

SOUTHERN BLUFFS STREET INFORMATION - NOVEMBER 2021

The streets in the Southern Bluffs Subdivision were installed around 2002 to City standards and specifications by the original developer with the expectation that they would be turned over to the City of Cortez. The developer changed his mind, and the streets are held privately by the subdivision. The HOA has been responsible for the streets over the years, representing a significant expense that is ever increasing. Maintenance has been piecemeal due to costs.

This year, with the City's help, we were able to contract for sealing the cracks in the roads but not the seams where the asphalt meets the gutter. The cost was kept to approximately \$7,000 only because volunteers prepped the roads for four days prior to sealing the cracks. The HOA paid for the equipment (a compressor and gas), but there were no labor costs.

The Board also researched the costs of chip sealing the street surfaces. We contacted Four Corners Materials, which just finished the chip sealing of 7th Street, and they explained that the cost at this time for them to do the same job in the subdivision was about \$1/square foot. The square footage in the subdivision exceeds 167,000 square feet of asphalt, making the approximate price \$167,000, using this year's quote. Costs are likely to increase in the future. Four Corners Materials also requires all prep work done prior to the chip sealing.

In addition, there are two places in the subdivision where sidewalks and gutters need to be replaced. They are located at the intersection of L Way and Bluffs and at Bluffs and Jennings. The most recent estimate of this work, if done through the city's cost share program, is roughly \$15,300. The total price to repair and chip seal the streets at this time, based on private contractors' and the City's estimates is ~\$7K (prep) + ~\$167K (chip seal) + ~\$15K (repairs) = ~\$190K **plus** labor. Future costs will rise due to price increases in materials and labor.

With all this in mind, the Board approached the City about transferring the streets to Cortez. The meeting with the City of Cortez was held on 11-10-21 with the City Manager (Drew Sanders), the interim Public Works Director (Rich Landreth), the Cortez Fire Chief (Jay Balfour), Karen Sheek and Steve Eberhart in attendance. All are in agreement that it's time to consider the transfer of the streets.

Regardless of whether the HOA chooses to transfer the roads to the City, the Fire Chief will require that the gates on Piñon Street be removed for safety. If the HOA does not remove the gates on Piñon, the Board would be asked to sign **a liability waiver making the HOA, and ultimately residents, liable for any delay in emergency services.** None of the current HOA Board members are willing to sign off on such responsibility.

(continued on reverse)

The City's terms for transferring the roads at this time are:

1. Repair, at our expense, the streets, sidewalks and gutters in the two places previously mentioned @~\$15K. Work to be contracted in April 2022; completed Summer 2022.
2. Install street signs where missing (~\$1K).
3. Removal of gate at 7th Street and L Way. The rock pedestals for both gates can remain.

After careful consideration of all these factors, the HOA Board unanimously recommends that the streets be transferred to the City of Cortez. According to the Covenants, Conditions, and Restrictions (CCR's), Article IV(e), any transfer of any part of the common area requires "an instrument agreeing to such transfer signed by the Owners of at least two-thirds (2/3) of the Lots...."

The Board recommends a one-time special assessment of \$150 per lot to cover expenses and to include a buffer for likely increases between current estimates and costs at the time that the transfer would occur. If the agreement is signed, the City will assume all future responsibility and costs for maintaining the streets, including snow plowing and street sweeping, along with all needed repairs.

The Board's view is that the current situation is not sustainable in terms of the time and effort involved in monitoring, managing, and contracting work for the streets. The volunteers who worked on the streets this summer have stated that they will not continue to do so. Even the short-term costs are a drain on the budget, and the long-term costs are considerable and likely to increase over time. At this time, the City is making a more than reasonable offer. It would be unwise to assume that they would be so generous in the future or even willing to cooperate with us given this is the second time we have approached them.

The Board's summary of factors to consider in the decision are as follows:

Costs: \$150 per lot one-time special assessment; no future street costs for the HOA.

Administration: There would be no need to recruit volunteers to monitor the condition of the streets and arrange for regular maintenance and resurfacing.

Additional Benefits: The City would be responsible for snow plowing and street cleaning, although main streets in Cortez take priority over side streets like those in Southern Bluffs.

Gates: The City requires that the gate at 7th and L Way be removed, in addition to the one at 7th and Piñon Street that must be removed *regardless of what we do with the streets*.

To prepare for this decision, please attend the Informational Meeting to be held in the Clubhouse on **December 4, 9am** sharp. The City Manager (Drew Sanders) and the Cortez Fire Chief (Jay Balfour) have graciously agreed to attend, but they cannot stay long. No formal vote will be taken at the meeting, although a straw vote may be taken to gauge the extent of support.