

To: The Owners of Point Edwards

From: The Board of Directors

RE: Phase 3 Lid Repair Costs and Special Assessments

July 22, 2021

This is the fifth in a series of letters to the owners concerning the costs and scope of Point Edwards' repairs to our underground garages or lids. It is long and some will only be interested in the summary section set out below. For those interested in more detail, the letter continues with sections on the **Scope of the Construction Work, What are the Landscaping Costs? How Will the Phase 3 Lid Repairs Affect Me?, How Long Will the Construction Last?** and **What is Slope and View preservation Portion of the Special Assessment?**

This information is provided so that there is a significant degree of transparency in what is being done to repair our lids, how much the lid repairs cost and how the lid repairs are to be paid for. Some of the numbers are not final, especially in landscape costs. But the projected increases over our estimates are not thought to be significant enough to change PE's financial planning for the completion of this project. Any significant change will be explained at the July 28, 2021, Board meeting.

Summary of Special Assessments Covering Completed Phase 2 Lid Repairs and Projected Phase 3 Construction and Landscaping Scope and Costs.

Phase 2 of the lid repairs are completed except for installation of some glass. Phase 2 constituted repair to 2/3s of the 61/71 lid and some work in other areas. It was paid for out of the reserve fund which now must be repaid. That repayment is \$315,000 and is included in the special assessment.

The PEHOA is in negotiation with Charter Construction to finalize the contract for Phase 3 Lid Repairs. The Finance Committee is preparing to send its recommendations for the payment of Phase 3 costs to the Board at the July 28, 2021, Board meeting. Finance will recommend that the construction and landscaping costs along with the Phase 2 reserve fund repayment and a small sum for Point Edwards' work on slope and view preservation be paid by special assessment. The 2021 portion of the special assessment will be due on September 1 and will total \$1,6077,000. The 202 portion, due in the second quarter of 2022 for the balance of Phase 3 work is now estimated to be approximately \$1,000,000 for a two-year total of \$2,600,000.

Phase 3 repairs are more extensive and technically challenging than the Phases 1 and 2 lid repairs. As a result, these repairs will cost more. The Facility Committee and the Finance Committee are recommending approval of up to \$1,300,000 for the construction costs for the Phase 3 lid repairs. Those costs will be explained further along in this letter. Besides the construction costs of \$1.3 million dollars, landscaping costs including privacy screening is projected to cost \$567,000. Engineering costs to develop our plans and monitor our

construction progress, the cost of our permit and a contingency for future engineering on unforeseen problems is projected to add another \$100,000 to costs. An industry standard of 20% of the total budget (\$250,000) is included in budget and special assessment. An additional 10% (\$60,000) is included for landscaping contingencies. There is an additional line item of \$25,000 for slope and view preservation that will be explained below.

To understand why these costs are so high, it is necessary to understand how extensive the work will be.

Scope of the Construction Work:

In August 2021, an outside crew from a very reputable landscape company will begin removing landscape vegetation that Bel has marked to be saved from in front of Bldgs. 61 and 71 and transport those plants down near the retention pond. Our staff has prepared irrigation and mulch to store these plants. Charter Construction will then remove the remaining vegetation from in front of Bldgs. 61 and 71 as well as from all the planters on those patios facing the Pine Street loop road. Some work on the berm on the water side of the Bldgs. 61/71 lid may be the initial repair task for Charter Construction. About two feet of the west wall will be exposed and repaired.

Charter Construction will then dig a trench along the walls next to the Bldgs. 61 and 71 patios. This trench will be four feet wide and, in some areas, as much as eight feet deep. This will be done in stages. A section will be trenched and then a section will be skipped and allowed to be temporarily left in place while the next section is trenched. This hop-scotch method will minimize shoring up the trench and increase safety. As the trenching progresses, Charter Construction will clean the exposed wall, fill cracks and joints, and apply Tremco waterproofing, a root barrier and drain mat. A Tremco representative will be monitoring the application of the water proofing to insure that it meets their specifications and their standards for a 10-year warranty. While conducting this work, Charter Construction will be replacing drain lines and any irrigation lines that are exposed. As soon as Bldg. 71 construction is complete and the site is safe, installation of the privacy screening will be scheduled

After the work on the walls of the Bldgs. 61 and 71 are finished, Charter Construction will move to the small lid that connects Bldgs. 31 and 41. Here there are leaks running along the cold joints where the top of the lid meets the wall facing the water. That west wall has troublesome cracks as does the lid itself. The cracks in the wall and lid will be cleaned, filled and sealed. The lid itself will have all vegetation removed and waterproofed as was done on the 61/71 lid. That completes the construction process.

How are the construction costs allocated?

The actual amount to be paid to Charter Construction under the contract is budgeted at \$1,300,000. There is an allocation of 20% (\$250,000) of construction contingency costs for possible contingencies which is the industry standard. Prior to the start of construction, the

HOA had our engineering firm, Pacific Engineering Technologies (PET) develop the overall scope of our construction plans. The HOA also signed a contract with PET to meet with the HOA and review the progress made on the project and to insure the contractor meets the standards of workmanship we expect. The cost to file the permits with the city was \$15,000. The total costs paid to PET and the city are budgeted at \$100,000.

During Phase 1, engineering issues were significant, and costs were higher than expected. While engineering costs moderated in Phase 2, engineering issues for that phase had been resolved in phase 1. In Phase 3, we are tackling new problems. The biggest concern is unexpected water issues. A lot of water moves through Point Edwards from Woodway and its higher environs. There is also the nature of the soil. While exploratory excavations were made to determine soil composition, there may be changes in the soil between the areas that were explored. The HOA is being conservative in insuring that funds are available to meet unknown engineering and construction costs.

What are the Landscaping Costs?

The landscaping costs are considerable. The initial task of removing and preserving selected plants from in front of Bldgs. 61 and 71 and their eventual replacement is by an outside contractor is budgeted at \$76,160. These are mature specimens that can only be replaced by smaller immature trees and shrubs less attractive and providing less privacy in our landscape. Purchasing mature replacements would not be cost effective. Replacement of the plants not being retained is \$ budgeted at 48,500.

The cost of privacy screening and its installation to replace the arborvitae removed from the patio planters and along the Bldgs. 61 and 71 loop road is significant. Building 71 will cost \$158,593 and Bldg. 61 will cost \$95, 295. These screening costs may go higher as the numbers used are based upon prior costs in Phase 2 and the Canadian manufacturer has not given the HOA a final cost figure.

Irrigation costs are budgeted at \$50,000. Any irrigation line that is exposed will be replaced with a new and sturdier grade of irrigation line. Additionally, at selected points the main lines will be exposed and sealed to isolate the work sites and avoid any main line breaks flooding the trenches.

Replacement soil, accent rocks and the like are budgeted at \$26, 120. Landscaping the Bldgs. 31/41 lid is budgeted at \$27,000 and some minor landscaping on the 61/71 Bldg. berm facing the water is budgeted at \$6,912. Taxes and a contingency of 10% (\$60,000) brings the landscape budget for Phase 3 to \$627,000.

How will Phase 3 Lid repairs Affect Me?

This project will involve some heavy equipment, considerable noise, dust, dirt and at times mud. The sidewalks and roadway will be blocked at times. Owners living in Bldgs. 61 and 71 will temporarily lose a degree of privacy. The ability to walk along the loop road will be

preserved. Access to Bldgs. 61 and 71 will be preserved. Steps will be taken minimize dust, dirt mud and noise. You will be asked to exercise patience as the quiet and peaceful environment of Point Edwards will be disturbed. This is a necessary project. It is necessary to protect our homes, our investment in property and our safety.

How Long Will Construction Last?

The actual construction will last until mid to late January 2022. Revegetation along Bldgs. 61 and 71 will last into the spring planting season and even into the fall planting season. Plants have their own lifecycle and cannot be rushed. Some plants may not make it through the summer if the weather is like this year and may have to be renewed in the fall.

What is the Slope and View Preservation Portion of the Special Assessment?

The work that has been done to protect the slope we reside on and to open the canopy of trees that exist in some locations has been funded by a \$45,000 special assessment passed back in 2020. That money is now spent. Bel is now awaiting word for from the City of Edmonds on the scheduling of a hearing before the Architectural Review Board on the permit and land use management plan for the slope that she has submitted. The \$25,000 included in this special assessment will be used to start the removal of selected trees and the revegetation and planting of new trees and shrubs after the permit is approved.

Respectfully,

The Board of Directors for Point Edwards Home Owners Association