



Shelter Bay Community, Inc.
TOWN MEETING


— ■ ■ ■ —
March 11, 2009

Agenda

- Strategy for Early Payoff of Back Rent
- FY 2009-2010 Budget Overview
 - Operating Budget
 - Capital Budget
- General Comments and Questions

Strategy for Back Rent Payoff

Why an early Payoff?

-  Facilitates discussion with Tribe
 - Future 10-year rent Adjustment Method
 - Master Lease extension possibilities

 Avoids continuing interest expense

We currently owe \$1,085,000 in Back Rent

Strategy for Back Rent Payoff

Interest Expense Avoidance
estimated at:

\$ 112,600

What's the Downside of Waiting to Pay it Off?

- Tribe won't talk to us until Back Rent is paid
- Will lead us right up to 2013; then facing the next rent adjustment
- Could result in another "Back Rent" scenario
- Incur interest expense of \$112,600
- Can't discuss lease extension with Tribe
- Could have negative impact on property values

Strategy for Back Rent Payoff

- Pay in full by September 30, 2009 or soon thereafter
- “Borrow” from available funds on hand
- Borrow from private sources, if needed
- Retain 3-months operating cash per policy
- “Repay” funds over time from Back Rent payments received each month

Strategy for Back Rent Payoff

Due to Tribe

Princ. + Interest \$ 1,124,000 (thru 9/30/09)

Less Payments

Q1 2009 \$ 120,000

Q2 2009 \$ 100,000

Q3 2009 \$ 75,000

Balance to Pay \$ 829,000

Strategy for Back Rent Payoff Funds Available*

	<u>Minimum</u>	<u>Maximum</u>
Delayed Cap. Proj.	\$ 212,560	\$ 282,560
Bad Debt. Allow.	----	130,000
Marina Surplus 6/09	200,000	200,000
Balloon Reserve	100,000	100,000
Oper. Reserves	30,000	30,000
Line of Credit	<u>100,000</u>	<u>87,000</u>
	\$ 642,560	\$ 829,560

* Board of Directors to determine amounts

Strategy for Back Rent Payoff Repayment Priority

- 1 - Line of Credit and Private Sources
- 2 - Marina Reserves
- 3 - Capital Project funds
- 4 - Bad Debt Allowance on Back Rent
- 5 - Operating Reserve
- 6 - Balloon Payment Reserve

Strategy for Back Rent Payoff

- Members paying over time still have the time they need to pay their back rent off
- Plan relies on members' good faith in continuing to make their monthly payments
- Board is seeking member comments to determine if this strategy is acceptable to implement
- Board will ask for community's concurrence

Member Questions?
Comments?

FY 09-10 Budgets

The Budgeting Process

- Manager prepares budget, with input from:
 - Board, Committees, Community members
 - Compare with current year financial projection
 - Compare with previous year's actual costs

FY09-10 Budgets

The Budgeting Process

- Numerous work sessions with Finance Committee, Board and other committees
- Town Meeting on Mar. 11th for member comments
- Final Budget Proposal to Board on Mar. 18th for adoption at Board Meeting– member comments heard
- Annual Town Meeting on Election of Candidates, Issues, and Budget (April 15th Meeting)

The Budgeting Process

Annual Meeting/Election on May 2nd

- Community Members have the power to determine if the budget is ratified
 - If **RATIFIED** by members, board's approved budget stands and will be the budget for the coming fiscal year
 - If **REJECTED** by members, community reverts to current year's Operating Budget until new budget is approved and not rejected by community

Two Budgets

Capital Budget and Operating Budget

Capital Budget

- Provides funds for capital (assets) and special one-time projects
- Funds remain available until project is complete
- Can run beyond the end of the fiscal year

Two Budgets

Capital Budget and Operating Budget

Operating Budget

- Provides funds for normal day-to-day community operations
- If not spent, funds do not carry over into next year
- Unspent funds, if any, allocated to reserves or other use by Board

FY 09-10 Capital Budget Highlights

Includes funding for:

- Water System Replacement Study
- Road improvements
- Truck to replace 1983 GMC
- Stormwater Management
- Recreational Improvements
- Greenbelt-Firewise
- Add'l funding to complete CH Bathrooms & Elec.
- Water & Sewer Reserve Funding
- \$12/yr increase over this year – assess \$31/mo, \$372/yr

FY 09-10 CAPITAL BUDGET

Sewer	30,000	\$15,000 System Improvements \$15,000 Sewer Reserves
Water	43,000	\$15,000 System Improvements \$13,000 System Replacement Study \$15,000 Water Reserves
Roads	40,000	Resurfacing projects
Maint. Equip.	15,000	Truck to replace '83 GMC
Drainage	101,000	\$22,000 Stormwater mgmt. – N. Basin Area \$79,000 Stormwater mgmt. – Clubhouse Area
Recreation	37,000	\$5,000 Pool Study; \$15,000 Walking Path \$7,000 Off Leash Dog Park; \$10,000 Boat Launch
Storage Lot	8,000	16 new electrical stalls
Greenbelts	34,000	\$10,000 Fire Fuels Reduction \$9,000 Landscape Skagit Ridge GB \$15,000 Emergency Egress Div. 4 Tr. M @ Lillooet
Admin.	3,500	\$ 2,000 Fire Proof Files for Board Records \$ 1,500 New Computer – Server
Buildings	30,000	\$5,000 CH Generator \$25,000 CH Bathroom Impr. & ADA Access
Contingency/Reserve	6,692	
TOTAL	\$348,192	\$372/lot/yr. \$31/lot/mo.

FY 09-10 Operating Budget

Five Components of the Budget

- Community Operation
- Lease Administration
- Marina Operation
- Sewer Utility
- Water Utility

FY 09-10 Operating - Community

Highlights

- Reinstates Recreation Tag Program
- Includes \$10K Contribution from Marina
- RV Storage Lot - \$50/yr increase for spaces with electrical power
- Public Relations expense for New Residents
- Payroll expense up 4.5% overall
- **Monthly Dues up \$2.50; \$59.50/mo; \$714/yr.**

FY 09-10 Operating – Community

- Monthly Dues: \$59.50; \$714 per year

INCOME		EXPENSE	
Annual Assess.	668,304	Contracted-Gate	59,200
Rec. Tags	14,000	Fuel	19,500
Marina Contrib'n	10,000	Repair & Maint.	47,500
Storage Lot	55,000	Committee Exp.	14,750
Other	67,450	Power	17,000
TOTAL	\$ 814,754	Insurance	61,000
		Supplies	16,300
		Other	146,110
		Payroll	423,612
		TOTAL	\$ 804,972

FY 09-10 Operating – Lease Admin.

- Covers day-to-day lease administration activities; billed to Shelter Bay Company, so result is zero net bottom line.
- Supplemental Rent Assessment includes \$2/mo. increase to cover Lease Administration expenses

INCOME		EXPENSE	
Suppl. Rent	831,929	Rent to SBayCo.	837,752
Billing - SBay Co.	26,140	Payroll Expense	26,140
Other	5,823	TOTAL	\$863,892
TOTAL	\$ 863,892		

FY 09-10 Operating – Marina Operations

- Covers staff payroll for marina operation; billed to Shelter Bay Company, so result is zero net bottom line.

INCOME		EXPENSE	
Billing - SBay Co.	68,369	Payroll Expense	68,369
TOTAL	\$ 68,369	TOTAL	\$ 68,369

FY 09-10 Operating – Sewer Utility

- Billing Rate increased \$0.50/mo. to \$20.00

INCOME		EXPENSE	
Sewer Fee	204,000	Sludge Removal	54,500
State/Tribal Tax	9,914	State/Tribal Tax	9,914
TOTAL	\$ 213,914	Equip. R & M	16,500
		Power	15,000
		Payroll Expense	90,291
		TOTAL	\$ 204,155

FY 09-10 Operating – Water Utility

- Billing Method Changed; overall increase \$3.86/mo. on average

INCOME		EXPENSE	
Water – Use Fee	126,000	Water Cost – Use	112,700
Water – Base Rate	139,857	Water Cost – Base	40,737
State/Tribal Tax	23,906	State/Tribal Tax	23,906
Meter Fees	7,000	Equip. R & M	7,000
TOTAL	\$ 296,763	Power	5,000
		Payroll Expense	72,640
		TOTAL	\$ 276,433

FY 09-10 Operating – Water Utility

Has operated at a loss in past two years:

<\$33K> in 07-08

<\$ 4K> projected for 08-09

New Billing method:

- Higher Base rate to cover known fixed costs of operation (\$13.11/mo.)
- Lower Consumption rate (\$.018/cu.ft)
- **\$3.86/mo. higher, on average**, plus applicable taxes

Utility Rate Comparisons

	Shelter Bay	La Conner	Anacortes	Skagit PUD Sedro Wly	Swinomish
WATER	33.60	36.54	14.55	30.42	31.00
SEWER	20.97	48.22	47.01	51.25	53.00
TOTAL	\$ 54.57	\$ 84.76	\$ 61.56	\$ 81.67	\$ 84.00

Notes:

- 1) Water/Sewer includes applicable taxes
- 2) La Conner water rates are for current year; increased rates effective April 2009 have not yet been approved by Town Council

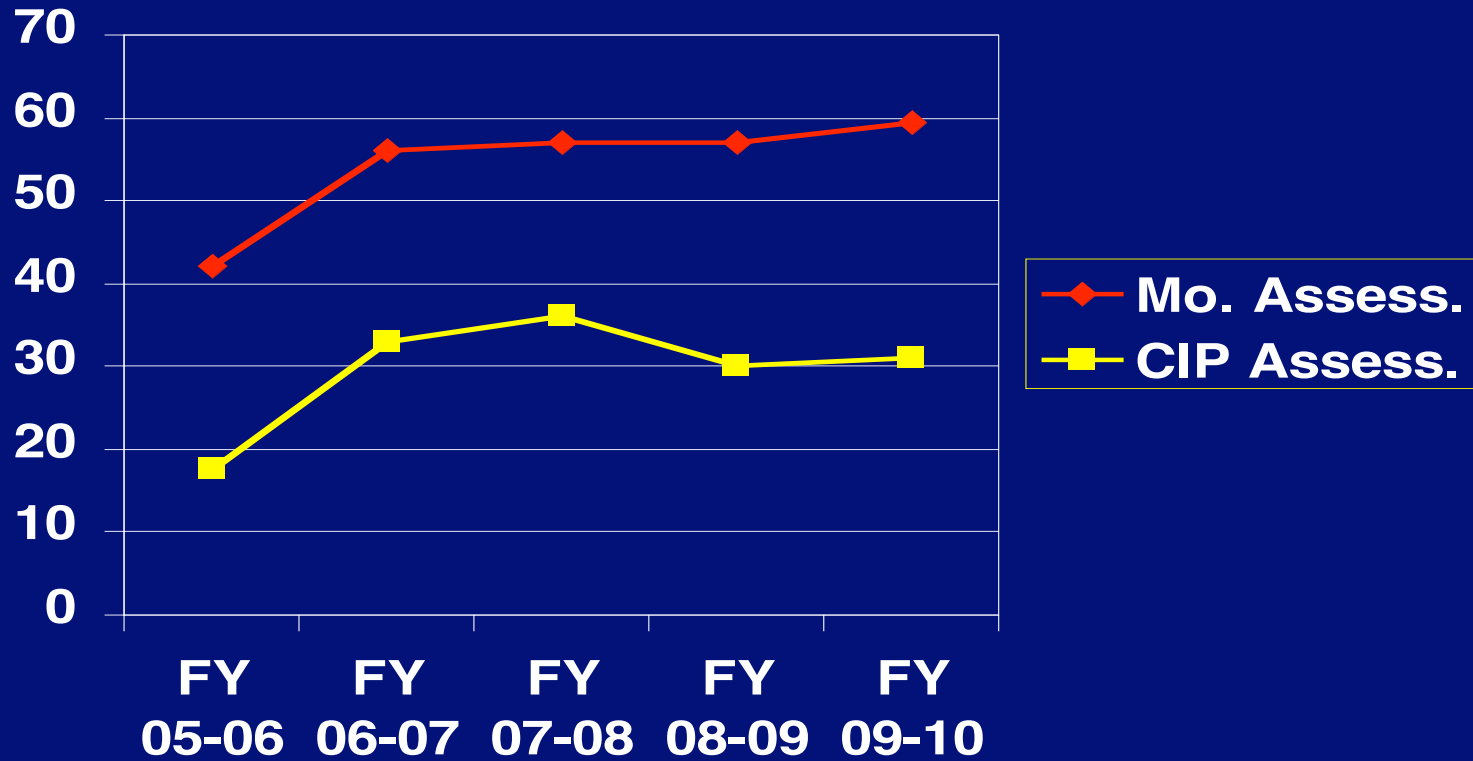
FY 09-10 Total Operating Budget

	INCOME	EXPENSE	Contingency/ Reserve
Community Oper'ns	814,754	804,972	9,782
Lease Administration	863,892	863,892	0
Marina Operations	68,369	68,369	0
Sewer Utility	213,913	204,155	9,759
Water Utility	296,763	276,433	20,331
TOTAL OPERATING BUDGET	\$2,257,693	\$2,217,821	\$39,872

Bottom Line Impact on Assessments

	FY 08-09 Monthly	FY 09-10 Monthly	Change
Capital Assessment (Annualized)	30.00 360.00	31.00 372.00	1.00 12.00
Monthly Assessment (Annualized)	57.00 684.00	59.50 714.00	2.50 30.00
ASSESSMENT TOTALS (Annualized)	\$87.00 \$1,044	\$90.50 \$1,086	\$3.50 \$42
Supplemental Rent Assessment	(Varies by lot)	(Varies by lot + 2.00)	2.00
Sewer Utility	19.50	20.00	0.50
Water Utility (based on 1,000 cu.ft., avg.)	27.25	31.11	3.86

Monthly Dues - History



Monthly	\$ 42.00	\$ 56.00	\$ 57.08	\$ 57.00	\$ 59.50
CIP	\$ 17.50	\$ 33.00	\$ 36.00	\$ 30.00	\$ 31.00

Questions?
Comments?