

**San Ignacio Heights HOA**  
**2025 President's Report, February 20, 2025**  
**Don Julien**

First, I want you to know that I'll be throwing a lot at you in this report. It's been a busy year. However, this report will be posted on our website under the Minutes section for the 2025 Annual Meeting, so you can review it at your convenience.

**Board**

The first part of my report is Board and Committee housekeeping. We started 2024 with an open position when Denny Skelton resigned, opening the Treasurer & Secretary positions. Soon after, Member-at-Large Caroline Reilly resigned, who had also been serving as Compliance Chair. That left us with two one-year vacancies. James Trobec was appointed to the Board to assume the Treasurer duties and Martha Gamez was appointed to take on the Secretary duties. Later in the year, Member-at-Large John Plantz resigned, and Elizabeth Allard was appointed to take his place. Elizabeth agreed to take on the duties of Compliance Chair.

As we approached the 2025 Board Election, the one-year openings were up for election for full three-year terms. James Trobec agreed to run for another term. Martha Gamez decided to not run but is willing to continue as Recorder, taking minutes, and, to serve as Block Captain Captain, and maintain the membership roster. Jerry Coffey agreed to run for the other open position on the Board. I am pleased that this gives us a full complement on the Board. As is our custom, immediately after this meeting, the Board will hold a short Board meeting to elect officer positions.

**Landscaping**

Midyear, the Landscaping Chair resigned, so I asked Phil Pitts to fill in as the contact with the landscaping service pending a new Landscaping Chair. Phil has resigned his temporary position, effective today. I greatly appreciate his help over the past six months in working with the landscaping service & responding to homeowner's requests.

We still need a Landscaping Chair. If you are interested, please contact me. Meanwhile, I'll field any landscaping requests and work them into the maintenance schedule.

Much of what has engaged the Board this year concerns Roads, Budget & Reserves. We will be addressing Roads later in the agenda. And, the 2025 Budget will come before you later in the Treasurer's Report. However the three topics are parts of a puzzle, so I wanted to take some time to talk about how we got where we are:

**First, the Capital Reserves Study**

In February 2024, we commissioned a Capital Reserves Study. A Reserves Study reviews an HOA's Capital Assets, and determines how much money needs to be contributed into the Reserve Fund each year to maintain and eventually replace those assets. While Reserves Studies are not required by law, they are considered prudent business practice. And if you do have one, state law requires that the Study be give to prospective homebuyers.

Looking into our records, the most recent study I could find was done in 2002. In the five years I've been here, the Board has been putting \$10,000 to \$20,000 each year into the Roads Reserve, basically, what was left over from unexpended line items in the year's budget. We hadn't reviewed that 2002 Study, and I suspect it had been quite awhile since it had been. So we were way past due for a new study.

We were nonplussed when the 2024 Reserve Study stated we should be contributing at least \$72,000 into the Reserves, adjusted each year for inflation. When you look at our 2024 budget, we slated \$20,000 for Reserves, but spent \$40,000 on a crackseal project. We were going backwards.

So 2024 became a year of taking a critical look at our budget, both for what we could move into Reserves from the 2024 budget & what we could commit to the Reserves in the 2025 budget.

## **Budget**

That brings me to the budget. A lot of the budget line items are operational: supplies & postage for required mailings, utilities for the Ramada, Post Office Box and storage rentals, insurance and taxes. But there are a number of things that can be reduced or eliminated.

For the 2025 budget, we specifically looked at Landscaping, Homeowner Termite Service, Contingencies and Legal Services. We cut back Landscaping to the 2023 level; and we reduced the Contingency and Legal Services budgets.

We wrestled with the Homeowner Pest Service, but decided to leave it in, subject to further input at the Annual meeting. With cuts and a dues increase, we were able to get the budgeted contribution to Reserves up to almost \$60,000.

We were also careful in what we spent in the 2024 budget and we were able to move a little over \$48,000 into the Roads Reserve instead of the budgeted \$20,000. (The \$48,000 includes the \$40,000 outlay for cracksealing, for a net \$8,000)

We're still short of the \$72,000 recommended by the Reserves Study, but we're a lot closer than when we were contributing \$20,000.

If you are interested in the 2024 Reserve Study, you can find it posted on our website at [sannacionheights.com](http://sannacionheights.com).

## **Roads**

That brings me to roads. At the beginning of the year, the Roads Committee brought to the Board a recommendation that we pursue a project incorporating repairs of 10 sections of roadway followed by a PolyChip Seal of the entire HOA. The estimate for the project in 2023 was \$400,000. It included crackseal, repairs, the chipseal and a fogseal. The current estimate is now closer to \$425,000.

The Committee explored lots of options, talked with other HOA's and came down to two options: a full replacement of roads or a chipseal that might buy us time until we could get more support from homeowners for full replacement. The committee recommended and the Board approved the chipseal.

We'll talk about this in more detail later in the Agenda.

As I wrap up my report, I want to thank all who have served on the Board during this year, and those who have chaired or served on committees. We are a volunteer community. No one gets paid for the hours we commit to our tasks. A lot of them aren't fun, but we know that what we do makes for a better community.

Thank **you** for coming to the meeting and caring about our community.

And, as always, we have a need for volunteers on several committees. If you have an interest in serving on any of the committees, leave your contact information on the front table or speak directly to the Committee Chair.

## **Roads Presentation:**

As I stated in the President's Report, At the beginning of the year, the Roads Committee brought to the Board a recommendation that we pursue a project incorporating repairs of 10 sections of roadway followed by a PolyChip Seal of the entire HOA. The estimate for the project in 2023 was \$400,000. It included crackseal, repairs, the chipseal and a fogseal.

There was not full agreement on the committee, nor was there on the Board. We all knew full well that on a scale of Best-Better-Good-Nyeh-Hold Your Nose, the PolyChip Seal was probably somewhere around "Nyeh". We all agreed that the Best option was full replacement of all our roads. In 2023, estimates for that ranged from \$1.2 to \$1.7 Million. That would call for a special assessment of at least \$10,000 per household.

In 2023, the Board sought a dues increase to be collected over 5 years to raise \$6,650 per household for a project involving replacement of most roads and repairs on others. The measure received 51 Affirmative votes, 29 short of the required 80. The measure failed for a number of reasons, but has left the Board leery of seeking a large assessment, especially in light of the dues increases last year and this year.

A Chipseal, while not ideal, would buy us time; how much is uncertain. It could be as long as 10-12 years or as short as 5 years. We are, however, in a better position now to maintain a chipseal with regular crackseals, sealcoats and minor repairs. And after the chipseal begins to deteriorate, we'll probably see more years arguing about what to do next, knowing full well we would be well past time for a full replacement.

So, unless we see a firm indication that at least 80 homeowners are in favor of a special assessment of \$9-10,000, the Board has decided to pursue the Chipseal project, with repairs in Fall 2025 and Chipseal in Summer 2026. The Board reviewed the status of our reserves, what contributions can be expected from the 2025 and 2026 budget into the reserves, and determined we would still have a shortfall, requiring a special assessment election for up to \$500 per household. We propose to hold that election in March or April of this year, and, if passed, collect the assessment in January 2026.

The Road Reserves would be enough to cover the repairs in 2025, and special assessment funds collected in January 2026 would complete the funding necessary for the summer 2026 Chipseal and fogseal.

Succeeding years of Reserve contributions would cover periodic maintenance to extend the life of the Chipseal, with some surplus that can go toward reducing a future special assessment for full road replacement.