

# Rancho San Joaquin

## Frequently Asked Questions About Our Roof Project

This FAQ document will continue to be updated on our new [RSJ Roof Project webpage](#) as the HOA Board receives further questions about our shingle roof project.

### *Why doesn't Ross Construction Management oversee tenting as part of our roof project?*

Accurate Termite has two project managers assigned to our HOA to oversee the tenting/fumigation of our 84 buildings.

Though oversight of the tenting/fumigation is not part of Ross Construction Management's contract with our HOA, **at no cost to the HOA**, our RCM project management team coordinates closely with our Accurate project managers – *many times on a weekly basis* – on the tenting schedule, including any changes to ensure the tenting schedule remains aligned with our roof schedule.

Also, during the project planning phase – *again at no charge to the HOA* – RCM spent hours working with our Accurate project managers to define & align project plans, tenting and roof schedules, and other details.

Finally, carrying out a tenting/fumigation of a building is strictly defined by state law in which both of **our Accurate Termite project managers are experienced in carrying out state requirements** in which they will safely complete the tenting/fumigation for each of our 84 buildings.

### *Can I pay more than \$120 per month to start paying down the special assessment amount? What if I want to pay off the special assessment later on?*

Though you cannot “pay down” part of the special assessment by paying more than \$120 each month, you have the flexibility to later pay off the remaining balance owed at any time.

For example, say you want to pay off the special assessment in four years in June 2027.

You begin submitting the \$120/mo payments for the first 3 years and 23 months, starting on July 1, 2023 through May 1, 2027. Then, you can choose to pay the remaining balance on the following month on June 1, 2027 for \$7,320.53, according to [our special assessment amortization schedule](#).

*Why didn't the board consider a concrete roof tile, which doesn't require solid sheathing (i.e., plywood sheathing) underneath? Wouldn't this save money on our shingle roof project by eliminating the plywood sheathing?*

The board weighed the pros & cons of several types of reputable roof products with our project manager Ross Construction in which the board selected a fire-resistant, lightweight asphalt shingle from [CertainTeed](#), a company that's been in business for almost 120 years.

As shared in two roof project townhall meetings, **weight** as well as **cost** were two important criterions for our selection. [See our townhall presentation slides](#)

A concrete tile product was not considered because our current roof trusses cannot support a heavier roof product like concrete tile. Even without plywood sheathing, a concrete tile roof **weighs twice as much** as an asphalt shingle roof (*with the sheathing*), and we would need to retrofit our roofs with costly 4x8 double rafters to support the added weight of concrete tiles.

Also, concrete tiles **costs about twice as much** as asphalt shingles. Combine the increased concrete tile cost with the cost of retrofitting 84 buildings with double rafters, it's estimated that a concrete tile roof – even without plywood sheathing – will add another **\$1.2 to \$2 million more** to our estimated roof cost of \$7.2M.

*Why can't we wait a year and save more money to pay for the roofs? Meanwhile, can't we glue the shingles back together or replace them? After all, we only have 16 reported roof leaks.*

### **Suggestion #1: Delay the roof project to save more money to pay for the roofs.**

As was explained in [an email article last year](#), waiting a year will not realize enough savings towards our roof project.

Due to the tight labor market and rising material costs, for large, multi-million-dollar projects like our roof project, construction experts are now seeing costs rise by about **10% each year**.

Given our current roof cost of \$7.232M, if we delay our project by 1 year, our roof project will likely increase by about \$723,200.

Even if we save 100% of our reserve contributions for another year, we will save \$792,000. Given that our roof project will increase by \$723,200, **we will only net \$68,800 in additional savings**.

We already have a \$3.741M roof funding shortfall based on a January 2023 start date. ***Waiting 1 year will STILL leave us with a funding shortfall of \$3.672M.***

### **Suggestion #2: Glue, repair, or replace the broken shingles in the meantime.**

According to our [January 2021 roof assessment report](#), **we have almost 1,000 broken or missing shingles on each of our 84 buildings**. This requires hundreds of hours to repair, costing close to \$100,000. (*This, BTW, would eat into ALL our net savings of \$68,800 if we delay our roof project for a year.*)

More important, the waterproof felt under the shingles (i.e., the “underlayment”) **was not installed correctly** as a single layer, which would have protected the underlayment from UV sunlight exposure, even if some of the shingles were to break. Instead, it was installed in separate strips, or rows, which allowed the underlayment to become more easily exposed to UV light once the shingles started to break.

**The underlayment is what protects the roof from water leaks, NOT the shingles.** Once the underlayment is exposed to UV light, it quickly degrades and breaks down, resulting in roof leaks.

*Gluing back or replacing the broken shingles will NOT prevent roof leaks once the underlayment breaks down. **Rainwater is going to leak through the broken underlayment, even if the shingles are repaired or glued back together**, resulting in costly water intrusion damages inside our homes. 😞*

*The HOA has spent well over \$150,000 in the last two fiscal years on water intrusion repairs – i.e., mold remediation and replacing & replastering drywall. And this doesn't include costs to repaint and install new baseboards, moldings, and flooring, which is a homeowner cost.*

[Watch a 2-minute video](#) on why we can't repair our roofs and later replace them.

**Our shingle roofs are a “ticking time bomb”** in which the UV light has degraded the underlayment across all 84 buildings. So far, we have 16 roof leaks. But, we will see more leaks with further rains, causing further water damage inside homes if we delay our roof project.

*“Wishful thinking is one thing, and reality another.” – Jalal Talabani*

*Why is everyone paying the same special assessment amount to help fund our shingle roofs when those in the stack homes have less roof area per resident than those in the townhomes? It seems the townhome owners should pay more than those in the stack homes.*

Our CC&Rs require all homeowners to share equally in the cost to maintain and replace our common area assets – i.e., roofs, streets, plumbing, landscape, trees, etc. – no matter if the homeowner lives in a stack home or townhome.

And legally, like our other common area assets, the shingle roofs belong to **all** homeowners, no matter if we live in a stack home or townhome. And legally, our CC&Rs prevent the board from “breaking out” the roof cost based on if the homeowner owns a stack home or townhome.

*(Later, when we will need to replace our flat roofs, the same argument could be made by the townhome owners in which most flat roofs exist over the stack home garages, and fewer flat roofs exist among the townhomes. But the same answer will apply: all homeowners must equally share in the cost to replace our flat roofs – but hopefully with a healthier reserve savings in which NO special assessment will be required! – no matter if a homeowner owns a stack home or townhome.)*

### *Why doesn't the board offer more choices in the special assessment vote instead of voting Yes or No on a single option?*

California's Davis-Stirling Act which governs HOA communities requires that the "winning choice" for a special assessment ballot must meet a minimum 50% +1 simple majority. For example, if 60 ballots are cast, at least 31 must vote in the affirmative for the winning choice.

But, if our ballot consisted of three or more choices, it becomes more difficult to meet the minimum 50% + 1 simple majority to determine the winning choice. And mathematically, it's likely that **none** of the choices will achieve a simple majority in which there is no winning choice.

For example, say our special assessment ballot consisted of choices A and B, plus "None of the Above" as a final choice. And out of 100 ballots cast, the results were: 35 votes for A, 45 votes for B, and 20 votes for "None of the Above".

Even though choice B received the most votes, state law prevents us from accepting choice B because it didn't earn a simple majority of at least 51 votes.

### *Can the board share more details about the competitive bids submitted for our roof project?*

Because the board must protect the proprietary privacy of our vendors when submitting a competitive bid via a closed process, the board cannot publicly share the individual roof company bids.

However, in the board's effort to be as transparent as possible, here is what we *can* share:

- The board received **six bids** from reputable roof companies.
- The names of these companies are: Antis Roofing & Waterproofing, Celoseal Roofing, Fontaine Weatherproofing, La Rocque Better Roofs, Sierra Pacific Roofing, and West Coast Roofing.
- The companies who submitted a bid have the experience and crews to handle a large roof project like ours in which we have 84 buildings with +400,000 square feet of shingle roofs in need of replacement.
- All six companies were vetted based on their offering quality workmanship, high marks from their clients, their crew & staff's longevity and experience, and experienced in handling large roof projects like ours that are "resident occupied".<sup>1</sup>
- After the board reviewed all six bids with Ross Construction Management and carefully weighed the pro's and con's of each, the board narrowed the list to the top two candidates and separately interviewed – *at length* – the representatives from each company in an executive board meeting.
- **Fontaine** was chosen by the board at our July 5th board meeting for many reasons, one of which is that they were the lowest bid – [view Fontaine's company background & licensing info](#).

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<sup>1</sup> Not all roof companies are experienced in re-roofing "occupied" buildings in which an experienced roof company knows how to limit the noise & disruption as much as possible while a roof is being replaced.

*Someone told me that after our shingle roofs are replaced, we won't be allowed to install (or re-install) a retractable awning over our back balcony. Is that true?*

No this is false. Homeowners will still be allowed to install a retractable canvas awning over their back balconies. But an [HOA architectural application](#) is required in which the awning color must conform to our HOA's architectural standards.

Also, the application must state how the awning will be installed. I.e., it must be installed on the underside of the roof eave – **it may not be attached on top on the roof surface.** [View our HOA Architectural Standards document](#)

*A homeowner proposed that the HOA should finance our entire roof project with a 20-year bank loan. Has the board evaluated this option?*

Members of our Board (including our Treasurer) and the Finance committee reviewed the homeowner's proposal to finance our entire shingle roof project costs with a 20-year bank loan.

While the board appreciates the homeowner's input, here are the reasons why this is not feasible:

**1. Interest payments alone will cost almost as much as our shingle roof project.**

Last month, the Federal Reserve raised its key interest rate by three-quarters of a point. This increased bank loan interest rates in which a 20-year HOA reconstruction loan is now at about 6.5% to 7%. Using our reserve study's estimated roof cost of \$6.7 million, the interest payments alone *will total between \$5.3M and \$5.8M* which is almost as much as the estimated cost of our new roof.

**2. A 20-year bank loan will almost double the cost of our new roof.**

The total payments, including interest, to pay off a 20-year loan *will be between \$12M and \$12.5M* which is almost double our \$6.7M roof cost.

**3. The interest payments are not tax-deductible to the HOA.**

Unlike a home mortgage or home equity loan where the interest paid on the loan is tax-deductible, the HOA cannot deduct the interest on a reconstruction loan when filing our state and federal taxes.

**4. Borrowing \$6.7M will burden our HOA with large debt payments for 20 years.**

A 20-year reconstruction loan will result in the HOA making a debt payment of about *\$50,000 to \$52,000 per month* – not including the loan origination fees.

A monthly payment of this size for 20 years will derail our HOA's plan to increase our reserve savings from 38% to a healthier +70% because **almost all our reserve contributions** will be diverted to pay the monthly loan payments. *This means our HOA will face a challenge to save enough reserve money to pay for future replacements of our common area assets.*

### *Will we have to move out of our home while our roof is being replaced?*

No. Homeowners and residents can choose to remain in their home while their roof is being replaced. However, residents should expect that there will be some construction noise and dust while their roof is being worked on, especially if they live in a townhome or a top-level stack unit. *(We expect the roof work will take place during normal business hours, 8am to 5pm Monday-Friday and possibly on some Saturdays.)*

But homeowners will be notified well in advance on the start and end dates and daily work schedule on when their roof will be replaced.

### *I understand the HOA board discussed the roof company competitive bids in a closed executive session board meeting. Why can't these bids be shared with the homeowners by having the board discuss the bids in an open session meeting?*

Unlike the public sector such as city and county governments in which there are laws on competitive bidding, bid disclosures, and selection practices, these laws do not apply to the private sector, including HOAs++ for many reasons.

*++ Almost all HOAs in California are non-profit corporations in which [our HOA incorporated in 1974 under the name Rancho San Joaquin Homeowners Association](#). Our HOA is not a public municipality like a city or county government. though the board and our property management company must still follow state civil code as well file state and federal tax returns each year.*

Vendors bidding for public government contracts already know that they are subject to public scrutiny and bid accordingly.

But in the private sector, including HOAs like ours, vendors must compete with one another, and they don't want their competition to know what they are bidding or why (unlike city and county public contracts).

Our HOA board members must abide by their fiduciary duties and protect the HOA and its members (i.e., homeowners) from legal harm. This includes protecting the proprietary privacy of our vendors when they submit a competitive bid to our HOA.

In a competitive bid process, the vendors do not want the board to share publicly their bids and the reasons why the board chose one vendor over another. Doing so will likely breach the proprietary rights of the vendors or create a situation of legal defamation with the vendors.

When the board is ready to select a competitive bid (like a roof company bid) a motion must be made in an executive session meeting in which the bid selection must pass by the majority of the board members. Then an announcement on the selected vendor bid may be made in an open session meeting.

### *How will the homeowners be kept informed about our roof project and its planning?*

The HOA Board will use the following ways to keep our homeowners and residents informed about our roof project and its planning:

1. We will post all current and updated information about our roof project plans on our [RSJ Roof Project webpage](#) on RanchosanjoaquinHOA.com. **Homeowners are encouraged to bookmark this page in their browser to visit and view the latest information.**
2. Homeowners who are on our RanchosanjoaquinHOA.com email list will also be notified on the latest information about our roof project. [Sign up on our email list here](#)
3. For homeowners who do not have access to a computer or smartphone, there will be occasional paper communications (by mail or hand-delivered to their doorstep) about our roof project.
4. Last year, the Board hosted two homeowner townhall meetings on our roof project, in-person and online via Zoom, to keep everyone informed on the launch plans to replace our shingle roofs.
5. Finally, homeowners may contact Accurate Termite or Ross Construction Management should they have any questions. Their contact information is listed on our [RSJ Roof Project webpage](#).

If a homeowner is renting their home to tenants, it is the responsibility of the homeowner to keep their tenants informed about our roof project, including sharing project dates and other key information.

### *Our previous December 2020 reserve study showed that our shingle roofs didn't need to be replaced until 2025-26. Why couldn't we have waited until 2025 to replace our roofs? Can't we repair them in the meantime?*

When the December 2020 reserve study listed 2025-26 to replace our shingle roofs, it assumed that they were in relatively good condition and had a useful lifespan of 5-6 more years.

However, the board ordered an inspection of all our shingle roofs in January 2021 and it was discovered that **our roofs were in far worse shape than was originally assumed** in which our roofs have *thousands* of broken shingles with the exposed underlayment material degrading from the UV light.

[View our roof assessment report](#)

To make matters worse, at least [16 homeowners have reported roof leaks](#) in which many of these homes now have plastic tarps on their roofs. 😞

Last year the board obtained a cost proposal from a roof company to repair our roofs. But it showed that **it will cost hundreds of thousands of dollars** for the repairs because of the wide extent and large number of broken shingles – money that could be spent towards a new roof. *(Also, years ago the shingle manufacturer went bankrupt and we can no longer obtain our shingle for the repairs.)*

Given the poor condition of our shingle roofs, it would be "penny wise, pound foolish" to spend precious funds to make short-term roof repairs when we could more wisely use the money towards a new roof.

### *How will existing retractable awnings, satellite dishes, and skylights be handled when the roofs are replaced since these were originally installed by the homeowners?*

For more information, see below:

- [Read how retractable awnings will be handled](#)
- [Read how satellite dishes on our roofs will be handled](#)
- [Read how existing skylights will be handled](#)

### *Why didn't the HOA board consider solar roof tiles for our shingle replacement project?*

The board did consider solar tiles in which two board members, along with Ross Construction, met with a product representative from Tesla's Solar Roof division late last year.

But after our meeting and follow-up emails & phone calls to the Tesla representative, progress stalled on proceeding any further with the Tesla solar roof team. Also, Tesla recently announced a large price increase for their solar tile product in which their cost would be at least four times the cost of a traditional roof.

Also, given our experience with our current shingle roof tile in which the tile has fallen short of its expected lifespan, and that solar tiles are a new technology without yet an established track record in maintenance and durability, the board wants to choose a roof product that has a proven record on long-term durability and low maintenance costs.

However, homeowners may install solar panels (*at their own expense*) by following our [HOA Solar Panel Rules document](#) on [RanchosanjoaquinHOA.com](#), and by submitting an [HOA Architectural application](#) for approval before proceeding.

### *Why did the board hire Ross Construction to oversee our roof project? Wouldn't it be cheaper to have our FirstService Residential property manager oversee this project? Or couldn't we have the roofing company oversee our roof project?*

Last year in 2021, the board hired a construction project management firm (Ross Construction) to oversee and inspect our street asphalt replacement project which took place over seven months. And as a result, the project was completed **on schedule, within budget, and with quality work.**

After reviewing multiple competitive bids from construction project management firms, at the May 24<sup>th</sup> open session board meeting the board chose [Ross Construction Management](#) as our roof project manager.

*(This is in stark contrast to our HOA's paint project in 2019 in which there was no oversight by an independent project manager/inspector to ensure wood rot repairs and proper "paint prep" work was done before painting, as well as inspection of the paint job itself. As a result, there was no "punch list" at the completion of the paint project and our HOA had to, unfortunately, spend additional funds for wood repairs and re-painting which were later uncovered, long after the painting vendors were paid and left the project. 😞)*

Based on our successful engagement with a quality construction project manager for our street asphalt replacement project, the board hired Ross Construction for our roof project.



Though the board appreciates FirstService and the excellent service they provide our HOA, they do not have the following skills. **All** are critical to ensure our roof project is a success:

- "Boots on the roof" to monitor the roof company's crew and inspect their work during each phase of our project – i.e., prepare the job site, remove the old roof, inspect the roof decks, install the new roof, and cleanup and final inspections.
- Act as an advocate for our HOA **to protect our interests** with the roof company, the roof manufacturer, and the city of Irvine building inspector.
- Be onsite throughout our roof project to answer and resolve any homeowner or resident questions or issues during the project.

But equally important is if we use FirstService to manage our roof project, **they will charge our HOA \$125 per hour**, which would add up to at least equal or even more than what our HOA would pay a construction project manager.

Managing a large reconstruction project (*like a roof job*) is outside the normal duties in our contract with FirstService. Our roof project would require a separate, assigned resource at FirstService to oversee our project so that our property manager and assistant manager can continue to focus on our maintenance requests & other tasks which are reported almost daily by our homeowners.

Though the roofing company will oversee specific details of our roof project, including scheduling of the crew and procuring the roof materials and shingles, it is unwise to not have an independent third-party inspect the work to make sure our roofs are being installed per our work specifications. Ross Construction will protect our interests by having "boots on the roof" to inspect each phase of our roof project to ensure the work was done correctly, especially before our HOA issues payment to the roofing company.