

LONG RANGE PLANNING COMMITTEE

RESERVE STUDY UPDATE

September 30, 2019

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

BACKGROUND

- In 2018, The LRPC completed an update of the Reserve Advisors Study and came up with revised expense estimates and revenue requirements.
- The recommendation from the LRPC was to increase the capital account assessments as follows:
 - Roads - Increase from \$100 to \$168.00/yr.
 - Lake - Increase from \$60 to \$70.00/yr.
 - Improvements – Increase from \$100 to \$110.00/yr.
 - Total Assessment Increase - \$88.00/yr.
- WPOA membership voted not to accept the LRPC recommendation in the November, 2018 election and to be underfunded in the assessment accounts
- During the 2019 budget discussions, the WPOA Board voted to increase the Lake assessment by the recommended \$10.

RESERVE STUDY UPDATE

BACKGROUND Cont'd

- LRPC performed a review/update of the RA study to support the 2019 budget process and the 5 year plan.
 - The Lake, Roads, and Improvement accounts were reviewed
 - LRPC team members 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 account 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

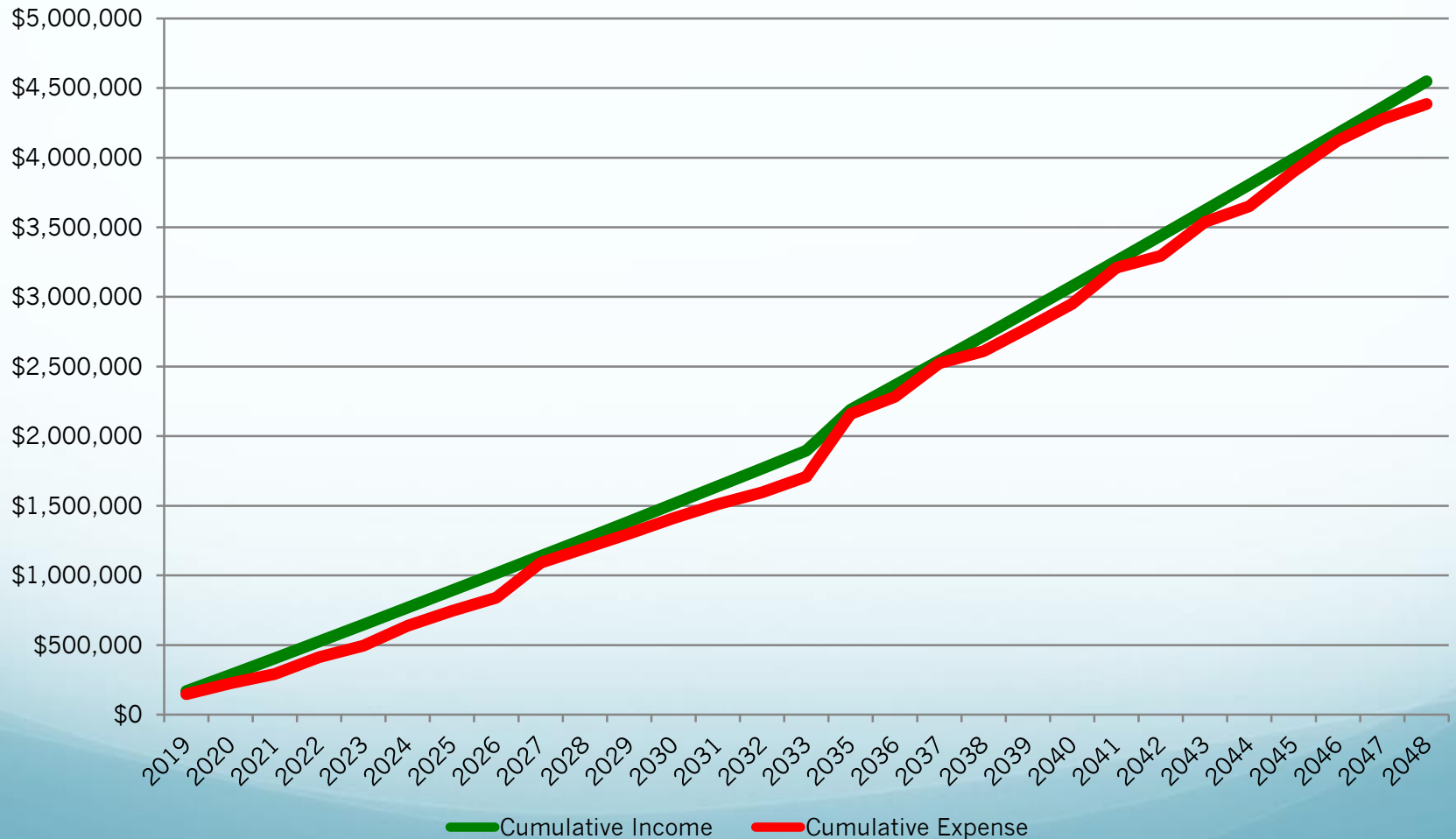
Lake 2019 Recommendation

- Since the WPOA Board increased the Lake assessment by \$10 for the 2019 budget, no additional increase is recommended at this time.
- Funding sources are from the assessment and from an allocation from the initiation fee.

RESERVE STUDY UPDATE

Lake

LAKE ASSESSMENT ACCOUNT CUMULATIVE INCOME VS. EXPENSE 2019 - 2048



RESERVE STUDY UPDATE

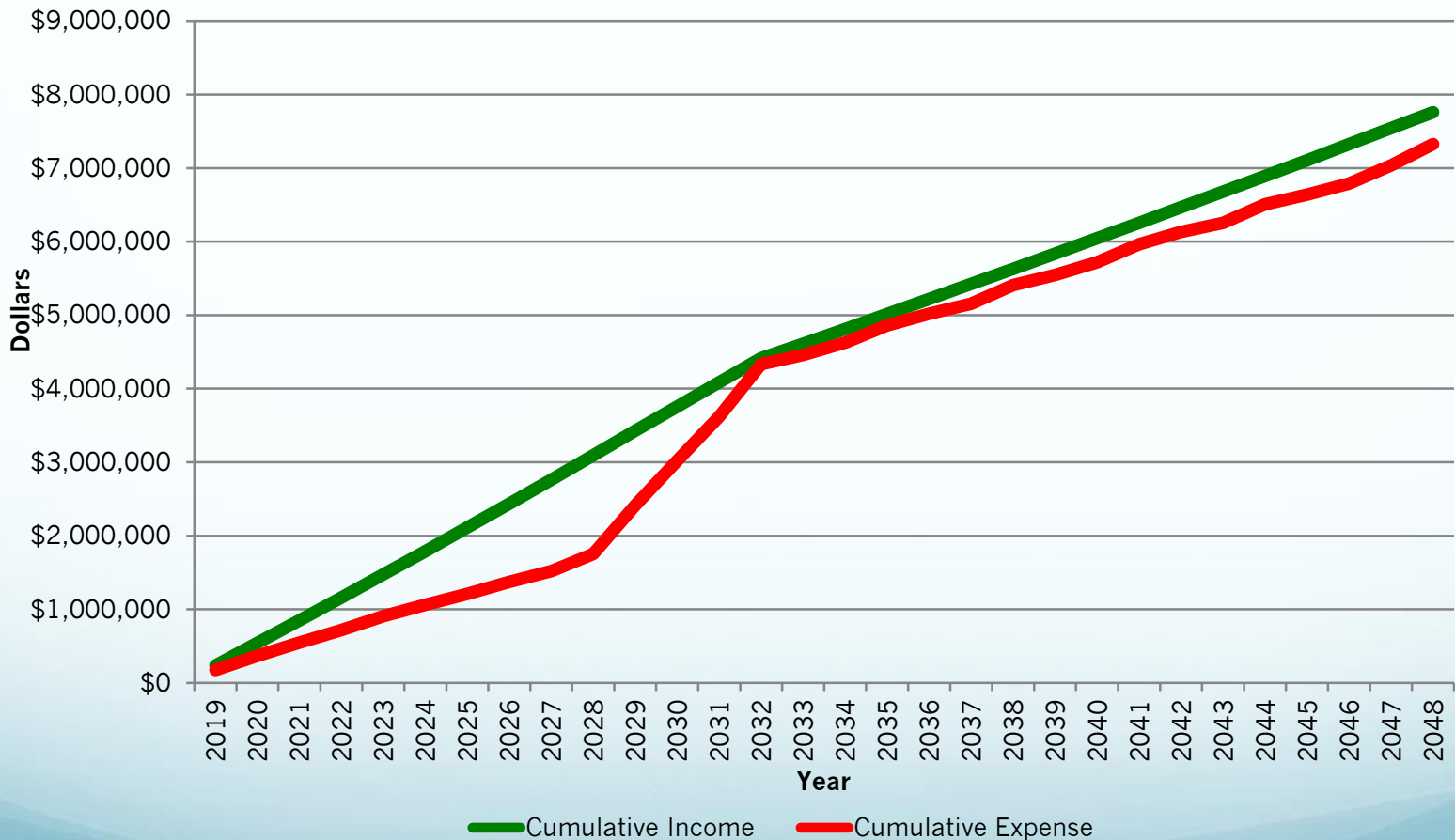
Roads 2019 Recommendation

- The major upcoming expense in the Roads account is projected to be the re-paving of Waynoka Drive in 2029-2032.
- The recommendation for a \$68 dollar increase to the assessment in 2018 was to allow the WPOA to accumulate the necessary funds to cover this future expense since there is no ability to obtain loans for this work. Since that increase was not approved, there is now one less year to accumulate those funds, thus the recommended increase for 2020 is \$70, which would be continued until the work is complete.
- Funding sources are from the assessment, from Rumpke, from a building permit fee, and from an allocation from the initiation fee.

RESERVE STUDY UPDATE

Roads

ROADS ASSESSMENT ACCOUNT CUMULATIVE INCOME VS. EXPENSE 2019 - 2048



RESERVE STUDY UPDATE

IMPROVEMENTS 2019 Recommendation

- In the latest 5 year plan, the majority of the Reserve Advisors recommended expense for repairs to the lodge and bar were delayed out of the 5 year range to allow for a determination of whether to repair or replace these facilities.
- A \$10 increase to this assessment was recommended in 2018 to allow the Board to accumulate funds for the deferred work. This increase was not implemented.
- This \$10 increase is still needed, and is recommended again for 2020.
- Funding sources are from the assessment and from an allocation from the initiation fee.

RESERVE STUDY UPDATE

IMPROVEMENTS

IMPROVEMENTS ASSESSMENT ACCOUNT CUMULATIVE INCOME VS. EXPENSE 2019 - 2048

