

# LONG RANGE PLANNING COMMITTEE

RESERVE STUDY UPDATE  
Presentation to WPOA Board  
July 9, 2018

# RESERVE STUDY UPDATE

## BACKGROUND

- WPOA contracted with Reserve Advisors in 2017 to perform a 30 year review of the needs for the capital assessment accounts
- The recommendation from RA was to increase the capital account assessments as follows:
  - Roads - Increase from \$100 to \$242.81/yr.
  - Lake - Increase from \$60 to \$103.43/yr.
  - Improvements – Increase from \$100 to \$134.56/yr.
  - Total Assessment Increase - \$220.80/yr.
- WPOA membership voted not to accept the RA recommendation in the November, 2017 election and to be underfunded in the assessment accounts

# RESERVE STUDY UPDATE

## CURRENT ACTIVITY

- LRPC was tasked by the WPOA Board to perform a review/update of the RA study
  - The Lake, Roads, and Improvement accounts were reviewed (Campground is excluded)
    - LRPC team members have coordinated with the General Manager multiple times on each account for input
    - LRPC has updated the RA expenditure projections
    - LRPC has revised the RA funding methodology to calculate specific increase amounts per member for each account, plus included other income sources as appropriate
    - LRPC has recommended funding increases required to maintain a positive balance in all accounts every year throughout the 30 year period

# RESERVE STUDY UPDATE

## Assumptions

- Expenses are paid from assessment savings, not loans
- Once increased, assessment rates are maintained unless a reduction can be anticipated lasting several years or longer
- Expense projections include an inflation rate of 1.6% per year (as per the RA study)
- Assessment rates are maintained equally across all membership demographic groups, e.g. homeowners, campers, lot owners, etc.
- Membership growth is forecasted at a modest 10 members per year

# RESERVE STUDY UPDATE

## Exclusions

- Forecasted expenses are limited for the most part to the "as-is" infrastructure of the Reserve Advisor's 2017 report, excluding any new amenity development or major replacements

# RESERVE STUDY UPDATE

## Lake

- Added expense for the restocking of fish to the assessment
- Reduced some Reserve Advisor's dock replacement estimates judged to be too high (work self performed by WPOA employees vs. contracted out)
- Adjusted some dock repair schedules to better align with lake lowering schedules

# RESERVE STUDY UPDATE

## Lake

- Extraordinary Lake expenses (see chart on page 9)
- - 2024: Replace dredging equipment - \$134k
  - Replace Little Turtle docks - \$72k
- - 2034: Replace dredging equipment - \$157k
  - Replace dredging excavator - \$46k
  - Replace Little Crow docks - \$50k
  - Replace metal beach umbrellas - \$55k
- - 2037: Replace marina docks - \$121k

# RESERVE STUDY UPDATE

## Lake

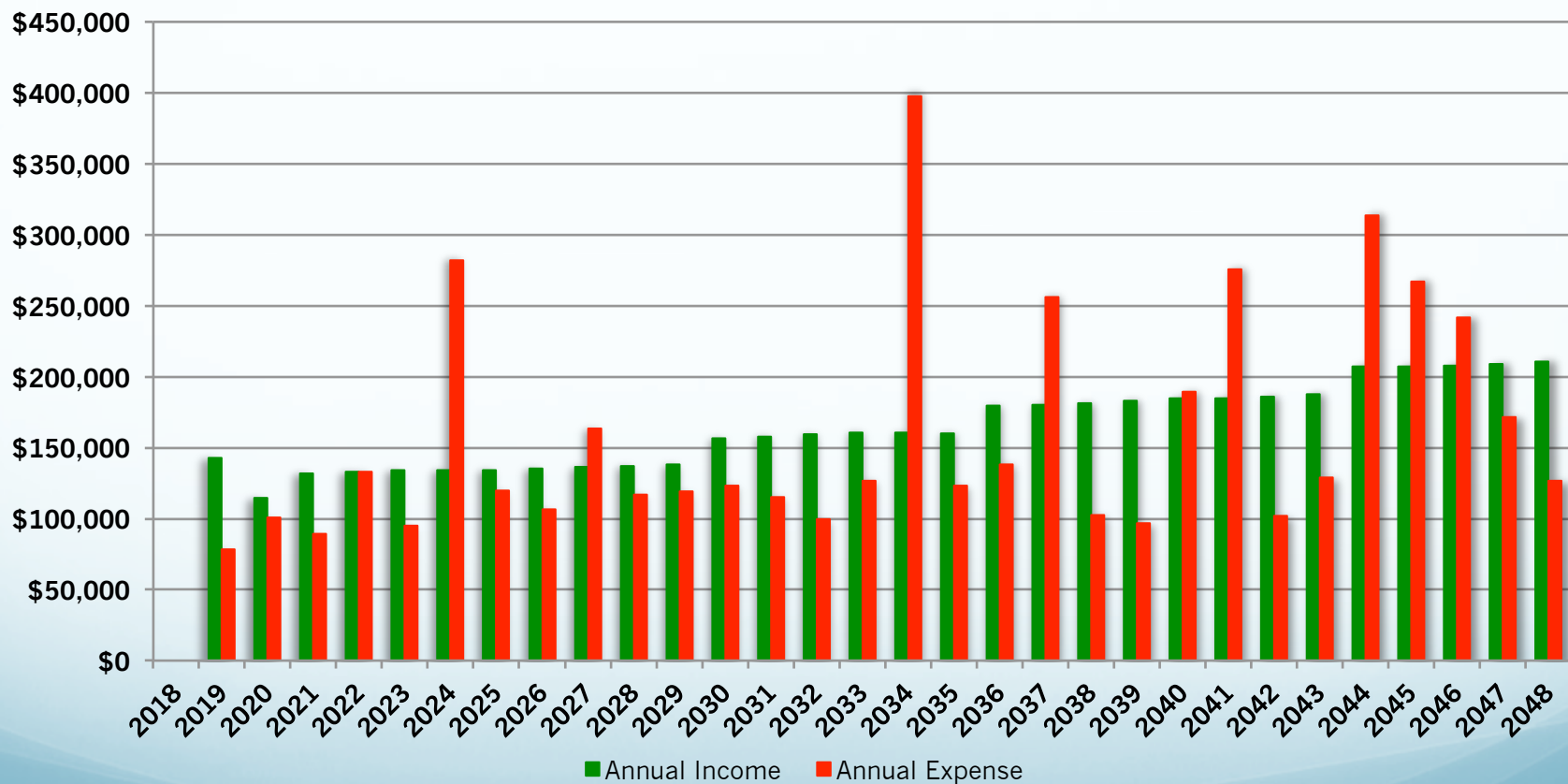
- - 2041: Replace dredging equipment - \$75k
- Little Chief dock replacement - \$45k
- - 2044: Replace dredging equipment - \$184k
- - 2045: Hiawatha and Quachita docks - \$89k
- - 2046: Geronimo docks, boat motors - \$89k
- Little Turtle pavilion restoration - \$32k



# RESERVE STUDY UPDATE

## Lake

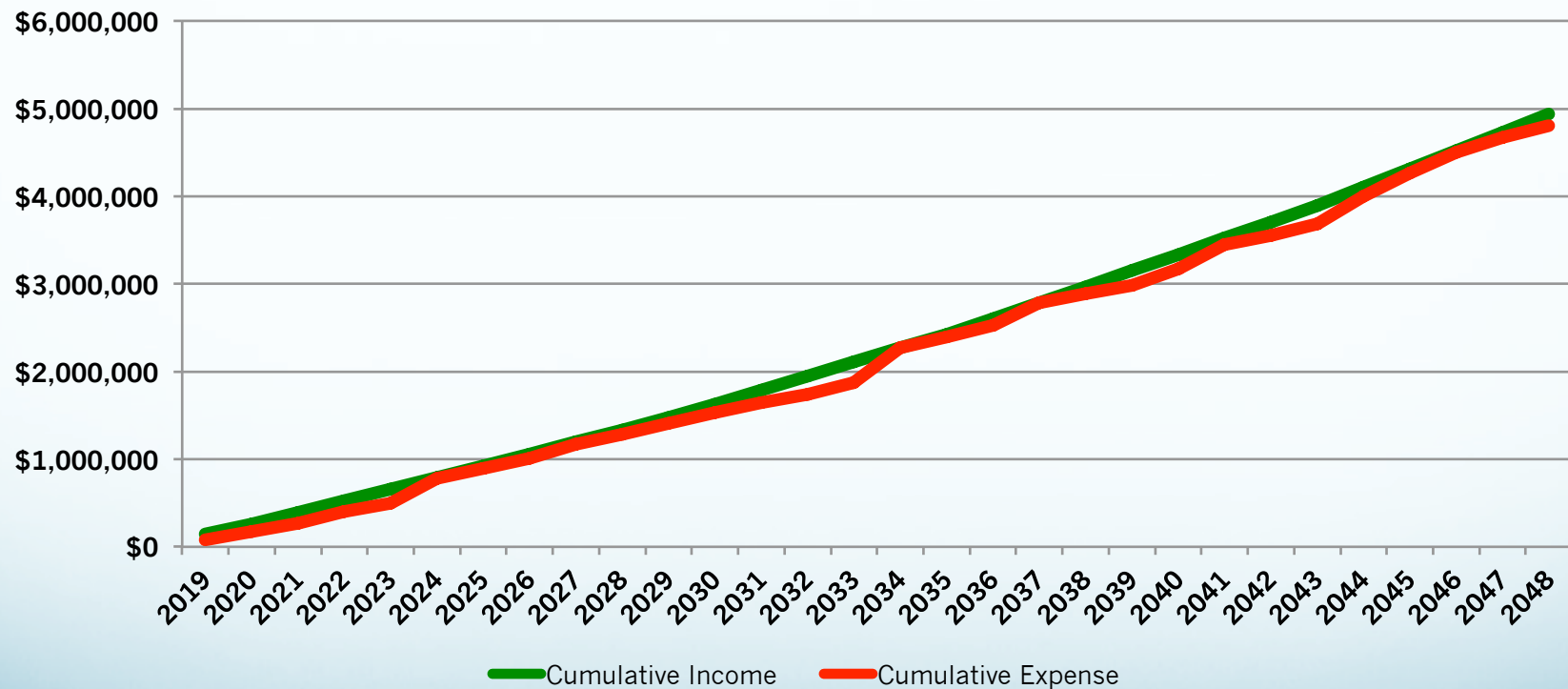
### LAKE ASSESSMENT ACCOUNT ANNUAL INCOME VS. EXPENSE 2019 - 2048



# RESERVE STUDY UPDATE

## Lake

**LAKE ASSESSMENT ACCOUNT  
CUMULATIVE INCOME VS. EXPENSE 2019 - 2048**



# RESERVE STUDY UPDATE

## Roads

- Assumptions

- There are 54 miles of paved roads; 31 miles of chip/seal paved roads, 10 miles of Lake Waynoka Drive asphalt paved roads, and 13 miles of existing other asphalt paved roads.
- Paving costs are currently \$10,000 per mile for chip/seal road paving, \$80,000 per mile for un-milled asphalt paving, and \$96,000 per mile for milled asphalt paving.
- Other scopes of work include road culvert work, road pavement crack sealing, the rec center parking lot, and road signage.
- Road life expectancy is 16-25 years for existing asphalt roads, 13-14 years life expectancy remaining for Lake Waynoka Drive, and 3-6 year life expectancy for chip/seal roads.
- Several price savings were discovered using Lake Waynoka personnel to perform the work as compared to contractors performing the work.

# RESERVE STUDY UPDATE

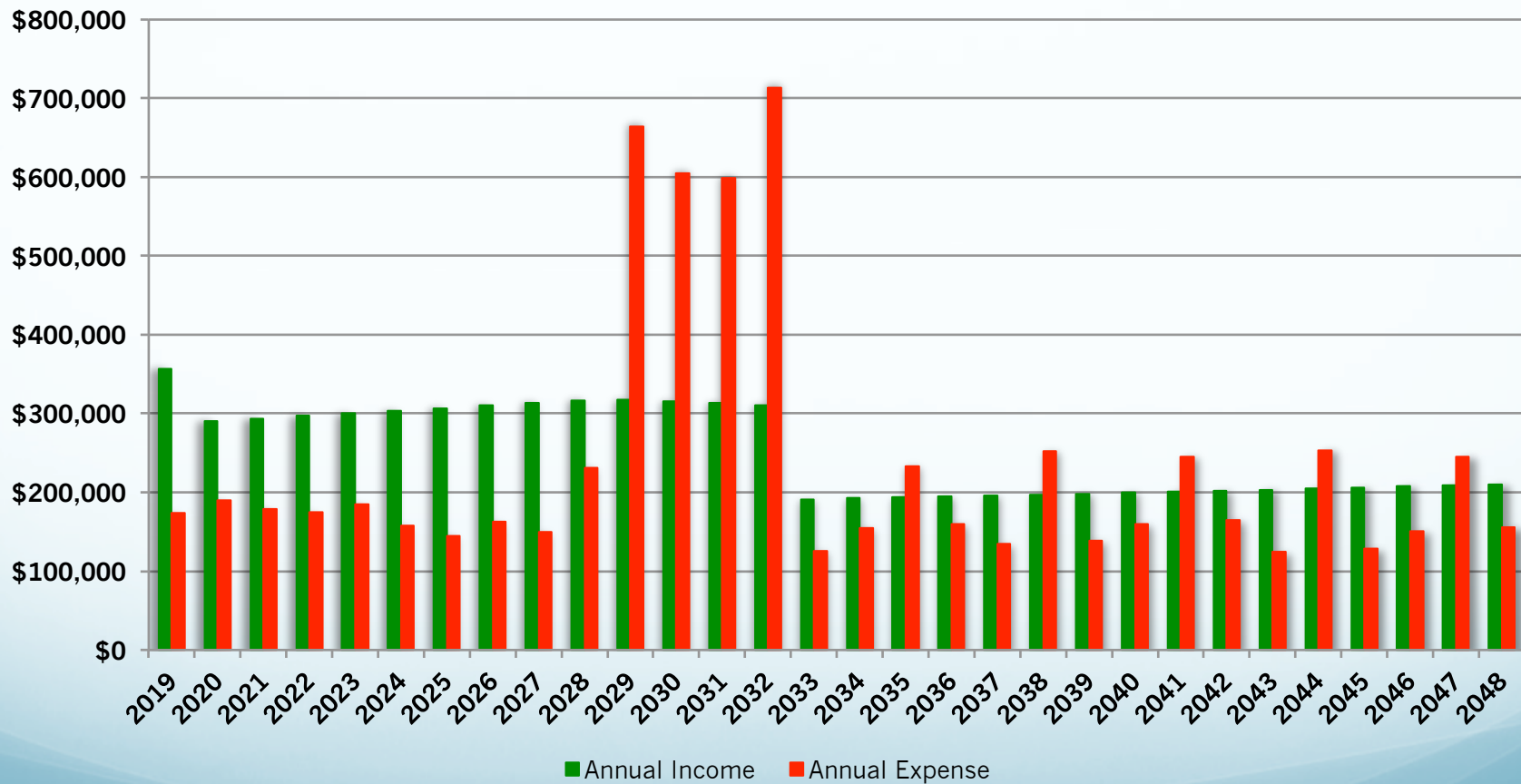
## Roads

- Conclusions and Recommendations
  - The recommendation includes initial repaving of 24 miles of chip/seal roads and about 7 miles of asphalt on top of existing chip/seal roads (2018-2023). Other existing chip/seal roads will continued to be maintained for 30 years.
  - Lake Waynoka Drive needs to be paved (milled – scraped and repaved) over 4 years instead of 2 years (2029-2032).
  - Existing paved roads will be repaved (no scraping required) starting in 2024 and continuing through the 30 years.
  - Rec Center parking lot repaving is completed in 2029 and culvert, road crack sealing, and signage will be completed for the next 30 years.
  - **The recommendation is to save additional income over the next 10 years in preparation for the repaving of Lake Waynoka Drive (\$1.9 million). The additional income above the current \$100 per member per year is \$68. As other sources of income (such as the Rumpke road assessment or the new building code new resident road fee) are identified, the additional assessment could be lowered.**
  - After 2032 the additional road assessment could be eliminated and the income would be able to sustain the chip/seal and the asphalt road program.

# RESERVE STUDY UPDATE

## Roads

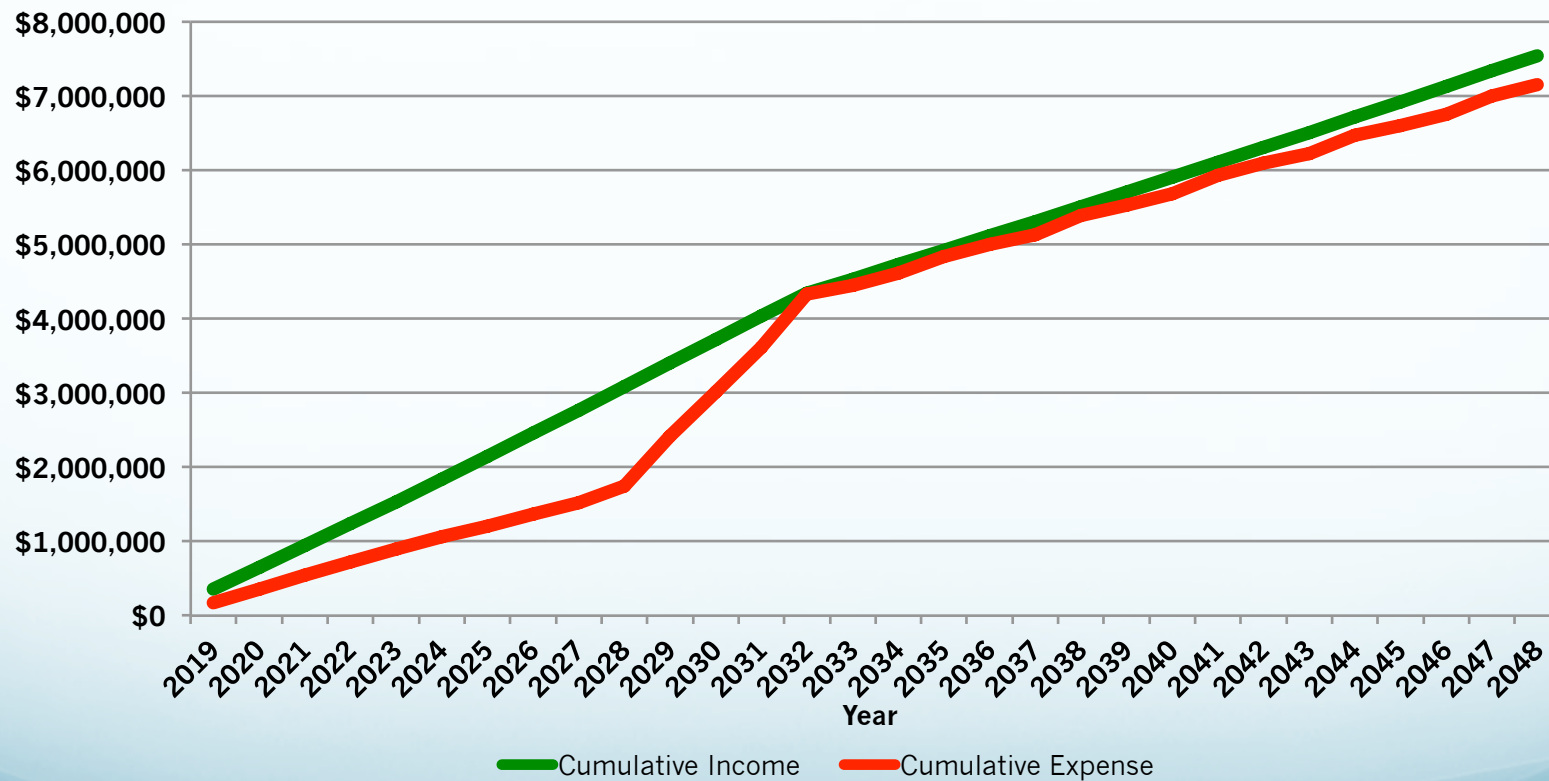
### ROADS ASSESSMENT ACCOUNT ANNUAL INCOME VS. EXPENSE 2019 - 2048



# RESERVE STUDY UPDATE

## Roads

### ROADS ASSESSMENT ACCOUNT CUMULATIVE INCOME VS. EXPENSE 2019 - 2048



# RESERVE STUDY UPDATE

## IMPROVEMENTS

- Over \$100,000 of line item expenses in the Maintenance Equipment Elements which were originally shown in the RA study were zeroed out, as this equipment would not be replaced once their useful lives are exceeded.
- Spread replacement of pool furniture over three year periods to minimize annual impact of expense.
- Minimal expenses in the next 5 years shown for the lodge, restaurant, or lounge as the long term desired direction for these assets needs to first be established.

# RESERVE STUDY UPDATE

## IMPROVEMENTS

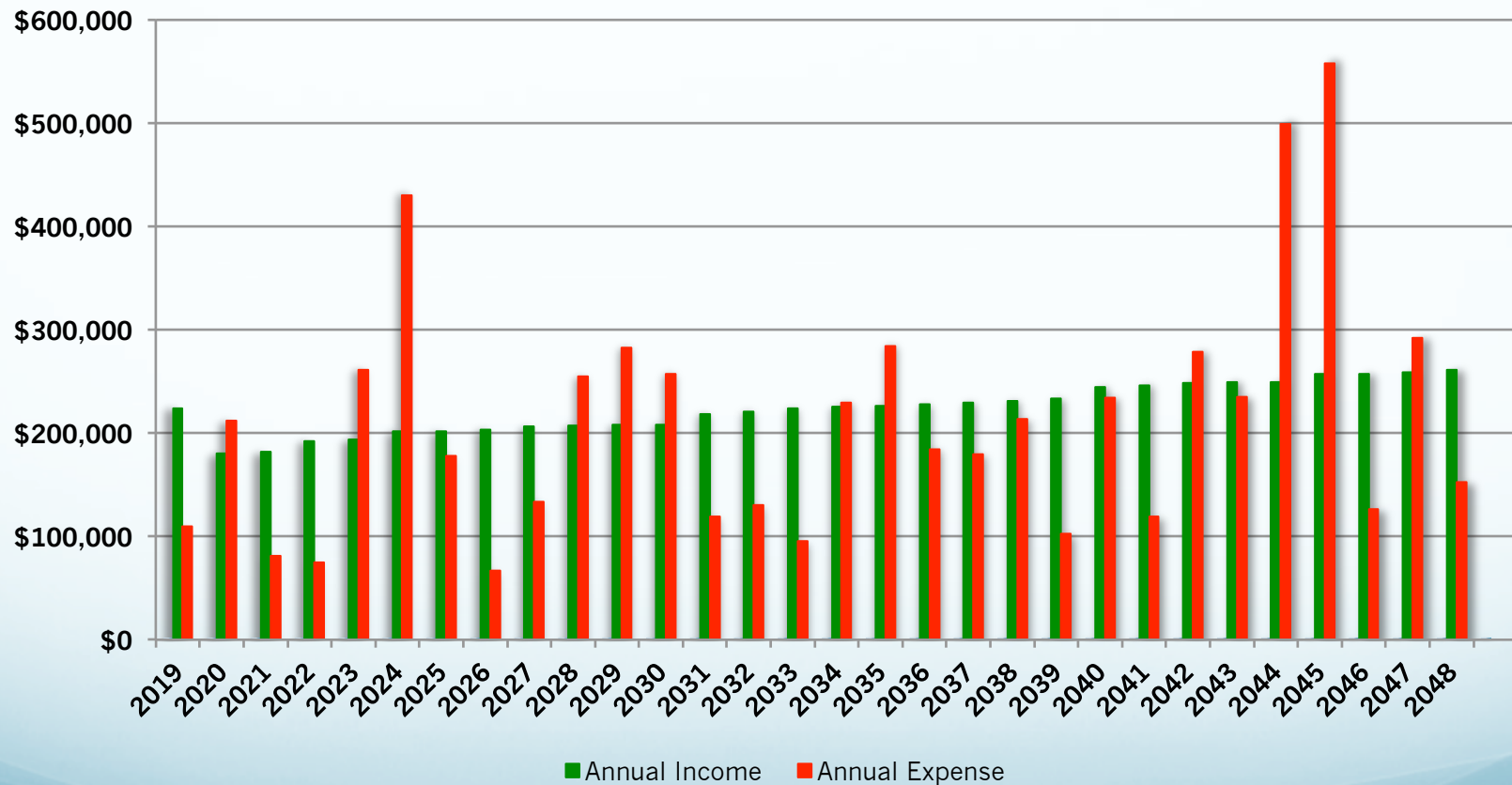
- Extraordinary Improvement expenses (see chart on page 17)
- 2024 - Various lodge/restaurant elements - \$167k
  - Various outdoor pool/site elements - \$210k
- 2044 - Bar/lounge renovation - \$61k
  - Rec center exterior/roof & indoor pool/equipment - \$177k
  - Rec center outdoor playground equip.- \$53k
  - Maintenance equip. and vehicles - \$146k
- 2045 - Maintenance bldg. roof and siding - \$163k
  - Maintenance Equip and vehicles - \$116k
  - Outdoor pools related maintenance - \$87k



# RESERVE STUDY UPDATE

## IMPROVEMENTS

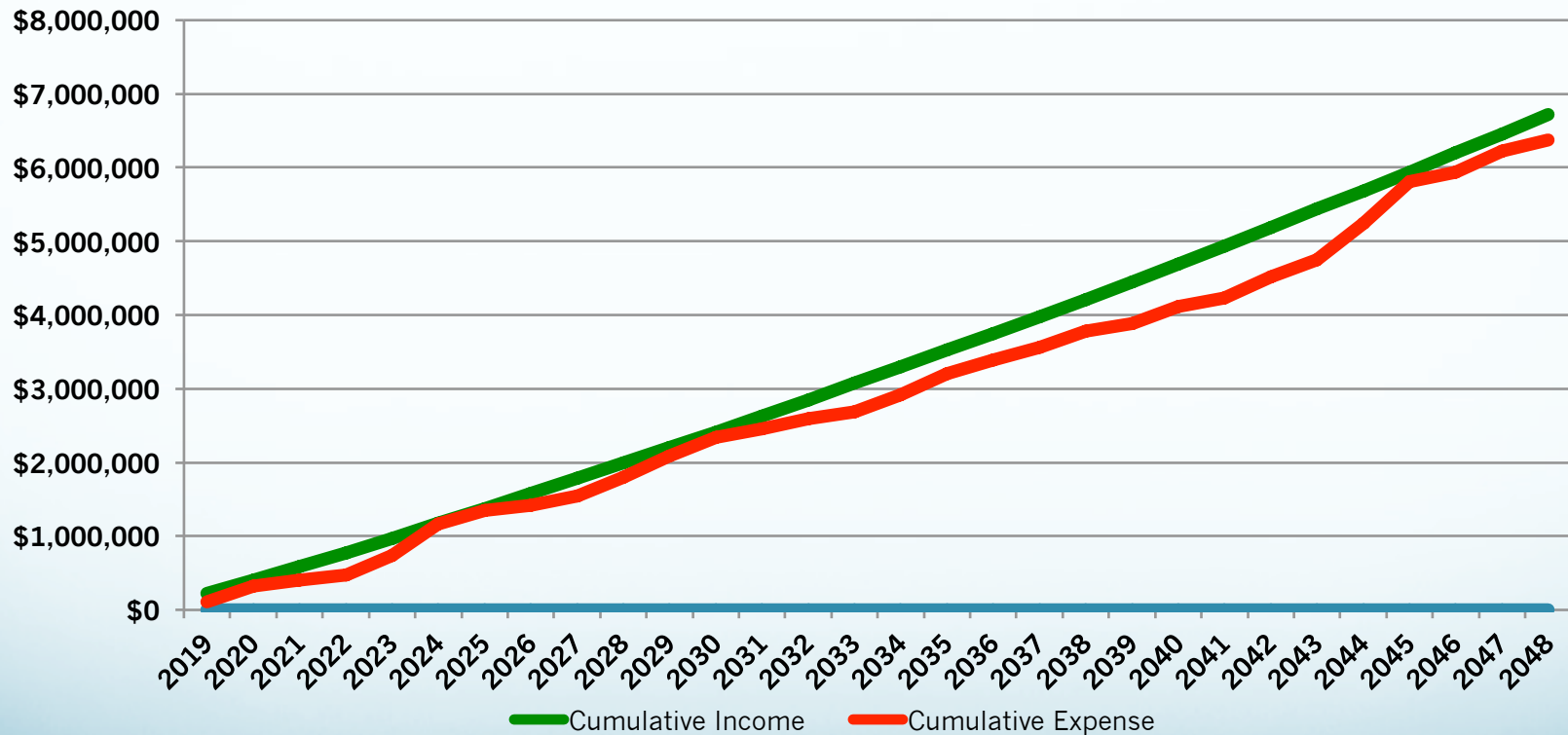
### IMPROVEMENTS ASSESSMENT ACCOUNT ANNUAL INCOME VS. EXPENSE 2019 - 2048



# RESERVE STUDY UPDATE

## IMPROVEMENTS

### IMPROVEMENTS ASSESSMENT ACCOUNT CUMULATIVE INCOME VS. EXPENSE 2019 - 2048



# RESERVE STUDY UPDATE

## EXPENSE SUMMARY

- 30 Year Expense Comparison

Account	RA Total	LRPC Total	Savings
Lake	\$5.618 M	\$4.804 M	\$0.814 M
Roads	\$12.690 M	\$7.159 M	\$5.531 M
Improvements	<u>\$6.960 M</u>	<u>\$6.378 M</u>	<u>\$0.582 M</u>
Total	\$25.268 M	\$18.341 M	\$6.927 M

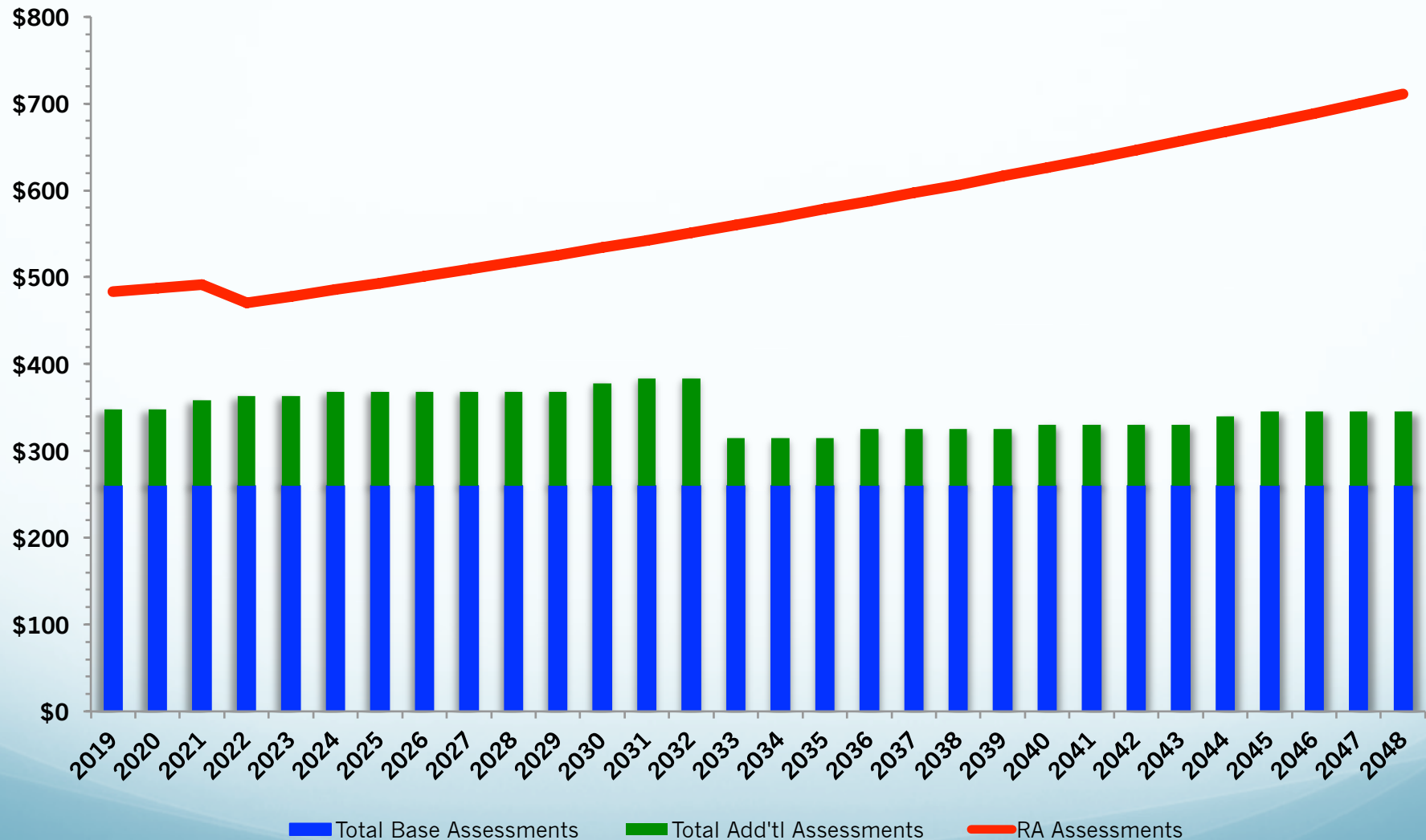
# RESERVE STUDY UPDATE

## Proposed Assessment Results

Year	Lake	Roads	Improvements	Total
2018	60	100	100	260
2019	70	168	110	348
2020	70	168	110	348
2021	80	168	110	358
2022	80	168	115	363
2023	80	168	115	363
2024	80	168	120	368
2025	80	168	120	368
2026	80	168	120	368
2027	80	168	120	368
2028	80	168	120	368
2029	80	168	120	368
2030	90	168	120	378
2031	90	168	125	383
2032	90	168	125	383
2033	90	100	125	315
2034	90	100	125	315
2035	90	100	125	315
2036	100	100	125	325
2037	100	100	125	325
2038	100	100	125	325
2039	100	100	125	325
2040	100	100	130	330
2041	100	100	130	330
2042	100	100	130	330
2043	100	100	130	330
2044	110	100	130	340
2045	110	100	135	345
2046	110	100	135	345
2047	110	100	135	345
2048	110	100	135	345

# RESERVE STUDY UPDATE RESULTS

## TOTAL ASSESSMENT ACCOUNTS



# RESERVE STUDY UPDATE

## WHAT YOU DON'T YOU GET

- 24 miles of roads remain as chip & seal in spite of projecting 300 additional members
- No new amenities, e.g. lodge/restaurant/bar, playground equipment, walking trail
- No improvement of Little Turtle and Marina parking lots
- No replacement of property fencing