



2023 Budget Proposal for Funding the Pond Project



Contingent upon weather and availability of a contractor (yet to be selected), work will begin spring/summer/fall of 2023 to address the serious functional and structural WFCA pond issues. Work will include dredging, installing new liners, and reinforcing the banks for ponds #3-7 at an estimated cost of \$380,000; to be financed as follows:

1. Draw \$140,000 from WFCA Reserves and Budgeted amounts as follows:

- a) \$41,700 from 2022 budget (\$100 per unit annual fee.)
- b) \$41,700 from 2023 budget, (\$100 per unit annual fee.)
- c) \$20,000 from the unspent Pond Management Planning item from the 2022 budget.
- d) \$12,000 from the unspent Ponds Other item from the 2022 budget
- e) \$24,600 from 2023 Budget Reserves. (Savings at the end of September 2022, were almost \$120,000.)

2. Acquire a loan of \$240,000 for the remainder of the \$380,000 cost: Loan facts include:

- a) The loan is granted against future annual fees. No property is used as collateral nor at risk.
- b) Estimates show a projected interest rate of 7% (currently the rate is 5.65%). The \$100 from the annual fee targeted for the pond project will be adequate to meet the monthly repayment fees per year. (\$100 times the 417 units amounts to a total of \$41,700 per year to apply to the repayment of the loan. At 7% interest rate, the monthly payment for a 10-year loan is \$2,786.60 per month or a total of \$33,439.2 per year.) Contingent upon unforeseen expenses, WFCA could theoretically attempt to repay the loan at a faster rate.
- c) Assuming a start in the spring of 2023, loan repayments could come due beginning the summer of 2023. Contingent upon the timing of the contractual work and the issuance of the loan, there could be up to 6 months of repayments required in 2023. At the monthly fee of \$2,786.60 the repayment amount could be \$16,719.60 for the last 6 months of the first year. This would be drawn from the reserves. At the end of the loan, any balance left from the targeted \$100 in the annual fee will be returned to the Reserves.
- d) The total current annual fee is \$320. WFCA will continue to dedicate \$100 from the annual fee to repay the loan. It is calculated that the dedicated pond amount of \$100 will provide the necessary funds to repay the loan without asking for an increase in the annual fee for pond restoration.

Board Criteria for selecting any recommendation for the Pond Project

- Fiscal costs of installation and the impact upon Members
- Flood and erosion control
- Ancillary costs of installation to include, but not limited to, permits, engineering plans, and landscaping,
- Long-term Maintenance Issues
- Overall community aesthetics

Basic Facts

1. In accordance with the WFCA Governing Documents, all homeowners in WFCA are Members of WFCA and are required to equally contribute to the upkeep and maintenance of the WFCA Common Areas.
2. The Governing Documents identify the ponds and the associated equipment to be part of the Common Areas.
3. The seven ponds accept drainage from over 120 acres, well beyond the boundaries of WFCA.
4. Professional reports have clearly stated that it is not feasible to allow the ponds to naturally fill in with sediment. To do so would create significant flooding damage to nearby properties, which could risk litigation.
5. The city requires WFCA to control the flow of water leaving WFCA to prevent the flooding of Winslow Road.
6. The Stream Channel option has been abandoned for reasons that include:
 - a) Within the last few years Ponds #1 and #2 were renovated at a cost of over \$90,000 and it would be fiscally inadvisable to convert them.
 - b) The conversion of Ponds #5-7 to a stream channel would incur expenses that could approach a million dollars. The lack of a drop in elevation from ponds #3 to #6 would require extensive redesign which would include removing bridges to access the removal of the understructures. It would require costly permits, and engineering designs. Professional studies have consistently rejected this idea.
 - c) Converting Ponds #3 & #4 to a stream channel would require extra permits, engineering plans and extensive landscaping. There are concerns that due to the lack of elevation between #4 and #5, water could back up and stagnant in pond #4. Suggestions to install a rain garden to alleviate this problem prompt questions as to short-term and long-term maintenance costs, as well, as aesthetics if not properly maintained.
 - d) The argument to convert the ponds to a stream channel grew from the concept that a “total” stream channel could provide for reduced maintenance costs. Given the restrictions listed above, singularly converting pond #3 to a stream channel and modifying pond #4 with a rain garden, provides minimal, if any, long-term maintenance savings.
 - e) The results from the two surveys asking homeowners for a preference between stream channel and restoration options both resulted in a preference for restoring the ponds.
7. It is not recommended to address the ponds one at a time, as funds become available. The reasons include:
 - a) The costs to address the ponds will increase over time, creating unpredictable future fee increases.
 - b) There are advantages to doing all the ponds at one time. Issuing a single contract provides for:
 - a discount,
 - less intrusion to the community,
 - assurances the work will be completed.
8. The recommendation to acquire a loan is centered in the following:

WFCA homeowners may budget for the pond project without a special assessment or large fee increases. The current WFCA fee is \$320 per unit, \$100 of which is targeted for the pond project. The proposed budget does not warrant an increase in the amount targeted for the pond project for the life of the project loan.