

Hello Neighbors. There have been a lot of questions about roads, their condition, and expected costs. I have posted a copy of the Road Maintenance Plan we developed over the last nine months on the Web page. Included below is a summary of some information from the Plan as well as cost projections based on that data and projections from the Board's proposed fee increases.

Total Length of Roads In SEF	28,670 LF (Linear Feet)
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Length of roads considered Urgent or High Priority (recommended resurfacing w/in 12 Mo.)	12,490 LF
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Median Bid price to Chip Seal Roads in Fall 2021	\$16 per LF
Estimated price to Chip Seal roads today (I have a call in for current prices)	\$20 per LF

Expected Cost to Chip Seal all roads @ 2021 cost	\$458,720
Estimated costs to chip seal all Roads today	\$573,400

Expected cost to Chip Seal Urgent and High Priority 2021 cost	\$199,840
Estimated cost to Chip Seal Urgent and High Priority today	\$249,800

Potential Revenue:

Total Lots	266
Lots with occupied residences	155
Lots with active permits for a home	27
Potential New Home permits until build out	84

Potential revenue from increasing Home permit to \$4000	\$336,000
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Current revenue from dues (\$100/lot)	\$26,600
Potential revenue from \$250/lot	\$66,500
Potential Revenue from \$400/lot	\$106,400

Estimated Special assessment to treat all roads today	\$3454
Estimated Special Assessment to Treat Urgent and High Today	\$1504

The Take home is, with current revenues without funding any other SEF needs we would be able to restore or maintain a quarter of a mile of our roads a year. For potential dues of \$250 per year we would be able to maintain or restore slightly more than a half mile of roads per year if we funded no other expenses. For potential dues of \$400 per year we would be able to fund normal operations (today's annual budget is about \$26,000) and fund three quarters of a mile of road work per year. We would also be able to continue to do that much annually, meaning we could completely maintain our road system on an eight year cycle, depending upon future inflation for operations and road costs. The revenue from Road fees (\$4,000) will allow us to accelerate some of the more critical repair as that comes in and to deal with inflation. We just have no way to project when that revenue will be available.

We could consider a Special Assessment that would require a 2/3 approval from all members. In order to restore all of the roads that are considered Urgent or High Priority would require an out of pocket

assessment of \$939 from each member. Those roads might last another ten years, but the other 43% of our roads would continue to deteriorate, some rapidly, without funds for further maintenance.

We could request a Special Assessment to repair and resurface all roads now. That would amount to an immediate out of pocket expense of \$2,156 for each member. Then all roads might last as long as ten years with regular maintenance.

In the Board's viewpoint, we cannot meet the needs and expectations of our community without having dues set at \$400 per lot per year. We proposed \$250 for next year and \$400 the next because we understand that a 300% increase might be difficult for some members to handle in one year with this short notice. With the proposed dues and road fee increases we believe we can deal with community operations and roads, and inflations for a while. We don't believe a special assessment is the most reasonable approach, because we aren't confident that two thirds of our members would approve that.

How long is a while, I wish I could say. I believe inflation and recession will slow down sooner rather than later. I believe Road Fee collections will pick back up sooner rather than later.

Keep in mind that dues have not increased since 2011, twelve years ago. If they had, perhaps more maintenance would have been done on our roads. Road fees for home construction haven't increased since at least 2006, when they were a fee for water connection as described in our Restrictions. Rinco changed them to a Road Fee when the water system was sold. If those fees had grown perhaps more road maintenance would have occurred.

Please consider this information. Ask questions. Come to the Emergency Annual Meeting and be involved.