

Paupackan Lake Association Strategic Plan  
(Official, August 11, 2012)

**Intent of this Strategic Plan:**

This plan is intended to provide a long-term vision for the Association, underpinned with specific near-term goals to support that vision. It is expected that the goals and plans to achieve this vision will be updated annually or more frequently if needed.

In the following sections of this strategic plan, an overall assessment of the Paupackan Lake Association is provided, and the approach to the continued development of the major elements of the Association is outlined. Additionally, since all enterprises need financial stability to exist, goals for the financial well-being of the Association are outlined.

Our Strategic Plan starts with our Vision, which is enduring. It declares our purpose as an Association and serves as the standard against which we weigh our actions and decisions and provides a framework which guides our actions.

**Paupackan Lake Association Vision:**

Provide a naturally beautiful living and vacation lake environment, where families of all ages can thrive.

- Community: Foster a proud and engaging community, where members can congregate with friends or enjoy one's solitude.
- Natural Beauty: With the lake as our centerpiece, maintain the serene and natural beauty of our surroundings and wildlife.
- Member Safety: Ensure the collective safety of the members and their assets, especially considering the remote location and part-time residency of some members.
- Affordability: While recognizing that membership provides benefits beyond typical municipal living, maintain cost-efficient operations which serve the membership interests and maximize the value of their dues.
- Property Values: Take actions which increase the desirability of Paupackan Lake in order to protect and increase property values.

**General Overview of the Association:**

Paupackan Lake Estates is a private community intended to benefit its members and their guests and is governed by Paupackan Lake Association. The primary attraction and asset of Paupackan Lake Association is the lake. Maintaining the health and integrity of the lake is of utmost importance to the continued viability of the Association. Surrounding the lake are various important infrastructures, such as the roads system, the water system, and security for the members and the association assets. Recently, a grass-roots group of members called the Paupackan Lake Community Connection has organized many activities to create more community engagement and improve the Association's amenities. These elements are each critically important to the Association's ecosystem and collectively support the Association's vision.

### **Overall Assessment of the Association:**

- Strengths
    - Abundance of natural resources – clean lake, healthy environment, diverse wildlife on both land and water
    - Engaged community is available with activities and community center with library, game room and children activities
    - There is a sense of neighbor hooding where members share the association, and independence is afforded those who enjoy the solitude
    - Secluded location with limited access, providing a peaceful environment with motorboat free lake
  - Weaknesses
    - Heavy Cost structure, especially weighted by past construction loans and the need to replace the dam
    - Stability of revenues - dues payments are down from prior years primarily due to the economy
    - Hard to control access to community
  - Opportunities
    - Growing engagement of the community members, primarily via the formation of the Paupackan Lake Community Connection (PLCC)
    - Additional recreational facilities (e.g. the possibility of walking/biking trails)
    - Better relationships with neighbors (campground, adjacent communities)
    - Restructure and focus the By-laws and Rules & Regulations to maintain balance of regulation with “common sense” behaviors. Improve the community through awareness and enforcement of these rules.
  - Threats
    - Economic uncertainty, foreclosures and continued loss of revenues
    - Dam project: risk of failure, cost overruns, irrecoverable or long-term damage to lake
    - Deteriorating roads and other large expense items
    - Urbanization of Community (lights, impervious paving, etc.)
    - Poor real estate perception due to threats and weaknesses mentioned or poor upkeeps on homes
    - Invasive weeds in lake and other environmental threats to community (bark beetle)
    - Damage to community by outsiders
    - Lack of on-lot septic care could affect health of community
-

## **Critical Elements to Achieving the Association's Vision:**

### **Lake and Natural Resources**

- **Mission:** As the centerpiece of the Paupackan Lake Association, provide a clean and safe lake environment where the lake and surrounding natural habitat can flourish, and the association (and registered guests) can enjoy swimming, boating, fishing, and outdoor recreation.
  
- **Goals:**
  - Fishing and stocking – Maintain an adequate balance and quantity of typical northeast lake fish to provide ample fishing results for the community
  - Swimming – Maintain a clean, safe and sandy beach and swimming area, with easy access for members of all ages
  - Boating and boat basins – Provide ample and organized access and convenient storage for members' boats. Ensure the lake remains clean and safe for non-gasoline powered boats, such as row boats, canoes, kayaks, pontoon boats, and sail boats.
  - Wildlife – allow for the prosperity of wildlife, while protecting community assets such as the cleanliness of the beach from geese. Maintain the 'wild' in wildlife so they do not become dangerous to members, and the cleanliness and prosperity of the lake and community.
  
- **Specific Initiatives:**
  - With the lake draw-down planned for Fall 2012, create a rebuild plan, consisting of restocking and creel limits. Identify a stocking plan consisting of:
    - Are there specific ways to measure the right balance and quantity of fish?
    - What should we assume after lake draw-down in terms of how many fish and when?
    - Do we restock some fish (e.g. bass, perch?) and let others multiply on their own (e.g. pickerel?)  
How do we manage the balance of the various fish populations?
  - Improve swimming access to the lake by removing several bulkhead sections. Evaluate benefits and impact to the beach as part of developing further bulkhead improvement plans.
  - Improve the stability of the boat docks at the boat ramp and all boat basins, and improve access to the docks.
  - Build a couple sample boat racks to improve boat organization at boat basins.
  - Develop a specific plan to remove un-stickered boats from boat basins to maintain clean and authorized boat basins. For example in June of each year, remove boats which do not have a current or prior year sticker. This will remove old boats while providing flexibility for members who may have forgotten to sticker a boat in the past year.
  - Create a plan for opportunities to improve the lake (e.g. weed reduction, dangerous stump removal) based on "do's and don'ts" during the lake drawdown.
  - Develop a plan for how to manage the various species of wildlife:
    - Prosper: Birds, otters, fish (besides invasive or aggressive species like pickerel),

martens, frogs, turtles, salamanders, etc., chipmunks, etc.; native plants such as water lilies.

- Be 'natural': Bears, deer, beavers, raccoons, skunk, fox, possum, etc.
- Not prosper/eradicate: Geese, invasive weeds (esp. fanwort), invasive / overtaking fish species). Should we limit/discourage feeding wildlife? Does this create unsafe conditions by "unwilding" the wildlife (e.g. animal bites)

- Additional Thoughts to Develop:

- Provide easier and safer access to the lake from the beach, such as
  - repair, redesign, or removal of the bulkhead,
  - additional or modified ramps into the water
  - cleaner, and more secure sand retention on the beach
  - additional swim dock
- Enhance the beauty, cleanliness and comfort on the beach, such as
  - adding one more bench like the other ones for the beach
  - plant some grass in front of the beach guard rails to improve aesthetics, and/or bolt wood onto railing (like Cocoon parking lot)
  - develop plans to improve and maintain the cleanliness of the beach and swim dock from goose droppings
  - using higher-quality sand, which has less dust and does not compact (such as silica (quartz) sand)
- Consider additional boat basin improvements to provide additional lake-front enjoyment for the members. Some ideas include
  - Picnic tables and park grills at the boat basins
  - Boat racks similar to the one at boat basin # 2 at the other 3 boat basins to better organize the boat basins
- To add value and protection to our lake/community, consider if we can register the lake and property as some sort of protected nature sight. This has been done in backyards of homes via the National Wildlife Federation. It's free and you get a beautiful sign that we could mount in the right place. These are simple, effective ways to add perceived value and get resources protected --- even if it's just by a proud community.

## Land and Infrastructure

- Mission: Provide access to, from, and throughout the Paupackan Lake community, where pedestrians, automobiles, and recreational vehicles can operate in a safe and secure manner, respectful of the environment, wildlife, and association members.
- Goals:
  - Maintain the road system based on a target speed of 15 mph, considering all vehicle and pedestrian use of the roads
  - Control drainage and the damage created by run-off for both community and resident properties
- Specific Initiatives:
  - Create a land preservation plan to define and recover some number of un-paid lots and turn them into green space (to avoid taxes) or other community property.
    - As of early 2012, there are approximately 250 consistently un-paid vacant lots out of 400 in the community. Map the location of these lots, assess the suitability of using them for community purposes (picnic tables, grills, play area, walking trails, ATV use, etc.), and evaluate the opportunity to recover them from the current owners.
    - Also consider developing trails, potentially using some green space on East shore behind homes, or negotiations with Stella/Dietz for around-lake hiking
  - Budget \$94k/yr (adjust for inflation annually) for road maintenance and repair. Based on an inventory of all roadways, there are 67.5k linear feet of roads in the association. Based on 18' wide roads, an estimate of repaving all road surfaces every 10 years is \$55.5k/yr. An additional annual cost of \$10k in culverts, \$10k in road maintenance, and \$18.5k of road supplies brings the estimated annual road costs to \$94k (in 2013).
- Additional Thoughts to Develop:
  - Develop roadway and drainage classifications
    - Major roadway/drainage way versus minor roadway drainage ways (helps prioritize needs)
  - Develop standards to fulfill goal
    - Traffic calming ( ie: wide roads promote speeding)
  - Identify areas needing capital improvements
    - Flooding areas
    - Roadway failures/unpaved roads
  - Develop a multi-year capital improvement plan
    - Road paving
    - Drainage installation
    - Develop a long term annual Maintenance Plan
    - Road surfacing/sealing
    - Drainage ditch cleaning
    - Snow plowing

- Dam Inspections
  - Bridge inspections
- Physical Plant
  - Community Building
    - Energy efficiencies
  - Dam
  - Parking areas

### **Community:**

- **Mission:** Achieve an engaged and respectful community where friends can be made and members have opportunities to interact or enjoy solitude in a cohesive environment.
  
- **Goals:**
  - Engage members in community events, especially centered around holidays and other high-membership attendance times of the year
  - Provide children and young adults of the community activities to build their pride in the association and keep them engaged
  - Develop adult engagement to foster pride of ownership in the community, through activities, gatherings and volunteer community improvement opportunities
  
- **Specific Initiatives:**
  - The PLCC has begun a number of community activities:
    - Easter egg hunt, with eggs, candy, and prizes for kids
    - Memorial day yard sale, advertised locally and outside the community
    - July 4<sup>th</sup> celebration, with band, fireworks, and activities
    - Halloween celebration with candy, games, and food
    - Christmas social, with food and drink
    - After school activities for kids, with popcorn, soda, movies, and crafts
  - Develop a specific plan for additional amenities to encourage community engagement, such as baseball field with bases and equipment, a large tent for community gatherings, a pavilion for more permanent gatherings/picnicking, horse-shoe pits, RC race car track, possibly a PLA baseball/softball team, etc.
  - Develop a plan for better marketing of the community via real estate forums (e.g. brochures, place them in real estate offices, provide links to our website, etc)
  - Administer a community assessment to determine the demographics and interests of the community (such as full time/part-time residences, number and age of school kids, quantity of owners and renters). See if information on our community can be obtained from the government census
  
- **Additional Thoughts to Develop:**
  - Continue to develop the community room for indoor gatherings, such as cable TV, additional children games, etc.
  - Identify Lake/community clean-up opportunities and solicit community volunteers
  - Develop a party and social plan to build more community involvement

### **Member Safety:**

- **Mission:** Provide a safe environment for the Association's members, their families and guests, and protect the Association's assets.
  
- **Goals:**
  - Create a fair and comprehensive set of rules to govern
  - Balance the need for paid security personnel, volunteers, and a mechanism where pride-of-ownership among the community provides its own interest in monitoring through common sense, respect for each other, and care for the community's assets
  
- **Specific Initiatives:**
  - Create an ATV plan to enable appropriate, safe, and controlled use of ATV's (include items such as age limits, locations, speeds, etc, consistent with local and state laws). Incorporate into Rules and Regulations.
  - Develop an improved sticker system which controls car and boat access for members in good standing, while minimizing administration
  - Form a Member Safety committee to Safety Manual and plan for hired and volunteer personnel to monitor PLA grounds for compliance with operating rules
    - Describe "hard" enforcement guidelines – vandalism and crimes
    - Describe "soft" enforcement guidelines – Rules and Regulations
    - Types and frequencies of patrols, emphasizing areas of high traffic (beach area, boat ramp, boat basins, etc.)
    - Focus security on limiting unauthorized access to the community, especially in high-traffic areas such as the beach, boat basins, boat ramps, and docks. Consider additional mechanisms for surveillance, gates, etc. while maintaining ease-of-use by the members in good standing. Describe lengths of patrols, use of cameras to capture personnel, vehicles, and activities, legal and common sense do's and don'ts
    - Get examples of local Safety Manuals from nearby communities (Hideout, PLE, etc.)
  
- **Additional Thoughts to Develop:**
  - Improve community signage, such as "Welcome vs. warning" at entrance, visible and aesthetic street signs, community bulletins, etc
  - Create an emergency and disaster recovery plan for the community to sustain each other through hurricanes, power and facility outages, and other emergency situations
  - Address specific plans for monitoring of access, beach, lake use, boat ramp, basins, etc.
  - Consider a sticker system where the registration numbers for cars and boats is written on the sticker so that the sticker can only be used on the specific member's registered car or boat. This avoids the need to limit member stickers since they are assured of being used on a members' registered car or boat. By controlling access to the lake, members can have ample stickers for un-motorized boats (which do not require state registration) stored at boat basins since any unauthorized cars parked at the basins or boat ramp would be ticketed.



## **Finances:**

- **Mission:** Support the goals of the association in a cost effective manner while recognizing that membership in the Association provides unique benefits to its members beyond what is available outside the Association.
  
- **Goals:**
  - Maintain cost efficient operations of the association through efficient use of staff resources, competitive bidding for projects, focus on continued operational improvements, and investments consistent with the goals and affordability of the association
  - Achieve a fund balance (operating contingency and capital reserve) able to support reasonably anticipated cash needs for the community
  - Reduce construction loan balance or financing structure to minimize impact to dues structure if interest rates increase and/or another large expense is needed
  
- **Specific Initiatives:**
  - Establish a financial target of not increasing dues (other than COLA) for 5 years. Establish target allocations for each area of the financial plan, which include improvements to the community (based on areas identified in this plan) after debt reduction and establishing a capital reserve plan, as follows:
    - This would result in a plan articulated such as \$25k/yr for 5 yrs to accumulate \$125k which is 3 months of \$500k annual budget, but based on an anticipated capital needs of the association. The plan would be adjusted in later years to match the then-current needs.
    - Plan at least \$30k/yr to construction loan beyond required payments so that loan will not require payment increases if interest rates revert to typical (8%/yr) at end of 2014 when rates become variable and that debt is reduced further over the long term.
  - See financial appendix for additional financial results and anticipated trends
  
- **Additional Thoughts to Develop:**
  - Move variable maintenance activities to time-and-materials from fixed bid (e.g. snow removal)
  - The establishment of a 501C3 tax-deductible fund was evaluated with the PLA accountant and deemed not feasible, since it would only benefit members. Consider whether we can create a non-tax-deductible income alternative can be established, such as a “gold club” (e.g. Paupackan Premium Plan), donating toward specific improvements, with some sort of recognition/rewards program (free fishing license, Wallenpaupack Sports gift card, recognition plaque on the item, sponsored boat racks with reserved slots for donors, etc)
  - Evaluate whether our association is taxed fairly by comparing to other associations.

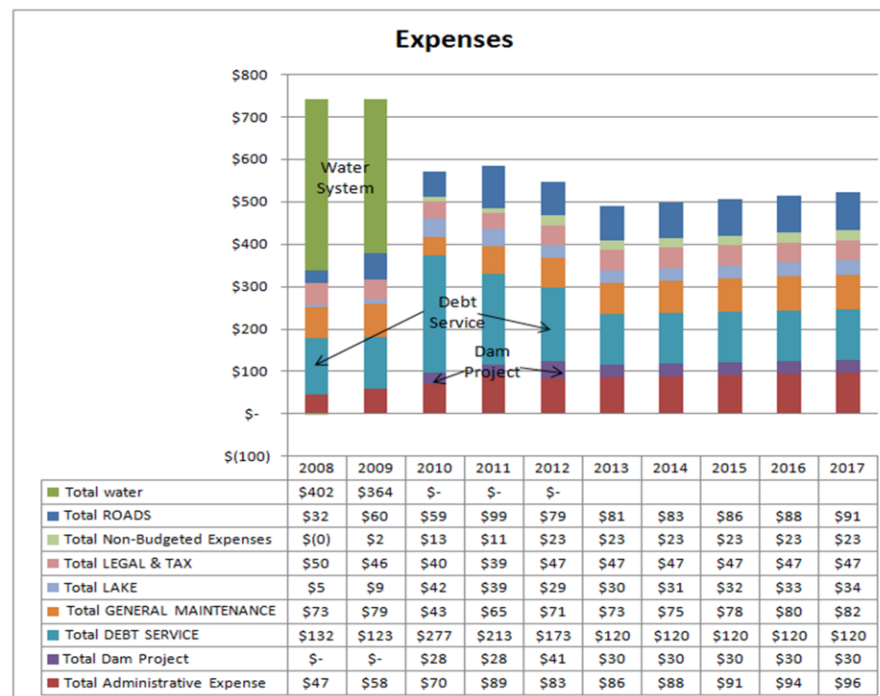
## Financial Appendix

- Expense Trends
  - Historical Trends
  - Future Expense Forecasts
  - Construction loan: Amortization with scenarios
- Income Trends
  - Homeowner and Lot Payers
  - Dues Levels
- Overall Income Statement
  - History and Outlook
  - Net Income Forecasts

# PLA Expenses: Trends and Outlook

## Expense Trends:

- **Overall:** The vast majority (>90%) of expense is spent on required maintenance. Discretionary "upgrades" are primarily roads (\$40k/yr), picnic (\$800/yr), and some recent Community Connection funding. Most expense categories are expected to increase at approximately inflationary levels (3%/yr is modeled), except as noted below.
- **Water system** had risen to ~50% of expense budget in 2010. \$273k proceeds from \$310k sale of water system eliminated \$375k of 2010 expense, however, costs to maintain system (and associated road repairs) had already driven debt service up by ~\$150k in 2010 and were expected to increase. The net benefit (based on 2010 costs) still resulted in an improvement of \$225k/yr
- **Roads** continually have ~\$40k upgrade (in addition to ~\$10k maintenance and \$20k supplies), which is all required for maintenance and repair. Drains and culverts also need continued update in order to manage water flow from damaging roads and properties.
- **Lake** is primarily weed control accruing ~\$20-\$30k/yr average 2010 and beyond and is being saved in a bank account.
- **General maintenance** has come down somewhat due to better contract negotiations.
- **Debt service**, increased significantly in 2010 due to water and road repairs, however reduced in 2011 due to pay-down by cashing in CD's and favorable interest rate refinancing in 2012.
- **Dam project** is expected to cost ~\$600k and is shown in debt service. Additional payments of \$30k/yr are planned 2012+.
- **Security** (in Admin Expense) has added \$30k 2010-12 to admin expenses (~7% of budget) and is expected to continue.
- **Insurance** runs \$25k-\$30k per yr and was recently re-evaluated for appropriate cost and coverage.
- As reference, each \$10k in cost translates to \$18.26, homeowner \$12.79 vacant lot owner, and \$4.57 adjacent lot owner (using 2012 dues assumptions)



# Construction Loan

## Amortization scenarios

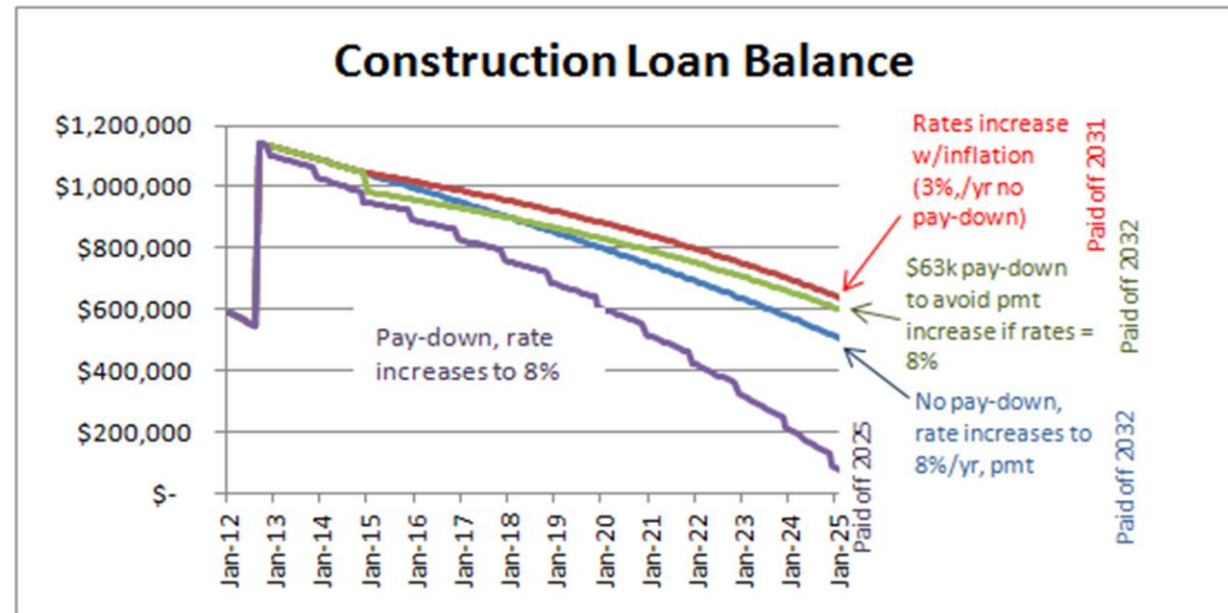
- **Scenario 1:** Rates increase 3% of prior year's rate after fixed term
  - Rate becomes 9% by the time the loan is paid off in 2031
  - The initial monthly payment doesn't change
- **Scenario 2:** Rates increase to 8% (historical levels) after fixed term
  - Payment rises to \$9150/mo (\$110k/yr). Loan is paid off by end of 2031.
- **Scenario 3:** \$63k is pre-paid by end of fixed rate term, so that monthly payment is sufficient for remainder of loan.
  - Payment does not change. Loan is paid off in 2032
- **Scenario 4:** \$30k is paid toward the loan each year (2012+), rates increase to historical levels at end of fixed rate term (8%)
  - Payment does not change
  - Loan is paid off in 2025, saving over \$200k in interest over other scenarios.

## Additional Considerations

- Other major expenditures may be required, increasing the overall debt service
- Interest rates could swell to higher levels seen in the '80's

## • Construction Loan Terms:

- 21 year term, beginning Dec 2011
- Rate fixed at 5.5% for 3 years (until Dec 2014)
- Initial monthly payments set at \$8617/mo (full balance, paid over term, \$103k/yr)
- Balance after dam construction estimated at approx \$1.15M
- Rate then adjusts with Prime +/- ???, max . . .



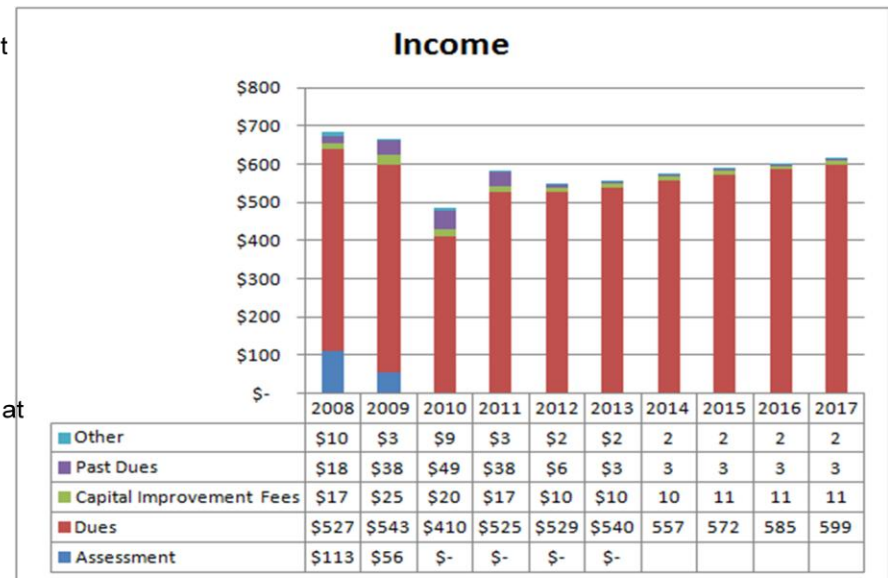
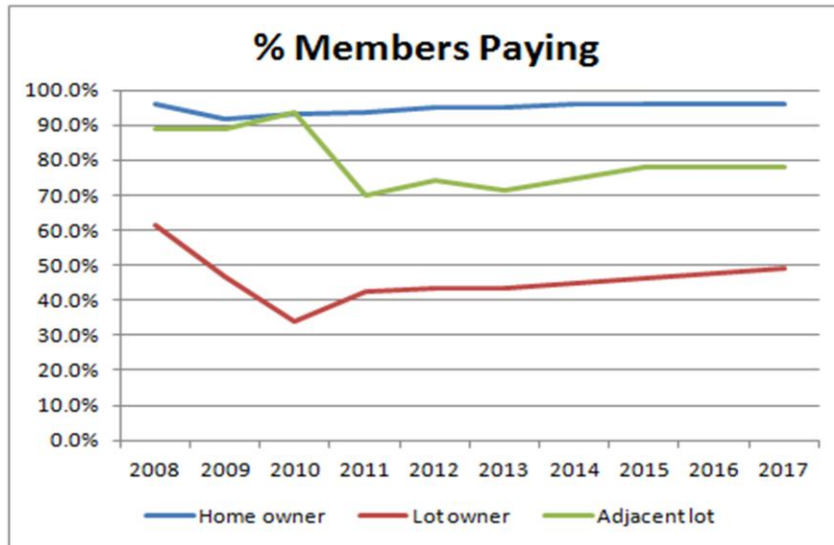
# PLA Income Trends and Outlook

## Income History:

- Paying home and adjacent lot owners dropped 5% since 2008, but is recovering slowly. Paying lot owners has dropped by over 1/3 (almost 100 lots) and has not yet started recovering.
- Collection of unpaid dues runs \$38k-\$50k per yr over past 3 years, representing 7-12% of annual income, but is anticipated lower in coming years as most available past dues are assumed to be collected.
- An assessment has not been issued since 2009, due to the difficult economic environment.

## Income Forecast:

- Paying home and lot owners are expected to recover slowly over the next 5 years. Lot owners are not expected to get back to 2008 levels unless the dues structure is lowered to incent lot-owner members at PLA.
- Dues rates and capital improvement income are modeled to increase at COLA (~1-2%). Other income levels assumed to remain flat.

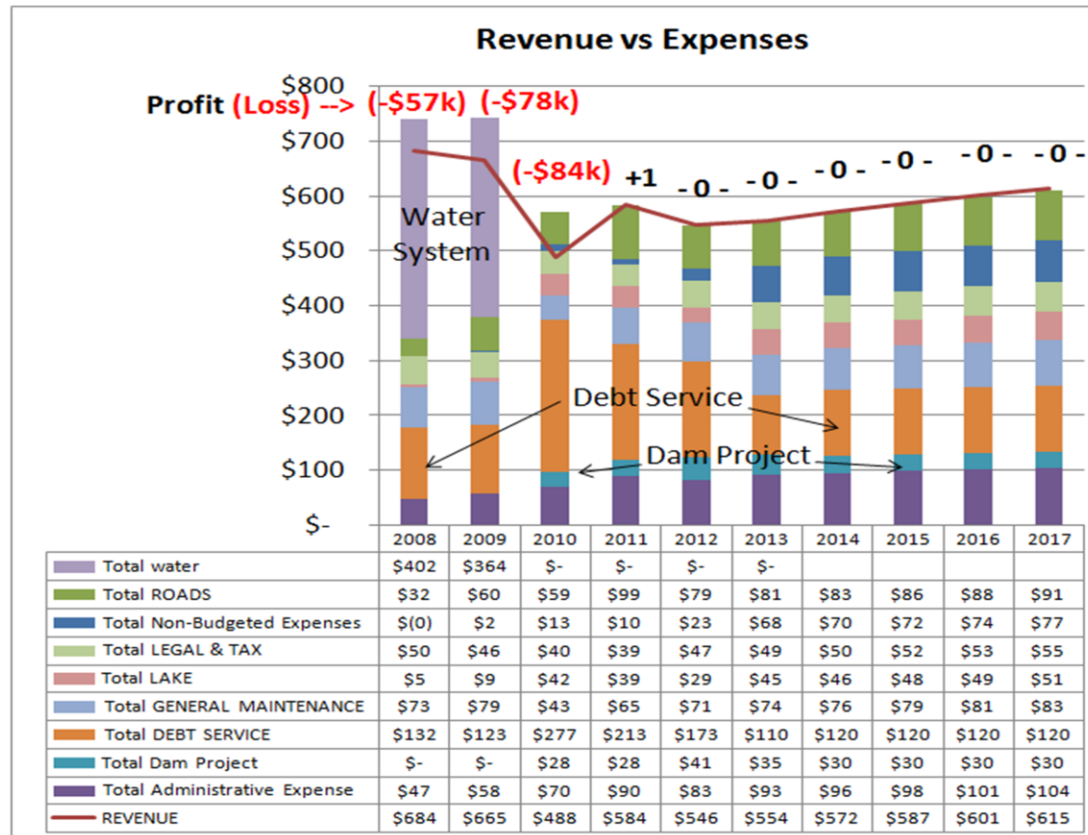


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Total Members</b>	945	931	994	920	920					
Home owner	421	418	420	420	420	420	420	420	420	420
Lot owner	390	379	429	346	346	346	346	346	346	346
Adjacent lot	134	134	145	154	154	154	154	154	154	154
<b>Paying Members</b>										
Home owner	404	383	391	394	400	400	404	404	404	404
Lot owner	240	178	145	147	150	150	155	160	165	170
Adjacent lot	119	119	136	108	114	110	115	120	120	120
<b>% Paying</b>										
Home owner	96.0%	91.6%	93.1%	93.8%	95.2%	95%	96%	96%	96%	96%
Lot owner	61.5%	47.0%	33.8%	42.5%	43.4%	43%	45%	46%	48%	49%
Adjacent lot	88.8%	88.8%	93.8%	70.1%	74.0%	71%	75%	78%	78%	78%
<b>Non Payer Impact</b>	126%	142%	158%	142%	139%					

# PLA P&L Statement Trends

## Overall:

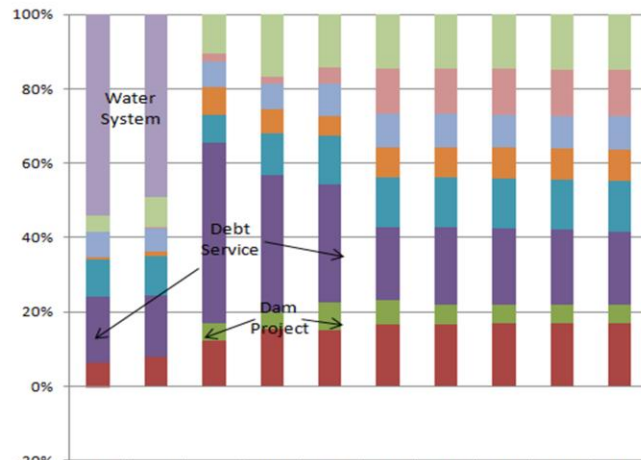
- 2008-2010 expenses outpaced income by \$57k-\$83k per year (not including proceeds from water sale in 2010, see note below). This was driven primarily by escalating water system repairs and some road repairs.
- 2011 actuals and the planned 2012 budget are balanced, helped by not having escalating and unpredictable water system costs
- The forward-looking strategy is to maintain dues at current levels (+/- COLA adjustments), through a stabilizing base of dues payers, and continuing to reduce the construction loan with \$30k/year (beyond required payments), build appropriate financial reserves, and support prioritized improvements to the community consistent with this strategic plan.



Note: Not shown in 2010 are partial year water charges and sale of \$440k income and \$306k expense



**Line Items as % of Total Expense**



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total water	54%	49%	0%	0%	0%	0%	0%	0%	0%	0%
Total ROADS	4%	8%	10%	17%	14%	15%	15%	15%	15%	15%
Total Non-Budgeted Expenses	0%	0%	2%	2%	4%	12%	12%	12%	12%	13%
Total LEGAL & TAX	7%	6%	7%	7%	9%	9%	9%	9%	9%	9%
Total LAKE	1%	1%	7%	7%	5%	8%	8%	8%	8%	8%
Total GENERAL MAINTENANCE	10%	11%	7%	11%	13%	13%	13%	13%	14%	14%
Total DEBT SERVICE	18%	17%	48%	37%	32%	20%	21%	21%	20%	20%
Total Dam Project	0%	0%	5%	5%	8%	6%	5%	5%	5%	5%
Total Administrative Expense	6%	8%	12%	15%	15%	17%	17%	17%	17%	17%

~~~ BACK-UP ~~~

PLA Expense Details

Dues Trends

| Income                | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Assessment            | \$ 113 | \$ 56  | \$ -   | \$ -   | \$ -   | \$ -   |        |        |        |        |
| Dues                  | \$ 527 | \$ 543 | \$ 410 | \$ 525 | \$ 529 | \$ 540 | 557    | 572    | 585    | 599    |
| Capital Improvement   | \$ 17  | \$ 25  | \$ 20  | \$ 17  | \$ 10  | \$ 10  | 10     | 11     | 11     | 11     |
| Past Dues             | \$ 18  | \$ 38  | \$ 49  | \$ 38  | \$ 6   | \$ 3   | 3      | 3      | 3      | 3      |
| Other                 | \$ 10  | \$ 3   | \$ 9   | \$ 3   | \$ 2   | \$ 2   | 2      | 2      | 2      | 2      |
| Total Income          | \$ 684 | \$ 665 | \$ 488 | \$ 584 | \$ 546 | \$ 554 | 572    | 587    | 601    | 615    |
| Check (s/b 0)         | \$ -   | \$ -   | \$ -   | \$ -   | \$ -   | \$ -   |        |        |        |        |
| <b>Dues Structure</b> | 2,008  | 2,009  | 2,010  | 2,011  | 2,012  | 2,013  | 2,014  | 2,015  | 2,016  | 2,017  |
| Home owner            | \$ 846 | \$ 895 | \$ 634 | \$ 920 | \$ 916 | \$ 934 | \$ 948 | \$ 963 | \$ 977 | \$ 992 |
| Lot owner             | \$ 592 | \$ 626 | \$ 634 | \$ 920 | \$ 916 | \$ 934 | \$ 948 | \$ 963 | \$ 977 | \$ 992 |
| Adjacent lot          | \$ 211 | \$ 223 | \$ 159 | \$ 230 | \$ 229 | \$ 234 | \$ 237 | \$ 241 | \$ 244 | \$ 248 |
| % increase            |        |        |        |        |        | 2.00%  | 1.50%  | 1.50%  | 1.50%  | 1.50%  |