



LIFE CYCLE STUDY SPECIAL MEETING

LAKE AT HERITAGE POINTE OWNERS ASSOCIATION

TUESDAY, OCTOBER 30, 2018



AGENDA

- CALL TO ORDER
 - CONFIRMATION OF QUORUM & PROOF OF NOTICE OF MEETING
 - APPROVAL OF AGENDA
- INTRODUCTIONS
- LIFE CYCLE STUDY UPDATE
- QUESTIONS
- SPECIAL RESOLUTION
- ADJOURNMENT



LIFE CYCLE STUDY

Paul Taylor and Rick Gallant

LIFE CYCLE STUDY

- Background:
 - LCS arose at the 2017 AGM from concern regarding ability of reserve fund to cover anticipated costs of repairing/replacing assets owned by the LAHPOA;
 - Motion was passed to levy \$100 per household towards the RF, with proviso that the Board would undertake a Life Cycle Study;
 - Community assets (buildings and park equipment only) are currently valued at \$449,753 with original costs estimated at \$725,037. Replacement costs estimated at 2 – 4 times original costs



LIFE CYCLE STUDY

- Purpose:
 - To engage an experienced 3rd party to establish fact-based assessment of the current condition and projected life expectancy of Association assets;
 - To recommend the timing and cost of maintaining and/or replacing those assets.

LIFE CYCLE STUDY

- Process:
 - Canvassed several Resident Associations in greater Calgary for their experience and reference to qualified firms;
 - All spoke highly of the benefit of having an objective 3rd party assessment of their assets - several are undertaking the process again (within 5 years) to update their data;
 - Identified three firms who were qualified and interested in quoting on the study.

LIFE CYCLE STUDY

- **Process** *(cont'd)*
 - Participated in an RFP process to receive sealed, competing bids;
 - Quotes ranged from \$5,000 - \$18,000;
 - Conducted face-to-face interviews with all three bidders to ensure they understood our requirements and had the ability to deliver;
 - Selected the firm Morrison Hershfield to undertake the study.



LIFE CYCLE STUDY

- **Results:**

- MH reviewed all historical information on our assets valued at over \$3,000;
- MH performed their own inspection of facilities, equipment and common areas to assess their current condition;
- Consulted with their in-house and outside experts in mechanical, electrical, civil and construction areas to determine life expectancy of each asset, maintenance intervals and costs to repair/replace.

LIFE CYCLE STUDY

- **Results** *(cont'd)*
 - Produced a detailed, 25-year forecast that shows timing and associated costs, by asset, including inflation;
 - Produced a 25-year reserve fund cash flow forecast that includes interest on funds and inflation adjusted expenditures;
 - Report is 140 pages long with detailed descriptions and, in some cases, photographs of each asset; several accompanying spreadsheets.

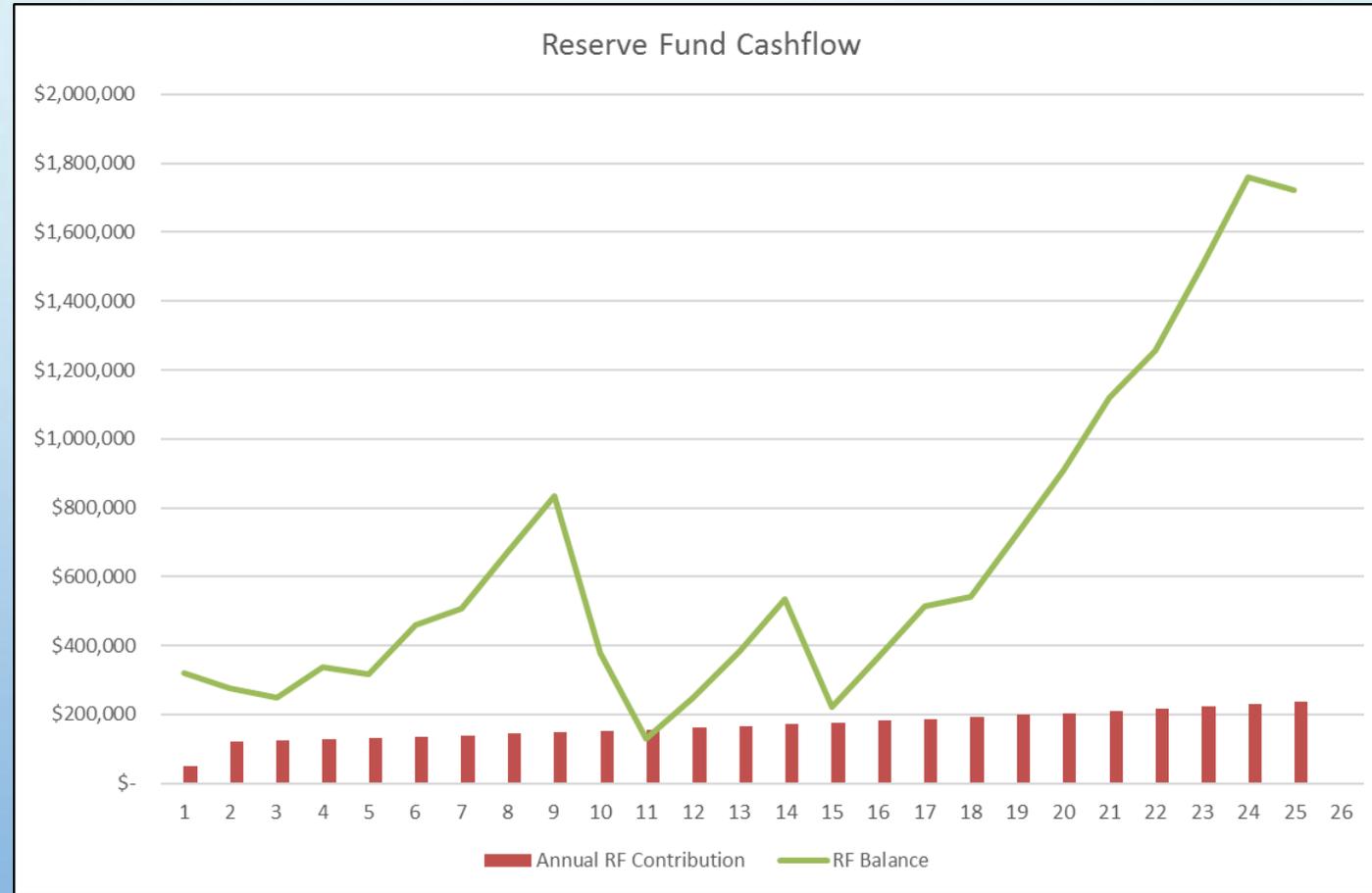
LIFE CYCLE STUDY

- Study and forecast includes such items as:
 - Lake House and garage roof, floors, doors, windows, light fixtures and deck;
 - Asphalt pathways and main parking lot;
 - Irrigation system, lake pump, fountain and aeration system;
 - Docks, fencing, access control system;
 - Playground equipment;
 - Tree replacement.

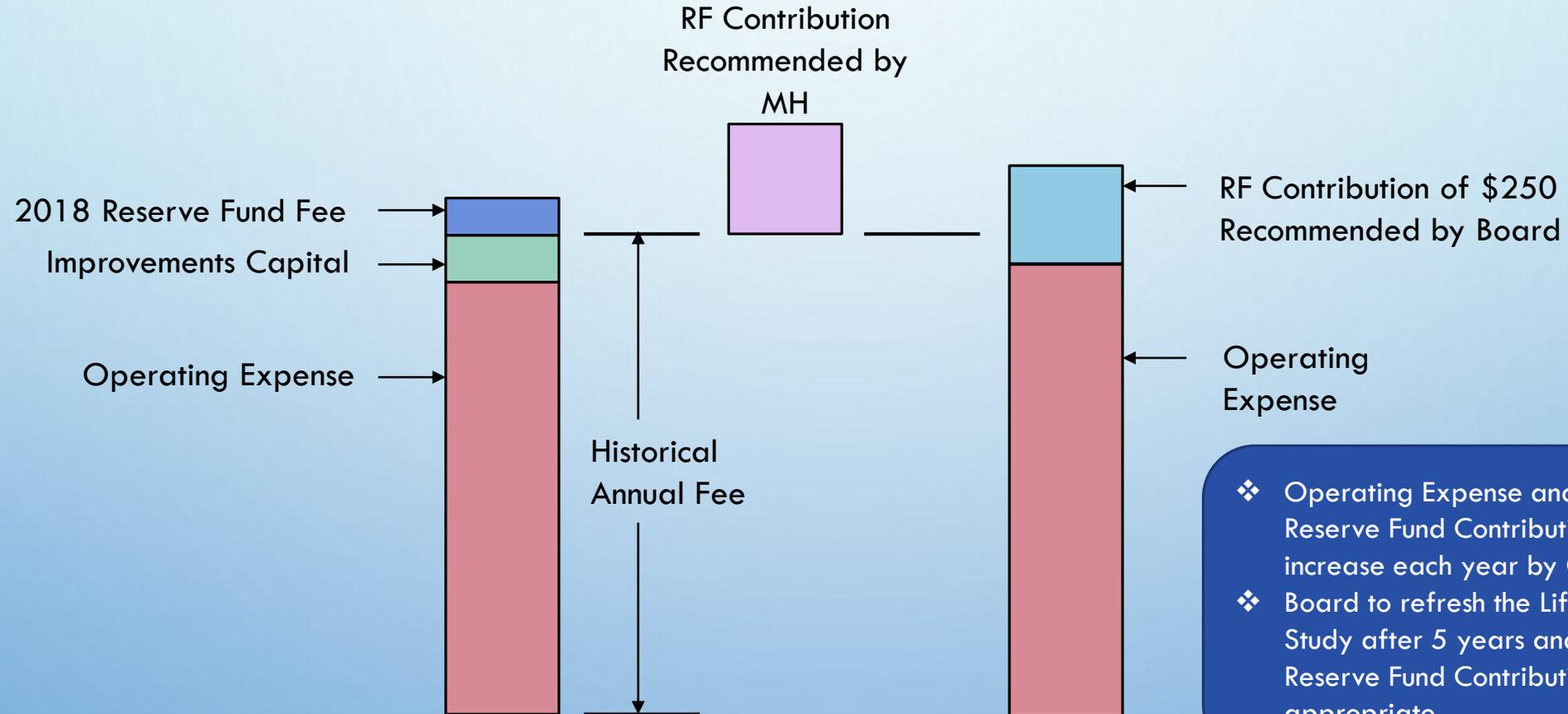
LIFE CYCLE STUDY

- **Additional points:**
 - In a study of this nature, none of the figures or timing are exact, but they provide a very good “order of magnitude” on the type of spend we can expect going forward;
 - It allows current and future boards to plan major expenditures in advance, avoiding “surprises”, and to maintain the community to the standard residents expect;
 - The board takes care to manage both the Reserve Fund and Operating Funds prudently;
 - MH’s report will be used to create an evergreen plan for maintaining LAHPOA assets.

Reserve Fund Cash Flow



Reserve Fund Contribution



- ❖ Operating Expense and Reserve Fund Contribution increase each year by CPI
- ❖ Board to refresh the Life Cycle Study after 5 years and adjust Reserve Fund Contribution as appropriate



ANNUAL LAHPOA FEE

2018 LAHPOA FEE

- HISTORICAL LAKE FEE	1,292.32
- RF CONTRIBUTION	100.00
- SUBTOTAL	1,392.32
- GST 5%	69.62
- TOTAL LAHPOA FEE	1,461.94

2019 PROPOSED LAHPOA FEE

- OPERATING EXPENSE	1,218.17
- RF CONTRIBUTION	250.00
- SUBTOTAL	1,468.17
- GST 5%	73.41
- TOTAL LAHPOA FEE	1,541.58

QUESTIONS ?



Planned Reserve Fund Improvements

2018: Remove/Repair/Replace all community signage

Sand & stain docks (two fixed, 1 floating)

Paint interior walls and ceilings in Lake House

Patch and seal cracked pavement in parking lot



2019: Replace Lake House deck surface (Municipal Recycling Grant)

Mill, resurface and paint stall lines on parking lot (CFEP Grant)

Paint exterior trim on Lake House

Replace/upgrade Access Control System

Replace Service Desk and closet in Lake House

Replace snow removal tractor

Top up Beach sand

SPECIAL RESOLUTION:

“In support of the recommendations of the Life Cycle Study commissioned by the LAHPOA, an annual Reserve Fund contribution of \$250 per household will form part of the Annual Homeowners Association fee becoming effective in 2019. This contribution will be indexed annually by the value of the Consumer Price Index of Calgary, as is the practice with annual fees historically.”



ADJOURNMENT