

ADJUSTMENT IN ANNUAL ASSOCIATION ISD FEES FOR ALL HOMEOWNERS

July 1, 2021

Dear Homeowner,

The Rafter J Improvement and Service District (ISD) is a non-profit Wyoming Special District to support the infrastructure needs within the Rafter J Ranch subdivision, including the potable water system, the sewer system, and roads and pathways.

The primary goals of the ISD Board for 2021 are to ensure that funds are available for annual operations as well as reserve balances for capital repairs and replacements in the future, and to update the 2013 capital projects study. From these goals, the ISD Board has identified a new fiduciary plan moving forward and will promote water conservation.

The ISD incurs annual operating expenses (staffing, outsourced services, equipment maintenance, and other routine costs) as well as special/capital (non-routine) projects which vary from year to year. Annual operating expenses averaged \$187,450 for the past four fiscal years and is budgeted at \$231,933 for 2021/22. The increase is primarily due to required repairs to pathways and road. Overall, our pathways and roads are in good shape; the planned repairs are to maintain their quality and hopefully extend the period before required major repairs are necessary. Detail budgeted expenses for 2021/22 is available on the Rafter J website.

In 2013, the ISD contracted with Meridian Engineering to complete a detailed study of future special/capital projects. Over the past six months, the ISD has worked with Meridian to update this study with current costs as well as perform a thorough review of other major expenditure requirements that were identified by the ISD.

Projects include:

- Surface treatment of collector and local roads
- Asphalt overlay of collector and local roads
- Pathway sealing
- Pathway replacement
- Equipment replacement (Frontloader, Sander, Truck (dump) & Sander, Truck (plow), and Skidsteer)
- Water Main repair/replacement
- Sewer repair/replacement

We have factored in current costs, inflation rates, and standard project life spans. Over the next ten years, there are three periods where significant expenditures are anticipated:

| | |
|---------|-------------|
| 2022/23 | \$ 419,294 |
| 2028/29 | \$3,020,711 |
| 2030/31 | \$ 486,885 |

A schedule of special/capital project requirements is available on the Rafter J website.

The estimated ISD reserve balance as of 6/30/21 is \$1,148,505. At a minimum, to have funds available in 2028/29 for anticipated expenditures, we need to increase reserves by \$314,477 for fiscal 2021/22.

ISD revenue sources are primarily from the annual assessment and water usage fees. To support 2021/22 annual operating expenses and provide the minimum reserve contribution, both the annual assessment and water usage fees need to increase:

| | 2020/21 | 2021/22 |
|------------------------------|------------------|------------------|
| Assessment | | |
| Single Family/Commercial Lot | \$415.80 | \$744.28 |
| Walden Pond | \$401.84 | \$719.29 |
| King Eider | \$401.84 | \$719.29 |
| End of Trails | \$401.84 | \$719.29 |
| Cedarwoods | \$401.84 | \$719.29 |
| Northeast 40 Townhomes | \$401.84 | \$719.29 |
| Southeast 40 Townhomes | \$401.84 | \$719.29 |
| Water Usage | \$1.50/1,000 gal | \$2.60/1,000 gal |

Reserve and homeowner contribution requirements will be reviewed and adjusted each year as part of our annual budget process. The ISD will also actively pursue grants and other revenue sources to minimize required homeowner contributions; until these sources are identified and secured, we support these fee adjustments as fiduciary responsible requirements to potentially avoid future special assessments.

Sincerely,

Rafter J ISD Board

Brian Schilling, President

Eileen Mosman, Treasurer

Steve Foster, Secretary