

Summary of Heidelberg Beach Association's Assessment Methods

History:

The Board of Trustees made the latest revisions to the Association's Assessment Methods in October 2016.

In 2009, the Board of Trustees modified the assessment formula for operational expenses because the lakefront land values had increased at a dramatically disproportionate rate to the rest of the property. Land valuations were removed from the assessment formula at that time. Cottage tax valuations were left in as a method of moderating between smaller cottages and larger ones. The expectation was that it would roughly mirror market value proportions.

In 2016, as the Board reviewed the cottage tax valuations to make sure that this premise held true. As happened with the land values, the cottage values were skewing dramatically. When appraisers come into the neighborhood, they did not do a whole scale, sorted, evaluation. They generally focus on the cottages that have had some work done. They have never adjusted the neighborhood as a whole, for inflation or other factors. There is now little correspondence to a logical ranking system in our neighborhood, and therefore the Board voted to remove that component of the formula as well.

Also in 2016, the Board of Trustees made the decision to handle the assessments for any future infrastructure projects differently than operational expenses. The Board felt that operational expenses should still have charges for empty or additional lots. In the case of maintaining or replacing water, sewer, or adding future sanitary lines, the Board felt that expense should be shared equally between existing cottage owners. If any of the empty lots are ever built upon, a tap-in fee will be required before the Board grants permission to build. See Rule #12 in the [Building Rules & Regulations](#) document. See also Attachment A, the *2016 Binding Resolution of the Board*, that outlines the handling of Infrastructure money.

Operational Expenses:

The assessment method for Operating Expenses is:

1/3 divided by 98 lots

2/3 divided by 48 cottages

Infrastructure Expenses:

The assessment method for the Infrastructure Reserve is:

Equal division by the 48 cottages

Attachment A

2016 Binding Resolution of the Board of Trustees

Resolved, in 2017, the Board shall impose an assessment of \$25,000 for an “Infrastructure Reserve.” By making this assessment, the Board of Trustees is affirming that we are beginning to collect funds with an eye towards replacing our 86-year-old (1930) infrastructure.

Further Resolved, this “Infrastructure Reserve” shall be collected equally from each of the 48 cottage leaseholders. The “Infrastructure Reserve” may only be used for any or all the following purposes: repair of existing water and storm sewer lines; replacement of existing water and storm sewer lines; addition of sanitary sewer lines and a pump station; or fees for professional services, such as engineers, consultants, or attorneys.

Further Resolved, that over the next year, the Board shall continue to gather information, get input from the community, and look for outside funding sources. At the 2017 budget meeting of the Board, we plan to set a target date for the next phase of this project. Using that target date, the Board will determine the amount needed to be assessed annually for our “Infrastructure Reserve” for 2018, and the years until the target is achieved.

Further Resolved, the Board will propose an amendment to the Building Rules and Regulations to be voted on at the 2017 Annual Membership Meeting to institute a “tap-in fee” for any new construction on the Heidelberg Beach property.