

August 12<sup>th</sup>, 2021

# Deck Project Update All Seasons Condominium

## Building Advisory Committee

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## Building Advisory Committee Work To Date

- "Clean-Slate" approach to deck project
  - Engineering design work was put on hold
  - Re-examine assumptions and expectations for project
- Primary focus on feasibility of deck repair
  - Deck replacement is comparatively well-understood and researched.
- Worked closely with J2 while also soliciting advice and opinion from third party structural engineers
  - KPFF Consulting Engineers (<https://www.kpff.com>)
  - Jezerinac Geers Structural Engineering (<https://www.jgaeng.com>)
- Engaged wood scientist to evaluation decay and other elements affecting structural integrity of deck components
  - Wood Identification And Consultation Services (<http://www.wicservices.net>)
  - Issued report dated May 27<sup>th</sup>, 2021 (copy sent to all homeowners)
  - On-site analysis delayed by Covid-related travel complications
- Met with Park City Building Department to update on status and review go-forward plans

## Building Advisory Committee Findings Thus Far

- Remediation of the deck is necessary and cannot be delayed
- Most of the wood in the deck is in acceptable condition although areas are in need of repair
  - Decay and areas of concern include one entire peeler pole, the tops of several peeler poles on 3<sup>rd</sup> floor, wood in several other sections
  - Bases of peeler poles remain question marks and areas of concern
  - Many of the metal connectors, joists hangars, and collars showed significant rust, corrosion and deterioration
  - Guard rails on third floor require immediate reinforcement
- As originally designed and constructed deck has acceptable load bearing attributes
  - Further work to confirm relevant building codes to be completed
- Targeted repair of deck viable from an engineering standpoint
- Park City Building Department is fully informed of the deck situation and appears supportive of our approach

## Requirements For Deck Remediation

- Whether repair or replacement, the plan must meet the following criteria
  - Remaining useful life of at least 25 years
  - Compliance with current life safety (fire, guardrails, etc.) building codes
  - Neutral to positive impact on aesthetics - If repair, it must not look like a repair
- Note
  - Building envelope issues are addressed later in this presentation
  - Certain other necessary maintenance items or upgrades, such as the fire suppression system and exterior lighting are excluded from this discussion
    - Estimated costs are \$50k for fire suppression system and \$40k for exterior lighting

## Deck Repair Option

- Initial plans for a deck repair would involve addressing all identified areas of weakness, corrosion or decay
- Items include
  - Replace areas of decay in peeler poles (whether entire pole or sections)
  - Replace any decayed decking
  - Replace Glulam beams with decay
  - Joist repairs / reinforcement
  - Replace corroded various metal connections and fasteners
  - Secure stairs
  - Repair or replace railings to bring into compliance with current code
- Preliminary estimated cost \$450k - \$690k
  - Range reflects extent of need for peeler pole replacement / remediation and whether railing can be repaired or needs to be replacement
  - Opportunity for reducing cost further after exploring potential engineering solutions

## Deck Replacement Option

- *Note – this is based on estimate presented at the March HOA meeting*
- Remove and replace all decks
- New steel posts, pressure treated wood beams, joists, decks
- Estimated cost including 15% contingency \$850k.
- March 2021 estimate was \$1.1mm, but included several non-deck items excluded to be comparable to Deck Repair Option (new exterior lighting, new private decks, new fencing around pool)

## Comparison – Deck Options

Item	Deck Replacement	Deck Repair
Preliminary Cost Estimate	\$850k	\$450k - \$690k
Estimated Project Duration	[4-6 months]	[2-4 months]
Potential for Cost “Drift”	Low	Medium
Expected Impact on Homeowner Access	Moderate to high	Low to medium
Opportunity to Improve / Update Building’s Appearance	Moderate	Low
Ongoing Maintenance Cost	Low	Moderate
Estimated Cost Per - Avg 2 BR Unit - Avg 3 BR Unit	\$25.1k +/- \$39.4k +/-	\$13.7k to \$21.5k +/- \$20.7k to 32.4k +/-
Indicative Monthly Payment With Generic HOA Loan Terms - Average 2 BR Unit - Average 3 BR Unit	\$255 +/- \$400 +/-	\$135 to \$208 +/- \$212 to \$326 +/-

## Envelope Repair Issues

- The initial presentation to the HOA in March 2021 included an option to do substantial modifications to the envelope (replace siding, windows, doors, etc) (Envelope Replacement)
- As discussed later, there are compelling reasons to make these substantial changes at some point, but we recommend that the HOA consider such changes as part of a more strategic, multi-year plan
- Other options we have considered
  - a more targeted envelope repair involving mostly replacing flashings at all points which would include removing and re-setting all doors and windows (Envelope Targeted Repair)
  - a very limited approach of replacing flashings where the deck and building meet, and any areas if need of immediate repair (Envelope Spot Repair)

## Comparison – Envelope Options

- Envelope repair may involve several elements to improve the durability / life of the “skin” of the building as well as aesthetics, which may include:

Item	Envelope Replacement	Envelope Targeted Repair	Envelope Spot Repair
Flashings	Replace / repair as necessary	Replace / repair as necessary	Replace / repair as necessary
Siding	Replace	Repair only as necessary	Repair only as necessary
Windows and doors	Replace	Remove, repair flashings, reset	n/a
Cost	\$2mm	\$400k	\$0 to \$50k
Ongoing Maintenance	Low	Moderate	Moderate
Potential to lower Insurance expense (by mitigating fire risk)	High	Low	n/a

## Building Advisory Committee Recommendation

- Timing Imperative – we must be in position to begin work on deck April 2022
- Proceed with Deck Repair Option
  - Much of structure is in acceptable to good condition
  - Repair seems feasible from an engineering and construction standpoint
  - A Repair Project should take less time and be less invasive to owners and the normal operation of the building
  - Lower estimated costs without taking into consideration potential alternative engineering solutions
- Pursue envelope repairs only as needed (Envelope Spot Repair Option)
  - Flashings at deck to building connections if necessary
  - Spot repairs elsewhere as necessary
  - More extensive envelope repairs or alterations be considered in the context of a medium to long term capital project plan
- Other near-term maintenance or improvement items
  - Repair or replace fire suppression / sprinkler system (estimated at \$50k based on initial bids)
  - Replace outdoor lighting as required by Park City Building Department (estimated at \$40k)
  - Note: these items not included in per unit calculations on prior pages – including envelope repairs would add \$3.4k / \$5.3k to avg. 2BR / 3BR respectively (per month with HOA financing \$28 / \$44)
- Update / develop medium to long term maintenance and capital project plans

## Longer-Term Considerations Re Capital Projects and Maintenance

- All Seasons Condominium is nearly 30 years old
  - Maintenance is increasing and some major structures are far along into their replacement cycle
- All Seasons Condominium possesses a superb location
  - Multiple RE brokers have noted that it is one of the best locations in Park City
- Under-investment in All Seasons would be a poor economic decision
  - Maintenance costs will inevitably increase
  - Insurance costs are rising while fewer insurance carriers are willing to provide coverage
  - Property values and rental rates will likely be suppressed
  - In short we would be “leaving money on the table”
- A multi-year view on maintenance and capital project needs are necessary
  - Building Advisory to develop plan for the HOA to consider
  - This includes projects related to infrastructure and building aesthetics
  - Examples include siding and other envelope elements, driveway, landscaping, among others.
  - Planning to include timing, estimated costs, and funding requirements (impact on HOA dues / special assessments)

## Next Steps

- 2<sup>nd</sup> half of August - Agree with J2 on scope of work and direct J2 to begin engineering plans
  - We will continue to solicit 3<sup>rd</sup> party experts for peer review and consultation
- Early Fall - Solicit and receive contractor bids
- Mid Fall - Solicit loan terms from HOA lenders
- Early Winter – All-HOA meeting to present contractor terms to HOA for approval and HOA loans (optional to individual homeowners)
- January 2022 – Enter into contract with contractor; all-HOA meeting with updated review of project specifics
- April 2022 – Commence deck project

## Thank you for listening

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- Q&A
- Owners Comments

## Appendix: HOA Financing

- We have had preliminary discussions with several lenders who specialize in providing loans to HOAs for similar projects
- Basic terms
  - Term – 7 to 10 years but sometimes up to 15 years
  - Amortization – Mortgage style
  - Interest rate – 4.5% to 5.0% (depending on interest rates at time of rate setting)
  - Loan fees 0.75% to 1.00%
  - Prepayment terms – Prepayable in whole or part at any time without penalty
  - Collateral – Security interest (via UCC1 filing) in the HOA's rights to collect dues and special assessments
  - Construction Line of Credit Option – Funds are drawn down without requirement to make principal payments during construction phase; converts term loan with monthly principal payments after completed
- Lenders' threshold underwriting criteria
  - Homeowner Delinquencies – 10% or less (for All Seasons Condominium, with 27 units that would mean 2 homeowners or less)
  - Nature of use – Owner occupied most desirable, rentals least desirable, 2nd homes somewhere in between
  - Amount of loan relative to aggregate value of condominium – Loan size typically less than 10% to 20% of aggregate value of building
  - Loan payment relative to HOA dues – Some lenders limit loan payment to < 50% of existing HOA dues