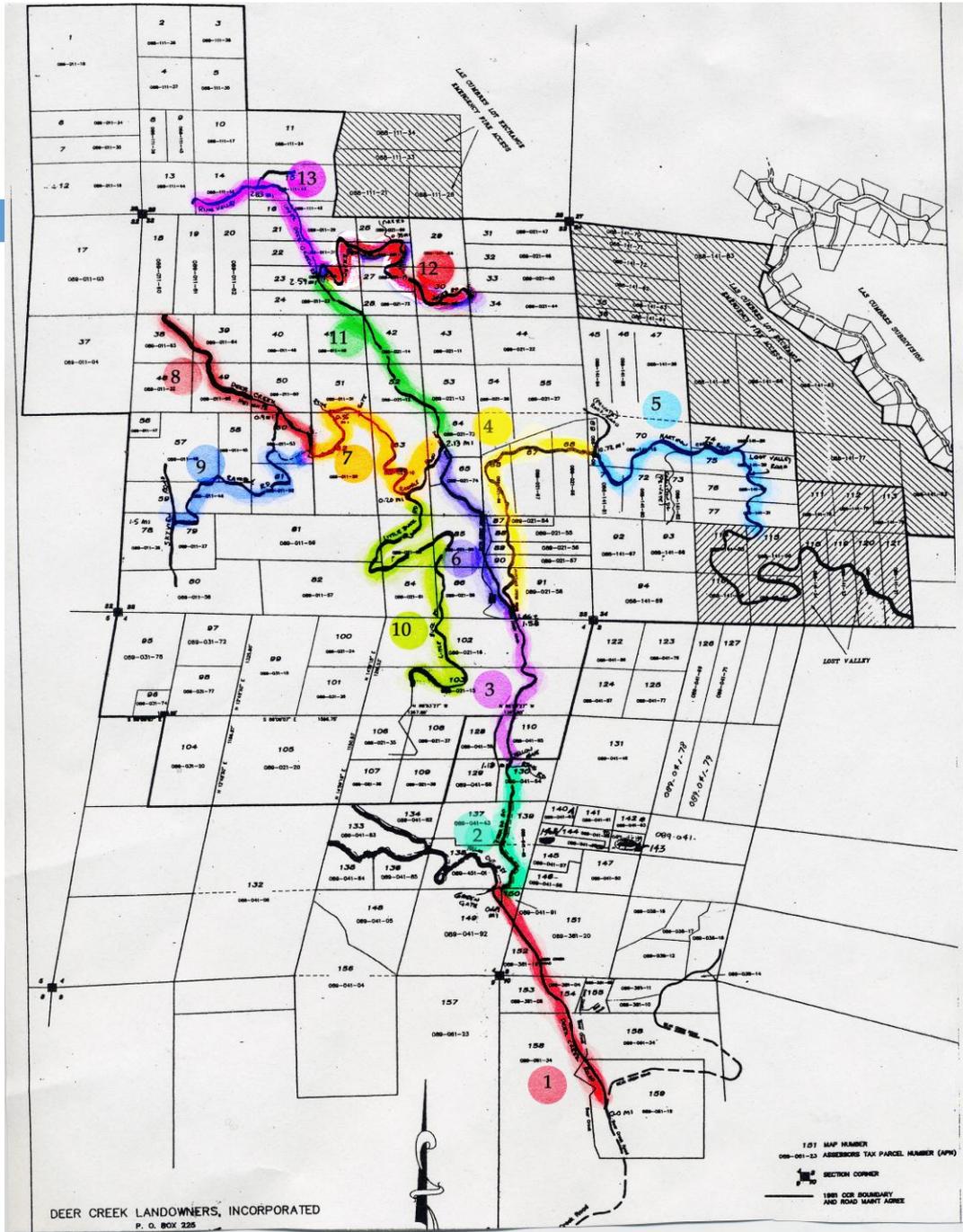


JMA AND BILLING ALGORITHM: PROPOSED CHANGES

November, 2010

Section Map

Sect	Description
1-845	DCR: Bear Creek to Palm
2-845	DCR: Palm to Yellow Gate
3	DCR: Yellow Gate to 3 rd Bridge
4	Lower Hartman
5	Upper Hartman
6	DCR: 3 rd bridge to Ramble
7	Lower Ramble
8	Deer Creek Heights
9	Upper Ramble
10	Little Buck
11	DCR: Ramble to Jack's
12	Jack's Road
13	DCR: Upper Deer Creek



Summary of Proposed Changes

- Budget and bill separately for the front of the road
 - Today all road projects are grouped into a single pool
 - Proposed: Two pools
- Change the language about how rates are set, to solve a technical problem (no real impact)
- Add a line item to budgets to (have a chance of) collecting enough \$ to do all planned projects
 - Not a JMA change, but a significant policy change

Problems to Solve

- Reduce friction with 845s
- Current language (“60% paid by residents”) must be changed
- There’s not enough revenue coming in, because not everyone pays
 - We’re under-funded and can’t get everything done that needs doing
 - Big projects are particularly problematic

Other Problems Not to Solve Right Now (out of scope)

□ Usage-based billing

- “I want to pay for maintenance only on the portion of the road I drive on”
 - We’d have to adjust for actuals
 - What if a project affects 10 residents but only 9 pay?
 - Annual bills will be more variable
- “My neighbors should pay a lot more because they have 4 cars commuting in and out every day, whereas I tele-commute.”

Change #1: Separate Pool for Front of Road

- Pretty much the same algorithm as today
 - Charge based on front-of-road miles driven (=1.2 for all DCLI members), for those projects on the front of the road
 - Resident (+ renters) v. non-resident
- DCLI members will receive two maintenance-related line items in their bills, with charge per mile calculated in separate pools:
 - Front of road
 - All else
- “845-ers” maintenance charges will be based on same rate per mile as DCLI members’ front of road charge
- 845-ers’ bills will go down most years, but may go up substantially in years when there’s a big project in the front

Change #2: Rate Calculation

Language

- Today: 60% of maintenance costs are paid by residents
 - What if everyone except one person becomes a resident?
- Proposed: Resident rate per mile is 2x non-resident rate per mile
 - 2x is currently the way it works out using the existing formula
- This change alone would not affect anyone's bills today (more than a few dollars). It's just insurance in case a bunch of folks shift category.

Change #3: “Plump up” bills

- Every year we budget for \$X projects, and recover 60-75% of \$X
- A few years ago we started placing liens on DCLI members’ property, to recover unpaid bills
 - Unpleasant as it is, this process works
 - We WILL eventually recover the \$\$, plus interest and fees
- Proposal is to add a line item to the budget in order to actually be able to receive enough income to do the planned projects each year.
- NOT added to JMA language – suggest it simply be a budget line item.

Outcome of the Discussion at the Nov-2010 Meeting

- There was not enough time to discuss these proposed changes, or alternative algorithms, at the Nov meeting
- We agreed to form a committee of interested landowners, meet over the winter, and develop a plan for changing the algorithm
- That plan will be presented to the membership for vote at a special meeting, before the May 2011 budget meeting.