



# Vision 2025

## Silver Sands Homeowners Association Infrastructure Plan

### *Your Questions Answered*



March 8, 2021

#### Background

Silver Sands is now 40 years of age and structural improvements to our aging infrastructure are required. In September 2019, a steering group within the finance committee was announced to develop a long-range financial plan to serve as the foundation for setting priorities and making informed decisions. The proposed *Vision 2025 Infrastructure Plan* was presented to the community prior to the annual meeting and includes recommendations designed to preserve our assets, reduce maintenance costs, and protect and enhance our property values.

The main objective of the proposed infrastructure plan is to address deferred maintenance that has accumulated over the years as well as more recently identified work on the perimeter wall. Our pools and spas, one of our major assets, have degraded significantly and are in particular need of attention as evidenced by physical appearance of the pool surfaces, rising maintenance costs, safety and security issues and noncompliance with current city and county codes. All these issues contribute to a general decline in the attractiveness of the community.

The cost of the proposed plan is \$1,885,203. After careful consideration, it was determined that the funding in the reserves was inadequate to complete the required work in the recommended timeframe and that the infrastructure plan should be funded through a special assessment to supplement the existing reserves while ensuring that all community common assets are maintained going forward. While the pools and spas represent the most significant item requiring attention, the larger goal of this initiative is to create systematic schedules for replacement of all listed assets, such as has been done with painting, roofs and roads to ensure all HOA assets are maintained in a consistent manner, regardless of changes in governance.

The first virtual town hall held on March 2 was well attended (87 participants) and provided an opportunity for the board and committee chairs to discuss the proposed plans with the homeowners and to answer questions. Following is a summary of this information presented in a "Question and Answer" format.

**Definitions**

**Q1. What are reserve funds? What is a reserve study?**

**A1.** Reserves are funds set aside by the HOA to pay for the future replacement, repair and restoration of those existing major assets which the HOA is obligated to maintain. A reserve study is done annually to properly establish the monies needed to meet these obligations and consists of a comprehensive list of community assets including the cost and expected life for each. The study includes a cash flow/percent funded projection as well as an expenditure/cash flow projection.

**Q2. What are the community assets listed in the reserve study?**

**A2.** The assets in the reserve study are listed in the Component Identification Report and grouped in the following categories: gate access system; asphalt/concrete; buildings (roofs); clubhouse; electrical/lights; fence/gates/walls; gatehouse; irrigation; landscape; mailboxes; paint; pools/spas; signage; tennis courts; water feature.

**Q3. What is a special assessment?**

**A3.** A special assessment may be levied for unexpected expenses or capital improvements. For example, if repairs to community assets are needed and will cost more than the HOA has in the reserve fund, a special assessment may be levied. If the assessment is more than 5% of the annual budget it must be approved by the membership.

**Proposed Infrastructure Plan**

**Q4. What has been the process to come up with the proposed infrastructure plan?**

**A4.** In 2019 the finance committee was asked to review the adequacy of our reserves. At the same time there was a discussion of the need for a long-range strategic plan, perhaps looking out 10 years, to include infrastructure improvements, modernization of our facilities and additional amenities. It quickly became apparent that our reserve study was incomplete: it did not adequately cover all our assets, dramatically under-valued the replacement cost of some of our equipment and misstated its useful life. The result of that initial review indicated that an assessment would be necessary to provide adequate financing for some of the work required, especially for pools and spas.

A more complete Level II reserve study was required the following year and a decision was made to use that study as the basis for the infrastructure plan. Chairs of the operating committees, along with two ad hoc committees, were charged with looking at pool/spa renovations, clubhouse maintenance, repairs to the fountain and changes to our “front door” to be sure we were including all our assets and realistically assigning replacement costs. It should be noted that the potential costs for repair of the perimeter walls were not included in the initial plan but have since been incorporated. The result of the Level II reserve study and input from the various committees forms the basis of the proposed infrastructure plan. Throughout the process the individual committees have based project costs on multiple bids for the high value items and selected the options that provide the best long-term value for the community.

**Q5. What is the impact of the proposed special assessment on the regular reserves?**

**A5.** The proposed special assessment will have no impact on the regular reserves. The funds being injected over the next five or six years as a result of the special assessment are in addition to regular contributions to the existing reserve funds which are key to maintaining our community over a 30 year period.

- Q6. What is the plan to rebuild our reserves if some of those funds are used to offset the special assessment?**
- A6.** Whether or not reserve funds are used to offset this special assessment, Silver Sands must expand its reserves over time. The recommendation is to increase contributions to the reserve by 3.5% annually. This should result in a percent funded in excess of 85% at the end of 30 years.
- Q7. Has the possibility of reducing other expenses been looked at to offset this assessment such as removing the guard at the front gate?**
- A7.** This option has been discussed as there could be a potential savings of approximately \$118,000 per year. Making this change is something that would require homeowner consultation and has a direct impact on the operating budget which could be used to increase the contribution to the reserves or limit future increases in HOA monthly dues.
- Q8. Will there be alternate payment options for people on fixed incomes?**
- A8.** There will be a variety of payment plans offered. Owners can pay up front, annually or on a monthly basis. It is anticipated that a modified payment plan will be available for special circumstances with the special assessment to be paid over a six-year period or as otherwise approved.

## Scope and Costs

- Q9. What are the priorities?**
- A9.** Pools will be prioritized on the basis of current evaluations to identify the three to four pools most likely to fail in the near future with the same process being repeated each year until all the pools are done. The clubhouse/court decking, trellis, perimeter wall and fountain area have also been identified as being in need of remediation as soon as possible.
- Q10. Where can I find detailed information on the estimated cost of each element of the plan?**
- A10.** The anticipated cost of each element has been provided as part of the informational materials sent to homeowners and is available on the website. Copies of major proposals are on file with the management company. All proposals will be reviewed and confirmed prior to acceptance. A complete listing of all the individual assets involved in the plan is included in the Reserve Study Component Identification Report.
- Q11. Why aren't we repairing the existing fencing?**
- A11.** Much of the wrought iron has deteriorated beyond repair from rust, impacting not only the sides of the fence but the gates and latches which must be in working order to keep the pools open. California state law requires that when significant parts of a fence need to be replaced, which in our case is more than two sections, the height must be increased to the current code of 60" versus the 48" which we have today.
- Q12. Why don't we use regular landscape funds to improve pool landscaping?**
- A12.** The landscape budget for extras has been reduced from \$60,000 per annum (2016 and before) to \$15,000 per annum. This money is used for important projects such as realigning irrigation heads away from walls as well as refreshing small areas and is insufficient to complete the proposed work in the timeframe set for the pool renovations.

**Q13. Can we spread the landscape work around the pools over a much longer period of time?**

**A13.** It would not be efficient to do so. Of the \$171,983 budgeted for landscaping, approximately 32% will be allocated to landscape repairs and relocation of irrigation away from fences which is part and parcel of the construction. Much of the additional work that is required to reduce the impact of higher fences should be done before the new fences are installed. For example, bringing in boulders and hardscape should be done before the fence is complete. Furthermore, the garden design itself and purchase of additional fencing materials have associated upfront costs. The purchase and installation of actual plant material is not an expensive component but is most cost effective when done in conjunction with the other work.

**Q14. How do the costs for landscaping break down?**

**A14.** The cost of basic garden reconstruction and relocation of irrigation away from fence is estimated at \$3,500 per pool. This is the minimum required to restore the landscape after construction and is not optional. The cost of optional boulders, hardscape and plants to minimize the fence and enhance the pool landscape with colourful shrubs is proposed at \$7,000 per pool.

<b>Description</b> <i>(Costs include 2% inflation)</i>	<b>Total</b>	<b>Total Per Property</b>	<b>Broken Down</b>	<b>Total Per Property</b>
All landscaping	\$171,983	\$672		
Unavoidable landscaping			\$55,735	\$218
Optional landscaping			\$116,248	\$454

**Q15. The community did not support the funding of the landscape master plan (LMP) back in 2017. Why is it being brought back now?**

**A15.** The LMP is a comprehensive plan for the entire community designed to provide long range guidelines for future projects as funds become available. The plan was well received by the homeowners and although an option for implementing most things over the first couple of years was presented, a survey determined that the approximate \$2 million price tag was too expensive. The appearance of the pools was identified as the number one priority of those involved in the preparation of the plan including the landscape architect and members of the community who responded to a survey. The projected cost attributed to the pools back then was \$734,000. The amount being recommended now is less than 24% of that sum and represents a modest refreshing of each pool at a time when they are being disrupted as part of a larger pool project.

**Q16. Who gets to make the final decision as to what goes on the ballot?**

**A16.** The board will make the final decision on the content on the ballot, once all homeowner input has been reviewed and considered.

**Q17. Is there any contingency built into the figures?**

**A17.** No, but the existing reserve fund of approximately \$1.1 million can be accessed if need be. One of the funding options for the proposed plan utilizes a portion of the cash balance (\$280,605) along with a lower assessment to cover the total cost. The plan does have some risk since the amount in reserves available for cost overruns or unforeseen expenses would be lower. However, as suggested by other comments any shortfall due to unexpected overruns could be handled with future dues increases.

**Q18. Why was aluminum fencing selected instead of wrought iron?**

**A18.** An aluminum fence option was selected for this project, based on evaluation of the long-term cost. The total 30 year cost for the aluminum fence will be \$453,526. The total 30 year cost for an equivalent iron fence would be \$758,220 which includes the original cost (\$292,500) and the projected maintenance required to assure a 30 year life.

**Q19. Why is the water feature at the front entrance in such a state of disrepair?**

**A19.** Although the water feature was listed in previous reserve studies, the remaining life was overestimated by approximately 24 years. It is failing earlier than anticipated due to improper design/construction which called for plaster in areas which are regularly exposed to moisture. The remaining life has been adjusted to one year with major renovation costs included in the infrastructure objectives.

**Q20. How is the \$90,000 budget to be applied at the front entranceway?**

**A20.** Proposed plans include two options: a new botanical garden or a renovated fountain. With the fountain renovation, funds will also be allocated to improve lighting and landscaping along the driveway for enhanced safety and curb appeal. If the garden option is selected it will consume the majority of the budget as the demolition alone is estimated at \$18,000. Changes to the asphalt are not part of the budget but may be accomplished as part of future roadwork. Likewise, any changes to the color of the perimeter wall, gates or gatehouse can be accomplished when these structures come up on the painting schedule. The \$90,000 total cost breaks down to \$351 per unit.

**Q21. Would it be better to just repair and paint the trellis at the clubhouse?**

**A21.** The trellis at the clubhouse is in disrepair and the plan was developed to include a long lasting, low maintenance Alumawood type structure. Based on feedback, the maintenance committee is currently reevaluating the possibility of repairing the existing structure as a potential lower cost alternative. Ongoing maintenance will be considered as part of this process.

**Q22. What is the status of the leaning perimeter wall along Portola?**

**A22.** The wall is leaning due to inadequate footings. The extent of the repair necessary will be determined by an engineering study which has been authorized but not yet completed.

**Q23. What are the plans for the east and south Verde wall?**

**A23.** Options for the Verde wall repair are under consideration but the course of action is still to be determined pending homeowner input. Precise quotes for this work are not yet available but estimates have been obtained in order to facilitate the discussion.

**Q24. How long does the pool refurbishment last? What about the deck?**

**A24.** The stated life for the pool plaster surface is 15 years. The deck color seal is five years, the deck texture 15 years and the deck major repair 40 years.

## **Project Timeline**

**Q25. Can the cost for the pool renovations be spread over a longer period of time by delaying repair of some components.**

**A25.** Unfortunately, we do not have ten years to fix the pools. The pools and spas are in poor condition and there is concern that the health department will shut them down. We need to

start as soon as possible to execute our plan or repair costs could escalate. It would be inefficient and likely more costly to separate components like ladders, skimmers and other items from the current plan.

**Q26. I don't want to wait five years to get my pool done. What if the owners around my pool pay up front? Can we get our pool done ahead of schedule?**

**A26.** No, that is inconsistent with HOA management of common property. Pools will be prioritized on the basis of need. However, if a significant number of homeowners prepay their assessments it may be possible to shorten the timeline for the project.

### **Project Management**

**Q27. Given the scope of the work to be completed, will a professional project manager be engaged to oversee the implementation of the plan?**

**A27.** This has been suggested and we are investigating alternatives and potential costs.

### **Voting**

**Q28. What is the timeline for the mailed ballot vote on the proposed *Vision 2025 Infrastructure Plan*?**

**A28.** The board would like to conduct the ballot as soon as possible but not until homeowners have had a chance to provide feedback on the proposed infrastructure plan.

**Q29. Does each property have one vote?**

**A29.** Yes. Each property has one vote. If there are co-owners only one of them is entitled to cast the single vote attributable to the property. The provisions for voting are set forth in the *Bylaws*.

**Q30. What if I change my mind after returning my ballot?**

**A30.** Once a ballot has been received by the inspectors of election it is irrevocable. If there is anything in the proposed plan that might keep you from voting yes, you are encouraged to discuss your concerns with the board prior to voting and to keep asking questions until they are answered to your satisfaction.

**Q31. What are the plans for improving the mailed ballot process for Canadian owners?**

**A31.** The vote will be conducted by mailed ballot in compliance with California law. However, it is recognized that there is insufficient turnaround time for ballots sent to and returned from Canada so alternate arrangements are being investigated to ensure all votes are received and counted.

**Q32. How many affirmative votes are needed to approve the proposed infrastructure plan to be paid for by special assessment?**

**A32.** A majority of the membership (129 affirmative votes) is needed. To ensure the success of the vote, approximately 190 to 200 returned ballots are required.

**Q33. What happens if the vote fails?**

**A33.** If the vote on the proposed infrastructure plan fails, the board will review all of the information relating to the ballot including the number of affirmative votes short of the 129 required. If it is fairly close, another vote will most likely be conducted. If it is not close, alternative funding may have to be investigated, including an increase in regular monthly dues to cover the costs of the required work.

## Homeowner Feedback

**Q34. Is community feedback important at this time?**

**A34.** Yes! In the past votes on other issues failed the first time in part due to some homeowner concerns that came to light after the ballots were circulated which did not allow for any changes to be made. To encourage timely feedback, the board has set up the dedicated [feedback@ssrchoa.com](mailto:feedback@ssrchoa.com) email address for people to use if they have questions or ideas to share. Additional town hall meetings will be scheduled for one-on-one discussions about the proposed infrastructure plan. It is hoped that these measures will give the homeowners sufficient opportunity for input and will allow the board to make appropriate changes before the infrastructure plan proposal is finalized and mailed along with the ballot.

**If you have any other questions or comments, please send them via direct email to [feedback@ssrchoa.com](mailto:feedback@ssrchoa.com). If your preference is to talk to someone, this can also be requested by including a phone number.**