

Spyglass Ridge Villas Lift Station

Level 2 Reserve Study



Report Period - 1/1/2024 to 12/31/2024

Client Reference Number	22112
Property Type	Other
Fiscal Year End	12/31
Type of Study	Update with Site Visit
Date of Site Visit	6/30/2023
Prepared By	Ken Forney
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on - Oct 31, 2023



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Executive Summary - Spyglass Ridge Villas Lift Station - ID # 22112

Information to complete this Update with Site Visit Study was gathered by performing an on-site visit of the common area elements. In addition, we may also have 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.

Projected Starting Balance as of 1/1/2024	\$82,000
Ideal Reserve Balance as of 1/1/2024	\$45,510
Percent Funded as of 1/1/2024	180%
Recommended Reserve Contribution (per month)	\$887
Recommended Special Assessment (FY 2024)	\$0

Property Details

Spyglass Ridge Villas Lift Station is a Other community.

Currently Programmed Projected

Projects programmed to occur this fiscal year (FY 2024) include: Lift Station - Paint (Comp #290). We have programmed an estimated \$1,750 in reserve expenditures toward the completion of these projects. (See Page(s) 16)

Significant Reserve Projects

The association's significant reserve projects include: Concrete Well Lining - Recoat (Comp #702). Controller - Replace (Comp #703). Submersible Pumps & Motors - Replace (New) (Comp #709). Submersible Pumps & Motors - Replace (Old) (Comp #709). The fiscal significance of these components is approximately 21%, 15%, 13% and 13% respectively. 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. (See Page(s) 11)

Reserve Funding

In comparing the projected starting reserve balance of \$82,000 versus the ideal reserve balance of \$45,509.58 we find the association's reserve fund to be approximately 180% funded. This indicates a fully funded reserve fund position. In order to maintain the account fund, we suggest adopting a monthly reserve contribution of \$887.33 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.

Starting Reserve Balance

The starting reserve balance of \$82,000 was provided by the client and was not audited or verified.



Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the board with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. In this respect our estimates of the current and future Fully Funded balances are less significant than the recommended reserve contribution. The board should weigh carefully our recommendations when setting the Reserve Contribution. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample time to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. It will also 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

This reserve study was prepared under the responsible charge of Mr. Ken Forney. Any persons assisting in the preparation of this study worked under his responsible charge and have appropriate experience and training. Mr. Forney has been preparing reserve studies since 2001. Prior to joining Complex Solutions Ken Forney worked in the construction industry where he became familiar with various construction trades associated with facility management. From there Mr. Forney served as a facility manager for the Department of Defense and managed facilities at Naval Construction Battalion Port Hueneme, Naval Air Station Point Mugu and Naval Outlying Landing Field San Nicolas Island. This extensive experience has given him firsthand knowledge of the challenges associated with long term budget planning and facility maintenance, key components of Reserve Study preparation and consulting.

- Project Manager, Southern California Region
- Personally has prepared over 1,000 reserve studies.
- Projects have ranged in size from small apartment-style condominium communities to 1000+ Planned Unit Communities.
- Clients have ranged from developers interested in setting initial reserve accounts for communities under construction to high-rise communities, worship facilities, lake associations, marinas, day schools and many more.
- Member of CAI (Channel Islands Chapter).

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 typically 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 reserves are primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis. Typically, the reserve contribution makes up 15% - 40% of the association's total budget. Therefore, reserves are considered to be a major part of the overall monthly association assessment.

Report Sections

The **Reserve Analysis 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).

The **Component Evaluation Section** contains information regarding the physical status and replacement cost of major common area 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 reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know if you have enough funds in the reserve account if you don't have the proper information? Some associations look at the Reserve fund and think that \$500,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed \$750,000. So while \$500,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

Why is it important to perform a Reserve Study?

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly assessment. This report provides the essential information that is needed to guide the Board of Directors 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 significant reserve projects can be completed on time with quality contractors. In this way deferred maintenance can be avoided as well as the lower property values that typically accompanies it. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property.

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

Hopefully, you will not look at this report and think it is too cumbersome to comprehend. Our intention is to make this Reserve Study easy to read and understand. Please take the time to review it carefully and make sure the "main ingredients" (component information) are complete and accurate. If there are any components that the association feels should be added, removed, or altered as well as any other inaccuracies or changes that should be made, please inform us immediately so we may revise the report. In order to ensure the Board understands its role in the completion of this report, all reports are labeled as "DRAFT" until their input has been given and the report has been approved as finalized. **Note to user:** If this report has a "DRAFT" watermark it is not a finalized report and is not to be relied upon or used for budgeting purposes.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The reserve allocation makes up a large portion of the total monthly assessment and this report should help you determine the correct amount of money to go into the reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending projects. This will give you an opportunity to shop around for the best price available.

How often do we update or review the Reserve Study?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Study should be professionally reviewed (Level III "no site visit" update study) each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Deterioration rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the results of the Reserve Study. Because of this projected future Fully Funded balances cannot be relied upon (in other words the Fully Funded balance for the current year of a report prepared 3 years earlier cannot be considered accurate or reliable). Therefore, this analysis should be professionally reviewed annually, and a "site visit" reserve study should be conducted at least once every three years

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 1 year, and costs above a minimum threshold amount. An "Operating" expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an "Operating" expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a reserve expense.

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 issue. However, it is the opinion of several major Reserve Study providers, including Complex Solutions Ltd, that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a reserve component.

What are the GREY areas of major expenses that are not included in a Reserve Study?

Some components may appear to satisfy the requirements of being a reserve component but are still not included in the reserve study. Several Reserve Study providers, including Complex Solutions Ltd, limit the component list to physical components of the common area that are owned by the association. Certain elements of an association's common area, such as leased items, or non-physical components such as future reserve studies, financial audits, inspection reports etc. are not included in our reserve studies. In addition we typically do not fund for utility systems, plumbing, or components with an extended useful life. Associations that feel any of these components should be included in our reserve study should notify us with their request. These components will be added to help the association better plan and prepare their own budget and will not necessarily reflect the professional opinions of Complex Solutions Ltd.

Information and Data Gathered

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at the time of the site visit. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have also been excluded from this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. 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? (Site Visit Studies Only)

The Site Visit was conducted of the common areas as reported by client. There may be certain areas that are not located inside the community but still a part of the association's common area. This may include drainage easements or landscaped areas located outside of the community, such as across a street. It is the responsibility of the Association to inform us of all common area locations. From our site visit we identified those common area components that we have determined require reserve funding. Based on information provided by the client, client's vendors, and our assessment of the components we have developed a component list and life and cost estimates.

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

Percent Funded Breakdown: The percentage of the current reserve fund balance versus the Fully Funded Balance. A “snapshot” indicator of the general strength of the account at the time of report preparation. Because many variables affect the Fully Funded balance it is more important to maintain the recommended reserve contribution or “cash flow” moving forward rather than striving to attain a certain Fully Funded figure.

Measures of strength are as follows:

0% - 30% Funded is generally considered to be a “weak” financial position. Associations that fall into this category are subject to higher frequencies of special assessments and deferred maintenance, which could lead to lower property values. Furthermore, should components fail sooner than expected our recommendations may not be enough to get the community into a better financial position. In this case additional actions beyond our initial recommendations may be necessary to improve the financial strength of the reserve fund.

31% - 69% Funded is generally considered a “fair” financial position. The majority of associations fall into this category. While this doesn't represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.

70% - 99% Funded is generally considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded is considered an “ideal” financial position. This means that the association theoretically has the exact amount of funds in the reserve account.

100%+ Funded is considered over-funded. This means that the association has more reserve funds than the theoretically ideal amount.

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. A site visit 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 any opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty 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.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

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

We have assumed any and all components have been properly built and will reach normal, typical life expectancies. In general 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.

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.

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 common area components.

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

Actual or Perceived Conflicts of Interest: Unless otherwise stated 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 interest 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.

California Clients: CA Civil Code §5551 requires California condominium associations with 3 or more units to inspect all exterior elevated elements "that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products." We have not determined if any exterior elevated element is required to be inspected pursuant to CA Civil Code §5551. Any funding for such inspections within this report is not a determination that your association is required to perform such inspection on any of the exterior elements. Further lack of funding for these inspection is not a determination that your association is not required to perform such inspections. We recommend contacting your association's legal counsel for such a determination. Further we do not warrant that any such inspections have occurred and are not responsible for the findings of any such inspection. Should any such inspection recommend remediation or repairs we recommend those repairs be performed immediately as required whether or not they are funded for in this report. We will not/have not performed any inspections that would comply with CA Civil Code §5551 on your exterior elevated elements. This reserve study is a budgeting tool and nothing within this study should be construed as a requirement to perform any specific maintenance at any time or cost.



Funding Summary

Beginning Assumptions

Fiscal Year End	12/31
Budgeted Monthly Reserve Contribution	\$887
Projected Starting Reserve Balance	\$82,000
Ideal Starting Reserve Balance	\$45,510

Economic Assumptions

Current Inflation Rate	3.50%
Reported After-Tax Interest Rate	0.50%

Current Reserve Status

Current Balance as a % of Ideal Balance	180%
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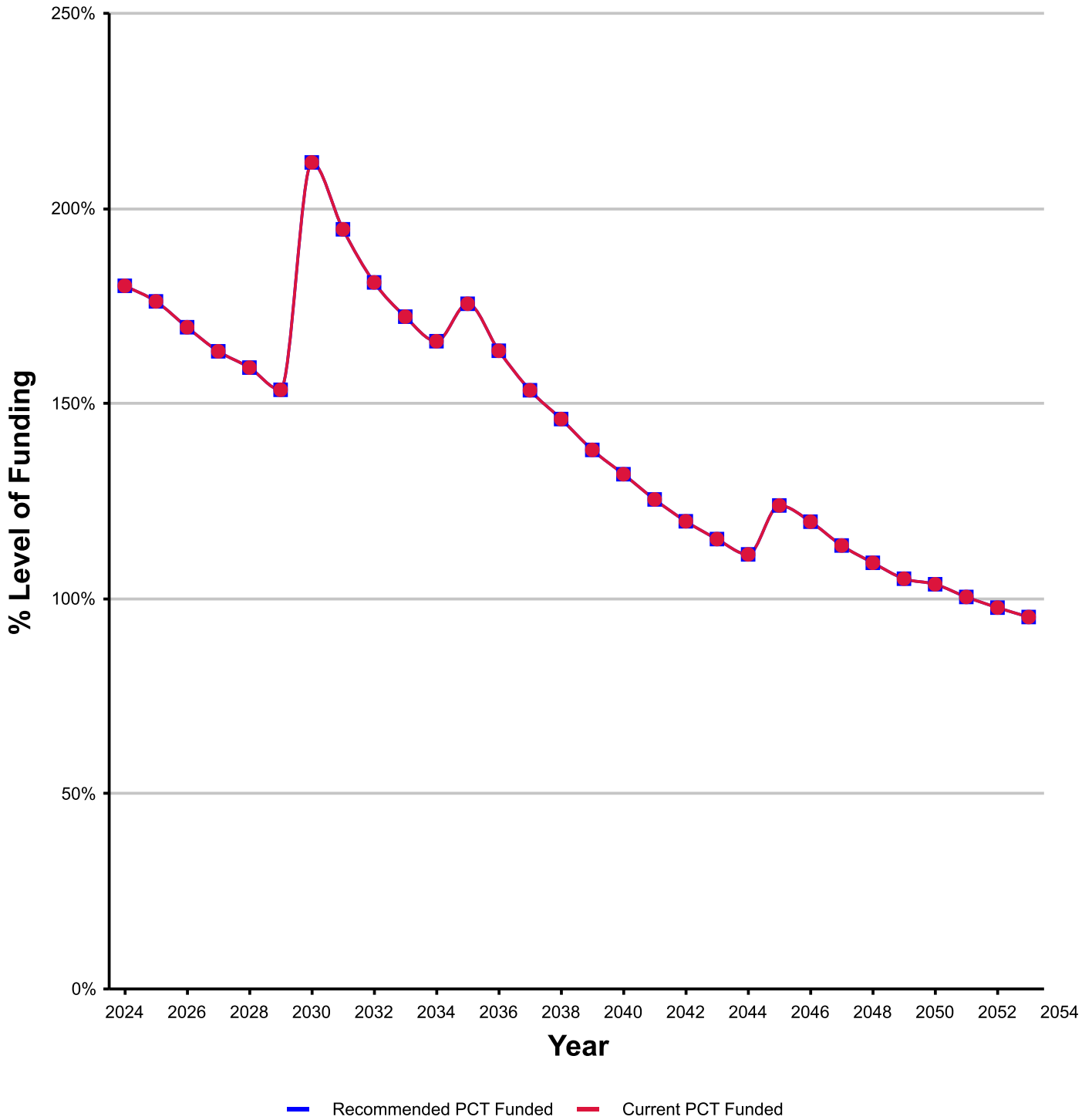
Recommendations

Recommended Special Assessment (FY 2024)	\$0
Recommended Monthly Reserve Contribution	\$887
Future Annual Increases	0.00%
For number of years:	16
Increases thereafter:	4.00%

Changes From Prior Year

Recommended Increase to Reserve Contribution	\$0
as Percentage	0%

Percent Funded - Graph



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
290	Lift Station - Paint	5	0	(1) Station	\$1,750	\$1,750	\$4,791	\$49.10
701	Check Valve - Replace	20	10	(2) Valves	\$6,800	\$3,400	\$6,441	\$47.70
702	Concrete Well Lining - Recoat	15	5	(1) Well	\$20,000	\$13,333	\$16,374	\$187.04
703	Controller - Replace	25	20	(1) Controller	\$23,500	\$4,700	\$7,741	\$131.86
704	Float Switches - Replace	5	3	(4) Switches	\$1,800	\$720	\$3,761	\$50.50
705	ISO Valve - Replace	30	10	(2) Valves	\$6,500	\$4,333	\$7,374	\$30.39
706	Motor Chains / Cables - Replace	10	9	(1) Set	\$3,250	\$325	\$3,366	\$45.59
707	Outer Mechanical Seal - Replace	16	5	(2) Seals	\$5,500	\$3,781	\$6,822	\$48.22
709	Slide Rails - Replace	30	29	(2) Rails	\$7,500	\$250	\$3,291	\$35.07
709	Submersible Pumps & Motors - Replace (New)	20	20	(1) Pump	\$17,000	\$0	\$3,041	\$119.24
709	Submersible Pumps & Motors - Replace (Old)	20	5	(1) Pump	\$17,000	\$12,750	\$15,791	\$119.24
710	Well Cover - Replace	30	29	(1) Cover	\$5,000	\$167	\$3,208	\$23.38
Grand Total:					\$115,600	\$45,510	\$82,000	\$887

Current Fund Balance as a percentage of Ideal Balance: 180%



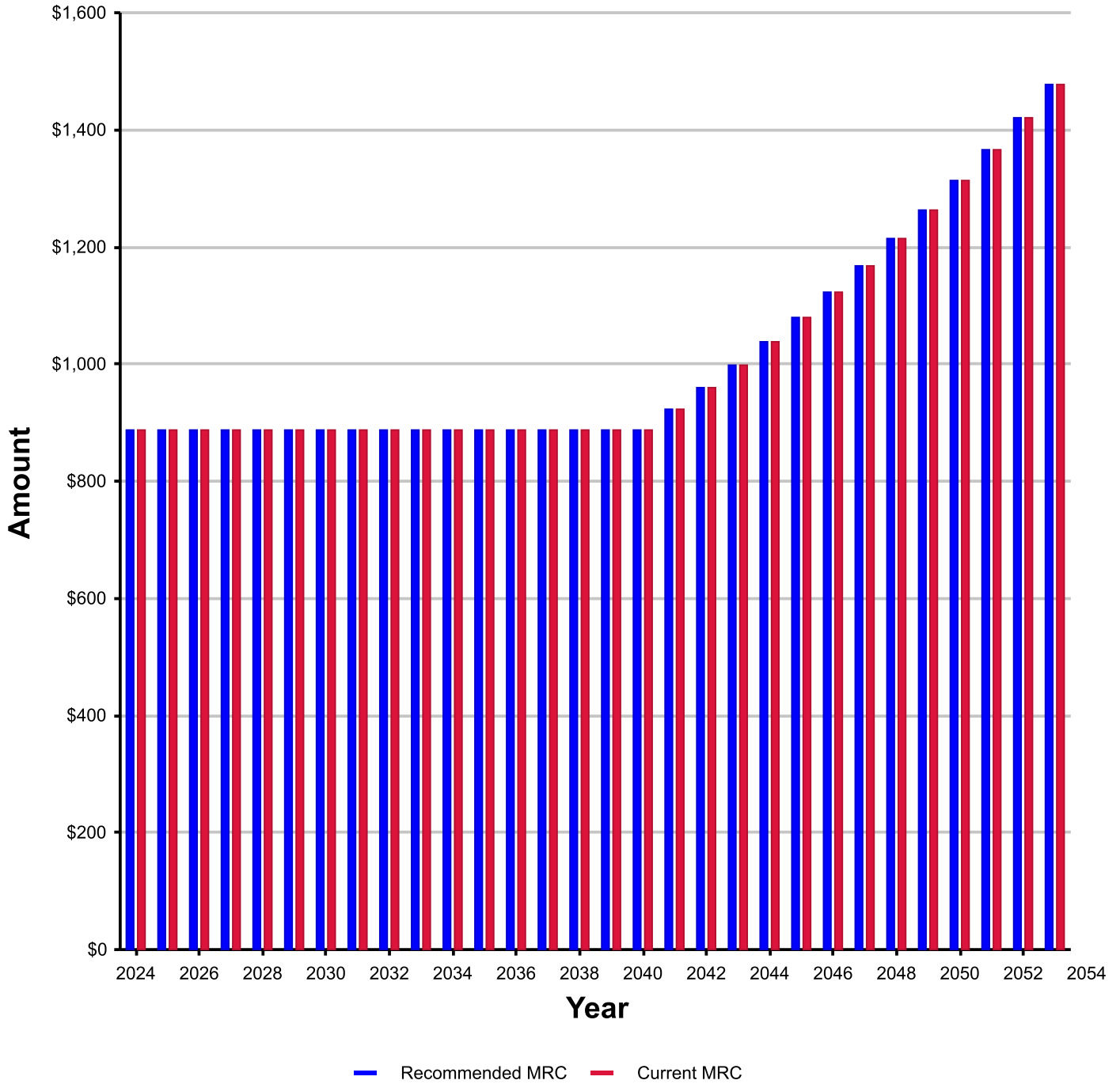
Yearly Summary

Year	Beginning Fully Funded Balance	Beginning Reserve Balance	Beginning % Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance	Ending Fully Funded Balance
2024	\$45,510	\$82,000	180%	\$10,648	\$433	\$1,750	\$91,331	\$51,838
2025	\$51,838	\$91,331	176%	\$10,648	\$484	\$0	\$102,464	\$60,428
2026	\$60,428	\$102,464	170%	\$10,648	\$540	\$0	\$113,652	\$69,556
2027	\$69,556	\$113,652	163%	\$10,648	\$591	\$1,996	\$122,895	\$77,184
2028	\$77,184	\$122,895	159%	\$10,648	\$643	\$0	\$134,186	\$87,398
2029	\$87,398	\$134,186	154%	\$10,648	\$567	\$52,555	\$92,846	\$43,838
2030	\$43,838	\$92,846	212%	\$10,648	\$492	\$0	\$103,986	\$53,420
2031	\$53,420	\$103,986	195%	\$10,648	\$548	\$0	\$115,182	\$63,619
2032	\$63,619	\$115,182	181%	\$10,648	\$598	\$2,370	\$124,057	\$72,013
2033	\$72,013	\$124,057	172%	\$10,648	\$637	\$4,429	\$130,913	\$78,872
2034	\$78,872	\$130,913	166%	\$10,648	\$630	\$21,230	\$120,961	\$68,895
2035	\$68,895	\$120,961	176%	\$10,648	\$633	\$0	\$132,242	\$80,864
2036	\$80,864	\$132,242	164%	\$10,648	\$689	\$0	\$143,579	\$93,587
2037	\$93,587	\$143,579	153%	\$10,648	\$739	\$2,815	\$152,151	\$104,188
2038	\$104,188	\$152,151	146%	\$10,648	\$789	\$0	\$163,589	\$118,432
2039	\$118,432	\$163,589	138%	\$10,648	\$839	\$2,932	\$172,144	\$130,511
2040	\$130,511	\$172,144	132%	\$10,648	\$889	\$0	\$183,681	\$146,431
2041	\$146,431	\$183,681	125%	\$11,074	\$948	\$0	\$195,703	\$163,305
2042	\$163,305	\$195,703	120%	\$11,517	\$1,001	\$3,343	\$204,878	\$177,721
2043	\$177,721	\$204,878	115%	\$11,978	\$1,041	\$6,248	\$211,648	\$190,060
2044	\$190,060	\$211,648	111%	\$12,457	\$782	\$123,864	\$101,022	\$81,540
2045	\$81,540	\$101,022	124%	\$12,955	\$510	\$11,327	\$103,160	\$86,153
2046	\$86,153	\$103,160	120%	\$13,473	\$551	\$0	\$117,184	\$103,123
2047	\$103,123	\$117,184	114%	\$14,012	\$612	\$3,971	\$127,838	\$117,065
2048	\$117,065	\$127,838	109%	\$14,572	\$677	\$0	\$143,087	\$136,111
2049	\$136,111	\$143,087	105%	\$15,155	\$644	\$44,311	\$114,576	\$110,485
2050	\$110,485	\$114,576	104%	\$15,762	\$614	\$0	\$130,951	\$130,365
2051	\$130,365	\$130,951	100%	\$16,392	\$697	\$0	\$148,041	\$151,502
2052	\$151,502	\$148,041	98%	\$17,048	\$773	\$4,716	\$161,145	\$169,077
2053	\$169,077	\$161,145	95%	\$17,730	\$745	\$42,712	\$136,907	END



Reserve Contributions - Graph

Monthly Reserve Contributions



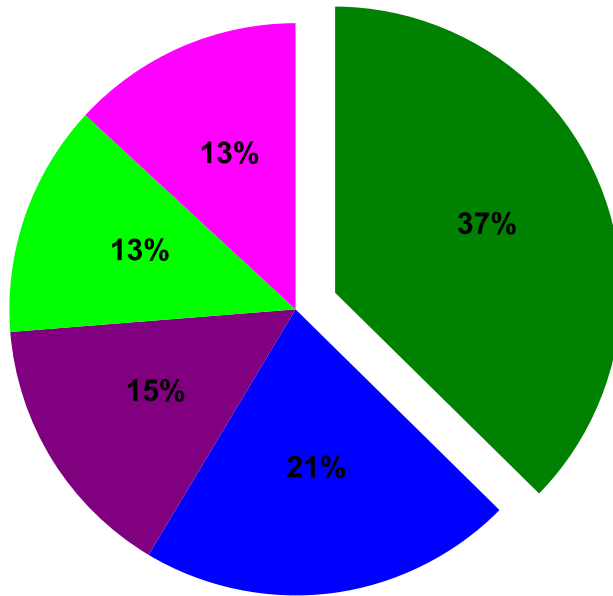
Significant Components

ID #	Component Name	UL	RUL	Average Current	Significance: (Curr Cost/UL)	
					As \$	As %
290	Lift Station - Paint	5	0	\$1,750	\$350	5.53%
701	Check Valve - Replace	20	10	\$6,800	\$340	5.38%
702	Concrete Well Lining - Recoat	15	5	\$20,000	\$1,333	21.08%
703	Controller - Replace	25	20	\$23,500	\$940	14.86%
704	Float Switches - Replace	5	3	\$1,800	\$360	5.69%
705	ISO Valve - Replace	30	10	\$6,500	\$217	3.43%
706	Motor Chains / Cables - Replace	10	9	\$3,250	\$325	5.14%
707	Outer Mechanical Seal - Replace	16	5	\$5,500	\$344	5.43%
709	Slide Rails - Replace	30	29	\$7,500	\$250	3.95%
709	Submersible Pumps & Motors - Replace (New)	20	20	\$17,000	\$850	13.44%
709	Submersible Pumps & Motors - Replace (Old)	20	5	\$17,000	\$850	13.44%
710	Well Cover - Replace	30	29	\$5,000	\$167	2.63%



Significant Components - Graph

- See Expanded Table For Breakdown
- Concrete Well Lining - Recoat
- Controller - Replace
- Submersible Pumps & Motors - Replace (New)
- Submersible Pumps & Motors - Replace (Old)



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current	Significance: (Curr Cost/UL) AS %	
					Curr Cost/UL	AS %
702	Concrete Well Lining - Recoat	15	5	\$20,000	\$1,333	21%
703	Controller - Replace	25	20	\$23,500	\$940	15%
709	Submersible Pumps & Motors - Replace (New)	20	20	\$17,000	\$850	13%
709	Submersible Pumps & Motors - Replace (Old)	20	5	\$17,000	\$850	13%
All Other	See Expanded Table For Breakdown				\$3,973	37%



Yearly Cash Flow

Year	2024	2025	2026	2027	2028
Starting Balance	\$82,000	\$91,331	\$102,464	\$113,652	\$122,895
<i>Reserve Income</i>	\$10,648	\$10,648	\$10,648	\$10,648	\$10,648
<i>Interest Earnings</i>	\$433	\$484	\$540	\$591	\$643
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$93,081	\$102,463	\$113,652	\$124,891	\$134,186
Reserve Expenditures	\$1,750	\$0	\$0	\$1,996	\$0
Ending Balance	\$91,331	\$102,464	\$113,652	\$122,895	\$134,186

Year	2029	2030	2031	2032	2033
Starting Balance	\$134,186	\$92,846	\$103,986	\$115,182	\$124,057
<i>Reserve Income</i>	\$10,648	\$10,648	\$10,648	\$10,648	\$10,648
<i>Interest Earnings</i>	\$567	\$492	\$548	\$598	\$637
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$145,401	\$103,986	\$115,182	\$126,428	\$135,342
Reserve Expenditures	\$52,555	\$0	\$0	\$2,370	\$4,429
Ending Balance	\$92,846	\$103,986	\$115,182	\$124,057	\$130,913

Year	2034	2035	2036	2037	2038
Starting Balance	\$130,913	\$120,961	\$132,242	\$143,579	\$152,151
<i>Reserve Income</i>	\$10,648	\$10,648	\$10,648	\$10,648	\$10,648
<i>Interest Earnings</i>	\$630	\$633	\$689	\$739	\$789
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$142,191	\$132,242	\$143,579	\$154,966	\$163,588
Reserve Expenditures	\$21,230	\$0	\$0	\$2,815	\$0
Ending Balance	\$120,961	\$132,242	\$143,579	\$152,151	\$163,589

Year	2039	2040	2041	2042	2043
Starting Balance	\$163,589	\$172,144	\$183,681	\$195,703	\$204,878
<i>Reserve Income</i>	\$10,648	\$10,648	\$11,074	\$11,517	\$11,978
<i>Interest Earnings</i>	\$839	\$889	\$948	\$1,001	\$1,041
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$175,076	\$183,681	\$195,703	\$208,221	\$217,897
Reserve Expenditures	\$2,932	\$0	\$0	\$3,343	\$6,248
Ending Balance	\$172,144	\$183,681	\$195,703	\$204,878	\$211,648

Year	2044	2045	2046	2047	2048
Starting Balance	\$211,648	\$101,022	\$103,160	\$117,184	\$127,838
<i>Reserve Income</i>	\$12,457	\$12,955	\$13,473	\$14,012	\$14,572
<i>Interest Earnings</i>	\$782	\$510	\$551	\$612	\$677
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$224,887	\$114,487	\$117,184	\$131,808	\$143,087
Reserve Expenditures	\$123,864	\$11,327	\$0	\$3,971	\$0
Ending Balance	\$101,022	\$103,160	\$117,184	\$127,838	\$143,087

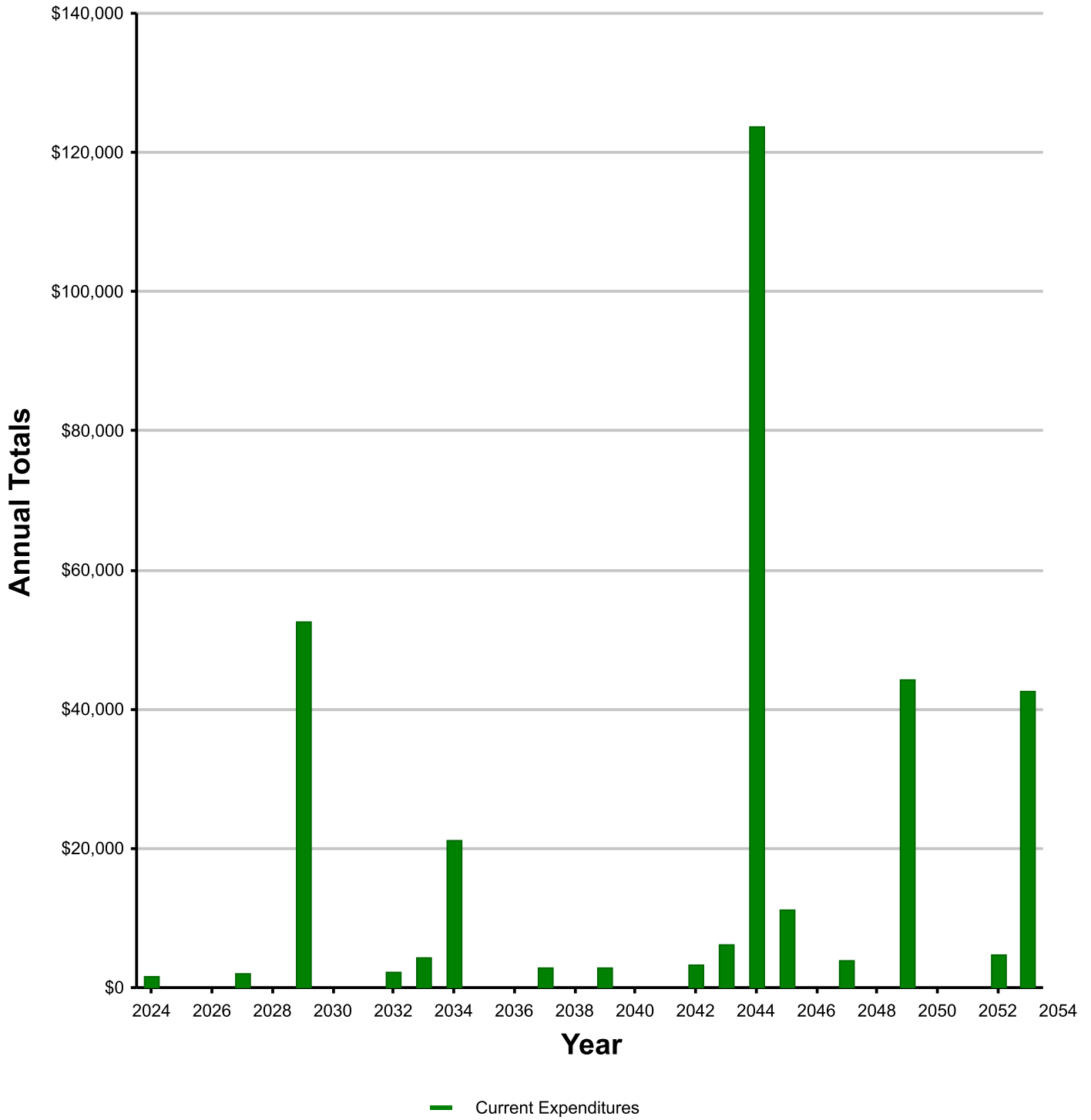


Yearly Cash Flow

Year	2049	2050	2051	2052	2053
Starting Balance	\$143,087	\$114,576	\$130,951	\$148,041	\$161,145
<i>Reserve Income</i>	\$15,155	\$15,762	\$16,392	\$17,048	\$17,730
<i>Interest Earnings</i>	\$644	\$614	\$697	\$773	\$745
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$158,886	\$130,952	\$148,040	\$165,862	\$179,620
Reserve Expenditures	\$44,311	\$0	\$0	\$4,716	\$42,712
Ending Balance	\$114,576	\$130,951	\$148,041	\$161,145	\$136,907



Yearly Reserve Expenditures - Graph



Projected Expenditures By Year

Year	Comp. Id	Component Name	Projected Cost	Total Per Annum
2024	290	Lift Station - Paint	\$1,750	\$1,750
2025		No Expenditures Projected	\$0	\$0
2026		No Expenditures Projected	\$0	\$0
2027	704	Float Switches - Replace	\$1,996	\$1,996
2028		No Expenditures Projected	\$0	\$0
2029	290	Lift Station - Paint	\$2,078	
	702	Concrete Well Lining - Recoat	\$23,754	
	707	Outer Mechanical Seal - Replace	\$6,532	
	709	Submersible Pumps & Motors - Replace (Old)	\$20,191	\$52,555
2030		No Expenditures Projected	\$0	\$0
2031		No Expenditures Projected	\$0	\$0
2032	704	Float Switches - Replace	\$2,370	\$2,370
2033	706	Motor Chains / Cables - Replace	\$4,429	\$4,429
2034	290	Lift Station - Paint	\$2,469	
	701	Check Valve - Replace	\$9,592	
	705	ISO Valve - Replace	\$9,169	\$21,230
2035		No Expenditures Projected	\$0	\$0
2036		No Expenditures Projected	\$0	\$0
2037	704	Float Switches - Replace	\$2,815	\$2,815
2038		No Expenditures Projected	\$0	\$0
2039	290	Lift Station - Paint	\$2,932	\$2,932
2040		No Expenditures Projected	\$0	\$0
2041		No Expenditures Projected	\$0	\$0
2042	704	Float Switches - Replace	\$3,343	\$3,343
2043	706	Motor Chains / Cables - Replace	\$6,248	\$6,248
2044	290	Lift Station - Paint	\$3,482	
	702	Concrete Well Lining - Recoat	\$39,796	
	703	Controller - Replace	\$46,760	
	709	Submersible Pumps & Motors - Replace (New)	\$33,826	\$123,864
2045	707	Outer Mechanical Seal - Replace	\$11,327	\$11,327
2046		No Expenditures Projected	\$0	\$0
2047	704	Float Switches - Replace	\$3,971	\$3,971
2048		No Expenditures Projected	\$0	\$0
2049	290	Lift Station - Paint	\$4,136	
	709	Submersible Pumps & Motors - Replace (Old)	\$40,175	\$44,311
2050		No Expenditures Projected	\$0	\$0
2051		No Expenditures Projected	\$0	\$0
2052	704	Float Switches - Replace	\$4,716	\$4,716
2053	706	Motor Chains / Cables - Replace	\$8,814	
	709	Slide Rails - Replace	\$20,339	
	710	Well Cover - Replace	\$13,559	\$42,712



Component Evaluation

Comp # 290 Lift Station - Paint

Subgroup: Sewer Lift Station

Location: Lift station

Quantity: (1) Station

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

Best Cost: \$1,500.00

Estimate to repaint

Worst Cost: \$2,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

We recommend funding to repaint the lift station area approximately every 5 years.



Component Evaluation

Comp # 701 Check Valve - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (2) Valves

Life Expectancy: 20 **Remaining Life:** 10

Best Cost: \$6,600.00

\$3,300/Valve; Estimate to replace

Worst Cost: \$7,000.00

\$3,500/Valve; Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. We recommend funding to replace these valves approximately every 20 years. Remaining life provided by the client.



Component Evaluation

Comp # 702 Concrete Well Lining - Recoat

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (1) Well

Life Expectancy: 15 **Remaining Life:** 5

Best Cost: \$15,000.00

Estimate to re-coat

Worst Cost: \$25,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. We recommend funding to recoat this well approximately every 10 to 15 years. Cost and remaining life provided by the client.



Component Evaluation

Comp # 703 Controller - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (1) Controller

Life Expectancy: 25 **Remaining Life:** 20

Best Cost: \$22,000.00

Estimate to replace

Worst Cost: \$25,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

No reports of issues with the pump controller. We recommend funding to replace this controller approximately every 20 to 25 years. Remaining life provided by the client.



Component Evaluation

Comp # 704 Float Switches - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (4) Switches

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

Best Cost: \$1,600.00

\$400/Switch; Estimate to replace

Worst Cost: \$2,000.00

\$500/Switch; Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. We recommend funding to replace the float switches approximately every 5 years. Remaining life provided by the client.



Component Evaluation

Comp # 705 ISO Valve - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (2) Valves

Life Expectancy: 30 **Remaining Life:** 10

Best Cost: \$6,000.00

\$3,000/Valve; Estimate to replace

Worst Cost: \$7,000.00

\$3,500/Valve; Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. We recommend funding to replace these valves approximately every 25 to 30 years. Remaining life provided by the client.



Component Evaluation

Comp # 706 Motor Chains / Cables - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (1) Set

Life Expectancy: 10 **Remaining Life:** 9

Best Cost: \$3,000.00

Estimate to replace

Worst Cost: \$3,500.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. We recommend funding to replace the motor chains and cables approximately every 10 years. Remaining life provided by the client.



Component Evaluation

Comp # 707 Outer Mechanical Seal - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (2) Seals

Life Expectancy: 16 **Remaining Life:** 5

Best Cost: \$5,000.00

\$2,500/Seal; Estimate to replace

Worst Cost: \$6,000.00

\$3,000/Seal; Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. We recommend funding to repaint the outer mechanical seal approximately every 16 years. Remaining life provided by the client.



Component Evaluation

Comp # 709 Slide Rails - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (2) Rails

Life Expectancy: 30 **Remaining Life:** 29

Best Cost: \$7,000.00

\$3,500/Rail; Estimate to replace

Worst Cost: \$8,000.00

\$4,000/Rail; Higher estimate

Source of Information: In-House Costs Database

Observations:

Unable to access the lift station equipment at the time of the site visit. Remaining and useful lives provided by the client.



Component Evaluation

Comp # 709 Submersible Pumps & Motors - Replace (New)

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (1) Pump

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

Best Cost: \$16,000.00

Estimate to replace

Worst Cost: \$18,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

It was reported the association purchased a pump in the event of a pump failure. Useful life and remaining life provided by the client.



Component Evaluation

Comp # 709 Submersible Pumps & Motors - Replace (Old)

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (1) Pump

Life Expectancy: 20 **Remaining Life:** 5

Best Cost: \$16,000.00

Estimate to replace

Worst Cost: \$18,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

It was reported the association purchased a pump in the event of a pump failure. We recommend funding to replace the remaining pump in the near future to ensure proper function. Useful life and remaining life provided by the client.



Component Evaluation

Comp # 710 Well Cover - Replace

Subgroup: Sewer Lift Station

Location: Lift station area

Quantity: (1) Cover

Life Expectancy: 30 **Remaining Life:** 29

Best Cost: \$4,500.00

Estimate to replace

Worst Cost: \$5,500.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Although this cover may experience an extended useful life we recommend funding for its replacement approximately every 25 to 30 years. Remaining life provided by the client.



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.