

# Donner Crest HOA

## Level 2 Reserve Study



Report Period – 01/01/2019 – 12/31/2019

Client Reference Number	10480
Property Type	Mid-Rise
Number of Units	24
Fiscal Year End	12/31

Type of Study	Update w/Site Visit
Date of Property Inspection	1/3/2019
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Monday, January 07, 2019



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## Glossary of Commonly used Words and Phrases

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## Executive Summary – Donner Crest HOA - ID # 10480

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area elements. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

<b>Projected Starting Balance as of 01/01/2019</b>	<b>\$92,003</b>
<b>Ideal Reserve Balance as of 01/01/2019</b>	<b>\$260,460</b>
<b>Percent Funded as of 01/01/2019</b>	<b>35%</b>
<b>Recommended Reserve Contribution (per month)</b>	<b>\$3,660</b>
<b>Recommended Special Assessment</b>	<b>\$0</b>

Donner Crest HOA is a 24-unit Condominium community. The community offers the security of a phone entry system, parking garages and landscaped areas as amenities. Construction on the community was completed in 1978.

### Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2019) include metal fencing and railing repaint (Comp# 207), interior surfaces repaint (Comp# 216), asphalt exteriors seal coat (Comp# 402), garage door upper replace (Comp# 502), carpeting replace (Comp# 1501), interior light fixtures replace (Comp# 1601), and atrium plumbing repair (Comp# 2002). We have programmed an estimated \$45,725 in reserve expenditures toward the completion of these projects. (See page 15)

### Significant Reserve Projects

The association's significant reserve projects are flat roof replace (Comp# 104), elevator modernize (Comp# 707), brick repair/seal (Comp# 219), and carpeting replace (Comp# 1501). The fiscal significance of these components is approximately 28%, 17%, 15%, and 8% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

### Reserve Funding

In comparing the projected starting reserve balance of \$92,003 versus the ideal reserve balance of \$260,460 we find the association's reserve fund to be approximately 35% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$3,660 (\$152.50/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

# Introduction

## Reserve Study Purpose

The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

## Preparer's Credentials

Mr. Gifford has been working in the community association industry for the last 16 years. Prior to taking a position, as the Regional Project Manager covering the Utah region, at Complex Solutions, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him extensive experience with; budget creation, reserves and reserve budgeting, community inspections and analyzing common area components.

- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Personally has prepared over 1,400 reserve studies in Salt Lake City Utah and surrounding areas
- Bachelor of Science in Chemistry from Emporia State University
- Certified Manager of Community Associations® (CMCA®) designation from the National Board of Certification for Community Association Managers (NBC-CAM)
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740,
- Active member and former Board member and chapter President of the Utah Chapter of Community Associations Institute (UCCAI)
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service an achievement in 2010

## Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

## Report Sections

**Reserve Analysis:** this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

**Component Evaluation:** this section contains information regarding the physical status and replacement cost of reserve components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

## General Information and Frequently Asked Questions

### **Is it the law to have a Reserve Study conducted?**

The Government requires a reserve study in approximately 20 states. Also, the Association's governing documents may require a reserve fund be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

### **Why is it important to perform a Reserve Study?**

This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

### **After we have a Reserve Study, what do we do with it?**

Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

### **How often do we review and update our Reserve Study?**

There is a misconception that a Reserve Study is good for an extended period of time since the report has projections for a thirty year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

### **What is a "Reserve Component" versus an "Operating Component"?**

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

### **What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?**

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

### **Information and Data Gathered:**

The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions, Ltd. and should not be construed as a guarantee or assurance of predicting future events.

### **What happens during the Site Visit?**

During the site visit we identify the common area components that we have determined require reserve funding. These components are quantified and a physical condition is observed. The site visit is conducted on the common areas as reported by client.

### **What is the Financial Analysis?**

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

**Measures of reserve fund financial strength are as follows:**

- 0% - 30% Funded** is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.
- 70% - 99% Funded** is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.
- 100% Funded** is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

**Disclosures:**

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client’s actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee in any of our work product. Our results and findings will vary from another preparer’s results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

**Site Visits:** Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

**Update Reserve Studies:**

**Level II Studies:** Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

**Level III Studies:** In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the components.

**Insurance:** We carry general and professional liability insurance as well as workers’ compensation insurance.

**Actual or Perceived Conflicts of Interest:** There are no potential actual or perceived conflicts of interest that we are aware of.

**Inflation and Interest Rates:** The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

# Funding Summary

## Beginning Assumptions

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# of units	24
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$2,715
Projected Starting Reserve Balance	\$92,003
Ideal Starting Reserve Balance	\$260,460

## Economic Assumptions

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Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.10%

## Current Reserve Status

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Current Balance as a % of Ideal Balance	35%
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## Recommendations

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Recommended Monthly Reserve Allocation	\$3,660
Per Unit	\$152.50
Future Annual Increases	3.00%
For number of years:	5
Increases thereafter:	0.00%
70% Funded Monthly Reserve Allocation Reference	\$3,160
Per Unit	\$131.67
Future Annual Increases	3.00%
For number of years:	5
Increases thereafter:	0.00%

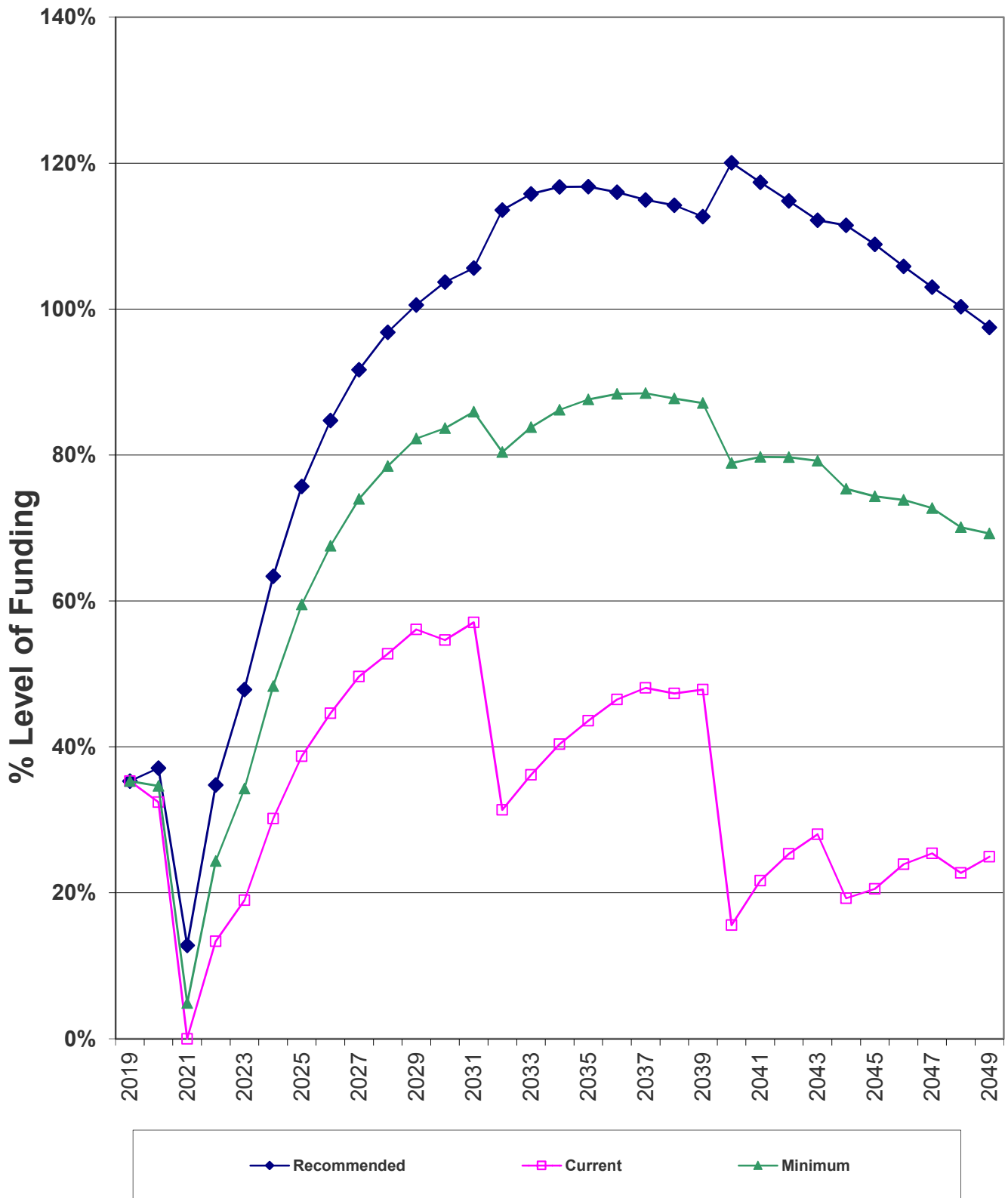
## Changes From Prior Year

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Recommended Increase to Reserve Allocation as Percentage	\$945 35%
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## Percent Funded - Graph





## Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	104	Flat Roof - Replace	20	12	\$103,500	\$138,000
Painted Surfaces	201	Exterior Surfaces - Repaint	N/A		\$0	\$0
	207	Metal Fencing & Railing - Repaint	6	0	\$5,000	\$6,000
	207	Metal Railing - Repaint	N/A		\$0	\$0
	216	Interior Surfaces - Repaint	10	0	\$5,500	\$6,500
	219	Brick - Repair/Seal	30	20	\$95,000	\$100,000
Drive Materials	401	Asphalt - Exterior - Major Rehab	25	24	\$30,000	\$32,000
	401	Asphalt - Interior - Major Rehab	25	3	\$14,300	\$17,875
	402	Asphalt - Exterior - Seal Coat	5	0	\$2,500	\$3,500
	402	Asphalt - Interior - Seal Coat	5	3	\$2,750	\$3,750
Property Access	502	Garage Door - Upper - Replace	20	0	\$2,000	\$2,500
	504	Vehicle Gate - Lower - Replace	30	19	\$4,000	\$6,000
	506	Phone Entry System - Replace	12	8	\$3,000	\$4,000
	507	Vehicle Gate Operator - Replace	12	1	\$2,000	\$3,000
Decking	603	Balcony & Patio - Reseal	N/A		\$0	\$0
	603	Concrete - Reseal	5	2	\$2,300	\$3,450
Mechanical Equip.	707	Elevator - Modernize	30	1	\$90,000	\$130,000
Prop. Identification	803	Mailboxes - Replace	25	2	\$1,300	\$1,500
Life / Safety	901	Fire Protection System - Renovate	20	18	\$4,000	\$6,000
Interiors	1415	Lobby - Remodel	10	4	\$3,000	\$4,000
Flooring	1501	Carpeting - Replace	10	0	\$17,000	\$19,000
Light Fixtures	1601	Interior Light Fixtures - Replace	25	0	\$2,550	\$3,400
Utility Systems	2002	Atrium Plumbing - Repair	99	0	\$7,000	\$9,000

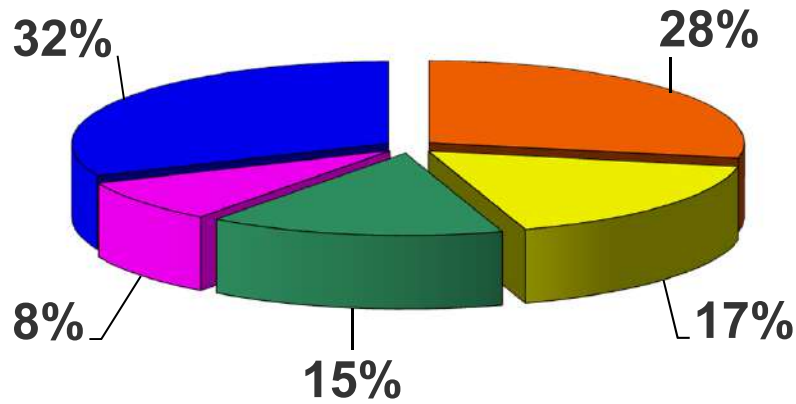
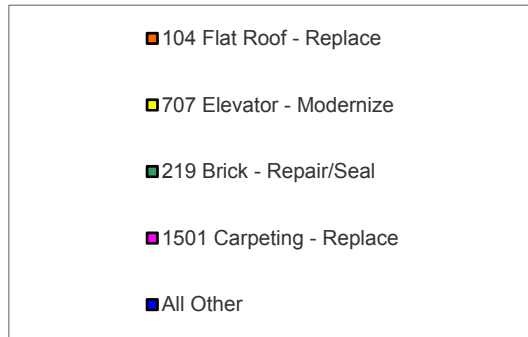


## Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	Flat Roof - Replace	20	12	\$120,750	\$6,038	28.0377%
207	Metal Fencing & Railing - Repaint	6	0	\$5,500	\$917	4.2569%
216	Interior Surfaces - Repaint	10	0	\$6,000	\$600	2.7864%
219	Brick - Repair/Seal	30	20	\$97,500	\$3,250	15.0928%
401	Asphalt - Exterior - Major Rehab	25	24	\$31,000	\$1,240	5.7585%
401	Asphalt - Interior - Major Rehab	25	3	\$16,088	\$644	2.9884%
402	Asphalt - Exterior - Seal Coat	5	0	\$3,000	\$600	2.7864%
402	Asphalt - Interior - Seal Coat	5	3	\$3,250	\$650	3.0186%
502	Garage Door - Upper - Replace	20	0	\$2,250	\$113	0.5224%
504	Vehicle Gate - Lower - Replace	30	19	\$5,000	\$167	0.7740%
506	Phone Entry System - Replace	12	8	\$3,500	\$292	1.3545%
507	Vehicle Gate Operator - Replace	12	1	\$2,500	\$208	0.9675%
603	Concrete - Reseal	5	2	\$2,875	\$575	2.6703%
707	Elevator - Modernize	30	1	\$110,000	\$3,667	17.0277%
803	Mailboxes - Replace	25	2	\$1,400	\$56	0.2601%
901	Fire Protection System - Renovate	20	18	\$5,000	\$250	1.1610%
1415	Lobby - Remodel	10	4	\$3,500	\$350	1.6254%
1501	Carpeting - Replace	10	0	\$18,000	\$1,800	8.3591%
1601	Interior Light Fixtures - Replace	25	0	\$2,975	\$119	0.5526%
2002	Atrium Plumbing - Repair	99	0	\$8,000	\$0	0.0000%



## Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	Flat Roof - Replace	20	12	\$120,750	\$6,038	28%
707	Elevator - Modernize	30	1	\$110,000	\$3,667	17%
219	Brick - Repair/Seal	30	20	\$97,500	\$3,250	15%
1501	Carpeting - Replace	10	0	\$18,000	\$1,800	8%
All Other	See Expanded Table For Breakdown				\$6,779	31%



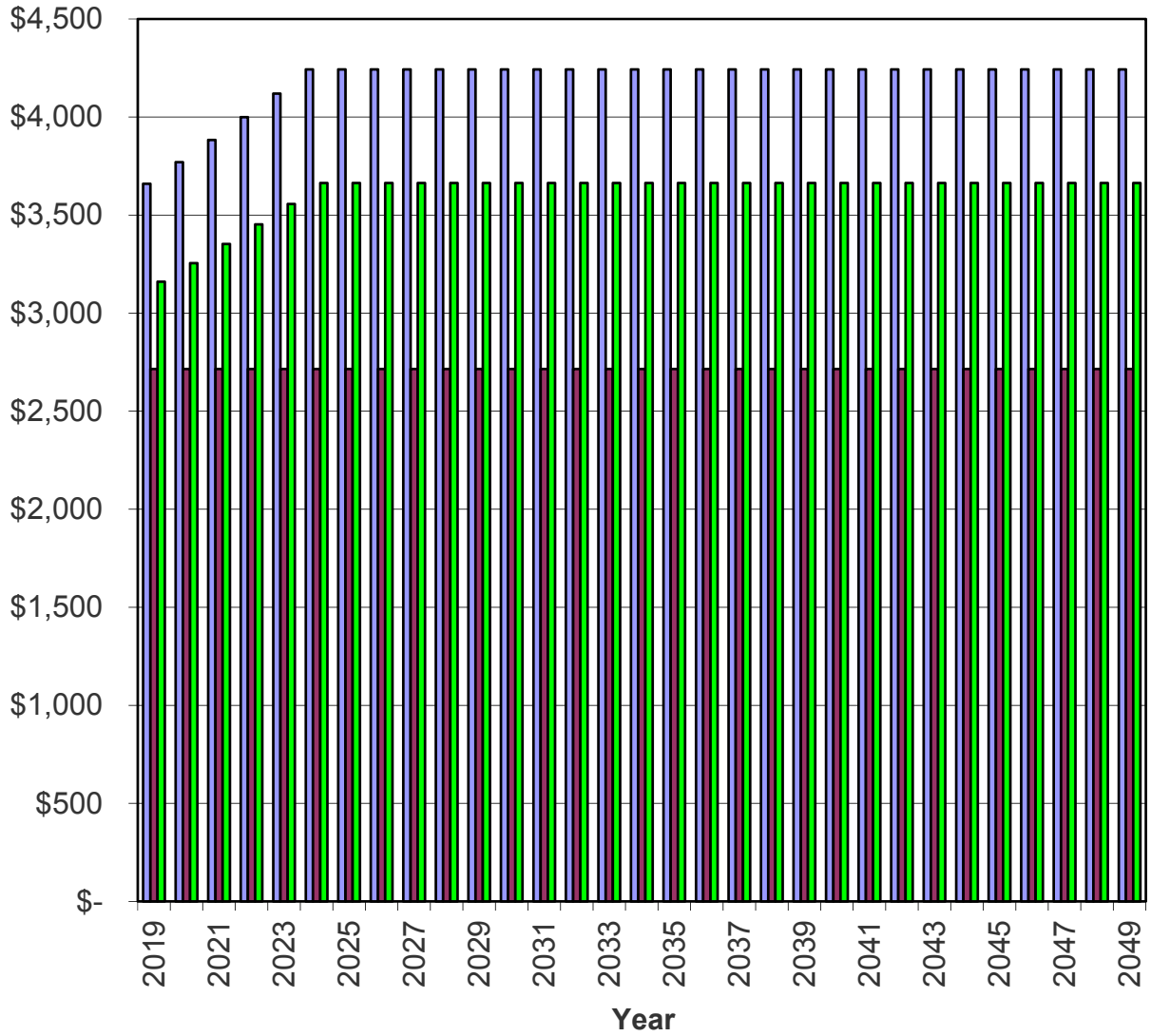
## Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2019	\$260,460	\$92,003	35%	\$43,920	\$91	\$45,725	\$90,289
2020	\$243,357	\$90,289	37%	\$45,238	\$55	\$115,875	\$19,707
2021	\$154,151	\$19,707	13%	\$46,595	\$41	\$4,535	\$61,807
2022	\$177,634	\$61,807	35%	\$47,993	\$75	\$21,131	\$88,744
2023	\$185,435	\$88,744	48%	\$49,432	\$112	\$3,939	\$134,349
2024	\$211,904	\$134,349	63%	\$50,915	\$158	\$3,478	\$181,944
2025	\$240,391	\$181,944	76%	\$50,915	\$204	\$6,567	\$226,497
2026	\$267,322	\$226,497	85%	\$50,915	\$250	\$3,536	\$274,126
2027	\$298,977	\$274,126	92%	\$50,915	\$295	\$8,551	\$316,786
2028	\$327,236	\$316,786	97%	\$50,915	\$342	\$0	\$368,044
2029	\$365,992	\$368,044	101%	\$50,915	\$376	\$36,286	\$383,049
2030	\$369,405	\$383,049	104%	\$50,915	\$409	\$0	\$434,373
2031	\$411,189	\$434,373	106%	\$50,915	\$368	\$184,101	\$301,555
2032	\$265,523	\$301,555	114%	\$50,915	\$323	\$8,444	\$344,349
2033	\$297,362	\$344,349	116%	\$50,915	\$367	\$5,294	\$390,338
2034	\$334,379	\$390,338	117%	\$50,915	\$414	\$4,674	\$436,993
2035	\$374,151	\$436,993	117%	\$50,915	\$463	\$0	\$488,371
2036	\$420,967	\$488,371	116%	\$50,915	\$512	\$4,752	\$535,046
2037	\$465,361	\$535,046	115%	\$50,915	\$549	\$23,408	\$563,102
2038	\$492,970	\$563,102	114%	\$50,915	\$584	\$8,768	\$605,834
2039	\$537,621	\$605,834	113%	\$50,915	\$514	\$235,246	\$422,017
2040	\$351,505	\$422,017	120%	\$50,915	\$448	\$0	\$473,380
2041	\$403,310	\$473,380	117%	\$50,915	\$496	\$5,509	\$519,283
2042	\$452,234	\$519,283	115%	\$50,915	\$542	\$6,414	\$564,326
2043	\$502,967	\$564,326	112%	\$50,915	\$549	\$81,312	\$534,479
2044	\$479,391	\$534,479	111%	\$50,915	\$551	\$17,745	\$568,201
2045	\$521,935	\$568,201	109%	\$50,915	\$594	\$0	\$619,710
2046	\$585,425	\$619,710	106%	\$50,915	\$641	\$9,496	\$661,770
2047	\$642,474	\$661,770	103%	\$50,915	\$665	\$44,243	\$669,108
2048	\$666,923	\$669,108	100%	\$50,915	\$695	\$0	\$720,718



# Reserve Contributions - Graph

## Monthly Reserve Contributions



## Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Flat Roof - Replace	20	12	Approx 17,250 Sq.ft.	\$120,750	\$48,300	\$0	\$1,026.18
207	Metal Fencing & Railing - Repaint	6	0	Approx 450 Linear ft.	\$5,500	\$5,500	\$5,500	\$155.80
216	Interior Surfaces - Repaint	10	0	Approx 7,275 Sq.ft.	\$6,000	\$6,000	\$6,000	\$101.98
219	Brick - Repair/Seal	30	20	Approx 25,000 Sq.ft.	\$97,500	\$32,500	\$0	\$552.40
401	Asphalt - Exterior - Major Rehab	25	24	Approx 6,435 Sq.ft.	\$31,000	\$1,240	\$0	\$210.76
401	Asphalt - Interior - Major Rehab	25	3	Approx 7,150 Sq.ft.	\$16,088	\$14,157	\$0	\$109.37
402	Asphalt - Exterior - Seal Coat	5	0	Approx 6,435 Sq.ft.	\$3,000	\$3,000	\$3,000	\$101.98
402	Asphalt - Interior - Seal Coat	5	3	Approx 7,150 Sq.ft.	\$3,250	\$1,300	\$0	\$110.48
502	Garage Door - Upper - Replace	20	0	(1) Garage Door	\$2,250	\$2,250	\$2,250	\$19.12
504	Vehicle Gate - Lower - Replace	30	19	(1) Gate	\$5,000	\$1,833	\$0	\$28.33
506	Phone Entry System - Replace	12	8	(1) System	\$3,500	\$1,167	\$0	\$49.57
507	Vehicle Gate Operator - Replace	12	1	(1) Operator	\$2,500	\$2,292	\$2,292	\$35.41
603	Concrete - Reseal	5	2	Approx 1,150 Sq.ft.	\$2,875	\$1,725	\$0	\$97.73
707	Elevator - Modernize	30	1	(1) Elevator	\$110,000	\$106,333	\$43,986	\$623.21
803	Mailboxes - Replace	25	2	(4) Clusters	\$1,400	\$1,288	\$0	\$9.52
901	Fire Protection System - Renovate	20	18	(1) System	\$5,000	\$500	\$0	\$42.49
1415	Lobby - Remodel	10	4	(1) Lobby	\$3,500	\$2,100	\$0	\$59.49
1501	Carpeting - Replace	10	0	Approx 4,400 Sq.ft.	\$18,000	\$18,000	\$18,000	\$305.94
1601	Interior Light Fixtures - Replace	25	0	(34) Fixtures	\$2,975	\$2,975	\$2,975	\$20.23
2002	Atrium Plumbing - Repair	99	0	(1) System	\$8,000	\$8,000	\$8,000	\$0.00
					\$448,088	\$260,460	\$92,003	\$3,660

Current Fund Balance as a percentage of Ideal Balance: 35%



## Yearly Cash Flow

Year	2019	2020	2021	2022	2023
<b>Starting Balance</b>	\$92,003	\$90,289	\$19,707	\$61,807	\$88,744
<i>Reserve Income</i>	\$43,920	\$45,238	\$46,595	\$47,993	\$49,432
<i>Interest Earnings</i>	\$91	\$55	\$41	\$75	\$112
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$136,014	\$135,582	\$66,342	\$109,875	\$138,288
<b>Reserve Expenditures</b>	\$45,725	\$115,875	\$4,535	\$21,131	\$3,939
<b>Ending Balance</b>	\$90,289	\$19,707	\$61,807	\$88,744	\$134,349

Year	2024	2025	2026	2027	2028
<b>Starting Balance</b>	\$134,349	\$181,944	\$226,497	\$274,126	\$316,786
<i>Reserve Income</i>	\$50,915	\$50,915	\$50,915	\$50,915	\$50,915
<i>Interest Earnings</i>	\$158	\$204	\$250	\$295	\$342
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$185,422	\$233,064	\$277,662	\$325,337	\$368,044
<b>Reserve Expenditures</b>	\$3,478	\$6,567	\$3,536	\$8,551	\$0
<b>Ending Balance</b>	\$181,944	\$226,497	\$274,126	\$316,786	\$368,044

Year	2029	2030	2031	2032	2033
<b>Starting Balance</b>	\$368,044	\$383,049	\$434,373	\$301,555	\$344,349
<i>Reserve Income</i>	\$50,915	\$50,915	\$50,915	\$50,915	\$50,915
<i>Interest Earnings</i>	\$376	\$409	\$368	\$323	\$367
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$419,335	\$434,373	\$485,656	\$352,793	\$395,632
<b>Reserve Expenditures</b>	\$36,286	\$0	\$184,101	\$8,444	\$5,294
<b>Ending Balance</b>	\$383,049	\$434,373	\$301,555	\$344,349	\$390,338

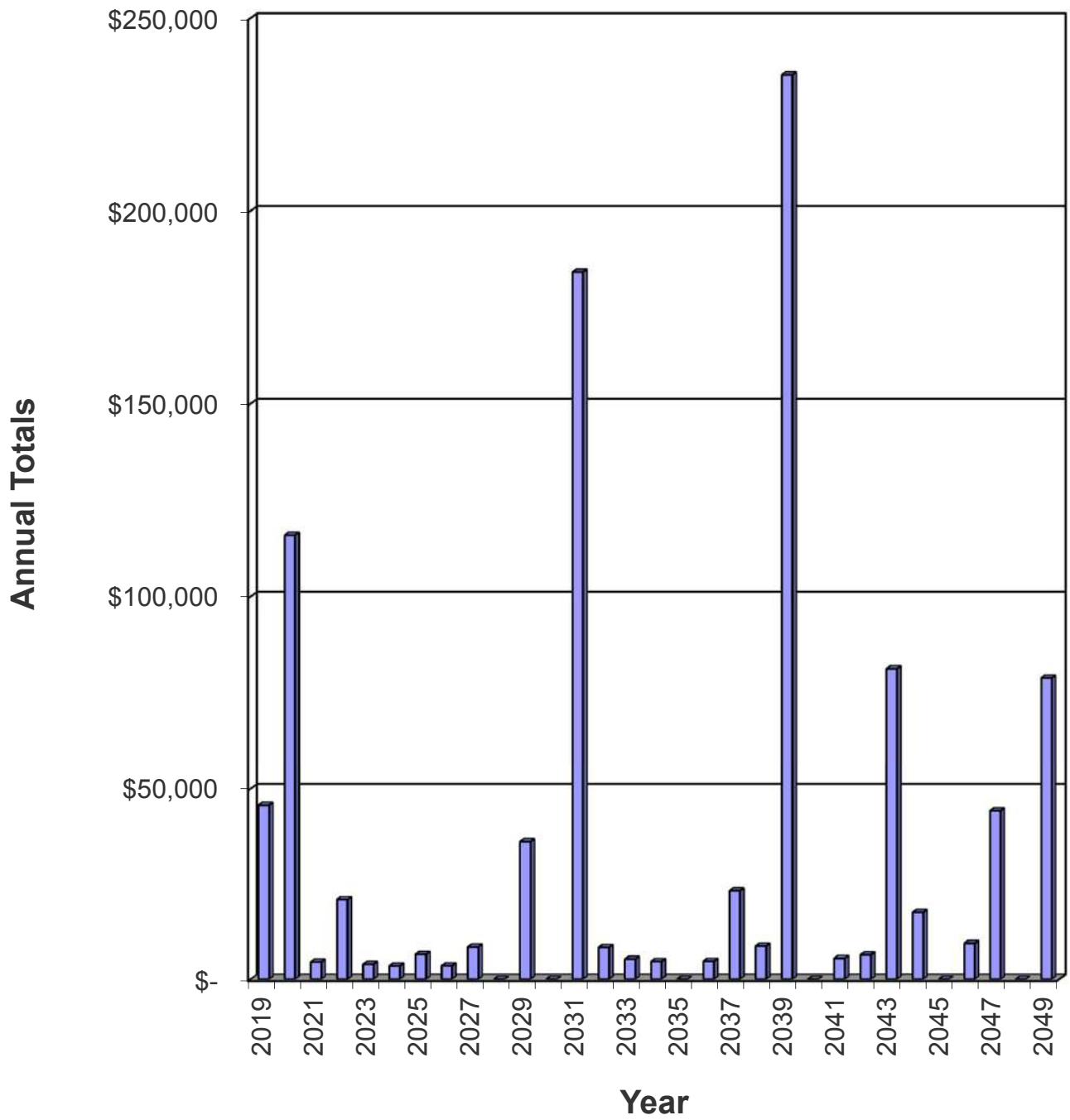
Year	2034	2035	2036	2037	2038
<b>Starting Balance</b>	\$390,338	\$436,993	\$488,371	\$535,046	\$563,102
<i>Reserve Income</i>	\$50,915	\$50,915	\$50,915	\$50,915	\$50,915
<i>Interest Earnings</i>	\$414	\$463	\$512	\$549	\$584
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$441,667	\$488,371	\$539,798	\$586,510	\$614,602
<b>Reserve Expenditures</b>	\$4,674	\$0	\$4,752	\$23,408	\$8,768
<b>Ending Balance</b>	\$436,993	\$488,371	\$535,046	\$563,102	\$605,834

Year	2039	2040	2041	2042	2043
<b>Starting Balance</b>	\$605,834	\$422,017	\$473,380	\$519,283	\$564,326
<i>Reserve Income</i>	\$50,915	\$50,915	\$50,915	\$50,915	\$50,915
<i>Interest Earnings</i>	\$514	\$448	\$496	\$542	\$549
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$657,263	\$473,380	\$524,792	\$570,740	\$615,791
<b>Reserve Expenditures</b>	\$235,246	\$0	\$5,509	\$6,414	\$81,312
<b>Ending Balance</b>	\$422,017	\$473,380	\$519,283	\$564,326	\$534,479

Year	2044	2045	2046	2047	2048
<b>Starting Balance</b>	\$534,479	\$568,201	\$619,710	\$661,770	\$669,108
<i>Reserve Income</i>	\$50,915	\$50,915	\$50,915	\$50,915	\$50,915
<i>Interest Earnings</i>	\$551	\$594	\$641	\$665	\$695
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$585,946	\$619,710	\$671,266	\$713,351	\$720,718
<b>Reserve Expenditures</b>	\$17,745	\$0	\$9,496	\$44,243	\$0
<b>Ending Balance</b>	\$568,201	\$619,710	\$661,770	\$669,108	\$720,718



## Yearly Reserve Expenditures - Graph





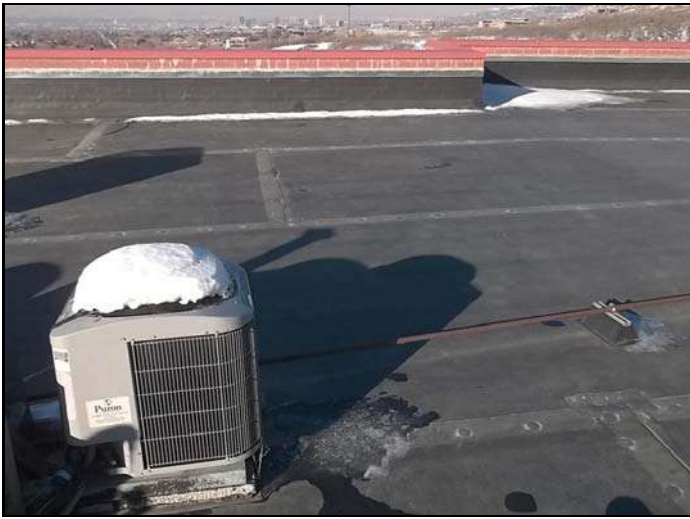
## Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2019	207	Metal Fencing & Railing - Repaint	\$5,500	
	216	Interior Surfaces - Repaint	\$6,000	
	402	Asphalt - Exterior - Seal Coat	\$3,000	
	502	Garage Door - Upper - Replace	\$2,250	
	1501	Carpeting - Replace	\$18,000	
	1601	Interior Light Fixtures - Replace	\$2,975	
	2002	Atrium Plumbing - Repair	\$8,000	\$45,725
2020	507	Vehicle Gate Operator - Replace	\$2,575	
	707	Elevator - Modernize	\$113,300	\$115,875
2021	603	Concrete - Reseal	\$3,050	
	803	Mailboxes - Replace	\$1,485	\$4,535
2022	401	Asphalt - Interior - Major Rehab	\$17,579	
	402	Asphalt - Interior - Seal Coat	\$3,551	\$21,131
2023	1415	Lobby - Remodel	\$3,939	\$3,939
2024	402	Asphalt - Exterior - Seal Coat	\$3,478	\$3,478
2025	207	Metal Fencing & Railing - Repaint	\$6,567	\$6,567
2026	603	Concrete - Reseal	\$3,536	\$3,536
2027	402	Asphalt - Interior - Seal Coat	\$4,117	
	506	Phone Entry System - Replace	\$4,434	\$8,551
2028		No Expenditures Projected		\$0
2029	216	Interior Surfaces - Repaint	\$8,063	
	402	Asphalt - Exterior - Seal Coat	\$4,032	
	1501	Carpeting - Replace	\$24,190	\$36,286
2030		No Expenditures Projected		\$0
2031	104	Flat Roof - Replace	\$172,161	
	207	Metal Fencing & Railing - Repaint	\$7,842	
	603	Concrete - Reseal	\$4,099	\$184,101
2032	402	Asphalt - Interior - Seal Coat	\$4,773	
	507	Vehicle Gate Operator - Replace	\$3,671	\$8,444
2033	1415	Lobby - Remodel	\$5,294	\$5,294
2034	402	Asphalt - Exterior - Seal Coat	\$4,674	\$4,674
2035		No Expenditures Projected		\$0
2036	603	Concrete - Reseal	\$4,752	\$4,752
2037	207	Metal Fencing & Railing - Repaint	\$9,363	
	402	Asphalt - Interior - Seal Coat	\$5,533	
	901	Fire Protection System - Renovate	\$8,512	\$23,408
2038	504	Vehicle Gate - Lower - Replace	\$8,768	\$8,768
2039	216	Interior Surfaces - Repaint	\$10,837	
	219	Brick - Repair/Seal	\$176,096	
	402	Asphalt - Exterior - Seal Coat	\$5,418	
	502	Garage Door - Upper - Replace	\$4,064	
	506	Phone Entry System - Replace	\$6,321	
	1501	Carpeting - Replace	\$32,510	\$235,246
2040		No Expenditures Projected		\$0

<b>Year</b>	<b>Comp ID</b>	<b>Component Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
	603	Concrete - Reseal	\$5,509	\$5,509
2042	402	Asphalt - Interior - Seal Coat	\$6,414	\$6,414
2043	207	Metal Fencing & Railing - Repaint	\$11,180	
	401	Asphalt - Exterior - Major Rehab	\$63,017	
	1415	Lobby - Remodel	\$7,115	\$81,312
2044	402	Asphalt - Exterior - Seal Coat	\$6,281	
	507	Vehicle Gate Operator - Replace	\$5,234	
	1601	Interior Light Fixtures - Replace	\$6,229	\$17,745
2045		No Expenditures Projected		\$0
2046	603	Concrete - Reseal	\$6,386	
	803	Mailboxes - Replace	\$3,110	\$9,496
2047	401	Asphalt - Interior - Major Rehab	\$36,807	
	402	Asphalt - Interior - Seal Coat	\$7,436	\$44,243
2048		No Expenditures Projected		\$0

# Component Evaluation

Comp #: 104 Flat Roof - Replace



*Location:* **Building Roofs**

*Quantity:* **Approx 17,250 Sq.ft.**

*Life Expectancy:* **20** *Remaining Life:* **12**

*Best Cost:* **\$103,500**

\$6.00/Sq.ft.; Estimate to replace

*Worst Cost:* **\$138,000**

\$8.00/Sq.ft.; Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The flat roofs are in good condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

*General Notes:*

Comp #: 201 Exterior Surfaces - Repaint



*Location:* **Exterior Painted Surfaces**

*Quantity:* **Moderate Sq.ft.**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*Observations:*

Research with the client reveals this component is not a responsibility of the association.

*General Notes:*

Comp #: 207 Metal Fencing & Railing - Repaint



*Location:* **Entrance, Garage & Stairwell Areas**

*Quantity:* **Approx 450 Linear ft.**

*Life Expectancy:* **6** *Remaining Life:* **0**

*Best Cost:* **\$5,000**

Estimate to repaint

*Worst Cost:* **\$6,000**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

Research with the client reveals this component will be painted in 2019. We recommend funding to repaint this component approximately every 6 years. Remaining life based on current age.

*General Notes:*

Comp #: 207 Metal Railing - Repaint



*Location:* **Balconies & Patios**

*Quantity:* **Approx 900 Linear ft.**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*Observations:*

Research with the client reveals this component is not a responsibility of the association.

*General Notes:*

Comp #: 216 Interior Surfaces - Repaint



*Location:* **Building Interior Hallways**

*Quantity:* **Approx 7,275 Sq.ft.**

*Life Expectancy:* **10** *Remaining Life:* **0**

*Best Cost:* **\$5,500**

Estimate to repaint

*Worst Cost:* **\$6,500**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

Research with the client reveals this component will be painted in 2019. We recommend funding to repaint this component approximately every 10 years. Remaining life based on current age.

*General Notes:*

<b>Quantity description:</b>
<b>475 Sq.ft. - 1st Floor</b>
<b>2,650 Sq.ft. - 2nd Floor</b>
<b>1,450 Sq.ft. - 3rd Floor</b>
<b>1,350 Sq.ft. - 4th Floor</b>
<b>1,350 Sq.ft. - 5th Floor</b>
<b>7,275 Sq.ft. - Total</b>

Comp #: 219 Brick - Repair/Seal



*Location:* **Exterior Brick Surfaces**

*Quantity:* **Approx 25,000 Sq.ft.**

*Life Expectancy:* **30** *Remaining Life:* **20**

*Best Cost:* **\$95,000**

Estimate to repair/seal

*Worst Cost:* **\$100,000**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

The brick work are in generally good condition. We recommend funding to repair and seal this component approximately every 30 years. Remaining life based on current age.

*General Notes:*



Comp #: 401 Asphalt - Exterior - Major Rehab



*Location:* **Exterior Drive**

*Quantity:* **Approx 6,435 Sq.ft.**

*Life Expectancy:* **25** *Remaining Life:* **24**

*Best Cost:* **\$30,000**

Estimate for major rehab

*Worst Cost:* **\$32,000**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

The asphalt surfaces are in good condition. We recommend funding for a major rehab of this component approximately every 20 - 25 years. Remaining life based on current age.

*General Notes:*

Comp #: 401 Asphalt - Interior - Major Rehab



*Location:* **Lower Garage**

*Quantity:* **Approx 7,150 Sq.ft.**

*Life Expectancy:* **25** *Remaining Life:* **3**

*Best Cost:* **\$14,300**

\$2.00/Sq.ft.; Estimate for major rehab

*Worst Cost:* **\$17,875**

\$2.50/Sq.ft.; Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

Research with the client reveals this will receive an overlay in the near future. We recommend funding for a major rehab of this component approximately every 20 - 25 years. Remaining life based on current age.

*General Notes:*

Comp #: 402 Asphalt - Exterior - Seal Coat



*Location:* **Exterior Drive**

*Quantity:* **Approx 6,435 Sq.ft.**

*Life Expectancy:* **5** *Remaining Life:* **0**

*Best Cost:* **\$2,500**

Estimate for seal coat

*Worst Cost:* **\$3,500**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The asphalt seal coat is in poor condition. We recommend funding to seal this component approximately every 3 - 5 years. Remaining life based on current condition.

*General Notes:*

Comp #: 402 Asphalt - Interior - Seal Coat



*Location:* **Lower Garage**

*Quantity:* **Approx 7,150 Sq.ft.**

*Life Expectancy:* **5** *Remaining Life:* **3**

*Best Cost:* **\$2,750**

Estimate for seal coat

*Worst Cost:* **\$3,750**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The asphalt seal coat is in poor condition. We recommend funding to seal this component approximately every 3 - 5 years. Remaining life based on current condition.

*General Notes:*

Comp #: 502 Garage Door - Upper - Replace



*Location:* **Upper Garage Entrance**

*Quantity:* **(1) Garage Door**

*Life Expectancy:* **20** *Remaining Life:* **0**

*Best Cost:* **\$2,000**

Estimate to replace

*Worst Cost:* **\$2,500**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

Research with the client reveals this component will need to be replaced in the near future. We recommend funding to replace this component approximately every 20 years. Remaining life based on current age.

*General Notes:*

Comp #: 504 Vehicle Gate - Lower - Replace



*Location:* **Lower Garage Entrance**

*Quantity:* **(1) Gate**

*Life Expectancy:* **30** *Remaining Life:* **19**

*Best Cost:* **\$4,000**

Estimate to replace

*Worst Cost:* **\$6,000**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The vehicle gate is in good condition. We recommend funding to completely replace this component approximately every 25 - 30 years. Remaining life based on current age.

*General Notes:*

Comp #: 506 Phone Entry System - Replace



*Location:* **Building East Entrance Lobby**

*Quantity:* **(1) System**

*Life Expectancy:* **12** *Remaining Life:* **8**

*Best Cost:* **\$3,000**

Estimate to replace

*Worst Cost:* **\$4,000**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

The phone entry system is in working condition. We recommend funding to replace this component approximately every 12 years. Remaining life based on current age.

*General Notes:*

Comp #: 507 Vehicle Gate Operator - Replace



*Location:* **Lower Garage Entrance**

*Quantity:* **(1) Operator**

*Life Expectancy:* **12** *Remaining Life:* **1**

*Best Cost:* **\$2,000**

Estimate to replace

*Worst Cost:* **\$3,000**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The vehicle gate operator is in working condition. We recommend funding to replace this component approximately every 12 years. Remaining life based on current age.

*General Notes:*



Comp #: 603 Balcony & Patio - Reseal



*Location:* **Unit Balconies & Patios**

*Quantity:* **Approx 1,975 Sq.ft.**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*Observations:*

Research with the client reveals this component is not a responsibility of the association.

*General Notes:*

Comp #: 603 Concrete - Reseal



*Location:* **Front Entrance Sidewalk**

*Quantity:* **Approx 1,150 Sq.ft.**

*Life Expectancy:* **5** *Remaining Life:* **2**

*Best Cost:* **\$2,300**  
\$2.00/Sq.ft.; Estimate to repaint

*Worst Cost:* **\$3,450**  
\$3.00/Sq.ft.; Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The sidewalk painted surfaces are in fair condition. We recommend painting this component approximately every 5 years. Remaining life based on current condition.

*General Notes:*

Comp #: 707 Elevator - Modernize



*Location:* **Building Interior**

*Quantity:* **(1) Elevator**

*Life Expectancy:* **30** *Remaining Life:* **1**

*Best Cost:* **\$90,000**

Estimate to modernize

*Worst Cost:* **\$130,000**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The elevator is in working condition. We recommend funding to modernize this component approximately every 25 - 30 years. Modernization consists of controller replacement, door package upgrade, and control panel replacement. Remaining life based on current condition.

*General Notes:*

Comp #: 803 Mailboxes - Replace



*Location:* **Building Interior, 4th Floor**

*Quantity:* **(4) Clusters**

*Life Expectancy:* **25** *Remaining Life:* **2**

*Best Cost:* **\$1,300**

Estimate to replace

*Worst Cost:* **\$1,500**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The mailboxes are older but still in functional condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current condition.

*General Notes:*

Comp #: 901 Fire Protection System - Renovate



*Location:* **Building Interior, North Stairwell**

*Quantity:* **(1) System**

*Life Expectancy:* **20** *Remaining Life:* **18**

*Best Cost:* **\$4,000**

Allowance to renovate

*Worst Cost:* **\$6,000**

Higher allowance

*Source of Information:* CSL Cost Database

*Observations:*

Although the fire protection system is designed to last the life of the community we recommend funding for an allowance to renovate this component approximately every 20 years to ensure proper function and to keep up with current technology and code requirements. Perform regular, professional inspections and repairs as an operating expense. Remaining life based on current age.

*General Notes:*

Comp #: 1415 Lobby - Remodel



*Location:* **Building East Entrance Lobby**

*Quantity:* **(1) Lobby**

*Life Expectancy:* **10** *Remaining Life:* **4**

*Best Cost:* **\$3,000**

Estimate to remodel

*Worst Cost:* **\$4,000**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The lobby is in good condition. We recommend funding to remodel this component approximately every 10 years. Remaining life based on current age.

*General Notes:*

Comp #: 1501 Carpeting - Replace



*Location:* **Building Interior Hallways**

*Quantity:* **Approx 4,400 Sq.ft.**

*Life Expectancy:* **10** *Remaining Life:* **0**

*Best Cost:* **\$17,000**

Estimate to replace

*Worst Cost:* **\$19,000**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

Research with the client reveals this component will be replaced in 2019. We recommend funding to replace this component approximately every 8 - 10 years. Remaining life based on current age.

*General Notes:*

Comp #: 1601 Interior Light Fixtures - Replace



*Location:* **Building Interior Hallways**

*Quantity:* **(34) Fixtures**

*Life Expectancy:* **25** *Remaining Life:* **0**

*Best Cost:* **\$2,550**  
\$75/Light; Estimate to replace

*Worst Cost:* **\$3,400**  
\$100/Light; Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

The interior light fixtures are in good to fair condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age and condition.

*General Notes:*



Comp #: 2002 Atrium Plumbing - Repair



*Location:* **Atrium**

*Quantity:* **(1) System**

*Life Expectancy:* **99** *Remaining Life:* **0**

*Best Cost:* **\$7,000**

Estimate to repair

*Worst Cost:* **\$9,000**

Higher estimate

*Source of Information:* Research with Client

*Observations:*

Research with the client reveals this project will be completed in 2019. This is a one-time project.

*General Notes:*

## Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

**Cash Flow Method** – A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

**Component** – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Component Full Funding** – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

**Component Inventory** – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

**Deficit** – An actual (or projected reserve balance), which is less than the fully funded balance.

**Effective Age** – The difference between useful life and remaining useful life (UL - RUL).

**Financial Analysis** – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

**Fully Funded Balance** – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the reserve fund as compared to an established benchmark, such as percent funded.

**Funding Goals** – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

**Funding Plan** – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.



### **Funding Principles –**

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

### **GSF - Gross Square Feet**

**Life and Valuation Estimates** – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

### **LF - Linear Feet**

**Percent Funded** – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

**Physical Analysis** – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**Remaining Useful Life (RUL)** – Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

**Replacement Cost** – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

**Reserve Study** – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

**Surplus** – An actual (or projected) reserve balance that is greater than the fully funded balance.

**Useful Life (UL)** – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

