



### Insurance

A system under which the insurer, for a consideration usually agreed upon in advance, promises to reimburse the insured or to render services to the insured in the event that certain accidental occurrences result in losses during a given period. It thus is a method of coping with **RISK**. Its primary function is to substitute certainty for uncertainty as regards the economic cost of loss-producing events.

— Encyclopedia Britannica

**Please review the article on page 2.**

### Where Do Leaks Come From?

Leaks have a multitude of points of origin.

- ◆ Water riser expansion joints
- ◆ Drains
- ◆ Cracks in the façade
- ◆ Bathroom plumbing
- ◆ Kitchen appliances such as ice-makers and dishwashers.
- ◆ HVAC units
- ◆ Washing machines in residential units
- ◆ Building systems

In other words, anywhere water is introduced or transported from one place to another, a failure can occur.

The aftermath of any leak that causes damage is one of the most disheartening disturbances of living in a modern luxury high-rise.

This, and prior boards, have wrestled with the issue of leaks in general. For the last five years, we have had an aggressive schedule of repair and maintenance for major and minor building systems. For unit owners, we offer



The failure a copper solder joint in an HVAC unit illustrates the fact that water damage is often the result of accidental failure of otherwise well-maintained systems. This unit is one of many hundreds in the building and the only one ever to have this kind of failure. There is no one to blame for one random failure and the cost of replacing all HVAC units because of this one failure would be unacceptable. This is why you need homeowner's insurance.

cleaning service for HVAC units that may help prevent ordinary leaks that occur from clogged drains. Even if we could force unit owners to be diligent in maintaining

their various systems, it would not guarantee freedom from accidental damage to their own or their neighbor's property.

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### Board of Managers

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### What Are We Doing to Prevent Leaks?

Over the last five years we have discovered a multitude of poorly maintained systems.

We have moved aggressively to address all outstanding issues relating to leaks resulting from building systems:

- ◆ Renovation and relocation of building HVAC units;
- ◆ Cleanup and repair of cooling tower system;
- ◆ New water heating system eliminating brown water;
- ◆ Replace or repair valves and pumps for all water systems;
- ◆ Complete renovation and

waterproofing of terraces;

- ◆ French drains to prevent leaks in medical suites;
- ◆ Waterproof laundry floor;
- ◆ Façade renovation.

Many non-water systems have been addressed as well.

The board has instituted an aggressive leak prevention program to assist owners to maintain their own HVAC units. Unit Owners must be reminded that they are the owners of all mechanical systems within their own units and therefore

have a duty to properly maintain, repair and replace aging systems including their HVAC units, washing machines, dishwashers and other plumbing related fixtures.

We have to remember — the burden is on the owner to maintain the systems inside their units to protect their own property as well as the property of their neighbors. We may be owners of our units but they are contiguous and attached to others to whom we owe some consideration.

## The Concept of Insurance

*Insurance is a way of transferring risk. The purpose of an insurance company is to organize this risk transfer.*

Insurance is the means by which you secure protection for yourself and your family against unforeseen losses. It is a way of transferring risk. In the face of a possible loss, an insurance plan shares the cost of the loss among a group of people facing a similar risk. In this way, none of the participants bears the entire cost alone. The insurance company is literally gambling on the odds of a likely loss and needs to compute it accurately to serve its customers.

The cost of an insurance policy is determined by the probability that the insurance company will have to pay. This may seem much too obvious, but people sometimes forget that when they are shopping for insurance. A high deductible has a big impact on the cost of the policy. It is possible to purchase a policy without any deductible (first dollar) but this will, of course, make your premium very high. The larger the deductible, the lower your

premium cost.

Your actual insurance policy will vary from owner to owner depending upon the type of personal property you have, the size of your unit, the upgrades & special features you may have installed etc.

A typical homeowner's insurance policy deductible is \$1,000.00.

If you have a \$1,000.00 deductible on your policy for 10 years and never filed a claim, you will save 10 - 15% of the premium cost.

Over that 10 years you will have saved much more than the \$1,000.00 you will have to pay in the event of a claim.

With respect to an issue such as a leak, the concept of fault comes into the conversation and adds some confusion.

*"If it is not my fault that my floors were ruined by my upstairs neighbor, why do I have to call my insurance company?"*

A typical concern is that the premium will automatically be increased if you make a claim. That is not the case.

The insurance company sends highly trained adjusters to determine the cause of the damage and your insurance company may attempt to recover any funds (subrogate) from the insurance company representing the party whose unit caused the leak. If your insurance company recovers the cost of your claim from the party at fault, in most cases your premium will not be affected.

As a practical matter, determining who is at fault in damage caused by an accident can be complicated. It is also bound to be contentious.

The insurance company interposes itself —to make it possible for the insured party to quickly recover from the damage.



These paint chips came from the improperly painted cooling tower. It has taken three years, but they are now almost completely flushed from the system.

## Cooling Tower Renovation

A very big challenge for the preventative maintenance program was the renovation of the cooling tower. This is the source of the water for the HVAC units during warmer weather.

There are strainers in the system that capture debris, but they were collecting a great many paint chips. The

source of these chips was not immediately apparent.

The building staff discovered the interior walls of the tower had been incorrectly painted with ordinary paint a number of years before.

Over time, the paint began to flake off and get flushed into the cooling water system.

Below are photographs of the new interior and exterior paint on the cooling tower. The inset photos show the state of the unit before renovation.

Many systems in the building ran for years without proper maintenance. It has taken us years for to recover from this neglect.



Above left, the exterior of the cooling tower as it appears now with inset photos showing the previous condition. Above right, interior of the cooling tower after repainting with proper paint. Inset photo shows the peeling paint discovered to be the source of the debris in the cooling water system.

## Laundry Room Completely Renovated

When the lease for the laundry room was ready for renewal, our Resident Manager suggested to the Board of Managers that we let

competitive bids to see what other vendors would offer in terms of new equipment and renovation. Two bids were received from other vendors.



To renew the contract, our current vendor had to compete with two others interested in the concession. The winning bid included a waterproofed floor, new tile, new ceiling and lighting as well as brand new machines.

We also allowed our current vendor to bid. Our current vendor won the bid and the result is a completely renovated laundry room at the expense of the vendor.

The floor was waterproofed to assure that our newly restored cloud ceiling in the lobby would not be in danger. All new tile was laid and the ceiling and lighting were replaced as well.

The laundry equipment is completely new. We now have large capacity front loading machines as well as top loading machines. Brand new dryers and a second vending machine to add funds to the machine credit card.

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*Our current vendor won the bid for a new contract . . . the result is a completely renovated laundry room at the expense of the vendor.*

## Elevator Update

Lately there has been an increase in the number of complaints regarding the elevators. We have therefore instituted a new policy that will continually monitor the actions of the elevator.

In the past, the service company was called when there was a problem. They will now test and recalibrate the control system every month.

In addition we need your help. Please report to the

concierge any sense you have that the elevator is not performing properly.

As we mentioned in the last newsletter, the elevator control system is a proprietary system that is serviced by a single company.

We need to replace it with a system that can be serviced by more than one vendor to avoid being forced to deal with poor service.

We want to put off the

conversion to a new system until after the façade renovation is completed.

The elevator has passed all of the rigorous safety inspections required and is not unsafe, it is just a control and comfort problem due to an aging computer system.

We believe this new proactive policy will mitigate the problems we have been experiencing.

## Air Quality

Many complaints are made regarding food odors and cigarette and cigar smoke migrating into other units.

We have no intention of trying to keep anyone from enjoying the pleasure and comfort of their own home. There are a number of things that can be done to

minimize the escape of the fumes, however.

There are very effective free-standing air filtration systems that can be purchased. The Resident Manager has information on two different systems.

The board is also considering upgrading the

main ventilating fans to increase the power of the exhaust system for all units and the common areas.

All of the implications of upgrading the fans have not been determined at this time, but we will make a final decision in the near future.

## Where Do Leaks Come From?

(Continued from page 1)

As this newsletter was being assembled, an excellent example of a hidden failure

the handyman on the second floor where the leak appeared. We poured water into the pan of the HVAC unit suspected to be the

Keep in mind that in a case like this, the Resident Manager and the staff have to remember the problem so that the leaking device does not go back into service and to repair the problem when the opportunity arises.

The Board of Managers tries to work things out in the least disruptive manner. However, the building corporation does have the legal right to force a unit owner to allow access for repair of system failures, but it is always better for everyone to come to a reasonable resolution of problems.

The broken pipe is being replaced since we now have access to the unit while it is being redecorated.

Another case shows that logic can't always help: A leak was discovered on the 11th floor, the wall above the leak was opened and the pipe was indeed wet, but the source of the leak was not there. There was no other way to find the source of the leak but to open the wall for inspection on every floor above the leak and inspect the pipe. we got to the 23rd floor and found that an expansion joint was the source of the leak and the joint was repaired.

Large buildings with complex water systems of supply and drainage will always have leaks. It will always be the case that some are easier to find than others.

*The building corporation does have the legal right to force a unit owner to allow access for repair of system failures, but it is always better for everyone to come to a reasonable resolution of problems.*



The plastic HVAC drain pipe was connected to a metal pipe. For some reason, the plastic pipe cracked and broke causing a leak whenever the unit created condensate. This crack could not be repaired since the unit owner would not allow access. The leak was stopped temporarily by shutting the unit down. It is now being repaired.

was exposed in the renovation of one of the units.

The situation illustrates a number of elements to the sometimes difficult task of discovering the source of a leak.

A leak was observed on the second floor coming from somewhere above. It was determined by the location that it was most likely an HVAC drain line problem. The apartment immediately above the area of the leak was not using the HVAC units since they were not in residence.

The fourth floor was occupied and the owner cooperated with a test to shut down that HVAC unit to see if the leak would stop. It did. We also did a test with

source of the leak and almost immediately, the water came out on the second floor.

The problem (as you see in the photograph) was not in the HVAC unit, but in the wall where the plastic drain pipe is connected to the building drain lines.

The unit owner would not permit access to open the wall where the failure was likely to be because it would disturb expensive French wallpaper and cause considerable inconvenience.

An agreement was reached that the owner would not use that HVAC unit at all and that solved the immediate problem of the leak without actually fixing the failure.



This is the actual expansion joint described in the story at left. These joints are essential in long pipe strings. They have internal rings designed to keep water from escaping. However, it is a mechanical device and like any other, has the potential for failure.