
HARBOR POINTE

TOWN HALL MEETING - PSL PROJECT

JULY 12, 2023



MEETING OVERVIEW

- This is a structured townhall meeting and a lot of information will be covered in a relatively short period of time.
- The meeting will be recorded for the purpose of taking minutes only.
- Questions will be answered at the end to allow the presenters to get through the presentation so those attendees who cannot or do not want to stay for the Q&A may leave.

INTRODUCTIONS

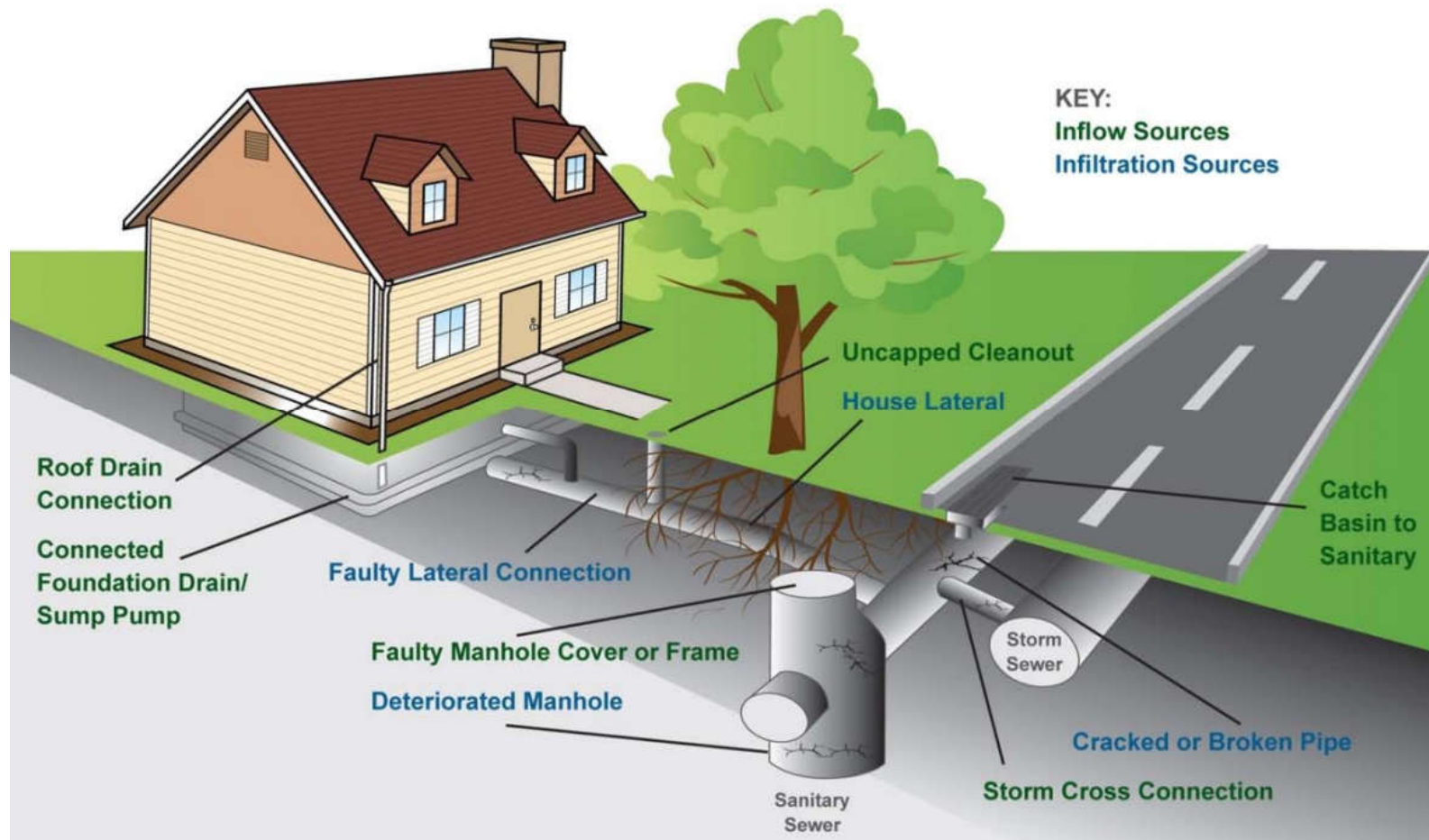
- Mike Fisher, P.E., - Water Works Engineers/Express Sewer
- Owner's Rep-SRT Engineers – Keely Nelson, P.E. (not present)
- Andrea O'Toole, Esq. - O'Toole Rogers, LLP
- Community Manager – Olivia Cortez
- Board Members
 - Lesa Ross
 - Jim Betts
 - Luci Ackhart
 - John wells
- PSL Finance Committee
 - John Wells, Luci Ackhart, Hendrik Bruhns
- PSL technical Committee
 - Hendrik Bruhns, Roger McClure

“PRIVATE SEWER LATERAL” PROJECT OVERVIEW

- Project ***is non-discretionary*** and is the result of EBMUD consent decree with EPA to stop overflow of raw sewage
- Project includes repair and EBMUD testing of laterals, mains, manholes and sewer cleanouts
- 100% Design Estimate \$1.3M in 2023 including ancillary costs. Rehab cost estimated at ~\$28k/unit.
 - Underground utility projects notorious for “surprises”.
 - Data based on condition assessment video
- Project must be completed prior to 2029 per Ordinance
- Costs increase ~8%/year
 - Potential further deterioration of system if project delayed

GOALS OF PSL ORDINANCE

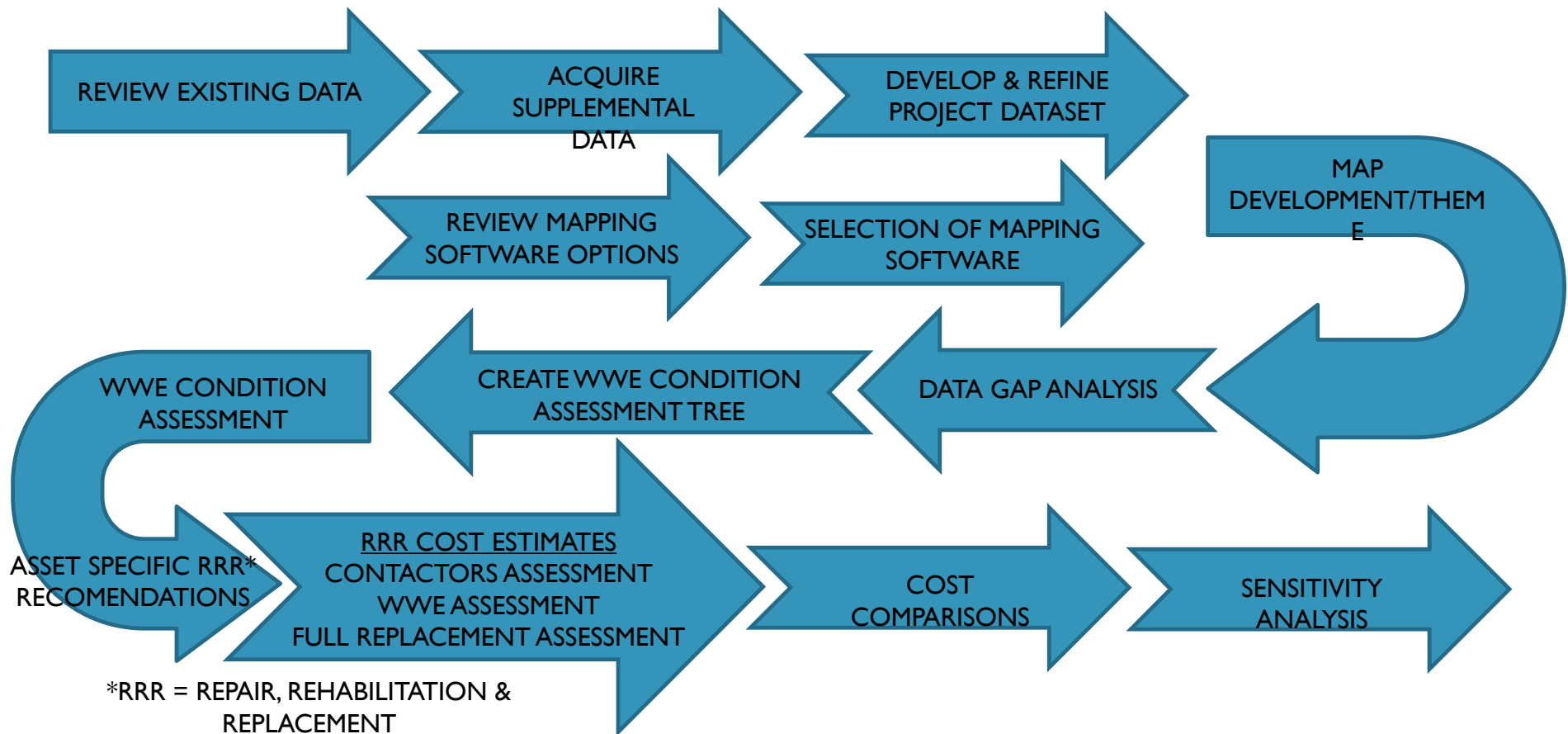
Properly functioning Sewer will reduce likelihood of spills during storms



THE PROJECT ARCH

- Condition Assessment / Repair Recommendations
- Corrective Action Work Plan (CAWP) Development
- Coordination and Approval of CAWP by EBMUD
- Evaluation of Construction Delivery Methods
- Funding
- Final Design
- Construction and EBMUD 20-year Certification

CONDITION ASSESSMENT REPAIR, REHABILITATION & REPLACEMENT (RRR) RECOMMENDATIONS



SUMMARY OF RESULTS

- HP sewer system generally consists of:
 - concrete manholes
 - Clay mainlines
 - Clay “lower” laterals
 - ABS “upper” lateral and cleanout.
- Water Works determined clay laterals most unlikely to pass EBMUD test. In addition, ABS cleanout often not a two-way or needs to be relocated off of patio.
- Therefore, all laterals and many cleanouts called out for repair
- Clay mains may pass “as is” hence pretesting of 5 segments

PIPE CONDITION EXAMPLES

Pipeline Problems



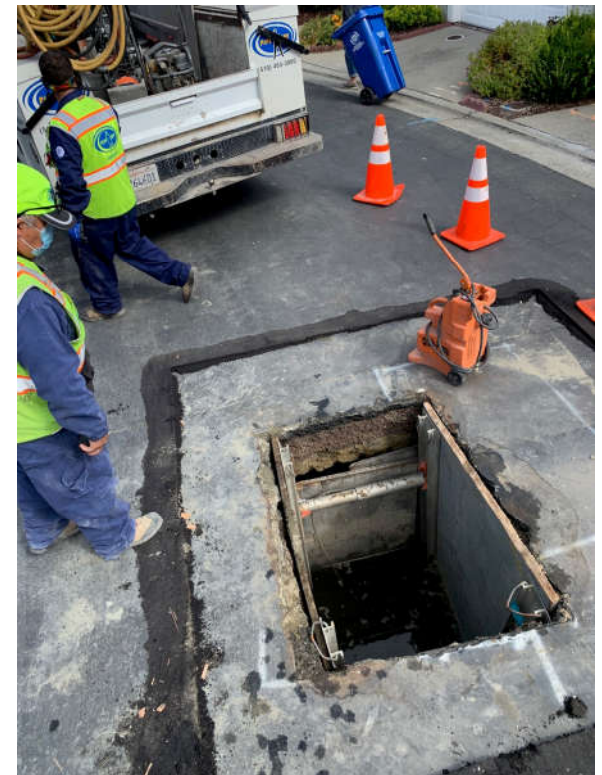
Roots



Displaced Joint

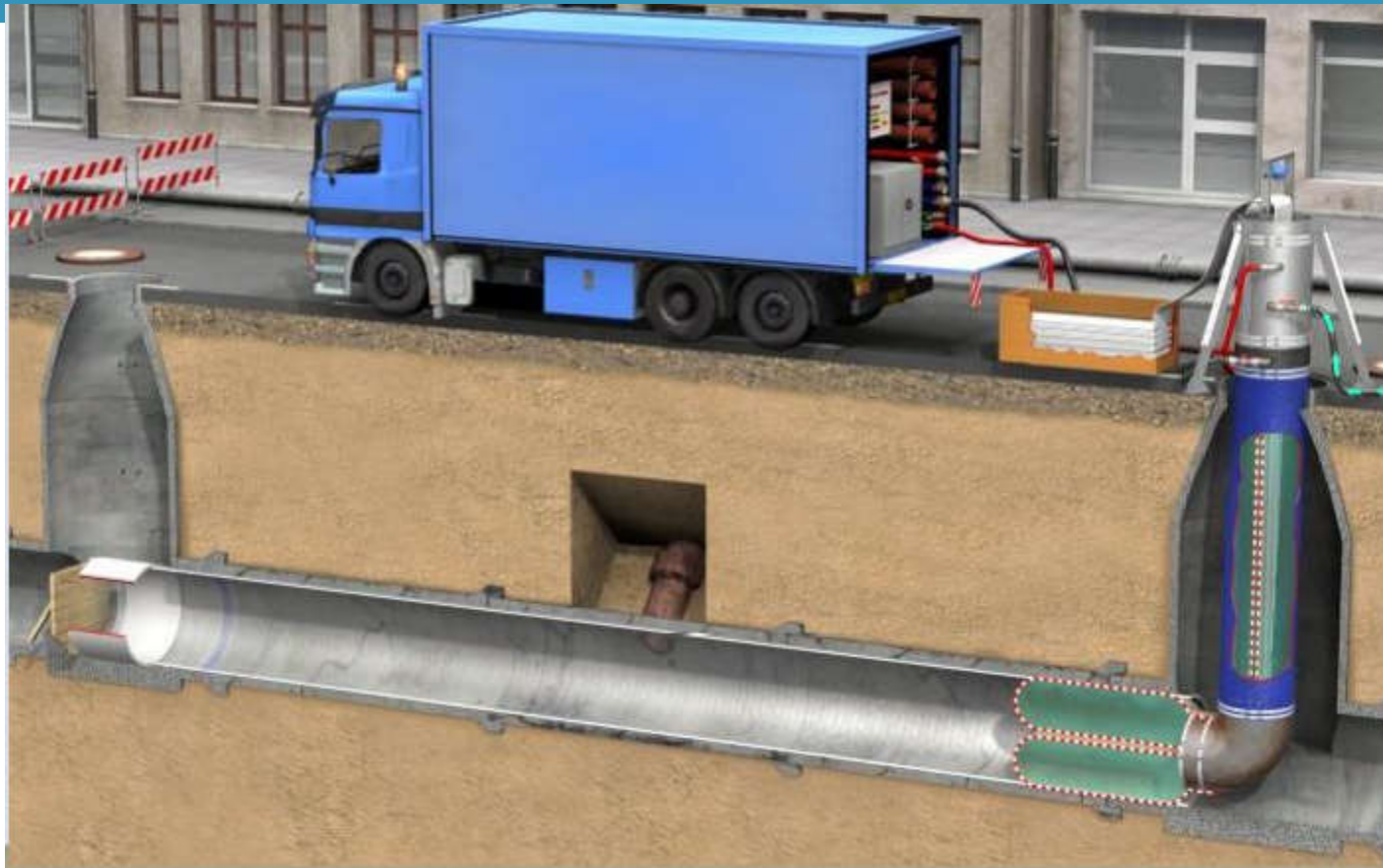
SUMMARY OF RRR RECOMMENDATIONS

- Preferentially selected trenchless technologies where feasible (CIPP, pipe bursting)
- Some open cut still required: small sections of cast iron in laterals
- All of HP's utilities are underground (electricity, gas, communications, etc.)



BLB - Courtesy of Pipe Spy

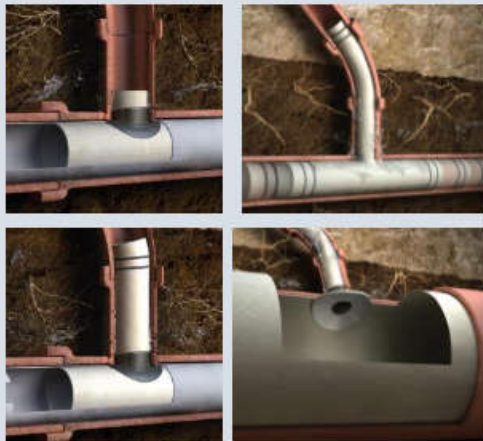
MAINLINE CIPP



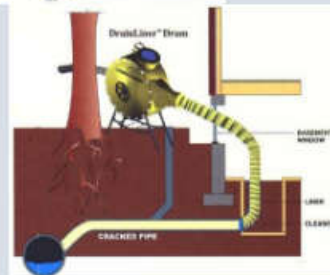
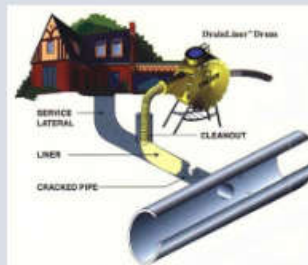
LATERAL CIPP

Lateral connections and repairs

- Short and long connections
- Standard lining and T-Liner Technologies



Connections

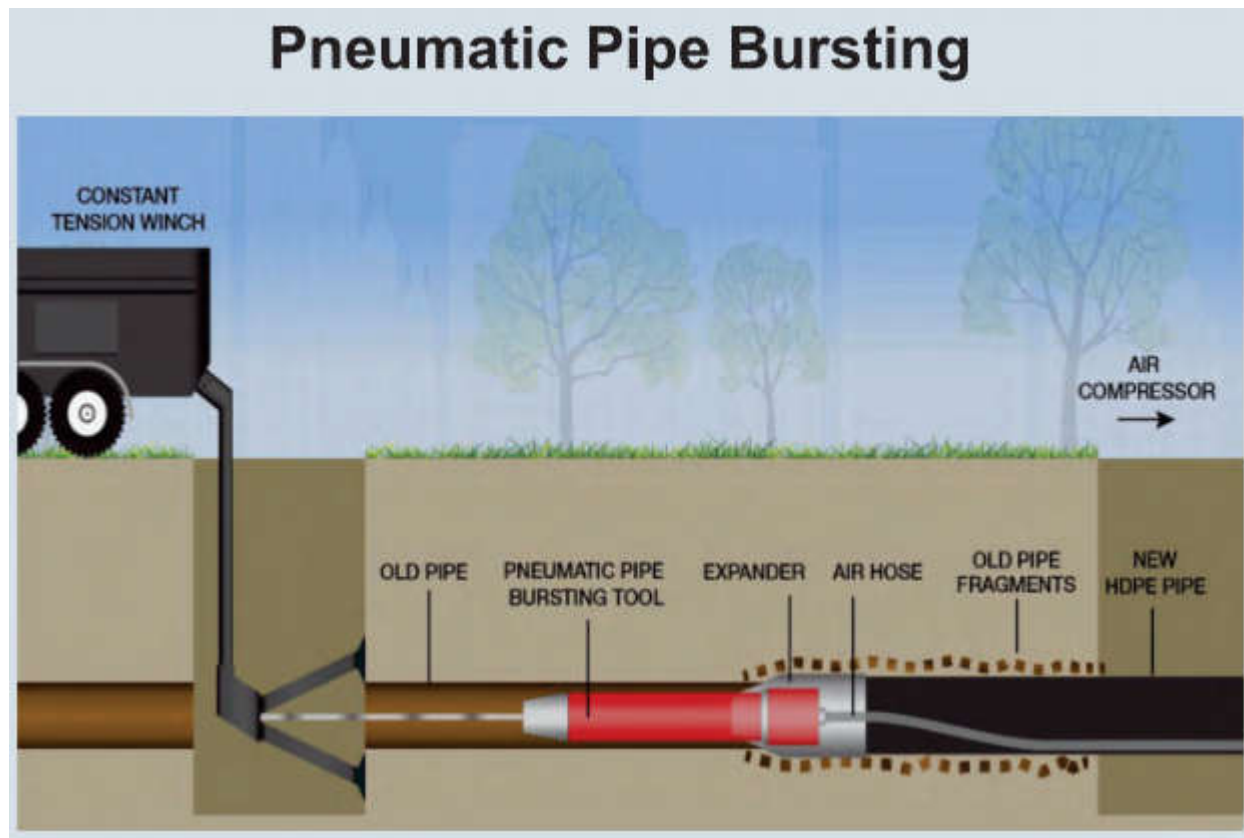


Standard Lining



T-liner

PIPE BURSTING



CONTRACTOR SELECTION

- Project size and constraints unique
 - Large project for a local plumbing company
 - Experience, resources, and availability important
- Selected Contractor based on qualifications
- Known for no nonsense solutions
- Vetted by Water Works and HOA Board
- Willing to provide a GMP for all RRR Assets and GMP Unit Pricing for all testing only assets
- Majority of Risk born by Construction Team

SCOPE OF PROJECT (BASED ON VIDEO OF LINES)

Asset Type	Total Linear Feet	RRR Lineal Feet	% Requiring RRR by Lineal Feet	Total Number of Segments, CO's, MH's	Number Requiring RRR	% of # Requiring Rehab
Laterals	1516	1516	100%	47	47	100%
Cleanouts				47	28	60%
Mains	1435	975	70%	16	10	63%
Manholes				13	2	15%
Total	2951	2491	83%	123	87	71%

*RRR :Wastewater assets identified as requiring repair, rehabilitation and/or replacement to pass EBMUD certification testing based on review of available video

REHAB PROJECT BUDGET

Pre-test and camera		\$18,169
Cleanouts		\$154,097
laterals		\$373,506
Mains		\$251,585
Manhole		\$48,480
Misc and restore landscape/concrete		\$78,853
Testing		<u>\$158,193</u>
Sub-Total		\$1,082,884
Contingency		<u>\$108,288</u>
Sub-Total		\$1,191,172
5% Bad Debt on \$1.08M Assessment		\$54,144
Construction Manager/Owners Rep		\$25,000
Attorney		\$8,800
Total		\$1,279,116
\$/Unit		\$27,215.23

FUNDING THE PSL PROJECT

- The only way to fund the project is through:
 - existing reserve funds,
 - assessments,
 - and/or financing via a bank loan
- Based on the current reserve account balance and forecasted needs, the HOA does not have enough money in the reserve account to fund the PSL project and a special assessment is needed.

ASSESSMENTS ARE ONLY PAYMENT SOURCE

- Although there are different funding vehicles, the only payment/repayment source is HO assessment (regular or special assessments)
- Menu of HOA Funding Sources:
 - Existing reserve funds
 - Special Assessment funds
 - Lump sum payment
 - Monthly payments (via HOA bank loan)
 - HOA Loan

TYPES OF SPECIAL ASSESSMENTS

There are three types of special assessments:

- 1) **Board Approved:** If the assessment is 5% or less of the annual budget, the assessment can be approved by the Board.
- 2) **Membership Approved:** If the assessments are more than 5% of the annual budget, it must be approved by the membership.
- 3) **Emergency:** Emergency special assessments do not have a cap and do not need membership approval if it meets statutory requirements for an emergency.

The type of special assessment that the membership will be voting on is a **Membership Approved Special Assessment**.

ALLOCATION OF SPECIAL ASSESSMENT

- Special assessments for these repairs are allocated equally at Harbor Pointe (CC&Rs § 3.5.)
- A special assessment of \$1,279,152 means that each homeowner would be assessed \$27,216.

SPECIAL ASSESSMENT PAYMENT OPTIONS

- Single payment
- 12 Month Loan
- 10 Year Loan
- Monthly payment with no down payment (financing \$27,216 via HOA bank loan)
- Monthly payment with down payment of \$10,000 (financing \$17,216K via HOA bank loan)

SINGLE PAYMENT OPTION

- Members pay in single \$27,216 cash payment
 - Refinance existing mortgage, equity line of credit, “reverse mortgage”, or similar sources of private financing to pay full amount thru bank or credit union
- Potential advantages to private financing
 - Lower rate and longer repayment periods (up to 30 years) may be available
 - Consult tax advisor on deductibility of payments
 - Could result in lower monthly payments

MONTHLY PAYMENT OPTION

- The Board realizes not all members will be able or want to pay in a single payment
- To assist in necessary full participation in special assessment, Association has applied for a bank loan
- Owner's will be able to participate in HOA's bank loan program as follows:

MONTHLY PAYMENT OPTIONS

- The HOA would borrow up to \$27,216 for any owner who participates (“participating owner”). The amount borrowed for a particular owner will depend on whether the owner makes a down payment. (Note: A down payment is not required but will be an option for owners who wish to reduce their monthly payment amount.)
- Participating owners would not be required to provide personal financial information to the HOA to qualify to participate. Owners who are more than 30 days late in assessment payments would need to make special arrangements with the HOA to resolve their delinquency.
- Each participating owner would be able to fully finance their portion of the special assessment over the life of the loan.

BANK LOAN

- Loan only for homeowners that do not pay in one lump sum
- Homeowners participating in loan will pay separate loan assessment to cover loan and fees
- Mechanics of loan thru HOA dependent on CHBIO accounting
- 12-month or 10-year Loan Term for all homeowners participating in loan
- HOA loan secured by assessments
 - Written payment agreement required from HO secured by property
 - Preparation and recording fee to be paid by participating homeowner
- Loan due on sale of property
 - Borrower must be current on their account to take advantage of HOA loan
- No prepayment penalty, small administrative costs apply
- Attorney experience is that 60%-95% pay cash rather than loan

APPROVAL OF THE SPECIAL ASSESSMENT

- Special assessment approval requirement is set by statute rather than the governing documents.
- Special assessments are approved by a majority of a quorum of the membership. For this vote, quorum means more than 50% of the owners of an association. (Civil Code 5605.)
- So, at least 24 homeowners must vote (the quorum for this vote), and then the majority of everyone who votes will decide the matter

VOTING PROCESS

- Process
 - Secret ballot required
 - Minimum 30-day voting period
 - Homeowners notified within 15 days of election
 - Special Assessment due at least 30 days after notice
- Ballots mailed July 14th – 17th

WHEN ARE THE BALLOTS DUE?

- Ballots must be RECEIVED by the Inspector of Elections at the address indicated on the return envelope that will be provided with your ballot no later than 6:00pm on August 22, 2023
- Ballots received after that date and time cannot be counted unless the voting period is extended
- The voting period may be extended and notice of any extensions will be provided

WHEN WILL THE BALLOTS BE OPENED?

- Ballots will be counted on August 22nd, 2023, at 7:00 p.m. at the Community Offices located at 3195 Mecartney Rd., Alameda, CA 94502, unless the voting period is extended
- All homeowners are welcome to join

WHEN WILL SPECIAL ASSESSMENT BE DUE?

- If passed by the membership, the special assessment (either the full lump sum payment or the first installment under the payment plan) will be due and payable to the HOA October 1, 2023

WHAT IF THE SPECIAL ASSESSMENT DOES NOT PASS THE VOTE OF THE MEMBERSHIP?

The Board has a few courses of action that could be pursued to help fund the Project:

1. The Board can petition the Superior Court and ask for approval of the special assessment from a Judge
2. The Board could levy an annual special assessment of 5% or less of the annual budget, which does not require memberships approval
3. Assessments could be increased 20% each year to help build up the reserves to fund the Project
4. Emergency assessments in order to fund the Project in advance of EBMUD deadlines
5. HOA Loan
6. Or a combination of the funding options listed above could be pursued

CURRENT SCHEDULE

If Special Assessment passes:

- Execute construction contract
- Notice to Proceed by 8/31
- Loan documents by late-August
- Assessments due October 1st
- Construction November 2023 - November 2024

SUMMARY

- HP is required to complete this project
- HP is responsible for paying for this project
- The HP Board of Directors & PSL Committees believe this recommendation is the least expensive and most efficient way to complete this project and maintain funds for upcoming projects
- Please vote Yes



Q&A

