

*The ballot attached
was sent in.*

Volcano Cymbidium Acres Road Maintenance Corporation

Dated: May 10, 2021

As the current Board enters 2021, we have been able to move forward with several of our current objectives for VCARMC, but we recognize there is more to be done.

Cymbidium Acres is a small association with only 155 lots, and we currently have some of the lowest road maintenance fees in Hawaii, which have not increased since 2006. We also know more than ever we need the commitment of all owners in the subdivision who are delinquent in paying their late assessments to assist in providing the funds to maintain the roads moving forward. If we were to collect from all owners, our current assessment is a total of \$19,500 per year. Currently, approximately 18% of the owners are delinquent. We are addressing owners who are past due more than three years with a separate delinquency notice in the hopes they will pay. If they do not pay, the Board has already approved the funds and engaged the services of an attorney who will be placing liens on these delinquent properties as section 5.9 of the bylaws allows. The lien will include the assessment dues, late fees, interest, and reasonable attorney's fee.

Currently, VACARMC is averaging \$17,500 per year in actual collected assessments. The funds raised from the annual assessment are used to pay for the following;

- General liability insurance to protect all owners from potential lawsuits on our privately owned roads for \$2,600 a year.
- Mowing four times a year for \$2,200.
- Non-toxic weed-kill to spray the roadsides two to three times a year \$800.
- Mailing and postage \$300 a year.
- Asphalt for pothole repair \$400 a year.
- Post office box fee \$65 a year.
- Office supplies \$100 a year.

This brings our total fixed expenses before any road repairs to \$6,465.00.

Depending on the road, they have not been repaved in 6-12 years. A committee within the new Board met with several different road contractors over the last several months. The bids we received were from \$42,000.00 to \$100,000.00 per road for chip seal, which was the standard done in the past. All the contractors did agree that in perfect conditions, the recommended life of chip seal roads is 5-6 years. Living in Volcano, we know we have less than perfect conditions, so our roads deteriorate faster.

We were finally able to settle on one company that was the most reasonable and provided the most options, Loeffler Construction. We currently have \$29,469.00 in the bank and have opted to try a different type of road slurry, which is the cheapest option but still costs close to \$26,000.00 per road. If we were to stick with chip seal, the roads cost \$42,000.00 per road. Kawailehua has the most potholes and needs the most work, so this road will be the test subject this spring to see how this slurry stands up in our Volcano weather.

We now have a financial estimate of what roads will cost, which means we will need to raise the annual assessment to cover the annual budget of \$6,500 and to repave a road with chip seal every year. We also need to consider costs will rise over time, and our assessment will need to increase with it.

To pave one road per year and cover annual costs, we will need to raise the current assessments by 350% to reach total funds of \$48,500.00 needed for this option.

Half acre lots would go from \$100 to \$350
1 acre lots would go from \$200 to \$700
2.5 acre lots would go from \$125 to \$438
5 acre lots would go from \$250 to \$875

This option ensures one (1) road per year will be resurfaced, which means your road will be resurfaced every six (6) years.

The other option we have is to double assessments which means we can only pave a road every other year.

Half acre lots would go from \$100 to \$200
1 acre lots would go from \$200 to \$400
2.5 acre lots would go from \$125 to \$250
5 acre lots would go from \$250 to \$500

This option ensures one road every two (2) years will be resurfaced, which means your road will be resurfaced every twelve (12) years.

If a majority vote with one of the above options is not adopted, per section 6.3 the Board can raise annual assessments yearly by 10%. If we must go this direction, to reach the point where we could pave a road every other year will take 8 years. To pave a road every year will take 13 years, and that is based on current pricing. In the meantime, it is possible NO paving will be done, and the roads will continue to deteriorate, meaning even more money is needed to fix them in the future.

Included with this letter is a ballot to vote how much the assessments will increase. A 2/3 majority of the owners who respond is what will be adopted into the budget for 2022. Responses are due no later than **July 15, 2021**. As we will be holding the annual meeting via Zoom again this year, ballots must be mailed in. A self-addressed, stamped envelope is included for your convenience.

If you have any questions about the bylaws you can go to this link <https://www.http://bit.ly/3o76opN> to see the most updated copy. You can also request a copy be emailed to you by contacting Treasurer Kris Scanlon at Kris.VCARMC@gmail.com.