



Fishing Creek Farm

CAPEX Focus Group 2

September 22, 2020



Focus Group #2 – Topics and Approach

- ☐ Review current slide deck for content – best messaging for entire HOA
 - ☐ Discussion of Cost Drivers
 - ☐ Discussion of CapEx recommendations
 - ☐ Discussion of Funding Models
 - ☐ Review Funding Model Question format(s)
 - ☐ Feedback, Questions, Recommendations
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The Problem



- The reserve fund is used to pay the maintenance of the common assets of Fishing Creek Farm (FCF) and spread the burden evenly across years and homeowners.
- For the first 20 years of the Homeowners Association (HOA) this has not been a problem as assets were new. In 2012 when FCF needed to address the clubhouse renovation sufficient funds had not been reserved so a special assessment was done. Other assets such as pool, marina, tennis courts and drainage are approaching end-of-life and must be maintained to preserve the value of FCF for all homeowners
- As of 25 August 2020, the HOA Reserve Fund is \$197,946; the Waterfront (Marina) is \$315,713. The 2020 HOA Reserve Fund contribution is projected to be \$15,960 (8.2% of annual dues)



An Independent View

- Miller Dodson was retained to assess the FCF assets and suggest a funding level to assure that we can maintain the assets. They recommended that we fund at \$3,256 per homeowner per year beginning in 2017. This represents a total of \$391,867 total. (2020 annualized = \$428,937)
- Note that if it were not for the grant money we received last year for shoreline work these costs would be double
- If we do not take the recommended action Miller Dodson predicts we will need to have special assessments of approximately \$2.4 million over the next 40 years to meet all obligations.
- Homeowners also have expressed a desire to add new assets and features that were not contemplated by Miller Dodson.



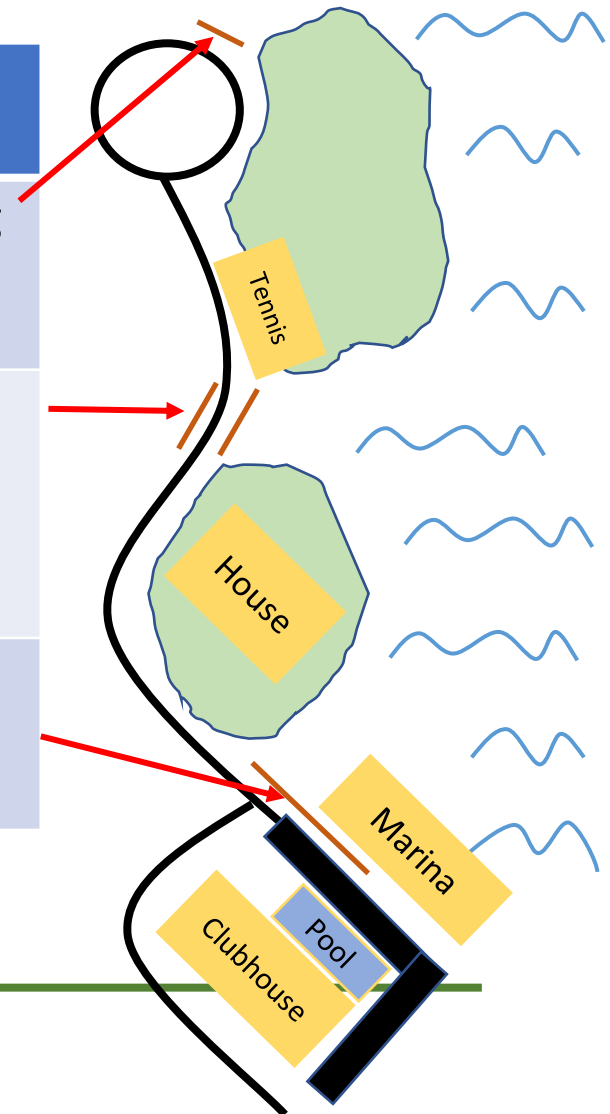
Major Cost Drivers

| Project | Approximate Cost | Comments |
|--|----------------------|--|
| 1. Replace boat ramp and pier | \$50,000 - \$75,000 | Some costs shared with marina which reduces the total cost to FCF. |
| 2. Replace pool deck | \$50,000 - \$75,000 | This depends on the extent of replacement needed |
| 3. Replace tennis court | \$25,000 - \$75,000 | Big factor is if foundation on which court rests is replaced. |
| 4. New parking lot shared by clubhouse/pool/marina | \$50,000 - \$100,000 | Despite resurfacing we will eventually need to replace the entire asphalt surface. |



Major Cost Drivers

| Project | Approximate Cost | Comments |
|---|-----------------------|--|
| 5. Cherry Tree Lane – replace the bulkhead at cul-de-sac | \$30,000 - \$60,000 | Install new rip-rap outboard of existing structure |
| 6. Cherry Tree Lane – replace bulkhead between road and water at “neck” | \$420,000 - \$480,000 | Some unknowns around what AA County is responsible for versus FCF |
| 7. Cherry Tree Lane - Build new trails near shoreline | \$50,000 | The land portion that corresponds to work going on now with grant money on shoreline |





Major Cost Drivers

| Project | Approximate Cost | Comments |
|---|---|--|
| 8. Cherry Tree Cove – new access to Sandspit | \$25,000 | Will be achieved by improving existing drainage easement (35-ft. wide) |
| 9. Crab pier replacement existing and add structure | \$20,000 - \$30,000 | Will be achieved by adding 2-3 new timber bents to inboard end of existing structure |
| 10. Service existing storm water management systems | \$25,000 - \$35,000 (leverages AACO work plan) | Current structures are clogged with debris and growth Preventive maintenance program every +/- 5 years |
| 11. Control Southbreeze Beach erosion | \$250,000 | Would try for grant money to supplement |



Focus Group Question 1 – Project Timing Recommendations

| Project | Approximate Cost | < 6 mo. | 6 - 18 mo. | 18 mo. – 3 yrs. | 3 - 5 yrs. | 5-10 yrs. | >10 yrs. |
|---|-------------------------|---------|------------|-----------------|------------|-----------|----------|
| 1. Replace boat ramp concrete | \$50,000 - \$75,000 | | | | C | | |
| 2. Replace pool deck | \$50,000 - \$75,000 | | | | | C | |
| 3. Repair/Replace tennis court (partial/full rehab) | \$25,000 - \$75,000 | | C | | | | C |
| 4. New parking lot shared by clubhouse/pool/marina | \$50,000 - \$100,000 | | | C | | | |
| 5. CTL – replace the bulkhead at cul-de-sac with rip-rap | \$30,000 - \$60,000 | | | | | | C |
| 6. CTL– replace bulkhead between road and water at “neck” | \$420,000 - \$480,000 * | | | | | | C |
| 7. CTL- Build new trails near shoreline | \$50,000 | | | | | C | |
| 8. Cherry Tree Cove – new access to Bridge and Sandspit | \$25,000 | | | | | C | |
| 9. Crab pier improve access | \$20,000 - \$30,000 | | | | C | | |
| 10. Service existing storm water management systems | \$25,000 - \$35,000 | | | C1 | | C2 | |
| 11. Control Southbreeze Beach erosion | \$250,000 * | | F | ← Permits | C | | |

* Biggest cost drivers and biggest range

C = CAPEX Committee

F = Focus Group



Major Funding Alternatives-Targeted Approach

| Alternative | Salient Points | Financial Translation |
|--|---|--|
| 1. Continue <u>status quo</u> . Allow dues to increase up to 10% per year with reserve contribution of @ 7.6%, special assessments as needed | Will result in a continuous series of large, multi-year “special assessments”. Each assessment requires approval by 51% of <u>all</u> homeowners. | Due to the high cost of the repairs and replacements, some years will require assessments of \$2,500 to \$4,000 per lot. |
| 2. <u>Pay-as-you-go</u> with small reserve account and allow alternatives to full replacement of some assets (e.g. repair to extent possible, allow to decline for a period or even sunset). | In addition to delaying or minimizing expense we will explore alternative financing options like bonds, debt, grants. Only projects we can afford would be completed. Some need to wait years to be done. | Special assessments used for any major repairs, rehabilitations, or improvements. Other assets taken out of service in lieu of spending on repair/replacement. |
| 3. Implement a <u>partially funded reserve level</u> of the annual HOA dues assessment. Combination of increased Reserve funds supplemented with special assessments. | Will require special assessments in some years, but higher payments every year will minimize large surprises. | HOA annual dues increased about half the full cost (\$2,500- \$3,000) per lot , plus special assessments every few years. (95% of dues increase to reserves, 3-5 year interval on special assessments) |
| 4. Implement a <u>fully funded reserve level</u> as part of the annual HOA dues assessment. This significantly increases funds dedicated to the Reserve account. | This payment level would be sufficient to cover all known needs and not change every year. Most equitable for people coming and going. It avoids surprises. | New HOA annual dues level between \$3,800 to \$4,000, with 95% of increase devoted to reserve funding. Minor HOA dues escalation, special assessments rarely used. |



Focus Group Question 2

Which major funding alternative do you favor?

- ☐ 1. Current Path (Minor Dues Increase with Special Assessments)
 - ☐ Cap Annual Dues at 10%, 7.6% to Reserve annually, frequent Special Assessments
- ☐ 2. Pay-As-You-Go (Tactical Approach)
 - ☐ Same as Option 1, some assets decline or removed from service, assessments case/case
- ☐ 3. Annual Dues Increase and limited Special Assessments to Fund
 - ☐ Increase Annual Dues to @ \$2,500, use Special Assessments as needed (3-5 year intervals)
- ☐ 4. Annual Dues Increase to Fully Fund Reserves
 - ☐ Increase Annual Dues to @ \$3,800+, Special Assessments rarely used



Focus Group - Feedback Questions

- Reference this slide deck presentation (coupled with the slides from the 11 AUG meeting), will an HOA member have enough information to make an informed decision concerning future capital funding models?
 - If NO, what needs to be added, modified, or amplified?
 - If YES, are there items that should be added, modified, or amplified?
 - Concerning the four different funding models, do they cover a sufficient spectrum of options?
 - Any option variation missing?
 - Are options logically presented?
 - Additional comments and feedback
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THANK YOU!



FCF By the Numbers

120 -Permitted Lots

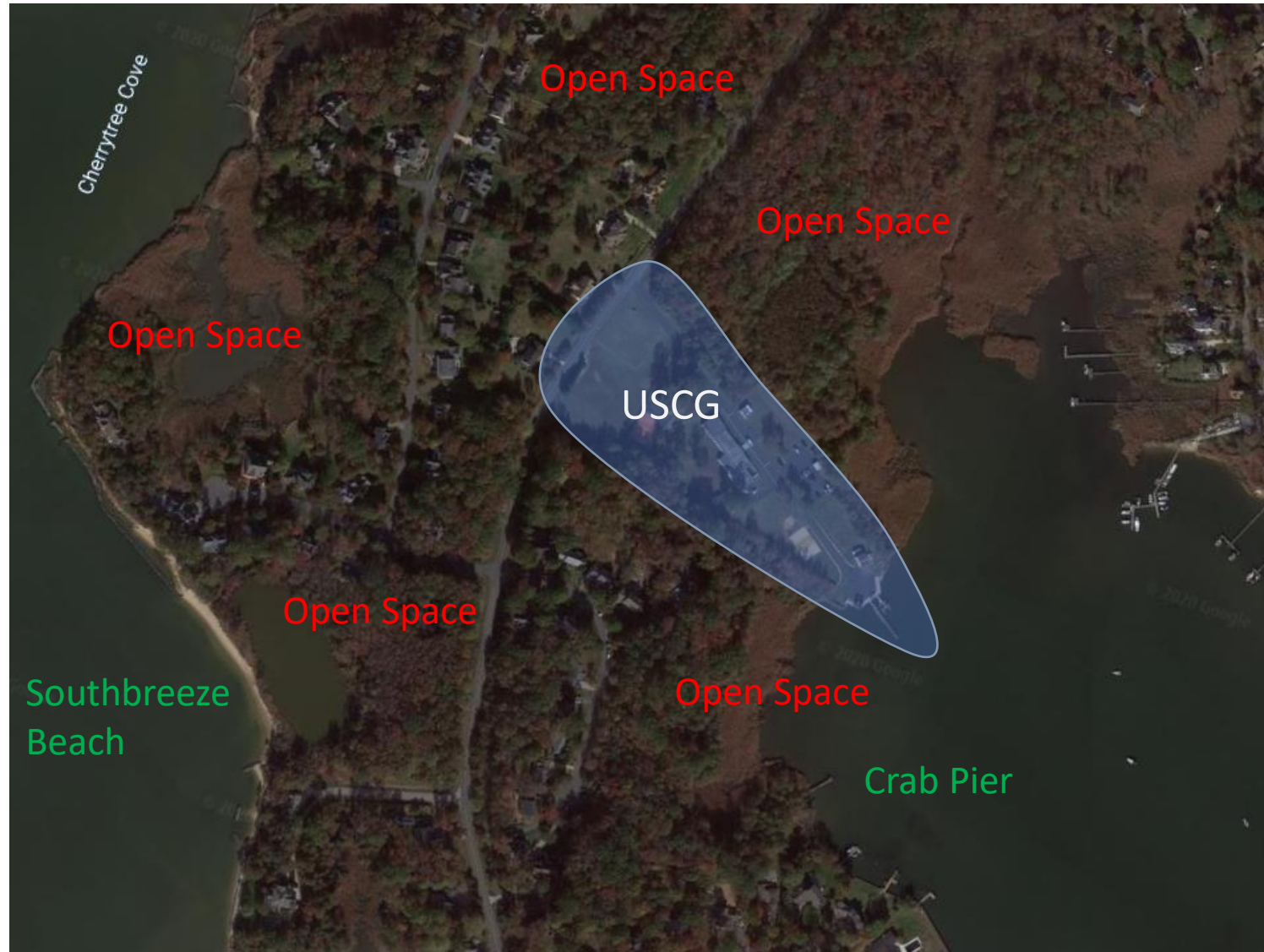
2 zoned Recreation Areas

17 distinct storm water
management structures

40-plus acres of
environmental area in 19
zoned open space areas









CapEx Outreach Plan

Feedback Analysis

- Focus Group #1
- 26 AUG – 20 SEP study period
- Prepare focus group survey #2 and administer

Focus Group #2

- 22 SEP
- Review funding models
- Seek feedback on model preference (s)

FCF Board/CapEx Meeting

- Early OCT
- Presentation & Discussion of feedback
- Board direction on funding models

Community Outreach Meeting

- TBD (late OCT)
- For all HOA members to review funding model preference (s)
- Feedback for board, plan for 2021 finances



Focus Group Question – Additional Notes

1. Continue to allow annual dues to grow naturally (2020 dues are \$1,580, annual increase capped at 10% in by-laws) with continued nominal contributions to reserve fund annually and large special assessments when needed to maintain all assets.
 2. Pay-as-you-go using a tactical annual approach of determining dues, small reserves available, large special assessments, and other funding sources e.g. bonds, debt and grants and even allowing assets to decline/sunset.
 3. Raise annual dues to approximately \$2500 with 95% of increase to fund reserves and use targeted special assessment program for major projects.
 4. Raise annual dues to approximately \$4000/year with 95% of increase to fund reserves.
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