

# RAFT ISLAND BRIDGE UPDATE APRIL 2011

## *Summary ...*

Last year the Bridge Committee reported that based on rising maintenance costs, engineering expenses, insurance fees, permitting and construction repairs needed to keep our bridge structurally sound and even with last year's increase, **RIIA Membership Dues for Bridge Repairs are not keeping up.**

There have been approximately \$434,000 in repairs over the last 8 years and another \$60,000 is needed this summer. The work to solicit bids, review engineering estimates and supervise this work has been done by volunteers. But as the bridge continues to age, these repairs are becoming more critical and significantly more costly. The work once done by volunteers is becoming more and more difficult and risky without professional oversight.

Initially, a RID (Road Improvement District) was proposed to have Pierce County take over and construct a bridge. Pierce County will not support this proposal and with the slump in the economy, government funding is not an option. Last year's bid for USDA funds was also unsuccessful. A "re-newed" Bridge Committee (BC) was formed in 2009 to research our options. The purpose of the following Q&A document is to provide the general membership answers to basic questions prior to the **APRIL 18<sup>TH</sup> INFORMATION MEETING**. The intent is to give the general membership the information it needs to cast their Bridge Ballot Vote at the **ANNUAL MEMBERSHIP MEETING ON MAY 16<sup>TH</sup>**.

## *The Choices ...*

Although maintenance could continue indefinitely, the cost to design, engineer, permit, project manage, mobilize, supervise and repair every few years is estimated to be over double the cost to replace the bridge. By 2018, **the projected annual dues increase needed to continue maintaining the bridge is expected to cost more than the annual dues needed to construct a new one.**

Nobody wants to increase our dues. But in order to protect the value of our homes and our properties, we must develop a decisive plan forward. Our shared ownership for a successful outcome depends on an informed and collective decision. With the 1995 Bridge Replacement Assessment expiring in 2016 and well below what's needed to build a new bridge, **doing nothing is not an option.**

**On February 28th members of the Bridge Committee presented their recommendation to the Board. After an extensive discussion, both groups unanimously voted to recommend replacing the Raft Island Bridge.**

Please take the time to read the attached Q&A's so that you can be an informed participant during bridge discussions. If you have additional questions or would like to attend a Bridge Committee meeting, please call 222-2786 or 405-0639 for more information.

## Questions and Answers ...

### 1. QUESTION -- **What is the cost for long-term “continued maintenance” of the Bridge?**

In March of 2010, the Bridge Committee contacted Sargent Engineers (our bridge experts since 1994). They were asked to update their 2005 cost projections for continued maintenance of the bridge. Below is an excerpt from their report:

*“Bridge maintenance will be similar to what has been happening in the recent past. This includes replacing piling, pile caps and cross bracing. However, in the near future, the concrete deck units will have to be replaced because they are deteriorating. It is possible in the future that you will not be able to replace the deteriorating piling and pile caps with creosote treated piling. This will decrease the life of the replaced piling and your costs will probably increase. We anticipate in the next 40 years that you will spend approximately \$9.5 million to \$10.2 million to maintain the bridge. These costs are assuming no inflation rate.”*

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### 2. QUESTION -- **Are these numbers still valid?**

**Sargent’s revised 2011 estimate plus inflation brings the cost of continued maintenance to \$18 million over 45 years.** In addition, Exeltech Engineers who are currently managing our inspections and repairs stated that they are not interested in managing a long-term maintenance strategy for our bridge because a piece-meal approach is not viable and presents too high a risk to their licensing engineer.

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### 3. QUESTION -- **Besides total cost, is there a downside to continued maintenance?**

Yes. Stricter environmental regulations mean that we cannot predictably project what repairs will cost even for the next 5 or 10 years. What we’re seeing is that the cost for labor and materials doubles after permitting, environmental reviews and engineering fees are added. This increased complexity means we can no longer depend on uncertified volunteers to manage each repair project because the risk to the general membership is too high (even if we could find someone to do it).

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### 4. QUESTION -- **Are there structural considerations if we choose continued maintenance?**

Yes. A “repair” strategy will not upgrade our current load capacities. Larger trucks that are legal on nearby roads are typically too heavy for our bridge. Policing speeds and load limits has been nearly impossible. Our current rating is approximately 75% below what a new bridge capacity (by code) would require. This makes insuring the bridge difficult and expensive.

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### 5. QUESTION -- **How about repairing the Bridge in sections over time?**

Sargent Engineers’ estimate projected repairs in 5-year increments with the first repair completed in 2015. That repair alone will use up nearly all of our \$1M Bridge Replacement Fund (BRF). Under their plan, in 2020 a section of the bridge would be replaced for about \$2.7M. In 2025, another section for \$5.8M. By 2030, the last section would be replaced for about \$9.4M. At a 3% rate for inflation, Sargent estimates the total to be over \$18M with no guarantee that agencies will permit this approach. To meet these projected costs, we propose to increase our BRF collections immediately.

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### 6. QUESTION -- **What is the cost to build a New Bridge?**

**Last year, Exeltech estimated the cost to replace our bridge at \$5.6 million.** This estimate would be formalized during Phase II of a project after geotechnical analysis, final design and input from permitting agencies is completed. This amount is consistent with last month’s construction bid to replace the Treasure Island bridge - a 788-ft timber structure located in the South Sound serving an Island of a similar size and population as our own. They plan to begin work in 2012.

7. QUESTION -- **Why build a new Bridge now?**

Engineers tell us it is the most cost-efficient solution. A new bridge would increase our load capacities (30,000 lbs) to current standards (105,500 lbs). At present, our bridge is designed to carry about 1/3 of what current bridge load capacities are designed to carry. This limits us to smaller loads and is problematic from an enforcement standpoint. In addition, the construction cycle would be limited to 1 year vs. a near-constant state of repair that we would face under a “continued maintenance” plan.

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8. QUESTION -- **We only have \$1 million in our fund... Where will the rest of the money come from?**

Phase I or approximately \$150K will come from the Bridge Replacement Fund (BRF). The rest will come from the BRF and a commercial loan at the best rate and terms available.

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9. QUESTION -- **With such uncertainty in the economy, why build a new bridge now?**

Interest rates are so low, the expectation is that the only direction they can go is up. In addition, construction costs and labor are historically low. In our judgment, this is the best time to rebuild the bridge and this recommendation is consistent with the membership's 1995 Bridge Replacement Fund plan to reconstruct by 2016. **The membership will be obligated either way because the cost to maintain the bridge OR build a new one will require a significant increase to our annual bridge assessment.**

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10. QUESTION -- **What if we just keep paying current dues and leave the bridge issue alone?**

This is not an option. The current dues and assessments simply won't cover the cost of repairs OR a new bridge. Back in 1995, the Bridge Replacement Fund (BRF) assessment included an automatic 8% increase each year until 2016. That collection rate did not keep up with construction costs and inflation.

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11. QUESTION -- **What would my annual rate be if I agree to approve construction of a new bridge?**

That depends on the terms and rate of our loan package. The Bridge Committee is actively researching lending institutions to find the best available options. Based on the preliminary \$5.6M construction estimate for a new bridge from Exeltech, **each lot could be billed from \$1,500 to \$2,000 per year.** On-going bridge updates will be circulated as new information becomes available.

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12. QUESTION -- **What happens if the membership votes “no”?**

If we do not plan for a new bridge, we will recommend extending the Bridge Replacement Fund Assessment based on current maintenance projections, and **each lot would be billed from \$1500 to \$2,000 per year.** We will continue to research maintenance options.

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13. QUESTION -- **Why increase the Bridge Replacement Fund (BRF) now?**

The Board's recommendation to add \$785 per year to the current BRF assessment is long overdue. It will add approximately \$100,000 to the fund and demonstrate to lending institutions that require proof that our membership has the ability to assess, collect and repay debt. This also means lower interest rates and better terms. The current \$415 assessment will increase to a total of \$1200 per year (\$100 per month per lot.)

14. QUESTION -- **What happens if some lot owners don't pay the new assessment?**

RIIA will use all methods at its disposal to enforce prompt payments by Island residents. We've recently hired a professional Island Manager who will enforce our collection policy and will use all available means including liens, revocation of bridge easement, lawsuits and collection agencies when practical. Failed collections from bankruptcies and foreclosures will be absorbed by RIIA. Historically, that amount runs about 2 to 3%. (RIIA's ability to collect for a loan is the same as it is to collect for continued maintenance.)

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15. QUESTION -- **What is the May Bridge Ballot going to ask for?**

**The Ballot will ask the membership to approve Phase I of the work which includes geotechnical work and surveys.** This work is estimated to take 6 months at a cost not to exceed \$150,000. It will be paid for from the existing Bridge Replacement Fund. A "yes" vote to proceed with Phase I signals general membership approval of our intent to construct a new bridge.

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16. QUESTION -- **What if we can't get the interest rate and terms we expect after the Phase I work?**

**The membership will be given updates on the rate and terms offered by lending institutions.**

The membership will be consulted and a revised estimate will require your input and approval. No one wants to spend beyond our means which is why we will continue these updates. Phase II will require that the membership vote to approve the annual assessments once our engineer provides the estimate for construction and we receive a letter of commitment from a bank

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17. QUESTION -- **Does the Phase I - \$150,000 investment have a "shelf-life"?**

No. Phase I work (geotechnical analysis, topo surveys and mapping) is needed in order to engineer and design the bridge.

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18. QUESTION -- **How many votes will it take to pass a Bridge Ballot?**

There are two governing documents that dictate our membership rules: the CC&R's and Bylaws. Because building a new bridge is an important vote that depends on sound support from our membership, the Board will follow the stricter definition on what constitutes a quorum. The bridge vote will be calculated on 66.6% approval by a minimum of 25% of the total membership (present or not) in good standing (dues paid in full).

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19. QUESTION -- **What happens if the membership votes "yes" to replace the Bridge?**

**Phase I of the project work will be initiated.** An open Request for Qualifications (RFQ) to complete Phase II will be advertised and an Engineering firm will be chosen. The RIIA Board together with the Bridge and Investment Committees will work to secure a commercial loan. The Committee will also finalize all legal and collection details. Another general membership information meeting will be scheduled to present the terms and rate of the loan. We expect that the membership will be asked to approve a revised Bridge Assessment Collections Plan to fund Phase II of the project in 2012. Phase II work will include final Design and Engineering, Permits, and Plans, Specifications and Estimates (PS&E). Since permitting agencies are expected to delay the start date of the project for one year or more, Phase III (the actual Bid Process, Construction and Construction Management) may not begin until 2013. Construction of the new bridge is expected to take less than 1 year.

### *Timeline and Next Steps...*

The Q&A's cannot anticipate all the questions that need answers before the INFORMATION MEETING ON MONDAY, **APRIL 18<sup>TH</sup>** at 7 PM. Detailed information and research on loan pay-off options, legal advice and tax considerations are incomplete. Until the Board is given clear direction from the membership, this work is on hold.

Based on your questions and input on April 18, the Board will proceed with a Door-to-Door strategy (beginning April 19) to offer one-on-one communication to individuals before the BRIDGE BALLOT VOTE ON MONDAY, **MAY 16<sup>TH</sup>** at 7 PM.

### *Door-to-Door Campaign ...*

The Island has been divided into 10 neighborhood blocks. Each member of the Board is responsible for contacting the lot owners listed within their block to provide up-to-date data in a neutral environment. Our intent is not to "sell" a direction. Your understanding of the details will give you your best opportunity to make a sound decision.

Please go to [www.raftisland.org](http://www.raftisland.org) and review the BRIDGE page to see Engineering Inspections and Reports, Preliminary Construction Plans and other details on our bridge. If you would like to help with the Door-to-Door Campaign or join the Bridge Committee, please call 222-2786. We could use the help.

### **Bridge Ballot Language**

- I do  
 I do not

Approve the plan as recommended by the Bridge Committee and the RIIA Board of Trustees to begin the process to replace Raft Island Bridge. Phase I\* will take approximately six months and use existing Bridge Replacement Fund (BRF) monies in an amount **not to exceed \$150,000.00**. Prior to proceeding with the next phase of the project, a general membership vote will be required.

\* Phase I work includes Survey Mapping, Topography & Property Identification and Geotechnical Analysis

- I do  
 I do not

Approve the plan as recommended by the Bridge Committee and the RIIA Board of Trustees to increase the Bridge Replacement Fund (BRF) \* assessment by **\$785.00 per year** per lot effective July 1, 2011.

\* The current \$415 BRF assessment will increase to a total of \$1200 per year (\$100 per month per lot.)