

## VILLA VALLARTA HOMEOWNERS ASSOCIATION

### TOWN HALL #1 – Q&A

August 29, 2024

#### **PROJECT SCOPE**

- New Roofs:
  - Flat Roofs
  - Sloped Roof
  - Gutters and Downspouts
- New Siding
- Deck Repairs to Comply with SB326
- Electrical Panel Upgrade:
  - Insurance Requirement for policy renewal
- Community Wide Repaint

#### **CONSTRUCTION MANAGER - DESIGN BUILD ASSOCIATES**

Design Build Associates (DBA) are construction managers and consultants and have been in the construction industry for over 40 years. *They are unique as they only focus on servicing the HOA industry.* DBA provides clients with the necessary checks and balances to ensure a successful project considering the Association's time, quality, and cost objectives. You can learn more about DBA by visiting their website at [www.dbuild.com](http://www.dbuild.com).

#### **Services Design Build will provide before construction**

- Provide administrative, management and related services to coordinate the work of the contractor to complete the project in accordance with construction schedule and the Board's cost, time and quality objectives.
- Request, review and document certificates of insurance from contractors.
- Perform on-site inspections.
- Work to obtain satisfactory performance from the contractor.
- Review any change orders for accuracy and reasonableness and make recommendations.
- Oversee the contractor's noticing process.
- Maintain complete cost accounting records on each contractor, vendor, and consultant regarding the work performed under that contract.
- Conduct weekly jobsite construction meetings to review progress, schedule, issues and performance.
- Work to resolve any issues with construction details or with individual homeowners.

- Review and approve the contractor's monthly invoices and obtain lien releases.
- Create a "punch list" of incomplete items and conduct final inspections.
- Secure from the contractor any required warranties or guarantees and releases for the Association's permanent record.

## **PROJECT PROCESS**

Issue Requests for Proposal to prequalified contractors to initiate the competitive bid process for General Contractor selection:

- DBA will conduct individual contractor interviews with the Board
- Board selects the general contractor based on their experience, strengths, price
- DBA and the general contractor confirm scope of the project
- DBA creates a project budget for Board of Directors
- DBA to assist the Board in acquiring HOA loan funding based on the approved budget

## **EXISTING CONDITIONS**

Our buildings are now 50 years old. During the first seven months of 2024 the Association spent more than \$775,000.00 on roofing, siding, decks, trim, and termite repairs. As a result of these numerous repairs, the HOA reserves have been greatly depleted. It is past time for a comprehensive and long-lasting solution that will be more cost-effective and will maintain and improve our property values.

## **VILLA VALLARTA CLIENT PAGE - DBA WEBSITE**

All relevant informational documents will be posted on our private client-access page of DBA's website for all residents to access.

Website: [www.dbuild.com](http://www.dbuild.com)

Go to "Client Login" tab and scroll down to Villa Vallarta.

Access the page with the password: VVReno2024

## **QUESTIONS & ANSWERS**

### **General:**

**Q: Will the HOA continue to provide information throughout this entire process?**

A: Absolutely, there will be additional town hall meetings and the opportunity to receive regular updates once the project has commenced.

**Q: Who do I contact if I have a problem?**

A: Once the project gets underway, there will be contact numbers provided on notices should you need to speak to someone about a particular issue.

**Q: What is the GC payment oversight process?**

A: Our Construction Management Team reviews all invoices and work completed prior to and all payments and requires a 10% retention be withheld until project completion.

**Q: Do you share liability?**

A: Every vendor hired by the Association is responsible to the Association for their specific scope of work.

**Q: What about shoddy work that has previously been completed?**

A: If we find such work it will be pointed out and the Board can decide if they want any corrections to that work. If so that would become a change order to the existing scope of work.

**Q: Is it possible for the owners to receive a clear outline of the project that includes scope of work, costs, and expected costs for owners?**

A: Information will be available and shared at the third and final town hall meeting.

**Q: Was my balcony accessed for the deck inspection?**

A: To our knowledge, not all balconies were accessed. The deck inspection report was completed before DBA was involved in the project. The report is quite detailed and should be available for any homeowner to review. If you have specific concerns about your balcony please send those concerns to property management and they will pass your concern along to DBA.

**Contractor:**

**Q: Are we guaranteeing performance of Contractor?**

A: The Contractor is the entity that warrants his work. One of the roles of the Construction Manager during the Construction Phase is to work to obtain satisfactory performance from the contractor; recommend courses of action to the Board if the requirements of a contract are not being fulfilled. All Contractor's labor and material Warranties will be determined prior to the commencement of work.

**Q: What happens if things don't progress well on the project?**

A: We have great confidence in the Board's selection of Professional Services Construction (PSC) as the contractor. Over the past 25 years DBA has managed numerous projects where PSC was the contractor. Our experience and track record with PSC as the contractor has been exceptional. PSC stands behind their work and they routinely complete their projects on time or ahead of schedule. If there are any issues with PSC, DBA will work with PSC to get them corrected. If the issues are not caused by PSC, DBA will work with the Board to resolve the issues.

**Q: If PSC uses any subcontractors who will have the liability?**

A: PSC and the any subcontractors are both liable for any work competed by the subcontractor.

**Q: Will any subcontractors be Vetted by DBA?**

A: PSC is obligated to provide us with the names and qualifications of any subcontractor they use. DBA is already quite familiar with their Roofing Subcontractor and their Painting Subcontractor. They are excellent contractors at their trades.

**Q: What cost if any, is incurred when delays happen? Does DBA charge us to service those delays?**

A: The contractor is responsible to maintain the schedule. He is on a fixed fee contract which means that he would be responsible for the costs of any delays that he creates. If the delays are caused by the HOA or a homeowner or an act of God then the HOA would be responsible for any added cost. DBA charges for our time as we work to manage the project. Therefore, if a delay

caused us to spend additional time to get the project back on schedule the HOA would pay for those hours.

**Q: Will the contractor have blueprints?**

A: Not necessarily. The project as it currently is envisioned, would not require plans to be produced in order to obtain the required permits. If that were to change, then we would obtain the needed drawing. However, we do envision providing the HOA with some color renderings so that the Board and the homeowners can envision what the buildings will look like with the new siding materials and colors.

**Financing/Costs:**

**Q: What will be the total cost per owner?**

A: The full project budget will be determined by the final scope of work. That budget and total project cost will be available to the membership at the third Town Hall meeting.

**Q: What has been the average cost per unit with other HOA communities? What special assessment fees will we see and will there be a payment option?**

A: There are no comparable costs from one association to another because the projects and scope of work are so different one to another. As noted in the above question the full project budget and assessment will be discussed at the third Town Hall meeting. Per the CC&Rs that you were given when you purchased your home, the assessments are made per unit so everyone pays an equal sum. We will be reaching out to lenders to provide loan options to the HOA. If the HOA is successful at obtaining a loan, the members will have an option to pay their assessment in full or spread out their payments over the life of the loan. We are expecting to obtain quotes for a 15-year loan.

**Q: Do owners have the option to opt-out if they don't want to participate?**

A: No. Homeowners in an HOA have an obligation to the Association to participate in Association-approved assessments to pay for various HOA projects which maintain the Association's common areas.

**Q: Per the PSC contract all communications is via DBA. Who cuts the check to PSC, is it the Board or DBA?**

A: The HOA/Board issues checks to all prime vendors performing work during this renovation.

**Q: How much money has been spent to date?**

A: Your Board of Directors and Property Management will need to clarify what has been spent to date. DBA does not have these records.

**Q: If you pay the assessment in full then, you don't pay interest. Is this correct?**

A: Correct. Homeowners can opt-out of participating in the HOA's loan and pay their assessment in full when it is due.

**Q: What is DBA's reduced hourly rate and your reduced percentage?**

A: Once the contractor mobilizes to start work on the project, the Construction Phase begins. At that point, DBA shall be paid \$100.00 per hour plus six- and one-half percent (6.5%) of all construction costs.

**Q: Can you address in writing if your fee which I believe is 6.5% of the total project includes the overages/extra change orders? I understand you also get an hourly fee and so do your secretarial staff. How many hours do you estimate you have done and how many do you in your experience foresee this project needs?**

A: A typical CM for a project of this magnitude for an HOA would typically be something in the neighborhood of 10% of the project cost as their fee. DBA and the Board agreed on this fee structure as being more equitable to both parties and it provides an accounting of DBA's hours and activities covered by those hours. We doubt any secretarial staff will be involved in this project but if they were that would be charged at a clerical rate of \$95/hr. It is difficult to estimate the hours required for a large project like this and the hours can vary greatly from week to week. However, it would not be uncommon for those hours to range between 10 and 20 hours per week.

**Q: What is the standard practice for construction management firms? Maybe additionally we can build in bonuses to DBA fees if a project finishes early/under-budget and penalties if finishing late/over-budget?**

A: Please see the question above for what is standard in the industry. The contract that was executed between DBA and the HOA does not have any bonus or penalties associated with it. You might find those conditions in a different type CM contract where the CM is actually hiring the contractor directly. In this case the HOA is hiring the contractor and other than acting as the agent for the HOA, DBA has no official control over the contractor.

**Q: On some projects, especially in construction, the payments are on a step deal basis -- such as deposit, then first stage, second stage etc. Please explain the payment plans in terms of when DBA is paid, and PCS is paid.**

A: Both DBA and PSC are paid monthly. Each month PSC will submit an invoice that is reviewed and approved by DBA based on the work completed that month. There is a 10% retention withheld on all invoices to PSC until the work is 100% completed and accepted. Then PSC will invoice for their final retention payment of 10%.

**Q: Is the HOA paying in full up front?**

A: No, there is no initial deposit.

**Q: Is there even a range of the anticipated special assessment? Will payment plans or options be offered to homeowners, or will it be a lump sum due similar to the insurance assessment? That was extremely frustrating, and people needed time to plan and budget.**

A: As explained at the Town Hall, we will provide the assessment amount at Town Hall number 3 within days or weeks of when it is determined. Yes, as noted above there will be options for making monthly payments or paying the assessment in full.

**Q: What happens if I sell my house before the project is done?**

A: You may sell your property at any time. If you are participating in the HOA's loan you may be required to pay off your share of the remaining loan balance during escrow.

**Q: How will unexpected conditions be handled?**

A: There will be an "Owner Contingency" line item in the renovation budget to cover any unexpected conditions.

### **Inconveniences to Residents**

**Q: How long is the process going to take?**

A: Once construction begins, the project is estimated to take place over a 12-month period.

**Q: Will there be a schedule date or notice provided to the homeowners.**

A: Yes, once the funding is in place homeowners will be provided with a schedule for the project and individual buildings and units will receive notices prior to any work being started on the building or unit.

**Q: Will we have to move out of our homes?**

A: No

**Q: I work from home. What will be done to mitigate noise? Will the construction noise interfere with my phone calls?**

A: There will be some expected noise as this project is being completed. The most noise that the homeowners will experience is during the time when the work is being completed on their building. There will be a number of days when work is being completed outside of a home and such noise will be an unfortunate inconvenience. Homeowners will have advanced notice of their specific building renovation so that alternative plans by owners can be put into place, if necessary.

**Q: Will I still be able to drive in and out of my garage during construction?**

A: Yes, there will be times that you will be asked to limit your activities in and out of the garage as much as possible while the work is taking place around or above your garage. That time will be a few days during the entire time work is being completed on your building. However, we expect you will have daily access in and out of your garage.

**Q: How will our daily lives be interrupted?**

A: Once work begins in the complex, it will move in an organized fashion throughout the property. There will be expected additional noise and dust from work being completed, but the contractor selected specializes in working in occupied HOAs and is prepared to minimize the inconveniences to the homeowners. You will receive plenty of written notices prior to any work starting on your building. Once work starts it will take about 4 to 5 weeks to complete a building.

**Q: Will the workers need to access inside my home?**

A: There are no planned tasks that would require the contractors to be in your home. That said, if there ended up being a stud or sill plate that needed to be replaced due to termites or dry rot and the contractor needs access to your home, they will schedule time with you for such repairs.

**Q: What about personal items attached to the building?**

A: Residents will need to remove all items attached to the exterior structure. Per the Governing Documents, nothing should be attached to the building exterior. If you have attached items, you will need to remove them now, in preparation for the project and you will NOT be allowed to re-attach ANYTHING to the buildings following the renovation, as it will void the warranty on the work and materials. Owners should also consider taking down items attached to the walls inside the home that could fall from vibrations caused by construction on the exterior. Items like framed painting or photos, a curio cabinet or expensive items that sit against an exterior wall should be moved away from the wall during the work on the building.

**Community Participation:**

**Q: What input as a homeowner will I have throughout this process?**

A: We encourage homeowners to attend both Board meetings and the remaining Town Hall meetings that are planned specifically for this project.

**Q: Did the Board hire DBA or did Scott Management?**

A: The HOA hired DBA.

**Q: Will a separate committee be formed to oversee the project?**

A: DBA was hired specifically to oversee the project based on their expertise and impeccable resume. The Board will work in conjunction with DBA in managing the project; a separate committee with additional points of contact will not be necessary.

**Construction Elements:**

**Paint**

**Q: Can we consider a color palette change?**

A: Yes. The Board has a Color Committee working with a professional colorist who is supplying professional color palettes for consideration.

**Q: Will we get to vote on the paint color?**

A: The Board will decide on the color selection process when it comes to involvement of community input. Contact the Board for more information.

**Skylights**

**Q: Can I have my skylight removed or can I add a Skylights during the reroofing work?**

A: THIS IS STILL YET TO BE DETERMINED BY THE BOARD.

**Windows**

**Q: Since we will be doing all the siding, doesn't that mandate new windows for all?**

A: No, windows remain a homeowner issue. The removal of the siding does not require us to remove the *original* windows to install new siding. However, this is an opportune time for homeowners to have their windows replaced with new construction, code compliant windows. DBA will be working with the HOA to set up a program where owners that want to replace their windows during the residing project will have that opportunity. More information on windows will be available in the near future.

**Electrical**

**Q: Why do we need new electrical panels? Has the city requested the change?**

A: The requirement to replace certain panels at the property is an insurance requirement. Not replacing specific panels that are known to be potential fire hazards may result in the associations inability to obtain insurance.

**Q: How do we know that the panels need replacement?**

A: 3 panels are widely known in the industry to be fire hazards: Zinsco, GTE-Sylvania, and Federal Pacific. A survey of all 43 buildings will be conducted to determine the exact number of panels that are candidates to be replaced.

**Q: What if we have a new breaker box in? When we did the earthquake retrofitting my unit had a new panel put in.**

A: Only the older specific manufactured breakers/panels will be replaced.

**Q: What insurance company inspected these panels to say they are a problem?**

A: The HOAs insurance underwriters require the replacement of any panels from the aforementioned manufacturers in order to renew a policy or begin a new one.

**Roofing**

**Q: Have the roofs been assessed?**

A: Yes, DBA has been on many of the existing building to look at the roofing conditions. In addition, we have had other roofing experts and manufacturers' representatives look at the condition of the existing roofs. With the exception of the roofs that have recently been replaced, the roofs have reached the end of their expected useful life (some well beyond their useful life) and should be replaced.

**Q: For certain buildings, a full roof replacement was recently done to the pitched roofs. Is the plan with this current project to replace those roofs that were recently replaced?**

A: No. The scope of work at this time is comprehensive but excludes any recently-completed roofs.

**Q: Can you clarify that SBR roofers will NOT be the roofers?**

A: Yes, SBR will not be the roofing subcontractor.

**Q: The Roofs have long passed their useful lives and some of the plywood is rotted. Will the roofing project include replacing bad plywood?**

A: Yes, the roofs will be stripped down to the plywood and the plywood will be inspected and any damaged or compromised plywood will be replaced.

**Warranties:**

**Q: What warranties/guarantees will be provided?**

A: There is a contractor warranty which is different than the materials warranty. The contractors' labor warranty is for 2 years. The material warranties vary by material and manufacturer. The siding will have a 30-year limited warranty, and the paint manufacturer will have a 5-8 year warranty. The new sloped and flat roofs will also have new warranties which are yet to be determined,