

Spring Creek Roads & Assessments FAQ's

Background:

Did you know that the Spring Creek Association is one of the largest Homeowners Associations in the nation? Although we are one of the largest, we have a significant amount of operational and maintenance duties that are underfunded because we do not receive government funding or grants because we are considered a 501 C 4 company. The only external funds we receive is \$190,000 in RTC funds from the County which is addressed below. The only significant revenue stream is the \$68 per month assessment fee.

SCA is not your typical HOA - our Association is one of the largest in the Country, with about 5,400 lots (about 16,000 residents) spanning almost 24 square miles, with about 150 miles of roads (300 lane miles) to manage. SCA also manages the following:

Marina: Our 32-acre lake, surrounded by an 8-acre park, stocked with various fish. This area includes a walking path, playground, and various picnic shelters. A sports court for basketball, pickleball, and tennis are now there including a pavilion.

Trap & Skeet Range: Equipped with 16 trap houses, 5 skeet fields, and a 15-station sporting clay course.

Golf Course: A par 71, 18-hole golf course and driving range featuring a wonderful view of the majestic Ruby Mountains.

Horse Palace: A 1,000 seat indoor arena with an approximately 150' x 300' arena floor, a bar, and a coffee shop.

Campground: Nestled in the foothills of the Ruby Mountains, our campground is 630 acres of pristine Nevada terrain.

Shooting Range: Our 8-station target shooting range includes upgraded facilities with pistol range.

Sports Complex: With 4 Baseball/Softball diamonds and various soccer fields, two football fields, this complex is the perfect place for youth baseball, softball, football, and soccer.

Vista Grande Park: Located in Vista Grande, includes a playground, two baseball diamonds, basketball court, & horseshoe pits.

Fire House Field: A facility for youth near the roundabout to enjoy sports like baseball, t-ball, and softball.

Fairway Community Center: FCC is available for community meetings, non-profits, events, weddings and more. The facility houses the Association offices, pro shop, a restaurant, board room, as well as a cart barn.

Where Do Our Assessment Funds Go? Funds Allotment (as of 2020):

Roads: 37%

Allotment includes snow removal and road maintenance. The Association takes care of almost 150 miles of roads (300 lane miles) which is unique for a HOA as they typically do not span such a large distance and cover so many square miles. Did you know that the City of Elko is only about 100 miles in comparison or the County which cares for about 40 miles of roads? These Elko County Roads are dedicated to the Association for the maintenance in which we receive \$190,000 in RTC funds to help with maintenance. The roads will be a major portion of the general plan as there have been years of deferred maintenance all while costs increase for equipment.

General: 27%

Allotment includes cost of property insurance, collection and legal services, salaries, insurances, postage, and advertising; grounds maintenance including seeding, aerating, fertilizing, mowing, fence repairs, sprinkler and water line repairs for admin and rental houses and building maintenance including interior and exterior of structures.

Golf Course: 18%

Allotment includes cost of water, electric, propane, property insurance, salaries, insurances, contract services; grounds maintenance including seeding, aerating, fertilizing, mowing, sprinkler, and water line repairs, and building maintenance including maintaining outbuildings, bathrooms, and other course facilities.

Building & Facilities: (Marina, Campground, Schuckmann's, Rifle Range, Trap & Skeet, Vista Grande Park, Firehouse Field) 15%

Allotment includes cost of water, electric, propane, property insurance, salaries, insurances, contract services: grounds maintenance including seeding, aerating, fertilizing, mowing, sprinkler, and water line repairs, and building maintenance including maintaining outbuildings, bathrooms, and other course facilities.

Horse Palace: 3%

Allotment includes cost of water, electric, propane, property insurance, salaries, insurances, contract services: grounds maintenance including signage, fencing, outdoor arenas, and pasture areas, and building maintenance including repairs to indoor arenas, arena panels and chute areas, concession and bar areas, indoor bathroom facilities, and seating areas.

Get Rid of the Association Fees and Become a Town:

A few years back, the Spring Creek Association commissioned a governance study to see if there is a possibility of becoming a town or other entity that makes financial sense for the residents and recognizing that the Spring Creek community has reached a crossroads. Spring Creek's population has grown so that it now rivals neighboring Elko, and the population that first settled the area has changed demographically so that what it needs, and values now has evolved from the rural and outdoors focused group that initially became residents. Finally, the amenities that brought the initial residents to Spring Creek have fallen into varying states of disrepair and are of decreased importance to a growing segment of the area's residents.

The SCA saw a need for research, planning and implementation on the part of the Spring Creek Association board and citizens for this community. The Board of Directors hired a consultant for an Alternatives Analysis, Feasibility Report and Special District Formation Services for the Spring Creek Association. The purpose of the request was to help our Association understand the feasibility and evaluation of becoming a General Improvement District, Unincorporated Town, stay an HOA, become a combination of these or other entity. It was also commissioned to provide residents with good information to help chart a course considering the long-term financial and policy issues that they face as a community

Key Findings from the Study:

- There aren't any new sources revenue that become available to Spring Creek under the alternative governance structures examined; either paying more in "taxes" or paying assessment that stay specifically in Spring Creek Association and not allocated to other areas in Elko County.
- None of the governance structures would reduce the total cost to Spring Creek residents; in fact, all the options increase the cost to residents.
- The labor costs associated with any new public entity are higher than current SCA labor costs. In the calculations of expenses, comparable municipal salaries are 23 percent higher than SCA, and the benefits as a percentage of base pay increase from 42 percent (SCA) to 55 percent (new public entity).
- If SCA decides to remain a homeowners' association, SCA dues should increase based on the cost-of-living index (as indicated in the Declaration of Reservations) to account for rising costs over time. Additionally, following a regularly updated reserve study and raising dues to adequately fund a reserve replacement fund would plan for the deterioration and timely replacement of SCA assets and roads.

- There are several limitations, or constraints, associated with the governance alternatives.
 - Due to SCA being within 7 miles of the City of Elko border, the formation of a GID requires unanimous approval of the Board of County Commissioners.
 - A Town must have contiguous borders, which would require the exclusion of the SCA 200 Tract (Vista Grande), or addition of properties between the 200 Tract and the rest of the SCA.
 - Sale or transfer of SCA assets (property, equipment) to a new public entity requires approval by a majority vote. Note, this would not apply to roads, which are owned by the County.
 - Sale or transfer of all or any part of the Common Recreation Facilities to the County (Town scenario) requires approval of at least seventy-five percent (75%) of the total number of votes in the Association. This does not apply to a GID.
 - A review of the Public Utilities Commission of Nevada dockets for Spring Creek Utilities (now known as Great Basin Water Company) suggests that the water and wastewater utilities systems require a significant amount of investment based on the current state of infrastructure.
 - If these systems come under municipal ownership, initially, rates would likely be just as high for at least the first 10 plus years to pay debt service for the purchase of the systems. Over time rates may be lower as a public rather than private entity (dependent upon the state of infrastructure and water quality regulations).

Monthly assessments are \$68 (\$816 annually) effective January 2022. The Department of Labor as fixed on the first day of June 1971. Based on the Bureau of Labor and statistics Inflation Calculator, \$144 in 1971 is equivalent to \$916.00 in 2020. If assessments had increased with the cost-of-living index, they would be approximately \$71 per month today (2017).

The table below shows a comparison of communities that offer similar amenities to SCA. These includes Auburn Lake Trails (located in Northern California) and Bear Valley Springs (located in Southern California). The services and amenities provided, annual HOA assessments, number of lots, estimated annual assessment revenue, and median home sales price are shown for each community. The information in the table below shows that SCA's annual assessments are very low for the services and amenities provided. Bear Valley Springs assessments are more than double

SCA's and that community does not maintain roads with assessment revenue (there is a separate community services district).

HOA Amenities and Assessments Comparison

Community	Services/Amenities	Annual HOA Assessments	# Lots	Estimated Annual Assessment Revenue	Median Home Sales Price
Spring Creek Association	Equine facilities (barn, trails, indoor arena, rings, pastures), 18 hole golf course, Clubhouse, marina, parks, sports fields, rifle range, trap and skeet, campground, 140 miles of roads	\$624	5,374	\$3,353,376	\$235,000
Auburn Lake Trails	Equine facilities (barn, stables, arena, trails, pastures), 9 hole golf course, Clubhouse, lake and parks, pool, tennis courts, gated, 3 community buildings, campground, library, 32 miles of roads	\$2,208	1,104	\$2,437,632	\$355,000
Bear Valley Springs	Equine facilities (6 arenas, barn, pastures, trails), 9 hole golf course, Clubhouse, campgrounds, athletic fields, dog park, shooting range, tennis courts, 2 lakes, gated (separate district for roads and utilities)	\$1,420	3,582	\$5,086,440	\$272,000

Source: HOAs, redfin.com, Trulia.

Chip Seal Fact Sheet

“Chip Sealing” is a common pavement maintenance practice that extends pavement life and provides a good driving surface. Spring Creek Association is responsible for the maintenance of 150 miles of roadway.

The chip seal will last an average of five -seven years, which will vary with the type and amount of daily traffic. The candidate roads are reviewed annually for condition and added to the chip seal program if warranted.

The Fact sheet is to provide the residents of the Spring Creek Association information about the chip seal program by answering some of the frequently asked questions.

How is Chip Seals Different from Asphalt Overlays?

The difference is in the construction method. Hot Mix Asphalt pavement is produced by heating liquid asphalt and mixing it with aggregate, with the mix then spread and compacted to form a durable road structure and riding surface. *Chip Sealing* uses the same ingredients as asphalt concrete paving, but the construction method is different. With chip seals, a thin film of heated asphalt liquid is sprayed on the road surface, followed by the placement of small aggregates ("chips"). The chips are then compacted to orient the chips for maximum adherence to the asphalt, and excess stone is swept from the surface. The ingredients of hot mix asphalt and chip seals are the same; only the construction methods are different.

Why Use Chip Seals?

1. Chip seals provide Spring Creek Association with the opportunity to maintain the roads for very low cost.
2. A chip seal is about one fourth to one fifth the cost of a conventional asphalt overlay.
3. By extending the time between asphalt overlays, chip seals result in lower costs over the long term.
4. By placing a chip seal sooner than an asphalt overlay would be placed, the traveling public benefits from roads maintained in better condition.
5. Chip seals enhance safety by providing good skid resistance.
6. Chip seals provide an effective moisture barrier for the underlying pavement against water intrusion by sealing cracks in the pavement.
7. Chip seals prevent deterioration of the asphalt surface from the effects of aging and oxidation due to water and sun.
8. In hot weather, chip seals re-seal cracks by flowing back together.

What steps are involved in Chip Seals?

We start with properly cleaning the road surface sweeping debris and patching holes. Once prep-work is completed, Spring Creek Association crews averaging 8 employees start application. An asphalt distributor truck starts by spraying one lane with hot liquid asphalt to assure an even application. The asphalt used is applied at a temperature of approximately 190 degrees Fahrenheit. A chip spreader follows as rapidly as possible with a rock application, preferably within one minute. The asphalt must be fluid so the rock will be embedded by the displacement of the asphalt. The rocks are an aggregate crushed to a special specification for size and cleanliness. Next, pneumatic rollers set the rock into the liquid asphalt. Rolling orients, the flat sides of the rock down and produces a tighter chip seal. It takes two to four passes of the roller to set the rock.

Two or three days after the application, the road is watered, excess rock is swept from the surface, warning signs are removed, and speed limit is re-established. Permanent road striping is redone before the end of the season.

What does it cost?

A mile of chip seal costs Spring Creek Association about \$32,000, compared to \$250,000 + per mile for asphalt overlay, it is very a cost-effective program.