

Bay Ho Construction Project information

In November of 2021 Farmers Insurance company surveyed the Bay Ho community.

In the report following their survey these items were noted:

“Balcony Railings and Guardrails 2021-11-06: The existing guardrails of balconies and elevated walkways are only 36” high. To help prevent falls over guardrails, modify or replace guardrails on balconies and elevated walkways to measure not less than 42 inches high.”

Current building code requires guard rails to be a minimum of 42” tall and have picket gap no greater than 4”.

Also noted:

- Handrail Installation 2021-11-07: Install handrails on all stairs with three or more risers, and stairs that are wider than 44 inches, to reduce the potential for injury due to falls. The following handrail specifications should be met:

-The height of handrails should be from 34 to 38 inches high measured from the nose (leading edge) of the tread.

-The handgrip portion of handrails should have a circular cross section of between 1 1/4 to 2 inches and handrails adjacent to a wall should have a space of not less than 2 1/4 inches between the wall and the handrail.

-Stairs that are wider than 44 inches are to have a railing on both sides to reduce the potential for injury due to falls.

In addition to the insurance survey:

Multiple residents had noted damage to their guardrails making them unstable, and damage to the waterproofing on their balcony floors. At this point Empireworks was contracted to inspect each balcony and make recommendations for repairs and potential ways to retro fit the existing railings to meet current code.

During this survey that was conducted by ladder and resident appointment Empireworks was able to inspect more than 90% of the private patios.

One of the consistent items noted in this inspection was staining on the stucco soffit above private patios. This staining is indicative of water intrusion from the surface above. Once water has entered these soffit areas one major concern is wood rot. If this rot is not addressed, it can lead to structural damage. Because the potentially damaged framing was behind a stuccoed surface and the new state (SB326) law requiring inspection of

exterior elevated elements, Empireworks recommended fireproof vent installation on the community's balcony soffits.

These vents allow visual inspection of the balcony framing and permit air flow to allow any moisture that has accumulated in the soffit to dissipate. In addition, these vents can be removed for the state required inspections (CA requires these inspections be conducted every 9 years)

Prototypes and potential repair plans:

After the inspection was completed and the balcony vents were installed. Empireworks and the board of directors began to look at the most cost-effective options to upgrade the railings to current code and repair the damaged components.

One potential option reviewed was adding a steel retro-fit rail on top of the existing balcony rail. One prototype rail was installed and reviewed by a qualified engineer. Because of the size of the steel needed to meet the guardrail criteria and the need to confirm the condition of the wood components the fasteners would be driven into. This option was not the most cost effective for the project needs.

Because of the damaged wood on the railings and attachment points. Railing replacement with new wood components was selected after a review of the cost of repair and retrofit vs replacement to meet current code.

In summary:

After thorough review of the conditions on the property and the insurance company's requirements.

The final scope of work was developed.

- Replace current railings with new railings of similar design that meet current height and picket gap.
- Repair damaged framing noted during inspection.
- Apply new waterproof coating to private balconies.

Additional Questions:

What happens if the balcony was not inspected? All balconies will be inspected once work begins on property.

Does the HOA's insurance cover any of the work being done? No, insurance does not cover maintenance issues.

Who did the inspection? EmpireWorks and a 3rd party architect reviewed all balcony repairs, life safety .

How is this going to be paid for ? Due to the large scale and cost of this entire project, the Board of directors has had to discuss funding options such as a loan or a emergency special assessment. These are not items that could be paid for out of the reserve account, nor would management or accounting staff recommend that route.

What are the details of the loan? Vote “yes” to the loan option, and the 15-year loan period will be paid out of each owners’ monthly HOA dues. The Board does not anticipate that a special assessment will be necessary to pay for the loan. The loan option will allow our General Contractor and other companies to stay on-site and complete the entire SB 326 requirements for the complex and complete another important non-SB 326 project, including painting of the entire complex when the construction is completed.

How much would the emergency special assessment be? Vote “no” to the loan option, and the HOA will be required to impose an emergency assessment for each address at approximately \$9,400 without the vote of the membership. This amount would cover the red line “life safety” items (est. \$1.6 million) along with all common area railings (est. \$325k) to be replaced for code compliant railings, which would be required once repairs are completed to the walkways and/or stairs. This cost would also cover a 20% contingency fund for unforeseen issues. Voting “NO” would require you to be pay the emergency special assessment immediately in its entirety or face possible liens or foreclosures.

What is the Board recommending? The Board is recommending the loan option as this will have a lesser impact on the owners. If you were to vote YES on the loan, **there will be NO emergency special assessment and the only thing owners will be responsible for is their regular monthly assessments.** There is no finders fee or benefit to any party (bank or management) with Bay Ho going with the loan option.

What is the next step? The next step will be receiving a ballot to vote either **YES** for the loan, no emergency special assessment or **NO** for the loan which means an emergency special assessment for all 174 owners of approximately \$9,400 and the community will not be painted. It is essential that you vote and turn your ballots in as soon as you receive them. There will be reminders about when the ballots are sent out.

Thank you,

The Bay Ho Board of Directors