

EastBluff #4: Special Assessment Program Update

November 17, 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 *Contract Awarded***
 - Select contractor and negotiate contract for Gutter Project--on or before **9/15/2020 *Finalizing***
 - Subject to sufficient funds, initiate project--**Q4 *Initiate project on 11/23 with estimated completion by YE.***
- Submit Reserve Study data (specs and estimated costs for identified project categories) to SCT--**10/1/2020 *Finalizing***
- Finalize 2021 Budget--**10/31/2020 *Completed by Finance Committee; subject to Board vote on 11/17/20.***
- 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.
- Gutter Project:
 - **Contract awarded and being finalized**
 - **Project scheduled to begin on 11/23/2020 and completed on or around year end.**

❖ Financial Management:

- **Board/Finance Committee has reduced Receivables to \$24,000 from a high of more than \$100,000 in June.**
- **During Fiscal 2021, funded engineering/specifications work to support Reserve Study update/Special Assessment determination and maintained sufficient reserves for gutters, without an interim special assessment**
- **Fiscal 2022 Budget completed and recommended to Board for vote.**
 - **No increase in Regular Assessment**
 - **Operating expenses reduced a net \$54,000 or 6.5% vs. 2021 fiscal budget**
 - **Established a 5% operating contingency account for unexpected items**
 - **Included budgeted expense to purchase earthquake insurance**
 - **Reserve Fund allocation increased by \$15,000 or 4%, pending capital project costing and Special Assessment determination.**

❖ Project Management:

- **Finalizing capital project cost estimates and Reserve Study data inputs for SCT.**
- **Through October, OSJ invoices have amounted to \$73,000 leaving almost \$25,000 available relative to the \$98,000 budget (before the 25% contingency)**

Medium and Long Term Goals for Our Community! (From 6/25/20 Plan Presentation)

- ❖ Continue to address all “health and safety” issues, immediately
- ❖ Maintain the Community’s attractive “aesthetic” to the best of our ability, but minimize non-health and safety expenditures and outlays not necessary to resolve the capital Reserve deficiency--**Mitigate the need for/amount of a Special Assessment**
- ❖ Prudently manage EB4’s finances to meet annual operating requirements, periodic maintenance/capital projects, and reasonable discretionary requests of the Residents
 - Subsequent to securing a Special Assessment sufficient to address identified deferred maintenance/capital projects, limit annual Regular Assessment increases to “cost of living”
 - Over a 2-3 year period, manage Association budgets/expenses to provide for annual operating and reserve fund contingencies to address unexpected requirements.
- ❖ Maintain property values by balancing effective financial management, with prudent “investments” to enhance the aesthetic and livability of the Community

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