

EastBluff #4: Special Assessment Program Update

October 20, 2020

Summary: EB4's Plan for a Viable and Thriving Community!

- ❖ Our aging infrastructure will continue to deteriorate if not repaired. Currently, we do not have sufficient financial reserves to fund these needs.
 - ❖ Board has developed a two-phased, multi-year plan to address our aging infrastructure and return EB4 to financial viability:
 - Phase I (2020)--Compile project data and specs to update Reserve Study, prioritize repairs, determine funding requirements, and address financial and operating deficiencies to avoid or limit need for a Special Assessment.
 - Phase II (est. 3-5 years)--Complete identified repairs over time to smooth financial burden. Review, update and revise remaining plan as needed
 - ❖ Returning EB4 to financial stability will take time and tighter financial/project management.
 - Financial Management--Collect aged receivables, periodically re-bid material operating contracts to ensure cost effectiveness, reduce discretionary expenses, return water heater replacement to residents, and defer earthquake insurance,
 - Project Management--Implement governance process under Construction Committee to ensure infrastructure projects contain sufficient specs to hold contractors accountable, are awarded only thru multi-bid processes, and project sign-off/acceptance occurs before final payment.
 - ❖ Subject to sufficient funding, complete gutter project before the next rainy season and begin Phase II in first half of 2021
 - ❖ Monthly progress reports will be provided to Residents and Town Hall meetings will be conducted to discuss Phase I results and Phase II alternatives on or before 2021 Annual Meeting.
- ➔ ***While a plan does not guarantee success, the absence of a plan almost ensures failure!***

Projected Timeline

❖ Phase I:

- Initiate process to assemble data, project specifications and costs for Reserve Study and Special Assessment determination--**6/1/2020 *In Process and Finalizing***
- Gutter Project:
 - Coordinate with Avalon to request bids from 3-5 qualified contractors--**8/15/2020 *Two Bids Received***
 - Select contractor and negotiate contract for Gutter Project--on or before **9/15/2020 *In Process***
 - Subject to sufficient funds, initiate project--**Q4 *On Track***
- Submit Reserve Study data (specs and estimated costs for identified project categories) to SCT--**10/1/2020 *Finalizing***
- Finalize 2021 Budget--**10/31/2020 *On Track***
- Board Approval of 2021 Budget--**third week of November 2020 *Target Board Approval for 11/17/20 Meeting***
- Distribute 2021 Budget--**11/30/2020** (60 days prior to FYE)
- Distribute Annual Disclosure to Association membership--**12/31/2020**
- Town Hall meetings with Residents to discuss Special Assessment recommendation and alternatives, and long term Capital Improvement Plan--**target *December 2020 and January 2021.***
- Present recommendation for Special Assessment to Residents for vote by 2021 Annual Meeting--**January 2021**

❖ Phase II:

- Subject to sufficient Reserves, initiate capital projects--**first half of 2021**
- Continue to implement projects over an estimated 3-5 year timeframe and update project cost estimates and prioritization at least annually.

Progress Update

❖ Timeline:

- Construction Committee finalizing specs for Reserve Study components and infrastructure repairs. While initial target date of 10/1 has passed, sufficient time remains to achieve Reserve Study and Special Assessment deadlines .
- Gutter Project:
 - Two bids from qualified contractors received, with additional bids delayed by COVID
 - Both bids at or below JWC cost, but based on OSJ specifications. Construction Committee considering the hire of a third-party construction manager to supervise project
 - Board expected to select contractor week of 10/19 and begin project by early November.

❖ Financial Management:

- Cash operating and reserve balances amount to \$360,000 as of September 30, 2020
- Board/Finance Committee continue to work to collect aged Receivables--in the past 90 days, seriously delinquent accounts amounting to more than \$30,000 have been collected.
- Thru September 2020 YTD, Actual operating results are \$109,000 favorable to Budget
- Board evaluating the purchase of earthquake insurance for fiscal 2022.

❖ Project Management:

- OSJ invoices thru September 30, 2020 have amounted to approx. \$61,000, with an additional \$37,000 available under the current budget, before the \$24,500 contingency.
- Construction Committee finalizing recommendation of gutter contractor and evaluating construction manager for the project.

Board's Communication and Outreach Plan



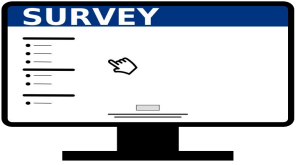
Special Assessment Program: Monthly Board Meeting Presentations and Updates



Topical Town Hall Meetings to Drill Down into Specific Elements of the Program



Presentation Materials, Newsletters, and Homeowners' Forum Responses posted on Avalon's East Bluff #4 Website
<https://www.eastbluff4.com/>



Periodic Surveys to Obtain Input and Gauge Community Opinions and Preferences