

Pine Brook Hills Roads Repaving Questions and Answers Overview

The issues involved in determining the best method for addressing road rehabilitation in Pine Brook Hills are complicated and involve possible significant cost for property owners. In an attempt to address these issues in some detail, the following Qs & As document has been created. This document covers in detail the four possible scenarios for addressing road rehabilitation and any peripheral issues impacting those scenarios.

Covered in significant detail with cost calculations are:

- **The cost of doing nothing**
Living with deteriorating roads can cause vehicle damage, drops in property value, limited school bus service, limited postal and package delivery, increasingly dangerous driving conditions for everyone, etc.
- **The time and energy required to create a Political Action Committee**
Pine Brook Hills residents would have to create a politically active group and spend significant time to try and convince the county commissioners to change the County Comprehensive Plan.
- **The costs to create a LID and accumulate funds to start road rehabilitation**
It is estimated to take 19 years at the straight accrual rate to reach the \$2.65 million level to start road rehabilitation work. This delay in the start of work would leave the roads deteriorating further plus it would incur major cost increases over time.
- **The costs to create a LID/PID and have it commercially bonded**
A bonding company provides the road rehabilitation funds up front so work can be done soon. PBH pays the loan back over 20 years with the assessments/taxes (which include significant bonding costs).
- **The costs to create a Hybrid LID/PID**
Property owners are assessed/taxed at a much higher rate for first 5 years. Accelerating the accumulation of funds would allow the work to start sooner. This solution still leaves the roads with 5 more years of deterioration plus some cost increases.

The questions covered include:

1. Why do PBH Roads need to be fully repaved anyway? Can't we just let the county keep patching them?
2. Why can't we just "throw the bums out" and elect a new Boulder County commissioner that will reallocate the existing taxes we pay to repave our roads?
3. Why are the current PBH repaving estimates so much higher than the \$130 per lot per year that the county included in its 2010 proposed county-wide Local Improvement District (LID)?
4. What are the available alternatives to get the work done?
5. So what is the bottom line to rehabilitate Pine Brook Hills Roads?
6. Why can't we contract with a cheaper bid from a private contractor to do the roads rather than use the county to do it?
7. What would the numbers look like for a Public Improvement District (PID)?
8. Why can't we use BMFPD or Pine Brook Water as the district and tack the roads cost onto them?
9. I live in PBH on a dirt road and/or a private road which isn't going to be repaved by the county even if a LID or PID is put in place. Why should I pay?
10. What are the differences between a LID and a PID?

Thank you for your time to read about & understand the issues and vote responsibly for what you consider to be the best solution for Pine Brook Hills road rehabilitation.

Pine Brook Hills Roads Repaving Questions and Answers

1. Why do PBH Roads need to be fully repaved anyway? Can't we just let the county keep patching them?

- Living with deteriorating roads can cause vehicle damage, drops in property value, limited school bus service, limited postal and package deliver, etc.
- Putting off repairs means dealing with increasing cost of repairs (estimated to be 5% -10% per year)
- At some point, paved roads degrade to the point that just patching them no longer works – just look at the entrance road to Jamestown, where neither county nor town will fix the road surface.
- Most PBH paved roads need rehabilitation due to their age and condition:

Roads Location	Good	Fair	Poor
All Boulder County 2009	44%	37%	19%
Primary Roads 2009	66%	22%	12%
Subdivision Roads 2009	31%	36%	34%
Pine Brook Hill Roads 2009	17%	52%	32%

2. Why can't we just "throw the bums out" and elect a new Boulder County commissioner that will reallocate the existing taxes we pay to repave our roads?

- Political Action takes time, energy and dedication – with little chance of success.
- One of the three Boulder County Commissioners may live in a district that includes PBH, but the entire county votes on who is elected to that position, not just those in the district.
 - 81% of Boulder County active voters live in towns that already pay through their own local taxes for road maintenance & rehabilitation of their local roads: Boulder, Longmont, Louisville, Lafayette, Lyons, Superior, Nederland, Erie, Ward, Jamestown
 - Why would they vote to let county taxes to pay for our roads when the county doesn't do it for theirs?
- Even if a miracle happened and someone sympathetic to our position was elected commissioner, would they be able to change the minds of the other two commissioners and change the Boulder County Comprehensive Plan in time to help us?

3. Why are the current PBH repaving estimates so much higher than the \$130 per lot per year that the county included in its 2010 proposed county-wide Local Improvement District (LID)?

- County-wide LID spread the cost of 150 miles of subdivision roads over 10,600 properties
- PBH includes 18 miles (12% of all sub-division roads), but only about 440 properties (4.2% of 10,600)
 - Each PBH property is paying for about three times the average county subdivision road distance
 - It's logical that PBH's repaving estimate should be around three times the average price
 $\$130 \times 3 = \390 per year.
- PBH roads have been surveyed in detail by county engineers, who have determined that all PBH roads are in fair or poor condition. Cost estimate for just the actual rehabilitation work from the county totals \$2,654,593, which works out to \$301 per year per property (\$2,654,593 of rehab work / 441 properties / 20 years).
- Because the vast majority of the road rehabilitation work is to our major thoroughfares - Linden and Timber Lane roads, the whole \$2.65 million must be available before work can commence.

4. What are the available alternatives to get the work done?

- **Four possible alternatives:**
 - o **Create a LID and accumulate funds** (estimated to take 19 years at the straight rate) to the \$2.65 million level to start road rehabilitation work. This delay in the start of work would leave the roads deteriorating further plus it would incur major cost increases over time.
 - o **Create a LID/PID and get the county to loan us the road rehabilitation funds** up front from county reserves so work could be done soon. PBH pays the loan back over 20 years with the LID assessments (plus interest payments at a rate set by the county). This solution would require significant work on the part of PBH to convince the county commissioners to make this loan.
 - o **Create a LID/PID and have it commercially bonded** so the bonding company provides the road rehabilitation funds up front so work could be done soon. PBH pays the loan back over 20 years with the assessments/taxes (which include significant bonding costs).
 - o **Create a Hybrid LID/PID – where property owners are assessed/taxed at a much higher rate for first 5 years.** Accelerating the accumulation of funds would allow the work to start sooner. This solution still leaves the roads with 5 more years of deterioration plus some cost increases.
- **Accumulation of Funds Scenarios** - Unless the \$301 per year per property assessment is adjusted upward drastically, the alternatives above which use accumulation of funds have major risks - cost increases in material and labor during the time of accumulating funds. The time to begin road rehabilitation work would have to stretch out until additional funds are accumulated, which may cause a catch-up scenario that could leave PBH without any way to pay for full road rehabilitation.
- **Loan/Bond Scenarios** - The alternatives above which use loans/bonds to begin road rehabilitation work immediately protect from cost increases, but PBH property owners will be repaying what are essentially loans that are much like a 20 year home mortgage loan with principal, interest, and first year escrow – which almost doubles the total amount to be paid back.

5. So what is the bottom line to rehabilitate Pine Brook Hills Roads?

- **With a LID using the accumulated funds scenario, wait 19+ years to get all the road rehabilitation funds before doing the work.**

Cost Category	Total	Total Per Lot	Yearly Per Lot (Total / 441 / 20 years)
Original Rehab Cost	\$2,654,593	\$6,019	\$301
Inflation at 3.6% yearly - 19 yrs	\$2,654,593	\$6,019	\$301 (cost < or > based on inflation %)
Total Cost	\$5,309,186	\$12,039	\$602

Note: No chip sealing because rehab work will not be started for 19+ years!

- **Have the County loan PBH the road rehabilitation funds at 3% interest like promised in last year’s county-wide LID proposal.** *Note: The County hasn’t agreed to provide a loan to PBH yet.*

Cost Category	Total	Total Per Lot	Yearly Per Lot (Total / 441 / 20 years)
Original Rehab Cost	\$2,654,593	\$6,019	\$301
Interest at 3% yearly – 20 yrs	\$ 878,761	\$1,993	\$100
Total Cost	\$3,533,354	\$8,012	\$401

Note: If protective chip sealing twice during 20 years is added, \$45 more per year per property must be added.

– Create a LID/PID that is Commercially Bonded

Cost Category	Total	Total Per Lot	Yearly Per Lot (Total / 441 / 20 years)
Original Rehab Cost	\$2,654,593	\$6,019	\$301
Bonding Cost – incl 3 to 6% interest	\$2,325,801	\$4,547	\$264
Calculated Cost	\$4,980,454	\$11,294	\$565
Cost + County Fudge Factor			\$527 - \$580**

**** County will determine the final cost after the initial work is completed. Cost will be fixed in this range for the 20 years of the bonds.**

Note: Bonding Cost includes cost to create & sell the bonds, bond rating services, bonding interest.

Note: If protective chip sealing twice during 20 years is added, \$45 more per year per property must be added.

Total Cost with Chip Seals			\$572 - \$625
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– Create a Hybrid LID/PID – 1st five years collect much higher assessments/taxes

Cost Category	Total	Total Per Lot	Yearly Per Lot (Total / 441 / 5 years)
Original Rehab Cost	\$2,654,593	\$6,019	\$1,204
Inflation at 3.6% yearly – 5 yrs	\$ 513,501	\$1,164	\$ 233 (cost < or > based on inflation %)
Total Cost	\$3,168,094	\$7,184	\$1,437

Note: If protective chip sealing twice during 20 years is added, \$45 more per year per property must be added.

- **NOTE:** The figures above show the cost of recommended chip seals to preserve the life of the rehabilitated roads separately. Chip seals are not needed until Year 7 and Year 14 of a LID/PID timeline, so it did not make sense to finance them and pay the interest. An additional assessment will be needed to accrue the cost of chip seals to be applied when needed. Estimated addition costs are: ~\$45 per year per property (2 x \$141,245 cost of a chip seal / 441 properties / 15 years). Since the first application of funds is 7 years out, these costs can be accrued – assumption: interest earned on the accrual balances out with inflation.

6. Why can't we contract with a cheaper bid from a private contractor to do the roads rather than use the county to do it?

- In any road repair situation, the county will need to oversee the roads work to make sure it is done to their specifications.
- Experience with paving part of Balsam and several other small roadways here in PBH has shown that once a contractor must do the work to county specifications, the price becomes similar to the county's price.
- Part of the cost numbers in Question 3 above include the county covering, at their risk, a 20% contingency factor across the entire amount, rather than us having to bond and pay for it.
- The county coverage of the contingency reduces our total cost. The county wouldn't risk covering the 20% contingency if they weren't doing the work.
- Some volunteers in Pine Brook would have to become experts at road work in order to be able to write bid specifications and evaluate bid responses for this work. Would YOU be willing to set up a

committee to interface with non-county paving companies to make the necessary assessments, monitor bidding and then oversee the work?

7. What would the numbers look like for a Public Improvement District (PID)?

Because we have not looked at a PID from a bonded point of view, our estimates of the mill levy required to support road rehabilitation are VERY crude. The initial costs (work and bonding) would be similar to the cost of the LID discussed above.

A PID is a permanent tax that would be used to rehabilitate and maintain roads in Pine Brook Hills on-going. Because this is a tax, it requires signatures to become a ballot issue and would then have to be introduced as a ballot measure which is not possible until 2012 elections.

The other major difference between a LID and a PID is that a PID is based on property value and is taxed as a mill levy. This tax would be very similar to the tax we currently pay for fire protection.

Using the same cost figures as the LID calculations, the mill levy for the first 20 years of a PID are a very gross calculation based on the estimated total value of homes in PBH and the current bonded costs provided by the county. These figures indicate a mill levy of approximately \$11 per \$1000 of assessed value of property per year. For example, an average home in PBH is valued at \$750,000. Its assessed value would be approximately \$62,500. Its PID tax bill would be approximately \$688 per year. **NOTE:** The PID is a tax and can be deducted making the actual cost lower.

8. Why can't we use BMFPD or Pine Brook Water as the roads district and tack the roads cost onto them?

- The BMFPD fire district doesn't cover the same lots as a PBH Roads LID/PID (includes Bldr Hts, etc.)
- Our single-use Fire or Water districts would need to change to a multiple use Metropolitan district with new legal charters, totally revamping them, public votes, and large legal costs.
- A PBH resident whose full time job includes working with special districts has given us advice from his attorney that Boulder County government rarely if ever approves Metropolitan districts.

9. I live in PBH on a dirt road and/or a private road which isn't going to be repaved by the county even if a LID or PID is put in place.

- **Why should I have to pay the LID/PID if my local road isn't being paved or is private?**
 - Access to your dirt and/or private road is via the main paved roads in Pine Brook Hills.
- **My property isn't officially part of Pine Brook Hills, so why am I included?**
 - Properties that use Linden as their primary route to get to Broadway would be included in the LID/PID, because those property owners use a road (Linden) that will be rehabilitated.

NOTE: If you live on a paved private road, we will be scheduling meetings with Mike Thomas of the Boulder County Department of Transportation to discuss what would be required to have your road adopted by the county. Any work required to meet county standards for adoption are the responsibility of the residents of the private road.

Please contact Cindy Lindsay, Roads Committee Chair to receive notification of these meetings.

NOTE: If you live on an unpaved county maintained or private road, we will be scheduling meetings with Mike Thomas of the Boulder County Department of Transportation to discuss the work required to pave your road and have your road adopted by the county. Any work required to pave and meet county standards for adoption are the responsibility of the residents of the unpaved or private road.

Please contact Cindy Lindsay, Roads Committee Chair to receive notification of these meetings.

10. What are the differences between a LID and a PID?**LID/ PID Comparison**

	LID	PID
Collected Funds are administered by the county and appears on each resident's tax bill.	X	X
Advisory committee of PBH residents will direct Boulder County department of transportation on the priority of projects within the PBH neighborhood and where money is spent.	X	X
Collected Funds can only be used for PBH road rehabilitation. County is prohibited from using the funds for anything else.	X	X
Collected Funds are an assessment that is a fixed amount – it cannot vary over time. It is possible that the costs to rehabilitate and maintain the rehabilitated roads will be underestimated resulting in termination of projects toward the end of the LID.	X	
Funds are an assessment for a fixed number of years, after which the assessment ends. Then a new way to fund roads rehabilitation must be found.	X	
Collected Funds are a Mill Levy per \$1000 of assessed value of each property and would be calculated and administered by the county. The Mill Levy can vary over time based upon PBH Advisory committee input to ensure enough money is available to complete any needed work.		X
Collected Funds are a permanent on-going tax. It doesn't end after a fixed number of years.		X
Mill Levy is tax deductible.		X
Approval requires a simple vote by PBH property owners on a survey that can be administered by PBH HOA.	X	
Approval requires a petition of 50% of PBH property owners' signatures requesting that the PID be placed on a formal November election ballot – just like other ballot initiatives. Implemented by a simple majority of voters from PBH at that election. NOTE: Bonding would be voted on the same ballot.		X
Bonding can be used to make funds available immediately for road rehabilitation, rather than waiting years for funds to accumulate. Bonding adds extra costs for interest, bond rating, legal advice, etc. Bonding will add to property owners' assessment/tax bill amount over the years of the bond. This is what was used for PBH dam and reservoir.	X	X
LID Bonding requires a vote of PBH property owners on a formal November election ballot – just like other ballot initiatives. Implemented by a simple majority of voters from PBH at that election.	X	
PID Bonding requires a petition of 50% of PBH property owners' signatures requesting that the bond issue be placed on a formal November election ballot – just like other ballot initiatives. Implemented by a simple majority of voters from PBH at that election.		X
Hybrid LID/PID structure increases first 5 years of assessment, so that more road rehabilitation funds are collected to accelerate road work without the additional long term cost of bonding. However home/lot owners will be paying more for those first 5 years over any other option.	X	X