

Timber Ridge Lot Owners,

The CTR Metro District Board has developed a projected plan/budget for our roads for both short and long term. We have met on various occasions on site with Rich Bechtolt, Engineer and Bob Perry, Archuleta County Road Manager. From our research and discussion we are letting you know of the following road maintenance plan we are implementing.

We will inspect and assess the roads every year with Rich Bechtolt, Engineer and adjust the plans and future budgets accordingly and communicate that info to all the lot owners .

If you have any comments, ideas or questions in regards to this letter please respond with an email to bobmilford@ctrmd.org. Please try to respond before our 5:00pm Monday, November 16th Board meeting.

Preface: Our Timber Ridge paved asphalt roads are the most important and largest asset to our community. They are important to maintain our property values and to help make Timber Ridge a premier subdivision in Archuleta County. The goal is to maintain our Timber Ridge roads at a reasonable cost level. We believe to accomplish this, we need to do regular annual maintenance on our roads and adequately fund our road reserve for long term cost. This way all present and future lot owners will pay their share of the road maintenance cost.

Right Now: We need to put some oil and sealant on our roads to prevent further oxidation and water seepage. Oxidation causes the roads to get brittle and deteriorate more quickly. Water seepage gets into the roads, especially during the winter, where it freezes, then melts and deteriorates our asphalt roads.

Our consultants have recommended performing a Chip Seal rather than a sand seal or seal coat. This is because it lasts longer, provides more protection to our roads, more bang for our bucks and extends the life of the road compared to a seal coat or sand seal coat. The cost between a sand seal and chip seal was not that much for the extra benefits of a chip seal per Rich Bechtolt. Per Rich Bechtolt, Engineer for example, if we do not do a chip seal on Bristlecone we would need a Full Depth Reclamation in 5 years. By chip sealing our roads we might get 10 years before a FDR. Other roads with less traffic may last longer. No Guarantee, though. We would also prefer to have most Timber Ridge houses built out before performing Full Depth Reclamation on our roads.(see video on FDR)

They also recommended not to do a 1.5", 2" or 3" overlay of asphalt because the cost and results would not be beneficial in the long term. Putting an overlay on our existing road base is not recommended. When a road is deteriorated beyond repair it is advised to do a FDR, which rebuilds the base with existing pulverized asphalt and provides new asphalt. See attached Video.

Chip Seal, which has 3/8 inch rocks, will make our roads a little rougher. It will also make the roads have better grip for vehicles which is good in the winter. It will make roads a little more rough for bikes. Snow plowing could scrape some chips which may require a small adjustment to the snow plows used on our roads.

Short Term Plan: Perform a Chip Seal with a Fog Seal top layer on all 8 miles of roads in Timber Ridge in 2021. (see attached picture). Crack fill exposed cracks and patch the alligator cracks where the road is sinking down before the Chip Seal is done. The fog seal will make roads black and add more emulsion(oil) for additional protection and duration. We have received bids for the Chip Seal- with a Fog Seal coating with prices ranging from \$293,000,000 to \$364,000. We are in the process of doing our due diligence on the proposed providers, to choose which to hire for 2021. Due to the fact that there is no local chip seal provider and all the bids have a substantial mobilization cost, it is more cost efficient to chip seal all the roads at one time. Also, we are not earning very much interest on our reserve funds. A chip seal should also reduce our crack filling cost each year.

SHORT TERM Estimated Annual Cost:

| | <u>2021</u> | <u>2022-2027</u> |
|-------------------------------|--|-------------------------|
| Chip Seal - Fog Seal - | \$320,000 (Last 6-8 years) (\$2.80 per SY) | \$0 |
| Crack Fill - | \$10,000 - Needed each Year | \$10,000 |
| Patching - | \$35,000 - \$15,000 each year after 2021 | \$15,000 |
| Ditch Work/Special Projects | <u>\$4,000</u> | <u>\$4,000</u> |
| Total Estimated Road Cost | \$369,000 ===== | \$29,000 ===== |

Long Term Plan:

1. Crack fill exposed cracks over 1/4 inch in diameter each year.
2. Patch asphalt road sections that have alligator cracks where the road is sinking down each year as needed.
3. Clear ditches as needed for proper drainage.
4. Chip Seal roads as needed estimated every 6 to 8 years.
5. Once a road has deteriorated beyond reasonable repair then do a Full Depth Reclamation.(See attached video).
6. We will inspect and assess the roads every year with Rich Bechtolt, Engineer and adjust the plans and future budgets accordingly.

LONG TERM Estimated Cost:

Full Depth Reclamation - \$2,850,000(2020 price) 3 inches of Asphalt - Cost \$25.10 per Square Yard (2020 prices) (113,500 s.y. of asphalt roads)

| | |
|------|-----------|
| 2030 | \$550,000 |
| 2031 | \$600,000 |
| 2032 | \$300,000 |
| 2033 | \$350,000 |
| 2034 | \$350,000 |
| 2035 | \$350,000 |
| 2036 | \$350,000 |

Road Reserves: We have \$912,000 presently in our reserve account presently earning .3 % interest annually. We have an offer to purchase Lot #8, which we hoped to close this week. We plan on selling remaining Lot # 7 in the next 12 months. This will increase our reserve to around \$1,335,000. We will need to use \$300,000 of reserve to pay for the 2021 Chip Seal of the 8 miles of roads. This will leave an estimated \$1,085,000 in reserve at the end of 2021. With current interest rates that will bring in only about \$5,000 a year in interest income. We will need reserves at today's prices of \$2,850,000 to do Full Depth Reclamation(FDR) on our roads once they are deteriorated beyond reasonable repair. Based on starting FDR's in 2030 and continuing through 2036 our reserves would be inadequate to pay for the FDR's at the current 10 mill levy.

CTRMD would run out of funds as we start paying for the Full Depth Reclamations. We would need \$850,000 to \$1,000,000 in additional funds. That is using 2020 prices for an FDR. Our current 10 mill levy brings in \$90,000 a year (**\$427 average annual cost per lot**).

Please see attached Charts and Spreadsheet with the projected 20 Year Cash Flow and Reserve Balance that shows how raising our mill levy by 5 mills will provide sufficient funds to implement the plan versus the shortfall that will occur with no mill levy increase (based on current assumptions). See different tabs.

We are looking at different options and solutions in regards to alleviate the underfunding of our long term road reserve balance.

One option we are considering is to request a vote to raise the mill levy by 5 mills.

OPTION - 5 Mill Levy Increase.

Increase mill levy by 5 with increase starting in 2022. This 5 mill levy increase will bring in an extra \$45,000 each year (**\$213 average annual cost per lot**) to our road reserve. With this increase we will be in much better shape to pay for the FDR's when they are needed and maintain our roads. These funds will help offset the lack of interest income on reserve account due to the historically low rates. In addition the FDR's may be needed before 2030, especially Bristlecone.

A 15 Mill Levy would bring in \$135,000 property tax per year (**\$640 average annual cost per lot**)

[In the near future we will send out a communication to further elaborate on the need for mill levy increase and other options available to alleviate the underfunding of the Road Reserve and the inevitable Full Depth Reclamation estimated at approximately \\$2,850,000 at current prices.](#)

NOTE A: Any mill levy increase would have to be approved with an election of the Colorado Electorate in Timber Ridge with over 50% voting in favor of mill levy increase. The Board cannot increase the mill levy. The Board can decrease the mill levy if funds are not needed. Colorado Electorate is basically Colorado registered voters who own a lot in Timber Ridge. An election would be done in fall of 2021.

Note B: Assumptions on Forecast:

1. No inflation, escalation costs or interest rate changes are included in the forecast.
2. Projecting that Chip Sealing roads will defer the FDR our roads to start in 10 years. No guarantee.
3. We will inspect and assess the roads every year with Rich Bechtolt, Engineer and adjust the plans and future budget/forecast accordingly.

NOTE D: Annual Income Assumption

| | |
|-------------------------------------|------------------------|
| Highway Use Tax Shared Funds | \$45,000 |
| Specific Ownership Tax Shared Funds | \$9,000 |
| Property Tax 10 Mill Levy (current) | \$90,000 |
| Property Tax 5 Mill Levy (proposed) | \$45,000 |
| Interest Income | <u>\$5,000</u> |
| | |
| Total | \$194,000 15 Mill Lev |
| Total | \$149,000 10 Mill Levy |

Thank You,

CTR Metro District Board

Bob Milford
Gary Franklin
Kim Kron
Tim Gallagher
Gale Weber