

# Lexington Square Homeowners Association: Concrete Repair Analysis – Winter 2008

## EXECUTIVE SUMMARY

The Lexington Square subdivision and its roads were constructed during several phases in 1989 and 1990. Over the past 18+ years, the concrete roads have deteriorated in numerous places. Repairing and/or replacing concrete roads is a normal part of road maintenance. Concrete roads typically last between 20 and 30 years, but this is heavily dependent on traffic – both quantity and weight – and weather conditions. The only viable, long-term repair option is a complete replacement of the concrete.

Fortunately, much of the square footage of roads within the subdivision is not in need of repair. However, due to the financial situation with Wayne County (who is responsible for road maintenance), the subdivision roads will never become a priority for the county. As a result, it becomes the responsibility of each subdivision and neighborhood. The Board of Directors has identified the following road sections in need of immediate attention:



For the complete area of road highlighted above, cost estimates from various contractors are in the neighborhood of \$220,000. There are numerous options available to the subdivision in terms of the actual repair work to be done and the process of paying for it. The LSHA Bylaws and/or the Canton Township Ordinances do not enable the Board of Directors to create a Township Special Assessment District or to increase association dues by this magnitude without the support of the subdivision. Nor does the Board of Directors wish to engage in any decisions of this magnitude and importance without a thorough analysis and discussion by all of the homeowners. This very important issue will be the main topic of discussion at the 2008 Annual Meeting, to be held on:

**Monday, March 3, 2008 at 7:00PM at Township Offices (1100 S. Canton Center Road)**

The LSHA Board of Directors strongly encourages anyone with any concerns, questions, or ideas to attend this meeting and discussion. If you are unable to attend this meeting, you can submit your comments at <http://www.lexingtonsquaresub.com/askboard.html>.

**(A LARGE PRINT VERSION OF THIS DOCUMENT IS AVAILABLE ON OUR WEBSITE)**

**DETAILS**

WHAT

The deterioration of concrete roads has many inter-related causes, such as variations in the quality of the initial roads, large puddles of water and ice due to uneven pavement, heavy traffic, settling of the underlying soil and stone/gravel, and inadequate and/or improper short-term patching.

However, among these many causes, water is ultimately the biggest reason that the roads are the way they are. Whether due to inadequate draining from yards to roads, inadequate draining from roads to sewers, or excessive and large puddles, the damage that water and ice has done and continues to do to the roads must be stopped. Even the past patching jobs, due to their short-term effects, have not abated the damage of water and ice for more than a few months. Then, once the patch is no longer viable, the affected area is larger and water and ice are able to do even more damage.

Fortunately, much of the square footage of roads within the subdivision is not in need of repair. The area in greatest need of repair constitutes only a fraction of the entire subdivision, as described below and shown in yellow on the map on the previous page:

- The entire length of Yale, from Cherry Hill to Vassar.
- The northern-most section of Princeton, from Vassar to approximately the location of the mailbox cluster.
- The central section of Vassar, from just west of Yale to just east of Princeton.
- The eastern-most section of Vassar, from just east of Princeton to and including the Cornell corner and mini cul-de-sac.
- The northern-most section of Cornell, from the Vassar/Cornell corner to approximately the second driveway on the west side.
- The Cornell/Dartmouth corner and mini cul-de-sac.
- The western-most end of Dartmouth at the Sheldon entrance.

The area involving Yale, Vassar, and the northern parts of Princeton and Cornell was the first section of road built when the subdivision was built. It is also the most heavily trafficked entrance. As a result, it has seen the most traffic over the longest period of time.

WHY REPAIR

Repairing and/or replacing concrete roads is a normal part of road maintenance. Concrete roads typically last between 20 and 30 years, but this is heavily dependent on traffic – both quantity and weight – and weather conditions. Our roads are currently 18-19 years old. It is unfortunate that some of the subdivision roads did not last the maximum expected length, but most of the roads are likely to meet this life expectancy (and hopefully last even longer).

The only viable, long-term repair option is a complete replacement of the concrete. Each of the contractors indicated this and would not provide an estimate for blacktop. The main reason is that a blacktop covering of the current roads would not fix the problem of the cracking and deteriorating concrete, but simply cover it up. Over time, the concrete underneath the blacktop would continue to deteriorate and eventually break through the blacktop as well. Replacing the concrete entails removing the existing concrete, re-shaping (and re-filling, if necessary) the underlying stone/gravel base, and re-pouring a new layer of 7” thick concrete. For the section of roads described above, this is about a two-week process depending on traffic control, weather, and the condition of the underlying base.

The possibility of repairing only the specific sections, potholes, and cracks with concrete is not an option. Every time a repair is made, new seams are created on all four sides of the repaired area. When water enters these seams and then freezes, the cracks widen and cause a progressively larger hole. Additionally, given the quantity of repair areas in the highlighted sections, nearly the entire area needs to be repaired anyway. At that point, it makes no logistical, financial, or operational sense to leave small areas of road that are OK (but already 18+ years old) within an entirely new section of concrete.

If the roads are not repaired, the following will result:

- The roads will never get “better” or stop deteriorating on their own. They may deteriorate at the same pace, or at an increased pace.
- Potholes will get larger and deeper.
- Debris from the potholes and cracks will damage automobiles – dings, scratches, etc.
- Since much of the current damage is caused by ice, the ice patches will continue to grow and become more dangerous for drivers and others.
- Anyone attempting to sell their home will face negative first impressions of the subdivision that may hurt their ability to sell. A reduction in sales prices will impact the house values of those who are not selling.

Also, we must keep in mind that in another five to seven years, it can be expected that more areas of road within the subdivision will be in need of repair. This is simply due to the life expectancy of concrete roads and the inability of Wayne County to maintain Township and subdivision roads.

#### WHY LSHA’S RESPONSIBILITY

Since Wayne County built the roads, Wayne County should be responsible for their maintenance. Technically, this is correct. Wayne County is responsible for their maintenance; however, they have told cities and townships within the county (like Canton Township) that due to budget issues they simply will not be able to properly maintain non-primary roads within the county. Unfortunately, this includes all neighborhood and subdivision roads, as well as roads like Sheldon.

As a result, and since Canton Township by the very nature of being a township does not maintain roads, if the roads are to be maintained and repaired, it is the responsibility of each subdivision and neighborhood. The Lexington Square subdivision is not the only subdivision facing this problem. However, between the early 1980s and the mid to late 1990s, only a small number of subdivisions were built in Canton, and those that were built (including Lexington Square) were completed in the late 1980s and very early 1990s. This “lull” in home-building means that Canton has many new subdivisions (built in the last 10 years), a small number of somewhat older subdivisions (built 16-20 years ago), and many older subdivisions (built 25 years ago or more). As a result, older subdivisions have been dealing with this issue for some time as their roads are 25, 30, or even 40 years old. Newer subdivisions are not yet dealing with this issue as many of them are 10 years old or younger.

The situation comes down to this:

- Some areas of the roads are in need of repair;
- Full replacement of the concrete is the only long-term option;
- Wayne County will not have the resources to complete this repair;
- The situation will only get worse and will eventually impact larger sections of roads;
- If the subdivision wants the roads repaired, we must pay for it ourselves.

#### COST

The biggest concern for most homeowners will not be the inconvenience during the two weeks when the roads are being repaired. The main concern will be the actual cost of the repair, and this is the primary reason that Wayne County does not have the financial resources to do the repairs itself.

For the area of road described above, cost estimates from various contractors are in the neighborhood of \$220,000. The estimates that the subdivision has received have been just that – estimates. The actual cost will be determined once a contractor is selected, with specific costs based on exact measurements and the condition of the underlying base. The need to repair the underlying base will not be known until the existing concrete is removed and the underlying base is assessed.

The cost breaks down as follows:

• Streets	\$181,000
• Sidewalk Ramps to ADA Compliance	\$6,000
• Edge Drains	\$21,000
• Driveways	\$12,000
<b>Total Estimate</b>	<b>\$220,000</b>

An additional 25-30% can be expected to be added to the contractor cost to cover such expenses as traffic control, permits, engineering, construction, inspection, testing, soil borings, and township staff effort. Some of these costs may be eliminated from the contractor’s estimate if there is an overlap. Also, some of these costs are actually County costs, which also may be eliminated as the subdivision is saving the County the money and hassle of doing this work. However, there is no guarantee that the County will provide any services without a fee.

For the purpose of analysis, the remainder of this document will assume a \$275,000 cost to repair all of the roads identified above – \$220,000 for the concrete work + \$55,000 for the traffic control, permits, fees, inspection, etc. Needless to say, the subdivision does not currently have the ability to pay \$275,000 for such repairs. The subdivision has approximately \$11,000 in cash reserve based on 2007 end-of-year financial numbers, and this will barely make a dent in the overall cost. Also, depleting this reserve puts the subdivision at risk should an emergency arise where financial resources are needed.

### REPAIR OPTIONS

As outlined in the LSHA Newsletter, there are essentially five options for repair:

#### **Do Nothing**

This option would mean that the subdivision would wait for Wayne County to find the financial resources to complete the repair job. The roads would continue to deteriorate, and Wayne County may never repair the roads.

#### **Short-Term Patching and Street Sweeping**

This option would mean that the subdivision would set up contracts with a street sweeper company and a company who could do temporary patches to the roads in the spring (or after the last freeze). The street sweeper would ideally work throughout the winter to remove debris. The roads would continue to deteriorate (though perhaps with less debris), and the subdivision would wait for Wayne County to find the financial resources to complete the full repair job.

#### **Cover the Area Needing Repair with Blacktop**

This option would mean, as discussed above, a layer of blacktop be placed over the bad concrete. This would create roads in the subdivision that would not match. This would not fix the problem of the damaged concrete, and that concrete would continue to deteriorate underneath the blacktop coating.

#### **Replace a Section of the Total Area Needing Repair with Concrete**

This option would mean a long-term replacement of one or more sections of damaged roads. Non-replaced sections (and areas currently not in need of repair) will continue to deteriorate and will need to be replaced in the future.

#### **Replace the Entire Area Needing Repair with Concrete**

This option would mean a long-term replacement of all of the current areas of damaged roads. The remaining roads in the subdivision currently not needing repair will continue to deteriorate over time and will need to be assessed in the future.

## PAYMENT OPTIONS

To replace the concrete, there are four payment options available to the subdivision. The costs and payments in the following descriptions are based on the full replacement option with an estimated cost of \$275,000, and would be reduced with other options:

### **One-Time LSHA Special Assessment (Within the Subdivision)**

- Description: The entire cost of the proposed repair project of \$275,000 would be split evenly among the 126 homes in the subdivision. Each home would be responsible for paying this one-time additional fee (on top of annual association dues).
- Annual Cost Per Home: Approximately \$2,180, for only one year.
- Timing of Work: The repair work could begin as soon as all money is collected, all measurements are completed, all permits are obtained, and the contract is signed. Payment to the contractor would be due upon completion of the work.
- Responsibility for Collection of Money: The subdivision and its Treasurer.
- Long-Term Repair Implications: This option only covers the area described throughout this document. The amount of money raised will not leave anything for additional repairs in the future. This entire process will have to be reviewed when additional repairs are necessary.
- Advantages: The repair work would be completed sooner than later. No loans or other payment obligations are required.
- Disadvantages: This is a very large payment to make for the homeowners. Without prompt and full payments, the subdivision will not have the money to pay the contractor. Given the lack of prompt and full payments for association dues, which are less than 5% of the amount under consideration here, the risk for late or non-payments increases. While we would place liens on properties for non-payment, these will not generate income needed to fund the repairs. This option makes no provisions for additional repair work in the future.

### **Canton Township Special Assessment District (SAD)**

- Description: By creating an SAD, the township will pay the entire bill to the contractor and then bill each of the 126 homes for an equal share of the full bill on the property tax bill. If a homeowner pays their share upfront (a one-time payment), then there will be no interest charged. Any unpaid amount will be charged approximately 5% annual interest. An SAD for road repair such as this typically lasts for 2 to 5 years, at which time all payments must be made in full to the Township. Additionally, an SAD such as this is not created when the total cost is less than \$500,000. In such situations, multiple projects (from other subdivisions) are combined to reach and surpass the \$500,000 minimum. A flowchart showing the major milestones in the SAD creation process is provided in Appendix I at the end of this document. You will see that this is a long process with multiple informational meetings, multiple public hearings, and multiple votes by the Township Board.
- Annual Cost Per Home: Approximately \$2,180, for only one year. However, if a one-time payment of the full amount is not made, the annual cost per home is much more varied depending on previous payments, the actual interest rate, and the length of the SAD. For an example, a 2-year SAD with 5% interest could be paid as (approximately) \$1,100 in the first year and \$1,136 in the second year. However, a 5-year SAD with 5% interest could be paid as approximately \$450 in the first year, \$475 in the second year, \$500 in the third year, \$500 in the fourth year, and \$479 in the final year (or approximately \$2,400 in total across the five years).
- Timing of Work: This option requires a petition from the subdivision followed by formal hearings by the Canton Township Board before the Township is able to publicly bid the contract work, thereby taking much little longer to secure the contract. However, at that point, the repair work could begin as soon as all measurements are completed, all permits are obtained, all arrangements are finalized regarding the SAD with the Township, and the contract is signed with the contractor. Keep in mind, the SAD would not be created until multiple SAD requests could be combined to create a single SAD worth more than \$500,000. It is estimated that the “wait period” could be between two and five years, though this may be reduced as

more and more subdivisions find themselves in the same situation as us and therefore more road repair projects are initiated.

- Responsibility for Collection of Money: The Township would bill all homeowners and any non-payments would be between the homeowner and the Township through property taxes, avoiding any complications with the subdivision.
- Long-Term Repair Implications: This option only covers the area described throughout this document. The amount of money raised will not leave anything for additional repairs in the future. This entire process will have to be reviewed when additional repairs are necessary.
- Advantages: The repair work would be completed sooner than later, though not as quickly as if the subdivision were to pay for the work through a special assessment within the subdivision, and completely dependent on the combination of SADs to surpass the \$500,000 minimum. The subdivision would not be involved in the collection of payments. Homeowners would not be required to pay their entire share of the total bill in one lump-sum payment.
- Disadvantages: Homeowners may pay interest over time. This option makes no provisions for additional repair work in the future.

### **Short-Term Increase in LSHA Dues**

- Description: The annual dues for the subdivision would increase for a period of several years in order to accumulate enough money to complete the repair job. Once the money has been accumulated, the contract would be signed.
- Annual Cost Per Home: To accumulate \$275,000 in reserve, and with 126 homes, it would take an increase in the annual dues by \$1,091 for a 2-year period, \$727 for a 3-year period, \$545 for a 4-year period, or \$436 for a 5-year period.
- Timing of Work: The work would not begin for several years, as no contract would be signed until the necessary funds were accumulated.
- Responsibility for Collection of Money: The subdivision and its Treasurer.
- Long-Term Repair Implications: This option only covers the area described throughout this document. The amount of money raised will not leave anything for additional repairs in the future. This entire process will have to be reviewed when additional repairs are necessary.
- Advantages: There would be no obligations to the Township or to a bank for payments after the repair work is completed. Homeowners would be able to spread the entire cost of the repair work over multiple years.
- Disadvantages: The repair work would not be completed for at least several years. In that time, the condition of the roads would likely deteriorate even more – both within the current area and within other areas that are in good condition right now. As a result, the area of roads in need of repair in 3-4 years may be larger than the current area, thereby resulting in greater costs (though funds to support this larger repair project would not have been collected). Without prompt and full payments, the subdivision will not have the money to pay the contractor. While we would place liens on properties for non-payment, these will not generate income needed to fund the repairs.

### **Long-Term Increase in LSHA Dues**

- Description: The annual dues of the subdivision would increase permanently in order to accumulate enough money to complete this particular repair job as well as to continue collecting money to pay for subsequent repair jobs as they arise.
- Annual Cost Per Home: To accumulate \$275,000 in reserve, and with 126 homes, it would take an increase in the annual dues by \$1,091 for a 2-year period, \$727 for a 3-year period, \$545 for a 4-year period, or \$436 for a 5-year period.
- Timing of Work: The work would not begin for several years, as no contract would be signed until the necessary funds were accumulated. Assuming an additional \$275,000 would be accumulated on a consistent basis (i.e., every 2, 3, 4, or 5 years depending on the actual increase in dues), additional repair jobs of similar size and scope could be completed on a regular schedule. (See WHY REPAIR section above.)
- Responsibility for Collection of Money: The subdivision and its Treasurer.

- Long-Term Repair Implications: This option provides for continual accumulation of funds to support subsequent repair jobs on a consistent basis.
- Advantages: There would be no obligations to the Township or to a bank for payments after the repair work is completed. Homeowners would be able to spread the entire cost of the repair work over multiple years. Money would continue to be collected so that as new repair work is needed, the money is available without having to go through this entire process from the start.
- Disadvantages: The repair work would not be completed for at least several years. In that time, the condition of the roads would likely deteriorate even more – both within the current area and within other areas that are in good condition right now. As a result, the area of roads in need of repair in 3-4 years may be larger than the current area, thereby resulting in greater costs (though funds to support this larger repair project would not have been collected in that time). Association dues will be permanently raised by hundreds of dollars, at a minimum. Without prompt and full payments, the subdivision will not have the money to pay the contractor. While we would place liens on properties for non-payment, these will not generate income needed to fund the repairs.

**REPAIR AND PAYMENT SUMMARY**

The following table summarizes the repair options and the payment options. This is only a summary as it does not list many of the details for any of the combinations and does not include an estimate for a reduce road repair area, as that would depend on the size of the repair area.

	LSHA Special Assessment	Township SAD	Short-Term Dues Increase	Long-Term Dues Increase
Do Nothing	Not applicable	Not applicable	Not applicable	Not applicable
Sweeping and Patching	Cost likely covered through regular association dues.	Not applicable	Not applicable	Not applicable
Blacktop	Not a viable option	Not a viable option	Not a viable option	Not a viable option
Entire Area with Concrete	Cost of \$2,180 for one year only with no ability to spread payments. Work would be completed relatively soon.	Cost of \$1,100 per year (2-year SAD) up to \$450-500 per year (5-year SAD). Work would be completed after formal approval process.	Cost of \$436 per year (5-year increase) up to \$1,091 per year (2-year increase). Work would begin after all money is collected.	Cost of \$436 per year (5-year increase) up to \$1,091 per year (2-year increase). Work would begin after all money is collected, with additional money already approved for collection.

This is not like the installation of the two streetlights several years ago. In that case, the subdivision had the cash reserve (built up intentionally) to pay the \$4,000 cost of installation. In addition, the annual cost per homeowner for the electricity was estimated at \$3-5. As shown above, the financial implications and costs for the concrete repair do not compare. We fully understand that this may put additional financial hardships on homeowners within the subdivision. However, doing nothing will only make the situation worse, and postponing any decision or action for a few years or longer will only mean that more work will be needed due to additional deterioration, and costs will likely have increased as well.

NEXT STEPS

The LSHA Bylaws and/or the Canton Township Ordinances do not enable the Board of Directors to create a Township Special Assessment District or to increase association dues by this magnitude without the support of the subdivision. Nor does the Board of Directors wish to engage in any decisions of this magnitude and importance without a thorough analysis and discussion by all of the homeowners. This very important issue will be the main topic of discussion at the 2008 Annual Meeting, to be held on:

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The LSHA Board of Directors thanks you for taking the time to read this document. We look forward to the discussion at the Annual Meeting and to repairing our roads.

**LSHA Board of Directors**

<b>Dave Eby</b> President	<b>Sheri Wilkins</b> Vice President	<b>Lee Freeman</b> Treasurer	<b>Vyto Dailide</b> Secretary	<b>Kirste Moline</b> Director	<b>Dan Popoff</b> Director	<b>Erica Garbacz</b> Director
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## Appendix I – Special Assessment District Creation Process

