

## HBPOA'S SUMMARY OF THE TOWN'S PLAN APPROVED ON JANUARY 18, 2022

The plan is to continue to operate the property as a fishing pier, restaurant, and retail establishment by leasing it to business providers once the necessary repairs and improvements are completed. The expectation is the property can be repaired, maintained, and operated without an increase in property taxes or special assessments by spreading the repairs out over the next four years.

Once the Town owns the property, both the building and pier will be closed to the public until all safety issues are addressed, and a full engineering assessment of the pier will be undertaken at an estimated cost of \$50,000 to enable BOC decisions before the end of FY21/22. If this assessment indicates significantly higher repair costs than estimated in the due diligence report, the BOC will need to reassess whether tearing down the pier and planning for reconstruction or another use of the pier property is more cost effective than repairing the existing structure.

Revenues from off-road parking spaces (i.e. parking lots), building lease income and RV lot rentals are estimated to fall short of debt service and insurance expenses until FY26/27; the shortfalls are estimated at \$92K in FY22/23, then a total of \$43K for FY23/24-FY25/26. The shortfall could be covered by the BPART fund. Options for covering the pier repair costs include additional parking revenues, grant money, and use of BPART funds.

The financial plan is based on the following key assumptions:

1. The cost to bring the building to a leasable standard was assumed to be \$50,000.
2. The tenant will be responsible for renovating the building to meet their requirements.
3. Pier repairs are assumed to cost \$900,000 spread over the next four years: \$150,000 in FY22/23 and \$250,000 in each of the following three years.
4. The repair cost estimates assume the full engineering assessment does not find significant issues beyond those specified in the due diligence report.
5. Annual insurance costs are estimated at \$5,000 including flood insurance on the building along with fire and vandalism coverage for the pier.
6. No insurance coverage was included for the pier structure in the event of a storm destroying it.
7. Annual maintenance costs after repairs are estimated at \$5,000.
8. The cost of public restroom facilities was not included. A waterless restroom at an annual cost of \$5,000 was noted as a possible near-term (or temporary) solution.
9. Parking revenue from the pier property is assumed to be \$84,000 per year based on 80 spaces for 100 days with 75% utilization at \$20/day and 70% Town share.
10. Revenue from four RV spots is assumed to be \$38,400 per year based on \$800 net per month for 12 months.
11. The pier building lease is assumed to bring in a minimum of \$50,000 per year starting in FY 23/24.
12. No lease revenue for the pier structure was included.