

# SOMERSET ESTATES HOMEOWNERS ASSOCIATION

Maximizing Home Values, Quality of Life, Positioning as Premier Community

## What's Up #47: August 25, 2020

### Pond 8 Remediation Decision

Pond 8 has been the subject of updates in the last several issues of What's Up. Please review the May 17 issue for details about the failure and possible options to remediate as well as the June 20 issue on how Pond 8 fits into the overall system. By way of review, **shortly after the Pond 8 liner failure in May, the board received a preliminary estimate of \$120,000 to replace the failed pond liner.** That estimate was in line with the estimated replacement cost estimate in the 2014 reserve analysis. The board formed a Task Force in June to engage outside expertise and formulate a detailed specification and request for proposal.

The Task Force, assisted by water engineers from Lamp/Rynearson, solicited bids and obtained three quotes from vendors which ranged from \$104,000 to \$207,000. Working in concert with our water engineering firm, the Task Force ultimately recommended proceeding with a final negotiated price of \$69,960 that incorporates higher quality liner material currently available at a lower cost due to low oil prices. The recommendation also included an additional potential cost of up to \$5,000 that might be applied to an early completion bonus or additional costs of acquiring water if ditch water becomes unavailable. Including sunk costs to date and anticipated costs of approximately \$20,000 for cleaning out the pond, engineering and reinstalling the recirculation pump, **the projected cost to address the liner failure totals approximately \$95,000.** Barring other unforeseen expenses in 2020, we expect the \$20,000 will be available from savings elsewhere in the operating budget, with the \$69,690 contract and possible \$5,000 early incentive likely coming from our reserves account, which stands at \$134,000.

The August 18th board meeting was attended by more than a dozen homeowners. The Pond 8 Task Force was joined by the three engineers who played roles in the assignment. Bob Uhler, Task Force chair, and Chris Haak,

Lamp/Rynearson's project lead, described the actions which led to the final negotiated vendor offer. **After an extended period of discussion that included all board members and many homeowners, the board voted three in favor, one opposed and one abstained to authorize the work.** Meeting minutes will be posted as usual following the next board meeting (now scheduled for Sept 8) for homeowners interested in more details. As always, homeowners may also contact the board at info@SomersetEstates-HOA.com with questions or comments. Homeowners present generously suggested a willingness to advance money to the association to smooth cash flow, a possibility that will be explored.

**Construction will begin shortly and is scheduled for completion in early October.** We apologize in advance for any inconvenience the construction may cause.

**We again wish to express our gratitude to the volunteers serving on the Pond 8 Restoration Task Force** (Bob Uhler (Chair), Scott Abrahamson, Christa Dam, and Herb McPherson).

## **Long Range Plan / Funding Needs**

Following the legal split from SHOA in 2017, Somerset Estates homeowners formed SEHOA in 2018. **Thanks to the support and cooperation of the community, we were able to establish annual dues at a level that adequately covers the community's current operational expenses and allowed us to begin working through a long list of deferred maintenance projects.** This was a major step forward and resulted in improved and more timely services to the community.

**Beyond regular expenses, however, prudence requires that we plan for future asset replacement needs.** Unfortunately, decades of prior underfunding left our community with inadequate reserves. The 2014 reserve analysis concluded the combined communities (SHOA and SEHOA) had unfunded liabilities of \$1.7 million. There were unsuccessful attempts to resolve the shortfall and a related court action led to the legal separation of the two communities. That separation, however, did nothing to address our inadequate reserves.

As evidenced by the recent failure of the Pond 8 liner, elements of our aging infrastructure are subject to failure. **Many elements of our infrastructure are at or beyond their estimated useful life and steps need to be taken to prepare.** SEHOA needs to establish adequate reserves that anticipate these future costs. Doing so will prepare us to address repair needs as they arise and provide

homeowners predictability. In addition, we are in negotiations with SHOA on the split of the water rights assets of the combined communities. Assuming successful conclusion of the negotiations in the next few months, SEHOA will own clear title to water rights that will still be inadequate to meet our requirements. The substantial cost of obtaining additional water rights will be included in the plan.

As described in summary at the recent board meeting, **diligent work over the last several weeks has yielded a review of our current funding needs and a financial model that allows us to test potential funding strategies.** This work will be the foundation for a prudent long range plan to address projected replacement costs and remaining useful life for over two hundred assets. The combined total value of the current unfunded liabilities (including the cost of additional water rights) stands at approximately \$2 million.

It is normal for HOAs to maintain reserves that are substantially less than 100% of their unfunded liabilities, so there is no need for us to raise all of this amount as a lump sum. We do, however, need a prudent plan that provides adequate liquidity to address our going forward needs. Potential tools available to address this shortfall include debt facilities, increased dues and special assessments.

**Work sessions will be held shortly to work through the details and formulate a funding plan for presentation to the community.** Interested homeowners are invited to attend these work sessions and there will be opportunities for homeowners to study and comment on the resulting plan.

We are hopeful the community will come to appreciate the merit of the resulting plan and support its implementation. **Being part of a financially sound community will raise our home values and improve the market appeal of our homes.**

## Landscaping Tips

**Keeping our lawns and gardens in good condition can be challenging, especially during the heat of summer.** Watering at night, for example, is far more effective than daytime watering. To receive regular landscaping maintenance tips via email, we encourage interested homeowners to sign up for "Tip of the Week", a free service provided by the Associated Landscapers of Colorado. You may visit the sign-up link by clicking [here](#).

## Highway 52 and Diagonal Work

Did you know **work is being done to evaluate and upgrade nearby infrastructure**? Here are two stories you may have missed:

Study Launched to Improve Diagonal Commute, Left Hand Courier

CO 52 Planning and Environmental Linkages (PEL) & Access Control Plan,  
Colorado Department of Transportation

(Thanks to our SHOA friends for bringing these items to our attention.)

## Upcoming Events at a Glance

SEHOA continues to support social distancing guidelines. Watch this area for events when we're past the crisis and public events begin again.

In the meantime, your SEHOA board is working from home and using electronic media to keep making progress. Be sure to monitor the SEHOA website for any last minute schedule changes.

Upcoming Meeting

**Executive Board Meeting -- September 8, 6:30pm, Online Conference, email [Info@SomersetEstates-HOA.com](mailto:Info@SomersetEstates-HOA.com) for link to join**

## Contact SEHOA

Association Name and Address

Somerset Estates Homeowners Association  
P.O. Box 621  
Niwot CO 80544

Website

[SomersetEstates-HOA.com](http://SomersetEstates-HOA.com)

Property Management

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Inquiries via email

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## Board Members

Marc Arnold, President

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(Two Year Term Expiring March 2021)

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(Two Year Term Expiring March 2022)

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(Two Year Term Expiring March 2021)

## SEHOA Contacts

### Architectural Control Committee

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## Social Committee

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## Welcome Committee

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Richelle Burnett  
Kamla Chopra  
Beth Ryan

## Water Committee

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## Road Repaving Study Group

Andrew Cousin, Chair  
Doug D'Apuzzo  
Bill Harris  
Danny Lindau

# Community Contacts

### Left Hand Courier

Effective April, 2020, our local news source has gone all electronic so you won't be finding it on your driveway anymore. To subscribe, visit their website or click [here](#).

### Niwot Community Associations

We are fortunate to live in a warm and inviting community. Click [here](#) to explore

our many neighborhood associations.

## Anonymous Survey

Go ahead... tell us what you really think!

[Click to send an anonymous message to the board](#)

## In Case You Missed the Last Issue

Click here to read the last newsletter which included the following topics:

Long Range Financial Planning: Background Information

SEHOA Water (Infrastructure, Ponds, Irrigation)

Pond 8 Remediation Taskforce Formed

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