



The Reserve on the Eagle River
Spring Newsletter from
Your BoD

Targeted Special Assessment Alert!
Irrigation System Replacement and Xeriscape Enhancement

Xeriscape Definition: environmental design of residential and park land using various methods for minimizing the need for water use.

Dear Homeowners:

Spring has sprung and your Board is springing forward to complete some long range plans that are fiscally and environmentally responsible.

IT'S ALL ABOUT WATER!

Our water dependent amenities and assets at The Reserve:

1. We all share the privilege and responsibility of owning a piece of the Eagle River riparian corridor. The local fishing report is that water quality is improving, based on the increased number of rainbow trout being caught and released in our privately accessible stretch of the Eagle River. For my family, this is the primary asset compelling us to live here, at The Reserve.
2. Residents at The Reserve enjoy expansive grounds surrounding each building. This landscape provides coolness, comfort, lower density of habitation, and increased property value in our arid, high altitude eco-zone.
3. Our community values individuality and initiative which has blossomed into several personal gardens on our Common Element property. Most agree that this is one of the classic community characteristics which sets The Reserve apart from other developments. Of course, gardens require additional water.

We cannot think of any other property in our comparative real estate arena which offers low density, riparian habitat, and easy walking access to Edwards businesses and gathering places. We can walk along the river experiencing the solitude of wilderness and enjoy happy hour with friends in a picturesque Village in an hour or less without entering a vehicle. We need to capitalize on these assets by getting our aging property in good repair during the current local property value upswing.

THE COST OF ENJOYING WATER. THE COST OF REPAIRING WATER DAMAGE.

1. **29% of our entire operating budget is spent on water usage!!**
2. Our irrigation system has zero remaining Useful Life. The degradation imposed by time, use, and the conversion to river water for irrigation and then back again to domestic water has precipitated its demise. Many valiant attempts to provide life support have been tried. However, there are no more reasonable options to pursue. We will need to make an investment in an efficient irrigation system now, in order to save \$ on irrigation water usage in the future.
3. Water damages our siding and paint. We must budget for more gutters.
4. Water from frozen ice dams causes roof leaks in private units and common areas. We must budget for continuous roof maintenance and repair.
5. Water has caused deck supporting posts to rot. We must budget for replacement and caps. In March, your Board decided that deck post inspection and replacement, as well as, gutter installation will occur along with our building painting schedule. This will allow us to protect each building from water damage in a systematic manner.
6. Due to group domestic water metering, we all pay for the water that we and our neighbors do not carefully conserve. We can do better. Again, **29% of our entire operating budget is spent on water usage!!**

THE DETAILS:

We will begin with the GOOD NEWS. Our payment plan for our roof replacement project has been satisfied. We made our last payment in March!

1. The roof replacement was accomplished without an assessment. That was a good decision based on the real estate market and the economy, at that time.
2. The trade off for this was that other maintenance projects on our aged and aging property were necessarily delayed or denied. They can be delayed no longer.
3. Protecting our investments and improving our property values are priorities that everyone shares. We must be opportunistic. Our property value is enhanced when our curb appeal is appealing. The regional economy continues to improve, property values are rising, and our units, at The Reserve, are selling like hot cakes!
4. In 2013 your HOA contracted with Ceres Plus, Landscape Architects, to design a unified master plan with a large xeriscape component in order to begin tackling our water usage/cost issue and our civic duty to consider our state water resource depletion based on longstanding water right realities. The design of our new replacement irrigation system was created based on the Ceres Plus Master Plan. Realistically, your current board understands that the Ceres plan was created to provide an ideal master plan that can be thoughtfully downsized to fit our identity and budgetary constraints, while still providing the benefits of water/cost savings, unified curb appeal throughout our property, and increased property values. One of the most valuable components of the Ceres plan, aside from the water/cost savings, is that it has given us a vision of what our property can be. Vision and Mission are currently being articulated at board meetings so that we can make consistent, prioritized decisions that are financially responsible.
5. When our grass turns brown in certain areas, residents use domestic water to supplement our inefficient system. Following a professionally designed environmental plan which incorporates green lawn with xeriscape features in reasonable balance will reduce water usage/costs. If you need a visual example, check out the lovely roundabouts at the Edwards exit from I-70. **Water usage costs consume 29% of our operating budget.**
6. It's time to bite the bullet. This being an infrastructure project, it fits our spending criteria as a priority item.
7. We are gearing up for our irrigation replacement project. A design created for efficiency was approved by the board. Bids have been submitted and a process for contractor selection has been agreed upon. **The decision has been made that this project will need to be funded via a targeted special assessment.**

THE MATH:

Operating Budget; Profit and Loss Budget Performance:

2015: We ended the year with a \$21,446 deficit.

The major cost overrun line items were:

1. **Water Usage: It's all about WATER!** We were over budget by \$12,701. We have adjusted our budget for 2016 to account for ever increasing water usage and cost increases. This precious, limited resource will never get cheaper. Our united conservation efforts and an efficient irrigation system with balanced xeriscape components will make the biggest dent in this budget item.
2. **Common Repair and Maintenance:** We took a big hit from a \$12,377 insurance claim that fell to the HOA based on our current Declaration document. Kerry Wallace, our attorney attended our February meeting and offered us suggestions for our Amended and Revised Declaration that will eliminate that type of liability for the HOA (which we all pay for with our dues). We will be suggesting specifics on the type of Homeowners insurance that each owner will need to carry to be protected within the parameters of our new Declaration. Stay tuned.
3. **Insurance:** Our annual HOA insurance rates increased by \$5,658, due to the fire claim in building A and a lawsuit that was recently settled based on an injury suffered by someone on our property related to a speed bump. Our newly painted speed bumps and new signage will limit our liability in the future.
4. **Snow Removal:** Was over budget by \$2,506. This will always be a tricky area to budget for, for obvious reasons.

We are aware that these overages add up to much more than the stated deficit of \$21,446. That just shows how hard your Management Company and Board worked together to save money in other budgeted line items. Too many to detail here. We will continue to work hard to stay within our operating budget. Efficient use of water and preventing water damage constitutes our paramount strategy. We can reduce these water usage/costs with your help.

RESERVE SPENDING AND FUNDING

We all ask, "Where do all of my HOA dues go?" Well, besides the Operating Budget, discussed above, about \$76,800 annually goes into our Reserve Spending account to pay for larger maintenance and replacement expenditures based on the Useful Life of EVERYTHING our HOA is charged with maintaining or replacing over a 30 year period, let's say. For the past 5 years, at least \$60,000 of that \$ has gone toward paying off our roof replacement project. This is the \$ that can now be used for those delayed or denied maintenance needs and to build up our Reserves to minimize the need for future special assessments. Finally, some breathing room to address our aging property. The maintenance and replacement categories identified on our Reserve Spending Plan are:

- Asphalt
- Landscaping
- Lighting
- Woods
- Common Window and Interiors
- Swimming Pool and Equipment
- Clubhouse
- Bridge
- Sewage System
- Roofs and Waterproofing

It may seem to many that the irrigation replacement project could somehow be absorbed, over time, via the Reserve Spending Plan. We used to think this, as well. After greater consideration and years of planning, it has become clear that the long term option is just not **totally** feasible. Rest assured however, we are currently actively managing our Reserve Spending Account to absorb as much of the cost of the irrigation system as possible! Many have repeated, "We are not Arrowhead. We are The Reserve." The interpretation is, we don't need to be so fancy. We are just hard working, fun loving, regular folks. We agree. We have no delusions of ever being in a comparable real estate market as Arrowhead. We do have visions of protecting our investments and increasing our property values.

THE BOTTOM LINE

So that you can plan ahead, here is what you need to know. We can accomplish the irrigation replacement with a xeriscape enhancement in the entry area in 2 years, in 2 phases beginning this fall, 2016. The anticipated assessment will be pro-rated based on the size of your unit. Multiple interval payment options will be available over a two year period.

Your total special assessment will range from approximately \$1,500 to \$2,000.

We are on track to be able to introduce our irrigation replacement contractor to our community prior to our June 20th HOA meeting at 6:30PM at our Clubhouse. This will be an excellent time to ask questions regarding the irrigation replacement/xeriscape enhancement plan and the targeted special assessment. We hope to see you in the neighborhood and at our June HOA meeting.

The Reserve HOA, Board of Directors