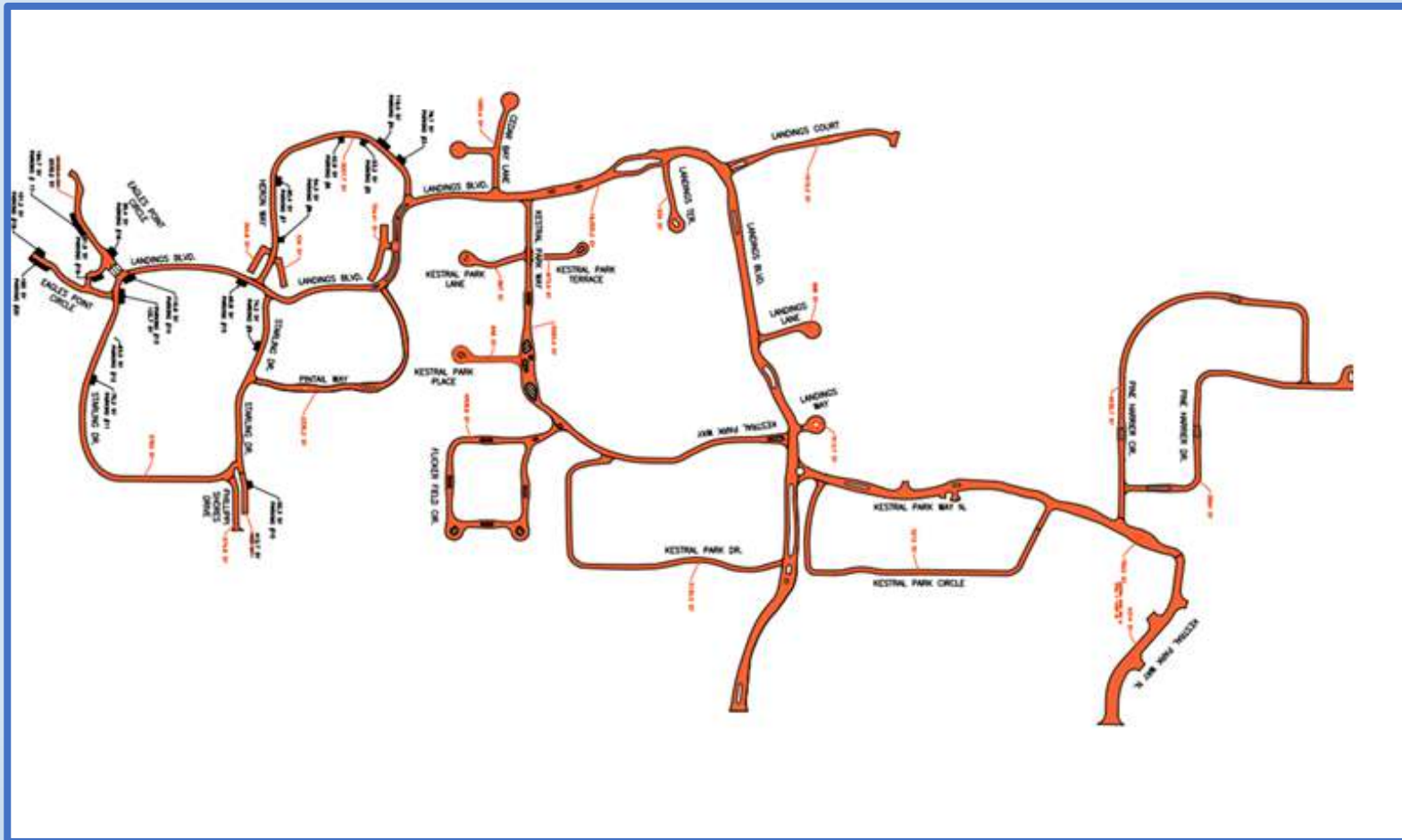


# LMA Town Hall: Roads Project Review



# Today's Agenda

- **Introduction**
- **Background**
- **Due Diligence – Key Issues**
- **Due Diligence Team Recommendation**
- **Next Steps**
- **Resident Q & A**

## LMA ROADS – SIZING

- **4.2 Miles of Roadway**
- **38 Individual Roads**
- **Roads Constructed in 1982-1992 – 30 to 40 Years Ago**
- **Treehouses Repaved in 2016, Peregrine Point in 2020 – 13% of Roads**
- **Majority – 87% -- of Roadway At End of Lifetime**
- **What is the Solution?**

## **ROADS COMMITTEE: PHASE 3 SOLUTION**

- **Roads Committee Established in 2013 to Manage Roads Projects – Phase 1: Treehouses Phase 2: Peregrine Point**
- **Stantec/Terracon Hired in 2021 to Conduct Phase 3: Roads Survey & Rehabilitation Plan**
- **Contractor Bids Solicited in 2021 and 2022 to Determine Costs and Feasibility**
- **Special Assessment to Provide Roads Reserve & Funding of \$3.5 million Initiated in 2023**

## **ROADS RECOMMENDATION REVIEW PROCESS.....**

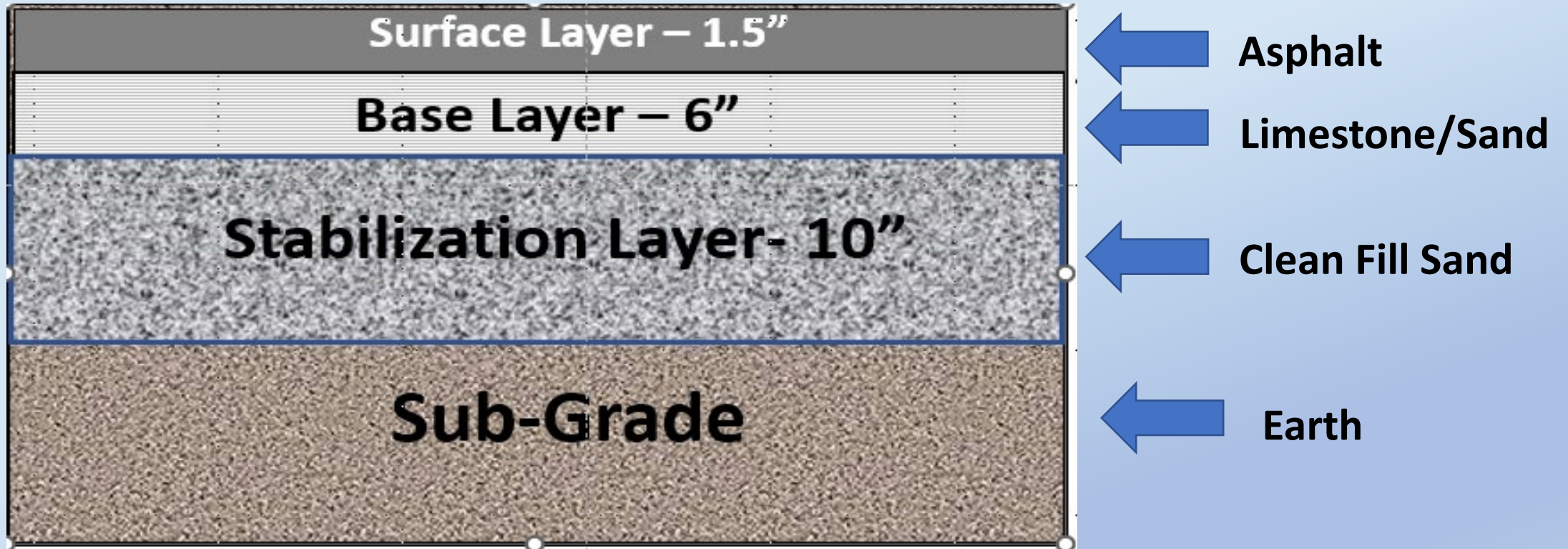
- **Roads Committee Recommendation Made to BOD on May 4, 2023**
- **Finance Committee/BOD Members Tasked With Performing Due Diligence & Address Key Issues**
- **Today - Recommendation to Residents for Feedback**
- **Special BOD Meeting on June 1 to Vote On Roads Plan**

## **FOUR KEY ISSUES TO ADDRESS...**

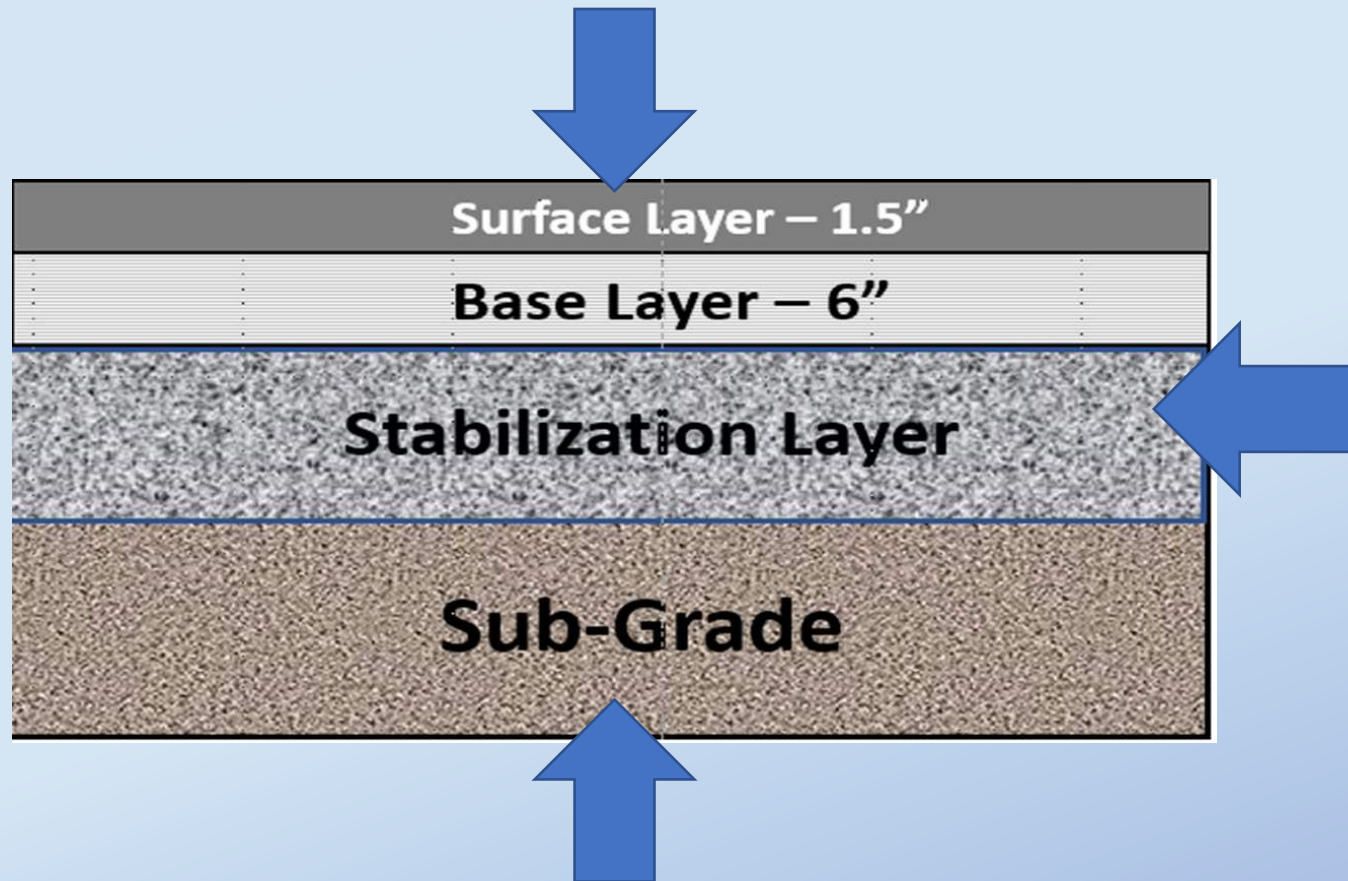
- **Why Now?-- Compelling Reasons?**
- **Costs? – Amount , Affordability, Alternatives and Risks?**
- **Why Only 1 Bid? and Why Gator?**
- **Legal Issues With Only 1 Bid**

# WHAT OUR ROADBED LOOKS LIKE TODAY

## Four Major Layers....



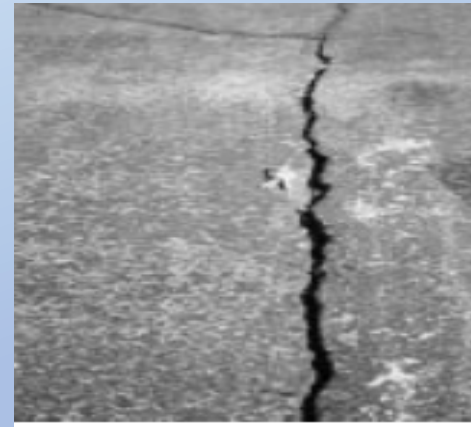
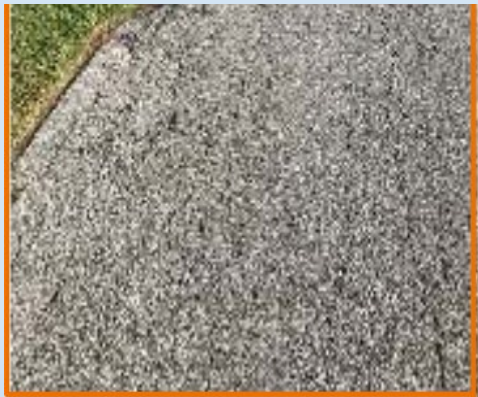
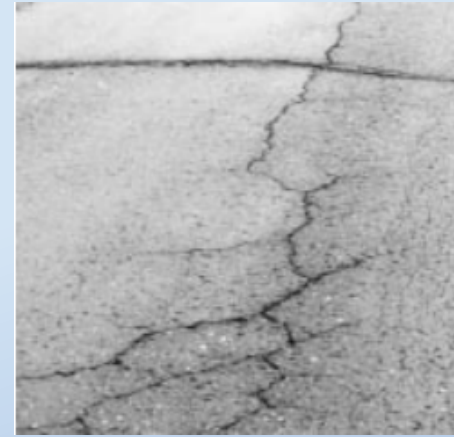
# CAUSES OF ROADBED DETERIORATION....



- **Age**
- **Vehicle Traffic – Wear & Tear**
- **Water Penetration**
  - **Asphalt Cracks**
  - **Ground Water**
  - **Poor Drainage**
- **Compaction & Settling**

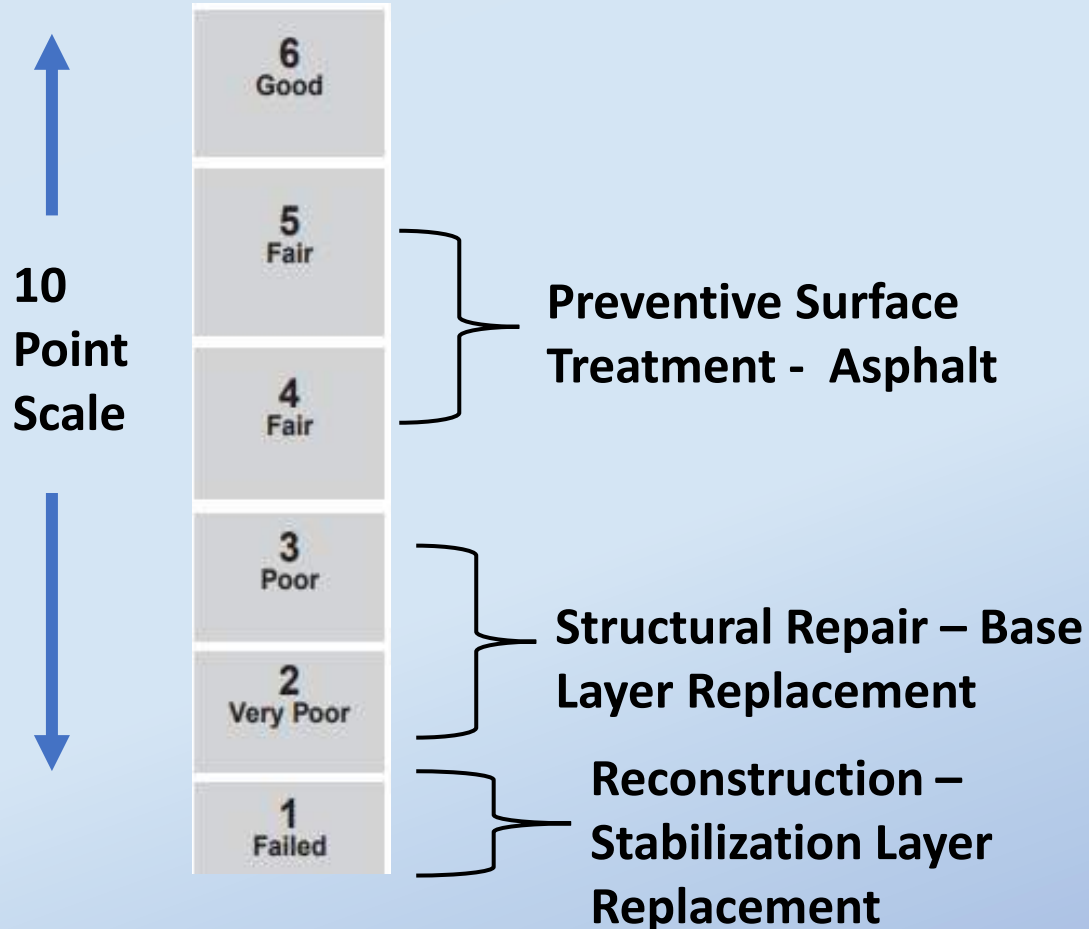


# ROAD DETERIORATION AROUND THE LANDINGS...



# STANTEC/TERRACON – ROADS SURVEY & EVALUATION

**Paser Evaluation - Determine Road Condition Based on Industry Standards**

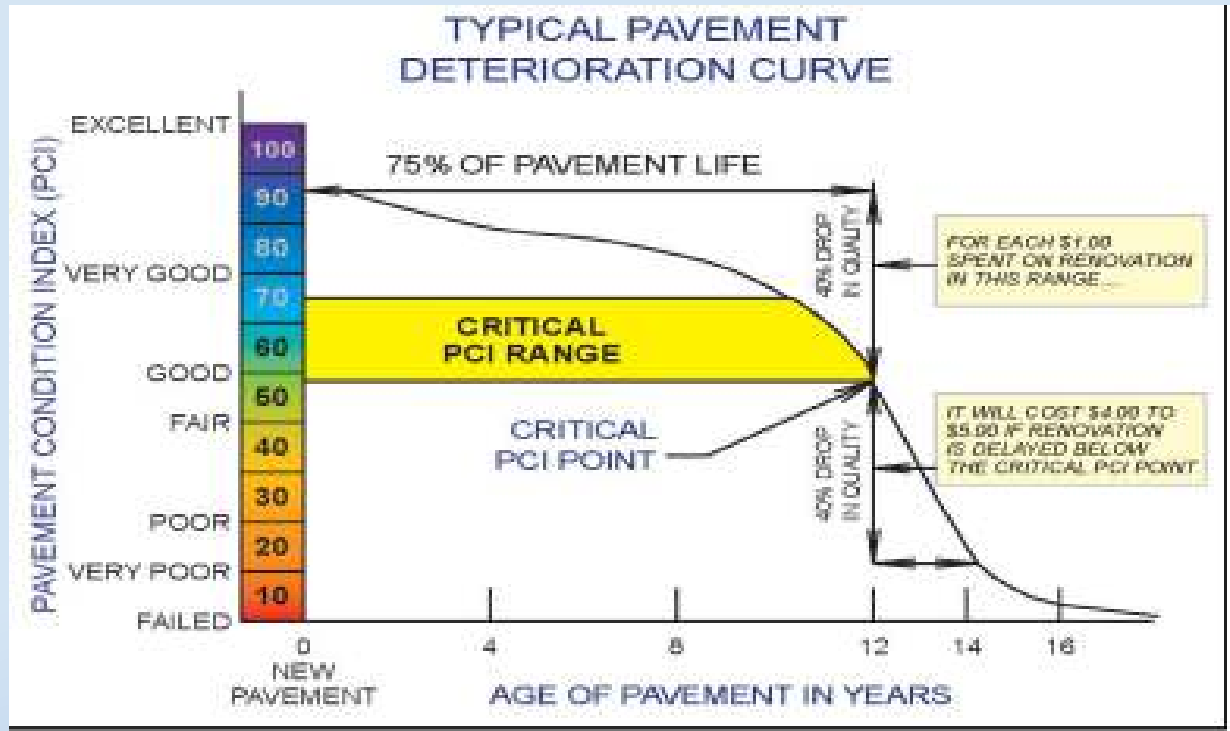


## LANDINGS RATINGS

- **MAJORITY OF ROADS AT 4-5**
- **10 AREAS at 2 & 3**
- **12 MAJOR DRAINAGE PROBLEM AREAS**

# THE ROAD DETERIORATION CURVE

Industry Standard: Apply Preventative Maintenance and Rehabilitation Techniques When They Are Cost-Effective Instead of Letting Surface Deteriorate...



- Key Challenge is Avoiding Base and Stabilization Layer Replacement.
- Can Be 4-5x Cost of Surface Repair
- Current Estimate Is That Base Replacement Amount Is Increasing at 3% Per Year
- Could Add \$200 – 300K Per Year in Costs

## STANTEC/TERRACON RECOMMENDATIONS

- **REMOVE 100% OF ASPHALT LAYER – REPLACE WITH NEW SUPERPAVE PRODUCT**
- **SELECTIVELY REPLACE BASE LAYER WITH 6” CUSTOMIZED ASPHALT MIX – PROVIDE FOR INCREASED WATER PROTECTION**
- **CURRENT BUDGET INCLUDES 2,332 TONS OF BASE REPLACEMENT – TREAT “BAD” AREAS – 10% OF TOTAL**
- **FIX/REPLACE 12 DRAINAGE AND CURB ISSUES**
- **RECONFIGURE SELECTED ISLANDS FOR PEDESTRIAN SAFETY**

## WHY NOW – SUMMARY

- **MAJORITY OF ROADS 30 YEARS +**
- **ROAD CONDITION DETERIORATING AT AN INCREASING RATE**
- **MINIMIZE AND AVOID SHORT- AND LONG-TERM ANNUAL ASSESSMENTS COST INCREASES**
- **REAL ESTATE VALUES – ROAD CONDITIONS AND ATTRACTIVENESS A KEY DRIVER OF COMMUNITY VALUE**
- **NEGATIVE COMMENTS BY BROKERS: LOCATION AND LANDSCAPING ARE POSITIVES - ROADS A NEGATIVE**

# DUE DILIGENCE – THE NUMBERS

## Net Costs

**\$3,979,000**

- \$730 K Contingency
- Pass Through of \$445,000 to Non-LMA Units

## Available Funds

**\$4,350,000**

- \$3.7 million now in roads reserve
- Other sources: interest, Operational Surplus, General Reserve

**+ \$359,803**

**Credit Line  
\$600K as  
back up**

# PROJECT TIMING - ALTERNATIVES EVALUATION

## ALTERNATIVES

1. 100% IN 2023
2. 100% IN 2024
3. 50% -2023 & 50% - 2024

## ECONOMIC DRIVERS

- 4% Inflation Rate
- 3% Interest Rate
- 3% Base Deterioration Rate
- Equipment Mobilization - \$175,000

## CONCLUSIONS

- Alternative 1 Is the Lowest Cost Solution
- Deterioration Rate is Key Economic Driver
- Model Says that At 3% Incremental Cost Would Add \$200,00 Each Year Plus Inflation

## WHY ONE BID? – SW FLORIDA PAVING INDUSTRY ISSUES

- **INDUSTRY HIGHLY REGIONALIZED**
- **PAVING COMPANIES SPECIALIZED – LIMITING SUPPLY**
- **HUGE DEMAND FOR PAVING IN SW FLORIDA**
- **PIPELINES FILLED FOR YEARS TO COME**
- **PRESSURE ON MATERIALS SUPPLY**



## WHY ONLY ONE BID ? COMPANIES SOLICITED

**12 Companies that Met Qualification Criteria Were Solicited.....**

<b>Gator Grading &amp; Paving</b>	<b>Sarasota Land Services</b>
<b>Ajax Paving</b>	<b>Frederick Derm &amp; Co.</b>
<b>Florida Asphalt Contractors</b>	<b>E.T McKenzie</b>
<b>Super Asphalt</b>	<b>Forsberg Construction</b>
<b>C&amp;M Roadbuilders</b>	<b>Watson Civil</b>
<b>Woodruff &amp; Sons</b>	<b>Ripa &amp; Associates</b>

**...Key Issue is Pipeline Capacity...**

## WHY GATOR?

- Experience With Projects of Our Size and Type
- Track Record of On-Budget Performance
- Competitive Price
- Performed to Specification With Peregrine Point Project
- Available Now



## **ONE BID – LEGAL PERSPECTIVE**

- **LMA Bylaws Article VII Requires Competitive Bidding on Large Contracts**
- **This Bylaws Provision Consistent With Florida Statutes Language in Section 720.3055**
- **Wells,Olah,Cochran - LMA Law Firm & Counsel -- Rendered Legal Opinion Supporting the Acceptance of a Single bid -- LMA Acted in Good Faith with Multiple Companies Solicited To Obtain Bids In 2 Separate Rounds**
- **There is Legal Precedent Concerning the Competitive Bidding Process that Supports LMA Proceeding With a Single Bid**

## **DUE DILIGENCE TEAM RECOMMENDATION**

- **Conduct 100% of Project in 2023 – Lowest Cost Alternative**
- **Contract with Gator for \$3.9 Million to Complete Project in 150 days**
- **Proceed Without Special Assessment**
- **Line of Credit for Risk Management**
- **Defer Incremental Roads Related Assessment Until 2025.**

# ROADS PROJECT MANAGEMENT – KEY TO SUCCESS

## Onsite Project Management

- Terracon To Make Daily Asphalt and Base Layer Application Decisions
- Stantec to Supervise Drainage & Island Construction and Remediation
- Stantec to Inspect All Work to Ensure Quality Standards Are Met

## Traffic Management

- Gator to Manage Traffic on Daily Basis

## Communications Plan

- Integrated Communications Plan
- LMA Website Project Communications Center
- Daily/Weekly e-Mail Communications - Resident Q&A's

## LMA Management

- Weekly Team Meetings – LMA, Stantec, Terracon, Gator
- Finance Committee Oversight on Spending and Payables
- Decision Making Escalation to LMA BOD as Required