waived by Chapter 718 and 719 association members prior to January 2005.
2. Check with your CPA as there are new financial reporting requirements now for Chapter 720 Clients. This will cost your association.
3. Any waiver of reserves for Chapter 718 and 719 association members must be voted on and waived prior to the beginning of the new fiscal year.
4. If the documents so require, the amount of Directors for the coming year must be determined according to the by-laws prior to the first notice of meeting.
5. Any proposed amendments must be drafted, reviewed and proposed by the Board of Directors, prior to the members meeting or annual meeting.

## HURRICANE DISASTER PREPAREDNESS FOR COMMUNITY ASSOCIATIONS

(This Article Reprinted from Summer 1999 APM News)

Is your association prepared for the hurricane season? Will the residents be safe? Are association assets protected? Is there a disaster plan in place? If you said no to any of these questions, then this article will help assist your Board of Directors in preparing an emergency plan for your association and its residents.

To this end, the association's leaders should appoint a committee to help prepare an emergency plan. This committee will identify what hazards are involved for the community, what the emergency needs of the association are and devise an association disaster plan and a post-disaster recovery plan.

Planning for a disaster in hurricane prone South Florida is a smart move for any Board of Directors, as the association exists in order to operate for the health, safety, comfort and welfare of its residents.

### HAZARD ANALYSIS

Hazards for each association will vary from location to location. Wind and tidal surges will affect communities located near low-lying coastal areas. Communities located inland may be affected by wind and flooding caused by heavy rains. The committee needs to identify potential hazards, their probability of occurring, and the association's vulnerability to the hazard. Identification of potential obstacles for site evacuation should also be made. The committee should also determine (through experts, such as structural engineers, contractors and insurance experts) what the impact is on any structures, that exist in the association, and whether or not they would withstand the impact of a hurricane.

Some disaster experts believe that planning and implementation of a preparedness program should be based on historical hazards.

***PLEASE NOTE: The absence of recent hurricane activity in South Florida is not a predictor of future hurricane activity. Therefore, it is wise for the association to plan for, educate their residents and implement a hurricane preparedness program every year!***

This analysis would also entail setting work schedules, planning deadlines, and setting timelines for completion of tasks.

### EMERGENCY NEEDS

After identifying potential hazards, what their impact could be on the association's residents and any special problems that this could cause to the association, the committee then is able to begin preparing a preparedness and response document. Types of questions that need to be answered are: Will the association residents need to be evacuated? Will the association property be used as a shelter? Are there any residents who will need special assistance due to age or health problems? Are evacuation routes easily flooded? Where is the nearest public shelter to the association and are the residents aware of this? What would be the effect of a power outage on evacuation and communications? Is there emergency power available to the residents? Overall, the questions and answers to your emergency needs will let you know what to expect, indicate what preventative measures should be taken, create an awareness and identify what type of help the association may need.

### ASSOCIATION DISASTER PLAN

The individuals who will be involved in the hurricane emergency are also the ones involved in the planning for that response. A committee to help in the planning might be the following: Board Members, Block Captains, Floor Representatives, Local Emergency Management Officials, Fire/Rescue, Insurance Agent, Law Enforcement Officials, Utility Officials, Management Representative and Health Department Representatives.

The committee will then decide the appropriate plan based on their findings and the disaster needs of the association.

The committee should develop and always be in possession of an up-to-date Resource List, which would include a telephone roster of management and maintenance personnel, sub-contractors, emergency service providers, Board Members, unit owners/residents. The Resource List would also include association owned supplies, the location and account numbers of all bank accounts, copies of all contracts and copies of insurance policies.

The committee will also develop a hurricane action guide in order for the committee, the association's paid professionals and the residents to follow, and may specify the following: Prior to each hurricane season educating and implementing an awareness program, rehearsing an evacuation plan for the residents, the storage and protection of association assets, disposition of residents' cars/boats, checking emergency power and supplies and monitoring of weather and local emergency news.

***NOTE: This type of guideline and preparedness can also be developed for other potential emergencies such as fires, floods, chemical hazards which can strike an association at any time!***

The committee will then develop a coordination plan, which outlines the responsibilities of each individual or group involved under the different stages of the hurricane emergency. The plan will be based on the association's potential hazards, the overall resources of the association, and the overall attitudes of the association's members. This plan will take the association through the actual hurricane emergency to the post-disaster recovery.

### POST-DISASTER RECOVERY

A rapid recovery following a disaster will be based on the overall pre-disaster planning and on local, state, and federal government resources. The association should plan for as many contingencies as possible and have procedures in place to deal with them, as government relief organizations may be overwhelmed and ineffective. The following may be a list of disaster recovery issues that should be planned for:

1. Account for all residents, where are they located now? Did they leave and stay elsewhere? Were residents evacuated? Are any residents injured? Do any residents need shelter, medical or other assistance? Overall, all residents should be accounted for to report to local emergency offices. Try to designate one person to handle this task.
2. Are there adequate association reserves for handling emergencies? Funds may be needed to fund the difference between insurance coverage and deductible amounts. 5% to

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20% deductibles are now the norm on windstorm coverage. Are there funds designated to handle other deductibles and gaps in insurance coverage? Get your agent and other people who are experts in this field involved.

**NOTE: It is also wise for unit owners to have their insurance policies reviewed against the association's coverage, as there will be gaps. Owners may want to have loss assessment coverage, water seepage coverage and clauses added to include upgrades.**

Most association documents require that an insurance trustee be named prior to the insurance carrier dispersing funds. This is a third party designated by the association. In order not to cause delays in receiving insurance funds, have this provision satisfied well in advance of any emergency. Does the association have flood insurance, whether it is required or not? In many areas flooding may be the cause of most damage. Have the unit owners been advised that they are able to secure their own individual flood policies to cover interior damage?

Make sure that the association will have access to all units for evaluation and possible repair of the structure and all common elements. Without proper and quick access to units, any insurance settlement may be delayed.

Survey the association property and determine the needs on a priority basis. This may include anything from providing security guards to protect the association property from vandals to possibly evacuating the building for safety and security reasons.

Have all association vendors, sub-contractors and professionals

ready and available prior to the hurricane in order to act as quickly as possible after the fact. Have contingency plans made to help with communications. Cell phones will be used extensively and will probably be up and working before regular phone service. Depending on the extent of the damages, it may be necessary to cancel certain service contracts. Make sure that the contracts can be suspended without cost to the association in case of a disaster.

Have a reconstruction committee in place or a designated person or professional who will oversee the repair or reconstruction of association property. This person should be an expert in bidding, construction and project completion.

Make sure that the full extent of the association's damages and costs are known before entertaining any settlement from the association's insurance carriers prior to proceeding with any repairs or reconstruction.

Overall, always keep your unit owners apprised of the status of your recovery, as this is an extremely stressful time for all.

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**For further Information Call 588-7210**