



**MIPOA**  
**Paved Road Advocacy Group**  
**Final Report: June 2018**

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# Current State

- The MI gravel/dirt roads require constant maintenance. Pot holes continue to form after heavy rains which requires continuous repair and expense.
  - Oversized rocks were used to establish the base during 2016 road repair and cost property owners over \$370K – road quality improved for approximately 6 months
    - A decision was made to not perform any repairs to the roads for the following two years. Our annual dues have been kept artificially low. To maintain the gravel/dirt road in the future – dues will increase. We are all liable for the condition of these roads – and maintenance must be performed as required.
  - Road repairs in February 2018 cost approximately \$15K, and potholes resurfaced after heavy rainfall. The improved road quality lasted approximately 30 days
  - Chemicals used on the road contribute to golf cart damage resulting in higher golf cart maintenance costs for residents on the gravels roads
  - Reserves and operating expenses for gravel road maintenance are 60% of our annual MIPOA budget
  - We pay significant taxes to BHI Village, and receive fewer benefits than other BHI neighborhoods.

***The gravel roads, as well as private community designation, result in significant expense to property owners that is not financially responsible.***



# Why Pave the Roads and Turnover to BHIV?

- Reduces MIPOA Operating Expenses by 50% annually
- Reduces MIPOA Dues by 50% annually
- Eliminates duplicate payment for road maintenance through taxes to BHIV and Dues
- Reduces road reserves by 50%
- Improves Property Values
- Reduces Golf Cart Maintenance expenses a 25% +
- Reduces homeowner liability for accidents on private roads
- Provides availability for FEMA funds for Middle Island

***Dues have been artificially low for the past two years. Continuing to maintain gravel roads will require annual MIPOA dues to increase by 5%***



# Payment Options

- Assessment to Forest lot owners per current bylaws and covenants
- A small business loan could be obtained by MIPOA and the current dues structure could remain in place until the loan is repaid in full.
- First Citizens Bank & Trust Company provided a term loan credit (non-binding basis for discussion purposes) to MIPOA in November 2017 (terms have expired, but could be revisited):
  - Term loan credit up to \$850,000
  - 15 year amortization, 5 year fixed rate term @ 3.80%
  - 15 year amortization, 7 year fixed rate term @ 4.15%
  - 10 year amortization, 10 year fixed rate term @ 4.40%
  - Loan fees .50%
  - Collateral: First deed of trust on all common areas owned by MIPOA

***Options exist to spread out the expense of paving over time***



# Middle Island Myths and Legends

- “Paving the gravel roads will cause Middle Island to lose its charm.”
  - Counterpoint: The drive and view down Federal Road from the Harbor to the Conservancy is one of the most charming drives on island. Most don’t notice the pavement, they notice the beautiful canopy.
- “Turning Roads over to the Village will mean the eventual turn over of other amenities of Middle Island.”
  - Counterpoint: Four neighborhoods on BHI have turned over their roads to the Village and have maintained private beach accesses and Docks
    - Harbor Village and Surfman’s Walk and Lighthouse Landing have private docks for residents and guests only
    - Killegray Ridge has public Roads and private Beach Access
- “The roads have flooded within the past 12 month period that precludes the Village from takeover”
  - Counterpoint: During Hurricane’s Joaquin and Matthew, Cape Creek Road was navigable, while most roads on BHI were impassable. The Village has recognized that Middle Island Roads have not flooded within the past year.



# FEMA Assistance to HOAs

- FEMA's purpose is to “eliminate immediate threat to lives, public health and safety”
  - FEMA may cover costs to remove fallen trees, large branches, silt, sand mud and building materials from private roadways to create emergency access and exit
  - In accordance with FEMA's *Public Assistance Policy Digest*, property owners can move disaster-related debris to a public right of way and the local government may be reimbursed for pickup and disposal.

***FEMA may not cover private communities. These FEMA guidelines were demonstrated on Middle Island during Winter Storm Grayson.***





# FEMA and Winter storm Grayson – BHI January 2018

- Email from Chris McCall dated 1/13/18 to Lynn Barnard – President MIPOA regarding Winter storm Grayson states the following:
  - ...”it would be helpful in adding clarity to understand there is a difference in the general use of the term debris...and the more specific term “storm debris”
  - “Given that middle island is a community with “private roads” which is the primary determining factor thereby requiring Middle Island to manage its own storm debris due to FEMA public assistance reimbursement requirements, the Village would NOT pick up the storm debris unless it were hauled out of Middle Island and placed along side a Village “public right-of-way” or Village location designated for placement of storm debris.”
  - ...” Village Public Safety Department, during the event, had cut and pushed one tree off the road as to maintain emergency access...”

***FEMA funds are not available to private communities, which places the burden of expenses on MIPOA - and property owners – if Middle Island remains a private community and experiences a strong hurricane.***



# HOA and Homeowner Liability

- Many accidents are the result of driver error, but a significant number are due to poor road maintenance
  - The gravel roads can attract a nuisance element to Middle Island. Last year, a golf cart hit the fire house door, causing severe door damage which hindered use and access.
    - The driver later admitted that he comes to middle island to “spin-out” his golf cart
    - The roads appear less traveled, and many tourists let underage children drive golf carts.
- \*Poor road maintenance can potentially damage a personal vehicle and may be defined as:
  - Potholes/uneven pavement/Flooding due to poor drainage
  - Overgrown trees/plants
  - Lack of visible signage
- \*If a private road is improperly maintained, the property owner may be sued for damages
  - Victim needs to demonstrate property owner negligence in maintaining private road
  - Assumes victim is not trespassing

\* Reference: [dolmanlaw.com](http://dolmanlaw.com) January 3, 2017





# Golf Cart Maintenance Costs

- The following are quotes from Always Ready Cart Care on Middle Island golf cart maintenance costs compared to other island neighborhoods:
  - “Data and repairs should be parsed by the habitat of the home. Carts exposed to sea mist have higher repair costs than homes in the forest/central island.”
  - “The Villas golf cart repairs are **25% higher** than the average home on the island due to sea mist/salt exposure”
  - “The need for **repairs on middle island is higher than those caused by sea mist and accordingly, is worse than any place on BHI.**”
    - Total expenditures for 47 Cape Creek Rd 2014-2018 (YTD): \$14,972.95
    - Total expenditures for 48 Cape Creek Rd 2014-2018 (YTD): \$13,566.53

***Middle island golf cart repairs are as great, or worse, than the villas due to the caustic nature of the chemicals used on the gravel roads.***



# BHI Realtor Survey

Surveys were sent to the largest agencies to obtain feedback regarding potential impact on MI property values if the gravel roads are paved (with one agency opting not to respond, citing conflict of interest concerns).

- Realtor A agents “unanimously support paving the roads and turning them over to the Village”, and quoted the following:
  - “Future buyers would be more apt to buy on Middle Island if the roads were maintained by the village through tax dollars rather than incurring additional fees to keep the roads private”
  - “The perception of privacy gained by having a gate would be negatively offset by the additional cost in maintaining private roads”
- Realtor B states paving the road will increase property values.
  - “Estimated initial capital costs per forest lot will be returned in appraised value within two year”
- Realtor C results:
  - 60% of agents think paving gravel roads will improve property values
  - 40% of agents think paving will have no impact on property values

***The majority of realtor agents think paving the gravel roads will increase property values***



# Option 1: Pave the Gravel Roads MIPOA Maintains Ownership

## Pros

- Smooth roads
  - Eliminates golf cart spin out environment (nuisance element)
- Eliminates dust
- Eliminates chemicals that contribute to cart damage
- Reduces road and cart maintenance
- Paved roads (asphalt) may last approx. 20-25 years
- Improves property values and sales

## Cons

- Requires high out of pocket costs for forest lot owners
- MIPOA retains liability for any accidents on all roads
- FEMA assistance for hurricane debris removal will most likely not be available
- BHI club truck may not be able to make deliveries (canopy issue)
- Maintain high dues for continued maintenance & high dues for road replacement
- Maintain MIPOA employee cost to clear the canopy & clear debris
- Most recent repair involved 2 voluntary Board members – not sustainable long term



# Option 2: Pave Roads and Turn Over to BHI Village for future Maintenance

## Pros

- Eligible for FEMA funds for hurricane debris removal
- Eliminates property owner/MIPOA liability for accidents on roads
- Reduces road reserves and maintenance cost
- Substantially reduces MIPOA dues
- Improves property values & sales
- Eliminates chemicals that contribute to cart damage
- Reduces cost of MIPOA employee
- Property manager available 5-6 days/week
- Smooth roads
  - Eliminates golf cart spin out environment
- Eliminates dust
- Asphalt may last 20-25 years

## Cons

- Requires high out of pocket cost from property owners
- Eliminates private community status (amenities remain private)
- Increases road Right of Way required by the Village
- Deeds will require modification to reflect right of way requirements
- Expected increase in road traffic
- Canopy alterations may be required to meet village requirement of 12 foot vertical clearance to ensure access for emergency vehicles



# Conclusions & Recommendations

- The Asphalt Advocacy Group recommends paving the roads and turn maintenance over to the BHI Village.
  - Our tax dollars will fund future road and canopy maintenance
  - Improve property values
  - Our MIPOA dues will decline by 50%
  - Turning over the roads to BHI Village will significantly reduce the MIPOA road reserves.
  - Eliminates road liability concerns
  - Reduce Golf Cart Maintenance costs
  - Paving the roads is the most durable and long lasting option (20 years) under consideration
  - All amenities remain private – Beach access , docks and marina
  - Large lot sizes and private atmosphere will be retained

**Paving and Turning the Roads over to BHI Village is the Fiscally Responsible Decision and in the Best Long Term Interest of Middle Island**



The choice is yours. Do we continue to waste money and time refilling these?...





Or do we stop dodging pot holes and start enjoying the beauty of Middle Island.....

