

# The Big Three: What to Expect from a High-Rise Reserve Study

Robert M Nordlund, PE, RS  
Association Reserves





## Roadmap to the Future... your Reserve Study

Where are you now?

Where are you going?

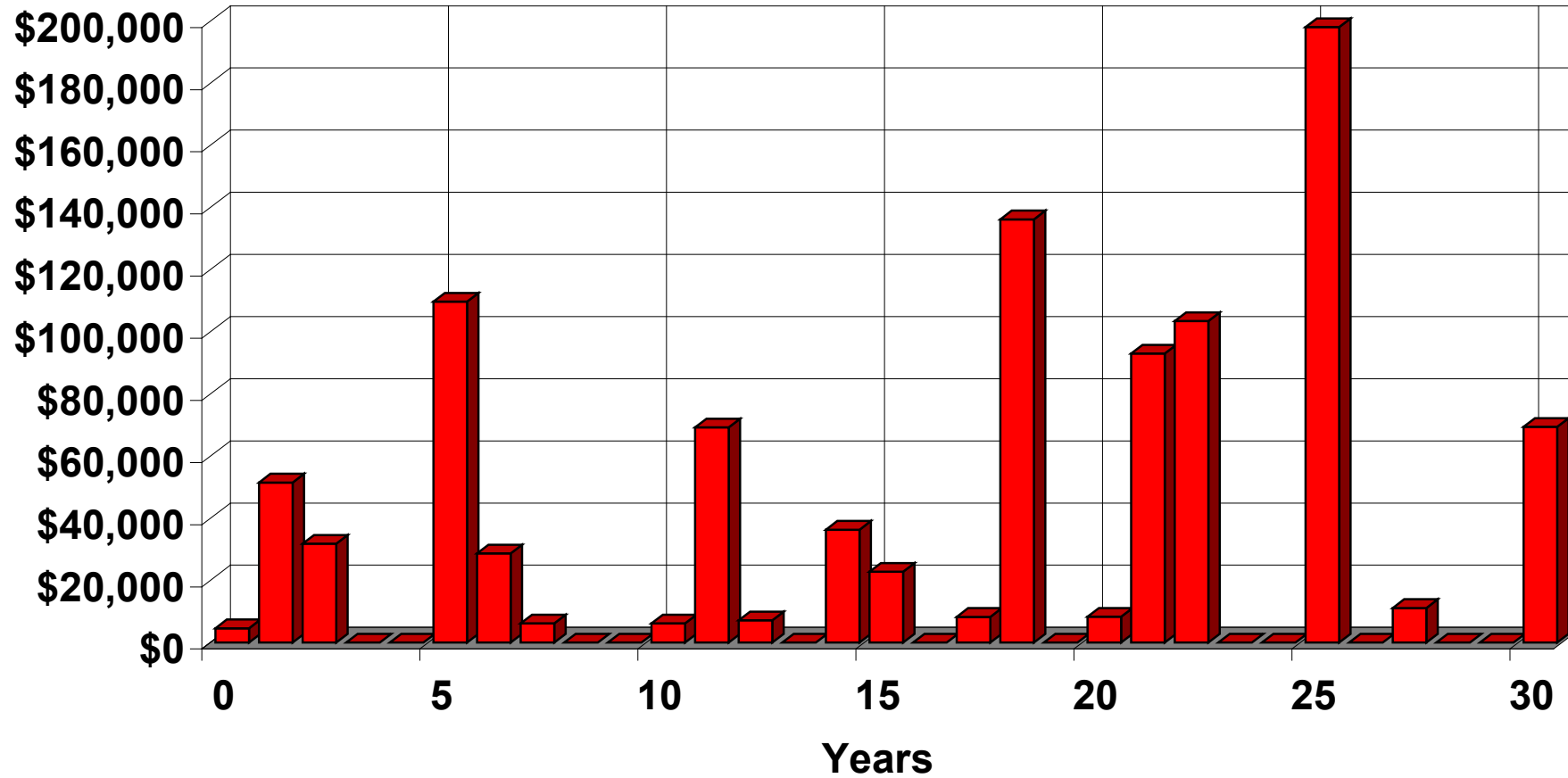
What path will take you there?



## Outline

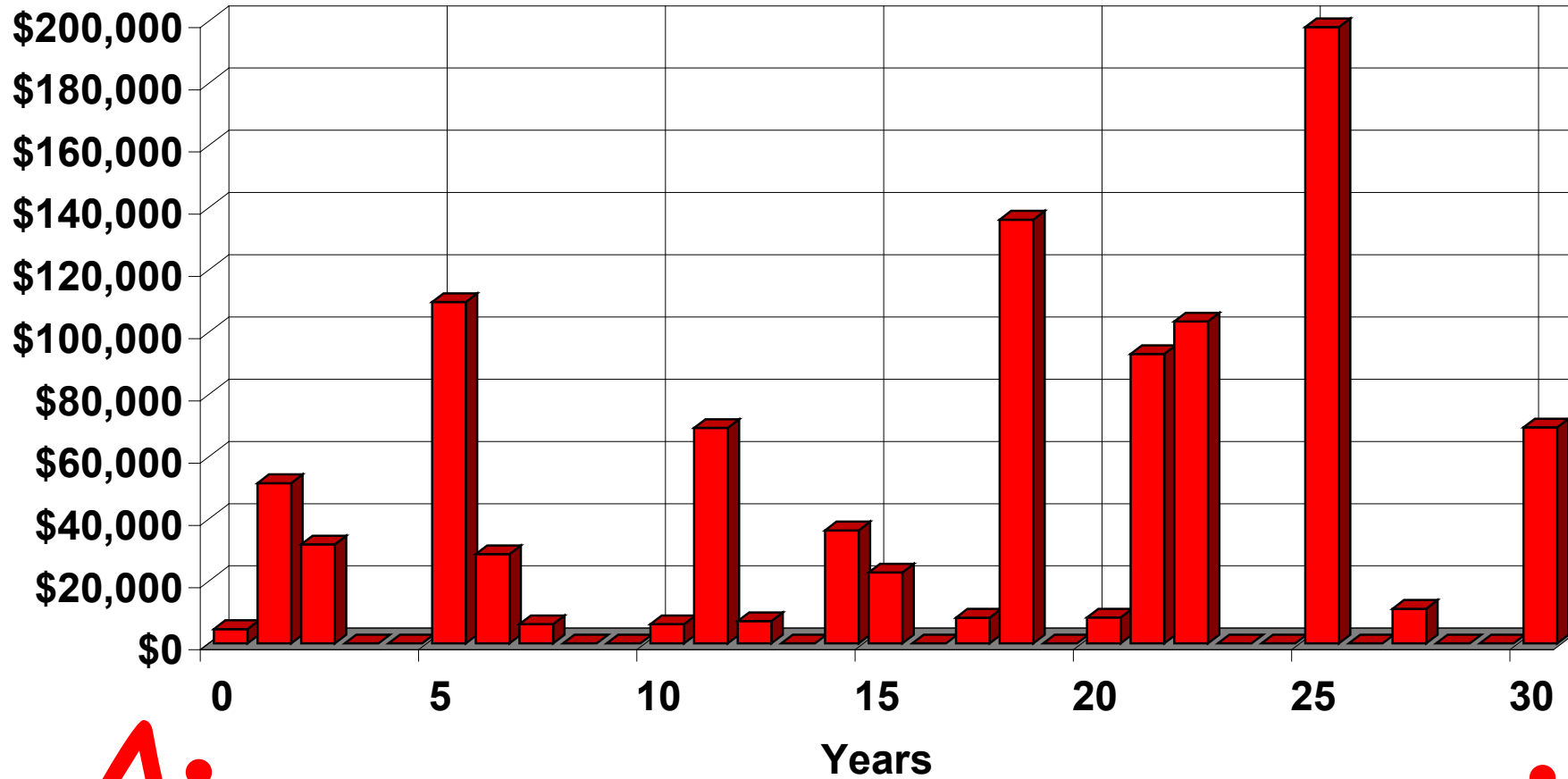
- **Three Results from a Reserve Study**
- Which Components/Projects are Included?
- How are your Components Established?
- What does the Data Say about High Rises?
- Hints & Recommendations

# CAI High-Rise Managers Workshop





# CAI High-Rise Managers Workshop



A.

B.



## Planning for a trip to the Future

Where are you now?

Where are you going?

What path will take you there?



Starting Point

**RESERVE STUDY RESULTS**



Starting Point

Destination

**RESERVE STUDY RESULTS**





Method

Starting Point

Destination

**RESERVE STUDY RESULTS**

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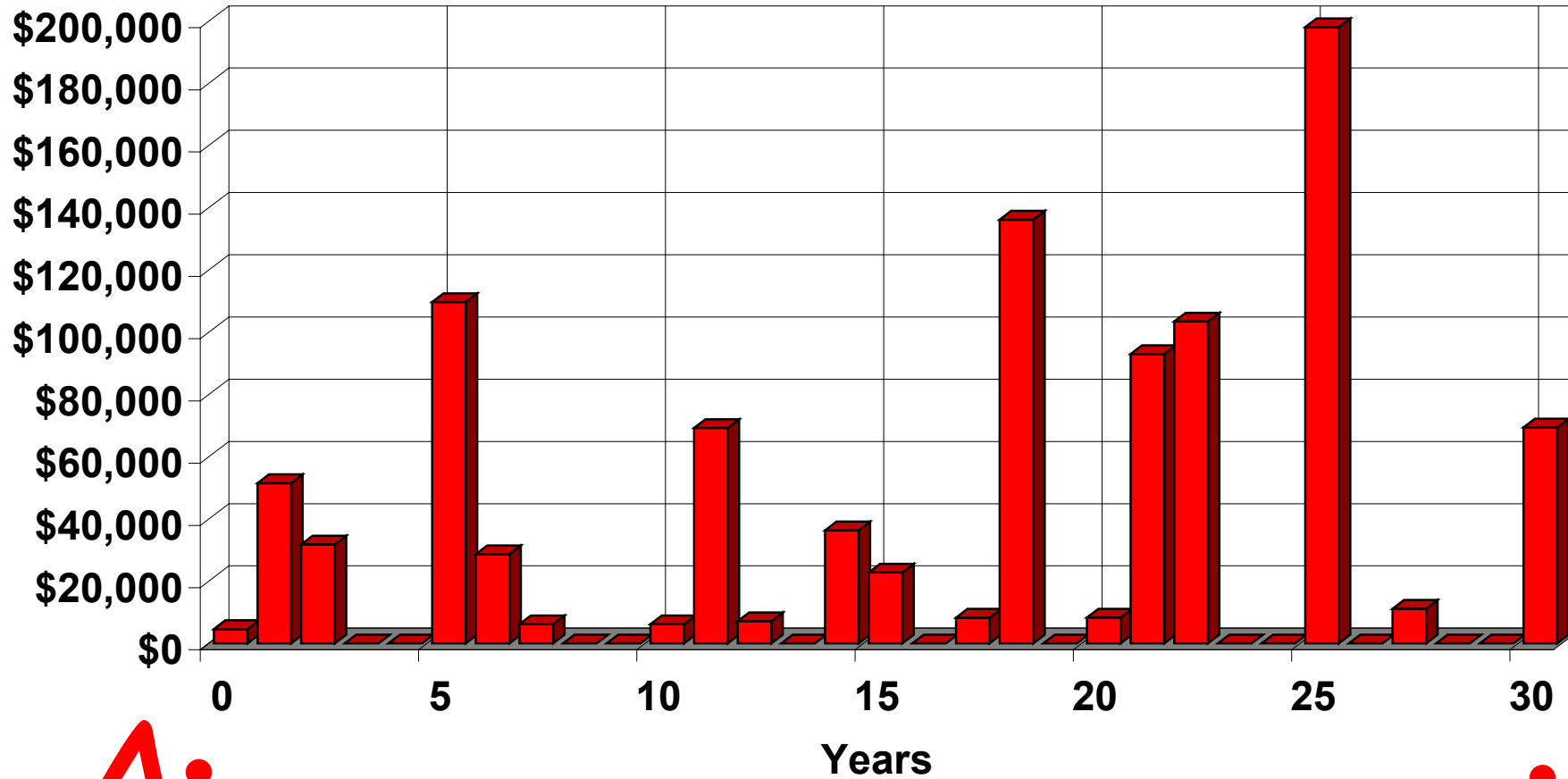




## Reserve Component List

<b>Description</b>	<b>UL</b>	<b>RUL</b>	<b>Cost</b>
<b>Pool Furniture - Replace</b>	<b>5</b>	<b>0</b>	<b>\$4,600</b>
<b>Pool - Resurface</b>	<b>10</b>	<b>5</b>	<b>\$10,000</b>
<b>Roof - Replace</b>	<b>20</b>	<b>18</b>	<b>\$80,000</b>
<b>Asphalt - Seal</b>	<b>5</b>	<b>2</b>	<b>\$5,000</b>
<b>Asphalt - Resurface</b>	<b>20</b>	<b>2</b>	<b>\$25,000</b>
<b>Building - Repaint</b>	<b>10</b>	<b>1</b>	<b>\$50,000</b>
<b>Elevator - Modernize</b>	<b>20</b>	<b>5</b>	<b>\$80,000</b>
<b>Hallways - Refurbish</b>	<b>8</b>	<b>6</b>	<b>\$24,000</b>

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A.

B.



## Outline

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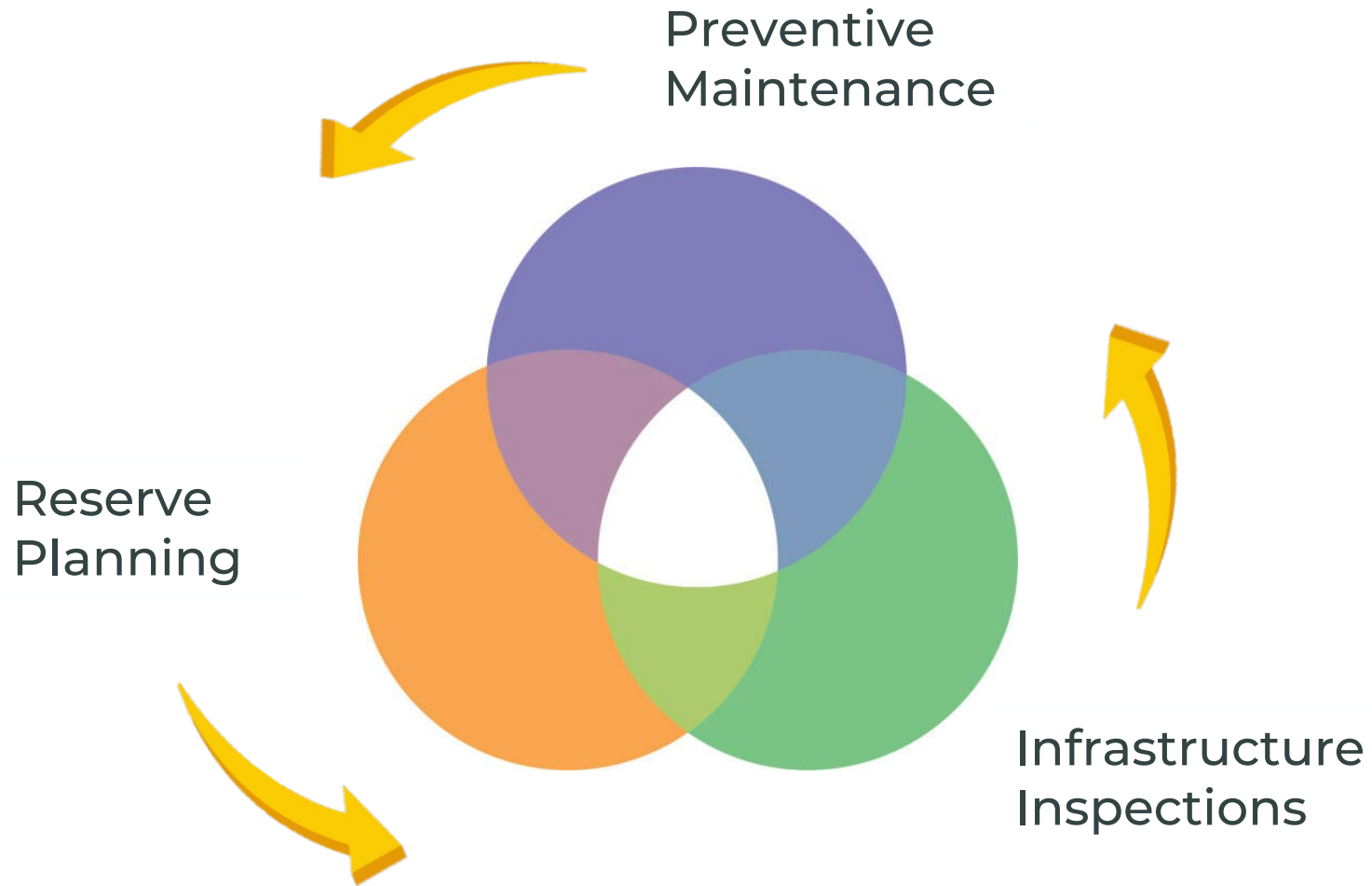


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## RESERVE COMPONENT “THREE-PART TEST”

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## Reserve Components

- Projects (not just tangible “things”)
- Major Maintenance
- Corrective Maintenance/Repairs
- “Long Life” (over 30 yrs) Components
- Subject Matter Expert Reports



## Reserve Components

- Projects (not just tangible “things”)
- Major Maintenance
- Corrective Maintenance/Repairs
- “Long Life” (over 30 yrs) Components
- Subject Matter Expert Reports

*Expect your Component List to be Longer than before*



## Outline

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## How are your Components Established?



1

Full

2

Update With Site Visit

3

Update No Site Visit



## How are your Components Established?



1

Only Once

2

Every Three Years\*

3

In-Between Years



## Frequency of Updates?

**Reserve Studies are perishable assets!**  
(they quickly lose their usefulness)



## Frequency of Updates?

- Annually – “minor tweak”
- Every Three Years – “adjustments”
- Every Five Years – “rescue”



## Compared to an every-5-yr update...

- Updating every 3<sup>rd</sup> yr drops # of associations with a special assessment by 8.3%





## Compared to an every-5-yr update...

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- Updating every yr drops # of associations with a special assessment by 35.1%



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- Updating every yr drops # of associations with a special assessment by 35.1%

*Updating regularly keeps the association on-track*



## What to Select?

- Never Done or Ancient – “Full”
- More than two years old – “With-Site-Visit” Update
- In-Between years – “No-Site-Visit” Update



## What to Select?

- Never Done or Ancient – “Full”
- More than two years old – “With-Site-Visit” Update
- In-Between years – “No-Site-Visit” Update

*Note: Many providers offer cost-saving multi-yr packages*



## Update Lessons

- “Full” takes the longest to prepare, and costs the most
- “With-Site-Visit” takes 50-80% of site inspection time, and costs 50-80% of “Full”
- “No-Site-Visit” – updating done by phone, zoom, or correspondence with mgmt/board/vendors, inexpensive



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*No-Site-Visit Updates are your high-value choice*





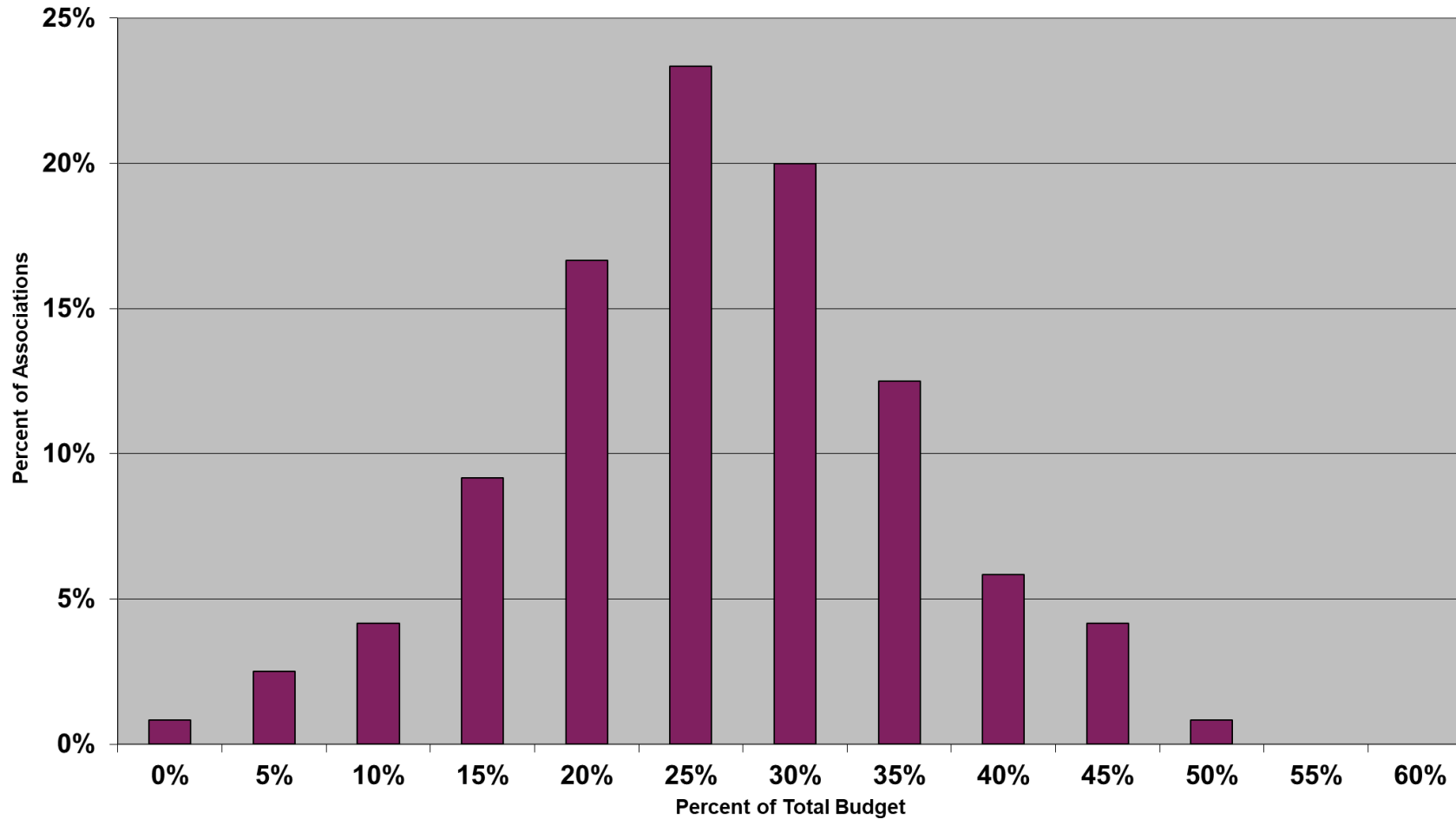
## Outline

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## Adequate Reserve Funding (Out of Total Budget)

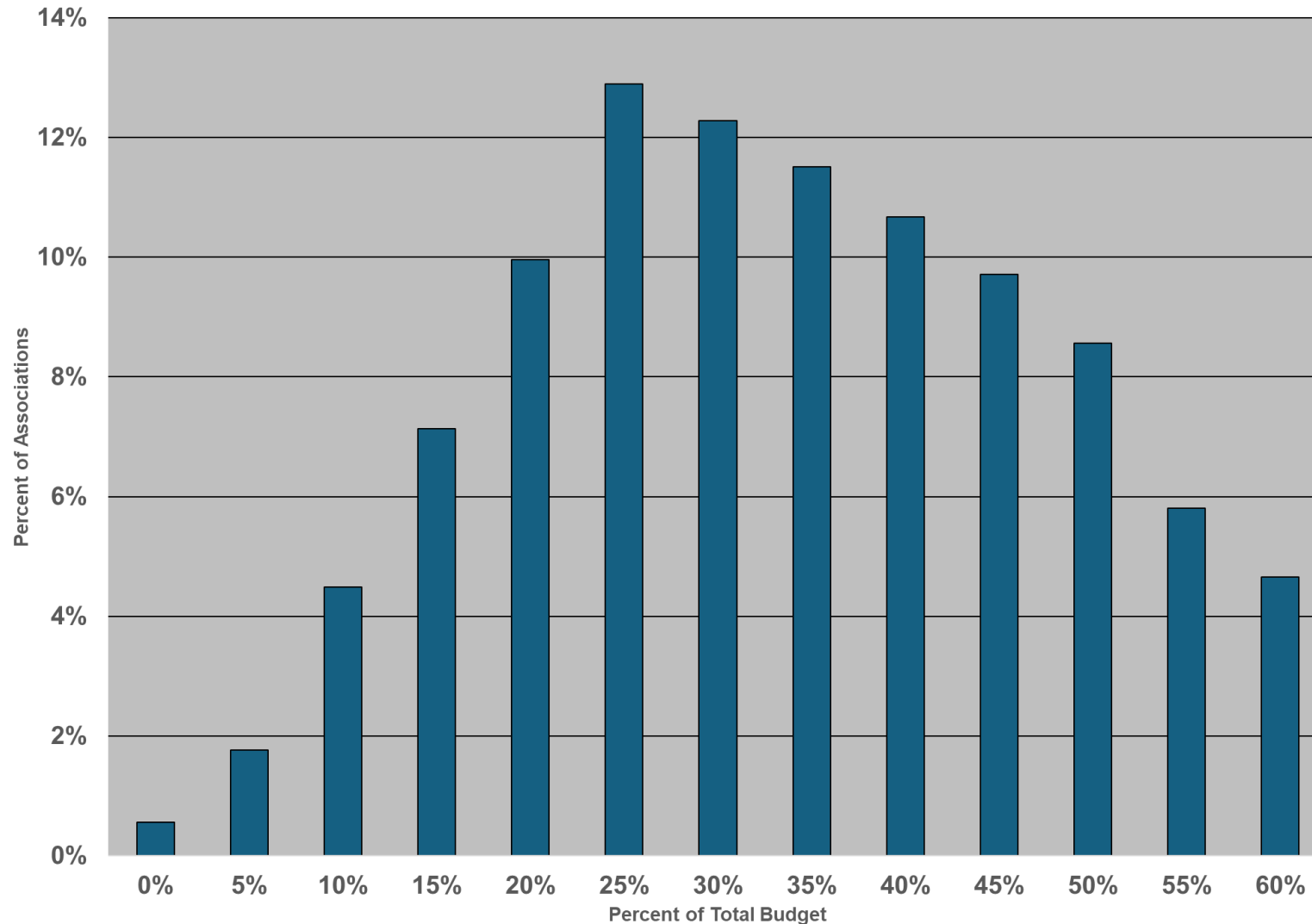


All Associations

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## Adequate Reserve Funding (out of Total Budget)

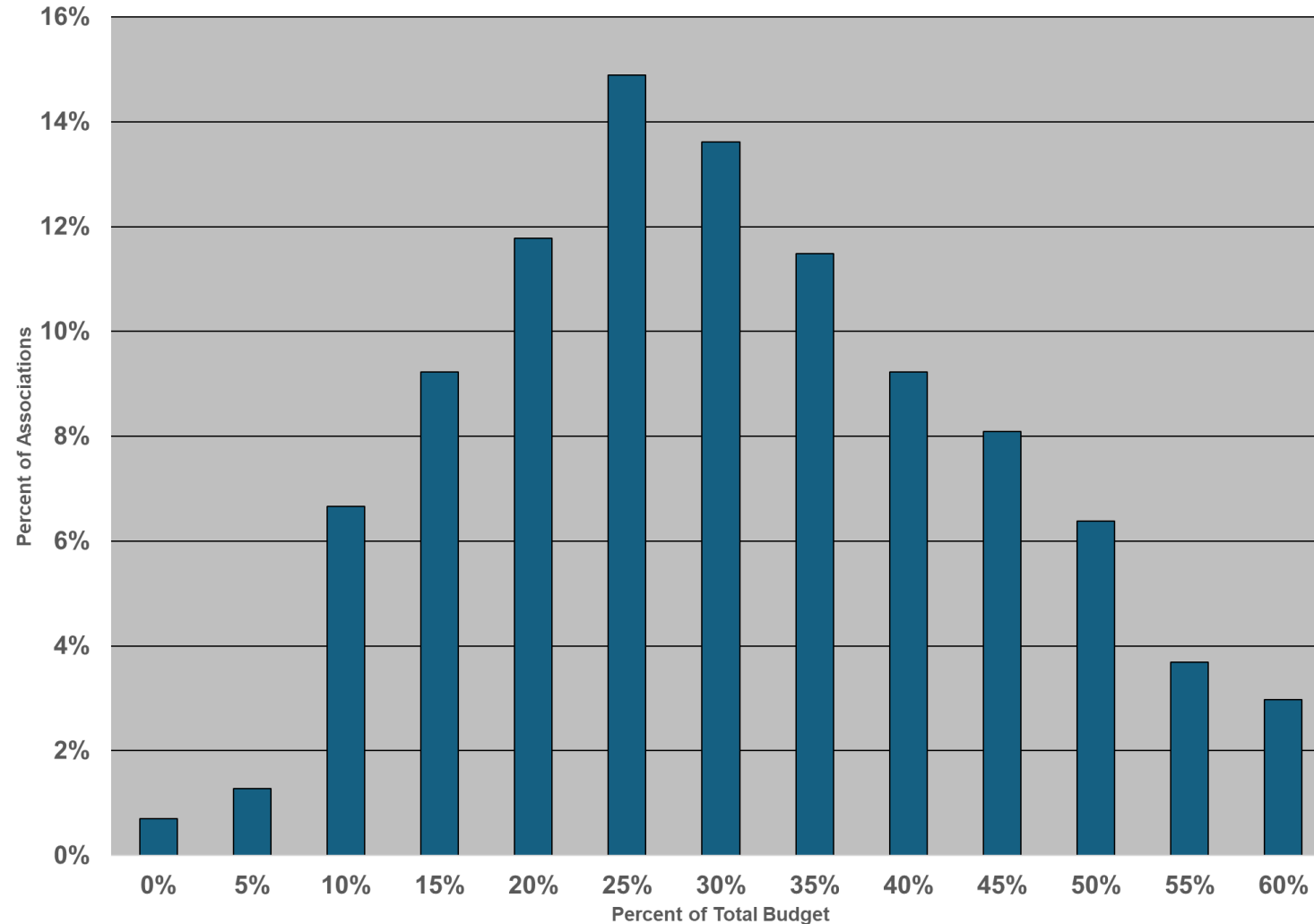


**All Associations  
since 1/1/2022  
(CTS)**

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## High Rise Adequate Reserve Funding (out of Total Budget)

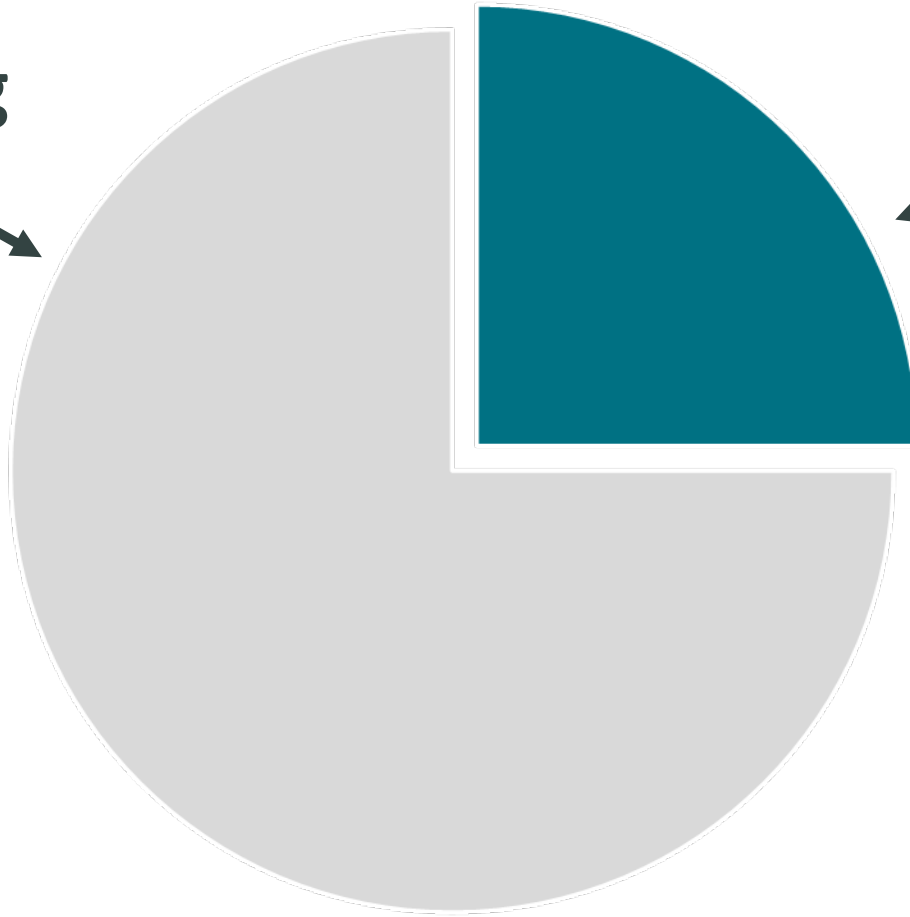


**High-Rises  
since 1/1/2022  
(CTS)**

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**Operating**



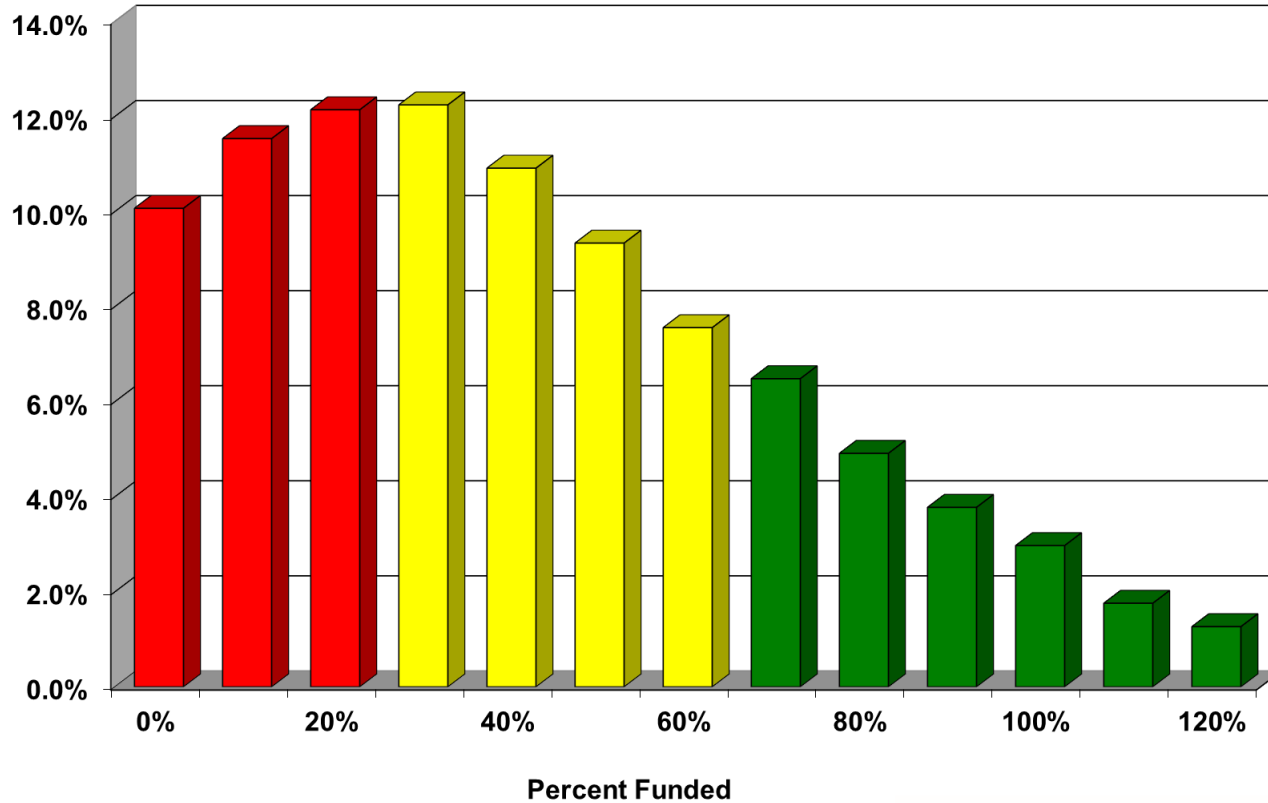
**Reserves: Start with 25% of budget**



**Total Budget**



## National Percent Funded - 2024



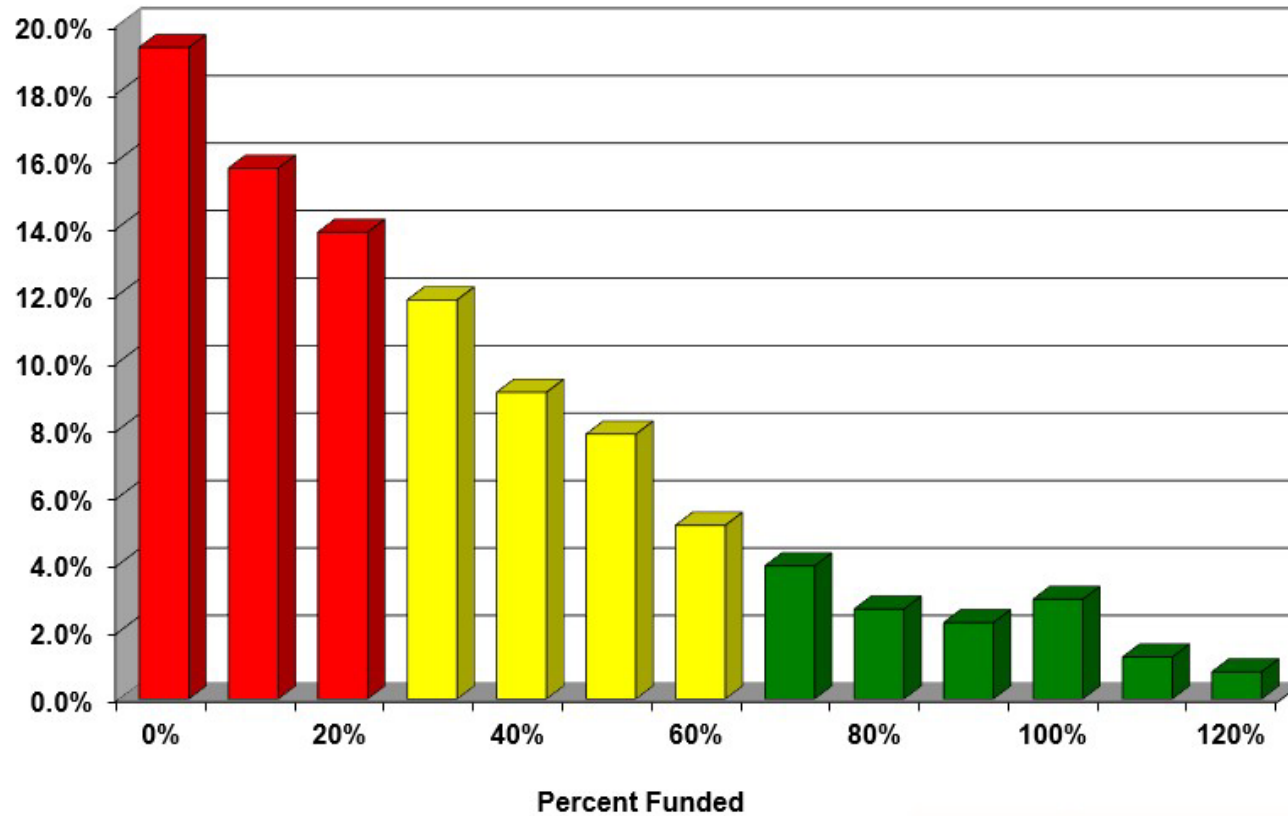
## All Associations







## Florida Percent Funded



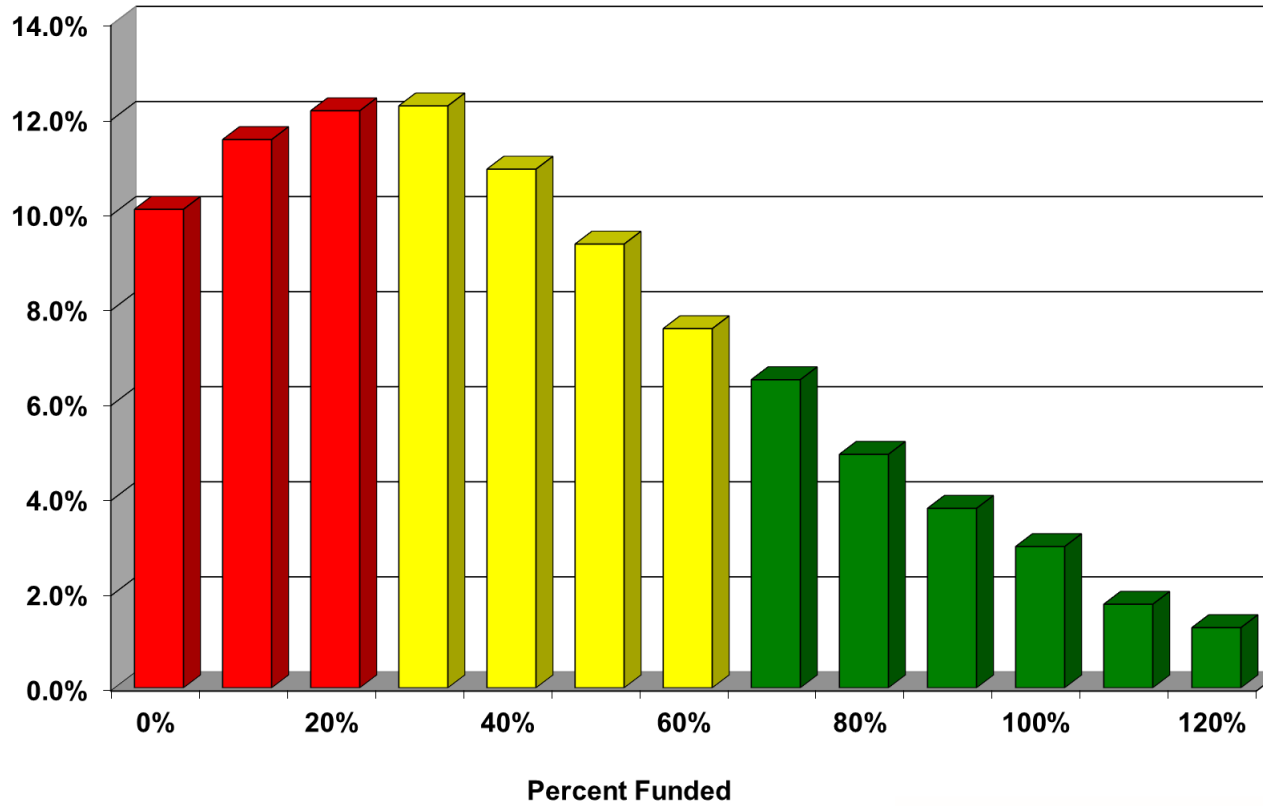
## All FL Associations



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## National Percent Funded - 2024



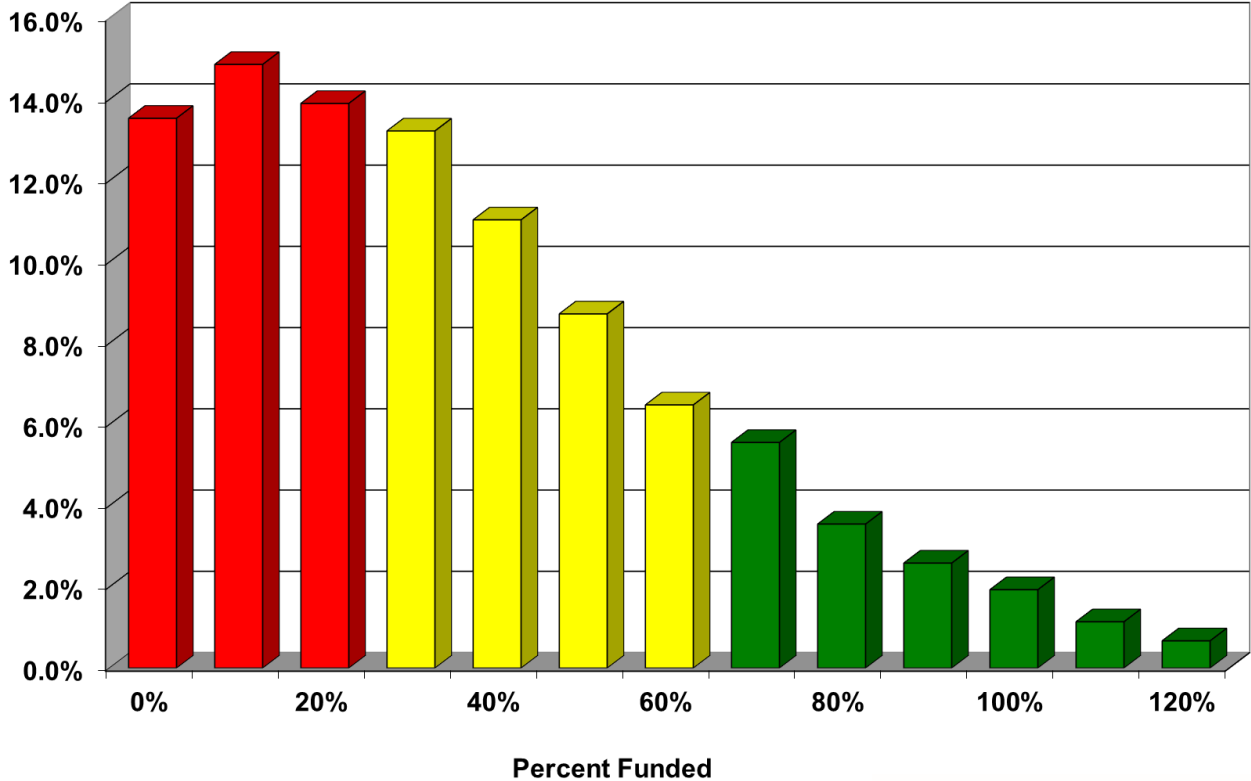
## All Associations

- 34%
- 40%
- 26%





### National Percent Funded 2022-23



**All Associations since 1/1/2022**

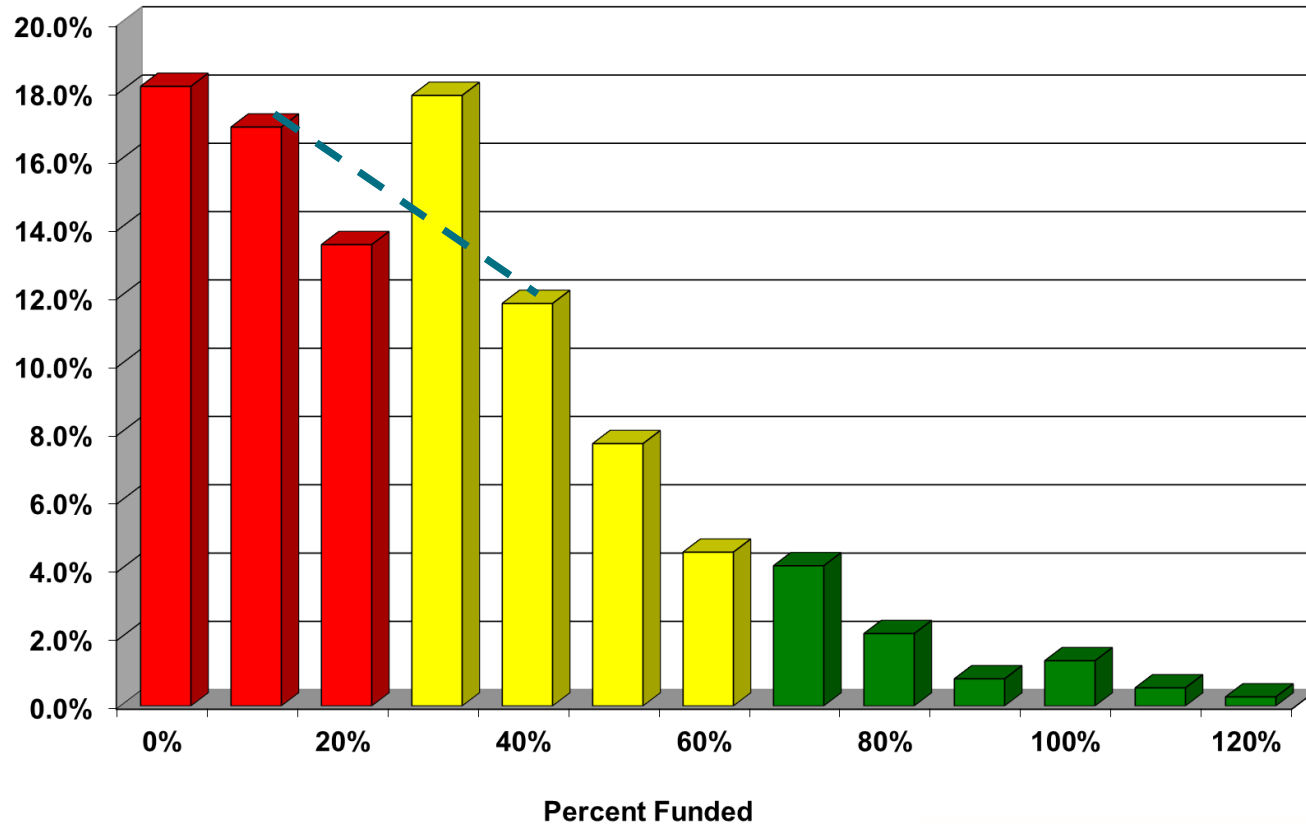
- 42%
- 40%
- 18%



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National Percent Funded 2022-23 (High-Rise Only)



High-Rises  
since 1/1/2022

● 48%

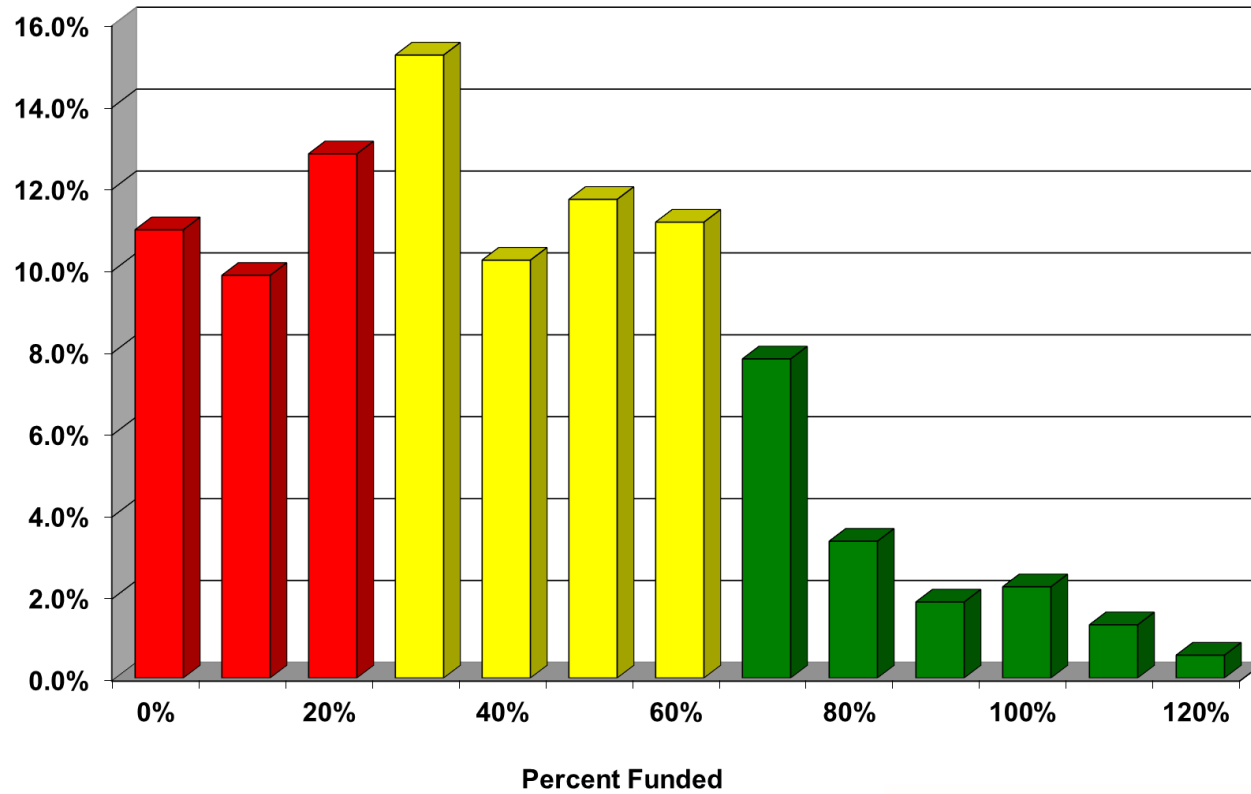
● 42%

● 10%





National Percent Funded 2022-23 (Large Scale Only)



**Large Scale  
since 1/1/2022  
(over \$2M Budget)**

● 34%

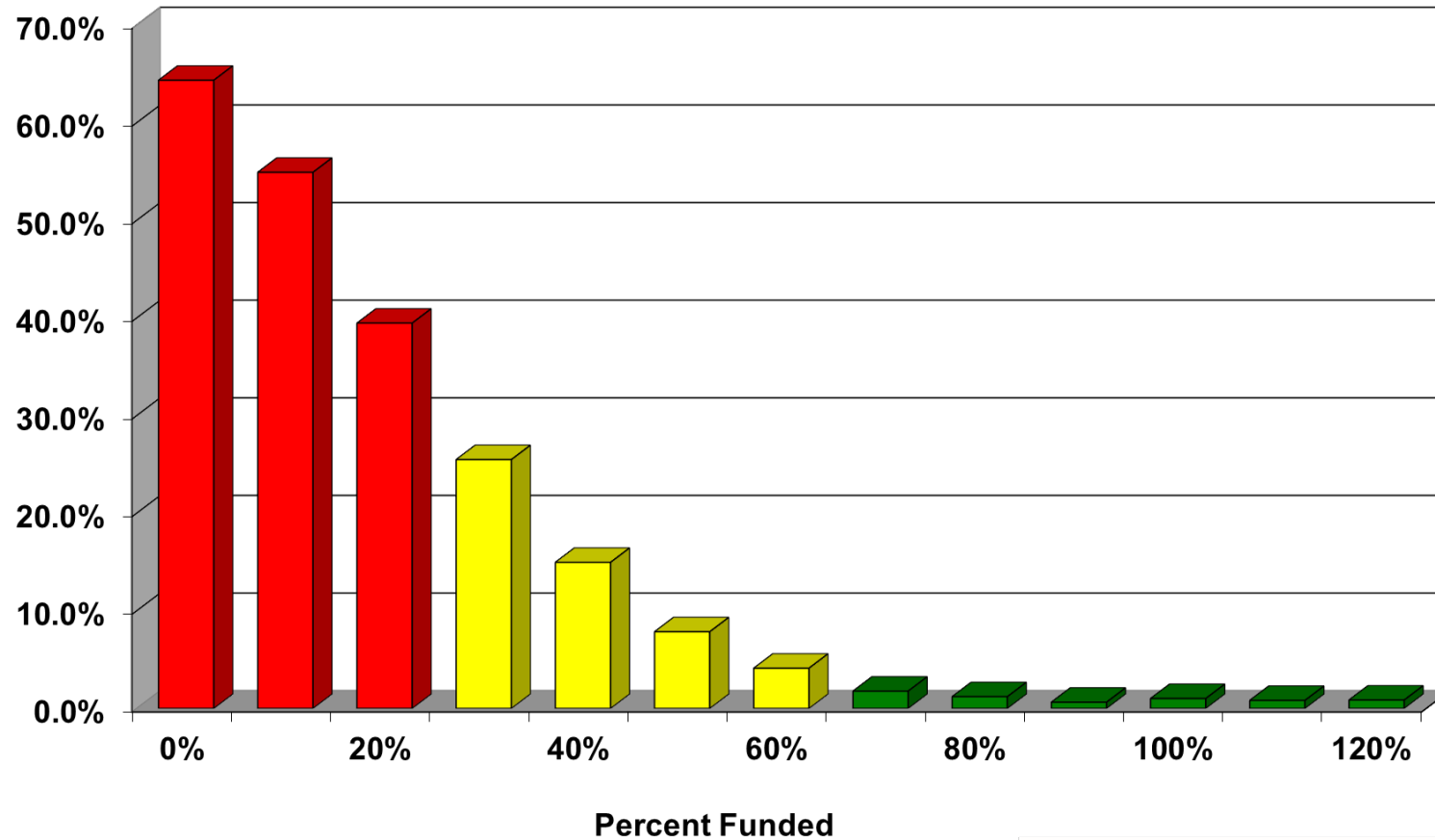
● 48%

● 18%





## National Special Assmt Risk - 2024

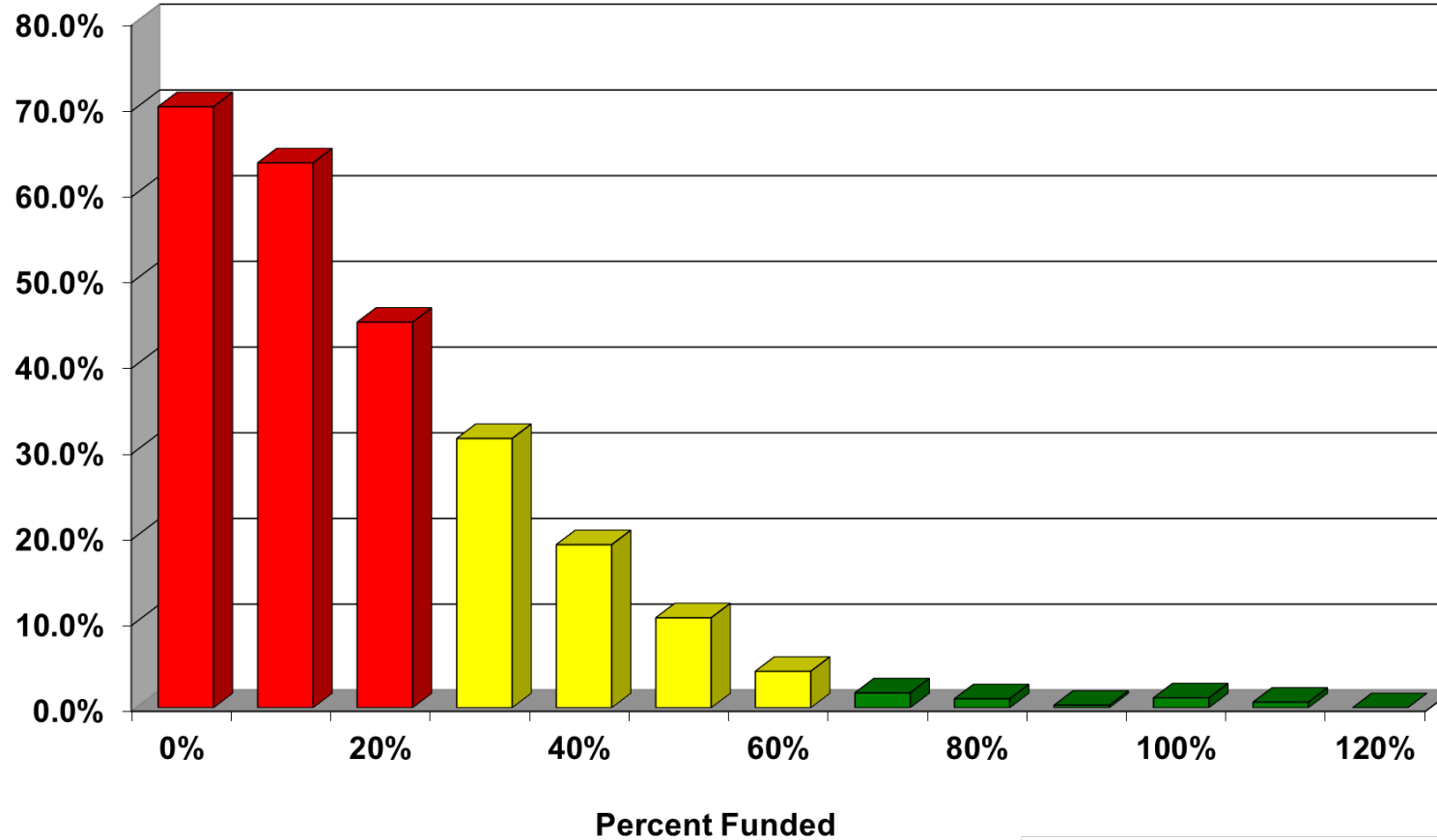


All Associations





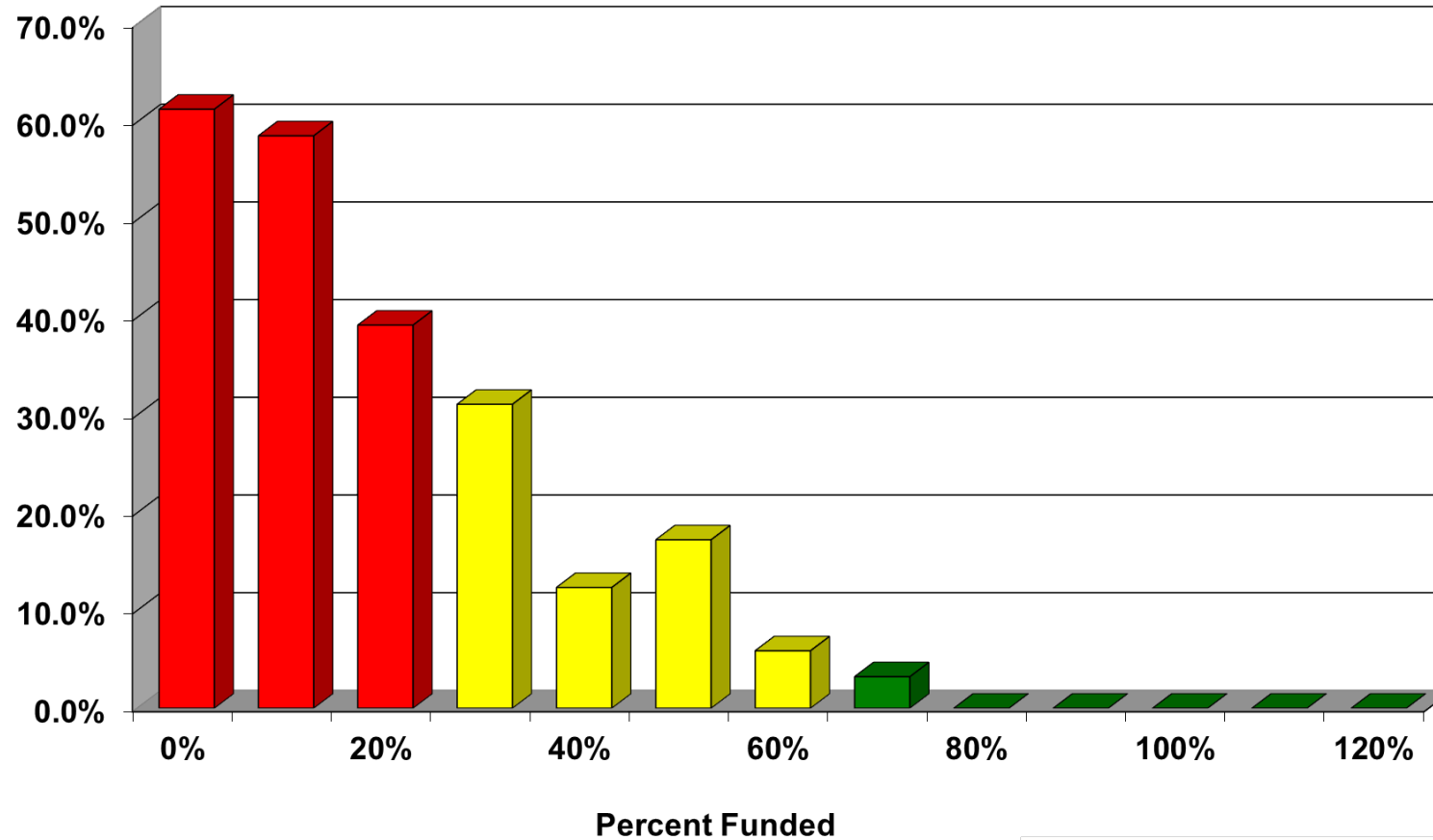
## National Special Assmt Risk 2022-23



**All Associations  
Since 1/1/2022**



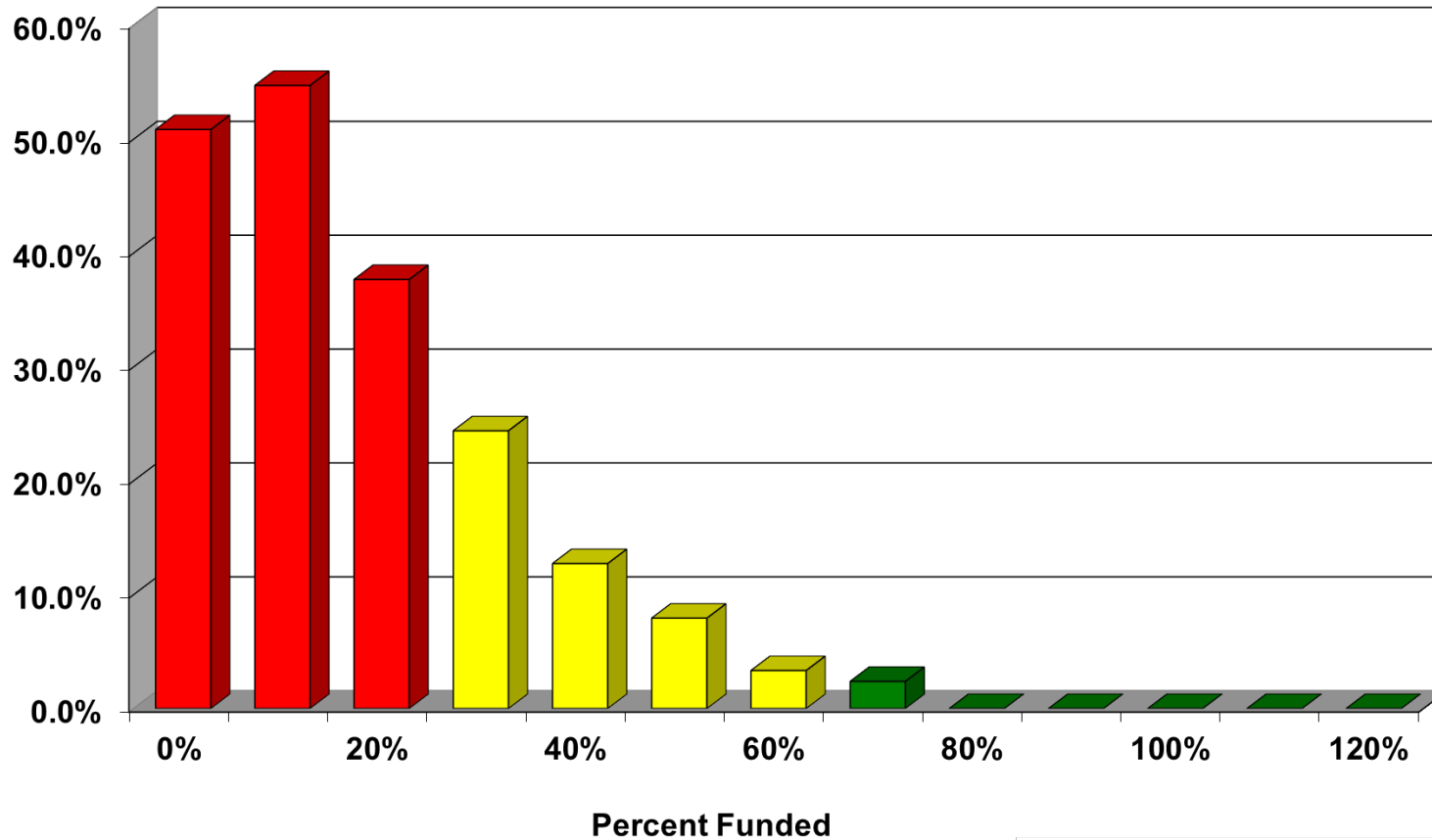
## National Special Assmt Risk 2022-23 (High-Rise)



**High-Rises  
Since 1/1/2022**

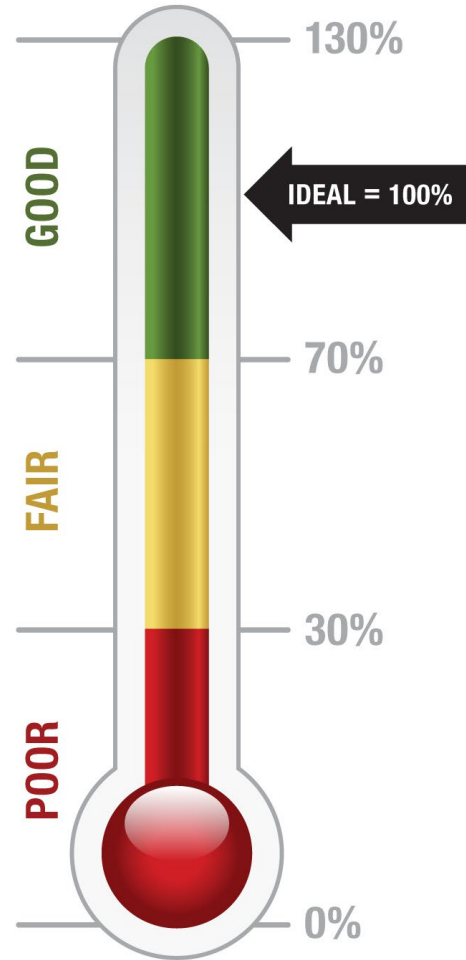


## National Special Assmt Risk 2022-23 (Large Scale)



**Large Scale  
Since 1/1/2022  
(over \$2M Budget)**

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**It's still in your best interests to be in the "over 70% Funded" range**

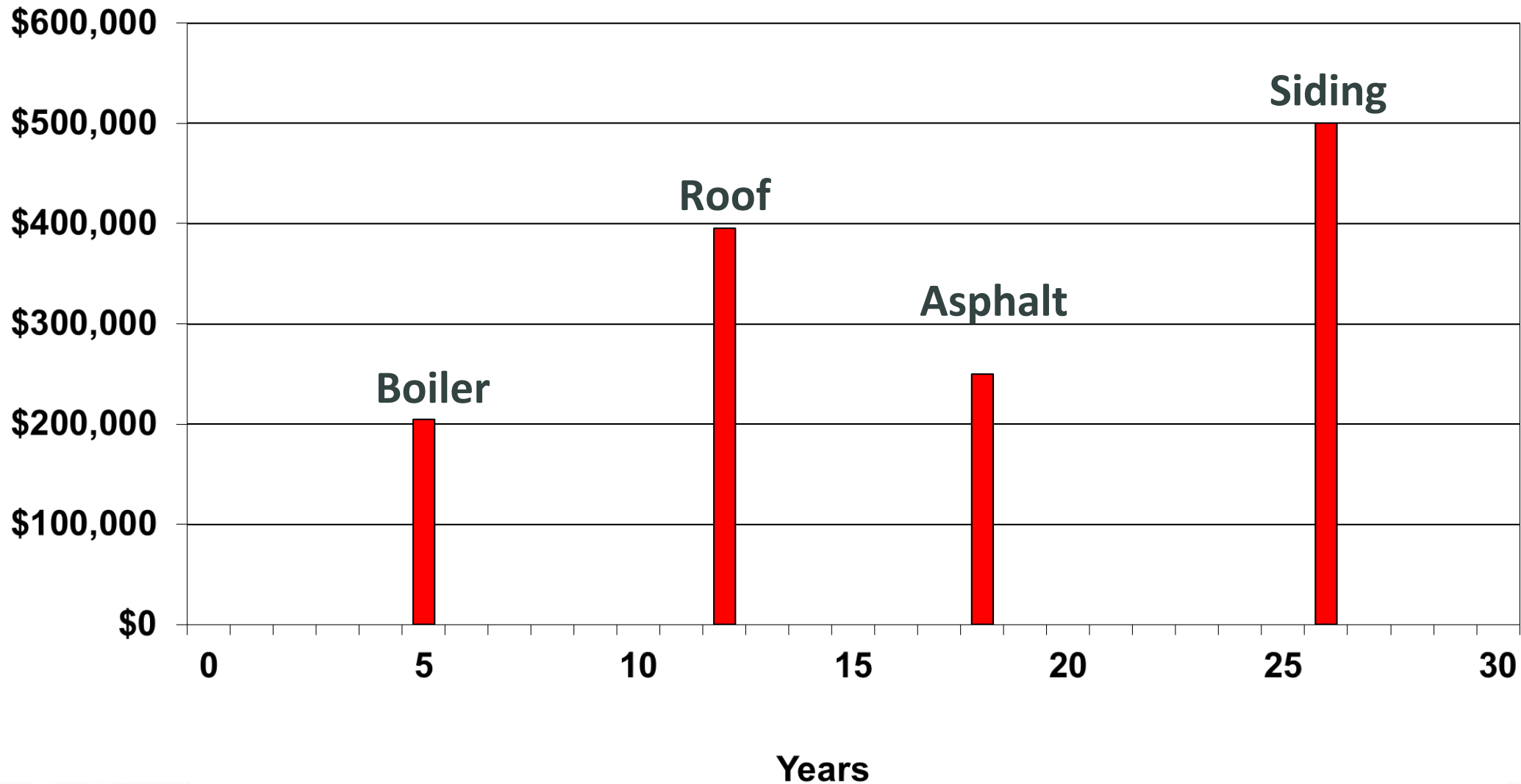
**RESERVE FUND STRENGTH**



## Outline

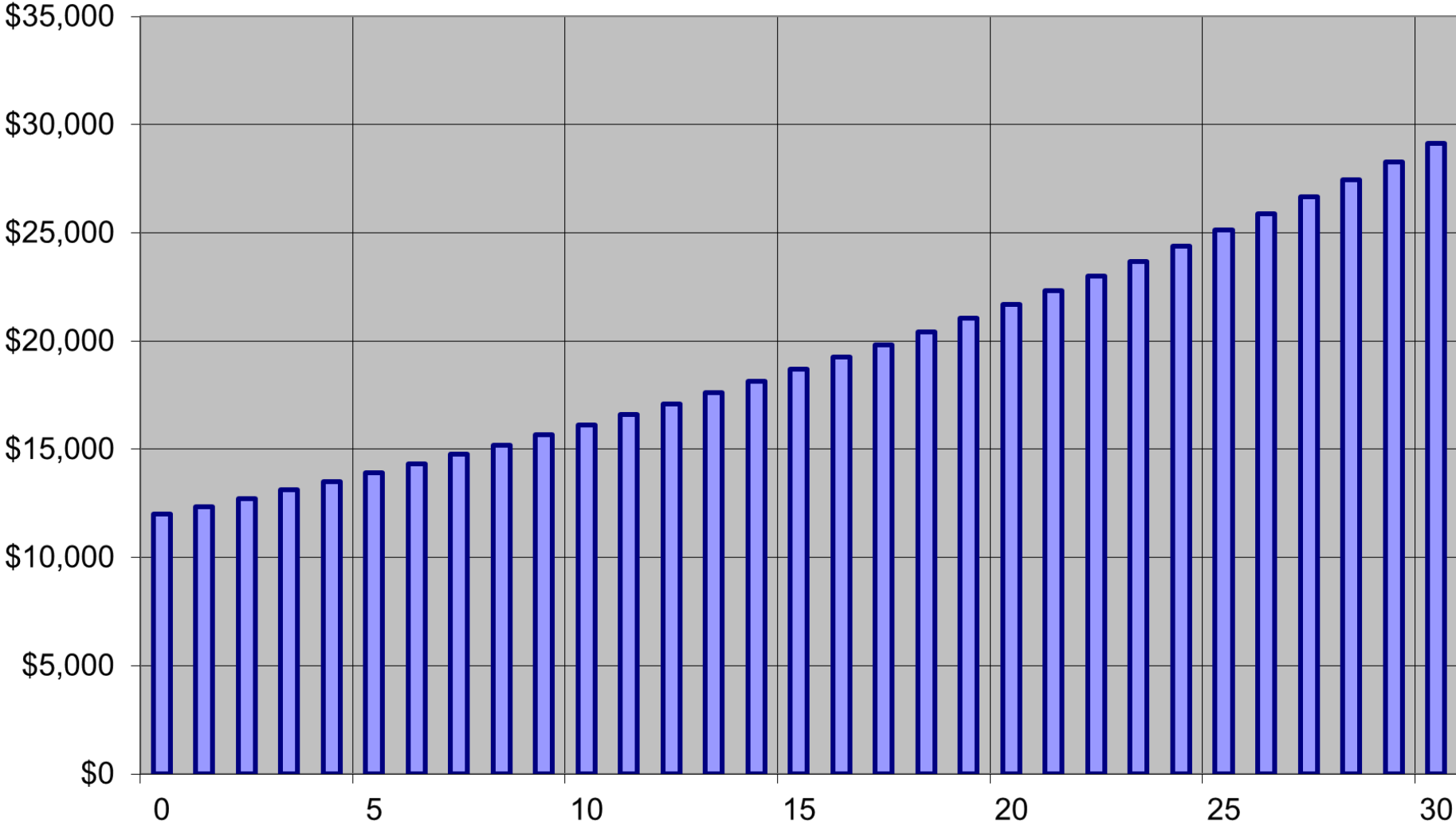
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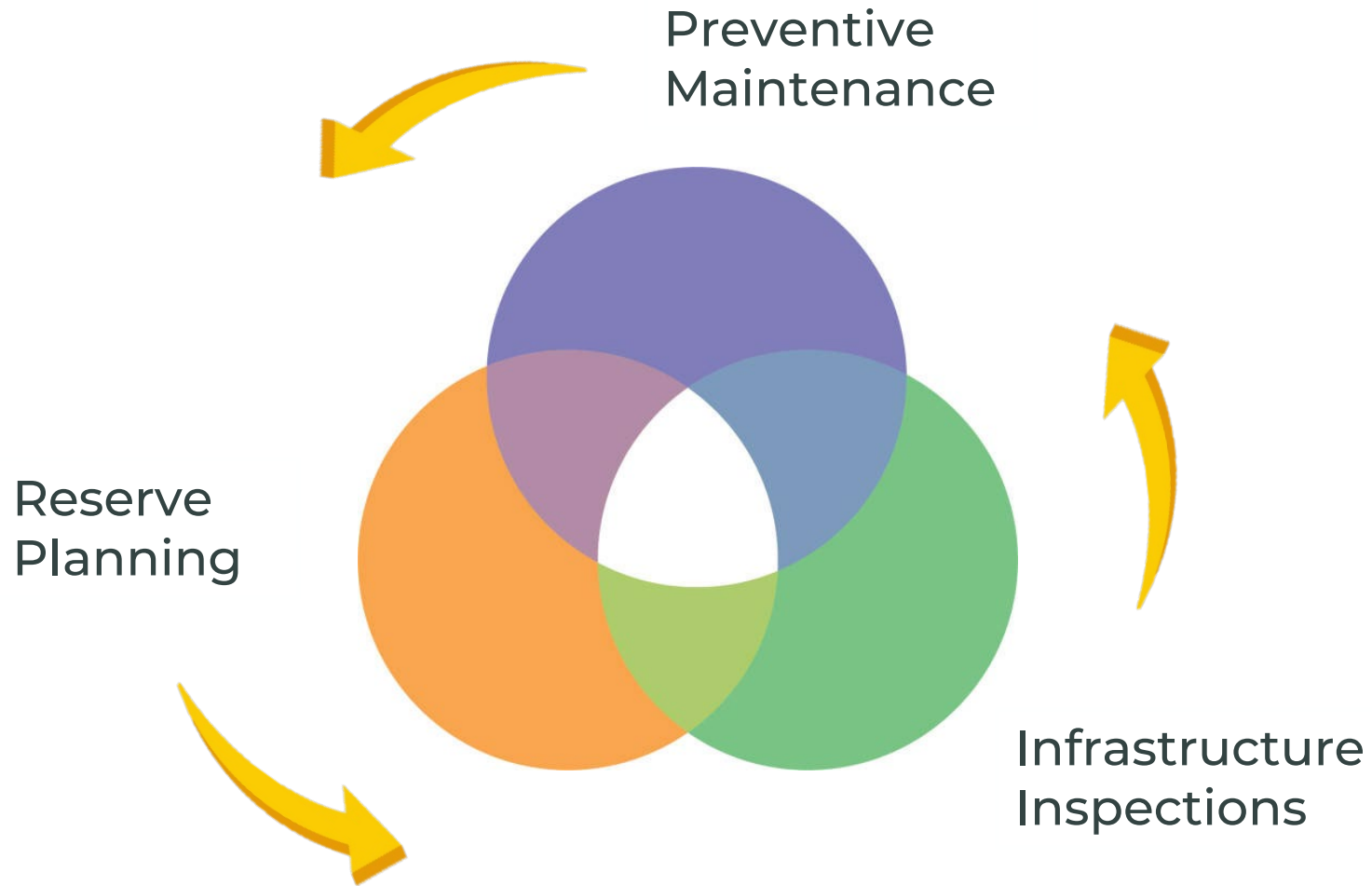


## Lower your Insurance Premiums

### Become a preferred risk client

- **Perform ongoing maintenance**
- **Follow your Reserve plan**
- **Have/Practice Emergency Procedures**
- **Minimize risk exposures (fire, pool...)**

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Fortunately, the cost of Reserve deterioration is very predictable!

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*Est. 1986*

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