RAFTER J IMPROVEMENT AND SERVICE DISTRICT
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PROPOSED ADJUSTMENT IN ANNUAL ISD RATE STRUCTURE FOR ALL PROPERTY OWNERS

May 6, 2025

Dear Rafter J property owner,

The Rafter J Improvement and Service District (ISD) is a non-profit Wyoming Special District that supports the infrastructure needs within the Rafter J Ranch subdivision, including the potable water system, the sewer system, and roads and pathways. ISD revenue sources are primarily from the annual assessment and water usage fees. Over the past several years, the ISD has worked to develop an updated method for determining the annual assessment rate, specifically looking at the distribution between residential and non-residential properties as well as the share of costs for "local" roads. **The ISD will be considering adoption of the new assessment structure at its upcoming meeting on Monday, May 12th, and invites Rafter J property owners to provide comments and feedback on the proposed structure.**

General Background

For background, there are three general types of properties within Rafter J:

- Residential lots in sub-HOAs (168 total lots) – will be referred to as "sub-HOA residential". These include single-family homes in King Eider and townhomes/duplexes in Walden Pond, End of Trails, Cedarwoods, Northeast 40 Townhomes and Southeast 40 Townhomes. In addition to paying the Rafter J assessment, sub-HOA properties also pay separate HOA dues for their internal roads and facilities.
- Residential lots **not** in sub-HOAs (324 total lots) – will be referred to as "residential" or "single-family residential". These are the majority of single-family homes in Rafter J.
- Non-residential lots (8 lots) – will be referred to as "non-residential". These are the properties clustered near the entrance of Rafter J along Big Trail Dr. including Stage Stop, Children's Learning Center, Gateway Church, and several small businesses.

There are two classifications of roads within Rafter J:

- Collector Roads – these are the two main roads (Big Trail Dr. and Tensleep Dr.) that run through the length of the subdivision. All Rafter J property owners equally share the cost of maintaining the collector roads.
- Local Roads – includes all roads other than Big Trail Dr. or Tensleep Dr. There are two sub-categories of local roads:
    - Local roads within sub-HOAs – will be referred to as "sub-HOA local roads" and include King Eider, the Walden Pond roads, Winding Trail, etc. Sub-HOA local roads are maintained entirely by the sub-HOAs through their own HOA fees that are assessed separately. None of the Rafter J assessment goes towards maintaining the sub-HOA local roads.

- Local roads **not** in sub-HOAs – will be referred to as "Rafter J local roads" and include all other local roads. The Rafter J assessment covers the cost of maintaining Rafter J local roads.

Historically, all Rafter J properties have been assessed at the same rate regardless of lot size, location, or use. Residential lots have paid the same assessment as non-residential lots, and residential lots in sub-HOAs have paid the same as single-family lots not in sub-HOAs. Over the past several years, properties in the sub-HOAs have received a small discount to offset the additional amount that sub-HOA property owners were paying to cover the cost of non-sub-HOA local roads. For example, in fiscal year 2025, the assessment breakdown was as follows:

Property Type	Example Properties	FY2025 Assessment
Residential	Single Family Home	$946
Sub-HOA residential	Townhomes/Duplexes, King Eider	$826*
Non-residential	Stage Stop, CLC, Gateway Church	$946

* Sub-HOAs received a $120 discount to offset the overage that they were paying to maintain Rafter J local roads.

Assessment Rate Evaluation Process

In the last couple years, the ISD has received numerous requests to reevaluate the way sub-HOAs are assessed to reflect that sub-HOA property owners are paying for Rafter J local roads in addition to having to pay for sub-HOA local roads. Additionally, the ISD has also been examining the rate structure for non-residential properties to evaluate methods for better correlating the assessment rate with the actual use and the impacts generated by each property. This was prompted partially by the proposed change in use of Lot 333 from a senior assisted living facility to a multi-unit apartment building.

The ISD has approached this process with two general principles in mind: a) Ensure that revenues are sufficient to cover Rafter J infrastructure needs; and b) Treat all Rafter J property owners fairly based on their relative use and impacts.

The process of determining revenue needs is part of the ISD's annual budget process and fiduciary responsibility. It includes a thorough review of annual and major expenditure requirements, factoring in current costs, inflation rates, and standard project life. The ISD maintains a reserve fund to provide for emergency repairs and intermittent large capital replacement projects. We have adopted a "pay as we go" policy and adjust rates annually as needed to hopefully avoid future special assessments. The ISD is currently developing the Fiscal Year 2026 budget and will have it ready within the next month.

The intent to treat all Rafter J residents fairly should be self-explanatory. It is the ISD's desire to ensure that no property owner is singled out based on any perceived impacts from the use of their property and that there is a logical nexus between the assessed rate and the actual impacts generated by their property. We feel that the assessment structure needs to be supported by data and sound reasoning so that it is consistent and defensible.

Rafter J Local Roads

The first item for consideration by the ISD is the distribution of costs for maintaining the "Rafter J Local Roads" (local roads that are not in sub-HOAs). The Rafter J assessment covers the collector roads and Rafter J local roads but does not provide support for the sub-HOA local

roads. This has resulted in the sub-HOAs essentially paying for local roads that they do not use, while the single-family residential lots receive a subsidy from the sub-HOAs for their local roads but do not contribute to the sub-HOA local roads.

The ISD agreed that the current arrangement does not meet the "fairness" test and analyzed a variety of rate adjustments, with sub-HOAs contributing to local roads at 0%, 10%, and other percentages. Cost share was calculated using the actual square footage of local roads and collector roads. Ultimately, the scenario deemed most fair was to remove sub-HOAs from the responsibility of covering any share of the Rafter J local roads (referred to as "0% Local Roads"). Using the FY25 rates, this would result in a decrease in the annual assessment for the 168 sub-HOA properties from $826 to $483[1]. The 324 single-family properties would see an increase from $946 to $1046[1]. The same "0% Local Roads" policy will be applied to non-residential properties as they do not generate significant trips on local roads.

Non-Residential Properties

The second item for consideration is the relative share paid by non-residential properties. Questions about this initially arose in the discussion of the proposed change in use of Legacy Lodge/Stage Stop from the senior assisted living facility to a 57-unit apartment building, and the accompanying increased impacts to our roads and pathways. Under the current scenario, a single-family home pays the same overall assessment ($946/year) as the entire Stage Stop property. The ISD agrees that having a residential property pay the same overall assessment as a much larger multi-unit property that generates significantly more traffic on our roads and users on our pathways does not pass the "fairness" test. Instead, the ISD's position is that the assessment should reflect, as closely as possible, the actual impacts from a property's use.

Unlike water usage, which can be individually measured for each Rafter J lot, it is not possible to determine the exact amount of impact a property has on the roads and pathways, so some degree of estimation is required. The ISD considered various methods for measuring impacts, settling on vehicular trip count as the best combination of accuracy and practicality.

Over the past two years, the ISD has collected trip count data for each of the non-residential properties (individually) and on a selection of Rafter J collector and local roads (to determine an average trip count for residential properties). These data were then used to determine the proportional share of each non-residential and residential property's impact on roads and pathways, and thus the assessment rate share for each property. The results show that residential properties generate, on average, 7.5 trips/day/property and non-residential properties vary from 36.8 trips/day to 226 trips/day. Applying this methodology to the assessment results in a moderate decrease ($40-50) for residential properties and an increase for most non-residential properties. The assessment rate structure change will be phased over a 3-year period because of the substantial impact on some non-residential properties.

Trip count data will continue to be collected annually and will be updated for non-residential properties every two years or following a change in use.

[1] Assessment values shown are based on the current FY25 budget numbers. The actual values will be different depending on the final approved FY26 budget. Rate structure changes would be phased in over a 3-year period.

Proposed Rate Structure Summary

The proposed changes to the assessment rate structure are summarized as follows:

1. Vehicular Trip Counts will be used as the basis for determining the assessment for Rafter J roads and pathways for both residential and non-residential properties.
2. Sub-HOA and non-residential properties will not be assessed for Rafter J Local Roads (the "0% Local Roads" policy).
3. The assessment rate structure change will be phased over a 3-year period at 25% in Year 1, 60% in Year 2, and 100% in Year 3.

Using the FY25 assessment as a baseline, the proposed change in assessment structure would result in the rates shown below. The actual numbers for Year 3 may be different and will be based on the FY28 budget.

Property Type	Example Properties	FY2025 Assessment	Proposed Assessment (Year 3)
Residential	Single Family Home	$946	$1,046
Sub-HOA residential	Townhomes/Duplexes, King Eider	$826	$483
Non-residential	Lot 333 (Stage Stop), Lot 331 (CLC), Lot 330A (Gateway Church), others	$946	Ranges from $1,046 to $14,575 based on trip counts

The ISD Board has made significant efforts to be fair, transparent, and deliberate in developing these proposed changes to the assessment rate structure. Our goal is to provide Rafter J property owners a thorough explanation of the proposed changes and to offer an opportunity to provide feedback to the Board before we vote on the proposed changes. As mentioned above, the Board will be considering the new rate structure for approval at the May 12th ISD meeting. Public comments may be provided in writing to office@rafterj.org or at the meeting (in person or via Zoom). The meeting agenda with Zoom login information will be posted on the Rafter J website at www.rafterj.org.

Sincerely,

Rafter J ISD Board

Brian Schilling, President Eileen Mosman, Treasurer Janice Smith, Secretary