

Road Improvement Committee (RIC) 2016 Annual Meeting Report

The RIC was formed following the 2015 HLA Annual meeting with the purpose of providing the Board and Members recommended options and cost estimates for the restoration, long term maintenance and funding of the HLA roads. The committee is comprised of Board Members as well as members from the Road, Finance and Environmental Control Committee.

During the past year, the committee has completed a road and culvert inventory and condition evaluation with the assistance of an engineering firm. In addition, restoration priorities, road design variables and cost analysis has been completed. The team has been challenged to find a funding alternative that would be acceptable to HLA members. Previous studies of our roads indicated that repairs could be between \$7-\$9 million. The current HLA road fund brings in annually around \$75 thousand.

The RIC is recommending a plan that would cost approximately \$3.1M and included the following:

- Primary and secondary road resurface similar to what was completed on Scarborough Dr
- Primary road reconstruction similar to Bradford Drive
- Secondary road reconstruction similar to Scarborough Drive

The RIC team took into consideration many alternatives and variables to arrive at this plan. This included understanding the current conditions, construction quality and durability and future maintenance required for the road plan. A prioritization plan has also been developed based on preserving the roads first that are not in need of reconstruction and then working on the primary and secondary roads while repairing and replacing culverts and ditches.

The anticipated cost of this plan would be \$650 per member under two different funding alternatives. The two alternatives include a HLA funded plan or a Special Service Area (SSA). A SSA is a county initiated funding mechanism through a bond issuance. Members would repay the loan through property tax assessments. The HLA funded plan is similar to today's road fund with annual payments.

Under both funding alternatives, the construction quality is the same and includes 20 years of road maintenance costs. However the plans are different related timing of road construction and length of payments. Under a SSA, the construction is estimated to be completed in 2 construction seasons and the length the bond is 20 years. Therefore members will pay the estimated \$650 for 20 years on their tax bill. Under the HLA funded, the roads will be constructed over an estimated 14 year period with members paying the \$650 for the 14 year period.

There are risks associated with each funding alternative that include potential upfront legal and engineering costs for a SSA if it is not passed and unknown inflation and increased non-payment from members for the HLA funded model.

However, if the Membership does nothing our roads and culverts will continue to deteriorate and only cost more in the future to repair along with increasing our safety risk and decreasing property values.

The RIC recommends that the membership consider the proposed road reconstruction plan as presented.

Member questions from March 5th informational meetings

Will the road fund be eliminated with the SSA?

- This will need to be decided by membership.

Since the SSA will take time to initiate, will there still be a road fund until that time?

- This will need to be determined by membership, but it would make sense to have a road fund in 2016

How will the SSA bill members?

- The proposal is that each HLA member be assessed the same dollar amount through the SSA.

What about maintenance of roads? Is that included?

- Both plans include maintenance of the roads for a 20 year period. It is expected that once the roads are repaired they will need to be resurfaced every 6 years.

How was the road fund spent in 2015?

- There is a detailed listing of the work done in 2015 and the associated costs on the HLA website.

What about the Ameren damage?

- Legal counsel is currently working on a settlement with Ameren. Neither plan takes into account any potential settlement.

Member questions from March 9th informational meetings

How have the roads become to be in such poor condition?

- The original developer did not build the roads to a standard that would allow them to not deteriorate significantly over time. Additionally, for approximately the first twenty years of the Heritage Lake there was almost no money available to repair roads. Since the Road Fund has been established it has been inadequate to provide the level of maintenance and reconstruction necessary.

What is the status of the Ameren settlement and will that reduce the total dollars need to fund the current plan?

- HLA is currently with legal counsel on a settlement with Ameren. Neither plan includes any settlement. If a settlement is received HLA will determine how to apply to our road situation.

Can we buy our own equipment and fix our own roads?

- In the past various HLA BOD's have purchased a limited amount of equipment to conduct our own maintenance program. The results were varied from year-to-year and were generally underfunded. For the major work that needs to be done at this point to restore our roads it is generally agreed a contractor that specializes in this type of work would be our best option.

There are two plans being discussed is the cost the same and what are the main differences in the plans?

- The Road Improvement Committee has developed two plans. Both plans would be billed to each member (not each lot owner) at \$650/year. The same \$650 fee would apply, regardless of how many lots are owned by a property owner.
- Both plans are based on same construction specifications.
- The HLA plan would be a pay-as-you-go plan that would take approximately 14-years to complete.
- The Special Service Area (SSA) plan would be completed in approximately 2 construction seasons and would be billed to the residents on their Tazewell County tax bill for 20-years.
- Both plans have budgeted annual maintenance into the overall cost.

If we choose an SSA, will Tazewell County be able to raise our tax bill associated with the SSA once it has started?

- No. The fee would be fixed via the SSA Agreement and could not ever be increased by Tazewell County. Any increases would have to be voted on and approved by HLA property owners.