

CHESTNUT SPRINGS POOL HOUSE RENOVATION AND EXPANSION PROJECT

Questions and Answers about the Project – July 5, 2014

1. What is the pool house renovation project?

The pool area at the Chestnut Springs club house is a prized amenity of our neighborhood. It is the summer focal point for our neighborhood and it is highly utilized from the time school ends until it starts back up in the fall. Swim team matches, birthday parties, July 4th Pool Games and various other events are held at the pool throughout the summer. It would be a safe bet to say that almost everyone in our neighborhood has spent at least one Sunday afternoon playing with the kids and catching up with friends at the pool. Because of the popularity of the pool, it sees more than its fair share of wear and tear and unfortunately this wear and tear has taken its toll on the pool house to the point where ongoing issues must be addressed through repairs. Anyone who used the restroom facilities at the pool house over the last few years can attest to the poor condition they are in. Complaints about the pool house condition are currently the #1 complaint the board receives from the neighborhood.

While repairs and updates to the pool house are needed, it is important to note that the issues to be addressed were not caused by lack of proper upkeep. In fact, minor cosmetic repairs were performed a few years ago, but these repairs did not address the underlying issue with the overall original build quality or layout from when the pool house was built.

The pool house project and the expansion of the useable space behind the pool house contain several components:

- a. Rebuilding the pool house to include expanded and Americans with Disabilities Act compliant restroom facilities
- b. Expanding the deck area to the side of the pool house to account for a larger pool house footprint
- c. Expanding the useable space behind the pool house by adding a recreation area, accessible from the pool, that will include a grilling area, an eating area and a patio with a gazebo that can be utilized for tennis matches

Based on the anticipated overall cost of the project (full estimate is pending, but we are budgeting for \$150K - \$180K) and the amount the Board has put aside for it, we feel an assessment is needed to fully fund the project. While the pool house continues to remain functional, it is time to address the issues with a long-term plan instead of continuing short-term fixes. This project fits squarely within the scope of the Chestnut Springs HOA's responsibilities to maintain and enhance the quality of the neighborhood common areas and amenities. We are therefore asking for your support by voting yes for the project when it comes up for an assessment vote. We expect to have a full expense estimate for the

2. Is it possible for us to use our annual dues as the sole funding for the project?

The Association annually takes in approximately \$120,000 in dues. We spend approximately \$80,000-\$90,000 year in tennis court maintenance, pool maintenance, lifeguards, landscaping and ongoing expenses. As happens in your home, we also have unforeseen expenses that we spend money against like frozen pipes during the cold weather in January, broken electrical equipment and trees that need to be removed for safety reasons. After all expenses are covered we typically will have \$30,000-\$40,000 in free cash flow that we will put in the bank to save for projects like the previous lake beautification initiative or the pool project currently being proposed. Although we have money in reserve for this project, we don't have enough saved to cover the entire amount of the work which necessitates the assessment. We could wait until we save up enough money to fully fund the project, but that would take at least another three to four years. This delay would impact savings for other important and upcoming infrastructure projects like the replacing our 30+ year old tennis courts or dredging Sheffer Lake. During that time our rest rooms and the pump house will continue to degrade

3. **Can we paint or spend a smaller dollar amount to refurbish the bathrooms?**

The Board actually researched this option with our builder and the feedback was any material modification of the restrooms would require us to bring them up to code which includes compliance with the Americans with Disabilities Act. This regulation requires us to significantly modify the facility for accessibility which drives a large portion of the expense. The Board believes that if we are going to spend the money to bring the facility up to the current building codes we should further improve the facility in such a manner that accommodates more members and offers enhanced amenities. The Board firmly believes that a continuing short-term, band-aid approach to maintaining the pool house is a not good use of your homeowner's dues.

4. **I'm a "Community Member" or I never use the pool. Should I still vote yes to the assessment?**

All Association members will benefit from an updated and enhanced facility via improved property values. A clean, modern and expanded facility will continue to be attractive to prospective homeowners. Further, it's important to remember that most people who buy homes in Chestnut Springs have school age children and amenities like a pool complex are often one of the most important factors when buying a home. Your "Community Member" home will automatically (mandatory per our by-laws) convert to a "Recreational Member" home whenever it sells so any buyer will be a vested party regarding the condition of our pool house and bathrooms.

5. **Should we borrow money to fund the repairs?**

We certainly can borrow money to fund the repairs, but the Board believes that financed debt should only be used in emergencies. For instance, we'd borrow money if we were to find that our 30+ year old pool developed a crack necessitating a massive repair or even replacement. While we thankfully have not experienced an event like this, having the flexibility to obtain this funding for such an emergency via multiple means (loan or assessment) would be critical. If we were to take out a loan for the pool project now it could reduce our ability to borrow money for repairs requiring immediate attention.

6. **How did we select this provider and how do we know it's the best value?**

We are using the firm of Sears and Associates for our project work. Chris Sears, who owns the company, was the landscape architect as well as our general contractor for the Sheffer Lake dam remediation project. We found Chris to be very professional and highly proactive in terms of keeping the dam project within budget and on time. Chris and his company are fully capable of completing the pool house project and we have no concerns over his or his company's abilities.

7. **What happens if we don't do this improvement?**

Continued one-off repairs to maintain an aging building and infrastructure that this year alone has already run over \$6000 and we have no reason to believe this pace of spend against old equipment will slow down. Without work to our pool house the bathrooms will remain in poor condition and swim meets will continue to overwhelm the capacity of our restrooms and pool deck area.