

JOINT HOA PERIMETER FENCE PROJECT
Submitted by Joint HOA Perimeter Fence Committee

We hope you were able to attend the recent series of community meetings on the Perimeter Fence Project. If you were not able to attend, you have probably heard by now that the Joint HOA Perimeter Fence Committee has launched the process to apply to the City of Centennial for formation of a General Improvement District (GID). The GID would sell 30-year bonds to finance the construction of a replacement perimeter fence bordering Willow Creek HOA 1 and 2 neighborhoods, and use property tax mill levies to both service the bonds and pay for maintenance.

This project is necessary because the current perimeter fence is approaching 30 years old with mounting repair and maintenance costs. Its worn and tired appearance is reflecting unfavorably on Willow Creek. Our fence repair companies consider our fence at the end of its life, and our fence is called-out for replacement by our professional reserve studies. On average, every five years the two HOAs together need to spend between \$75,000 and \$100,000 to re-stain and repair the fence.

The HOAs have inadequate funds to replace the fence with cedar which is the lowest cost option. Cedar replacement would cost over \$1,000,000 (for both HOAs combined) with new monuments and logo signs. A GID is not a financing alternative for replacement with cedar. Replacement with cedar would need to be funded by imposing an estimated one time \$984 special assessment or an additional \$30 per month dues increase for three years to accumulate the necessary funds. Even then, we would only be buying a new cedar fence, which would require periodic maintenance and would need to be replaced again in approximately 25 years.

Since it is inevitable that the current fence is going to have to be replaced soon, this issue came down to two main questions – What type of fence material should we invest in? And, how do we pay for a replacement? After three years of study and research, a Joint HOA Perimeter Fence Committee received concurrence from both HOA Boards to proceed with its recommendation to pursue the formation of a GID for the purpose of constructing a replacement fence made from a product called Allan Block or similar.

Allan Block is a system of individual engineered blocks that interlock with each other. They are twice as thick as brick and come in five different sizes, various colors and two different “faces” that can be custom mixed to create an Ashlar blend of colors and finishes. It provides a pleasing aesthetic style, diversity, durability, low maintenance, extended life, superior noise abatement, and safety. Pictures and more detailed information are available on the www.allanblock.com web site. As part of its research, the committee investigated the Marston Slopes community in Lakewood near the Pinehurst Country Club that used Allan Block almost six years ago. It looks very attractive, and their HOA is very pleased with it and highly recommends it. Following are two actual examples of Allan Block. The picture on the right is from Marston Slopes.



Rebuilding a new cedar fence was not recommended because:

- Cedar short term costs are higher than Allan Block with GID bond financing, because cedar must be fully paid for up front.
- Cedar's long-term costs approximate Allan Block at 51 years because of cedar's high maintenance and replacement costs.
- Cedar is not as distinctive, durable, secure, quiet, economical to maintain or visually pleasing.
- Cedar is no longer the preferred material. Other HOAs with existing GIDs are converting to masonry. New developments, as on Yosemite, use masonry. However, HOAs without GIDs or the mindset to form one default to cedar or Trex.

Allan Block is 48% less costly than brick which seems too formal, old fashioned, stodgy, stately or exclusive for our Willow Creek personality. Allan Block seems to better reflect the Willow Creek personality which is practical, aesthetically appealing, youthful, naturalistic, and contemporary.

The estimated cost for an Allan Block project is:

Total Required Financing -Thirty Year Bond – 5% interest	\$4,340,791
>Mill Levy factor - Debt Service	7.75 Mill
>Mill Levy factor – Operations & Maintenance	0.33 Mill
>Monthly GID Mill Levy cost per average home	\$22.79
>Monthly GID Mill Levy cost for average <u>Single Family Home</u>	\$25.02
>Monthly GID Mill Levy cost only for average WC2 <u>Cluster Home</u>	\$19.28
>Monthly GID Mill Levy cost only for average WC1 <u>Patio Home</u>	\$16.50

A GID benefits all homeowners by making a masonry fence possible. All home values benefit from upgrading the perimeter fence - - as they do with upgrading and maintaining other HOA amenities such as greenbelts, pools, clubhouse, and tennis courts, etc. With the GID, property tax assessments vary based on the value of each home with smaller or less expensive homes paying lower taxes.

GID costs are shared with future owners and are lower in the short term. If a special assessment or dues increase were used to fund a replacement cedar fence, current homeowners would bear the full cost of construction and everyone would pay the same amount regardless of the size or value of their home. With the GID, your taxes end when you sell your house, and the new homeowner picks up the tax going forward.

The correct way to calculate your own estimated GID tax cost is to multiply the assessed value on your tax notice by the combined mill number above of 8.08. To do this, you move the decimal in the mill number

THREE spaces to the left. Also, be sure to use the assessed value instead of the appraised value on your tax notice. This is different than your "market" value. For example, the combined 8.08 mill shown above is $.00808 \times$ a full-size home average assessed value of \$33,851 equals a \$273.51 annual property tax bill that averages \$22.79 per month. Each year, the mill levy will be adjusted so that excess funds will not be collected. After the bonds are paid off, remaining cash and only a fractional mill levy will be used to fund ongoing operations and maintenance if needed.

In summary, the Committee believes it has recommended the most cost-efficient option with the greatest value over the long term that is the most appropriate construction material for the Willow Creek personality. If this condensed version of the community meeting presentations has left you with unanswered questions or concerns, do not hesitate to contact any Board or Committee member. You can contact David Jackson who is a member of the committee and the Willow Creek 2 HOA board at djackso9@aol.com.