

Frequently Asked Questions – GID Perimeter Fence Replacement

Submitted by Joint WC 1 & 2 HOA Perimeter Fence Committee

This is the latest installment of a Questions & Answers article series. These articles are intended to be informative and provide clarity. Please e-mail the Joint Fence Committee at djackso9@aol.com if you have any questions or to suggest content for next month, which will be the last edition before the election. The primary topic planned for next month is how to understand the language of the ballot question, which can be challenging to read due to legal wording requirements. This month's questions are:

Question 1: Is a Masonry Fence/Wall Worth the Cost?

Being cost effective was one of the original eight objectives established for the Committee when it was formed over 4 years ago. Other objectives included increased safety from vehicle intrusions, noise reduction, appearance improvement and low maintenance. Allan Block or a similar product was the only material that met all the objectives. The Committee also analyzed the lifetime costs of an Allan Block wall financed through a GID and found that over a longer period of time (50-60 years) its costs were very similar to building, maintaining, and then replacing cedar fences every 25 years.

In finalizing the ballot questions, the City of Centennial staff used extremely conservative assumptions for their costs. The election ballots will request that homeowners approve an average tax increase per homeowner of \$24.70 per month versus the Committee's original estimate of \$22.79 per month. The City has a responsibility to ensure that the GID can fund all of its expenses, and so they are assuming worst case scenarios. Having said this, the Committee believes that its original \$22.79 estimate is still valid, and also very conservative.

The Committee believes that the actual taxes required to fund the GID will be lower than the estimated \$22.79 average per homeowner, and that they could be as low as \$19.00 per homeowner per month. Lower interest rates are reducing the cost estimates for this project. If the funds were being borrowed for this project today, the interest rate would be 2.5% annualized vs. the 5% rate built into both the Committee's original estimates and the City's estimates. The table below shows average monthly homeowner estimated costs (by home type) for the City's cost projections (amount on the ballot), the Committee's original estimates, and the City's cost projections at four lower interest rates. Rates between 2.5% and 4.5% would result in a reduction of costs.

Average Monthly Property Taxes by Willow Creek 1 and 2 Home Type

Interest Rate	Amount	Original	Property Tax Estimates at Different Interest Rates			
	On Ballot	Estimates	4.5%	4.0%	3.0%	2.5%
WC1 Patio Homes	\$17.88	\$16.50	\$16.98	\$16.10	\$14.43	\$13.63
WC1/WC2 Single Family Homes	\$27.11	\$25.02	\$25.74	\$24.41	\$21.87	\$20.66
WC2 Cluster Homes	<u>\$20.89</u>	<u>\$19.28</u>	<u>\$19.83</u>	<u>\$18.81</u>	<u>\$16.85</u>	<u>\$15.92</u>
Total Average Home	\$24.70	\$22.79	\$23.45	\$22.24	\$19.92	\$18.82

Also, the projected capital cost of \$4,340,000 to design and construct the new masonry wall includes an \$855,000 contingency. While some of this contingency amount may be spent, it is unlikely the GID will spend all of it. If the GID spends less than \$4,340,000 the annual servicing cost will be lower.

It is important to realize that the alternative to this proposal is not cost-free since the current cedar fence must be replaced and this would need to be funded through either a special assessment or increase in monthly dues.

Question 2: Why is the Committee not gathering easements from homeowners on County Line Road?

First, the scope of the project has always included replacing the fence on County Line Road from Yosemite west to the Willow Creek water way – about 800 linear feet. The plan is to build the new Allan Block fence in the same location as the existing fence. The County Line Road section is on City Right-of-Way and is not on or close to

homeowner property. The City will be granting easements to the GID to replace the existing fence with Allan Block or a similar product. This has been reviewed with the City Staff and City Attorney.

Question 3: Why not maintain the current fence and keep it indefinitely?

Theoretically you could maintain the existing cedar fence indefinitely. However the appearance of the fence would remain in its current condition indefinitely. Also, any perceived cost savings from this approach would not likely occur since cedar has a limited life, and when wood rots or cracks and falls down it needs to be replaced. You would in essence be replacing the fence one board or section at a time over the same expected lifespan of cedar that is subjected to the elements and traffic conditions in our community. And, experts such as the HOA reserve analysis firms and fencing contractors all recommend replacement of the fence at 25-30 years. This project was initiated four years ago because both HOA Boards had decided based on the age of the fence, the known useful lives of cedar fences, the appearance of the fencing, and recent maintenance experience with the fencing – that the fencing needed to be replaced.

Question 4: Why not use TREX?

Unlike TREX material for decks, TREX material used for fences is thin interlocked vertical vanes made to look like “boards” that sit in a horizontal base and top tray. These interlocked thin vanes make up the panel of the fence and can be damaged by the lateral force of snow, sludge and ice thrown against it by snow plows along two sections on Dry Creek that are close to the curb. This could also become a problem along Yosemite if it is widened in the future.

Also, the Highlands Ranch Metro District’s experience over the years includes: 1) non-uniform color fading, 2) water staining along bottom rail which cannot be removed, 3) it cannot be power washed as the 1/16 inch top coat is the color layer and can be damaged, 4) it is difficult or impossible to remove graffiti without it leaving a “shadow” image, 5) drain holes in the lower track that hold the interlocked panels clog with debris over time, hold water that freezes and damages the fence, 6) pitting, expanding fastener joints and hail damage cannot be repaired, 7) entire sections have to be unassembled and reassembled to replace parts or pieces, 8) squirrels love to eat the top caps, 9) landscaping should be kept, trimmed and maintained at least 12 inches away to prevent damage, and 10) it wears down where continuing UV exposure is severe.

Question 5: Why finance the project with 30 year bonds adding interest costs?

Creating a GID allows the project to be funded with tax free municipal bonds using the City of Centennial’s established bond rating. Using bonds makes the cost affordable on a monthly or annual basis. It also allows future home owners in Willow Creek to pay their proportional share of the cost, instead of current owners paying the entire project cost (for either cedar or masonry) up front. Now is an ideal time to use bonds because interest rates are very low and trending down.

To afford the masonry fence without the GID, the two HOAs would need to impose, with prior approval from homeowners, either 1) a one-time special assessment of \$3,756 or 2) a dues increase over 24 months of approximately \$160 per month.

Question 6: What’s the November Election about?

The basic question at the November election is whether the community is willing to fund, with tax exempt bonds, construction of a masonry perimeter fence -- with its advantages of improved appearance, lower maintenance cost, durability, noise abatement and safety. Or in the alternative, would it rather pay incremental dues or special assessments to repeatedly repair and replace a cedar fence. The cedar option is cheaper in the short run, but offers none of the improvements of masonry, and may be just as expensive in the long run. Everyone has their own perspective on this project and will be able to vote in the November election.