

Lanai Condominiums Frequently Asked Questions:

Last updated Monday, January 29, 2018

Special Assessment Questions:

We have tried to be as brief as possible in this document. In most cases, a more thorough explanation is available in our Association documents available on our website and we strongly encourage you to maintain a thorough knowledge of those documents. This FAQ page will update as new information develops.

What are we doing with this HVAC project?

Due to rust, corrosion, and sudden breaks, we are replacing the heating and cooling pipes throughout the entire building, the fan-coil units in each unit attached to the piping, and the boiler in the basement. We are doing this now due to three separate breaks in the system.

What is going to happen in my unit?

Plenum-soffits and riser walls in each unit will be opened up to allow access to the pipes we must replace this summer. Your plenum-soffit is the drop-down area above your windows where the heating system is located. The plenum-soffits connect to a bump-out on your wall where the riser pipes are located.

- If your unit tested positive for asbestos (or if we were unable to test your unit), our contractor will set up a mitigation chamber around your plenum-soffits and riser wall. They will then remove the “drywall” to expose the pipes. The building was built with a type of material on the walls that is different than modern gypsum board, but we’re using the term “drywall” for the purposes of this document.
- If your unit did not test positive for asbestos, the drywall will also be removed, but the contractor will not need to set up the same type of mitigation chamber.

After the drywall is removed, plastic sheeting will be installed temporarily so your heating system will still function. During a second phase of the operation, mechanical contractors will remove and replace the horizontal and vertical piping and your fan-coil units. During a third phase of the operation, a drywall contractor will replace the parts removed, and you will be responsible for final finish and painting. There will likely be a delay between each phase when you will have no one working in your unit.

What should I be doing to prepare my unit?

The contractor will need ten feet of clearance around each plenum-soffit and riser wall to complete work. You will need to move your stuff from the work area prior to their arrival. Every unit in the building and certain areas on the first and twelfth floors will need to be accessed.

Why don't we use insurance to pay for the project?

Our policy is a standard commercial policy and specifically excludes rust as a casualty. We are replacing the pipes because they have rusted over the last 60 years and have begun to leak.

Why don't we use reserves to pay for the project?

Our reserves are insufficient to cover the cost of the project. The reserves are generally meant to be used for routine items, and our Association documents, as do virtually all condominium association documents, allow for special assessments to be made for emergency projects like the one we are working on now.

Why am I responsible for these pipes and not the Association?

When you bought your unit, you became a member of the Association. In other words, all of us collectively as owners are “the Association.” The Association doesn’t exist without the owners. Unlike an apartment complex, where an ownership makes all the decisions, in a condominium project, all of the unit owners join together in an association to work together on maintaining the building. Everything done by the Association is actually being done by the unit owners. Paying to fix the HVAC pipes and boiler is one more joint ownership decision. You

elect the Board members to help make decisions on your behalf for the Association. At the Lanai, on a yearly basis, you may seek election onto the Board to help in making Association decisions.

How long will asbestos abatement take in my unit?

At the moment, we believe abatement in each unit will take approximately three days. If your unit tested positive for asbestos (or if we were unable to test your unit for asbestos), you will not be able to occupy your unit during abatement. Once the abatement is complete, you will be able to return to your unit. You will have two subsequent contractors in your unit at later dates to remove and replace the mechanical items, and after they complete their work, a final contractor will close the wall and plenum-soffits back up.

Horizontal Pipes and Vertical Pipes ... what's the difference?

For the purposes of this project, there is no difference. We need to replace the risers (in your wall) and the horizontal pipes (in your plenum-soffit) because the building was built without shut-off valves in each unit. Under other circumstances not related to this project, since the horizontal pipes serve your unit exclusively, they can fall under the definition of "limited common elements" and our Association documents define those elements and their use differently.

Why do we all have to pay for abatement even if there is no asbestos in some of the units?

While we understand the project feels like something done to you in your unit, it's actually a project for the entire building's commonly used pipes and heating apparatus. If there was a way to replace the pipes without doing anything in anyone's unit, we would. Since each unit contains a portion of the common elements, and since there is no way to replace part of the pipes without replacing all of the pipes due to the original design and subsequent corrosion in the system, we are replacing the entire system. Replacing the system requires us to work in each unit. Per our Association documents, the total cost of the project is budgeted, and then divided by owner's pro-rata share, and then billed to you.

Why are there only two bids or "estimates"?

After review by engineers and our attorney, we've solicited construction bids from numerous general contractors and subcontractors. Only two of those companies were willing to bid the job as a whole. We believe the construction climate in the Denver area is the most likely reason we haven't found more interest among general contractors for tackling the entire thing. They appear to be too busy on other jobs to need to bid this project. On the other hand, more contractors are willing to bid parts of the job. We are continuing to work with them to find ways to complete the project within the budget.

Will we get warning before the project starts?

At the moment, we are planning to begin work on stacks 01, 02, 03, and 04 on February 15, 2018. You have been notified via email of this date. It will also be published in the Board minutes, this FAQ, and will be posted in the six usual places in the building. As construction progresses, we will update a calendar of events, and we will again notify you. Avi is your best contact for day-to-day updates.

How long will the project take?

We are planning to begin mobilizing for the work in late January and we anticipate the job will be complete by late September.

What about heating and cooling during construction?

During the day, when asbestos mitigation is underway, the boiler will be turned off and then re-started at night. The boiler will be shut off completely as usual in late April. There will be no cooling in the units this summer because the piping system will be under daily construction. A temporary pool heater will be installed for the summer season, so the pool will open as usual.

The price is so HIGH!

We have been active in searching for alternatives, reviewing bids, and comparing market data to ensure the price of this project makes sense in this construction environment. While the total price is frustrating for all of us owners, all of the information we've been able to gather indicates our cost is in line with the market.

What would happen if we don't do the project?

The heating system will fail. As such, we would end up with uninhabitable units, an uninsurable building, and your investment would be lost, and any money you owe the bank would become due.

Will there be other special assessments?

If this project runs over budget, pursuant to our Association documents, owners will be billed for the shortage. The building is now 60 years old and other systems like the electrical system and the elevator still contain original parts. Thankfully, repairing those other systems if necessary won't be as invasive into your units. The Board of Managers in conjunction with other experts will determine how and when those other systems might need to be repaired or replaced.

Why are we being billed in one lump sum?

A survey of the owners was overwhelmingly supportive of a one-time up-front payment. As such, owners can work with their own financing to pay for their fee. Most of our units have increased in value over the last few years because of a strong real estate market in Denver, so there may be significant equity in your home.

Who is leading this?

The Association Board of Managers is lucky to have numerous people with many years of experience in construction and engineering. Of note, the Association's Board of Managers are all elected volunteers and are equally responsible for paying their portion of the project. We also have numerous knowledgeable residents who've provided their assistance. Additionally, we have reviewed the steps we're taking with our attorney to make sure we're doing things legally to protect everyone in the Association. We've also consulted with engineers of various types to look at alternatives as well as to provide their expertise.

When is my payment due?

February 28, 2018.

What if I don't pay?

The Association documents contain a description of our collection policy. In conjunction with our legal team, we will follow that policy.

Where do I send my payment?

Your payments for your Special Assessment need to be payable to:

Lanai Condominium Association

You can mail them to:

Centennial Property Services, Inc.

P.O. Box 4118

Centennial, CO 80155-4118

I need help or have more questions. Who do I ask?

As always, start with Avi. He's got the best day-to-day information. You may also check with any board member and they'll direct you to the person with the best information. We will have a list of resources residents can access if they need to pay somebody to help with moving furniture, final finishing such as texturing and painting, or re-hanging curtains and blinds.