



**Lake Parsippany
Property Owners Association**

P. O. Box 62
Lake Parsippany, New Jersey 07054

The Future of the Association

A Report to the Board of Directors
and Membership of the LPPOA

Submitted by the Easement
Assessment Committees

Presented at a Special Meeting
of the Membership on
October 19, 2016



Lake Parsippany Property Owners Association

P. O. Box 62
Lake Parsippany, New Jersey 07054

October 1, 2016

Dear LPPOA Members:

Over the past 14 months, 25 dedicated member volunteers have been investigating the possibility of implementing an easement assessment on all 2204 homes within the original purchase tract of the lake.

In addition to the volunteers, with membership approval, we have secured the services of Eileen Born of Dolan and Dolan Attorneys to investigate the costs, steps and stages that would be needed in the process.

The Board has projected that the possibility exists that we may be unable to support the lake from our operating budget within the next 6-10 years. This projection was confirmed as part of the membership volunteer's investigation.

Over the years, the LPPOA Board has been learning from its participation in COLA (Coalition of Lake Associations) and by observing the efforts of other lakes in the area. Many have begun or are transitioning to a mandatory payment structure. Most recently transitioned are Lakes Arrowhead and Intervale,

Many members have asked why the LPPOA doesn't have a mandatory membership of all property owners in the Lake Parsippany community. The basic premise being that in order to reap the benefit of living in the community you need to help with the burden of cost. The concept is often referred to as an "Easement Assessment"

Basically how it would work is that every property within the boundaries of the original purchase tract of Lake Parsippany would be required to pay an annual assessment fee. This fee would cover lake property maintenance and would include structured lake usage privileges. These specific maintenance and usage privilege are included in this information package for your review. In addition to the assessment fee, a membership option would be available at an additional cost that would allow you full access to all lake activities as a full membership does today.

To determine what district you are in refer to your mailing label. If it states district 1-4 you are within the original purchase tract. If it states district 5 you are either a non-property owner or live outside the original purchase tract.

The enclosed package contains all of the Information provided to date as well as the information that will be acted on at the October 19, 2016 meeting at East Lake Elementary School, 40 Eba Rd, Parsippany.

Respectfully,

Bill Sempier
Vice President LPPOA Board of Directors

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EXECUTIVE SUMMARY

The Lake Parsippany Property Owners Association Board of Directors received an analysis of poor financial health projected for the next five plus years forecasting the LPPOA potentially running out of money to maintain the lake, the association property and facilities. The Board sought out potential solutions to reverse this trend. Over the past decade the Board has taken multiple steps to reverse the negative trends in membership and revenues with little to no significant improvement. With no other viable options available, the decision was made to investigate assessing an easement fee to all of the homes within the original purchase tract of Lake Parsippany, a total of 2204 homes.

Three committees were formed to begin the investigation and make recommendations to the Board of Directors and ultimately the voting memberships on how to proceed. Those committees are: Management, Membership, and Marketing. The committees have been working over the past 14 months to identify the best plan and ways to implement it.

The committees recommend moving forward with the Easement Assessment Process and has developed the requisite budget and pricing structure to go with it. It has been determined that any needed by-laws changes will take place after a passing vote of the eligible voting memberships on the Easement Assessment.

DEFINITIONS

Easement Assessment: A fee charged for the basic maintenance costs of the community, which includes right of limited access to the easement property.

Easement Member: This membership includes all property owners who pay mandatory easement assessment fee and receives limited access to the facility.

Recreational Member: This membership is one that pays both the required easement assessment fee and the voluntary recreational membership fee. This allows full access to all facilities and membership offerings, including voting rights.

Senior Member: Persons 65 and older at the time of joining or renewing membership (proof of age required).

Proof of Ownership: Acceptable proof is a tax bill, deed or Mortgage statement.

Proof of Residency: Acceptable adult proof is a government issued ID (Like a driver's license).

District 5 Member: A member who lives outside the original purchase tract of Lake Parsippany or someone renting a property within the original purchase tract.

BACKGROUND

Financial Overview

In 2014 the LPPOA Board of Directors began to look at three to five year budget planning. It was determined that the current budgets could not continue indefinitely. To the best of the Board's ability, it expects that at the current rate of membership decline and potential revenue losses, the LPPOA would deplete its reserve cash within 7-10 years. Change must be made if our community is to keep its beautiful lake intact.

As a reminder, nearly 200 acres of LPPOA owned property, including the lake and all the associated maintenance costs, are not maintained through township taxes; LPPOA is responsible to maintain this property. The LPPOA is also responsible for paying real estate taxes for this property.

Over the past 5 years, the LPPOA has been barely operating on a break even budget. The chart below shows this trend. Annual revenues have decreased each year for the past five years. Despite increases in membership dues, some a bit large, annual revenues have only remained steady. Expenses for salaries, insurance, taxes and maintenance continue to go up each year.

LPPOA Budget Projections

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income*	\$190,875	\$190,645	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Expenses**	\$186,875	\$190,645	\$196,364	\$202,225	\$208,323	\$214,573	\$221,010	\$227,640	\$234,470	\$241,503	\$248,749
Excess/Loss	+\$4,000	\$0,000	(\$6,364)	(\$12,255)	(\$18,323)	(\$24,573)	(\$31,010)	(\$37,640)	(\$44,470)	(\$51,503)	(\$58,749)
Cumulative+/-			(\$6,364)	(\$18,619)	(\$36,942)	(\$61,515)	(\$92,525)	(\$130,165)	(\$174,634)	(\$226,138)	(\$284,886)

* Assumes Income remains flat. Income peaked in 2013 and has declined since.

** Assumes expected 3% increases each year based on previous history.

Membership has been declining steadily for nearly a decade. In 2005 total memberships were 611, family memberships were 398. At the conclusion of 2015 total memberships declined to 493 and family memberships were 275. A 30.9% decrease of family memberships and 19.3% decrease in total memberships in 10 years. Any increase in dues may also contribute to a decline in membership.

LPPOA Annual Memberships

	2005	2012	2013	2014	2015	2016
Family	398	300	283	265	275	265
Total	611	492	486	482	493	472
Change		-98/-119*	-17/-6	-18/-4	+10/+11	-10/-21

* This change represents a 7 year change.

How did this happen?

In the early years of our organization, there was no need for an easement assessment because most if not all property owners maintained membership in the association. Prior to the 1960's, the LPPOA provided most essential services to Lake Parsippany's summer and year-round residents. Services like garbage collection, road maintenance and more were provided by the LPPOA. Once the Township began providing many, and now all, essential services, membership in the LPPOA dropped off precipitously from nearly all of the 2204 deeded properties in the original purchase tract of Lake Parsippany to less than 300 today; yet the cost of maintaining the lake, open property areas and the many LPPOA activities still needed to be covered by the "dues" of the remaining members. Today, as membership declines, and expenses continue to increase, the LPPOA projects operating in deficit budgets by 2018 and no longer being solvent by 2025.

What has the Board been doing about this?

Many longtime residents can remember the late 1990's when the lake was smelly and algae filled and could barely support aquatic life as well as making the lake unusable for many activities. Or in the early 2000's when the area was overpopulated with geese and overrun with their feces.

Through strong leadership working closely with state and local authorities, the Board of Directors has made great strides in managing and protecting our lake ecosystem for our community. Water quality has never been better, aquatic life on our lake has been at all-time highs.

For several decades, the Board and other Committees have been doing things to maintain or increase the number of members. Throughout the years, the LPPOA has participated in the community Welcome Wagon and when that stopped, started directly reaching out to new property owners to encourage membership. We continue to maintain contact with key real estate agents enlisting their help in promoting the lake and LPPOA membership to home buyers. In the 1990's the Association opened non-voting membership privileges to "District 5" - that is people living outside the boundaries of the original purchase tract of Lake Parsippany. This helped increase membership and revenue for some time. Since 2010, we have offered a referral bonus to members who bring in new members. Additionally, the "Early Bird Special" discounted membership and most recently the "Super Early Bird Special" has been instituted to encourage early joining and improve association cash flow.

In an effort to maintain our membership levels, from 2009 to 2011 the Association did not raise membership fees and since then have kept the increases to 3% per year . However, fixed expenses have continued to increase.

The Board of Directors, with the help of a cadre of member volunteers, has been taking significant steps to increase association's activities and community awareness. In the past five years the number and variety of activities offered by the LPPOA on, in, and around our lake and clubhouse have been increasing.

1. In 2015 we transitioned from a volunteer Clubhouse Manager to a paid part-time Manager with specific sales goals to increase rentals. To date, the clubhouse rentals have increased by 53% in 2016 bringing a year-to-date increase of \$9,000 over the same time last year.
2. We offer Drewes Beach for rental use to members as an additional income stream generating \$1,200 annually and offering children's birthday parties on the beach for a small fee.
3. Our beach managers have developed many specialty programs and ongoing weekly activities for beachgoers. For example, weekly pizza night, cupcake decorating, tie die day and more.
4. Two years ago the Board formed a Marketing Committee tasked with improving community awareness and generating revenue to the LPPOA. Thus far, some of the notable activities have been developing a professional brochure touting the Association, improving the flyer and marketing materials for the Club House, creating lawn signs to promote the membership drive. Additionally, the committee is developing some guidelines to create an LPPOA brand and updated logo.
5. For the first time in decades, the LPPOA had a marching unit and float in the Township Memorial Day Parade, during which 400 beach balls with the LPPOA website imprinted on it were handed out to much enjoyment by the crowd.
6. A 2-year process to update and redesign the LPPOA website was completed late in 2015. Club and Activities leaders are able to make updates and changes themselves.
7. Several recurring activities were re-invigorated with new volunteer leaders. Monthly, either on a beach in the good weather or in the clubhouse, the Association offers a Movie Night for kids. Cocktails on the beach has been increased from once per season to monthly. There are many seasonal activities offered throughout the year including holiday parties for kids and adults.

Despite these forward strides, the Lake Parsippany Property Owners Association is at a crossroads. What is our association to become and our lake community to be? Who shall maintain the property and the water? Do we stick with the status quo or find other ways of protecting our community asset in the long-term?

These are the questions the Board had to address. After seeking input on options from various sources, including surrounding local private lakes, and seeking the direction of the membership, three committees were formed to explore options related to implementing an Easement Assessment on all the properties within the original purchase tract of Lake Parsippany replacing what was once implied through the annual membership dues from the 1930's, '40's and '50's.

Another important aspect of the lake for the surrounding property owners is that the lake acts as a nature preserve and provides control for the natural drainage of water in the area. With the development of the area in the 1960's and 1970's many of the natural streams that used to feed into the lake are no longer viable. Storm water drains from the surrounding community are directed to the lake. This was done in agreement with the township several decades ago which allowed the town to avoid the cost of having to manage the areas storm water runoff. Many species of water fowl and birds rely upon our waters and the fish that thrive in Lake Parsippany. The LPPOA spends tens of thousands of dollars every year in treatment and testing, ensuring the quality of our waters for the benefit of all.

Who is affected?

The 2204 properties in the original purchase tract are the affected property owners. While we have become accustomed to understanding the "rough" boundaries of the Lake Parsippany Community as being bordered by Littleton Rd to the West, Route 80 to the North, Parsippany Rd to the East and the Corporate Complex to the South; in fact the originally deeded tract of land is slightly different. The map of the deed restricted properties is on the LPPOA website at www.lake-parsippany.org/.

How does Lake Parsippany and the LPPOA compare to other area lakes?

Committee research along with information provided from our legal counsel shows that many of the lakes in the northwestern part of NJ are undergoing similar financial issues and are seeking similar remedies for the problems. The LPPOA is a member of the Coalition of Lake Associations (COLA) which affords our leadership the opportunity to share ideas, questions and concerns with the other lake associations in Morris and Sussex Counties. Here is a sampling of what has been learned:

1. Nearly all the members of the COLA that have voluntary membership are experiencing a drop in "full" membership and the inherent revenue losses that accompany a precipitous drop.
2. Other local lakes and swim clubs are in serious danger of closing within the next few years.
3. Three local lakes and several others in surrounding counties (approximately nine in total) have chosen the route of an Easement Assessment to successfully mitigate their financial concerns. A partial list includes: Lake Arrowhead, Rainbow Lakes, , Rockridge Swim Club.
4. Compared to other Morris and Sussex County Lakes, LPPOA membership is a very reasonable cost. Attachment 2 provides a comparison of just a few nearby lakes based on data gathered from that Lake's public information (mainly their websites).

OVERVIEW OF PROCESS

In August 2015 a recommendation was presented to the membership by the Board of Directors to move forward exploring an easement assessment process. A quorum of the membership voted to start the investigation. Several overriding considerations were put forth:

- The process needed to be transparent and proceed with care and deliberation.
- The easement assessment should not be considered a foregone conclusion. The investigation should determine whether an easement assessment or another option would be best.
- The process needs to be driven by the membership and involve as many members as possible.

Below is a brief overview of the process that brought us to today:

In August of 2015, the process began with a vote from a quorum of the membership. Following the approval of required expenses Eileen Born of Dolan and Dolan, PA, was secured as our legal counsel. Representatives from the Board of Directors met with the attorney to review the process required to implement the Investigation.

A quorum of the membership approved additional funds to continue the investigation. The funds would be used for performing a survey of 10 properties plus 2 extra to confirm borders and original titles linking them to the original purchase tract of Lake Parsippany.

The report provided in early November by the attorney was shared with the Board of Directors and the membership indicating that property owners who purchased lots and homes in Lake Parsippany also acquired a right to use Lake Parsippany as part of the purchase. This is evident from language found in deeds in the title searches: “together with the right to use, in common with others, the waters of Lake Parsippany for bathing, boating and fishing.” This language gives property owners an “easement” over the LPPOA property. NJ courts have recognized property owners who have an easement to use the lake and common properties also have an obligation to contribute towards maintenance. Based on her review, the LPPOA has the option to assess non-members.

Beginning in January 2016, three committees were formed comprised of some 25 members that volunteered to assist in the investigation. Each committee was tasked with a segment of the investigation and final recommendations.

In late spring 2016, a Frequently Asked Question document along with all previous correspondence was placed on the lakes web site for all to access. New information is added and announced as needed.

In midsummer 2016 the committee chairs met with the attorney to do a review of where we are in the process and to share our planned membership definitions and their projected costs. Ms. Born provided needed feedback and the committees continued to refine our recommendations.

The committees continued to work on the final package throughout September in preparation for information sessions to be scheduled with the current membership in early October. The final meeting to be held on October 19, 2016 will only be open to current property owner members living within the original purchase tract of Lake Parsippany (and therefore have voting privileges). The attorney will be in attendance and will be presenting the resolution and motions required for a vote.

BUDGET

The main focus of the management committee was to establish separate budgets moving forward for both the easement assessment (maintenance of the lake) and recreation activities. This was done using information gathered from other lakes that have implemented easement assessments, with advice from our attorney who has helped other lakes through this same process, and a review of previous, current and projected LPPOA budgets.

As presented in the proposed budgets for 2017 (Attachment 3), costs and revenue associated with the maintenance and operation of the lake and clubhouse are included in the easement budget. Things such as regulatory inspections, lawn care, water care, tree maintenance, snow plowing, erosion protection, dredging, facilities (other than the beach buildings) maintenance, security and other related "shared" costs to maintain the lake went into the easement assessment budget. Costs and revenues associated with optional recreation activities are included in the recreation budget. The recreation budget includes costs covering the operation of the beaches for swimming, sports activities and recreation membership. Careful consideration was taken to make sure there was a definitive split between expenses and revenues that are to be part of the easement and those that are part of recreation; and that the decisions on where the costs and revenues were applied were consistent throughout the budget creation process.

BENEFITS OF EA/CHECKLIST CREATION

The other focus of the management committee was the evaluation of the existing benefits that the lake offers, and how those benefits were to be assigned with a mandatory easement assessment in place along with an optional recreation membership. This benefit determination process included research on how other lakes defined their easement assessment membership compared to recreational membership benefits and with the advice of our attorney.

Benefits for the lake property owners who are only paying the easement assessment will include boating and fishing, use of one of the boat ramps, discount on clubhouse rentals, eligibility to join one of our sports teams, and attend lake social functions. There would be a nominal fee to join a sports team or attend a lake social function.

Those who also join as a recreational member will enjoy all of the activities and benefits available to members that have joined in the past. Attachment 5 is a checklist showing the differences in benefits to easement members compared to full recreational members.

MEMBERSHIP OPTIONS

The membership committee, over the course of several months, reviewed the current LPPOA membership offerings which are: Family, Single, Senior/Non Senior, Junior and Senior membership. The membership committee determined that the current membership structure could be reevaluated to ease the burden of those who choose to become LP-POA Recreational Members.

Easement Assessment Membership

An overriding concept, according to our legal counsel, is that the Association needs to change its perception of what constitutes a membership. A membership entity is the property owner. The cost of Easement Assessment will be the same for every property owner in the original purchase tract of Lake Parsippany.

Easement Assessment only members will receive 2 Easement Assessment badges per home address. Easement Assessment badges will be physically different from Recreational Membership badges and will provide different privileges than Recreational Membership.

LPPOA Recreational Membership

The options for recreational membership will be family, single and senior. Recreational Membership is open to property owners in the original purchase tract of Lake Parsippany (Districts 1-4), non-owner renters in the original purchase tract and those living outside the original purchase tract of Lake Parsippany (collectively known as “District 5 Members”).

Seniors, when joining or renewing membership on or after their 65th birthday will pay a discounted Recreational Membership fee per person. Guest badges will be charged at standard cost.

District 5 membership fees will include a separate non property owner’s easement administration fee.

Guest badges can be purchased at an additional cost, limited to 6 guest badges per membership.

Membership Fees

Below is the cost for each of the membership types. The complete Budget, showing a breakdown of the revenues and expenses is in Attachment 5.

\$115 Easement Assessment Fee (all property owners pay)

Districts 1-4 Membership Costs	Easement Assessment	Recreation Membership plus tax	Total Cost	2016 Membership Costs
Family	\$115	\$180	\$295	\$469
Single	\$115	\$60	\$175	\$269
Senior	\$115	\$5 *per person	\$120	\$119

District 5 Membership Costs	Easement Administration Fee	Recreation Membership plus tax	Total Cost	2016 Membership Costs
Family	\$115	\$205	\$320	\$469
Single	\$115	\$70	\$185	\$269
Senior	\$115	\$10 *per person	\$125	\$119

MARKETING/IMPLEMENTATION PLAN

The task of the Marketing Committee is to develop the messaging around communicating the easement assessment process and proposed detail to the membership, the Easement Assessment community and the greater community at-large. The committee developed recommendations for how and when to communicate to these three different stakeholder groups.

The Current Membership:

This group is defined as our current 2016 paid memberships (counting 476). These include families, adult and youth singles, seniors in districts 1 through 5. Based on information gained through the Easement Assessment process, the Management Committee determined that 11 properties currently considered part of Districts 1-4 are in fact outside the original purchase tract and therefore part of District 5 (non-voting).

The message: This group needs 2 messages; a general message sharing the ongoing process and plans for the Easement Assessment - showing transparency of the process and providing the information needed for the eligible voting memberships to make an informed vote. The second message is specific to the group that is now part of Dist. 5 - Further explanation of the change in their situation needs to be given great care to prevent alienation.

The methods: Both messages will be delivered in multiple ways: 1. By presentations at board meetings, 2. Through information in the News and Views monthly, 3. By direct mail to all memberships as needed and absolutely to announce the vote, 4. Updates posted to the LPPOA website as appropriate, 5. Possibly through small group meetings.

The schedule: Monthly articles in the News and Views, monthly updates during the board meetings, direct mailing 3-4 prior to the vote meeting, intermittent updates as needed on the LPPOA website.

The Easement Assessment Community (districts 1-4):

The message: First, general awareness and information regarding the association, its activities, privileges, and rules; and the obligation to maintain the lake. As plans solidify and at the appropriate time, introduce the Easement Assessment concept. Finally, specific details of the Easement Assessment and what property owners need to expect.

The methods: Mass mailings of News and Views editions, information packages, and possibly post cards.

Regarding the Special Meeting of the Membership for voting on the motion:

There will be a PowerPoint presentation to illustrate the key issues for the membership.

MAINTENANCE

After reviewing the plans for the Management Committee and its role in creating a budget by the three committee chairs, it was decided that the Management Committee's budget would discuss maintenance needs. The Committee utilized past budgets to provide guidance for required maintenance performed during that period. There has been tremendous amount of deferred work past budgets would not support. The Management Committee then discussed with LPPOA vendors (tree, dam engineer, landscaping) all the required work to support the higher utilization anticipated with the inclusion of the 2204 homes in the easement area. The Maintenance Committee, when formed, will review the existing maintenance plan and prioritize each area.

GOING FORWARD PROCESSES

Assuming that the Easement Assessment recommendation is approved by the membership, several changes in LPPOA operations will ensue.

Going forward there would be two different budgets on which the membership would vote. Specifically, the Board of Directors will create an Easement Assessment Budget covering the revenue needs and expenses for items covered by the Easement Assessment. Easement Assessment members in good standing will vote annually on the Easement Assessment budget. Additionally, the Board will create a budget for the activities and needs of the Recreational Membership. This budget will set the membership fees to cover those activities. Recreational Memberships in good standing will annually vote on that budget as is the case today.

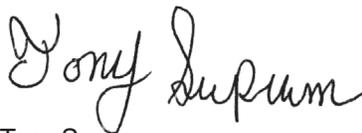
RECOMMENDATION OF COMMITTEES

It is the recommendation of the Committees that the Association needs to move forward with the process of instituting the Easement Assessment upon the 2204 properties within the original purchase tract of Lake Parsippany. To ensure the financial viability and continued quality of Lake Parsippany and the LPPOA owned property, the three committees suggest this be implemented as quickly as practical; and to assist with this they have already developed a projected budget and membership fee structure for the 2017 membership year. The committees recommend forming a LPPOA By-Laws Review Committee as soon as possible to revise and update the bylaws if the vote passes.

Respectfully submitted by:



Dan O'Connor
Chair- EA Management Cmte



Tony Suprum
Chair- EA Membership Cmte



Paul Cecala
Chair- EA Marketing Cmte

ATTACHMENT 1 - Cost of Membership Options

	Easement Assessment Member	Recreational Family Membership	Recreational Single Membership	Recreational Senior Membership	Non-Property Owner / Non-Resident (Dist. 5)
EA Badges	2	2	2	2	0
Recreational/ Picture Badges	0	# of bona fide residents at address	1	1	Per Membership Type
Easement Assessment Fee	\$115	\$115	\$115	\$115	N/A
Recreational Membership Fee	NA	\$180	\$60	\$5 (per Senior)	Per Membership Type
Guest Badges (max 6)	n/a	\$50	\$50	\$50	\$50
Car Tags	0	2	1	1 (per Senior)	Per Membership Type
Boat Tags (max 10)	\$10 ea	\$10 ea	\$10 ea	\$10 ea	\$10 ea
Easement Administration Fee	NA	NA	NA	NA	Varies by Membership Type

ATTACHMENT 2 - Membership Costs for Area Lakes, 2016 Season

	Lake Arrowhead	Cedar Lake	Rockridge Swim Club	Indian Lake	White Meadow Lake	Lake Hiawatha Swim Club	LPPOA 2016 Fees	LPPOA 2017 with EA	LPPOA Dist 5 2017 with EA
EA/MAINT FEE	\$345.00	??	\$190.00	\$135.00	??			\$115.00	
Family		\$125.00	\$390.00	\$327.50	\$660.00	\$610.00	\$469.00	\$295.00	\$320.00
Single		\$125.00	\$245.00	\$172.50	\$660.00	\$215.00	\$269.00	\$175.00	\$185.00
Senior		\$65.00	\$210.00	\$101.25	\$660.00	\$215.00	\$119.00	\$120.00	\$125.00
Guest				\$30.00			\$40.00	\$50.00	\$50.00
Boat tags			\$25.00	\$25.00			\$10.00	\$10.00	\$10.00
Other usage fees		\$40.00							
NO OPTIONS	\$145.00								
Notes		Fee is not publicly available		Guest limit to 10 uses	EA Fee is not publicly available	Family = 2 adult, 3 child			
				Has many more options		Has many more options			

Attachment 3 -The Budget - Management Committee Recommendations

		Notes	2016 Proposed Budget	2017 Easement Budget	2017 Recreation Budget
A - REVENUES					
105	Membership Fees	1	\$152,000.00		\$37,950.00
106	Boat Tag Revenue				\$2,900.00
107	District 1 thru 4 Assess. Revenue			\$253,460.00	
108	District 5 Assess. Match Revenue			\$18,630.00	
109	District 5 Rec. Fee Revenue				\$18,945.00
110	New member referral		-\$300.00		
112	Boat storage / fines		\$0.00	\$0.00	
125	Ads		\$3,000.00	\$3,000.00	
130	Beach Sales (rentals)		\$1,250.00		\$1,250.00
135	Community Activities / Open House		\$2,000.00	\$2,000.00	
140	Interest		\$0.00	\$0.00	\$0.00
145	Miscellaneous		\$0.00	\$0.00	\$0.00
150	Promotional Material Sales		\$125.00	\$125.00	
160	Beach Acct		\$6,000.00		\$6,000.00
180	Donations		\$150.00	\$150.00	
1100	Clubhouse Rentals		\$34,000.00	\$34,000.00	
1300	Club Support		\$1,250.00	\$1,250.00	
1400	Donations - Clubhouse		\$125.00	\$125.00	
1500	Social Events (Concerts)		\$250.00	\$250.00	
185	Carryover		\$6,229.28		
	Transfers from Lk Restoration Fund		\$0.00	\$0.00	\$0.00
TOTAL - REVENUES			\$206,079.28	\$312,990.00	\$67,045.00

B - EXPENSES					
200	PAYROLL				
205	Maintenance Payroll		\$3,000.00	\$3,300.00	\$1,646.00
207	Payroll Taxes - Maintenance		\$600.00	\$660.00	
210	Beach Manager Payroll		\$10,775.00		\$11,325.00
212	Payroll Taxes - Beach Mgr		\$2,155.00		\$2,265.00
215	Life Guard Payroll		\$16,200.00		\$17,000.00
217	Payroll Taxes - Lifeguards		\$3,240.00		\$3,400.00
220	Swim Team Coach Payroll		\$1,800.00		\$1,900.00
225	Payroll Taxes - Swim Team Coach		\$360.00		\$380.00
230	Clubhouse Manager	2	\$1,600.00	\$1,700.00	
231	Payroll Taxes - Clubhouse Manager		\$320.00	\$330.00	
	Subtotal - PAYROLL		\$40,050.00	\$5,990.00	\$37,916.00

Attachment 3 -The Budget - Management Committee Recommendations - cont.

		Notes	2016 Proposed Budget	2017 Easement Budget	2017 Recreation Budget
250	OPERATIONS				
254	Hepatitis		\$0.00	\$0.00	
255	Property Maintenance		\$1,400.00	\$1,400.00	
258	Landscaping Services		\$12,250.00	\$17,000.00	
260	Shoreline Maintenance		\$1,250.00	\$2,000.00	
262	Garden Club		\$100.00		\$200.00
264	Equip Purchase/Rental		\$275.00	\$1,000.00	
268	Lifeguard Certification		\$0.00	\$0.00	\$0.00
270	Tree Maintenance		\$3,000.00	\$7,500.00	
280	Signs		\$1,500.00	\$1,500.00	
281	Erosion Protection incl. Bulkheads			\$2,348.00	
282	Lake Buildings Fund				\$2,600.00
283	Dredging Fund			\$10,000.00	
284	Lake Ecological Study (1 per 5 yrs)			\$1,250.00	
	Subtotal - OPERATIONS		\$19,775.00	\$43,998.00	\$2,800.00

300	UTILITIES				
305	Electric		\$1,985.00		\$2,040.00
306	Electric - (Clubhouse)		\$3,885.00	\$4,000.00	
310	Telephone		\$900.00		\$930.00
311	Telephone - (Clubhouse)		\$770.00	\$800.00	
315	Water/Sewer		\$300.00		\$300.00
316	Water/Sewer - (Clubhouse)		\$1,200.00	\$1,300.00	
319	Alarm - (Clubhouse)		\$660.00	\$660.00	
320	Cable - (Clubhouse)		\$1,400.00	\$1,500.00	
325	Garbage - (Clubhouse)		\$2,884.00	\$2,950.00	
330	Gas - (Clubhouse)		\$2,050.00	\$2,100.00	
	Subtotal - UTILITIES		\$16,034.00	\$13,310.00	\$3,270.00

350	ADMINISTRATION				
355	Legal Expenses		\$250.00	\$250.00	
360	Treasurer				
356	Dam Inspection		\$2,500.00	\$1,250.00	
357	Lake Consulting Engineer		\$250.00	\$250.00	
360	Treasurer		\$0.00	\$0.00	
365	Security		\$500.00	\$25,000.00	

Attachment 3 -The Budget - Management Committee Recommendations - cont.

		Notes	2016 Proposed Budget	2017 Easement Budget	2017 Recreation Budget
366	Web hosting		\$420.00	\$440.00	
367	Postage		\$175.00	\$175.00	
369	Licenses and Fees		\$550.00	\$550.00	
370	Misc		\$396.28	\$400.00	
380	Legal Fees for Easement			\$26,000.00	
381	E.A. Doc. Mailings Costs			\$6,000.00	
382	Database Admin & Billing Costs			\$57,098.00	
Subtotal - ADMINISTRATION			\$5,041.28	\$117,413.00	\$0.00
400	LAKE WATER				
405	Analysis		\$1,265.00	\$1,369.00	
410	Treatment		\$28,000.00	\$31,000.00	
Subtotal - LAKE WATER			\$29,265.00	\$32,369.00	\$0.00
450	RECREATION				
455	Stock Lake		\$2,500.00	\$3,000.00	
461	Softball		\$680.00		\$680.00
462	Bowling		\$104.00		\$104.00
463	Hub Lakes Fees		\$600.00		\$600.00
464	Hub Lakes Program		\$300.00		\$300.00
465	Swim Team		\$300.00		\$300.00
470	Misc		\$1,300.00		\$1,300.00
475	Awards		\$150.00		\$150.00
485	Beach Acct Expenses		\$6,000.00		\$6,000.00
Subtotal - RECREATION			\$11,934.00	\$3,000.00	\$9,434.00
500	MEMBERSHIP				
515	Badges, Pins, Tags, Etc		\$3,400.00	\$12,000.00	\$4,500.00
520	Film & Supplies		\$200.00	\$800.00	\$400.00
525	Lake Promotion		\$500.00		\$500.00
535	Credit Card Fees		\$1,650.00	\$2,500.00	\$800.00
Subtotal - MEMBERSHIP			\$5,750.00	\$15,300.00	\$6,200.00

Attachment 3 -The Budget - Management Committee Recommendations - cont.

		Notes	2016 Proposed Budget	2017 Easement Budget	2017 Recreation Budget
550	COMMUNITY ACTIVITIES				
555	Open House		\$500.00	\$500.00	
560	Social Events		\$800.00		\$2,800.00
565	Scholarship		\$350.00		\$350.00
	Subtotal - COMMUNITY ACTIVITIES		\$1,650.00	\$500.00	\$3,150.00
600	NEWS & VIEWS				
605	Setup		\$2,200.00	\$2,200.00	
610	Printing & Postage		\$2,000.00	\$8,000.00	
	Subtotal - NEWS & VIEWS		\$4,200.00	\$10,200.00	\$0.00
650	REAL ESTATE				
655	Taxes		\$12,000.00	\$12,240.00	
660	Taxes - (Clubhouse)		\$10,000.00	\$10,200.00	
	Subtotal - REAL ESTATE		\$22,000.00	\$22,440.00	\$0.00
700	INSURANCE				
705	Dir & Officer Liab Pol		\$1,275.00	\$1,320.00	
710	Workmen Comp		\$5,830.00	\$6,000.00	
715	Package Policy		\$19,550.00	\$20,500.00	
	Subtotal - INSURANCE		\$26,655.00	\$27,820.00	\$0.00
2000	CLUBHOUSE MAINTENANCE				
2100	HVAC		\$1,200.00	\$1,500.00	
2200	Building Maintenance		\$2,000.00	\$2,500.00	
2300	Snow Removal		\$2,250.00	\$2,750.00	
2400	Renovations / Equipment		\$3,500.00	\$3,500.00	
	Subtotal - CH MAINTENANCE		\$8,950.00	\$10,250.00	\$0.00
4000	SUPPLIES				
4200	Paper, Cleaning Supplies		\$1,200.00	\$1,400.00	
	Subtotal - CH SUPPLIES		\$1,200.00	\$1,400.00	\$0.00

Attachment 3 -The Budget - Management Committee Recommendations - cont.

		Notes	2016 Proposed Budget	2017 Easement Budget	2017 Recreation Budget
5000	ADVERTISING & MARKETING				
5100	Advertising		\$1,000.00		\$1,000.00
5200	Lake Promotion	3	\$3,275.00		\$3,275.00
	Subtotal - CH ADVERTISING		\$4,275.00	\$0.00	\$4,275.00
9000	LAKE RESTORATION REIMBURSEMENT				
			\$9,300.00	\$9,000.00	
	Subtotal - LOAN PAYBACK		\$9,300.00	\$9,000.00	\$0.00
TOTALS - EXPENSES			\$206,079.28	\$312,990.00	\$67,045.00
GRAND TOTAL Surplus / (Deficit)				\$0.00	\$0.00

Assumptions/Changes:

- 1 Based on proposed membership rates for 2016 (listed below)
- 2 Newly proposed position
- 3 Includes costs recommended by the LPPOA Marketing Committee

Easement Assessment Revenue

# of Homes	Fee	Total
2204	\$115	\$253,460

Dist. 5 Membership	Qty	Fee	Total	Total Membership Cost
E.A. Match Fee Portion	162	\$115	\$18,630	-
Added Rec Fee - Seniors	51	\$10	\$510	\$125 (\$5 added Admin Fee)
Added Rec Fee - Singles	32	\$70	\$2,240	\$185 (\$10 added Admin Fee)
Added Rec Fee - Family	79	\$205	\$16,195	\$320 (\$25 added Admin Fee)
Totals			\$37,575	

Recreation Membership Revenue - Dist 1 to 4 Membership

Type	#	2017 Cost	Total	Total Membership Cost
Seniors	90	\$5	\$450	\$120
Single	37	\$60	\$2,220	\$175
Family	196	\$180	\$35,280	\$295
Totals	323		\$37,950	

2015 Badge Totals

Picture Badges	1266	(889 Non-District 5 / 377 District 5)
Guest Paid Badges	146	(86 Non-District 5 / 60 District 5)
Guest Free w/Family	751	(531 Non-District 5 / 220 District 5)

2015 Membership Totals & Breakdowns

Total 2015 Members:	485
Total 2015 Dist. 5 Members:	162
Total 2015 non-Dist. 5 Members:	323

2015 Membership Type	#	2016 Cost	Projected 2017 Cost
Family	196	\$439	\$454
Family Dist 5	79	\$439	\$454
Single	37	\$239	\$245
Single Dist 5	32	\$239	\$245
Senior	90	\$99	\$105
Senior Dist 5	51	\$99	\$105

ATTACHMENT 4 - Frequently Asked Questions

What is the Lake Parsippany Easement Assessment?

Costs to maintain and preserve the lake and common property are rising steeply. Easement Assessment is a way for the entire Lake Parsippany community to ensure that the beauty and the benefits of the lake are preserved.

Basically how it would work is that every property within the boundaries of the original purchase tract of Lake Parsippany would be required to pay an annual assessment fee. This fee would cover lake property maintenance and would include structured lake usage privileges.

These specific maintenance and usage privilege items are still being determined. Maintenance items may include items such as water treatment, land improvement and maintenance, tree maintenance, shoreline erosion protection, administration fees, state inspections, insurance costs, security and taxes.. In addition to the assessment fee, a membership option would be available at an additional cost that would allow you full access to all lake activities as a full membership does today.

How is the LPPOA going to decide if it will be implementing an Easement Assessment?

The LPPOA proposed the question to the membership in August of 2015 to investigate the feasibility of enacting what we called at the time "Fair Share." The LPPOA engaged an attorney to research the question and has learned that under NJ case law, courts have determined that other lakes in similar situations have the right to impose an Easement Assessment.

What access and services will be offered to the Easement Assessment property owners?

The LPPOA formed four committees tasked with determining:

What access and services will be offered to the Easement Assessment property owners?

What costs will be included in the Easement Assessment?

How we will integrate our current membership structure and processes with an Easement Assessment?

Once these items have been determined the committees will report back to the LPPOA Membership.

Will I have a vote on this?

Yes, each membership in the LPPOA will have a vote at each stage of the process. To date a quorum of membership (in accordance with the Bylaws) at the August 2015 meeting voted to begin an investigation into the possibility of an easement assessment. The investigation is ongoing and implementation would only occur by a vote of quorum of membership (in accordance with the Bylaws).

I have lived here for years. Why is this just coming up now?

For the past 80 plus years, the directors of the Lake Parsippany Property Owners Association— a not-for profit corporation guided by your neighbors here at the lake— have been able to manage the lake solely on membership dues. However, rising costs, coupled with a reduction in membership, higher operating costs far exceed the Association's ability to preserve our beautiful lake. Additionally, ever escalating property taxes and maintenance costs have put a further strain on the Association's budget which is entirely funded by membership dues.

How do I know if my property is in the boundaries of the original purchase tract of Lake Parsippany?

Using the township tax maps you can easily determine if your property lies within the boundaries.

I'm not in the original purchase tract of Lake Parsippany.

How does the Easement Assessment affect me?

The Easement Assessment applies only to those properties within the original purchase tract of Lake Parsippany from the 1930s. Only those properties covered by the original Master Deeds can be included. It is not possible to expand this area.

What gives you the right to do this?

The courts of the State of New Jersey have recognized—and upheld—the need for lake communities to help pay for the ongoing maintenance and expenses of maintaining lakes throughout the state. New Jersey courts have recognized that lake associations that did not require mandatory membership in an association when they were originally formed can assess non-members who hold an easement over the lake and common properties.

The theory of “fair share” assessment was developed in a series of cases which determined that a property which holds an easement to another property bore responsibility for the maintenance of that easement. Recently both Lake Arrowhead and Lake Intervale have transitioned to an easement assessment.

I pay my taxes, don't they support the lake?

Lake Parsippany is maintained by the members of LPPOA only. We receive no tax dollars to help meet the responsibilities of maintaining the community assets and preserving the lake. The township has a permanent easement to maintain the drainage basins and related infrastructure, but does not have any responsibility for any other ongoing maintenance items. Nor does it contribute any financial support.

Will paying this Easement Assessment make me a member of the Association?

No, the Easement Assessment is recognition of property owner's rights and responsibility to share in the cost of the lakes as well as benefits of the Lake and common property. However, we welcome you to help build up your community by joining the LPPOA. Membership is an additional option available to all property owners within the boundaries of the original purchase tract of Lake Parsippany at an additional cost.

I'm not a member of the Association. What benefit do I get with an easement assessment?

We currently have membership driven committees that are researching various options. Prior to any vote of the membership the details will be specifically spelled out.

Do I have to pay?

Yes. Once implemented, the Easement Assessment would be mandatory for all property owners in the boundaries of the original purchase tract of Lake Parsippany.

Why am I required to pay the Easement Assessment?

Our preliminary investigation indicates that all properties within the boundaries of the original purchase tract of Lake Parsippany, as developed and deeded in the 1930s, have language in their property deeds that provides the right to use Lake Parsippany. This right granted through the original deeds creating the lake and the adjacent community carries along with it the responsibility of providing for the ongoing maintenance and upkeep of the lake, and its property.

How much is it going to cost me?

This is still being looked into as we work through the budget items. Since the expenses will be split equally among the approximately 2100 property owners located within the original purchase tract of Lake Parsippany who benefit from the lake and common property, we expect the annual assessment will be low.

The items that could be included in the Easement Assessment are those expenses that impact the common areas and include items such as water treatment, land improvement and maintenance, tree maintenance, shoreline erosion protection, administration fees, state inspections, insurance costs, security and taxes. The goal is not to raise enough funds to pay for all the costs in one year, but to ensure that, through all of our neighbors contributing their Easement Assessment, the ongoing needs and preservation of the lake can be met.

What can the Easement Assessment money be used for?

The easement assessment funds would be used for those costs associated with the common community aspects of the lake. These specific maintenance and usage privilege items would need to be determined. Maintenance items may include items such as water treatment, land improvement and maintenance, tree maintenance, shoreline erosion protection, administration fees, state inspections, insurance costs, security and taxes.

Will all disbursements of Easement Assessment funds be posted?

Yes on a regular basis to the LPPOA website or other media.

Where will administrative costs come from?

All administrative related costs such as printing, invoicing, postage and mailing expenses will be paid for through the Easement Assessment.

When do you anticipate doing any improvements, repairs or maintenance on the property with this money?

A list is being created of all maintenance work. Once complete it will be prioritized. The Easement Assessment is designed to provide for repairs, ongoing maintenance, and other expenses for the lake and common property. These items are constantly changing. Maintenance items may include items such as water treatment, land improvement and maintenance, tree maintenance, shoreline erosion protection, administration fees, state inspections, insurance costs, security and taxes.

How many homes are in the original tract and receiving invoices each year?

The basis for the Easement Assessment is that all property owners have a right to share in the benefits of the Lake Parsippany and the common property, and therefore have the responsibility to pay their Easement Assessment of expenses to maintain those benefits. As such, Easement Assessment is based on property ownership, not homes.

The requirements for determining if a property in the tract is subject to the Easement Assessment will be provided as the investigation proceeds. This number can and does change based on property transfers, subdivisions among other events.

As of 2015, there are 2,204 properties in the original purchase tract of Lake Parsippany and subject to the Easement Assessment.

What if I choose not to pay the Easement Assessment Fee?

Anyone who does not pay prior years' Easement Assessment Fee is also still liable for their past due balance plus late fees and any administrative costs. Easement Assessment and fees will continue to accrue until they are paid.

What are you doing to collect from the property owners not paying?

Part of the consideration as we examine the process will be how to handle non-paying property owners. The Lake Parsippany Property Owners Association reserves all legal means and rights to collect the Easement Assessment Fee. The Board and Member committees are still evaluating potential legal remedies for those property owners who are delinquent. However, once the easement assessment is implemented, we will be committed to ensuring that all property owners pay their fair share.

A few extremists are saying just let the lake deteriorate and abandon it. What about that?

Facing rising costs and dwindling resources, the Trustees, Directors and Members of the LPPOA considered all options, except draining the Lake. However, nothing in New Jersey is free, especially when dealing with the State.

If the lake deteriorated and the LPPOA were unable to fund maintenance, the state would require extensive remediation to the property. The cost of this remediation work could be many hundreds of thousands of dollars that might result in fees assessed to property owners that could far exceed the easement assessment originally set up to preserve the lake and common property.

In the meantime, property owners would be left with an eyesore putting a huge drag on property values, instead of one of the cleanest most beautiful lakes in the state. Anyone remember what it was like when the lake was always green throughout the summer? Imagine trying to sell your property then, or trying to get a home equity loan and finding out that since the lake is gone, your property is now worth considerably less than you thought.

Honestly...how is this being received in the community?

Many people have questions. Some were unhappy or angry. No one likes paying any more than they have to for anything. But there are also a great many people who feel that moving in this direction will insure the lake will be preserved for many years to come.

ATTACHMENT 5 - Checklist of Activities

	Full Recreation Member	Assessment Member
PARKING		
Drewes Beach 3 lots	x	
Johnson Beach	x	x
Boat house	x	
Clubhouse	x	x
Atlantic	x	
Hoffman Beach	x	
Alpine Boat Basin	x	
FISHING		
Fishing Club	x	x
General Fishing (shoreline only)	x	x
Fishing Club Events	x	x
BOATING		
General Boating	x	x
Shoreline Storage	x	
Use of Boat Trees at Alpine Rd	x	
Use of Boat trees at Atlantic	x	
Use of Boat Trees at Flemington	x	
Use of Boat Trees at Alpine Rd	x	
Use of Boat Trees at Barnsboro	x	
Mooring of boats anywhere on the lake	x	
Use of Boat Ramp Freneau	x	x
Use of Boat Ramp Alpine Rd	x	
SAILING		
Sailing Club	x	
Use of Sailing Club Boats	x	
Sailing Club Events	x	
BOAT HOUSE		
Use of Boat House Ramp	x	
Use of Boat House Dock	x	
Use of Boat House Boat trees	x	
Use of Sailing Club Boats	x	
KAYAKS		
Kayak Club	x	
Use of Kayak Club Boats	x	
Kayak Club Events	x	
Boat Ramps	x	
BEACHES (NON SWIMMING)		
Access to Drewes Beach	x	
Access to Johnson Beach	x	
Access to non-Fenced (Green) Areas	x	x

	Full Recreation Member	Assessment Member
BEACHES (SWIMMING)		
Access to Hoffman Beach	x	
Swim Lessons *	x	x
HUB LAKES SPORTS ELIGIBILITY		
Swim Team *	x	x
Softball *	x	x
Horseshoes *	x	x
Table Tennis *	x	x
Volleyball (men and women) *	x	x
Track Meet *	x	x
Bowling *	x	x
Golf *	x	x
Darts *	x	x
LAKE ACTIVITIES		
Beach concerts *	x	x
Across the lake swim	x	
Cocktails on the beach *	x	x
Hoffman Beach Activities movie nights *	x	x
Pig Roast *	x	x
Beach Camp *	x	x
Family Fun Night *	x	x
Big Jeff *	x	x
CLUBHOUSE		
Discounted Rental Fee (3 Tiers)	x	x
CLUBHOUSE ACTIVITIES		
Comedy Night *	x	x
Breakfast with Santa *	x	x
Super Bowl Party *	x	x
Halloween Party *	x	x
Movie Nights *	x	x
Big Jeff *	x	x
Concerts *	x	x
Other Events *	x	x
MANAGEMENT		
Hold Board Position	x	
Voting rights Owner (dist 1-4)	x	
Voting Rights Renter (dist 1-4)		
Voting Rights Dist 5		
Assessment Budget Voting Rights - TBD		
WATER FRONT OWNERS		
Docks	x	

* Added fee for easement members

Attachment 6 - The 4 M Committees

a. Management Committee:

Daniel O'Connor - Chair

7 members

b. Membership Committee:

Tony Suprum - Chair

5 members

c. Marketing Committee:

Paul Cecala - Chair

6 members

d. Maintenance Committee:

Other Committee Chairs

e. Board of Directors:

William Sempier

Debbie Orme

Phil Berardo

Dan Nazzaro

Don Phelps

Sebastian Ostalaza

Maryellen Iradi

Barbara Allu

Marilyn Ammirata



Lake Parsippany Property Owners Association

P. O. Box 62
Lake Parsippany, New Jersey 07054

OR CURRENT RESIDENT

OFFICIAL NOTIFICATION

The Board of Directors of the LPPOA Announce a SPECIAL MEETING OF THE 2016 PROPERTY OWNER MEMBERS OF THE LAKE PARSIPANY PROPERTY OWNER'S ASSOCIATION

There will be a special meeting of the membership for the purpose of acting on a proposed recommendation to initiate an easement assessment upon all property owners within the original purchase tract of Lake Parsippany.

East Lake Elementary School, 40 Eba Rd, Parsippany, NJ starting promptly at 7:30pm on Wednesday, October 19, 2016.

Proof of property ownership and LPPOA 2016 photo badge membership required for entry to the meeting. No guest badges no exceptions