

INFORMATION AND KNOWLEDGE BASE

MAINTENANCE

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"If you tell the truth you don't have to remember anything" – Mark Twain

- Chapter 12 –

MAINTENANCE

12.1 Introduction

Maintenance of the governing body's property is of critical importance. The assets in which members and therefore the governing body has invested consist *inter alia* of buildings, walls and fences, roads, transformers, street lighting, fire hydrants, meters and meter kiosks, equipment, vehicles, generators, gardens, security equipment and recreational areas. It is strongly recommended for the governing body to keep a detailed register of all assets.

Please remember the proven rule that where the assets are looked after, protected, stored, and kept clean, the assets do last longer.

12.1.1 Maintenance of Common Property

Common property is defined as all the land and those parts or portions of buildings that form part of the development, excluding any building set aside for the exclusive occupation of a resident in accordance with the specific sale agreement. It is the responsibility of the governing body to control, administer and manage the housing scheme, the accommodation, the land, common property, facilities, and services for the benefit of all members. *Inter alia*:

- To insure all buildings and facilities at replacement value.
- To maintain the common property in a state of good and serviceable repair.
- To ensure compliance with any laws relating to common property.
- To keep in a state of good and serviceable repair and properly maintain the machinery, fixtures, and fittings, used in connection with the common property
- To, subject to the rights of the local authority, maintain and repair pipes, wires, cables, and ducts existing on the land and capable of being used.

12.1.2 Responsibility in respect to Common Property

The management association (MA) has the task and responsibility to keep the owner's property in good and running condition. The powers to maintain the facilities and infrastructure are outlined in legislation, with the understanding that the owner has an inherent right to ensure compliance with these obligations. The governing body should:

- Establish a levy fund sufficient for the repair, upkeep, control, management of the development scheme, accommodation, land, common property and the buildings or buildings

relating thereto, including reasonable provision for future maintenance and repairs, sanitary and other services to the buildings and land.

- Prepare, for each fiscal year, a detailed budget which must include a reasonable provision for future maintenance and repairs.

12.1.3 Powers and Responsibilities of the Registered Owner(s)

The owner is the custodian of the development and has a lifelong accountability to ensure the stability, sustainability, and integrity of the facility. In respect to all buildings, infrastructures and grounds, the owner must ensure that all facilities and infrastructures are properly maintained. Although the responsibility for maintenance is delegated to the management association as described above, the owner has the right to enforce compliance. In practice this means that the owner must always approve maintenance plans, the execution of these plans and ensure that a maintenance levy fund is adequate and operational. Legal opinion suggests that the owner has a veto right in respect to maintenance of the property and infrastructures.

12.1.4 Responsibility for the interior of the house

The owner is solely responsible to ensure proper maintenance in accordance with the conditions set out in the loan agreement with the life right holder.

12.2 Normal and Preventative Maintenance

Maintenance is split into normal (planned or unplanned) maintenance and preventative maintenance. These two categories require their own budgets.

Preventative maintenance is maintenance which takes place in advance and in accordance with a predetermined schedule to avoid more expensive unnecessary damage later. Service of equipment is included in this category. These services should be quality checked and where necessary the necessary compliance certificates must be obtained. A schedule should be drawn up for each item and using the suppliers' conditions and warranties, the governing body and management's own experience as well as specialists in the fields, to establish the replacement date and cost of the item.

The facility should have a capital expenditure plan which will include huge and significant upgrades of the facilities. This can be broken down into a five year, ten-year and thereafter plan. How this expenditure is going to be financed should be drafted as well.

Unexpected breakdowns and damages occur from time-to-time. The most effective way of addressing the repair should be established at that point in time and please remember that a quick fix is not necessarily the right decision. The budget must provide for a realistic number of repairs to be conducted during the year. The governing body should also be careful in cutting back on these expenses at both budget preparation time and during the year when the budgeted numbers are not achieved.

Benefits of a preventative maintenance and relating plans are:

- Prevent unexpected failure of infrastructure or services.
- Prevention of escalated damage or costs.
- Extension of lifespan of facilities or equipment.
- Improve market value of residence and facilities.
- Preservation of the integrity of buildings and facilities.
- Prevention of power or water failures.
- Structured maintenance planning, scheduling and task allocation and control.

Aspects to be covered, *inter alia*, by the plan should include:

- Buildings and formal structures—roofs, roof tiles, fences/walls, corrugated iron sheets, facias boards, gutters, down pipes, cover strips, window frames and garden features.
- Infrastructures - water and power supply, roads, paving, communication systems, waste removal, recycling, and solar heating systems.
- Assessment of the infrastructure and equipment in personal residences - stoves, electricity and water supply, geysers, fixed cupboards and so on.

12.3 The Maintenance Plan

A well-run facility has a maintenance policy and plan that will ensure adequate provision for the future. The following should, *inter alia*, be included in the plan:

- Determine the structural integrity, quality, and present state of repair to be conducted. A qualified person should perform the assessment which needs to include:
 - The categorisation of data according to correction interventions, preventative maintenance and condition based
 - Determine risk and other priorities based on health and safety, consequential damage, increased response maintenance, utility factors, aesthetics, etc.
 - Identify, prioritize, and determine capital items
 - Identify priorities providing for systematic inspection, detection, and correction of failures before they develop into defects
 - Establish and update current asset registers

- Conduct a lifespan analysis. This refers to items, mostly equipment, which require upgrading or replacement from time-to-time
- Understand the type of scheme and its various responsibilities of the governing body, the owner, and the residents.
- In respect to a life right facility, the owner has both the obligation and right to ensure that his property is properly and professionally maintained.
- The maintenance plan must be based on sound scientifically tested information.
- The owner and the management committee jointly undertake the drafting of the plan.
- The plan must make provision for medium- and long-term objectives and include an estimated budget.
- The plan is annually reviewed, with the understanding that if required by circumstances, it may be reviewed at any time.
- The maintenance plan together with a budget is drafted for approval by the owner and management association. Included in this plan, a precise demarcation of responsibilities is determined.
- The plan will also include a clear outline for residents in respect to their responsibilities, both regarding personal living units and common property.
- The maintenance implementation responsibility is normally allocated to the manager, as part of his/her job, who reports back to both the management committee and the representative of the owner.
- Administration and record-keeping: asset and incidents registers, record and reporting of all maintenance work is the responsibility of the manager.

12.4 Maintenance Reserve

It is advisable for the governing body, and obligatory for a body corporate, to establish a maintenance reserve. The governing body must have the necessary funds available when major repairs, maintenance (expected and unexpected), upgrades and replacements must take place. It is only fair that all members contribute towards the maintenance and future maintenance before it takes place. The governing body should not have to wait until the maintenance repairs need to be done and then must burden members financially. Members must be kept fully informed of ongoing as well as planned maintenance repairs.

The maintenance reserve can be calculated as follows:

- List all the governing body's assets and the major components thereof.
- Give a rating of the state of the asset or component.
- Estimate the current replacement cost.

- Determine the expected lifespan of the asset or component and the year in which it needs to be replaced.
- Yearly provide the amount needed for each asset or component in the year of replacement.
- Add the yearly replacement values per item together to establish the total “reserve” yearly required.
- Adjust the yearly reserve with the expected inflation figure.

The current funds on hand and the future funds required are now established. How the additional funds are going to be raised and the investment strategy to be followed must be clarified. A special monthly levy or a buy-in levy on new homeowners are ways to provide the necessary funds for the reserve fund.

The governing body should also have plans to extend the lifespan of each asset or component and have a rule to not replace components until necessary. This makes business sense.

Financing by way of a loan can also be considered if one or two maintenance projects are urgent and members can be convinced that this is a suitable alternative to the build-up of the funds over a number of years.

For body corporates the following rules apply as set out in the *Sectional Title Schemes Management Act* (STSMMA). This is a well-thought-out provision and if the governing body does not want to calculate their own required reserve, then this is a good guide to follow:

- A reserve fund must be established to finance future maintenance, repair, and replacements on the common property. The fund must consist of 100% of the yearly budgeted levy income (called the administrative fund) and must be available in cash in a separate bank account to be used for emergency maintenance, repairs, and planned replacements. The Act specifies how the reserve should be built up over time.
 - If the fund at the end of the year is less than 25% of the value of the administrative contributions, then 15% of the administrative fund budget must be provided and collected.
 - If the fund at the end of the year is more than 25% but less than 100% of the administrative contributions, then the contribution to the maintenance reserve must be at least equal to the amount budget for repairs and maintenance for the coming year.
- The funds used must be recovered from members immediately to replenish the reserve. Interest earned on the funds must be added to the reserve.
- A ten-year written maintenance plan must be prepared and approved at the annual general meetings. The reserve fund is used to pay for the planned future maintenance costs. Progress

on the implementation of the plan must be reported on at the AGM. Please refer to the comments in chapter 3 of this document about the maintenance reserve.

12.5 Gardens

Gardens must be well planned. In a water-scarce country like South Africa, the right layout, using other garden materials and the plants chosen, are of critical importance.

Where the gardens have not been fully developed or a revamp is required, it is advisable that a master plan for the garden is developed. This plan is then used to improve certain areas as and when money becomes available. The plan will also prevent redoing the gardens in future.

The pool must be maintained in accordance with the local authority's by-laws where fencing, lockable gates and covering nets are concerned.

12.6 Transport

The transport vehicle must have undergone the required roadworthy test and must be licenced. Maintenance includes the following further steps:

- Display of a disability sign in front of the vehicle to enjoy the special parking at shopping centres.
- Portable steps, ramps for easy access, emergency tools, first aid kit and a cell phone are some of the tools and equipment needed on the vehicle.
- Comprehensive insurance must be in place including public liability for the number of people it carries.
- Medical check-ups for the driver must have been done.
- The driver must be competent in basic first aid.
- The vehicle must be maintained in accordance with the requirements of the manufacturers' specification.
- The logbook must be kept up to date.
- The use for and the cost of special trips for residents should be defined and charged when used.