

Background Information for the May 1, 2018 Special Membership Meeting

1. Background on Williams Drive Dock
 - a. The current dock is roughly 45-years old. A neighbor, who is also a marine engineer, has suggested that it is at the end of its useful life.
 - b. Two bids for replacing the dock have been posted on the AHIA website for public inspection. The rough cost is \$35,000.
 - c. Neither AHIA nor the Boat Club put away money over the past decades for the eventual replacement of the dock.
 - d. Because of the ever-changing regulatory environment, it is inadvisable to tear the dock down with a plan to build it later (i.e., we believe that replacement must be immediate, or it will be substantially harder and more expensive.).
2. Background on Dewey Drive Dock
 - a. This dock is newer and in better shape, but it too will need to be replaced at some point.
 - b. AHIA has not been able to put away adequate resources each year to prepare for its eventual replacement.
 - c. It has long been understood that there was the capacity to add 5 slips to the up-creek side, but that has been rejected by the membership in the past.
 - d. Recent conversations with experts and community members suggest that AHIA might be able to extend the current dock and install upwards of 8 slips.
 - e. Slips at Dewey would be deeper than slips at Williams Drive.
3. FIRST QUESTION – Should AHIA pursue expanding and adding slips to Dewey Drive if feasible (both from an economical and technical perspective)?
 - a. Arguments For Adding Slips:
 - i. If managed properly and set at market rates, slip revenue could fund the upkeep and eventual replacement of the dock.
 - ii. Potential doubling of the number of slips available to AHIA members.
 - b. Arguments Against Adding Slips:
 - i. Boat slips may change the quiet character of the dock and Heineman Park.
4. SECOND QUESTION – Should AHIA replace the Williams Drive Dock?
 - a. Arguments For Replacing the Dock:
 - i. Waterfront amenities and neighborhood slips contribute positively to the community and AH home values.
 - ii. There is the potential for a dock to pay for itself.
 - b. Arguments Against Replacing the Dock:
 - i. Past experience calls the economics of a dock in question.
 - ii. Benefits are disproportionately greater for slip holders, who are a small minority of members.
5. THIRD QUESTION/DISCUSSION – Potential Paths for Moving Forward With Replacing the Dock
 - a. Option 1 – AHIA Fully-funds the project allowing current slip holders to remain.
 - i. Slip Bonds are sold for \$2,000. The concept is similar to pool bonds, but unlike pool bonds – slip bonds would not be allowed to convey with a house’s transfer of ownership. AHIA would re-sell the bond to a new slip holder and reimburse the former slip holder. This could generate \$14,000 at Williams (40% of the Williams Drive Dock replacement cost) and potentially between \$10,000 and

\$16,000 at Dewey (Potentially fully funding a Dewey Drive expansion/installation of slips).

- ii. AHIA would grant current slip holders first right of refusal and recognize the existing Boat Club waiting list, in exchange for the Boat Club transferring its remaining cash (believed to be around \$8,000 – 23% of the Williams Drive Dock replacement cost) to AHIA to offset project costs.
 - iii. AHIA will raise slip fees to \$2 x Length x Width immediately for new slip holders. Recognizing that the Boat Club assets discussed above were generated by existing slip holders, they would receive a 2-year slip fee holiday, and then pay the rate set by AHIA.
 - iv. AHIA would manage and set the kayak rack rates for both Williams Drive and Dewey Drive.
 - v. AHIA would establish a Marina Committee for the management of the slips and kayak racks.
 - vi. This leaves a small gap for construction costs, which can be funded through a mix of fundraising, use of savings, and potentially financing.
 - vii. The goal of slip fees will be to cover maintenance costs plus put away enough for eventual replacement of both docks at the end of their life cycles.
- b. Option 2 – AHIA Fully-funds the project. Auctions All Slips
- i. Slip Bonds are sold via auction. The concept is similar to pool bonds, but unlike pool bonds – slip bonds would not be allowed to convey with a house’s transfer of ownership. AHIA would re-sell the bond to a new slip holder via auction and reimburse the former slip holder. This could generate more or less revenue than setting a flat fee.
 - ii. All slips would be up for auction. Because Boat Club Members would lack certainty, there is no reason for the Boat Club to contribute its remaining assets. This is a loss of \$8,000 towards the project.
 - iii. AHIA will raise slip fees to \$2 x Length x Width immediately for all slip holders.
 - iv. AHIA would manage and set the kayak rack rates for both Williams Drive and Dewey Drive.
 - v. AHIA would establish a Marina Committee for the management of the slips and kayak racks.
 - vi. This leaves a small gap for construction costs, which can be funded through a mix of fundraising, use of savings, and potentially financing.
 - vii. The goal of slip fees will be to cover maintenance costs plus put away enough for eventual replacement of both docks at the end of their life cycles.
 - viii. Option 3 - Look for a **partner to fully cover the cost** of replacing the dock through a competitive process. (This is similar to the arrangement that resulted in the current dock.)
- c. Option 3 - Look for a **partner to fully cover the cost** of replacing the dock through a competitive process. (This is similar to the arrangement that resulted in the current dock.)
- i. Partner identified through a competitive RFP process.

- ii. The partner then enjoys a convenience lease in exchange for their investment and work to maintain the dock.
 - iii. Proposals would be assessed based on proposed length of lease.
 - iv. Bidders would be required to be in good standing with AHIA with dues (and kayak rack obligations, if applicable) paid in full. An organization (e.g., Boat Club, etc.) can bid if they can demonstrate that all members are in good standing.
- d. OPTION 4 - Look for a partner to share the cost of replacing the dock. (This is similar to what has been proposed in the last two meetings.)
 - i. Partner identified through a competitive RFP Process.
 - ii. The partner then enjoys an affordable lease in exchange for their investment and work to maintain the dock.
 - iii. Proposals would be assessed based on proposed cost share and length of lease.