

INSIDE

FUTURE OF PLUMBING » BILL FROELICH » MANAGER: MALCOLM CHING

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Curb *appeal*

Hawaii condo managers reveal what makes their buildings look good, and what it means for property values

Keala O Wailea at Kihei, Maui



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CHRISTY HINDS

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HAWAIIAN PROPERTIES ANNOUNCES THE PROMOTION OF CHRISTY HINDS TO ASSISTANT VICE PRESIDENT, KONA BRANCH

Christy has 12 years in the association management industry. She has earned her PCAM® (Professional Community Association Manager) designation and is also a licensed Realtor. Christy has managed a varied portfolio of properties including developer accounts, townhome, community associations, traditional condominium associations and commercial complexes. She is highly organized, results oriented, and a problem solver. Prior to entering the association management industry, Christy owned two small businesses that provided her with an extensive background in business management, accounting and human resources.

“Christy’s promotion to Assistant Vice President is well-deserved as Christy plays an integral role in our Kona operations and sets the bar for exemplary customer service standards,” said Kathy Cooley, Vice President of Hawaiian Properties’ Kona office. “Christy is well-respected within the industry and a highly valued member of our Hawaiian Properties team. She will continue to help us expand our portfolio and deliver excellent service to our clients.”

2019 FREE ANNUAL SEMINAR FOR BOARD OF DIRECTORS

Hawaiian Properties held its annual seminar for Board of Directors on August 9 at the Ala Moana Hotel. The seminar included a Legislative Update Forum with John Morris, Ekimoto & Morris, Christian Porter, Porter McGuire Kiakona & Chow, LLP, and Carole Richelieu, Senior Condominium Specialist, Real Estate Branch, Department of Commerce and Consumer Affairs.

Julie Adamen, Adamen, Inc, was the featured guest speaker who provided a dynamic presentation on “The Essential Skills of an Effective Board of Directors.” The event had 22 vendor sponsors situated throughout the room who gave away generous prizes, such as an iPad, Hawaiian Airlines gift certificate, Bluetooth speaker, gift cards and cash, and helped to educate the board members.

The attendees were treated to a delicious buffet lunch and were given a special gift.



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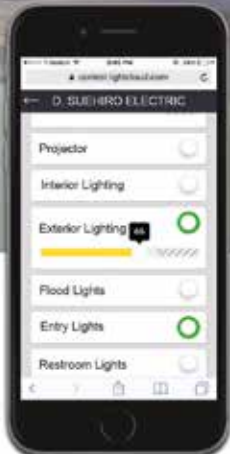


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About the Cover: Keala O Wailea at Kihei, Maui

Developers Rely on Hawaiiana Management Company's Experience, Expertise

Hawaiiana is proud of its long-standing relationships with dozens of top Hawaii developers, who have provided a diverse array of housing to thousands of Hawaii residents over the years. When it comes to developing a building or community, proactive planning and partnership are important at every stage, from concept to inception to completion – and through the inaugural board meeting when the association is turned over to the owners. Hawaiiana welcomes the opportunity to participate in proactive management planning with every developer client. Effective communication, team work and accountability are just a few of our strengths.

Hawaiiana is currently contracted to assist in preparing for condo and community association projects with developers of nearly 40 residential properties, representing over 16,000 units on four Hawaiian islands. As we share our experience and expertise, we are often able to avoid operational inconsistencies or expensive change orders. We understand that developers require a forecasted budget and allocation of maintenance fees

for each owner as part of their condo filing. Our standard developer management agreements include budget preparation with unit allocations.

In addition, Hawaiiana clients find it invaluable to review the association's governing documents while in the drafting phase. As a result, we review condo documents, bylaws and house rules prior to having their attorney finalize them. This often saves time and costly revisions, as the rules and requirements can sometimes conflict with industry best practices.

With local ownership, local operation, and management of over 740 associations throughout Hawaii, Hawaiiana has the unique ability to draw actual budget data from projects of similar scope. This helps developers to better prepare by establishing an accurate expectation of the cost of project operations. In addition, Hawaiiana's team includes management executives with numerous years of experience and expertise in bringing developer projects to fruition.



DR Horton's plans for Ho'opili include community spaces with seven recreation centers, multiple green spaces, playgrounds, pedestrian sidewalks, and even a community garden. The master plan also includes schools, grocery stores, restaurants, and on-site entertainment. At completion, Ho'opili will provide housing to nearly 12,000 Oahu families. Shown is Ha'akea at Ho'opili.



Kamalani in South Maui by A&B Properties (left) will include three neighborhoods encompassing over 600 homes plus parks, bike paths and open spaces. The first neighborhood, comprised of 170 multi-family homes is complete and sold out. Hawaii City Plaza (right) by developer Hawaii City Plaza LP, will be conveniently located close to Ala Moana Shopping Center. 184 condo units will be constructed, and will include both market rate units for sale, and affordable rental units with hotel quality amenities.

Hawaiiana's New Development Clients:

803 Waimanu
929 Pumehana
A`ali`i
Ainamalu HOA
Aloha Pacific Center
Haiku Town Acres
Hale Nanea
Hapuna Beach Residences
Hapuna Estates at Mauna Kea (Parcel E)
Hauiki Ranch
Hawaii City Plaza
Highway Makai at Kahuku Village
Ho`opili
Kahala Loa
Kahoma Village
Kahuku Village at Makahoa Point
Kahuku Villas

Kamalani AOOU
Kamaole Grand
Kapolei Condo I
Kapolei Condo II
Kapolei Promenade
Koheha Loa HOA
Ko`ula
Makai Vistas at Waikoloa
Makali`i at Wailea
Makena Sunset
Nawiliwili Estates
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"We're all new to TownSq, but we immediately discovered the value of this life-saving communication tool during the severe weather from Hurricane Lane and Tropical Storm Olivia. While we were fortunate to have avoided the brunt of the storms, our very real preparation and reporting processes were more efficient and effective thanks to TownSq. Not only was our Associa manager able to post useful storm preparation steps and procedures, but she also armed us with useful links and phone numbers in the event of damage from the storms. Equally impressive is the phone application - if the power was down, we could still pass updates to each other through the phone app. Associa, the board, and all the residents were able to quickly account for each other and our property, as well as provide live updates about the loss of the community cable services and the cable provider's repair progress.

TownSq formalized the communication process so that all the information we needed was in one location and was current with the latest information and updates. A big thanks to Associa and Marin for bringing TownSq to our community and empowering us to tackle any adversities that come our way."



***- WILLIAM GUM, BOARD PRESIDENT
WAIKALUA BAYSIDE***



FOR MORE INFORMATION ON ASSOCIA HAWAII'S AWARD-WINNING SERVICES CONTACT

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Pauli Wong, PCAM®, RS®
President, Associa Hawai'i



Mahalo to our loyal clients on Oahu, Maui, Big Island, Kauai, Lanai and Molokai for believing in Associa Hawai'i.

Thanks to our winning team of 200 employees, during 2019 we have welcomed 29 New Client Associations and celebrated the blessing of the new Kalama Kai Condominium!



KALAMA KAI CONDOMINIUM PROJECT BLESSING



From L to R are Malia Josue-Associa Hawaii Community Manager, Kahu Kimokeo Kapahulehua-Founder of Kimokeo Foundation, Lisa Cano-Associa VP of Maui Operations and Robert Armstrong-President of Armstrong Companies/CEO Armstrong Builders, LLC

Associa Hawaii congratulates the new owners and Developer Armstrong Builders on the blessing of the beautiful Kalama Kai Condominium located in the heart of Kihei, Maui. Associa Hawaii is proud to serve as the condominium managing agent.

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No Amenities? No Problem

Malcolm Ching uses a graphic design background to make Waikele look its best, and partners with police to make it safe for residents and visitors alike

BY DON CHAPMAN

Property management wasn't on Malcolm Ching's mind when he graduated Pearl City High in 1981. It wasn't on his mind while studying for two years to be a P.E. teacher, or for two more years studying graphic design, or 11 more years working as a graphic designer for an engineering company. And it wasn't on his mind when, after a downturn in the local construction industry, he found himself unemployed.

"I applied for anything, from butcher to zookeeper," Ching says.

One of those random job openings was for an administrative assistant at the Waikele Community Association (WCA).

"They called me for an interview, and two positions had come open—the covenant specialist had quit the same week," he recalls. "They said I was better qualified to be covenant specialist because I had my real estate license and could read blueprints from having worked for an engineering firm. Kind of funny, they asked me, 'What does a graphic designer bring to a community association?' I said, 'Well, I spent the last 11 years taking things from nothing and making them look better, so I can come into this community and see what doesn't look nice visually and make it look better.' And they bought it!"

Malcolm Ching

TITLE: General Manager, Waikele Community Association. My bosses are the board of directors.

YEARS IN PROPERTY MANAGEMENT:

December will make 22 years, all here. I did covenants for two and a half years. It's not the easiest job because you're like a sheriff in the community, giving citations. But one of my hidden talents I didn't know I had, I'm a people person and like to resolve things. So I worked with people and enjoyed it. After two years, the general manager quit, and the other two girls in the office were military and would be moving. The board told me, "Malcolm, you're the only Hawaii-born-and-raised person here, we don't think you're going to leave the island,

so you should apply for the job." And they took a chance on me.

Q: That's a huge job for a guy with only a couple of years' experience.

I was lucky, I worked with Phyllis Kacher a lot. She was with Amfac, which developed Waikele, and was the first board president for Waikele. I owe her a lot. And we have a great board overall.

Q: Waikele is rather unique in that it's really several associations.

Yes, we have 12 sub-associations—nine single-family—a total of 2,937 homes. Each association has its own board, its own property management company.

Q: What's the population of all those associations?

Close to 9,000 people.

Q: What are you responsible for?

WCA is the mother association—we oversee the common areas. We have miles and miles of common areas, landscaping, miles of irrigation systems. We spend close to \$40,000 a month on landscaping. We're a big-volume water user, but most of our irrigation clocks are computer-controlled so we manage our water very well. The sub-associations lean on us for guidance. But if there's a violation that we can see from the street, from our area of jurisdiction, we can cite the homeowner directly. But we try to work with the property manager to do their job.

Q: So you're still in the covenants business?

Citations are a last resort. People should be treated like people. I have this philosophy, "education before enforcement." Meaning we spend a little more time talking with people and educating them, rather than just citing them. And then help them bring it into compliance. We have a 95 percent compliance rate.

Some people are just not meant for planned-community living. We've lost the art of being a good neighbor. You can't call in the association all the time to resolve your problems. Sometimes it might take a loaf of banana bread, where you go over to the neighbor, "Hey, Joe, your tree is overgrowing my yard, would it be OK if I trimmed the branches?" Just talk, be neighborly. That's why I tell people, a loaf of banana bread goes a lot further than a letter from the association.

Q: Any planned projects?

We just started a painting campaign where we want to get 85 percent of the homes repainted with a new color scheme within the next two to three years.



The Waikele Community Association spends nearly \$40,000 a month on landscaping to keep things looking green and good

Q: This is such a big development, what can you do to help create a sense of community?

We have two major events, the Waikele Easter Egg Hunt at Waikele Elementary School right next door. It brings in up to 1,000 homeowners, and we scatter 5,000 eggs on the field. And then for Winter Wonderland in December, we bring in 10 tons of fresh snow kids can play in. Waikele Elementary principal Sheldon Oshio is fantastic to work with.

Q: How do you create safety?

I have six police officers who work for me. Three are active with HPD, three are retired—the Community Safety Team. They don't use their police powers, but because of their years in law enforcement, they drive through our community and address whatever needs to be addressed—abandoned vehicles, drug dealing, homelessness, graffiti, abandoned shopping carts, anything like that.

And I have a very good relationship with HPD. I let them park in my parking lot (to do paperwork), they can use our restrooms, we offer them water. So if there is a 911 call and they're here in my parking lot, they can respond in my community within 30 seconds, versus if they're coming from the Pearl City station it would take them seven minutes at least.

We also have a strong volunteer team. Volunteers are the heart and soul of a community. We introduced TAG, Taking Action Against Graffiti. There were murals some people were afraid to paint over—they worried about gang retaliation. But we went out with about five people and a bucket of donated paint, and painted over graffiti. It was a battle, back and forth, but eventually we won. So we made a bigger team, combined the beautification team and the graffiti team. They wear bright green shirts with a wave in the back. WAVE stands for Waikele Association Volunteer Efforts. We go out and look at different parts of the community that need some tender, loving care.

Q: How would you describe Waikele's amenities?

We don't have a rec center, and our two parks are City and County, same as the pool. But people want to live in a community where they feel safe, they can walk and jog, and it's a beautiful place with award-winning landscaping. We've had the same landscaper, Fred Lau Hawaiian Landscaping, since 1998.

Q: Are you involved in the shopping center or golf course?

No, those are separate entities. But because we're all neighbors, I work closely with them. If they need something, I assist them. If I need something, they assist me.

And I need to have good relationships with all the general managers, all the partners, all the community leaders, including our state representative and our city council member. Our roadways are City and County, we don't have

Continued on Page 15



Why Good Managers Matter

It's all about the quality of life for owners and tenants

I've mentioned this to friends and associates, and it often brings a double-take.

"Really?"

Sometimes it's "Really?!"

So it deserves sharing with readers of *Building Management Hawaii*.

In the 40 years I've been doing journalism in Hawaii, and five on the Mainland before that, editing *BMH* is the most significant work I've ever done.

The reason is simple, really.

Few individuals, and few professions, have as much influence on the day-to-day quality of life of so many people as do building managers.

Whether you oversee a commercial property, where people spend eight to 10 often-stressful hours or more a day, or a residential property, where people come home to eat, sleep, revive and live, the work you do will have an impact on hundreds, more likely thousands, of people.

Every single day.

With lingering effects.

No pressure, right?

That's why the work we do at *BMH* matters. Our job is foremost to make your job easier and more productive by being a contributor to your continuing education in building management, and to the quality of life for people in your building and the investment of the owners.

Not that the stories I previously covered were unimportant.

The daily column I wrote for the old

Honolulu Advertiser for 13 years, so I've been told, was often the first thing to greet thousands of folks in the morning, whether over a cup of joe or a porcelain bowl. Talk about a responsibility: Get all those days off to a newsy and witty start.

to be a partner in helping you become more skillful in serving those who enter your building, and those who pay the bills.

We think we're on the right path—response to *BMH* since we went to

In the 40 years I've been doing journalism in Hawaii, and five on the Mainland before that, editing BMH is the most significant work I've ever done.

As editor of *MidWeek* for 22 years, there were a number of reasons we grew it to become the best-read publication in Hawaii since WWII, with a recipe that included giving readers positive and useful information that was edifying and entertaining in equal measure, while covering timely topics in an independent way.

I hope you'll recognize those same principles in *BMH* as well.

But this is different.

This is you and your building and its owners and inhabitants.

In a narrower sense, this is also your career. As Honolulu condo towers rise higher and grow more plentiful, so do the opportunities for skillful managers.

Our goal at *BMH* is

monthly publication at the start of the year has been gratifying.

But we also want this to be your magazine, and always appreciate hearing from you with your thoughts and suggestions, as well as participating in our polls of building managers.

The work you do is important, and that's what makes our work important.

By the way, this month marks three years of my association with *BMH*, and in that time I've noticed a similarity between building management and journalism: No two days are alike, so you'd better be ready for anything when you roll out of bed in the morning.

don@tradepublishing.com





From Page 13

any private roads. I need to have good relationships with the city and the state. That's why when you drive through our community, you don't see any potholes.

We have a volunteer appreciation dinner every year and the shopping center gives us \$1,000 in gift cards. Why? Because if the front of Waikēle looks like a ghetto, that's going to affect business. If your visitors are getting robbed, that's not good for business. We keep the area safe and clean, and that adds to their business.

Q: Most important thing to know about your job?

We're not just in property management, we're in people management. If you cannot manage people, you will fail in property management. You need good communication, and not just knowing how to talk. Communication to me is the art of listening. If you can't

The Waikēle Community Association hosts an annual Winter Wonderland with snow for kids to play in



"We're not just in property management, we're in people management. If you cannot manage people, you will fail in property management."

listen to people and listen to their concerns, you can't solve them.

Q: So what do you do to relax?

I served 14 years in the Hawaii Civil Air Patrol, with the chaplain corps, retired as lieutenant colonel. These days I play bass guitar with Jensen and the Hurricanes, five guys, we play at Big City Diner Waipio every Monday, 6 to 8. ♦

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KAANAPALI ROYAL

BMH Asks Building Managers: What Gives Your Building Curb Appeal?

BY DON CHAPMAN

It's hard to define precisely, but we all recognize "curb appeal" when we see it. For this edition of BMH Asks, our definition is broad: Curb appeal is usually seen in common areas, and goes beyond just the curb to include anything from lighting to landscaping, new lobby design to upgraded pool deck, upgraded elevators to new paint, and much more—as our survey of Hawaii building managers shows.

Kaanapali Royal – Lahaina, Maui

General Manager: Will Chaney

» **List up to three things that give your property its curb appeal:** Our overall greenery (shrubs and trees). The front entrance to our property. Our cleanliness.

» **Any recent or planned upgrades to common areas that could improve curb appeal?** Pool remodel, new shower tower after 30 years, new BBQ grills installed, remodeling both pool bathrooms after 39 years.

» **If projects have been completed, how have residents responded?** Unfortunately, the last two managers over the last 20 years didn't really do anything to the property, other than daily upkeep. I've been in this position

for nine months now, and finally getting this property up to spec, and all the owners are enjoying the fact that they now have someone who cares about their property and the safety of the property, along with the owners and guests.

» **How has your building's curb appeal affected the value for unit owners?**

We now have no units for sale on our property! It's been over 20 years since that happened, and the BOD and the owners are ecstatic about this! We have 105 units.

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Have a fantastic crew/team! Without our amazing employees, we wouldn't be able to accomplish what we do on a daily basis. They are the rock of Kaanapali Royal, and all the owners know this.

The Park at Pearlridge

General Manager: Valorie Lambert



Valorie Lambert

» **List up to three things that give your property its curb appeal:** Groomed landscape, tidy appearance, no trash.

» **Any recent or planned upgrades to common areas?**

Asphalt sealing and repairs, re-carpeting of hallway/walkways.

» **How have residents responded to the changes?** Residents are very complimentary and grateful that the property is being maintained.

» **How has your building's curb appeal affected the value for unit owners?** Our units are in high demand, due to location by Pearl Harbor and the park-like atmosphere.

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Stay on top of repairs and maintenance.

Makana Kai – Kailua-Kona, Big Island

Manager: Karin Villaverde



Karin Villaverde

» **List up to three things that give your property its curb appeal:**

Trimmed, neat landscaping, with trees at their best and grasses cut with definitive edging. Similar plant-

ings throughout the complex bring continuity of color, height, etc. Clean, bright fencing; power washing goes a long way with keeping vinyl fencing looking its best. Personal items at a minimum, such as shoes, tools, coolers and beach items on lanais, courtyards and front door entrances.

» **Any recent or planned upgrades to common areas?** We just did a major tree trimming and the trees are in full glory. We also did an exterior painting—when you do such a large project like that, make sure you have the funds for peripheral sprucing-up as well. The new paint made the fencing look a lot worse than it did prior to painting the complex, so annual power washing of vinyl fencing is out for bid.

» **How have residents responded to the changes?** They love the trees having been trimmed. They get overgrown and spindly looking if not cared for continuously.

» **How has your building's curb appeal affected the value for unit owners?** It absolutely has. Now that we have also painted (almost complete) exteriors, those that have been holding off are listing their units at a higher price than they would have before.

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Healthy landscaping.

Banyan Tree Plaza

Manager: Ron Grimes



Ron Grimes

» **List up to three things that give your property its curb appeal:**

The Banyan Tree Plaza has immediate exterior curb appeal, provided by the building's interesting archi-

tecture and expansive landscaped areas, specifically our beautiful 80-foot banyan tree.



BANYAN TREE PLAZA

» **Any recent or planned upgrades to common areas?** The Banyan Tree Plaza hired design firm Philpotts and Associates to assist with choosing materials to replace common area hallway flooring, all signage and remodeling the party room. These recently completed projects updated and improved the building's aesthetics. Philpotts and Associates, along with Wiss, Janney, Elstner Associates Inc., are also assisting us with this year's pool remodeling project. It will include upgrades to the pool's interior and exterior, deck flooring, showers and surrounding glass windscreen.

» **How have residents responded to the changes?** Our residents have gone out of their way to let us know how much they appreciate the completed projects, and that the design and materials were thoughtfully chosen to complement the building.

» **How has your building's curb**

appeal affected the value for unit owners? Many of our improvements have been relatively recent, so it's difficult to determine the true increase in equity. But like any house with completed upgrades and improvements, enhanced curb appeal greatly increases the value in both owner satisfaction and home equity. Some of the building's common area upgrades and improvements should pay for themselves through the increased value for individual units.

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Besides staying on top of the building's spalling, painting, landscaping and cleaning, I recommend hiring a designer to assist the board with future upgrades. A professional designer can help the building keep a fresh look and can recommend materials to stay within the building's budget.

Mililani Parkway

Manager: Ryan J. Downey

» **List up to three things that give your property its curb appeal:** The trees and vegetation, public park location, because it makes the property look beautiful near and far.

» **Any recent or planned upgrades to common areas?** Painting, and adding different varieties of plant life.

» **If projects have been completed, how have residents responded?** So far my residents have been pleased with the several changes and transformations our property has undergone.

» **How has your building's curb appeal affected the value for unit owners?** This being Mililani, prices are above average based on location and the school district alone.

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Painting and landscaping.

Terrace Towers

Resident Manager: Soane Lino



Soane Lino

» **List up to three things that give your property its curb appeal:**

Painting—this is my second painting and spall repair project in Honolulu since I changed my profession from accounting in the last 10 years. We do this because it was overdue. Our aging building needs good maintenance, and it creates employment opportunities for others. We did a different color for a change.

» **Any recent or planned upgrades to common areas?** We plan to change the lights in the common areas to LED lights to produce brighter light while using less energy.

» **How have residents responded to the changes?** Our painting project is still ongoing by Color Dynamics and the residents are happy. Some of them are planning to renovate their apartment and increase the rent, and some plan to list their apartment in the market for sale.

» **How has your building's curb appeal affected the value for unit owners?** It increases the value of our property.



KEALA O WAILEA

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Love your job and update the maintenance of the building and keep it clean. Respect everyone and make them happy.

Keala O Wailea - Kihei, Maui

Manager: Joshua Gordon



Joshua Gordon

» **List up to three things that give your property its curb appeal:**

Our property is well lighted, which keeps us safe when walking at night. Beautiful, well-maintained plants, many of which are native to our ecosystem, contribute to a calming atmosphere. Structures are earth tones, which exude a sense of belonging to the surrounding nature, rather

than sticking out.

» **Any recent or planned upgrades to common areas that could improve curb appeal?** Bike, kayak and surfboard storage area, which will give us a nice, organized look.

» **How have residents responded to the changes?** Owners have responded great. I am blessed to be a part of this community.

» **How has your building's curb appeal affected the value for unit owners?** Curb appeal greatly affects value for unit owners.

» **What's the simplest thing a manager can do to increase a building's overall appeal?** Anticipate, plan for and discuss potential issues before they arise. Either the issue will never exist or, at the very least, you will have a plan ready to be executed. A good method of utilizing foresight is to communicate with owners, vendors and maintenance staff to outline expectations and realistic solutions before a project begins. ♦

5 Tips to Enhance Condo Curb Appeal

How can you make that condo stand out from others on the block? Here are a few simple tips for making your condominium look its best when selling.

1. Make the front door shine. Keep it simple, clean and attractive.

If the front door is exposed to the outside, remove knickknacks such as wind chimes and gnomes, and add a healthy potted plant. And don't forget a fresh, clean welcome mat.

2. Get buy-in from the neighbors.

A friendly smile from a neighbor can be just what a buyer needs to make an offer.

3. Show off hidden treasures. If the front of the building is blah, then highlight a different area as your main property photo. For example, focus on the back of the building to show off attractive amenities such as a pool, barbecue area or garden.

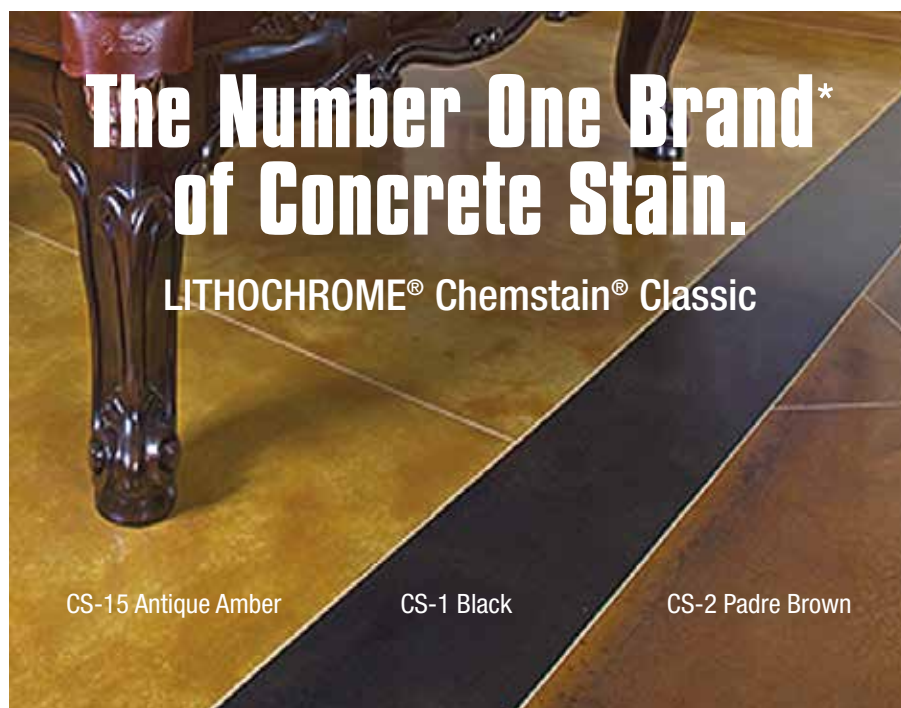
4. Tidy up the mail. In multi-family buildings, make sure there is no clutter in the hallways and that they are clean. Making sure your unit is neat and organized on the inside is just as important as the common areas outside.

5. Team up with the HOA. When there are multiple units for sale in the same building or complex, why not work together to make sure the building is looking its best? Attending a condo association meeting to discuss simple improvements such as sprucing up the landscaping, planting flowers or adding flattering external lighting in addition to the routine maintenance items is a good way to get involved with the governance of your community and to help put your best foot forward when selling.

Source: Condo4Sale.com



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The New 'Darling' of Hawaii Real Estate

Bill Froelich of Colliers says the rise of e-commerce is helping drive the shortage of industrial space locally and nationally

BY DON CHAPMAN

How, to quote Bill Froelich, did industrial real estate become the “darling” of Hawaii commercial real estate?

“There’s been a shift over the past 10 years or so, whereas it used to be multifamily, before that retail,” says Froelich, Colliers International Hawaii’s industrial real estate manager.



Bill Froelich

The industrial category includes warehouses, for which there has never been a greater need, locally and nationally.

Put it this way:

With a population of about one million, Oahu has about 40 million square feet of industrial space with a vacancy rate of just 2 percent. “On a nationwide basis, the average industrial real estate vacancy rate is around 7 percent, so having a 2 percent vacancy rate is pretty crazy.”

So what’s driving the trend?

“Hawaii has always had a statistical shortage of industrial space,” Froelich says. “A booming contracting and tourism sector and shifting e-commerce preferences all put pressure on our short industrial supply. Everybody needs a place to store that stuff going to our 10 million visitors, our contractors and our residents between the time of click-to-order and received.

“And as this stuff moves around the country, it has to be stored and moved closer to clients. The old Hilo Hattie building on Nimitz is going to become a FedEx ‘last-mile’ distribution center—trying to get your packages as close to downtown as possible, so they can get it to you as quickly as possible. And Amazon is flying one 747 cargo plane here every single day.”



Thomas Sorensen's huge, new warehouse will barely put a dent in Oahu's industrial real estate shortage

Even with Thomas Sorensen of INspiration currently building one of Hawaii’s biggest warehouses at Campbell Industrial Park (226,530 square feet, 42 loading docks, 40-foot ceiling, on 10 acres with 200 parking stalls), that barely puts a dent in the need for warehouse space. (Froelich is handling leasing for Sorensen.)

Froelich tells a story to illustrate what the warehouse shortage means in real time:

“One of our clients built a 140,000-square-foot building last year in Mililani Tech Park. They were going to occupy a large portion for themselves and lease out a portion. Construction was almost complete when Target came in and said we want this whole thing, all 140,000 square feet. Our client initially declined—they’d built it for one of their companies. They told Target they could only lease a portion. Target was very persistent, so we offered them a 10-year lease with a rate we thought might make them go away, but they said, ‘OK, where do we sign?’ It was a bit more complicated than that, took a couple of months, but basically they made a deal our client couldn’t refuse.”

It’s a similar story on the Neighbor Islands.

“Kauai has a 1 percent industrial vacancy rate,” Froelich says. “Maui has something around 2 percent. Big Island is also under 2 percent. We’re the brokers for Maui Business Park, which is an Alexander & Baldwin project that is doing very well, a raw land project, all owner-users light industrial park. And then there’s Waiale Business Park, a Goodfellow Brothers’ 20-lot industrial subdivision that recently came to market. The demand is definitely there for raw land. Most of my business is industrial leasing and industrial sales and industrial raw land sales.

“There were periods of my career where there was very little raw land available. Five, six years ago somebody would say, I need an acre, and I’d say, Don’t we all? But over the past five years or so, there has been available industrial land on Maui, Big Island and Oahu.

“For the foreseeable future on Oahu, it looks like there will be projects that are in the pipeline that will satisfy the industrial raw land need. Whether that all gets built is a product of construction

costs and demand. People buy land to use as a base yard, people buy land for different reasons, but investors won't build a warehouse if they can't make the numbers work.

"The only place that narrowly pencils in, in some cases, is in Kapolei because the land prices are so expensive in town, to the tune of four or five times what they are in Kapolei. Industrial land in Kapolei right now is around \$40 per square foot, plus or minus, whereas land in Kalihi would be somewhere between \$160 and \$200. That's over \$8 million an acre."

Despite that, some local businesses are reluctant to move to Kapolei/Kalaheo.

"I get Mainland clients who come in, ask how far it is out to Kapolei," says Froelich. "'Oh, 13-14 miles.' And they're like, 'That's nothing, we're definitely going out there.' And then you get local guys, 'You know how far Kapolei is, right?' Logistically, some clients can't tolerate being in Kapolei because to have trucks and employees sitting on the road in traffic, that just eats away at the bottom line. So the people who need to be in town are, and they pay the price. The people who can operate in Kapolei do.

"I get Mainland clients who come in, ask how far it is out to Kapolei. 'Oh, 13-14 miles.' And they're like, 'That's nothing, we're definitely going out there.'"

"It's much less expensive to buy, not much less expensive to lease. The difference is, in Kapolei you get a newer and better product. But the price is not that much different. If I wanted to lease 20,000 square feet in Kalihi, I might pay a similar rate as in Kapolei; the difference is parking, loading docks, cube heights, building conditions.

"There used to be a rent delta between Kapolei and town, but as our vacancy rate squeezed to 2 percent, that delta is gone. I'm seeing similar prices, just a different product."

Froelich, and the industrial real estate market, have come a long way in a relatively short time.

"When I first started 13 years ago, I was out in Kapolei, and I would drive from driveway to driveway, doing my canvassing, cold-calling," he says. "I figured out that was ineffective, so I got a bicycle and would drive the industrial park on the bike. I got a reputation, 'You're the guy on the bicycle!' I was in my late 20s. I'd park it in front of a business, use the kickstand, I didn't want to throw it on the ground like a kid. By

the time I got in the office people were laughing. You do that enough, people figure out who you are—if he's willing to work this hard, and we see him every day for two years. . . . I put a lot of miles on that bike. Business grew over time in that way."

Predicting the future: "Great legs and momentum for industrial."

Overall, Colliers manages 8.5 million square feet of commercial property in Hawaii—industrial, office and retail. The international company consistently ranks 1-2 in Hawaii commercial real estate.



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Images: Workers performing water damage restoration, including drying and cleaning.

Paying for the Fix

Underfunded condos can turn to a bank for help with needed improvements



Christine McGuire

Like most cities, Honolulu has a number of condominiums that were built in the late 1960s and early '70s. Many of these condominium developments are now deteriorating and in need of maintenance, repairs or replacement of common elements, e.g., balconies, sidewalks, roofs, painting or re-piping (re-piping being a major one).

While most associations do a great job in planning for such expenses, others are finding that they are not financially prepared to fund scheduled repairs, or even handle an emergency should it arise.

Over the past few years, association loans have become a financial solution to get projects completed.

Many condo boards are faced with the difficult decision of how to pay for the fix. This can leave community members with much anxiety over the economic impact of what's to come. Some residents can barely afford the annual increase in their monthly assessment, let alone come up with a substantial lump-sum payment. But the reality is, the repairs and maintenance must be done.

Trying to solve the overdue maintenance crisis in an association can be quite a challenge for all involved. Depending on the scope and severity of the project, the work may need to be addressed sooner rather than later. As residents and boards try to decide how they are going to fund these projects, time goes on without resolution. The results can be detrimental, leading to higher cost for projects, forcing residents into selling their units for less



than market value, thereby decreasing property value for all residents.

Fortunately, there are alternatives that can help restore communities and keep residents in their homes. Over the past few years, association loans have become a financial solution to get projects completed, and for many associations it has been their saving grace. If you are faced with this overwhelming decision, here are tips to help you navigate the process:

1. Start communicating with your association's team of professional advisers. Your property manager, attorney and insurance agent are qualified individuals and can better advise boards and residents with a resolution.

2. Talk with a project manager. Project managers are trained to handle the daunting day-to-day operation of large projects.

3. Consider financing options. Not all associations' needs are the same. Speak with several lenders and ask

about their different lending programs.

Here is what most banks will require from you:

- **A Current Reserve Study.** The reason for a current reserve study is so the bank has an idea what capital expenses/projects the association has coming up in the future. This is important as it is a factor in the cash flow and the liquidity of the association.
- **A Current Year Budget.** This gives the bank an idea how the association forecasts for their operational needs as well as reserve contributions. The budget gives the bank a glimpse of the financial side of the association from a cash flow perspective and expense perspective.
- **Current Month Financials.** These include a balance sheet, income statement and delinquency report with a 30-, 60- and 90-day

Continued on Page 27

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Eric Lecky

The Future of Plumbing

Imagining 'smart' pipes and repair nanobots

Innovation is a curious thing. It happens in fits and starts, leaps and bounds, sometimes evolutionary and sometimes revolutionary. We see it daily, we experience it real-time, in our technology, in our society, in our lives.

In many technical areas, innovation is front and center. In others, it goes almost unnoticed.

Take piping, for instance. The concept of using a tubular vessel to carry water has been around since humans figured out how to make tubular vessels to carry water. From clay to metal to plastic, the material may have evolved, but the very nature of plumbing remains unchanged, to move water from one place to another.

So what are the next innovations that will reshape the future of plumbing? Is there any better way to actually carry water from one place to another? Who knows, but as specialists focused on replacing aged and defective plumbing systems, we certainly see some obvious areas for improvement, and are approached every day by the “next big thing” in the industry.

But what if we aren't thinking outside the box as much as we should, or further enough into the future? What are the real possibilities? Here are some theories for current technologies that will advance plumbing in the next five to 20 years:

Sensors

From flow-monitoring to remote-controlled shut-off valves to water intrusion sensors, these technologies already exist, and it's only a short matter of time before they become commonplace components of every piping system.

Reporting when water is moving too fast, too hot, with too much pressure, or is showing up where it doesn't belong is easily achievable by installing various sensors in and around your piping system that can report such information. As soon as you know a problem exists, the sensors can be programmed to act

Until the future arrives, old pipes will continue to corrode and require replacement



on that information. Water is too hot, automatically cool it down; flowing too fast, reduce the pump rates; leaking, shut it off.

Integrating computer technology and control systems into plumbing for both new construction and retrofits is a relatively easy task, and the costs are coming down every day. We predict it will soon be ubiquitous.

Materials

There is an almost infinite array of plastic composites available to scientists and inventors today. As research continues, advancements will be made and newer, better materials will continue to emerge in the marketplace, providing builders and homeowners with more choices.

From better insulating options (temperature and sound) to improved connections to fittings, new materials will drive some level of innovation within current piping systems, and new piping systems that have yet to be conceived will emerge. Composites are even starting to appear, with metal pipes that are pre-lined with plastic resins at the factory to prevent corrosion, already available in the marketplace.

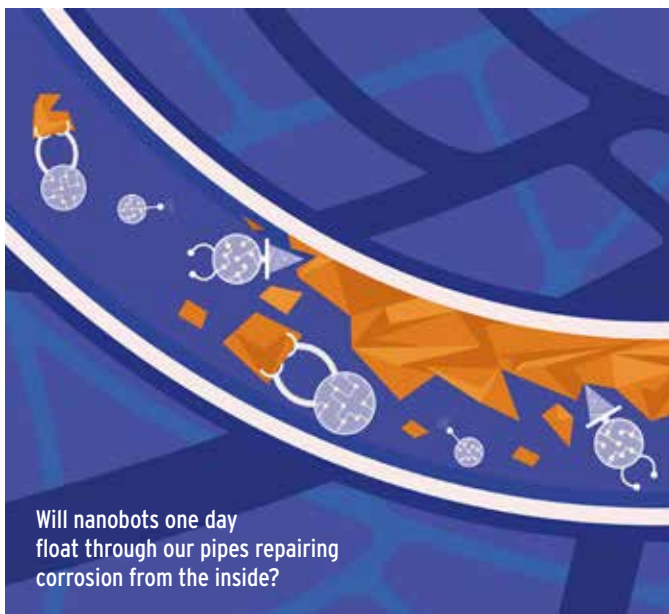
System Design

Environmental considerations are a chief driver in this area, and looking at more energy-efficient and environmentally friendly ways to heat and cool water, and to get it to flow (against gravity) with less energy, will continue to shape and influence how plumbing systems are designed and function.

Advances in centralization, decentralization, thermal conductivity and even material friction will all impact how systems are designed. Is it better to have decentralized systems with shorter pipe runs, or centralized systems with longer runs but more friction resistant surfaces (e.g., hydrophobic coatings)? Research, innovation, advanced modeling techniques and even artificial intelligence will all help answer these and other, far more complex plumbing questions of the future.

But that's all relatively predictable. The harder—and more exciting—question is what happens next? What hypothetical improvements will impact plumbing in 100 years or more?

As biology and technology continue on their march toward what author Ray Kurzweil calls “The Singularity” (singularity),



larity.com), there is no doubt that new concepts in plumbing will emerge. Think “smart” pipes that can sense corrosion and deploy an army of nanobots to perform an autonomous repair from inside the pipe. Or “self-healing” pipes that can adjust their size and wall thickness based on temperature, pressure and velocity to better accommodate changes in behavioral use.

Need bigger, stronger pipes in the morning when everyone in a high-rise apartment building is showering and getting ready for work, but smaller, thinner pipes mid-day when usage is down? Easy. How about adaptive, organic pipes that can literally grow new branches to re-route around clogs? Is it science fiction or could it really happen one day?

Is there an eventual end to piping? Who knows, but probably. Could localized, high-speed “condensators” that quickly pull water out of thin air replace the need for pipes altogether? Maybe? How about rapid biodegrading evaporators that dissolve and consume waste and then gasify directly into the atmosphere, eliminating the need for drains? Science fiction? Probably. Or will we look back, 1,000 years from now, and marvel at the true genius of basic tubular plumbing, still going strong after a millennia of evolutionary changes, simply moving water from one place to another?

Regardless of what plumbing innovations actually happen, there are three things we know are for sure:

- Water is essential to life.
- Waste is bad and harmful if not handled properly (just read about the bubonic plague and plumbing issues during the Dark Ages).
- Until the next big thing comes along, pipes will continue to be used in residential construction, they will continue to age after installation, and when they do get old and start to fail, they will continue to require replacement. Until the future arrives, we all simply have to deal with that reality. ♦

Eric Lecky is the chief marketing officer at SageWater, one of Hawaii’s leading pipe replacement contractors. SageWater has replaced more than 32 million feet of pipe in over 85,000 occupied residential units. Reach him at elecky@sagewater.com.


From Page 22

breakdown. Current financials give the bank the ability to understand the actual financial status of the association versus the budget. The balance sheet shows what the association has in assets and liabilities, mainly liquidity, and any debt the association may have. The aging report is important as this allows the bank to see the rate of past-due homeowners, which directly affects the cash flow of the association.

- **Fiscal Year-End Statements (Two Years).** This data gives the bank the ability to evaluate how the association performed historically in comparison to the current financials, and if there have been any abnormalities in the past.
- **A Percentage Rate of Multiple Unit Owners.** If one owner owns a substantial number of units, they are responsible for that amount of the cash flow. If that owner stops paying their assessment, that would cause a substantial decrease to the association’s cash flow.

You can find a list of lenders through CAI-Hawaii Chapter, IREM-Hawaii Chapter and MRMA (Moiliili Resident Managers Association). ♦

Christine McGuire is a regional account executive in the Community Association Banking Division of Mutual of Omaha. Reach her at 226-5829. (The views and opinions expressed in this article are those of the author and do not necessarily reflect the views of Mutual of Omaha Bank.)



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Steven Lacy

Living in Hawaii is a dream for many people, from couples who have reached retirement to those who have purchased a vacation home. With that dream comes the reality of home ownership, and with home ownership comes the reality of the expense it takes to maintain a home in Hawaii. Whether you manage an office complex or a condo, one thing each structure has in common is plumbing.

Countless repairs are made due to tenants discovering that there was an angle stop or supply line breakage, or leakage while the homeowner was away, causing major damage to the flooring and surrounding areas. Being that Hawaii is a vacation destination and a haven for “snow birds” (those who flock to Hawaii from the Mainland when the snow hits in wintertime), many properties are left unattended for months. An unattended residence is a perfect candidate for unexpected or undetected water damage to occur.

Like our bodies, our automobiles, our

relationships, even airplanes, our homes need routine and *preventative* maintenance. If you wait until it's broken, it's too late. Water shut-off valves need exercising, supply lines need to be inspected and kitchen faucets, toilets, shower heads and tub spouts all need to be run to keep them in good working order.

The bottom line: When routine inspections are conducted, the likelihood of water damage is significantly decreased.

Corrosion on the angle stops, supply lines or any fixture can easily appear due to the salty air and humidity in Hawaii. Corrosion can lead to these items failing, which can cause a water leak, which leads to expensive damage to your home and, in the case of condominiums, your neighbors' homes. A comprehensive plumbing maintenance program will “exercise” your home, identify problematic corrosion

and ward off potential failures that can cause severe damage to the residence.

Did you know that 14,000 homeowners rush to deal with water leak emergencies *every day* in Hawaii, and 37 percent of all homeowners have suffered losses due to water damage? The Environmental Protection Agen-

cy has stated that property damage caused by plumbing failures is one of the leading causes of homeowner loss and is the second-most filed insurance claim in the U.S. The average home loses about 14 percent of treated water from its system due to leaks, which at minimum creates a waste of money and water resources. This can be prevented if a plumbing professional is hired to inspect the home on a routine basis.



Water shut-off valves need exercising, supply lines need to be inspected and kitchen faucets, toilets, shower heads and tub spouts all need to be run to keep them in good working order

Water can damage your home in many ways. For example, a leak in the water heater in the Union County Government Center in Pennsylvania unleashed 2,000 gallons of water in July, affecting about 12,000 square feet of the building. The estimated repair cost totaled \$100,000. All of the damage was caused by a leak in a 30-gallon water heater, smaller than many of the ones found in residences.

But, you may say, I have homeowners insurance. Doesn't that cover water damage?

Yes and no. Water damage is the most common cause of homeowners insurance claims and one of the biggest sources of confusion. Generally, water damage from a broken pipe is covered, but if the broken pipe is a result of normal wear-and-tear and/or "gradual" damage, then the damage may not be covered by insurance. If the damage is not sudden or accidental, but instead is the result of a long-standing or gradual problem that went undetected, you may have a problem in a claim and might have that claim denied.

What is gradual damage? Homes are full of nooks and crannies, pipes and

electrical wiring. Homes are complex structures and can hide what is going on underneath the surface and *inside* the walls, especially gradual damage. Some of the most common examples of gradual damage are plumbing—faucets or pipes leaking over time, causing damage to walls, ceilings or floors. The damage may have suddenly appeared to you, but is actually a result of something that has been happening for a while.

Insurance is meant to cover sudden and accidental damage. By definition, sudden and accidental damage means that whatever has happened should not have been the result of damage over time. You can figure out what an insurance company will and will not cover based on the policy wording. Your insurance agent or broker is the best person to review the exact details of the policy wording with you; however, you will need to review the exclusions of your policy as well and the type of coverage you have to ensure that you are adequately covered.

The bottom line: When routine inspections are conducted, the likelihood of water damage is significantly decreased.

Regular maintenance of the plumbing aspects of the home should absolutely be made to avoid unexpected surprise accidents and the high costs of repairs. If homeowners insurance is involved, that means it was too late, and the repairs are costly.

A plumbing inspection and routine exercising of valves protects your home, your neighbors' homes and your wallet. A six-month inspection and exercising of fixtures and valves on residences that remain empty for months at a time is a huge benefit to the plumbing fixtures and maintains proper function of the home when it is occupied. For full-time occupied homes and vacation rentals, an annual inspection greatly decreases the odds of accidental damage.

If you wait until it breaks, it's too late. ❖

Steven Lacy, president and CEO of Black n White Plumbing, has nearly 30 years of plumbing and preventative maintenance experience. He holds state plumbing contractor licenses in both Hawaii and California. For more information about preventative maintenance inspections, contact the inspection division at 896-9154 or blacknwhiteplumbing@gmail.com.



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Brush Up on Your Painting Know-how

Things to consider before starting a paint job

Keep the following tips in your pocket before starting your next interior or exterior paint project to get the job done right:

Time Your Next Paint

The general rule of thumb in Hawaii is that most buildings should undergo a full exterior repaint every 10 years, depend-

ing on your location. If your property is next to the ocean, the life cycle of paints and stains is diminished due to the effects of salt and humidity on structures. Buildings on the rainy side of the island are more prone to mildew formation, especially in areas that receive little to no direct sunlight. For interior repaints, the recommended timeline can vary widely based on occupancy and wear-and-tear. When in doubt, get an expert out to evaluate your walls.

Don't Push Out Repaints

When painting refreshes are delayed, it can have a negative impact on the long-term health of a building, and may also compromise the overall well-being of your property. There's an increased risk of wood rot, spalling (surface peels, flakes or pops due to water in brick, concrete or stone) and other complications. You can avoid turning a small problem into a big one if you address issues in a timely manner.

Avoid Painting Pitfalls

Choosing a low-quality paint may save money in the short term, but it can lead to issues like chalking, cracking, flaking



Michael Bates



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and poor color retention. Be careful about using paints and primers that are not meant to bond together. "Alligatoring" happens when imperfections in the paint make the surface look like alligator hide. Or there's "blistering," a condition where the underlying surface retains moisture. You can sidestep all of these potential problems by contracting with a qualified painting vendor who uses high-quality paints and stains.

Hire an Ace Painter

Reputable vendors know that proper site preparation is critical to extending the life cycle of paints and stains. They will do a good pressure wash and prime, and add two topcoats for maximum longevity. When reviewing your options, make sure the vendor at the top of your list is licensed and bonded, and has a good credit history and workers compensation insurance. It is a best practice to ask for documentation.

Pick Quality Paints and Primers

Seasoned vendors will recommend the best paint brand for the job. If you are picking out the product yourself, go with a popular paint brand that is backed by a strong reputation, such as Benjamin Moore. They are constantly coming up with groundbreaking technology. Their new scuff-resistant interior paint, SCUFF-X, is a durable option for heavy-use spaces like vacation rentals. For exterior painting, the

Continued on Page 34



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Manny Vergara

Why Painting Requires Planning

It's a time-consuming process, so start early

As a building manager, painting the interior and/or exterior of your property is the most cost-effective form of maintenance to protect your clients' investment. The quality of the products selected, preparation and application methods, and even your color choices, can drastically influence long-term costs. It is therefore imperative to give yourself adequate time to plan your next repaint.

For large painting projects, it's best to plan ahead, obtain multiple bids and schedule projects with ample lead time. Do *not* wait until the last minute to obtain a bid for your paint project. All licensed and reputable contractors are booked out months in advance, so if you are in a rush to get started, prepare to pay for it. Contractors need to carefully evaluate all project costs and make sure they have crews available to perform the work prior to scheduling projects.

If you notice that your property needs to be repainted in the next year or two, start the planning process now. Get in touch with a specifications (spec) writer at one of the paint manufacturers and schedule a site inspection with them. They will work with you and your budget to determine what preparations and materials should be used for each surface. Your spec writer will also provide a bid list for concrete spall repairs if your property requires it. Once you have received your project specs, you are ready to put your project out to bid.

The next step is to invite a few contractors to your bid walk-through. If you do not know any reputable contractors, your spec writer can provide you with suggestions. A list of three to five contractors will be enough to provide you with competitive pricing and available services. Doing a little homework on the contractors can help you avoid problems once the project is underway. Check out their websites,



For large painting projects, it's best to plan ahead, obtain multiple bids and scheduling ample lead time

Google, Yelp. Ask for a list of referrals.

Once you have selected your contractor, you will begin contract negotiations. A good contractor will begin with a consultation and detailed site inspection. Pay close attention to how they propose to address safety measures, parking, common area closures and working in personal spaces.

Making a tenant sign-up schedule for painting doors or lanai decks is your best bet to keep the project running smoothly. Provide tenants with notice a couple of weeks in advance before their personal areas are to be painted, and keep them updated as the project progresses.

A fresh paint job can go a long way in maintaining client satisfaction and retaining and attracting tenants. A well-maintained building and a quality paint job are vital to your building's first impression, although the purpose of an exterior or interior paint job isn't just for aesthetic enhancement. The local environmental conditions in Hawaii

can cause extensive wear-and-tear on a building. Applying the appropriate techniques and materials creates an impervious barrier to weathering and deterioration. Failing to properly prep and seal surfaces by utilizing the wrong materials not only affects the overall look but the durability of the paint job as well. While appropriate measures may be more expensive upfront, they can and will save you money down the road.

The most unsightly maintenance issue that can cause ongoing and costly repairs is concrete spalling. It can appear when corrosion occurs inside the concrete. As corrosion increases, it exerts force on the concrete that can lead to cracking and eventually cause large sections of concrete to break away. It's important to determine the cause of this distress and be proactive in repairing spalls when they first appear. Once concrete is repaired, a good quality water sealant should be applied to the finished surface to prevent water from entering

the concrete and causing future spalling. Make sure that your bid and spec sheets have provisions for concrete repairs and an accurate pricing outline.

When choosing a paint color for your building, you should consider a paint's light-reflective value—the amount of light it reflects. Our year-round sun in Hawaii can take its toll on buildings and cause unsightly fading and peeling.

Darker colors have a lower light-reflective value and absorb more heat and energy. This increased heat can cause the bond between previous coats and new coats of paint to be broken. Lighter colors have a higher light-reflective value. Lighter colors do not absorb as much heat and thus can improve energy efficiency. Choosing a color with a higher light-reflective value can improve durability of materials and reduce energy costs for the building.

Maintaining your property by painting regularly is the easiest way to reduce long-term costs and ensure your investment is protected. A well-maintained building and a quality paint job make a lasting impression and keep your building protected from the elements. Taking the time to plan in advance, develop a budget and choose a quality contractor will help you keep costs down and get the job done right the first time. ♦

***Manny Vergara** is a partner, lead estimator and color specialist at Impact Painting, a Hawaii-based eco-friendly painter. Impact Painting specializes in commercial and residential repaints island-wide. Reach him at 469-6922 or manny@impactpainting.com.*



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FREE ESTIMATE



From Page 31

Regal Select line can extend the typical 10-year life cycle of your paint job by as much as three years. The hues and vibrancy are stunning, and it holds up well in Hawaii's climate. For interior applications like bathrooms or spas, consider the low-VOC Aura line or the odorless, zero-VOC Natura line.

Selecting the Perfect Shade

If you are repainting the exterior of buildings in an AOA or HOA community, the colors are usually established. For interior walls and the exterior of commercial buildings, choose colors that complement the surrounding environment. If you need some inspiration, most major paint companies, including Benjamin Moore, come out with a new line of colors that are trending every year, and that is a great place to start.

Give Your Tenants a Heads Up

Be sure to provide proper notice to your homeowners or tenants, including educating them on the products you're using with safety data sheets and sharing the timeline expectations. You will want to give homeowner groups at least a month's notice before beginning

any prep work. Throughout the project, try to provide daily updates, especially if you are painting within a tight-knit community or vacation rental property.

Trust Your Team

The painting process can be smooth and hassle-free. An experienced vendor will take a lot of the guesswork and stress out of the whole painting journey, which is very helpful if you are managing multiple properties. Definitely do walk-throughs when you have the time, since a fresh set of eyes always helps. And don't be afraid to ask questions to make sure your painting team is meeting—and hopefully exceeding—all of your needs and expectations. ♦

Michael Bates serves HPM Building Supply as outside sales representative for the Kona and Waimea paint divisions. Prior to joining HPM in 2017, he spent six years as resident manager handling day-to-day operations for the Golf Villas at Mauna Lani. In his current role with HPM, he builds relationships with the island's top painting professionals and helps connect them with AOA and management teams. In addition to project supervision, Bates also distributes project specifications and ensures the bid selection process is customized to each client's needs. Reach him at 896-2878 or at michael.bates@hpmhawaii.com. Visit hpmhawaii.com for more information.

Getting Boards, Managers to Listen to Each Other

National consultant shares management insights at CAI Hawaii luncheon

BY DON CHAPMAN

"We are the most over-meeting'd profession in the world," declared Julie Adamen, and a packed ballroom full of Hawaii building managers and AOA board members laughed knowingly. "Monthly meetings are not really necessary."



Julie Adamen

Adamen was speaking at last month's luncheon at the Japanese Cultural Center, sponsored by the Hawaii chapter of the Community Association Institute (CAI).

Adamen's career includes managing the Palm Valley Country Club Homeowners Association in Palm Desert, which includes 1,274 condominium units with an annual budget of \$5.2 million. She also served on the board of directors of the California Association of Community Managers. Since 1997, she's run Adamen Inc., a national consulting, training and employment firm specializing in community management. Her articles have appeared in more than 120 industry publications.

Her Honolulu talk was titled "Ready or Not, HEAR It Comes!" and focused on how building managers and boards often don't really listen to one another. Here are a few more of her comments:

- **"The biggest change in our industry is what?"** Adamen asked, and a chorus of attendees replied, "Technology!" Yes, she said, and it can be used to both a board's and a manager's benefit.

But technology also can be a burden. "The thing with our phones is that we have our 'in box' with us all the time."

- **Above all, boards and managers should both "listen to each other."**

Communication is crucial, but more so is "timely communication. I often get feedback from owners that their calls/emails have not been returned or replied to promptly or at all. . . . We live in an instant-gratification society."

But that said, "it's impossible to respond to every call and email within 24 hours."

- **Managers should be able to remind an owner or board member demanding attention:** "You're not my only client. I'm not ignoring you, but I have to prioritize."
- **Or, "I'm dancing as fast as I can."**
- **"One of the best things a new manager can do, in the view of most boards, is 'get to know us better.'** The manager must research and learn the community from the get-go, the geography, the topography, the history, the board and the various quirks of owners."
- **"A manager must be willing to put boots on the ground.** If the manager can't make that happen, the manager should not take the job."
- **When it comes to meetings, board**

members must "be prepared, and be prepared to make decisions.

And do not wait to open your packet until you walk into the meeting. To the manager who spent five hours putting it together, that's an insult."

- **"Some board members know something, others know nothing.** But all members have the same value. Every voice on the board should be considered/listened to and responded to."
- **"Boards must work as a group. Put your personal agenda aside. And speak with one voice publicly.** No sabotaging another board member or the manager."
- **"Meetings are not social hours."**
- **"Hold your meetings during the day.** There's no law that says you have to start at 7 p.m. We switched to days from evenings at one of my properties and the same people showed up."
- **In the case of disruptive board members, avoid recalls if at all possible.** "At one association, they tried to recall five of the seven board members, and it was such a destructive process for the community. It turned neighbor against neighbor."
- **"Managers need to be proactive.** You can plan an active day, but then something happens and we become reactive." ♦



Above all, boards and managers should both "listen to each other."



John Arizumi

How Clean Is Your Cooling Tower?

Latest advances improve efficiency and greatly ease maintenance

Every large air-conditioned commercial building will have a cooling tower system to remove the rejected heat from the air-conditioned spaces within the building. In Hawaii, we see cooling towers in hotels, office buildings, hospitals, schools, pretty much any project that uses water-cooled air conditioning equipment.

Cooling towers use an evaporative water-cooling process. This provides the greatest amount of heat removal relative to size. A condenser-water pump transfers the warm water from the HVAC chiller through a sprinkler-sprayer onto a lattice atop the cooling tower. Warm water sprayed on the lattice is cooled by the flow of outdoor air generated by the tower's fan system. The lattice's honeycomb-like mesh enhances this evaporative-cooling process. Cooled water is then collected in the catch basin to be pumped back to the condenser.

Of all the components that make up the HVAC system, the cooling tower is by far the most difficult and expensive to maintain.

Of all the components that make up the HVAC system, the cooling tower is by far the most difficult and expensive to maintain. Keeping a clean cooling tower assures the highest energy efficiency and minimizes the risk and liability of contaminants, such



By taking advantage of innovations like fiberglass construction, improved fan placement and catch basin-free design, builder managers can reduce both the lifecycle cost and maintenance demands of cooling towers

as fungus, silt, algae and Legionnaire's disease. Yet, because of the difficulty in performing this maintenance, it is often neglected until the situation really demands attention.

Maintenance is even more of an issue in Hawaii, where salt air corrodes metal parts and shortens the life of a tower. Additionally, most towers feature a top-mounted propeller fan design. This puts the fan blade and drive motor assembly directly in the most corrosive warm, moist discharge air. This is especially problematic because replacement of these parts usually requires use of a crane.

The catch basin that collects the cooled water must be regularly cleaned of algae, silt, solids and other contaminants that arise from exposure to the elements and sunlight. Maintaining a badly neglected tower is like working in a dirty swamp. The process can also waste a lot of water, as the towers require chemically controlled water systems along with adequate bleed-off water.

Traditionally, cooling towers have been constructed of galvanized steel. Stainless steel is starting to replace that to prolong the cabinet casing life from corrosion. But the maintenance of the

fan/drive assembly, the water chemistry system, and regular cleaning of the basin, and water bleed-off still remain as costly expenses.

Fortunately there are some new innovations in cooling towers that can help both facility owners and managers breathe easier. For example, constructing the tower of fiberglass instead of steel is a simple way to avoid constant and costly corrosion problems. With the proper design and materials, such as half-inch-thick reinforced fiberglass square-corner posts, and sturdy quarter-inch reinforced fiberglass panels, fiberglass towers can now stand up to even hurricane-force winds.

One even more clever design idea is to invert the fan assembly from the top of the tower to the bottom and have it push air up instead of down so the blades and motors sit outside the most corrosive air streams and are in a much easier location to maintain. Making the fans modular allows for fan staging to increase energy efficiency.

Continued on Page 38

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Other recent advances include a unique water collection and drainage system. This keeps the fan assemblies completely dry and entirely eliminates the problematic catch basin, requiring just a small enclosed sump. There are also improved variable spray nozzles. These spray water in a square—rather than circular—pattern matched to the lattice surface area for greater economy and efficiency.

All these features allow the cooling tower water to be kept completely out of sunlight, minimizing the growth

Maintenance is even more of an issue in Hawaii, where salt air corrodes metal parts and shortens the life of a tower.



of algae and sludge. This drastically reduces the amount of chemicals and water bleed-off. And the total package of advances can result in a tower

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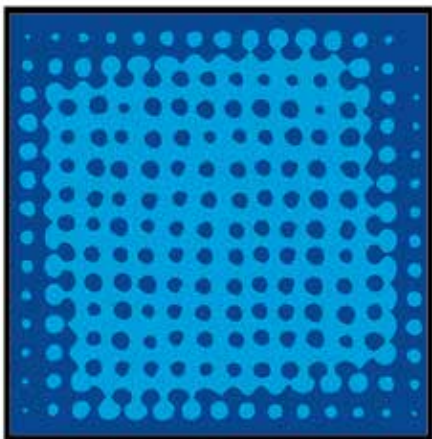
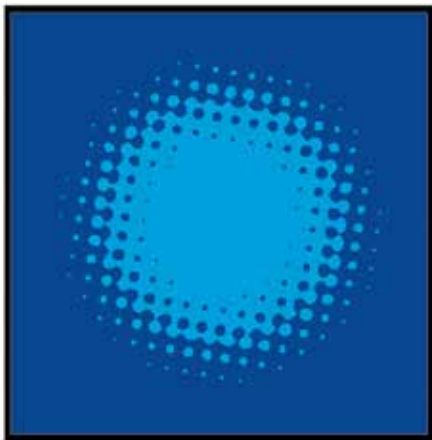
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Keep in mind that maintenance is still key to even the most advanced cooling tower. You will just find that it is a great deal easier if you select the right unit for this environment. ♦

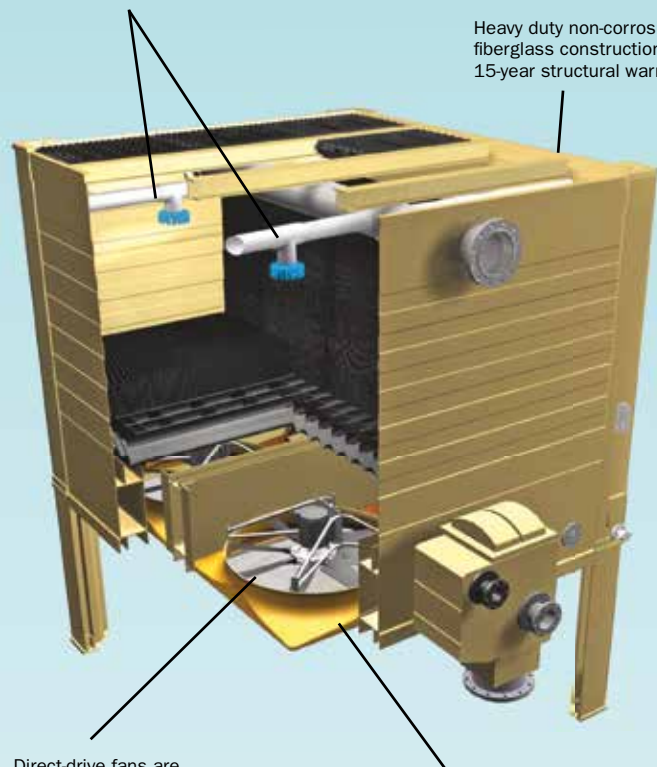
John Arizumi is the president of Carrier Hawaii, the largest air conditioning distributor in Hawaii with four locations on three islands. He is a past president of the American Society of Heating, Refrigerating and Air Conditioning Engineers, Hawaii Chapter. Reach him at 677-6339 or visit carrier-hawaii.com for more information.



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When an Owner Won't Pay Maintenance Fees

State law spells out actions condo boards can take, and tenant response

The condominium Declaration and/or By-laws contain provisions that authorize the board of directors to determine and pay common expenses of the property, and also collect common expense payments from the unit owners in the association.

What are common expenses of an association?

Common expenses—maintenance fees—are costs required to maintain, repair and replace the common elements of a condominium. The Declaration specifies what is a “common element” for a particular association. Typically, it is the space outside of the interior walls of a condominium unit. The concrete slabs that form the floor and ceiling of a unit are typically common elements that are the association’s responsibility.

In a condominium, any expense required to maintain, repair or replace the common elements is shared on a *pro-rata* basis among every unit owner in the project, based on a common interest percentage that is calculated by comparing the area of a unit with the area of the entire building. Typical common expenses include water and sewage, electricity (unless separately metered in some townhouse projects), compensation and employment benefits for maintenance and security staff, management fees, service contracts (for rubbish removal, landscaping, pool, elevator and equipment maintenance), and insurance (liability, flood, directors and officers insurance, and fidelity).

The common expense is determined annually by a budget prepared by the board, and owners need to be notified at least 30 days in advance of any increase in maintenance fees. (HRS §514B-144-h)

Common expenses do not include



late charges, interest, fines and legal fees related to the costs of collection or enforcement of assessments. (HRS §514B-146-i)

What happens if you don't pay your monthly maintenance fees?

Since all owners are required to pay their monthly maintenance fees, failure to pay—or, if payment is made under an automatic payment plan, failure of the bank debit—will result in immediate enforcement action by the board. Enforcement action begins with a letter to the unit owner from the association’s managing agent that the monthly maintenance fee has not been received, or that it was received but failed to clear the bank and that payment must be remitted right away.

Depending on the policy adopted by the board on how to enforce collection of delinquent maintenance fees, the management company’s letters to owners are made at 30- and 60-day intervals. If no response is received from the owner, the matter is referred to the association’s attorney for collection.

(HRS §514B-157 provides that all costs of collecting delinquent maintenance fees and foreclosure of liens, including legal fees and costs incurred by the association in that connection, are chargeable to the unit owner.) The attorney then sends letters to the owner demanding payment and providing notice that if payment is not made, the association will file a lien against the unit and initiate a foreclosure to enforce the lien and take possession of the unit.

If payment is not made, the association will authorize recording of a lien against the unit and, depending on the policy adopted by the board, may initiate foreclosure—either non-judicial or judicial foreclosure—which will result in the association or some third party taking possession of the unit. (HRS §514B-146-a provides that “all sums assessed by the association but unpaid for the share of the common expenses chargeable to any unit shall constitute a lien on the unit with priority” over all liens except real property taxes and prior recorded mortgages. This means that the association can record a document with the State of Hawaii Bureau of Conveyances that places a lien against the

unit without having to go to court or without the consent of the unit owner.)

What should you do if you are delinquent in paying your maintenance fees?

Do not ignore the written notices from the association's managing agent or attorney! If you are getting the written

claims action to get a refund or require the association to mediate the claim under HRS §514B-161 to resolve any dispute as to the amount or the validity of the claim.

If you do nothing, the association will likely initiate a foreclosure and it can be a judicial foreclosure (i.e., a court-supervised lawsuit) or a non-judicial foreclosure, which does not require court action or supervision. (See HRS

no court pleadings or court hearings. The NJF is initiated by the association sending to the owner a Notice of Default and Intent to Foreclose.

The NJF does not affect any recorded mortgage(s) on the unit, and the buyer at the NJF sale takes subject to the prior recorded mortgage(s).

Finally, in a NJF, there is no judgment entered against the owner for the delinquent balance, legal fees and

Since all owners are required to pay their monthly maintenance fees, failure to pay—or, if payment is made under an automatic payment plan, failure of the bank debit—will result in immediate enforcement action by the board.

notices, you need to respond and either ask for an explanation or an accounting as to the amount of the delinquency.

Pursuant to HRS §514B-146-d, if an owner disputes the claim, the owner must first pay the disputed amount and then the owner can either file a small

§514-146-a)

What is a non-judicial foreclosure and how is it different from a judicial foreclosure?

A non-judicial foreclosure (NJF) allows the association to foreclose on its lien without going to court. There are

costs, and therefore no collection on those amounts. But the owner will lose possession of the unit. ♦

Jane Sugimura is a Honolulu attorney specializing in condo law. Reach her at jsugimura@paclawteam.com.



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Hawaiian Properties 2019 Annual Seminar for Boards of Directors

PHOTOS BY BARRY REDMAYNE

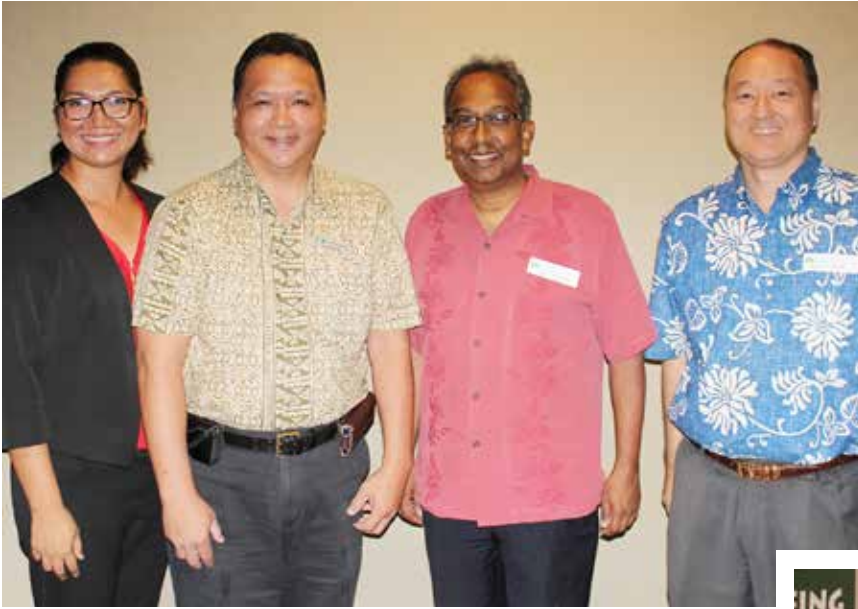
Hawaiian Properties held its annual seminar for boards of directors at the Ala Moana Hotel. The seminar included a legislative update forum with John Morris of Ekimoto & Morris, Christian Porter of Porter McGuire Kiakona & Chow, and Carole Richelieu, senior condominium specialist, Real Estate Branch, Department of Commerce and Consumer Affairs. Julie Adamen was the featured guest speaker who provided a dynamic presentation on "The Essential Skills of an Effective Board of Directors." The event had 22 vendor sponsors situated throughout the room who gave away generous prizes, such as an iPad, a Hawaiian Airlines gift certificate, a Bluetooth speaker, gift cards and cash.



Jason Sasaki, Patricia Quarrie and Steve Rogers, Eko Painting



Chris Porter, Porter McGuire Kiakona & Chow; Carol Richelieu, DCCA; Jeff Dickenson and Margaret Lim, Hawaiian Properties



Naomie Ramoe, Glen Suzuki, Dass Ramadass and Frank Tokioka, Hawaiian Properties



David Porteus and Kera Yong, Premier Restoration



Arielle Huettner and Kimo Pierce, Hawaii Plumbing Group



Daimon Hudson and Charlie Beeck, Tropical Roofing & Raingutters



Jill McLaughlin, Christy Hinds, Laurie Sokach, Robin Larson and Michelle Huwe, Hawaiian Properties



Richelle Thomason and Dana Akasaki-Kenney, Commercial Roofing & Waterproofing; Daniel Kent, Hawaiian Properties

Keeping Pipes Free of FOG

A Hawaii apartment owner creates a drain guard to upcycle cooking oils into biofuel

BY DON CHAPMAN

As the owner of multifamily rental units, Salt Lake Terrace and 1117 Hoolai Street in Makiki, Shawn Santos had a recurring problem: plumbing pipes clogged with fats, oils and grease (FOG) that had been poured down drains.

"I needed to educate tenants," says Santos, who from the age of 10 went to work alongside his dad, the owner of Johnny's Plumbing. So he'd seen those grease-clogged pipes. "It can turn a 4-inch pipe into a 2-inch pipe."

He also knew that much of that oil ends up in Hawaii's waterways and, eventually, the ocean.

Thinking he needed to do more than give tenants verbal guidance, Santos says, "at first I gave them glass jars to pour cooking oils into, but that wasn't very user-friendly. And there wasn't any kind of product on store shelves to help. It hit me that I needed to add one more step, a drain guard in the sink. Everything that's happened since then

was built around that idea."

The result today is FOG Safe, a bowl made of highly absorbent recycled paper that you place over the sink drain and pour used oils into for disposal with regular trash. Each holds 4 ounces of liquid grease.

"To put it in perspective," Santos says, "when you fry a pound of bacon, you get about four ounces of grease."

"So on one end we're keeping oils out of the pipes and out of Hawaii's water and upcycling them into biofuel, and on the front end we're helping the environment by using recycled paper pulp. I started out just trying to find a solution personally for my units, and it turned into this."

FOG Safe, introduced in July 2018, comes in three-packs (\$4.99) and is available at City Mill, Hardware Hawaii, Times markets, NEX commissaries and KTA stores on the Big Island.

"We were getting so many orders through Amazon from Big Island

people, they decided to carry it," says Santos, a Saint Louis School alum (1980) and former general contractor (Shawn Santos Construction).

FOG Safe was an instant hit at an international home and houseware trade show in Chicago this spring. The Grommet, a website that focuses on cool new products, featured FOG Safe last month and promptly sold 2,500.

Santos is in talks with several condominiums—including 1350 Ala Moana where his classmate Ron Komine is



Shawn Santos

Oahu Condos Set New Price Record

Oahu condominiums set a new record for median sales price in July, \$461,500. The previous record of \$435,000 was set in March of last year. The new record represents a 7.5 percent increase from June 2019.

Total sales were also up over the previous month, from 503 to 513. But for the first seven months of this year, volume is down 7.2 percent.

On the Big Island, 63 condos were sold at a median price of \$325,000, an increase over the previous month of 11.2 percent. The 63 sales represented a 34 percent increase, from 47.

On Kauai, the median cost of a condo jumped 32.6 percent, to \$630,000, up

from \$475,000 in June. Sales volume rose from 35 to 37.

The median is the price point at which half of condos sold for more and half for less.

Sources include Hawaii Island Realtors, the Kauai Board of Realtors and the Honolulu Board of Realtors.

In other condominium news:

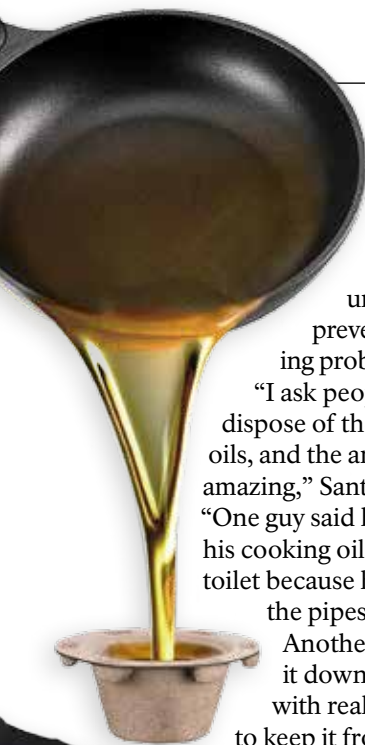
The Waikiki Banyan AOA has filed a lawsuit in state Circuit Court intended to block the city's new vacation rental law.

According to the suit, Waikiki Banyan has operated as a condo hotel since it opened 40 years ago, offering "guests the typical hotel/resort experience with condominium style suites."



Waikiki Banyan

Waikiki Banyan has 876 units in twin towers, with 89 percent of units operating as short-term vacation rentals,



general manager—about providing a FOG Safe bowl for every unit as a way of preventing plumbing problems.

“I ask people how they dispose of their cooking oils, and the answers are amazing,” Santos says. “One guy said he flushes his cooking oils down the toilet because he assumed the pipes are bigger. Another said he pours it down the drain with really hot water to keep it from hardening. One lady said she just tosses it in the weeds. But it all ends up in the environment. FOG Safe fixes that.”

Now Santos is thinking bigger, literally.

“Thanksgiving is coming up—it’s the cause of a lot of plumbing problems—so we’re working on a 64-ounce FOG Safe in time for turkey day.”


For more information, go to fog-safe.com.

according to the suit.

The AOA suit seeks to impose a permanent injunction barring the city from implementing the law.

Unable to rent their units, Waikiki Banyan owners are seeing a significant loss of income, \$200 to \$400 a night. “Without this income,” the suit argues, “many owners will be forced to immediately sell their units. With so many units simultaneously up for sale, prices are expected to plummet. Losses are expected to be \$30,000 per unit.”

The suit notes that the city’s Department of Planning and Permitting, which is in charge of implementing the new law, refers three times on its website to Waikiki Banyan as a hotel.





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IREM Hawaii Elects New Officers

The Institute of Real Estate Management (IREM) Hawaii Chapter held its annual meeting Aug. 15 at WorkPlay in Kakaako. IREM's 2020 board of directors were elected and then everyone had a fun night of food, drinks and networking.

New officers are Kristi Hirota-Schmidt, president; Lois Ekimoto, immediate past president; Mele Heresa, president-elect; Alex Bresslauer, Bradley McClafin, treasurers; Michelle Wong, secretary; Davie Felipe, VP-ARM; Joylin Ho Shum, VP-membership; Raymond De Smet, VP-annual planning and special events; Gifford Chang, VP-legislative; Fernando Bastos, VP-communications; Jacob Roller, VP-education.



New IREM officers (from left): Jacob Roller, Fernando Bastos, Ray De Smet, Gifford Chang, Joylin Ho Shum, Michelle Wong, Brad McClafin, Alex Bresslauer, Mele Heresa and Kristi Hirota-Schmidt

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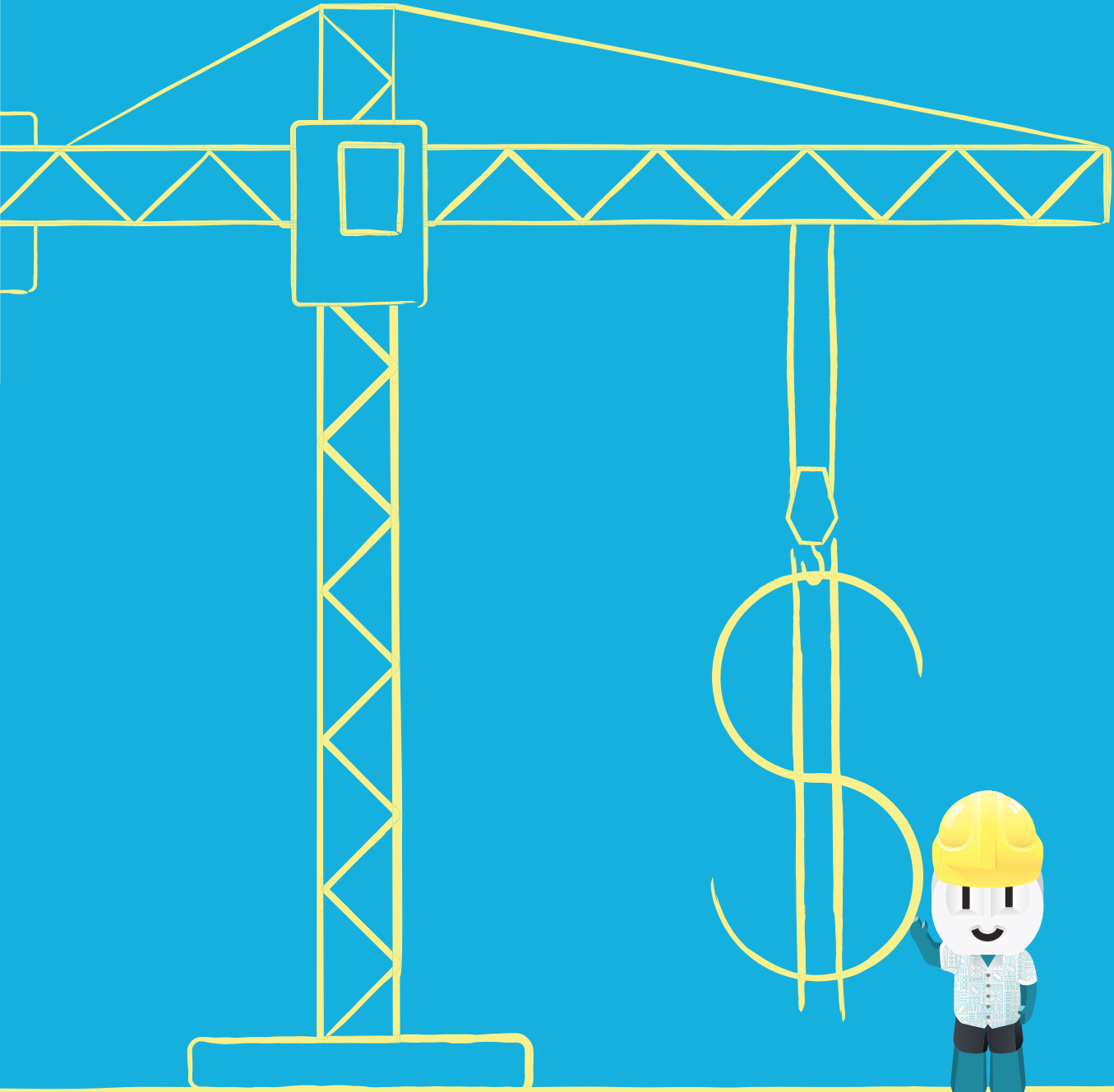
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