

## Lake Forest Exterior Renovation Project Informational Owner Forum

Hi Lake Forest Owners,

Reminder, the Lake Forest Exterior Renovation Project Informational Owner Forum will take place on Wednesday January 30, 2019 at 6:00 pm MTN. The meeting will take place in the Summit County Community Senior Center Building located at 151 Peak One Blvd in Frisco, Colorado. Owners are encouraged to attend in person. If you are unable to attend in person, a conference call line has been established as follows:

Dial in number; 1-877-858-5743

Pass code; 174455

Please note that this is not a meeting. No motions will be made, and no votes will be taken. This is an informational session only.

Please see the attached forum agenda.

Additional documents are also attached.

The Lake Forest Board of Directors would like to further obtain your input on the proceedings of this project. It is very important for all Owners to participate in the Informational Owner Forum on January 30<sup>th</sup>. If you are unable to attend the January 30<sup>th</sup> Informational Owner Forum, please be sure to email any questions you might have to so that they may be addressed.

All emails should be sent to [KLovett@srgsummit.com](mailto:KLovett@srgsummit.com).

Thank you all for your participation.

Lake Forest HOA

Lake Forest Exterior Renovation Project Owners Informational Forum

January 30, 2019, 6:00 pm MTN

Agenda

Introduction and orientation (KC)

- Not a formal owner's meeting, only a discussion. No motions or actions.

Siding Renovation Project: Brief review 1.5y of SRP due diligence (DRE)

- Engineering study (**siding defects, EUL; reserve study, understand the inevitability of the SRP**)
- Materials, vendors & design
- Bank financing options
- Site visits
- Competitive bidding process
- Communication (**Board, EDC, Owners mtgs., Newsletters, Minutes**)

Board Actions: 1.7.19 & 1.11.19 (DRE)

- Motion unanimously adopted: proceed with the SRP and the \$3,132,000 SA
- Motion adopted: Owner Special Assessment Installment plan
- Discounted window replacement opportunity, costs and ordering process/due date (DM)
- BR window credit process (DM)

Siding Renovation Project Plan (DM)

- Timeline
- Milestones--project and owner

Owner feedback to date (DM)

Owner Q&A--run the 'present owner' roster (KC)

- Roll Call
- Owner Q & A

# LAKE FOREST HOA SIDING RENOVATION PROJECT

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## OWNERS FORUM

K CHINYOY PRESIDENT BOARD OF DIRECTORS

EXTERIOR DESIGN COMMITTEE

D EHRENBERGER D MURPHY B DUHL R JOY R CRIST S SORENSON P TOFFEY

30 JANUARY 2019





## Exterior Design Committee

- Appointment by Board of Directors—Fall 2017
- Charge: building exteriors evaluation and recommendations due diligence
- Owner members: Kathy Chinoy, Parry Tofey, Ron Joy, Ron Crist, Sue Sorenson, Dennis Murphy, Ben Duhl, David Ehrenberger

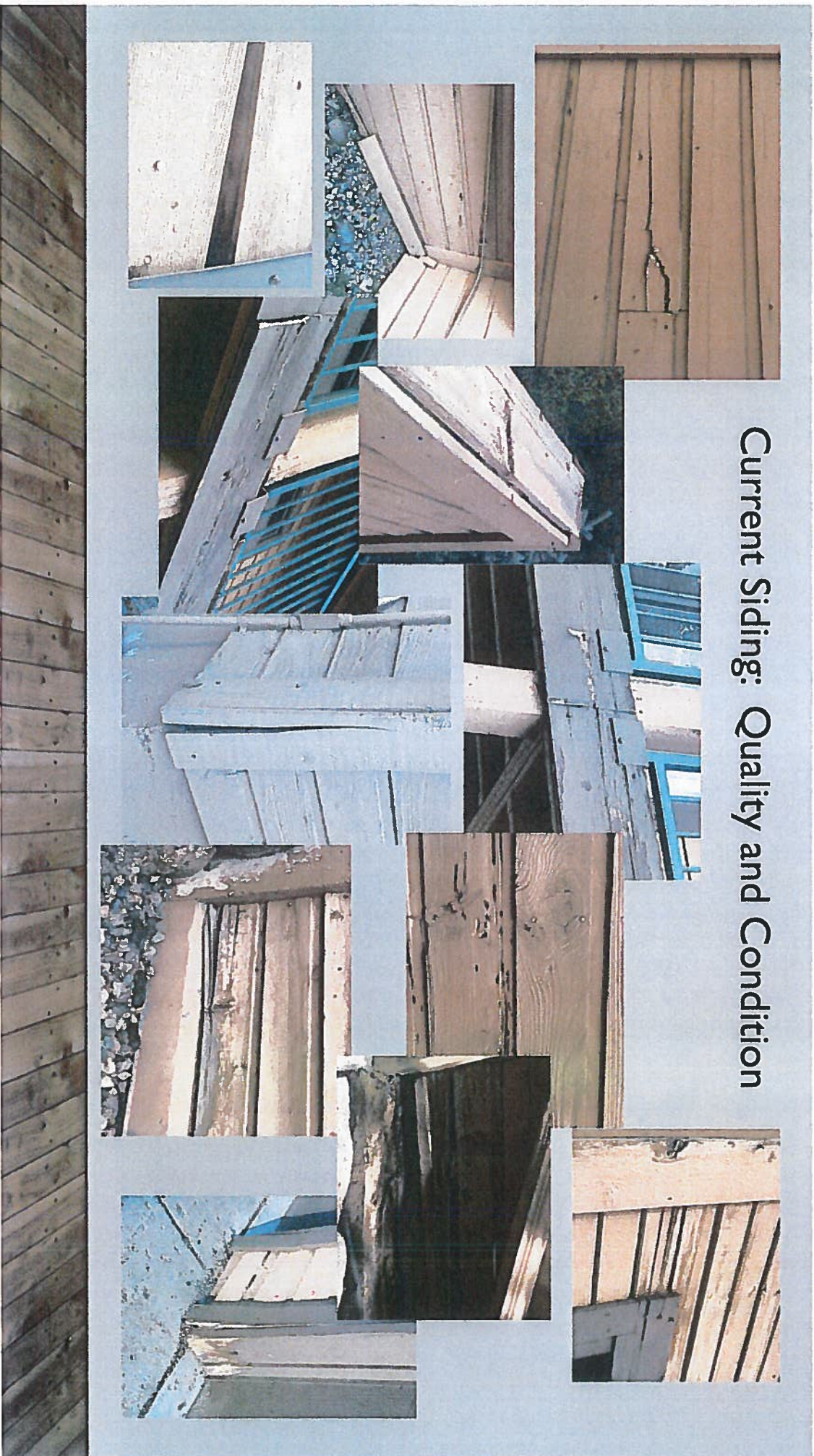
## Siding Renovation Project Background:

- Concern about condition of siding, windows (Lake Forest is 24 years old)
- Defects in siding due to age, weather, construction quality
- Potential for impact:
  - Water barrier failure—impact on infrastructure, rot
  - Pests
  - Incremental costs of delayed repair
  - Property value
  - Aesthetics





# Current Siding: Quality and Condition





## Engineering and Siding Evaluations

Cona Engineering & Endeavor Exteriors (Spring 2018) & all contractors that have assessed our buildings:

- Siding is nearing end of useful life
- Spot replacement is not advised—short term solution, ongoing maintenance, incremental increases in cost of residing.

“It was determined that the siding is nearing the end of its useful life. Due to the manner in which the existing cedar siding is installed, the process for spot replacement of delaminated boards would require the removal and reinstallation of all subsequent boards below. While spot repairing the property is possible, it is against our recommendation to execute repairs. Full replacement of the siding system would heavily mitigate the need for frequent maintenance.”

## Siding Renovation Project: Brief review

### 1.5y of SRP due diligence

- Engineering studies—Endeavor Exteriors, Cona Engineering
- Materials, vendors & design—see siding, railing, decking examples
- Site visits to other HOAs with comparable and completed residing projects
- Contractor RFPs: Competitive bidding process
  - Finalists: Travis Construction, Endeavor, and Excellent Construction
  - Interviews: 2h December 12th, 13t, & 14<sup>th</sup>
- Bank financing interviews—First Bank
- Communication with Owners: Board & EDC meetings, Annual Owners Mtg, Newsletters, Minutes and all updates posted on LF HOA Website (Summit Resort Group)





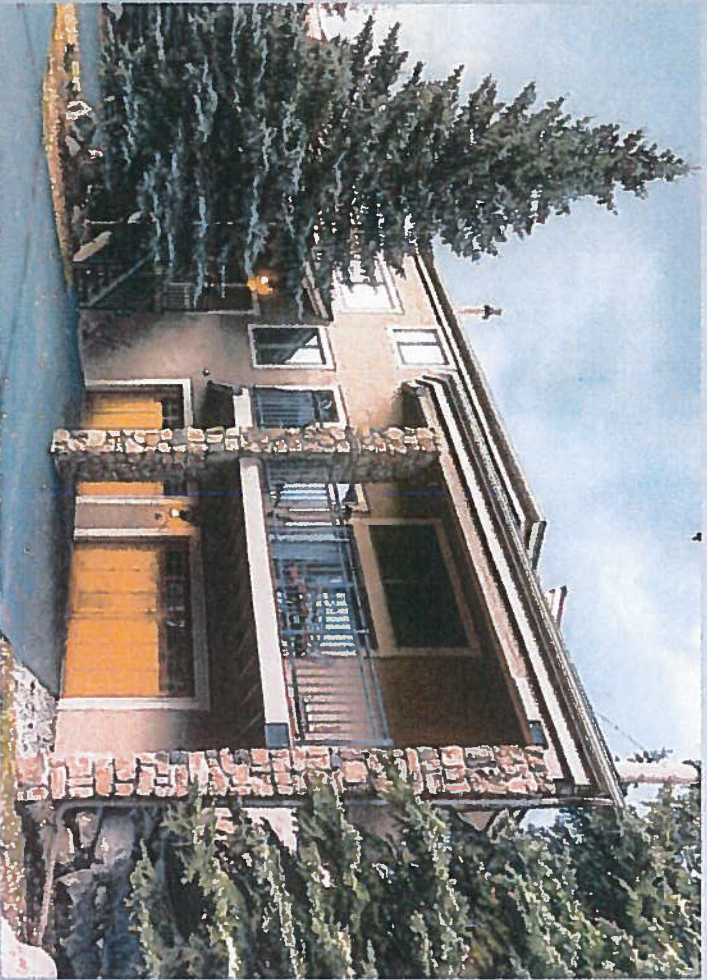


# Frisco Bay

Excellent Construction







# Enclave Townhouses

Excellent Construction





## Summary of conclusions and recommendations:

- Condition of the siding is poor, outdated and nearing 'end of useful life'
  - Poor condition threatens the structural integrity of the buildings (leaks, rot, vermin etc.)
- Regional comps demonstrate that similarly sized and aged HOAs have made the decision to renovate
  - Illustrates the costs (\$20,000-\$69,000/unit) and aesthetic improvements involved
- Piecemeal repairs are **NOT** a recommended solution
  - Poor condition would warrant extensive and therefore expensive work
  - Contractors strongly concur and do not recommend this approach
- Failure to make a decision to proceed serves no purpose but to delay the inevitable
  - And at substantial, incremental cost





# Siding Renovation Project: Board Approved

## SCOPE OF WORK (p1)

### SIDING

- Remove siding on all 5 buildings and garages; repair any underlying wood rot etc.
- Re-wrap and seal all buildings & garages with good quality thermal/vapor sealing barrier.
- Install new LP SmartSide Diamond Kote siding & Fasteners (prefinished)
  - All 5 buildings, garages and rear facing vestibule walls
- Repair/replace all soffits & fascia with LP Diamond Kote
- Reside chimneys with LP Diamond Kote; reflash
- Re-work attic venting to improve ventilation and eliminate vermin
- Replace all guttering and downspouts with aluminum gutters, 240v heat tape
- Prep and repaint garbage/recycling and spa buildings & all new material not prefinished
- Prep and repaint/stain all vestibules, railings, stairs and landings

### WAINSCOTING

- Install river rock wainscoting (Edward Stone) at base of all buildings
- Install standing seam wainscoting on north side of Buildings E&F and behind garages





# Siding Renovation Project: Board Approved

## SCOPE OF WORK (p2)

### WINDOWS

- Replace the 73 guest bedroom triple-sash windows with Pella Proline 650 series
  - Owner credit for pre-approved windows/installation
  - Option for all owners to replace other windows/siding doors very favorable rates

### DECKING & RAILINGS

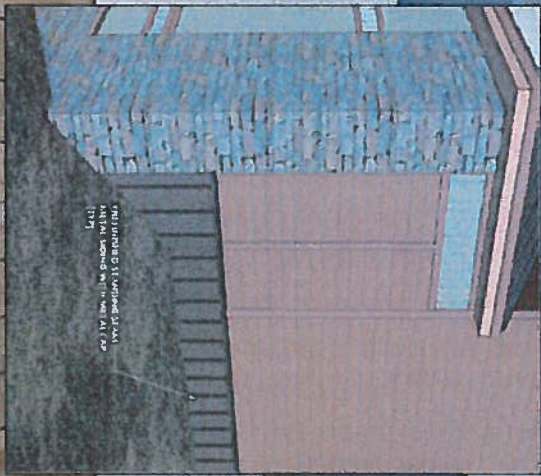
- Replace wood decking with Moisture Seal Vantage composite materials
- Replace all deck/patio railings with Regal Railing system (aluminum)
- Prep, seal and repaint garbage/recycling and spa buildings
- Stain and reseal all entry stairs, landings, vestibules and railings.
- Replace exterior numbering and signage with code compliant numerals.
- Smooth and refinish all patio concrete patios

### OTHER

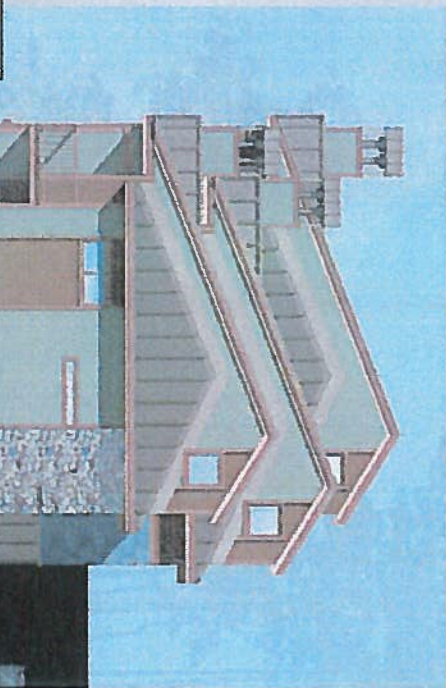
- Remove 6 support columns on Bldgs E & F--replace with GLUE-LAM® beams
- Add 6 entry roof extensions for safety to Buildings E & F





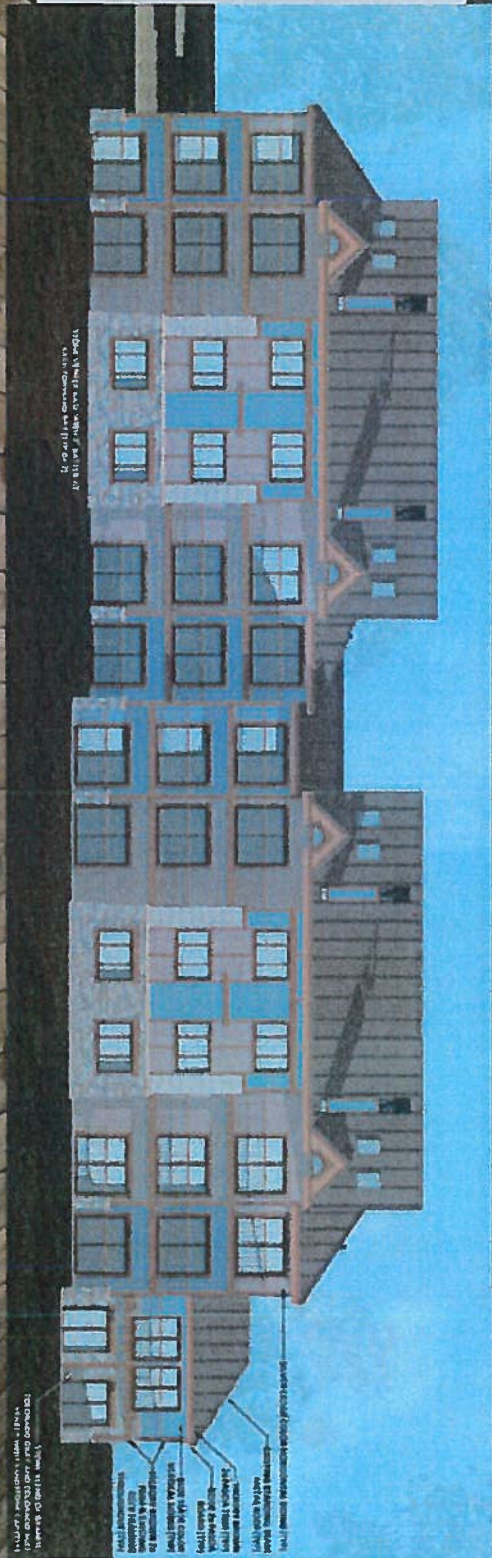


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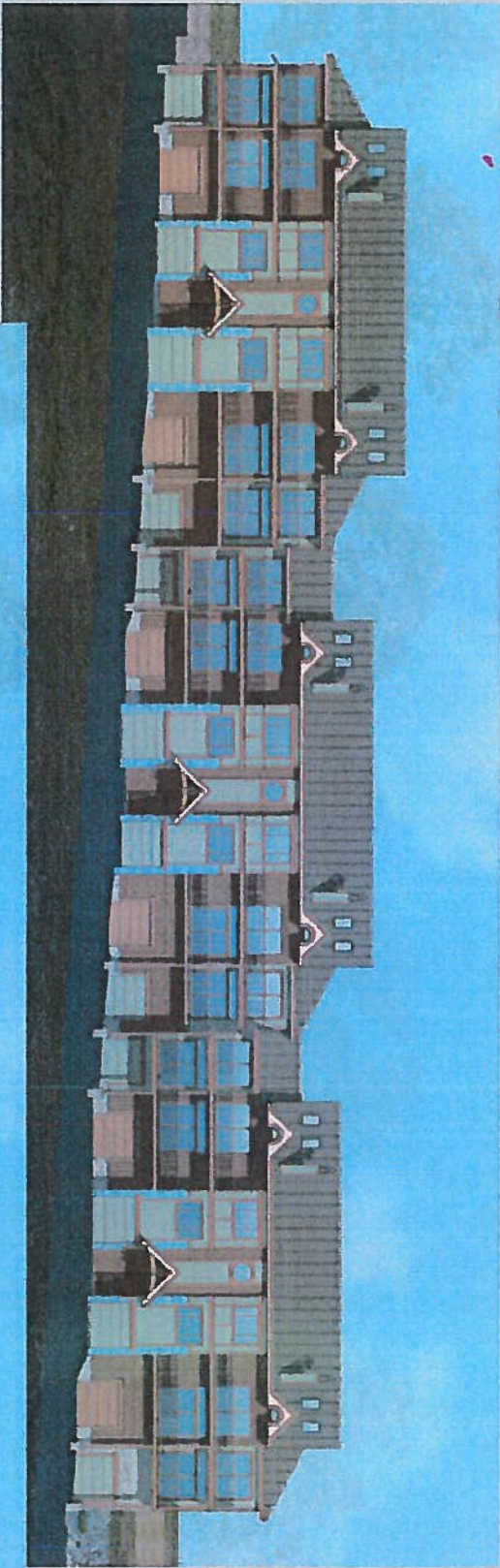


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This rendering shows a multi-story building facade with a grid of windows. The building features a mix of light and dark brown tones. The windows are arranged in a regular pattern, with some larger windows on the upper floors. The building has a gabled roofline with decorative elements.





## Pella Proline 450 Series Window Replacements

- Bedroom 3-sash window included in Siding Project
- Credit for previously replaced BR window = \$1700
  - Must be a Board-Approved Window and installation
  - Credited against owner special assessment
- Optional window replacements
  - Costs per window/sliding deck doors include labor, permits, hardware
- Owners must complete Window Order & Credit Form and must pay in full by March 30, 2019

| ITEM | LOCATION                          | DESCRIPTION           | SIZE (Width, Height) | COST    |
|------|-----------------------------------|-----------------------|----------------------|---------|
| 1    | Deck/Balcony                      | Gliding Patio door*   | 95.5" by 70.5"       | \$3,253 |
| 2    | Deck/Balcony                      | Fixed Window          | 24" by 36"           | \$920   |
| 3    | End of Buildings                  | Csmt-Fixed-Csmt**     | 70.5" by 27"         | \$2,062 |
| 4    | End of Buildings                  | Fixed, Obscure Window | 70.5" by 10"         | \$1,205 |
| 5    | 3 BR Foyer Upper<br>Front or Rear | Fixed Window          | 36" by 47.75"        | \$1,211 |
| 6    | 3 BR Foyer Lower<br>Front or Rear | Dual Casement Window  | 38.5" by 46.75"      | \$1,853 |
| 7    | 3 BR Loft Window                  | Dual Casement Window  | 70.5" by 46.75"      | \$2,100 |

Note: all items are Pella Proline@450 Series

\* There are two of these gliding patio doors per unit. This cost is PER DOOR.

\*\* This window is now a 2 sash slider, no longer available.



# Banking and Financing

Ron Joy—EDC Member

Ben Duhl—Board and EDC Member

1. Banking Interviews and Recommendations
2. First Bank of Frisco

| "TYPICAL" Bank Financing      |           | "TYPICAL" Bank Financing |           |
|-------------------------------|-----------|--------------------------|-----------|
| Monthly Pmts -- 10 yrs @ 6.0% |           |                          |           |
| 2 Bedroom                     | 3 Bedroom | 2 Bedroom                | 3 Bedroom |
| \$462                         | \$499     | \$795                    | \$859     |

These figures are Estimates only for illustration purposes. Rates and payment amounts have been calculated based upon typical, current bank advertised rates and terms.





# Siding Renovation Project Plan

Dennis Murphy—Board and EDC member

Ed Storako—Excellent Construction owner

1. Timeline
2. Milestones
3. HOA Project Representative





## Siding Renovation Project (SRP): Board Actions

January 7, 2019

Motion unanimously adopted to proceed with the SRP and the \$3,132,000 Special Assessment; opportunity for optional window replacement

January 11, 2019

Motion adopted: Owner Special Assessment Installment plan

### Lake Forest HOA: Siding Renovation Project Special Assessment Payment Plan Options (Exhibit A)

| Special Assessment Total ("SA") |                           | \$                | 3,132,000         | Board Approval 1.10.19 |           |    |        |
|---------------------------------|---------------------------|-------------------|-------------------|------------------------|-----------|----|--------|
|                                 |                           |                   |                   | Installment            |           |    |        |
| Payment Options                 |                           | Terms             |                   | Payment Schedule*      |           |    |        |
|                                 |                           |                   |                   | 2 BR Units             | 3BR Units |    |        |
| Payment Option 1                | Payment in Full           | February 15, 2019 | February 15, 2019 | \$                     | 41,595    | \$ | 45,009 |
|                                 |                           |                   |                   | \$                     | 10,000    | \$ | 10,000 |
|                                 |                           |                   |                   | \$                     | 10,000    | \$ | 10,000 |
| Payment Option 2                | Installment 1st Payment   | February 15, 2019 | March 15, 2019    | \$                     | 10,000    | \$ | 10,000 |
|                                 |                           |                   |                   | \$                     | 15,000    | \$ | 15,000 |
|                                 |                           |                   |                   | \$                     | 6,595     | \$ | 10,009 |
|                                 | Installment Final Payment |                   | July 15, 2019     |                        |           |    |        |





# Owner Feedback to Date

## Main Questions and Concerns

Dennis Murphy





## **Lake Forest Siding Renovation Project**

### **Frequently Asked Questions (F.A.Q,s)**

#### 1. Why are we doing this? What problems are we solving?

Work began in early 2017 with our Reserve Studies to investigate the condition of our buildings' exteriors, which confirmed and documented extensive defects due to age, weather and construction quality. Formal engineering evaluations showed that our siding is nearing its "end of useful life" with significant risks of water barrier failure, wood rot, structural elements failure and pest infestation.

#### 2. What is included in the work?

1. All new siding, soffits, fascia, trim work, gutters, heat tapes and protective flashings for all 6 residential buildings and 10 garage buildings.
2. Natural stone and metal wainscoting at the base of all buildings to prevent future deterioration from snow, ice and water build-ups.
3. New, low maintenance balcony decking.
4. New, long life aluminum railings on all decks and patios.
5. Replacement windows for all 3-sash guest bedrooms.
6. Options for individual owners to replace other windows and doors at attractive prices is included in the general contractors work.
7. Painting of all other exterior surfaces with new, long life paints and sealers.

#### 3. What will be the construction period?

Construction activity would start April 15, 2019. We expect to have substantial completion by October 1, 2019.

#### 4. Our Reserve study shows a cost of \$1,710,000 for siding and staining. Why is the cost now \$3,132,000 ?

It was found that just doing siding alone did not address all the existing problems and that the other tasks were required to be done together. See question #2 above for all the work items.

#### 5. \$40,000+ seems to be a huge amount to be asking without a vote by the owners.

Our Condo Documents stipulate that the Board of Governors (Directors) have the responsibility to maintain the buildings and the fiduciary obligation to do so in the best interests of all unit owners. In short, unit owners elect the Board members. The Board members, acting in good faith for all unit owners, determine the requirements, procedures and costs to maintain the buildings, now and for the future.

Unit owner voting is required in order for the HOA to secure outside financing or to pledge the revenue from routine monthly assessments. The Board decided against using

outside financing due to the burdensome requirements and significant extra costs of commercial lending institutions.

It was not possible to establish a cost for the project until the requirements were known, materials researched and plans drawn. Once that was done, we solicited general contractor bids. We interviewed, checked references and conducted discussions with five potential contractors. Three of them submitted comprehensive proposals; we selected one, Excellent Construction. The construction cost of the project was thus established by competitive bidding at \$3,000,000. Ancillary, administrative and enhanced building elements approved by the Board bring the total project cost to \$3,132,000. That breaks down to an assessment of \$41,624 for each 2-bedroom unit and \$44,960 for each 3-bedroom unit.

6. Why are we given such a short notice of this Special Assessment?

The residing project was discussed and considered at several Board meetings in early 2017. On September 5, 2017, the Board established the EDC to study, develop and present a plan. Since that time there have been numerous public meetings, questionnaires, owner responses & suggestions and detailed reports by the EDC.

A major factor about timing relates to the unique conditions of our environment in Summit County. First, exterior construction activity can only be accomplished during our summer season, usually April through September each year. Second, there are enormous savings to be realized by doing the project in one season. Third, there is only a small set of qualified general contractors available in Summit County that are available to take on a project like ours, none of which recommended or wanted to bid on a multi-year construction period contract. Lastly, the inconveniences, disruptions, noise and restrictions of unit occupancy over more than one season would present an undo burden to owners enjoyment of their condos.

7. What will be the cost of waiting another year or two?

The EDC has gathered information on this possibility from all contractors and from local building materials suppliers. The consensus is to expect an annual increase of 8% for materials and 10% increase for labor, per year, during the next few years.

8. Can we just do some now and more later?

It was discovered during our studies, that most of the work projected is interrelated. For example, changing the siding and adding the protective water barriers (wainscoting) will change the appearance of the buildings to such an extent that it is impractical to do the project on a "multi year, phased in" method. Furthermore, no general contractor will commit to prices or availability of materials over a multi-year basis.



9. Why not just use cheaper materials?

The EDC has done extensive research and made multiple site visits to similar, current projects. We have concluded that the LP Smartside material with the Diamondkote® finish is far superior to any other possible re-siding materials. This product is competitively priced with natural cedar timber or Hardiboard®, etc. but is far superior in durability and ease of installation. The manufacturer provides a 30-year warranty, even against fading.

10. Did we get competitive bids for the project?

The EDC had in depth discussions and solicited bids from five, well qualified general contractors. Three of them submitted comprehensive and itemized cost proposals. Following in-depth discussions with the three, the EDC selected Excellent Construction due to attractive price and highest rating on the other factors, such as references, experience, subcontractor relationships, understanding of alpine construction issues, etc.

11. What happens if a unit owner does to not pay the assessment when due?

There very specific terms, conditions and procedures spelled out the Section 6 of our Condominium Documents. See the web site for ARTICLE VI of the:

***Resolution of Lake Forest Condominium Association  
Responsible Governance Policy and Procedures.***

12. Will there be any disruptions or limitations to use and enjoyment of our units during the construction period?

YES, due to safety and work scheduling, decks and patios will be totally blocked, with no access permitted for a period of about 6 weeks during the summer. Also, there will be a few days in the later summer when painting of the vestibules is underway that no access to the units can be permitted. Schedules for these periods will be posted with as much advance notice as possible. It will be the responsibility of each unit owner to make personal and guest arrangements to accommodate these inaccessible periods.

13. How will doing this project now affect future maintenance costs?

Not only will completion of this project correct many deficiencies and maintenance problems with our existing structures, we will be using modern materials and construction techniques to dramatically reduce the costs of future building maintenance. The materials proposed have an expected life span of more than 30 years.

# Owner Forum Questions and Answers

Kathy Chinoy  
Board President





# 'Explosion of costs' making Vail Valley construction projects tough to get off ground

January 25, 2019

EAGLE COUNTY — From workforce housing to high-end real estate, construction costs are stretching budgets almost to the breaking point in the Vail Valley.

During one of the panel discussions at the recent U.S. Mountain Community Summit in Vail, Gerry Flynn, developer of the new Spring Creek Village workforce housing neighborhood in Gypsum, said the project estimates had already changed four times due to construction cost increases. Flynn declined a request for a post-summit interview.

It's not just workforce housing that's affected.

Architect Bill Pierce has spent decades working in the Vail Valley. Pierce said his firm recently estimated the costs on a high-end home in the valley. The first estimates came in at roughly double the anticipated per-square-foot costs.

Even with a high-end home, "You can't make money at that cost," Pierce said.

## 'Explosion of costs'

Pierce said the problems in the Vail Valley include a shortage of labor and steady, significant increases in material prices.

"You combine those two, shake it up, and you get a big, loud explosion of costs," Pierce said.

Chris Evans is one of the owners of Avon-based Evans-Chaffee Construction. Evans said the price of materials plays a big role in the rising price of building.

Then there's the ever-increasing price of labor.

"With a labor shortage, people are paying more to get the labor they need out on the job," Evans said.

And those costs are always shifting.

"It's hard to keep a handle on (costs), even from project to project," Evans said.

## Tough to find workers

The valley's current labor shortage is an echo of the collapse of the local construction industry that began in about 2009, the result of a nationwide economic slump. During that period, the valley lost several thousand jobs. Those workers haven't returned.

"We've lost (so many) construction jobs to oil field developments," Evans said. "The labor never really came back.

Vail-based Triumph Development works on everything from expensive resort homes to the Chamonix Neighborhood townhomes in West Vail. The firm is also working on a proposal (<https://www.vaildaily.com/news/vail-resorts-triumph-development-strike-deal-for-23-3-acre-east-vail-parcel/>) to build workforce housing at a site just north of the East Vail Interstate 70 interchange. Triumph Chief Operating Officer Michael O'Connor said the causes of rising construction costs are complex, but boil down to supply and demand. At this point, there's more demand than supply — that leads to rising prices.

Along with rising material prices, O'Connor noted that local builders have for several years had to rely on local labor. In the early 2000s, local builders could tap Front Range subcontractors in some cases. But those companies these days are busy close to home.

O'Connor said he's sympathetic to Flynn's situation at Spring Creek Village.

"Just when you think you have it figured out, there's another gap," O'Connor said. Estimating is a tough process these days, even programming in annual cost increases of between 5 and 7 percent.

## Nearing a peak?

O'Connor said he doesn't expect prices to back off their current levels. But, he added, prices may be about at a peak. Looking at construction calendars, it looks like there could be openings in labor availability later this year and into 2020, he said.

Pierce said he's started hearing that "numbers are becoming quite undigestible" for many projects. Still, he added, his firm is involved in a few projects that are staying fairly priced and on budget, including a new starter shack at the Vail Golf Club.

Even if construction costs weren't on a steady climb, O'Connor said, building in the mountains will always be tough. There's a short building season, and geology that makes utilities more difficult. It can be complicated getting materials to the area, and there's a limited labor pool. Beyond that, jobs on the Front Range tend to pay better.

All those complications raise costs. O'Connor said that's why public-private partnerships are so important when building workforce housing.

"That's how we'll make a meaningful impact," he said.

Vail Daily Business Editor Scott Miller can be reached at [smiller@vaildaily.com](mailto:smiller@vaildaily.com) (<mailto:smiller@vaildaily.com>) or 970-748-2930.

1 Comment

Sort by **Oldest**



Add a comment...



**Winsor Stough**

Hey, Mr. Miller. How are prices affected by increasing permitting costs and requirements the County has placed on developers and builders?

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**FINIS**