

Hello everyone. First, on behalf of the Board, I want to thank all the residents for your patience and cooperation in helping us get through the first phase of this year's road project. Thanks to only 1 weather delay and the efforts of Lee Ann, Sam and Janet, things went like clockwork. They worked their tails off by calling folks and knocking on doors to make sure that everyone was notified if they were going to be affected by the sealcoating operation. **But** we still have another phase of work to complete this year and we hope it goes just as well. **By far**, our roads have become the biggest financial burden the Association has, and we're being pretty aggressive this year in trying to catch up with things.

SLIDE #1 I know that most of us don't pay much attention to the roads until we have to drive over or around something like this. And, we probably miss the fact that the occasional bump we just drove over wasn't there yesterday. The point is, that changes are taking place in our roads, and it's happening at an accelerating pace. The roads were built in phases, between 15 and 38 years ago, and they're showing some serious signs of neglect. And the fact that we've never had a preventive maintenance program is really coming back to bite us. One of the most important duties that we have as Board members, is to keep up on the maintenance of the infrastructure, and not let things get out of hand. If we don't, our property values are going to tumble. We take this responsibility seriously, and when we're faced with important issues like road maintenance, we admit that we aren't experts. So we've reached out to a handful of professionals in the paving industry for guidance.

A year ago in March, we worked with 4 road maintenance contractors to put together an assessment of our road conditions and a long term road maintenance plan. And, in September, we finally were able to finish the last phase of the previous Board's plan. It quickly became obvious that we have a large backlog of deferred maintenance and localized road damage that's been building up for many years. It was also obvious that our annual income and reserves, at that time, couldn't support that high backlog level. On top of that, this winter was much more damaging to our roads than in the past. **However**, thanks to this year's increase in our monthly assessments, our new income level is now enough to support other infrastructure improvements and a preventive maintenance program. **But, unfortunately, it can't happen until we eliminate the huge backlog.**

So, we had to get creative in order to catch up and get back on track. When we updated our assessment in March of this year, after seeing the toll that winter took on the roads, we realized we were facing a difficult decision. Do we plod-along with the original 5 year plan, budgeting \$40,000 a year, but never seeming to catch up? Or, do we try to combat the effects of inflation and harsh winters by finding a way to get things done more quickly? As part of our due diligence we enlisted the help of a retired consultant who worked as a Senior Traffic & Paving Engineer for the City of Spokane, and also consulted for the State of Washington (WSDOT) on major highway transportation projects. After inspecting our roads with us, he assured us that our plan to fix them was sound, and that we should try to get the repairs done before inflation takes another bite out of our budget.

So, with all that as background, let's have a look at our current road assessment, and **why** we decided to move forward with a **2-year project**.

Here's a few examples of the types of damage that's occurring on almost all of our roads today, a lot of which just appeared this last winter. All but 1 of these photos were taken in the newer parts of Woodlawn, between the Well house and Oakwood Drive, sections that never had a single application of sealant or any other preventive maintenance since the road was built.

- **SLIDE 2** This is the worst example of alligator cracking in the Park, and what it can lead to.
- **SLIDE 3** You will see a lot of these Transverse cracks running from edge to edge across the roads, and some are nearly 1" wide.
- **SLIDE 4** Here, large Block cracks are forming between transverse cracks
- **SLIDE 5** This is a combination of Longitudinal, Block and Edge Cracking, strung together across multiple lots on both sides of the road
- **SLIDE 6** Standing water from sprinklers is penetrating existing cracks, eroding the base beneath the asphalt, leading to a breakup and an eventual pothole.
- **SLIDE 7** Upheaving and settling from Freeze-thaw cycles of a hard winter; this creates a bumpy ride, and quickly leads to a pothole.

SLIDE #8 Here's the 4 processes that we're using to repair and preserve the roads this year and next, with the current schedule as we know it now, and some notes on the traffic disruptions that might occur.

- **Crack filling w/liquid bituminous sealer, covering all cracks up to ½" wide, followed by.....**
- **Seal Coating, which can add up to 3 years of life by sealing voids in the surface.**
- **Patching, involves saw-cutting and removal of the damaged area, rebuilding the base & then filling with new asphalt.**
- **Overlaying applies a 1-1/2" to 2" thick layer of new asphalt over the old, like we did on Woodlawn last year. Any surfaces that are Patched or Overlaid this year will be Seal coated in the next 1-2 years to get the maximum life extension.**
- **NOTE: Refer to Slide for more discussion on schedule & traffic disruptions**

SLIDE #9 AND HERE'S AN IMPORTANT REMINDER ABOUT SPRINKLERS

SLIDE #10 And here's the Leisure Park road **map** that gives you a **visual** of where the all the maintenance is happening **this year**. Again, Blue is crack fill and/or sealcoat, and Green is patching or overlays. You can clearly see that most of the roads are getting some well-deserved attention.

SLIDE #11 This **chart** shows the street-by-street details of our Master Plan, and how we plan to complete the majority of the backlog in two years, except for the Clubhouse Driveway Loop and Parking Areas. The total cost of the 2-year project in 2023\$\$ will be **\$223,000**. The **Blue** Section has already been completed this year, and includes roads that were Crack Filled and Sealcoated, at a cost of **\$37000**; **Green** Section includes roads that are in the process of being Patched &/or Overlaid, at a cost of **\$131,000**, also this year. And the **Pink** Section includes the final areas to be repaired **next year** with Crack Filling & Sealcoat at an estimated cost of **\$55,000**.

To give you a perspective of how inflation is affecting our decision-making, last year the Woodlawn overlay project cost the Association more than \$78,000. That was \$8,000 more than the original bid, seven months earlier. And then by October 2022, the cost for that same project would have risen to \$160,000 if we hadn't signed the contract the previous March. Asphalt price tracks with the price of crude oil, and had increased by 130% during that short time. And, like oil, it's predicted to keep spiraling upward. That's the **primary** reason we chose to complete the entire backlog of work in only 2 years. **A second reason is** that we're facing another major expense coming our way in 2024. The City of Hayden's Roundabout Project at the intersection of Ramsey & Honeysuckle is going to require us to replace a portion of our old fence along Ramsey Road and make other landscaping revisions to the common area at the intersection. **And**, we're faced with the possibility of a new unbudgeted expense in re-landscaping both entrance & exit roads to the park due to all the damage done to the arborvitaes over the winter. **Things just keep piling up, don't they?**

That pretty much paints the whole picture. The backlog is too large and the reserves too small to catch up with **all** the work in a single year. But, **we cannot and will not** just ignore the roads and leave the problem for the next Board to figure out. And we won't let our Reserves fall to an irresponsible level either. **So**, that brings us to **how** we're addressing this challenge and still completing the work in just 2 years. And it's really quite simple. **The Association has recently signed a Promissory Note, agreeing to repay a loan of \$130,000, amortized over a period of 48 months at an interest rate of 6.5%.** In today's market these are extremely favorable terms, and the best part of it is, there is no prepayment penalty and the loan is not secured by HOA property or any other real or personal property. Just so you know, the **lenders** have asked to remain anonymous, and the Board has pledged to honor **their** request.

Why \$130,000? Because it represents the amount needed this year, that is **over and above** the amount we already had budgeted for the year, in order to make a 2-year recovery program feasible. We're confident that the interest on the loan would be substantially less the cost of any additional road damage and inflation that would occur if we postponed the repairs any longer. Doing it any other way would have created a substantial hardship on all of our residents. Meaning that we averted either a one-time Special Assessment of **\$725** or an additional **\$120 a month** in dues, over and above last January's 50% increase.

SLIDE 12 **Two final comments about the road damage we're seeing**, and then I'm done. And both of these points were stressed by all the experts who helped us get to this point. **(First) Standing water**, especially from sprinkler systems is a big issue. The #1 cause of roadway failure is water that saturates the subgrade below the pavement via any crack in the asphalt surface or at the edge of the roadway. Vegetation along the pavement edge can cause water backup and edge cracking. You can help by keeping your grass from growing over the edge of the roadway, and by adjusting any sprinklers that cause standing water on the roadway.

(And second) our roads are narrow and not really designed for parking. They have no curbing to support the outer edges, and that contributes to edge cracking. Please ask your guests and any contractors to park in your driveway whenever possible. If the roads were meant for parking, I'm sure Mr. Eborall would have made them wider and installed curbs **and parking meters**.

SLIDE 13 **I see my time has expired, so I'll leave you with those thoughts, and thanks for bearing with me.** We have a couple more hot topics on the agenda, so if you can hold any questions for the open forum after we're done with those, it would be appreciated.