

# FINANCING OPTIONS



- ◆ **Loan:** Lynn's research revealed that WFCA is not eligible for a bank loan as it holds no collateral. Recent comments suggest that private residents could offer their homes for collateral. This would seem to be extremely inadvisable. A change in management/WFCA board composition could possibly jeopardize repayment. Given the constant turnover of the WFCA Board membership this could create some serious legal ramifications.

Additionally, the math would indicate that dues would still have to be increased to provide for the loan repayment on top of the standard operating expenses. The only advantage of a loan would be the possibility of completing a larger portion of the project at an earlier date.

- ◆ **Grants:** To date no grants have been discovered that will assist in this project. Two attempts have failed to acquire funds from the city in 2019. From historical experience, potential grants may be of such a small amount as not to be a significant benefit. Even the city water/sewer grants would be too small to be of assistance. Other grants are targeted to larger waterways such as Lake Monroe and our ponds not eligible. Other philanthropic organizations offer funds for special wildlife conservation efforts. Again, WFCA does not qualify.

Should anyone discover a feasible program and would be willing to assist with the process it would be welcomed. However, it is often difficult to adhere to the timeframes to submit a grant, wait for approval and then to expend the funds within the grantor's requirements.

- ◆ Likewise waiting for any **legislative solutions** will only delay what has become a crisis. It is a commendable idea that communities with urban waterways should unite to seek relief. WFCA is not alone with these problems. In fact, it seems apparent from the comments from the city representatives that there is a movement away from developing urban ponds for many reasons. However, that does not dismiss the fact that we have ponds and the obligation to our homeowners to explore the most cost-effective methods to deal with our problems.
- ◆ Additionally, a former WFCA Board member did reach out for assistance from the **IU SPEA** group. It is another admirable idea, but it requires the devotion of a WFCA liaison to continue the relationship. Unfortunately, the member moved away before anything fruitful evolved. Again, volunteers to assist in such an endeavor would be appreciated.
- ◆ **Membership Dues:** An increase in dues appears to be the only recourse for a reliable stream of financing. It appears that a recent recommendation from a homeowner for a dues-increase of and additional \$180.00 was unrealistically high. It is doubtful he WFCA membership would approve such an increase in a community vote.

Major budget changes will need to be approved by the residents of WFCA. The next WFCA Annual General Meeting is scheduled for the fall of 2021. Pending such approval, additional funds would not start to accrue until January of 2022. Under this proposal, it would take two years to accrue enough funds to renew pond #3. Work would be delayed until 2023.

Should a request to support a pond improvement fail at the 2021 annual meeting, major work would yet again be postponed. Unless a special meeting is called, the next opportunity to garner support for any pond project would be up for a vote at the 2022 WFCA Annual General Meeting in the fall. Even if approved at that time, a plan could not be implemented until the summer/fall of 2024!

## SPECIFIC FINANCING RECOMMENATIONS

- ⇒ **Dedicated Pond Improvement Budget:** A separate budget in a targeted reserve account must be created specifically for pond improvement projects. This should serve to assure residents that increases in dues will be dedicated specifically to pond improvement, while affirming that general reserve funds will continue to support other common area needs. Continued basic pond maintenance such as algae control should remain in the reserve budget.
- ⇒ **Transfer from WFCAs reserves:** A minimum of \$40,000 should be initially transferred from the WFCAs reserve budget to the Pond Improvement Budget as a good faith initiative to start the accumulation of the necessary funds. This would leave over \$50,000 in the general reserves to address issues in the common areas throughout WFCAs. Standard dues can be used to replenish the reserve budget overtime.
- ⇒ **Contributions from Moss Creek and Moss Creek Village:** Since the two HOAs, Moss Creek and Moss Creek Village, are most noticeably impacted by the status of the ponds, they should be asked to contribute directly to the Pond Improvement Budget. Since WFCAs cannot assess these residents at a different rate, the two HOAs could make the contribution designated to be used only for pond improvement efforts. To avoid tapping their reserves, this contribution could come from small increases to the members' monthly HOA dues:
  - \* A simple increase of \$10 per Moss Creek resident would contribute \$120 per resident in addition to their WFCAs dues. There are 70 units. The targeted contribution from MC could total an additional \$8,400 per year. This is just a suggested amount and the amount could vary.
  - \* A simple increase of \$5 per Moss Creek resident would contribute \$60 per resident in addition to their WFCAs dues. There are 34 units. The targeted contribution from MCV could total an additional \$2,040 per year. This is just a suggested amount and the amount could vary.
- ⇒ **Approval from WFCAs membership:** WFCAs should submit a detailed Pond Improvement Budget for approval at the WFCAs Annual Meeting, presenting a multi-year proposal for dues and specified expenses. The issue is much too complicated to ask membership to make the choices between Scenario #1 and Scenario #2 in the Conceptual Design submitted by Andy Knust. The Board has the obligation to sort through the details and select a choice to take to the membership for a vote.
- ⇒ **Multi-year Plan:** While some residents believe that the best way to accomplish all the pressing work is to charge a single (or a few) large assessment(s), the counter argument is to request more reasonable increases and phase in the work over multiple years. It is understandable that WFCAs residents who do not live close to the ponds would not want to vote for sizable increases, even if it is over fewer years. Given a quorum, it will take 51% of those attending the WFCAs Annual General Meeting to approve any significant change in the dues' assessments.

It is immediately obvious that it is necessary to create a balance between increasing dues against the time it takes to accrue enough funds to complete the project. As has been explained, a phased-in approach can allow for the gradual accumulation of the required funds. The following worksheet provides a suggested budget that balances the increase in dues and the time factor. The method to create a reserve budget, as presented in the "Current Assessment Funding Model" submitted by Reserve Design Advantage last year, was emulated utilizing the figures from *Option B Pond Renewal* on page 15 of the Practical Proposal. The interactive worksheet is available upon request to any WFCAs member who would like to explore the options.

The following spreadsheets are created to identify when each phase of a multi-year plan can be completed in accordance with the the time it would require to accrue the necessary funds. Both budgetary worksheets are targeted specifically for the pond improvement project and are based upon the following assumptions:

- WFCAs has transferred an initial start up amount of \$40,000
- Moss Creek will contribute an annual amount that is calculated by increasing HOA fees by \$10 per month
- Moss Creek Village will contribute an annual amount that is calculated by increasing HOA by \$5 per month
- WFCAs members will be assessed an additional \$100 per year.
- The amount needed to complete each phase of the project are gleaned from the *Conceptual Design*. (The amounts do NOT include many of the ancillary costs that were omitted. Such expenses will greatly impact the timeframe.)

These interactive worksheets are available upon request via this website.

### Option B: Worksheet for Determining Project Schedule Based Upon Timeframe for Accrual of Necessary Funds

Year	Balance Brought Forward	WFCAs dues increase over current	Total from WFCAs Dues (410 units)	MC Monthly Dues Inc	MC Total Contribution (71 units)	MCV Monthly Dues Increase	MCV Total Contribution (34 units)	Grand Total Contribution For Year	Project For Year	Estimated Expense For Year	End of year Balance
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	more dredging of pond #3 & obtain approval from membership		\$0
2022	\$40,000	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$91,560	Establish separate pond budget		\$91,560
2023	\$91,560	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$143,120	complete pond #3	\$121,000	\$22,120
2024	\$22,120	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$73,680	none	\$0	\$73,680
2025	\$73,680	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$125,240	pond #5	\$61,000	\$64,240
2026	\$64,240	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$115,800	pond #4	\$85,000	\$30,800
2027	\$30,800	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$82,360	pond #6	\$68,000	\$14,360
2028	\$14,360	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$65,920	pond #7	\$65,000	\$920

### Stream Channel Option: Worksheet for Determining Project Schedule Based Upon Timeframe for Accrual of Necessary Funds

Year	Balance Brought Forward	WFCAs dues increase over current	Total from WFCAs Dues (410 units)	MC Monthly Dues Inc	MC Total Contribution (71 units)	MCV Monthly Dues Increase	MCV Total Contribution (34 units)	Grand Total Contribution For Year	Project For Year	Estimated Expense For Year	End of year Balance
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	acquire approval at WFCAs Annual General Meeting		\$0
2022	\$40,000	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$91,560	Establish separate pond budget	\$0	\$91,560
2023	\$91,560	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$143,120	obtain surveys & permits	\$42,000	\$101,120
2024	\$101,120	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$152,680		\$0	\$152,680
2025	\$152,680	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$204,240		\$0	\$204,240
2026	\$204,240	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$255,800		\$0	\$255,800
2027	\$255,800	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$307,360	pond #3, 4 & 5	\$293,000	\$14,360
2028	\$14,360	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$65,920			\$65,920
2029	\$65,920	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$117,480	rain garden, wildlife surv	\$107,000	\$10,480
2030	\$10,480	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$62,040			\$62,040
2031	\$62,040	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$113,600	pond #6	\$68,000	\$45,600
2032	\$45,600	\$100	\$41,000	\$10	\$8,520	\$5	\$2,040	\$97,160	pond #7	\$65,000	\$32,160

## A Comprehensive Comparison of OPTION B v the Stream Channel Option

Based upon the Hypothetical Estimates Provided in The Conceptual Design

Item	Option B Pond	Scenario #2 Stream Channel
Overall costs using estimates from Knust Report	<b>\$400,000</b>	<b>\$421,000 installation</b> <i>(+ potential \$154,000 ancillary costs</i> <i>Total: \$575,000)</i>
Additional Costs	Technical reports to obtain construction bids	Engineering design, technical reports for bids, permits, landscaping consultants, possible legal services related to property easements, long term habitat survey. Approximate: \$154,000
Pond Dredging every 10 years	Seven ponds	Five Ponds, plus cleaning of what is now Pond #4
Sediment Forebay clean-out	Pond #3	Pond #5
New Landscaping	Status quo With estimates for some shoreline stabilization	Concerns with regards as to which organization will be responsible for bank maintenance for areas P3 High maintenance first few years until vegetation is established
The time necessary to accrue funds for the first phase of the project, if approved 2021	<b>Year 2023</b> for Pond #3	<b>Year 2025</b> for ponds #3, #4 and #5
The year the last phase of the project is to be completed, if approved 2021	<b>Year 2028</b> for Pond #7	<b>Year 2032</b> for Pond #7
For WFOA residents outside Moss Creek and Moss Creek Village HOAs, the total increase of \$100 for the duration of the project.	<b>\$700</b> For seven years, 2022-2028	<b>\$1100</b> For eleven years, 2022-2029
For Moss Creek residents with \$10/mo. increase in HOA fees, their total combined increases for the duration of the project	<b>\$1,540</b> For seven years, 2022-2028	<b>\$2,420</b> For eleven years, 2022-2029
For Moss Creek Village residents with \$5/mo. increase in HOA fees, their total combined increases for the duration of the project	<b>\$1,120</b> For seven years 2022-2028	<b>\$1,760</b> For eleven years 2022-2028