

Master Plan Task Force update

May-July 2016

This document is for Lathrop residents, their families and friends, Lathrop staff, Kendal staff, and others interested in the evolution of a master plan for what we consider a special retirement community. We hope it will answer questions and help generate interest in the planning process.
– Lathrop Task Force

What's New?

Since the last update in April, CliftonLarsonAllen (CLA) has been busy preparing two financial scenarios with input and direction from Lathrop and Kendal; a baseline model of staying the course as we are and the maximum scope possible of phases of physical plant development and program and service enhancements.

The financial projection scenarios were shared with the Finance Committee on May 17, then adjusted on the basis of that discussion and presented to the Task Force on June 30. The baseline scenario indicates that Lathrop's cash position as well as the ability to plan for and address capital infrastructure is untenable. That is, something will need to be done to improve our financial position. The maximum scope scenario, which did not include any expansion of units on the Northampton campus, only improvements to the Meeting House, indicates that the project is viable at its most expensive and inclusive level but may not be the most sensible or practical. As elements of the scenario are further explored and defined, it is clear that any reduction in expansion expenses will improve the financial viability of the project and Lathrop's long term goals and reduce the risk of long term debt.

It was encouraging to see through the projections that even at the highest amount of long term debt, the new units would produce enough margin to both pay down the long term debt and allow for capital expenditures. **CLA also reaffirmed that the master plan expansion would have no negative financial impact on current residents.** Building new units would spread fixed costs over a larger base of residents, generate cash flow for capital improvements and maintenance through entrance fees, additional operating revenues through monthly fees and help Lathrop maintain reasonable annual monthly fee increases for all. One evident fact gleaned through CLA's projections is that if no expansion occurs, annual increases in monthly fees will need to be higher than average in order to maintain our cash position and capital goals.

To better understand these impacts, CLA has now been asked to expand the financial analysis based on certain assumptions and alternatives, and the updated CLA presentation will be available in August.

RIPS

In June, a Task Force subcommittee known as RIPS, which stands for Resident Internal Planning Subcommittee, and chaired by Fran Volkmann, Northampton resident and former Board member, was appointed, and is comprised of resident representatives who currently serve on the Task Force. In addition to Fran Volkmann, members include Karen Clark, Easthampton

Association President, Ellen Ober, Easthampton resident, Carol Neubert, Northampton Association President, Peter Van Pelt, Northampton resident and Board Vice Chair, and Eleanor Johnson, Easthampton Association Vice President.

All residents were invited to attend meetings on June 27 facilitated by the members of RIPS on each campus to discuss the master planning decision making process and as well as to gather resident feedback, questions and concerns to be shared with the Task Force. Future meetings will cover specific topics such as the financial projections and key elements of the master plan such as programs, services and amenities.

What's next?

The next steps are for the Task Force to hear a range of financial options that it might recommend, and to share those options with residents. We are looking forward to hearing a financial breakdown of costs of, for examples, building hybrids vs townhomes, renovating the Inn or building it anew, building a Memory Support neighborhood and updating the Meeting House. This financial breakdown will help us to set priorities regarding how we should move forward.

We look forward to your continued support, insights and energy around Lathrop's present and future mission!