

COMPANY DEEP-DIVE

# Former Director at Berman Sees Increased Demand and Costs in Florida's Property Restoration Post-Surfside Collapse

DATE PUBLISHED	INTERVIEW DATE	EXPERT PERSPECTIVE	ANALYST PERSPECTIVE
13 Mar 2024	16 Nov 2023	Customer	Business-Led

PRIMARY COMPANY

VALCOURT BUILDING SERVICES

## Summary

The client speaks with the Former Senior Director of Property Management at Berman, who discusses the increased awareness and involvement of property management companies and associations with structural engineers in restoration projects after the Surfside condo collapse. The expert emphasizes the importance of relationships and trust when selecting a building restoration contractor, and mentions the increase in costs for projects post-Florida Condo Safety Act due to labor rates and material costs. They also mention the inclusion of project managers in the process, which adds to labor costs. The former Senior Director provides an example of a minor restoration project in 2019 that cost \$146,000, and estimates the current cost to be around \$180,000 to \$190,000. They mention additional regulations and laws driving the need for concrete restoration, as well as the involvement of insurance companies and lenders. The expert rates Valcourt, a concrete restoration company, as a six or seven on a scale of one to seven, and describes Western Waterproofing as a phenomenal company. The decision process for sourcing contractors involves the engineer and property management company, reaching out to multiple contractors for bids, and the final decision being made by the building owner. The Former Senior Director mentions an increase in work in the Orlando market after the Surfside collapse and expects the demand for projects and inspections to remain high in Florida. They also discuss the possibility of prices stabilizing but not returning to pre-COVID levels, and the importance of inspections and property maintenance.

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EXPERT BIO

# INTERVIEW TRANSCRIPT

Client ▶ 00:00:00

Hello. I guess just to start give a little background on kind of like why we wanted to speak with you. We're doing research around like the use of concrete restoration contractors like Condo Association and we've talked to structural engineers, project managers, property managers as well as contractors themselves, just about how the process works for when they're selected, why they're selected, how it's been impacted post Surfside condo collapse and the Florida Safety Condo Act. We're trying to understand this space is a little better.

And I know you have an interesting perspective on based off just like the bio that I read where like you have both the use perspective as well as just like the general because you were on the BOMA Board, correct, and the ICC?

Expert ▶ 00:00:36

Yes. And I was also the Chair of BOMA International for several years, which is why I sat on a panel after the Surfside collapse. I think it was two, three years ago now, but they reached out -- ICC reached out to BOMA as one of their partners, and there were several of us from all across the country, engineers, attorneys, people and property management. It was a very interesting group.

Client ▶ 00:00:58

That is really interesting. I guess could you just talk about like exactly what you do on the BOMA Board prior to the collapse as well as like post collapse and then as well as what your involvement on the ICC?

Expert ▶ 00:01:08

So I started with BOMA about 14, 15 years ago, and I got heavily involved in the advocacy part. People misconstrue that for politics. It's really not. It's really about people in our industry, managers and owners getting involved because a lot of times, new bills will go through on a federal level or new legislation on a state level that affects building owners because everybody thinks they have deep pockets. So let's take the building owners pay for it.

So I got involved from an advocacy perspective, and then I moved quickly through the Board in Orlando and went all the way up to President, stayed on that board for a year after, then I moved on to BOMA, Florida. BOMA, Florida is strictly advocacy across the country and locally, and there's not very many state BOMA boards. I think there's only like three in the country. So I was on that board for about eight years, actually fully for 10 because I was the past President and on the executive committee for a couple of years.

And basically, what we did is we just advocated for building owners rights. One of the things that came through was the upgrade to the DAS system for firefighters when there's an issue on a building, they could be in a stairwell trapped in a stairwell and not be able to communicate with anybody on the ground to let them know where they're at. So obviously, the Fire & Life Safety industry, they were heavily involved in that. And of course, we want to make sure that firefighters are safe.

But that also created a lot of undue expense on building owners because they wanted to do it right away within a certain amount of time and not give building owners the time to provide -- find the capital funding for that. So we did lobby on that, and it actually did get pushed out to, I think we don't have to have the buildings fully upgraded until 2024, where it was supposed to be done at the end of 2022. So those are the kind of things that we work towards.

I did testify in front of us and a hearing committee when I was the BOMA, Florida President because we had the longest-standing member on the Florida Building Commission. He was an architect and he had been on there for like 16 years, and the homebuilders for Florida were lobbying to take the Board -- or the commission down from like 29 members down to like 17 members, which would have been removing our commercial BOMA commercial member who is an architect who is the longest-standing member on the commission.

So we did win. He is actually still on the Florida Building Commission today. So those are kind of some of the things that I've been involved with. Then I've also been involved on an international level as the BOMA Chair of the Government Affairs Committee, and we worked with members all over the world on decarbonization and net zero by 2050 and some other projects as well. So that's kind of my involvement with BOMA, if that makes sense.

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Client ▶ 00:03:46

Yes, that's actually really cool. I mean I'm going to sound like fanboyish, but it's pretty awesome that you got to speak in kind of like the Senate.



Expert ▶ 00:03:53

Gosh, I was so scared. I was so scared, but everybody was like, we couldn't tell you are scared, but I surely was. That -- honestly, I have two kids, and I love my kids, but that was like one of the highlights of my life doing that.

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Client ▶ 00:04:06

I won't tell them that. I won't tell your kids. Awesome. And then could you just talk about your role with Berman and as well as JLL and everything there?

Expert ▶ 00:04:14

Sure. So I've been in property management for over 30 years. I started my career in residential, so I have quite extensive background for the seven years I was in commercial, and I did quite a few capital projects, gutting buildings and putting them back together again. I transitioned over to commercial, which I love even more, and I've stayed in this industry ever since. I've kind of specialized in mixed use.

Obviously, as they become more prevalent across the country, there's not as many managers or property managers that have really specialized in live, work, play communities. So that's really served me well. I've gone from several different properties and property owners and companies. And obviously, CBRE and JLL the two top commercial real estate companies in the world, and I love every bit of working for them as a manager.

And in my last role, I just really wasn't growing. Berman reached out to me; a recruiter reached out to me to come out and run all of Lake Nona. I don't know if you guys are familiar with Joe Lewis. He's the billionaire that had this brainstorm idea out here. It's in Orlando, it's out behind the airport. It's considered medical city. Are you familiar with like Lake Nona?

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Client ▶ 00:05:25

I'm not. So if you can talk about that, that would be awesome.

Expert ▶ 00:05:29

Yes, absolutely. It's 17 square miles of property, 3.5 million square feet of Class A office and mixed-use retail, it's a very affluent area, golf and country club. They bought all this land out here, developed it, and they're still continuing to grow. It's very interesting. When we get off the call, you should Google Lake Nona and just take a look. It's unbelievable what Mr. Lewis has been able to accomplish out here. There are several hotels.

There's still a lot of development going on. We have several Class A office buildings, where a lot of company's headquarters have moved to. I've been involved from the construction from the ground up. I've also, in my past position with JLL have been involved with renovations and remediation.

And specifically, we did have some garages that had some spalling and we had to go through the

process of having a company come out and do -- not necessarily a full restoration but kind of mid-level restoration on those. And actually, that was before the Surfside collapse. So that's been our goal with both.

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Client ▶ 00:06:30

Sorry, I missed that last part. You said that was before or after the Surfside collapse?

Expert ▶ 00:06:35

It was actually -- oh, gosh, it was right before the collapse, to be honest with you. Yes. It was before the collapse.

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Client ▶ 00:06:42

Great. And then generally the -- throughout your career, the properties that you've managed, you mentioned have been -- you started with residential moved to commercial. Are they mid-rises, high rises how many stories are they?

Expert ▶ 00:06:54

So with commercial -- well, with residential, yes, obviously, they're three to five stories. With the commercial, I've actually had a lot of suburban, but when I was with JLL, I had three downtown high-rise office buildings. The highest one was 28 stories.

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Client ▶ 00:07:09

It's big. And that was in -- that's all in Orlando or you've done work throughout Florida?

Expert ▶ 00:07:14

That's all in Orlando. The only thing I did up North, when I lived in Grand Rapids for four years was residential.

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Client ▶ 00:07:20

Got you. And I guess how -- I guess, to begin, like with talking more so about like the Florida Condo Safety Act, have you witnessed any changes post collapse, post Safety Act in Orlando and in your area?

Expert ▶ 00:07:32

Not necessarily -- changes with property management companies and building owners, absolutely. They're more aware. Obviously, it's a litigious society and liability is very important to them. I mean their tenants and their own clients are very important to them. It's not just about liability. They want to make sure that everybody is safe. So specifically with like JLL and CBRE they were all over that.

They've gone in and they've revamped their process and what we would have been doing previous to the collapse. If we have spalling on a building or in a garage, we've got this checklist that we would go through, and those have become more stringent.

And then they also would get -- not that a property manager or a chief building engineer isn't capable, but companies like that will then bring in a regional engineer that works specifically for the management company to come in and walk through the whole process from start to finish. So there's a lot of resources and there's a lot of support. Smaller companies, they would reach out to an engineering firm for that guidance and that support.

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Client ▶ 00:08:32

So every -- in every situation that there's been a restoration project that you've been involved with for concrete restoration, there has been a structural engineer involved.

Expert ▶ 00:08:40

Yes, absolutely. I mean to protect the building owners from liability to make sure -- because even an average layperson or even a property manager or a chief engineer, obviously, there's something that you could miss. And from a liability standpoint, you wouldn't want that -- you would want to have an engineer say, "You know what, we need to think about X, Y and Z." Oh, okay. That's not something that I thought about because I don't work in that field every single day, if that makes sense.

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Client ▶ 00:09:08

Yes. No, that totally makes sense. And was that also the case when you were doing the residential projects as well? Or were they bypassed sometimes?

Expert ▶ 00:09:17

No. And that was so long ago, that's before any type of collapse. Obviously, that was in Michigan, there was different rules that applied. You didn't have a lot of -- well, actually, I can't say that you didn't have a lot of property on the water because there's actually more bodies of water in Michigan than there is in Florida. I just didn't have any of those issues. I had properties that weren't all that old, to be honest with you.

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Client ▶ 00:09:41

Yes. That makes sense. And also like the saltwater isn't blowing. It's a little different there, I'd imagine. And then I guess -- and maybe do really answer this, but is there -- are there scenarios where smaller condos institutions, smaller property managers will not utilize the structural engineer in the state of Florida.



Expert ▶ 00:09:59

I would say -- here's the thing with condominium associations. You have average lay people on the board, and then you have a property manager, but how skilled or experienced is that property manager, how overworked is that team, especially post pandemic, it seems like it doesn't matter the industry, teams are getting smaller and smaller.

So unfortunately, if it's not a sophisticated experienced property manager or Board you've got a lot of average layman homeowners that sits on boards, if they're not privy to what they should really be doing, then no, they might not go to a structural engineer.

So it really does fall back on the property management company to really make sure that they have processes and procedures in place because a lot of average lay people, they don't understand. They don't know. I mean unless you've got someone like an attorney or an architect on the board because they happen to live in that community, you might get lucky, but average lay people, they don't understand all this stuff.

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Client ▶ 00:10:52

So those are the obviously two, yes, where it's like the people that definitely should be -- the less -- the people that are less informed, would definitely should be working with the structural engineer may not be the ones because they don't know that they should be working with that engineering.

Expert ▶ 00:11:05

Correct. I think now post Surfside I think a lot of people are much more aware. Even the smaller companies, even the smaller management companies. I think everybody has really taken notice. I think it's absolutely change conversations between property managers and engineers and associations, just even go into a BOMA luncheon, they're more aware. So they bring in a structural engineer for the luncheon even IFMA, the Hotel Association, [ crew, NAP ] I mean, they're all paying much more attention than they ever have been because of this.

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Client ▶ 00:11:35

That makes sense. Awesome. That's very good. And going back then would the provider -- or sorry, the contractor who may be brought in without an engineer being involved, would they push for an engineer to maybe perform an inspection to make sure that the projects they are doing is covered properly?

Expert ▶ 00:11:51

It would depend, again, just like on your property management team, how experienced the contractor is. If it's a contractor that's been in business for many years, and they've got a lot of experience, and they've had many of these jobs, absolutely, they would say, hey, have you reached out to an engineering firm? I mean honestly engineering firms, they charge anywhere from like \$5,000 to \$10,000 to come out, inspect your building and provide you a full report. I mean that's money well spent. To me, that's not a lot of -- that's money well spent.

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Client ▶ 00:12:21

That makes sense. Awesome. And then going back to your specific utilization of these contractors, could you describe the decision process for how you selected a building restoration contractor?

Expert ▶ 00:12:32

So for me, personally, I obviously been involved in BOMA. We try to use BOMA vendors and members, obviously, because they're putting in the time to the association and building relationships. And for a lot of seasoned managers like myself, that relationship is extremely important. Word of mouth is extremely important. Obviously, even more so in today's day and age, you want to get three proposals, three bids to work from.

Obviously, post COVID, all the prices have gone up. Concrete has skyrocketed. So going through that process, I would personally choose three contractors or vendors that I know personally. If I don't have three. I would go out to the market, to the BOMA market and say, "Hey, I need another contractor who have you used?" We do that all the time, whether it's for concrete, janitorial landscaping, whatever. And then we would go that route. Word of mouth and relationships is beyond important.

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Client ▶ 00:13:26

Can I ask a quick follow-up. Well we've heard that a lot, the bids from three contractors you really like, et cetera, et cetera. And in the event that you had, I don't know, ABC's cement business that was your favorite -- would you try to push them through and the other two of the three bids were check bids? Or what if they came in as the most expensive?

Because we've heard that when it comes down to it, you have equivalent service providers, it tends to be priced first. So if you could just speak to that dynamic because we're having a hard time -- we've heard relationships a thousand times, and we're having a hard time understanding like are the buddy buddies actually getting pushed through? Or when it comes to the three bids, is it more times than not an honest horse race between those three, mostly determined on price? That's my big question.

Expert ▶ 00:14:08

No, that's a great question. For me, if not, about if I like one contractor more than the other, I want to do because I typically work for third party and not for owners directly, although I do work for owners now. I have a fiduciary duty to do what's best for the property and what's best for the owner. I am someone that doesn't push lowest price is best. I've worked for owners that have agreed with me. We kind of go to the middle of the road vendor as long as they have good qualifications and references. I wouldn't always say that cheaper is better.

But there are some owners that make you go with that low bid. So honestly, at the end of the day, it's not always the property managers decision to make. Some managers will steer you in a direction. Oh, yes, this guy took me to lunch last week, or this guy dropped off a bottle of wine to



me once a week. There are some managers that are like that. But for me, it's all about making sure that we're making the best decision for the property. And for the building owner.

So cheaper is not always better, but there are a lot of owners that's what they like to do. Specifically with this type of issue, I would hope that owners wouldn't say, "Oh, go out there and get me the cheapest bid," because you don't want to do that. Does that answer your question?

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Client ▶ 00:15:21

Well sort of. Let's pretend we had three bids from who you determined to be equivalent capable contractors. Like you're going to buy a pair of running shoes. There's Brooks, there's ASICS and there's HOKA. It's all the same -- they're all good high-end running shoes. And it comes down to aesthetics and fit and blah, blah.

So our understanding is that in that event where the fields basically even that it's very common that will come down to price, which makes sense. My question is, if one of those three was the one you had the best relationship with -- would you try to push that one of the three because of that relationship? Or does it then become -- listen, I did my job to put three good options at the table, I'm going to take a step back -- how does that -- does that make sense?

Expert ▶ 00:16:00

One of the things I wanted to touch on, and I didn't when you asked the first follow-up question was trust. It's not whether I like a vendor more than another. It's if I trust you. I mean just like it's your house if you need to replace all your windows and you need three bids. I mean you're going to go out to the market just like you would anything else in business. And who you trust to do that work and do the quality work.

So yes, if they were all three equal and similar in price, and I trust one more than any of the others because I've done business with them in the past or I know another manager that's done business with them in the past, and they've done a better job. And let's just say that maybe they were \$10,000 or \$12,000 higher than the others.

There are some times where we, the building owner and I, would go back to that one that we trust the most and say, can you match this bid and come down your \$12,000 or \$10,000. So yes, we definitely do that occasionally. Does that answer your question?

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Client ▶ 00:16:56

That does. And do you think the market, in general, operates kind of along those lines?

Expert ▶ 00:17:01

Yes. Yes. And for any industry, not just the concrete, et cetera. Correct.

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Client ▶ 00:17:07

So something that you mentioned a little earlier, too, was material costs are just getting more expensive. I guess for like a comparable project, if you were prior to like the Florida Condo Safety Act, you're spending like if this is a weird scenario, but if you're spending a dollar on a project, post Safety Act, how much do you think you're spending on a similar project?

Expert ▶ 00:17:25

Probably \$5 to \$7. Yes. No, the price has gone up dramatically. And Florida specifically, they passed the minimum wage law to move everybody up to \$15 an hour. So that -- the labor rate, number one, has increased exponentially, materials in janitorial, cleaning supplies have gone up 30%, 35% -- so with just the combination of materials, labor rates, it's an employee market out there right now, too.

I mean, every industry, I know, is struggling to find quality human beings to come to work. So if you were paying somebody about \$100,000 to run your properties pre-COVID, you're now spending \$125,000 or \$130,000 to have that person, that same person run your properties post COVID. So between labor rates and materials, it's all gone up exponentially.

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Client ▶ 00:18:15

And just to clarify, the costs have gone up 5x the amount recently is what you're saying?

Expert ▶ 00:18:20

Well, maybe that's a little overzealous, maybe 3% to 5%. I mean I'm seeing markups. I just went through my whole budget process for my budgets. And I'm seeing markups anywhere from 3% to 9% on goods and services and labor.

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Client ▶ 00:18:36

Yes. That's crazy.

Expert ▶ 00:18:37

Cost per square foot to run these properties -- I've got a couple of properties where it more than doubled in the tenant industry -- Yes.

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Client ▶ 00:18:44

Do you have any insight into how the cost for -- especially for concrete restoration. So you had a project three years ago. How much would it cost then for an average project versus what would that same project if were done today, what would it cost then? I'm trying to understand how has the pricing changed for concrete restoration specifically?

Expert ▶ 00:19:01

Well, I think just in general, the cost of concrete has increased. I mean it's always been expensive, and it goes up every year, but the concrete itself has increased and the labor rates have increased. I think also with the fact of the Surfside collapse, they probably will bake in a project manager on a particular job where they might not have a project manager that's on-site throughout the process.

They might -- like in the past, even with construction, you've got a project manager, but they just pop in whenever the electrician shows up, just kind of get them going or whatever. They were never on site throughout the duration of the project. I think it's having to bake in more labor costs as well. If that makes sense.

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Client ▶ 00:19:40

Fair enough. Have you done a project before and after? I was just curious if you could give like exact how much larger to jump on. If not, no worries. And I will personally dig into the next question.

Expert ▶ 00:19:52

So we did have some minor restoration repairs on three different working garages, where we had some falling, cracking. And it was \$146,000 between the three garages. Again, it wasn't a huge jump and that was I think 2019.

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Client ▶ 00:20:07

And if that was done now, would it be around that same 3% to 9% jump that you had cited earlier? Or is there a different jump associated with this.

Expert ▶ 00:20:14

I'd say that it'd probably be in the 180, 190 range today.

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Client ▶ 00:20:19

Helpful. Yes. We're dumbfounded by the pricing that we're getting from construction and concrete company. That is a big jump right there. And I guess when -- are there any additional regulations and laws that are pushing like people to get more of these concrete restoration jobs done other than just the collapse and the Florida Condo Safety Act?

Expert ▶ 00:20:37

I think there's different associations out there that are pushing for it. I think primarily, it's ICC, the Condo Association Act, I think local municipalities are getting involved. Obviously, that was Miami-Dade County, and they have strict guidelines and codes and laws to begin with. I think if you border the state of Florida, the local municipalities are really getting involved and they can also have their own guidelines as well. So they can have a stricter guidelines in the state of Florida, and you would have to follow that.



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Client ▶ 00:21:07

That makes sense. Yes, I think we have heard that before there are some municipalities have gone directly to condos and property managers and went, okay, you need to get this fixed, just like you just need to get it done.

Expert ▶ 00:21:17

Yes.

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Client ▶ 00:21:18

Have the insurance companies pushed jobs to be done or no?

Expert ▶ 00:21:21

Absolutely. Absolutely. So it's funny that you bring up insurance companies. So for a short period of time, I was an insurance adjuster and also worked directly for an insurance company, and I actually did a lot of commercial property inspections. And that was, gosh, probably 19 years ago after I had my son, I stayed home for a couple of years, and I needed to do something while I was at home with him.

Anyway, now, I am positive that insurance companies are sending their inspectors out, and I'm sure that it's more stringent and strict in the inspection form and what's happening. And also lenders, we have lender inspections when I was downtown specifically, we had a lender inspection, Wells Fargo came out once a year, and they did their own inspection on top of the insurance companies' inspections as well. So you could actually default on your loan if you were compliant after they came out and did an inspection. So they -- just it's a domino effect.

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Client ▶ 00:22:15

And have you seen that be an issue where people are defaulting on their loans and maybe having to sell the building and something like that?

Expert ▶ 00:22:20

I personally have not. I've kind of stayed along the lines of Class A office. So with that, you don't have the slumlords, so no, I personally have not seen that, but I have heard about that.

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Client ▶ 00:22:31

That makes sense. And when this -- I guess, for the parking garage scenario and for any other projects you've done, what -- were there any additional services that, that concrete restoration vendor did, like maybe it was like waterproofing, painting.

Expert 00:22:44

Yes, absolutely. We actually just did a project downtown on -- it's the old Bank of America building downtown. It's now City National Bank. We used Valcourt, and we had them reseal all the windows. We had them correct any falling any issues on the exterior façade, they sealed the building when it was all over, obviously, pressure washed first prior to any of this. Fixed any lighting issues on the building. So yes, it was a large project, and it took several months to get through.

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Client 00:23:14

Yes. No, it sounds like giant project. And sensing it was so big. Was that because did the -- I guess, would they start contracting out labor to perform maybe other jobs, whether if they didn't have the capability.

Expert 00:23:26

No, I don't think so. I think -- honestly, I think Valcourt is one of the larger companies in the country. They actually just purchased A1 Orange. So they have plenty of their own. I don't think they subcontract out at all, which is what we liked about them or maybe I have that backwards.

Maybe it was A1 Orange that didn't subcontract, but they would -- so if Valcourt did subcontract they subcontract to somebody like A1 Orange. It wouldn't be a smaller company where you would be in fear of any liability issues. Valcourt actually did a really good job on this project. And I apologize, if.

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Client 00:24:03

And I guess I have an additional question. Like you said they did a good job. I guess was there any areas of improvement from them that you felt like, okay, maybe next time like we would mention it to them?

Expert 00:24:13

I think the only issues we kind of had was with one of their project managers with communication. Obviously, it was a 28-story office building. We have tenants. We had a ton of attorneys and accounting firms that are working really hard and they're in the middle of depositions and they're out on the west side of the building and they're making a lot of noise. So scheduling was very important as well as communication.

And obviously, there were things that would come up. There would be emergencies, but we still needed to give the tenants at least 24-hour notice so that the attorneys could work from home. This was obviously post COVID. But communication is definitely key in making sure that they're keeping the property management team apprised of everything, every day, adhering to the schedule because the property management team needs to relay the information to the tenants so that the tenants aren't disrupted during their workday.

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Client ▶ 00:25:03

Yes. That makes sense. That makes sense. Awesome. And I guess I just have a couple of scale related questions, basically just like certain areas like pricing, reputation. And if you could rate them on a scale from one to seven, with seven being the best starting with pricing?

Expert ▶ 00:25:19

And I apologize. What was the question?

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Client ▶ 00:25:22

Sorry. For Valcourt, like on the scale from one to seven, with seven being the best like how would you rate their pricing?

Expert ▶ 00:25:28

Their pricing, I would say, is a six.

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Client ▶ 00:25:31

The reputation?

Expert ▶ 00:25:32

They came in really high. So we had to negotiate a little with them. The reputation, I would say a six or a seven. I mean, they're well known.

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Client ▶ 00:25:41

The work quality?

Expert ▶ 00:25:42

Work quality, I would give it a six.

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Client ▶ 00:25:44

All right. Their knowledge and expertise?

Expert ▶ 00:25:47

I'd give -- I want to say a seven because they were very knowledgeable.

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Client ▶ 00:25:50

Yes. And their customer service?



Expert ▶ 00:25:52

I'd give it a six.

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Client ▶ 00:25:54

Great. And then what would be the likelihood for you to use them again on a scale from zero to 10 with 10 being very likely.

Expert ▶ 00:26:00

I would say an eight.

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Client ▶ 00:26:01

And to recommend them to a colleague on the same scale?

Expert ▶ 00:26:03

I'd say an eight, only because I would -- especially telling a friend that there were some communication issues.

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Client ▶ 00:26:09

Yes. That makes sense. And have you worked with any other contractors other than you mentioned A1 Orange to do a project?

Expert ▶ 00:26:16

Yes, Western Waterproofing, phenomenal company, phenomenal company. Yes.

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Client ▶ 00:26:21

I guess, can you talk a little bit more about like what the project was that they did and just like why they were phenomenal and everything?

Expert ▶ 00:26:27

They sealed some buildings for me and did a really good job. The communication with stellar. There was a project manager on site constantly checking in with the property team, again, making sure that these tenants aren't disrupted. The quality of work, you don't have to call Western Waterproofing back for anything. They just -- they're phenomenal overall.

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Client ▶ 00:26:47

And was there anything that they could have improved upon or no, they just did a great job.

Expert ▶ 00:26:51

Honestly, there's nothing I can think of.

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Client ▶ 00:26:53

Yes. That's awesome. I mean, you mentioned the quality of work. Similar to do a similar question again on the scaling from one to seven. You mentioned quality of work, which I assume it's seven based on just how you described it. But what about pricing?

Expert ▶ 00:27:08

Pricing, I would say, is a six as well. I mean you're going to pay -- you pay for what you get. And obviously, at the end of the day, I have a fiduciary duty to the property owners, and I need to make sure that I'm negotiating the contracts properly and trying to get the best bang for our bucks. So they're a little pricier as well. So is the A1 Orange, but they're all right around within that same range. So.

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Client ▶ 00:27:31

That makes sense. And I guess when I -- when we were talking about the decision process to bring them on like these contractors right here, was the structural engineer the one who is sourcing the contractors? Or was it you yourself when you went to BOMA and everything?

Expert ▶ 00:27:44

Typically, an engineer will say, we need to source X, Y and Z. But the property management company will say, we want to include somebody if that -- the company that the property management company like isn't one of those three. But typically, they will ask you. Is there somebody that you've used in the past that you want us to include and then sometimes we have to tell them, "Hey, we want to include this company." Sometimes you get four bids, like with the job that we did in Downtown Orlando, we had four bids. Just normally.

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Client ▶ 00:28:13

Yes. And how many different contractors you're reaching out to if you get three or four bids back, would you reach out to 10 then.

Expert ▶ 00:28:20

No, no. We would just reach out to the three or the four. If obviously somebody declines, which doesn't typically happen in this market, then we would go out and find somebody else.

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Client ▶ 00:28:29

That makes sense. And then is the final sign off the owner of the building or is it yourself?

Expert ▶ 00:28:34

Well, we -- it's kind of both. I mean, obviously, we would push everything up to the building owner. Here are the three bids. Here's the summary. And I like to always say, this company has been in business for 50 years. This company has completed X, Y and Z jobs. I'd like to give highlights on each company. And the ultimate decision is obviously the building owners, but kind of manager steer the building owner in a certain direction? Absolutely.

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Client ▶ 00:29:01

That makes sense. The steerage of the building owner by the property manager, is that 3/4 of a time, half and a half like coin cost scenario, minority of the time, just trying to get.

Expert ▶ 00:29:12

I'd say half and half. I mean, obviously, the building owners trust the property management company that they've hired to run their portfolio. But I'll be honest with you, there are some building owners that are like, okay, that looks good. Go ahead, whatever you want to do. But then there are some other owners that are more hands on, but you still want to give them all that information. You want to highlight the positive contractor and let them make the decision.

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Client ▶ 00:29:37

Great. That's super helpful. Just looking around to see what other questions I have. I guess have you seen an impact in the Orlando market with an increase in just the number of concrete jobs occurring, the number of structural engineers being brought into the inspection, backlog.

Expert ▶ 00:29:51

Yes, especially because of Surfside. So I -- as a matter of fact, I was at a BOMA luncheon yesterday, and all the property managers just get talking, "Hey, what do you got going on, what's going on?" But after Surfside collapse, I swear every asset manager was in town working with the property management team and walking the properties and going through a checklist and probably pushing projects to 2023, doing it now versus it's on a 10-year capital list to do in 2027.

So really, I think because of the Surfside collapse, there was a lot more work that started happening. And I don't think there's going to be a lull with that whatsoever, especially in Florida, like you said, the saltwater, salt air, corrosion, it's going to continue.

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Client ▶ 00:30:33

I know this is just being enforced now more strictly too, by all these counties and all the municipalities.



Expert 00:30:38

Yes.

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Client 00:30:39

And when do you expect -- I guess when you expect an increase in projects to maybe go back to pre-Florida Safety Act levels or maybe it will never get that low, but when do you expect it to recede?

Expert 00:30:48

I'm not sure it will. I mean I just don't, not with the cost and not with all the increases with supplies, materials, the labor, I'm not sure -- I don't believe it will ever go back to pre-COVID pricing. Will it come down some and stabilize at some point? Maybe, but it will never go back to pre-COVID pricing.

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Client 00:31:05

That makes sense. And I guess, the number of projects will also come down some, but it probably that number could still remain above pre-collapse level.

Expert 00:31:14

I don't know how much it will come down some. I think now that, that's happened, I think there'll be more inspections. I think owners will be more diligent in doing their property inspections. Like I said, the lenders are involved, insurance companies. I don't think that's going to come down at all. I think that's going to continue to stay. I think that -- I don't think it will at all. There's a lot of old buildings. And I don't know if you're asking nationally, but I think I'm speaking more about Florida. I don't think sp.

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Client 00:31:43

I'm just looking at Florida, yes. We've also heard something we've heard mentioned is that some of the buildings built in maybe the 80s and 90s were not built as well as building built in the 60s. I don't know if you have any input on that?

Expert 00:31:54

Probably, it just depends on the tilt wall construction or block wall construction and what the codes were back in the 80s versus what they are now. And the code in the 80s probably didn't cover the wind ratings the way that the wind ratings are now, back in the 80s, we didn't have as many hurricanes. So you go move into the 2000s and all the hurricanes that we had in 2004, 2005 and actually the hurricanes we've had in the last five years. So just the wind rating alone has affected that.

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Yes, that makes sense. Awesome. I really appreciate it. Thanks so much for speaking to us today.