

## Lake Ridge Homeowners Association

### 2011 Annual Meeting

**Location:** Newcastle City Council meeting room

**Date:** March 23, 2011

**Time:** 7:00pm

**Attendees:** All Board members in attendance (President – Leighton Lien, Vice President – Bill Erxleben, Secretary – Vince Wallace, Treasurer – Bob Geary). Homeowners in attendance: 9. Homeowners represented by proxy: 44. The total of 53 represented homeowners constitutes a quorum.

Meeting was called to order at 7:07pm by Lake Washington Ridge Homeowners Association (LWRHOA) President Leighton Lien. 2010 annual meeting minutes were reviewed. A motion to approve 2010 minutes was made, seconded and passed.

As of the annual meeting we have 97% of homeowners email addresses. The goal is to achieve 100% and use email as the method of communication to the homeowners in Lake Washington Ridge (LWR). LWRHOA will continue to contact homeowners to reach 100% email notification. This not only provides a better means of communication but reduces administrative costs to the association.

### Vice President's Report

LWR is fortunate to have a board member who is also a Newcastle City Council member in Bill Erxleben. The following are comments regarding City of Newcastle issues which may impact the residents of Newcastle.

The construction of the Newcastle King County Library has commenced. After the initial excavation construction has run into water table issues. This issue will be worked but may cause a slight delay in project activity.

The Lake Boren Park play area will be replaced and updated with a ~\$300,000 grant from the State of Washington. Former State Senator Gordon was influential in providing these funds.

The funds include the tear down and removal of the existing play area and building the new play area with new equipment.

### City of Newcastle capital projects

The City is struggling to balance the budget and maintain the services that the residents of Newcastle expect. The following capital projects are slated for completion in 2011/2012.

- 1) The City plans to upgrade the existing path and replace the rockery along 118<sup>th</sup> Ave with either a sidewalk, asphalt paving (which exists today but would be expanded) or gravel. ~\$145,000 has been allotted for this project.
- 2) Sidewalk improvements are targeted along 116<sup>th</sup> Ave SE between SE 84<sup>th</sup> and SE 88<sup>th</sup>. This road is busy but also has a lot of pedestrian traffic. ~\$400,000 dollars is targeted for this construction.

### City of Newcastle financial position

Because of the construction costs of expanding Coal Creek Parkway and the payoff over the next twenty years of the remaining \$3,000,000 dollars of indebtedness, the capital funds of the City have been largely depleted and future funding is only projected to be available to maintain existing City infrastructure – roads, parks, and storm water.

- a) Structural deficit problem: simply put this means that financial projections show the City's future operational expenses will be increasing at a much greater rate than projected revenues. Unlike Bellevue, Renton, and Issaquah, Newcastle is primarily dependent on property taxes to fund its operational budget. Only a small percent of the City's revenue comes from sales taxes. Non-discretionary City spending is up; Police & Fire protection represents more than 50% of the City budget. These expenses are very difficult to reduce without unwanted reductions in public safety. The City of Newcastle is billed by Bellevue (Fire) and King County (Police) at fixed five year contract rates. Police, Fire and City employee health care and pension expenses are increasing at a 5-8% rate, but the City is projecting revenues, which are primarily from property taxes, to increase at a 3-4% annual rate. As a consequence, the City's operating budget will start showing substantial deficits by 2014.
- b) The City generates revenue from sales tax, development, permits, and property taxes. Because of levy lid limits, without a vote of the people, there is a limited amount of revenue increase that can be made with property taxes. It should be noted that the overall City tax burden in Newcastle is now higher than in Bellevue or Issaquah with far less services provided. Retail sales are slow which means sales tax revenue is down. The

City is nearing its capacity on large residential development, and the current state of the housing market is negatively impacting both revenue from building permits and real estate excise taxes.

- c) The estimated \$700,000 Golf Course road repair will be a big hit to the budget in 2011. The City is pursuing county/state funds to offset some of the cost of repairs.
- d) The City is now responsible for not only paying the debt for the new construction on Coal Creek Parkway, but also for maintaining the pavement and all the landscaping from the beautification of the arterial.
- e) The City currently maintains all of the parks in Newcastle proper. Along with the annual maintenance of the City's road system and employee costs, these expenses represent most of the City discretionary operational budget.

### City budget outlook is cloudy

If current financial projections are right, the City will have a substantial budget deficit beginning in 2014. Unlike other cities with large sales tax bases, Newcastle will not participate nearly as heavily in any projected economic recovery. The prospect for any helpful large scale commercial development in the City near term is limited by a lack of available land and the current poor conditions in commercial real estate. Although there are limited ways the City can continue to generate additional revenue to support the services the residents expect, there are several viable options available to the City to deal with the financial challenges:

- a) Raise taxes and hope the economy and local development activity turns around sufficiently to support the services required. Note: There are very limited opportunities to cut City operational budget expenses without reducing essential services or deferring infrastructure maintenance.
- b) Consider consolidation with another city such as Bellevue or Issaquah with a stronger financial position. One caveat: When consolidating with a city, the city that you are merging with usually will not assume any debt burden greater than the acquired city's assets. This means that the citizens of Newcastle would be saddled with any net debt in a consolidation. Currently the city has a positive net worth, but this may not be the case in 2014. This could be a deterrent to a consolidation if the City of Newcastle accumulates too much debt by running large operational deficits before it pursues this option. Consolidation of cities does not change school district boundaries.

- c) Consider who should maintain the City's parks. Right now the burden is on the City to maintain all of the parks, including the many neighborhood pocket parks in developments east of Coal Creek Parkway. Shifting this cost in whole or part, however, will not solve the City's structural financial problem.

## Treasurer's Report

The 2010 budget was reviewed. We were slightly under our budgeted expenses and were able to increase reserves slightly. The goal is to maintain a minimum of a year's worth of dues in reserves. The 2011 annual budget was presented and a 10 year budget projection included a projected 3% annual growth. This projection includes the replacement of the mailboxes and stanchions with locking metal mailbox structures along with normal allocated expenses.

Bob Geary, treasurer, presented a couple of options to replace the existing mailboxes and stanchions.

1. Replace the mailboxes when they require major repair through damage or deterioration.
2. Replace all of the mailboxes over a 2 or 3 week period. In order for this to happen either a 1 time assessment would be needed or an increase in dues over a 3 year period by \$50 would be needed to cover the expense of replacing all of the mailboxes and stanchions.

Landscaping budget was reviewed. The landscaping money was spent differently than initially projected but the total amount of money allocated for landscaping came in under budget for 2010. 2 homeowners who previously had their dues waived to maintain 116<sup>th</sup> Ave SE watering requirements are now paying dues since the monuments are now low maintenance, low water required landscaping.

105 out of 117 homeowners have paid their dues. We anticipate 100% dues to be paid.

The annual budget was reviewed. A motion was made to approve the 2011 budget, motion seconded approved.

Josh Duffy will audit the treasury books periodically for a checks and balance of LWR spending.

## Landscaping Report

Bob Geary, landscaping chair and committee, reported on landscaping activity for the 2010 year.

The monuments at the entry of 116<sup>th</sup> Ave SE were upgraded to zeroscape landscaping. The grass and bushes were removed and replaced with rockery and drought tolerate plants. This removes the requirement for the homeowners on each corner of the monument to water and maintain that area.

All of the islands and common areas in LWR requiring bark have been re-barked.

In 2011, the plan is to continue to maintain all monuments, common areas and retain Greenway landscaping.

## Architectural Report

The committee is full. LWR homeowners please submit requests for any activities that will occur on the exterior of the home. The ARC form can be found on our LWR website (<http://www.theridgeline.com>).

## Other Business

The topic of replacing the mailboxes was discussed with the homeowners in attendance. Initial bids have been taken to get an approximate cost of replacing the mailboxes and stanchions with metal lockable mailboxes.

We were driven to make this decision for two reasons:

- (1) We have recently been hit by vandalism. Two of our Outgoing mail boxes were pried open, and outgoing mail was likely stolen. Other unsuccessful vandalism was also discovered.
- (2) Our existing mailboxes and shelters are nearing the end of their functional lives. Due to the age of our mail boxes, repairing or replacing them is expensive if not impossible.

We will present descriptions of the new boxes and a changeover plan at next year's annual meeting. There will be some consolidation into larger groupings. Please plan to attend and provide your comments or suggestions.

The lowest bid was ~\$17,000.00. Three options were presented:

1. Replace mailboxes as required with the metal lockable boxes. This would probably prevent the increase of dues. The mailboxes would be inconsistent in look and functionality. This may or may not be a concern to the LWR homeowners. Also, it may cause an increase in replacement costs since it will be done over a longer period of time.
2. Replace the mailboxes and stanchions with metal lockable mailboxes over a 2 or 3 week period. This would be accomplished by assessing the homeowners to raise \$17,000.00 for replacement. The replacement of all of the mailboxes and stanchions would occur in 2012.
3. Replace the mailboxes in 2012/2013 by raising the homeowner's dues by \$50.00 over a 3 year period (2012-2014). The mailboxes would be replaced when enough funds have been raised to replace them over a 2 or 3 week period. After this 3 year period the dues would be reduced to \$250.00.

After some discussion a motion was made to communicate to homeowners that dues will be increased next year 2012 to \$300.00 for the 2012 year and the 2 following years (2013-2014). Beyond this period the dues will be reduced to \$250.00. The motion was seconded and approved.

**To Recap:** Starting in 2012 dues will be \$300.00. This increase will be for 3 years to cover the expense of replacing existing mailboxes and stanchions with metal lockable mailboxes. The actual configuration of how many mailboxes per metal locking box is yet to be determined. The architectural committee will be involved in the decision.

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In the native growth area trees can be removed if they pose a threat to property or people. Some of the native growth areas are owned by the City and others owned by LWR. Please contact the board to determine which entity is responsible for tree removal if a threat is present. Currently, trees in the 118<sup>th</sup> native growth area are a concern. This native growth area is owned by LWR.

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Josh Duffy has been nominated to the board replacing Vince Wallace, current Secretary. Leighton Lien will continue as board President extending his term by 1 year. Board member positions are a 3 year commitment.

Motion to add Josh Duffy to the board was made, seconded and approved. All positions on the board are filled.

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There was some discussion around how to increase annual meeting attendance. Would providing a raffle for 1 month free landscaping or waiving dues for 1 year be an incentive? Discussion was tabled.

**Meeting adjourned at 8:45pm.**

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