



# LUMMI ISLAND SCENIC ESTATES

Lummi Island, Washington



## STANDARD

### LEVEL 3 RESERVE STUDY UPDATE WITHOUT A SITE VISIT

*With funding recommendations for the 2021 fiscal year*

Issued July, 2020

Next Update: **Level 3** study by **July, 2021**

Prepared by:

**Mahria Sooter**, Reserve Specialist

**Denise Dana**, Reserve Specialist



© 2020 BY RESERVE CONSULTANTS LLC

**RESERVE CONSULTANTS LLC**

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248



# Contents

<b>EXECUTIVE SUMMARY</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>3</b>
Purpose of a Reserve Study	
Government Requirements for a Reserve Study	
Limitations and Assumptions of a Reserve Study	
Our Approach to a Reserve Study	
Inflation and Interest Rate Projections	
Starting Reserve Fund Balance for Year 1 (2021)	
<b>ASSOCIATION OVERVIEW</b> .....	<b>11</b>
<b>COMPONENTS INCLUDED IN THE RESERVE STUDY</b> .....	<b>12</b>
Component Funding Excluded from the Reserve Study	
Adjustments to Component Reserve Recommendations	
<b>RESERVE COMPONENT SUMMARY</b> .....	<b>13</b>
<b>FINANCIAL ANALYSIS &amp; RESERVE CONTRIBUTION RECOMMENDATIONS</b> .....	<b>14</b>
<b>FUNDING PLANS</b> .....	<b>14</b>
Five Year Funding Plan Comparison	
Comparison of Funding Plans and Fully Funded Balance Over 30 Years	
Projected Reserve Account Balance for Funding Plans Over 30 Years	
Reserve Study Projections using Constant Dollar Values	
Reserve Study Projections using Inflated Dollar Values	
<b>FULLY FUNDED BALANCE CALCULATIONS</b> .....	<b>24</b>
<b>FULLY FUNDED BALANCE CALCULATION TABLE</b> .....	<b>28</b>
<b>SUPPLEMENTAL BUDGET INFORMATION (SBI)</b> .....	<b>29</b>
<b>APPENDIX - GLOSSARY OF TERMS</b> .....	<b>32</b>
<b>APPENDIX - EVALUATORS' CREDENTIALS</b> .....	<b>35</b>



## EXECUTIVE SUMMARY

### Description

Lummi Island Scenic Estates is a 399-unit residential community located along 1211 Island Drive on Lummi Island, Washington. This Reserve Study meets the requirements of the Washington Homeowners' Association Act and the Washington Unified Common Interest Owner Act for a Level 3 Reserve Study update without a site visit, and was prepared by an independent Reserve Study Professional.

### Background

Construction of Lummi Island Scenic Estates' infrastructure was completed in about 1962. The community consists of five wood framed community buildings including a clubhouse, office, cabana, water treatment plant and maintenance shed. The Association is also responsible for a shared water supply and a community marina.

The recommended annual contribution to reserves for 2021 is \$56,600.

### Financial Information for the Current 2020 Fiscal Year

Reserve Account Balance on <b>April 30, 2020</b>	\$411,619
Annual Operating Budget	\$349,025
Component Inclusion Threshold (1% of the Operating Budget)	\$3,490
Annual Budgeted Contribution to Reserves (2020)	\$50,000
Remaining Contributions to Reserves for the Year	\$50,000
Planned or Implemented Special Assessment	None
Fully Funded Balance	\$657,912
Percent Funded at Time of Study	63%
Funding Status at Time of Study	Moderate Risk for a Special Assessment

### Recommended Contribution to Reserves Starting in 2021

<b>2021 Recommended Annual Contribution Rate</b>	<b>\$56,600</b>
Breakdown of the Recommended Contribution :	
2021 Recommended Contribution per Month	\$4,717
2021 Average Contribution per Unit per Year	\$142
2021 Ave. Contribution per Unit Per Month	\$12
2021 Recommended Special Assessment	None
<b>2021 Baseline Funding Plan Contribution Rate</b>	<b>\$45,300</b>
<b>2021 Full Funding Plan Contribution Rate</b>	<b>\$60,200</b>

The recommended reserve contribution represents a Threshold Funding Plan to prevent special assessments over the course of the 30-year study **while maintaining a minimum reserve account balance of one year's contribution to reserves**. The fiscal year for the Reserve Study is a calendar year. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

There is a requirement to have a current Reserve Study with a current recommended reserve contribution rate. Reserve Studies must be updated annually to reflect recent financial information, repairs or replacements, and to adjust for future repair costs. Every three years, the update must be based on a visual on-site inspection conducted by a Reserve Study Professional.



## Five Years At A Glance 2021 Through 2025

The following reserve funded expenses are expected to occur in the next five years at Lummi Island Scenic Estates in **constant dollar values**.

<b>Year 1 (2021) Anticipated Maintenance</b>	<b>Estimated Cost</b>
18.1.1 Water Treatment System - Phase 1	\$65,000
<b>Total Estimated Expenses for Year 1 (2021)</b>	<b>\$65,000</b>

<b>Year 2 (2022) Anticipated Maintenance</b>	<b>Estimated Cost</b>
2.6.2 Asphalt Pavement - Major Repair	\$74,130
18.1.2 Water Treatment System - Phase 2	\$65,000
<b>Total Estimated Expenses for Year 2 (2022)</b>	<b>\$139,130</b>

<b>Year 3 (2023) Anticipated Maintenance</b>	<b>Estimated Cost</b>
11.1.2 Truck - Replace	\$51,730
11.1.4 Road Sweeper - Maintenance	\$1,150
12.1.1 Clubhouse - Repair Contingency	\$30,000
12.1.2 Common Buildings - Repair Contingency	\$20,000
<b>Total Estimated Expenses for Year 3 (2023)</b>	<b>\$102,880</b>

<b>Year 4 (2024) Anticipated Maintenance</b>	<b>Estimated Cost</b>
15.1.2 PRV Vaults - Maintenance	\$10,000
<b>Total Estimated Expenses for Year 4 (2024)</b>	<b>\$10,000</b>

<b>Year 5 (2025) Anticipated Maintenance</b>	<b>Estimated Cost</b>
15.2.2 Water Towers - Repair	\$20,000
<b>Total Estimated Expenses for Year 5 (2025)</b>	<b>\$20,000</b>

*Many factors may influence the actual costs that may be experienced. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses.*



## INTRODUCTION

### Purpose of a Reserve Study

The purpose of a Reserve Study is to recommend a reasonable annual reserve contribution rate made by an association to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected within the next thirty years. A Reserve Study is intended to project availability of adequate funds for the replacement or major repair of any significant component of the property as it becomes necessary without relying on special assessments. It is a budget planning tool which identifies the current status of the reserve account and a stable and equitable Funding Plan to offset the

anticipated future major shared expenditures. Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. This information is combined into a spreadsheet to determine funding requirements and establish the annual contribution rate needed to minimize the potential for special assessments. All costs and annual reserve fund balances are shown in constant dollars, and with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines.

---

A Reserve Study also calculates a theoretical “Fully Funded Balance”. Fully Funded Balance is the sum total of the reserve components’ depreciated value using a straight-line depreciation method.

To calculate each component’s depreciated value:

$$\text{Depreciated Value} = \text{Current Replacement Cost} \times \frac{\text{Effective Age}}{\text{Expected Useful Life}}$$

By comparing the actual current reserve fund balance, to the theoretical Fully Funded Balance a Percent Fully Funded is derived.

---

These expenses could be emergency repairs not covered by insurance, or expenses that differ from the existing Reserve Study in terms of timing or cost. The Fully Funded Balance is neither the present replacement cost of all of the Association’s reserve components, nor does it have a mathematical relationship to the recommended threshold reserve contribution funding plan.

The percent fully funded acts as a measuring tool to assess an association’s ability to absorb unplanned expenses.



### Three levels of Reserve Studies:

**Level 1:** The first level, an initial Reserve Study, must be based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a full Level 1 Reserve Study with a site visit.

**Level 2:** Thereafter at least every three years, an updated Reserve Study must be prepared, which again is based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a Level 2 update with a site visit.

**Level 3:** As noted earlier, the Association is required to update its Reserve Study every year. However, in two of the three years, the annual updates do not require a site visit. This is also known as a Level 3 update without a site visit.

**Level 4:** The Community Associations Institute defines a Level 4 reserve study for communities under construction as a Preliminary, Community Not Yet Constructed reserve study.

### Our Approach to a Reserve Study

Reserve Consultants LLC employs a “Reasonable Approach” when evaluating reserve components in order to draft a study that is of greatest value to our clients. This means we attempt to predict, based on the costs involved and the client’s objectives, what a reasonable person will decide to have done when maintenance, repairs, or replacement become necessary. For example, a reasonable person will not replace a fence when it only needs to be repainted. The benefit of this is that reserve contributions are minimized to allow for what is most likely to occur. Our studies are not based on a worst-case scenario, but rather on what we expect is most likely to occur. Our approach assumes minor problems will be corrected as they occur, before they become major problem.

Many factors may influence the actual costs that the association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses. Reserve Consultants LLC has been completing reserve studies and project management in the Pacific Northwest since 1992 and bases component repair and replacement cost estimates on this experience, as well information provided by the association.

---

This study is a Level 3 Reserve Study update without a site visit.

---

The next required update for Lummi Island Scenic Estates is a **Level 3** study by **July, 2021**.

#### Several sources were used in drafting this report. These include:

- Review of previous reserve study report(s);
- Input provided by association representatives;
- Review of a list of components the Association is responsible for;
- Generally accepted construction, maintenance, and repair guidelines



### **Government Requirements for a Reserve Study**

- (a) The content of a Reserve Study for a homeowners' association is regulated by the Washington State government (RCW 64.38.070 §2).
- (b) A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the association, not including the reserve account, for major maintenance, repair, or replacement. If one of these reserve components is not included in the Reserve Study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component;
- (c) The date of the study, and a statement that the study meets the requirements of this section;
- (d) The following level of reserve study performed (i) Level I Full reserve study funding analysis and plan; (ii) Level II Update with visual site inspection; or (iii) Level III Update with no visual site inspection;
- (e) The association's reserve account balance;
- (f) The percentage of the fully funded balance that the reserve account is funded;
- (g) Special assessments already implemented or planned;
- (h) Interest and inflation assumptions;
- (i) Current reserve account contribution rates for a full funding plan and baseline funding plan;
- (j) A recommended reserve account contribution rate; a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve (fund) balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional;
- (k) A projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments; and
- (l) **A statement on whether the reserve study was prepared with the assistance of a reserve study professional.**



The Washington State government further requires the following disclosure in every Reserve Study (RCW 64.38.070§3):

**'This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.'**

The full Washington Homeowners' Association Act may be reviewed on the Washington State Legislature's website at: <http://apps.leg.wa.gov/rcw/default.aspx?cite=64.38> and parts of 64.38.065 to 64.38.090 for the Reserve Study Amendment's portions. In April 2011, the Act was amended to change the required content within the Reserve Studies, add reporting of the Reserve Study results as part of the budget summary to owners, and extend the Reserve Study requirement to homeowners' associations with significant assets. For questions regarding the Act, we recommend contacting an attorney familiar with homeowners' associations' legal requirements.

Effective July 1, 2018, the **Washington Unified Common Interest Act (WUCIOA)** has impacted common interest communities. Our reserve studies also comply with WUCIOA.

RCW 64.90.550 §2 states that a reserve study must include:

- (a) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
- (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
- (c) The following level of reserve study performed:
  - a. Level I: Full reserve study funding analysis and plan;
  - b. Level II: Update with visual site inspection; or
  - c. Level III: Update with no visual site inspection;
- (d) The association's reserve account balance;
- (e) The percentage of the fully funded balance to which the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;





- (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
- (i) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;
- (j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;
- (k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and
- (l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollar per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.

In addition, the WUCIOA requires the following disclosure in every Reserve Study (RCW 64.90.550 § 3):

**"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."**

Furthermore, RCW 64.90.550 §2 states that the budget must include:

- (d) the current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

RCW 64.90.550 §2 (d) - (f) requirements are covered by the Supplemental Budget Information disclosure that is prepared with each reserve study when the Association is ready to ratify the budget.



### **Limitations and Assumptions of a Reserve Study**

This Reserve Study is not a report on the condition of the assets maintained by Lummi Island Scenic Estates, or a detailed report of necessary maintenance to the assets. It is also not an investigation into or comment on the quality of construction of the reserve components, or whether the construction complies with the building code or the requirements of the Washington Homeowners' Association Act and the Washington Common Interest Ownership Act (WUCIOA).

The component list is based on information provided by Lummi Island Scenic Estates. Reserve Consultants LLC does not provide legal interpretations of governing documents or auditing services on account information provided.

The observations made by Reserve Consultants LLC are limited to a visual inspection of a sample of the reserve components. Unless informed otherwise, our assumption is that the components are constructed in substantial compliance with the building code and to industry standards, and that it will receive ordinary and reasonable maintenance and repair by Lummi Island Scenic Estates. These assumptions include that most reserve components will achieve their normal useful lives for similar components in the Pacific Northwest, and that they will be replaced when necessary to prevent damage to other reserve components.

This Reserve Study assumes that the assets will be maintained to keep a good level of appearance, with a special emphasis on retaining the original appearance of the assets to the greatest possible extent. The analysis also assumes that Lummi Island Scenic Estates will replace materials as they are required with good quality materials, installed by qualified, licensed, contractors. We further assume that the assets will experience the full typical useful life for the new materials installed.

The long-term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.

This report should be updated annually with actual repair costs, reserve fund balances, etc. Every three years it should be updated with a site inspection and professional review. Regular updating will allow changes based on actual occurrences and adjustments for the cost of repairs to be incorporated into the annual reserve contributions. This will allow any savings or additional costs to be properly allocated among unit owners.



### **Inflation and Interest Rate Projections**

When making estimates on the future inflation and interest rates, we use a staggered approach to more accurately reflect future economic projections.

For **inflation**, we use the construction industry inflation rates published by RS Means, which differ from the consumer inflation index. The average annual construction inflation increase since 1989 is 3.24%. We do not apply inflation to the annual reserve contribution in Year 0. Likewise, we do not apply inflation to the recommended reserve contribution in Year 1 since this is the first year at the recommended contribution rate. Inflation applied to the components on the inflated spreadsheet is compounded annually; the values are listed for each year at the bottom of the inflated spreadsheet.

For **interest** rates, we analyze the historical data provided by the Board of Governors of the Federal Reserve. The average annual interest rate since 1989 is 3.11%. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations. Interest is applied to Year 0 only in the constant spreadsheet so that the starting reserve fund balance in Year 1 is the same for both the constant and inflated spreadsheets, as illustrated on the following page.

### **Inflation and Interest Rate Projections for Lummi Island Scenic Estates**

<b>Years Applied</b>	<b>Contribution Inflation</b>	<b>Inflation</b>	<b>Interest</b>
Year 0 (2020) through Year 1 (2021)	0%	4%	2%
Year 2 (2022) through Year 10 (2030)	3%	3%	2%
Year 11 (2031) through Year 30 (2050)	4%	4%	3%



**Starting Reserve Fund Balance for Year 1 (2021)**

The starting reserve fund balance for 2021 has been estimated by combining the following figures that were provided by an association representative:

<b>\$411,619</b>	reserve fund balance as of April 30, 2020
- <b>(\$135,000)</b>	anticipated remaining maintenance expenses in 2020
+ <b>\$0</b>	planned special assessment in 2020
+ <b>\$50,000</b>	remaining reserve contributions for 2020
+ <b>\$4,946</b>	projected interest on the 2020 reserve fund balance
<b>\$331,565</b>	estimated beginning balance for fiscal year 2021

Below is a summary of the anticipated remaining maintenance expenses for 2020.

<b>Component Maintenance</b>	<b>Estimated Cost</b>
15.1.4 Mount Vista Drive PRV - Replace	\$8,000
15.1.5 Island Drive PRV - Replace	\$8,000
15.3.1 Holiday Lake Overflow - Refurbish	\$10,000
15.4.1 Treatment Plant - Repair	\$79,000
15.5.1 Water Mains - Repair	\$30,000
<b>Total Estimated Costs for 2020:</b>	<b>\$135,000</b>

The actual or projected total reserve fund balance presented in the Reserve Study is based on information provided to RCL and was not audited.



## ASSOCIATION OVERVIEW

Lummi Island Scenic Estates is a 399-unit residential community located on Lummi Island, Washington. Construction was completed in about 1962. Construction of Lummi Island Scenic Estates' infrastructure was completed in about 1962. The community consists of five wood framed community buildings including a clubhouse, office, cabana, water treatment plant and maintenance shed. The Association is also responsible for a shared water treatment and supply as well as a community marina.

Common components maintained with funds from reserves include asphalt roads and parking areas. Common area infrastructure for plumbing, drainage, and street maintenance are also maintained with funds from reserves.

*Images are from file photos taken at the last site visit.*





## COMPONENTS INCLUDED IN THE RESERVE STUDY

Reserve studies for homeowners' associations are required to include any reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement (RCW 64.38.070). While the law defines the inclusion threshold to be 1% of the operating budget, or \$3,490, components valued less than the legal threshold may be included to better capture reserve funding for Lummi Island Scenic Estates.

### Component Funding Excluded from the Reserve Study

#### Operating Budget

The following components may qualify for inclusion within the Reserve Study, but have been excluded from the budget because they are maintained with funds from the operating budget:

- play equipment
- reserve study updates
- swim lake dock and beach upgrades

#### Unit Owner Responsibility

There are items that individual unit owners are responsible to maintain and pay for, including, but not limited to:

- individual parcels of land
- damage by residents or their pets

Not all components that are the individual unit owners' responsibility are described in the report. The costs for items maintained by individual unit owners are not included in the budget for the reserve account contribution recommendations. Individual owners are financially responsible for repairs for elements that are not the responsibility of the Association to maintain. We recommend that associations establish policies and processes regarding the maintenance on these "owner responsibility" items.

### Adjustments to Component Reserve Recommendations

This reserve study provides updated information on the components from prior reserve studies. All cost estimates were adjusted to reflect the actual inflation rate for construction work in Washington State, and costs actually experienced by Lummi Island Scenic Estates or others in the area. To complete the report, we were provided with a record of recent expenditures on reserve components.

We use those figures, where applicable, for updating component cost projections, applying an appropriate inflation factor. Where updated figures from actual work performed are not available, cost projections from the previous reserve study are updated for inflation and rounded to the nearest \$10, using the RS Means 2019 to 2020 inflation figure of 5.94% for construction work.



### **RESERVE COMPONENT SUMMARY**

*Due to the uncertainty of future inflation values, the future maintenance costs on the component summary sheets are shown in **constant dollar values**.*

*Annual updates, as required by law, are important to accurately keep up with inflation trends.*



**2.6.1 Asphalt Pavement - Repair**

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 12 (2032)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$20,000.00 / LS

**Estimate:** \$20,000

The budget has been adjusted to fund for asphalt repairs 10 years after the major asphalt repair project planned for 2022 has been completed, component 2.6.2. The Association completed pavement repair project of the Clubhouse parking area in 2018 at a cost of approximately \$6,000.

**2.6.2 Asphalt Pavement - Major Repair**

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 2 (2022)

**Quantity:** 16,000 Square Feet

**Unit Cost:** \$4.27 / SF

**Estimate:** 16,000 SF X 100% X \$4.27/SF = \$68,320 + tax = \$74,130

The Association reported plans to complete major asphalt repairs on the road around Holiday Lake, specifically along Rosewood Terrace and Carol Lane, in 2022. The budget has been adjusted to fund \$75,000 for major repairs to the surface and subgrade, approximately 16,000 sf of paving.

**2.6.3 Asphalt Parking Lot - Overlay**

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 9 (2029)

**Quantity:** 14,000 Square Feet

**Unit Cost:** \$3.18 / SF

**Estimate:** 14,000 SF X 100% X \$3.18/SF = \$44,520 + tax = \$48,300

The Association indicated plans to complete a pavement overlayment at the parking lot adjacent to the Clubhouse at a cost of about \$45,000. Due to the higher than anticipated costs, the project has been delayed and repairs were made in 2018 instead of an overlayment.

**2.7.1 Chain Link Fence - Replace**

**Maintenance Cycle:** 30 years

**Next Maintenance:** Year 13 (2033)

**Quantity:** 320 Linear Feet

**Unit Cost:** \$26.01 / LF

**Estimate:** 320 LF X 100% X \$26.01/LF = \$8,323 + tax = \$9,030

The component funds for repair and/or replacement of chain-link fence sections around the water supply pond. One section of the fencing, closest to the bank below the water towers, needed reinstallation in 2019. Ongoing minor repairs are funded through the operating budget.





**2.9.1 Dock Work - Repair**

**Maintenance Cycle:** 15 years  
**Quantity:** 1 Lump Sum  
**Estimate:** \$30,000

**Next Maintenance:** Year 13 (2033)  
**Unit Cost:** \$30,000.00 / LS

Marina dock repairs were completed in 2019 at a cost of about \$28,550. Rails at the ramp to the Marina were repaired in 2018 at a cost of \$7,755. In 2015 repairs of the marina dock decking and structural beams were completed at a cost of \$12,9890. The budget was reset to fund for the next major maintenance in conjunction with the dock pilings replacement component, 2.9.2.

**2.9.2 Dock Pilings - Replace**

**Maintenance Cycle:** 50 years  
**Quantity:** 1 Lump Sum  
**Estimate:** \$115,000

**Next Maintenance:** Year 13 (2033)  
**Unit Cost:** \$115,000.00 / LS

The budget provides funds to replace the creosote wood dock pilings with metal pilings. The pilings have been treated and protective HDPE covers were put on the wood pilings for added protection in the recent past.

**7.4.1 Sloped Metal Roofs - Replace**

**Maintenance Cycle:** 40 years  
**Quantity:** 33 Roofing Squares  
**Estimate:** 33 SQ X 100% X \$881.44/SQ = \$29,088 + tax = \$31,560

**Next Maintenance:** Year 10 (2030)  
**Unit Cost:** \$881.44 / SQ

The component establishes a budget to replace the metal roofing on the common buildings, including the cabana, the office/treatment plant building, the supply shed, and the maintenance building. The roofs were weathering as expected at the time of the site visit in 2019.

**7.4.2 Low Sloped Roofs - Replace**

**Maintenance Cycle:** 20 years  
**Quantity:** 17 Roofing Squares  
**Estimate:** 17 SQ X 100% X \$1,226.89/SQ = \$20,857 + tax = \$22,630

**Next Maintenance:** Year 16 (2036)  
**Unit Cost:** \$1,226.89 / SQ

The budget provides funds to replace the roof at the end of its typical useful life. The Clubhouse roof was replaced in 2016 at a cost of \$18,213.



**8.3.1 Garage Doors - Replace**

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 18 (2038)

**Quantity:** 3 Each

**Unit Cost:** \$1,563.75 / EA

**Estimate:** 3 EA X 100% X \$1,563.75/EA = \$4,691 + tax = \$5,090

The budget provides funds to replace three overhead garage doors per maintenance cycle. In 2017, the overhead garage doors of the maintenance shed were replaced at a cost of \$4,265.

**11.1.1 Backhoe - Replace**

**Maintenance Cycle:** 25 years

**Next Maintenance:** Year 25 (2045)

**Quantity:** 1 Each

**Unit Cost:** \$74,000.00 / EA

**Estimate:** 1 EA X 100% X \$74,000.00/EA = \$74,000 + tax = \$80,290

A new backhoe was purchased in 2019 at a cost of about \$85,000; the old backhoe was sold for approximately \$3,000. The next replacement has been reset to a full cycle.

**11.1.2 Truck - Replace**

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 3 (2023)

**Quantity:** 1 Each

**Unit Cost:** \$47,677.42 / EA

**Estimate:** 1 EA X 100% X \$47,677.42/EA = \$47,677 + tax = \$51,730

The budget provides funds to replace the current work truck with an upgraded model, such as a Ford F250, once the current work truck has reached the end of useful life. The Association indicated that the replacement is not a high priority at this time, so the next replacement has been moved out to 2023.

**11.1.3 Tractor Mower - Replace**

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 18 (2038)

**Quantity:** 1 Each

**Unit Cost:** \$9,216.59 / EA

**Estimate:** 1 EA X 100% X \$9,216.59/EA = \$9,217 + tax = \$10,000

The budget provides funds to replace the tractor and sweeper attachment when the equipment has been in service about 20 years. In 2018 the tractor mower was replaced with a John Deere X570 model. A road sweeper attachment was purchased at the same time.



**11.1.4 Road Sweeper - Maintenance**

**Maintenance Cycle:** 5 years

**Next Maintenance:** Year 3 (2023)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$1,150.00 / LS

**Estimate:** \$1,150

A new sweeper attachment was purchased along with the John Deere X570 mower in 2018. This component provides funds to periodically replace the brushes.

**12.1.1 Clubhouse - Repair Contingency**

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 3 (2023)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$30,000.00 / LS

**Estimate:** \$30,000

The budget provides funds for major repairs and upgrades to the interior and exterior of the Clubhouse building, including siding and decking repairs. Possible erosion issues at the base of the Clubhouse have been noted as a concern. The impact was not known at the time of the site visit in 2019 and no funds are currently allocated for mitigation. Minor repairs are completed on an ongoing basis and paid with funds from the operating budget, which included pressure washing, cleaning gutters, painting the Clubhouse deck. The chimney was repaired in 2017 at a cost of \$3,011. In 2018, new tables and chairs were purchased for \$2,500. In early 2019 the Clubhouse door was replaced at a cost of \$6,170.

**12.1.2 Common Buildings - Repair Contingency**

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 3 (2023)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$20,000.00 / LS

**Estimate:** \$20,000

The repair contingency allows for major repairs and upgrades of the interior and exterior of the Cabana, the offices/treatment plant building, the supply shed, and the maintenance building. The Association anticipates repairs will be needed from about 2020-2023. Ongoing minor repairs are funded through the operation budget.

**15.1.1 Water Meters - Replace**

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 10 (2030)

**Quantity:** 218 Each

**Unit Cost:** \$272.27 / EA

**Estimate:** 218 EA X 100% X \$272.27/EA = \$59,355 + tax = \$64,400

The budget provides funds to replace water meters and the water meter computer. The Association reported water meter repairs in December of 2018 at a cost of about \$8,000. The Association has approximately 30 water meters on hand for replacement; the meters were purchased in 2011.



**15.1.2 PRV Vaults - Maintenance**

**Maintenance Cycle:** 5 years

**Quantity:** 1 Lump Sum

**Estimate:** \$10,000

**Next Maintenance:** Year 4 (2024)

**Unit Cost:** \$10,000.00 / LS

The Association reported monitoring the valve vault enclosing the pressure reducing valve (PRV) located near Holiday Lake with no changes noted in 2020. This component allows for repairing and maintaining the valve vaults for all of the PRV's throughout the Association.

**15.1.3 Holiday Lake PRV - Replace**

**Maintenance Cycle:** 40 years

**Quantity:** 1 Lump Sum

**Estimate:** \$15,000

**Next Maintenance:** Year 38 (2058)

**Unit Cost:** \$15,000.00 / LS

The budget provides funds for replacing the pressure reducing valve (PRV) located near Holiday Lake. The valve was replaced in 2018. While the next replacement does not fall in the scope of the study, it is included in the study accurately calculate the fully funded balance.

**15.1.4 Mount Vista Drive PRV - Replace**

**Maintenance Cycle:** 40 years

**Quantity:** 1 Lump Sum

**Estimate:** \$8,000

**Next Maintenance:** Year 0 (2020)

**Unit Cost:** \$8,000.00 / LS

The pressure reducing valve (PRV) off Mount Vista Drive is scheduled to be replaced in 2020 at a cost of \$8,000. The budgeted amount has been updated according to the experienced cost.

**15.1.5 Island Drive PRV - Replace**

**Maintenance Cycle:** 40 years

**Quantity:** 1 Lump Sum

**Estimate:** \$8,000

**Next Maintenance:** Year 0 (2020)

**Unit Cost:** \$8,000.00 / LS

The third pressure reducing valve (PRV) located at 1155 Island Drive is scheduled to be replaced in 2020 at a cost of \$8,000. The budgeted amount has been updated according to the experienced cost.



**15.2.1 Water Towers - Circulation System**

<b>Maintenance Cycle:</b> 30 years	<b>Next Maintenance:</b> Year 26 (2046)
<b>Quantity:</b> 2 Each	<b>Unit Cost:</b> \$11,769.59 / EA
<b>Estimate:</b> 2 EA X 100% X \$11,769.59/EA = \$23,539 + tax = \$25,540	

We budget funds for replacement of two water tower circulation systems. The Association installed two new mixers for two circulation systems of the water towers in 2016 at a cost of \$23,707.

**15.2.2 Water Towers - Repair**

<b>Maintenance Cycle:</b> 50 years	<b>Next Maintenance:</b> Year 5 (2025)
<b>Quantity:</b> 2 Lump Sum	<b>Unit Cost:</b> \$20,000.00 / LS
<b>Estimate:</b> \$20,000	

The Association reported plans to reseal the hatch and lid of the water towers in 2025 at a cost of about \$20,000. The water towers were repaired in 2013 at a cost of \$12,900 with highly durable materials.

**15.2.3 Reservoir & Dam - Maintenance**

<b>Maintenance Cycle:</b> 10 years	<b>Next Maintenance:</b> Year 6 (2026)
<b>Quantity:</b> 1 Lump Sum	<b>Unit Cost:</b> \$20,000.00 / LS
<b>Estimate:</b> \$20,000	

The budget provides funds to keep the reservoir and dam functioning properly in accordance with state regulations. The Association reported in 2016 that they are maintaining the reservoir and dam properly and in compliance with the WA Department of Ecology. An abutment was installed around 2005.

**15.2.4 Mixer Unit & Storage Tanks - Maintenance**

<b>Maintenance Cycle:</b> 20 years	<b>Next Maintenance:</b> Year 17 (2037)
<b>Quantity:</b> 1 Lump Sum	<b>Unit Cost:</b> \$25,000.00 / LS
<b>Estimate:</b> \$25,000	

The budget provides funds to maintain the storage tanks and mixer unit to keep the system functioning properly at all times. In 2016, the storage tank mixer was installed at a cost of approximately \$30,000.



**15.3.1 Holiday Lake Overflow - Refurbish**

<b>Maintenance Cycle:</b> 40 years	<b>Next Maintenance:</b> Year 0 (2020)
<b>Quantity:</b> 1 Lump Sum	<b>Unit Cost:</b> \$10,000.00 / LS
<b>Estimate:</b> \$10,000	

The Association reported plans to address the overflow of Holiday Lake in 2020 at a cost of about \$10,000. The overflow consists of a 4' galvanized pipe that runs through the dam and allows water into the spillway and out to Aiston Creek.

**15.4.1 Treatment Plant - Repair**

<b>Maintenance Cycle:</b> 20 years	<b>Next Maintenance:</b> Year 0 (2020)
<b>Quantity:</b> 1 Lump Sum	<b>Unit Cost:</b> \$79,000.00 / LS
<b>Estimate:</b> \$79,000	

The Association reported plans to replace components of the current treatment plant in 2020 at a total cost of \$91,000. A down payment of \$12,000 was made in April 2020 with \$79,000 funded in 2020 from reserves. Monitoring units were replaced in 2018 at a cost of \$7,840.

**15.5.1 Water Mains - Repair**

<b>Maintenance Cycle:</b> 10 years	<b>Next Maintenance:</b> Year 0 (2020)
<b>Quantity:</b> 17,849 Lump Sum	<b>Unit Cost:</b> \$30,000.00 / LS
<b>Estimate:</b> \$30,000	

The Association reported plans to replace 18 blow off valves at a cost of about \$1,000 each and other repairs at an estimated cost of \$22,000, for a total cost of \$30,000 in 2020. The budget has been adjusted to fund for the replacement in 2020.

**15.6.1 Septic Systems - Maintenance**

<b>Maintenance Cycle:</b> 15 years	<b>Next Maintenance:</b> Year 8 (2028)
<b>Quantity:</b> 2 Each	<b>Unit Cost:</b> \$12,405.53 / EA
<b>Estimate:</b> 2 EA X 100% X \$12,405.53/EA = \$24,811 + tax = \$26,920	

The component name was changed to maintenance of the Clubhouse and Cabana septic systems.



**16.5.1 Generator - Replace**

<b>Maintenance Cycle:</b> 45 years	<b>Next Maintenance:</b> Year 8 (2028)
<b>Quantity:</b> 1 Each	<b>Unit Cost:</b> \$14,230.41 / EA
<b>Estimate:</b> 1 EA X 100% X \$14,230.41/EA = \$14,230 + tax = \$15,440	

The budget provides funds to replace the 25kw generator. The generator is insured for \$12,000.

**18.1.1 Water Treatment System - Phase 1**

<b>Maintenance Cycle:</b> 50 years	<b>Next Maintenance:</b> Year 1 (2021)
<b>Quantity:</b> 1 Lump Sum	<b>Unit Cost:</b> \$65,000.00 / LS
<b>Estimate:</b> \$65,000	

LISECC has experienced an issue with the raw water turbidity increasing, leading to problems with the treatment process and providing finished water that exceeds the State-mandated turbidity levels. Turbidity is the measure of the relative clarity of water and is considered an important factor in water quality. LISECC is working with the Department of Health to develop a Small Water System Management Plan. Phase 1 includes costs for this plan and an engineering report. Additional funds will be needed if an environmental report and USDA-RS application are required. The project has been estimated by Wilson to cost about \$65,000 and is expected to be completed in 2021

**18.1.2 Water Treatment System - Phase 2**

<b>Maintenance Cycle:</b> 50 years	<b>Next Maintenance:</b> Year 2 (2022)
<b>Quantity:</b> 1 Lump Sum	<b>Unit Cost:</b> \$65,000.00 / LS
<b>Estimate:</b> \$65,000	

As part of the Small Water System Management Plan discussed above, preliminary estimates for modifications to the water treatment facility have been provided. This budget is intended to be a placeholder to help financially prepare the Association for anticipated expenses. The exact costs and extent of work needed is not yet known. The Association anticipates completing Phase 2 in 2022.



**FINANCIAL ANALYSIS & RESERVE CONTRIBUTION RECOMMENDATIONS**

The contribution as a percentage of average unit value is calculated to provide a way for owners, and prospective owners, to compare the reserve requirements of one association with that of another association or of single-family home ownership.

Using an average unit value of \$320,000, the average contribution per unit per year as a percentage of the average unit value at Lummi Island Scenic Estates is 0.04%. Typically, condominium associations in the Puget Sound area need to set aside from 1/2% to 1% of their average unit value, homeowners' associations need to put aside 1/3% to 1/2% and single-family homeowners should put aside 1% to 2% each year.

Lummi Island Scenic Estates should determine the best reserve funding level for their association based on their maintenance needs and risk aversion.

<b>Recommended 2021 Contribution</b>	<b>\$56,600</b>
Recommended Contribution per Month	\$4,717
Average Contribution per Unit per Year	\$142
Average Contribution per Unit Per Month	\$12

For budgeting purposes, we recommend that Lummi Island Scenic Estates set the contribution rate at \$56,600 for reserves beginning in 2021. The annual reserve contribution should increase annually with inflation. This amount is determined using the Cash Flow method with a Threshold Funding plan, to provide adequate reserves each time an expense is anticipated, with a minimum level of reserves (the threshold) equal to one year's contribution to reserves at all times during the study period, so that no special assessments will be required.

**FUNDING PLANS**

<b>THRESHOLD FUNDING</b> \$56,600	<b>BASELINE FUNDING</b> \$45,300	<b>FULLY FUNDING</b> \$60,200
A starting annual contribution of \$56,600 fulfills the definition of a Threshold Funding plan which provides funding as expenses are incurred over time, while always maintaining a minimum reserve fund balance of one year's contribution to reserves. This is our recommended funding plan.	An alternative strategy Lummi Island Scenic Estates could employ is Baseline Funding. This provides for necessary expenditures without maintaining a minimum reserve fund balance. To pursue such a strategy, the recommended Baseline Funding contribution rate would be \$45,300.	Lummi Island Scenic Estates could also consider contributions to obtain and maintain the level of reserves to be Fully Funded, so that the Percent Fully Funded is 100% by Year 30. The recommended Full Funding contribution rate would be \$60,200.



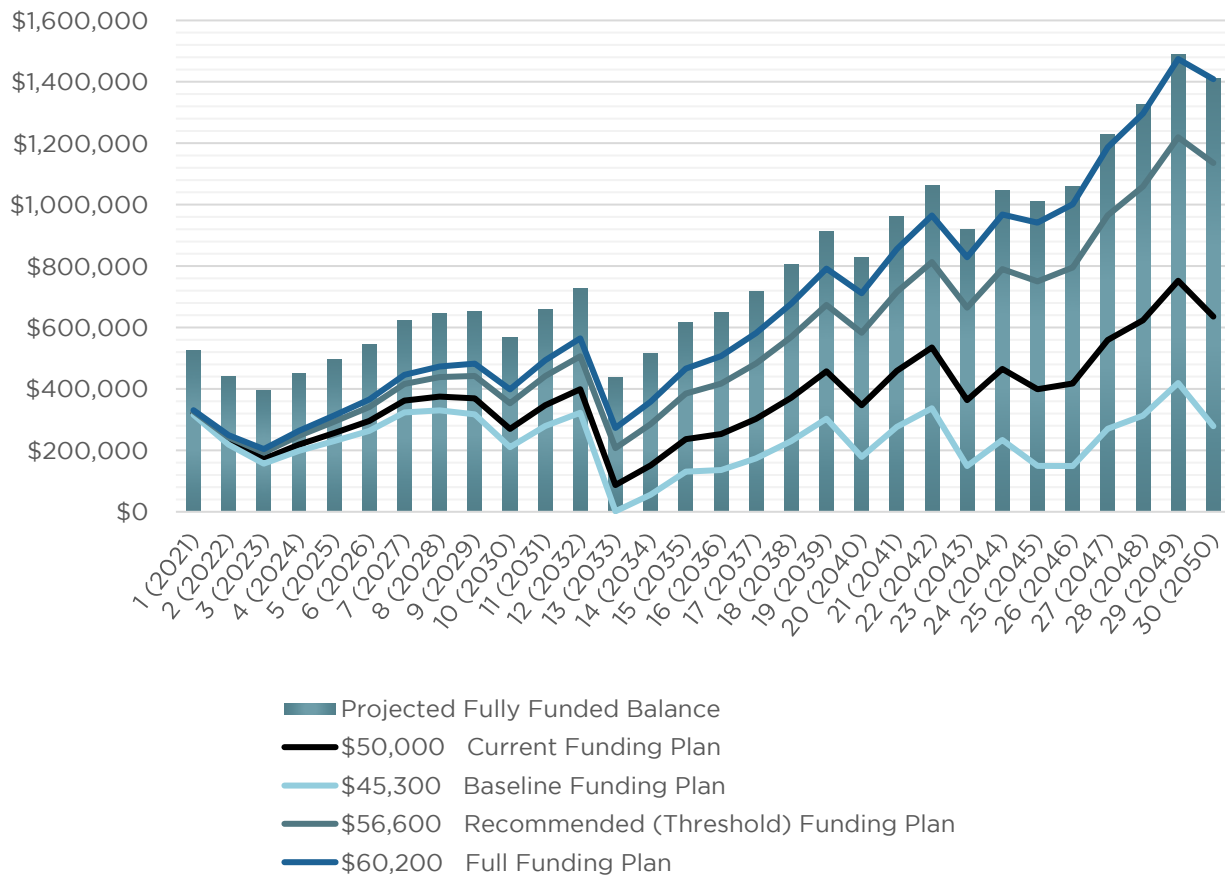


**Comparison of Funding Plans and Fully Funded Balance Over 30 Years**

Below is a line graph in compliance with RCW 64.90.550 §2(j) which depicts the projected fiscal year end reserve balance for the Current, Baseline, Recommended and Full Funding Plans for Lummi Island Scenic Estates.

The bar graph represents the projected Fully Funded Balance each year for the next 30 years.

**Lummi Island Scenic Estates  
Comparison of Fully Funded Balance and Funding Plans**





**Projected Reserve Account Balance for Funding Plans Over 30 Years**

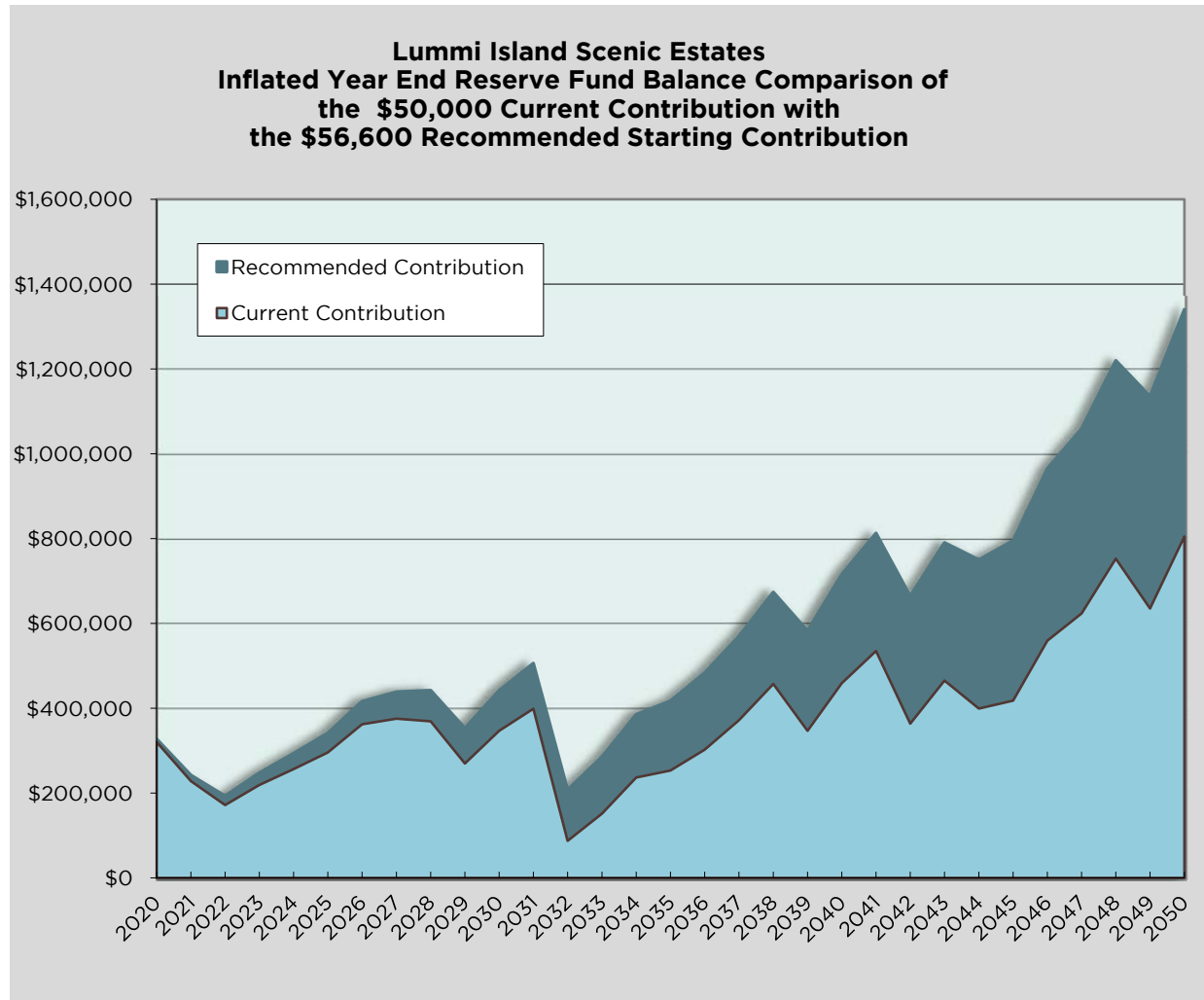
Per RCW 64.90.550 §2 (j) of the Washington Unified Common Interest Owners Act (WUCIOA), the projected reserve account balance for each of the funding plans over the next 30 years is provided, along with the current funding plan projections.

Fiscal Year End	\$50,000 Current Funding Plan	\$56,600 Recommended (Threshold) Funding Plan	\$45,300 Baseline Funding Plan	\$60,200 Full Funding Plan
1 (2021)	\$320,420	\$327,086	\$315,673	\$330,722
2 (2022)	\$228,317	\$241,983	\$218,586	\$249,437
3 (2023)	\$171,813	\$192,824	\$156,851	\$204,284
4 (2024)	\$218,954	\$247,669	\$198,505	\$263,332
5 (2025)	\$256,527	\$293,318	\$230,326	\$313,387
6 (2026)	\$295,846	\$341,102	\$263,619	\$365,787
7 (2027)	\$362,063	\$416,183	\$323,523	\$445,703
8 (2028)	\$375,204	\$438,605	\$330,055	\$473,187
9 (2029)	\$369,105	\$442,218	\$317,040	\$482,098
10 (2030)	\$269,746	\$353,019	\$210,445	\$398,440
11 (2031)	\$346,704	\$441,566	\$279,151	\$493,308
12 (2032)	\$398,932	\$506,093	\$322,620	\$564,544
13 (2033)	\$87,355	\$207,563	\$1,753	\$273,132
14 (2034)	\$151,328	\$285,368	\$55,876	\$358,480
15 (2035)	\$236,431	\$385,127	\$130,542	\$466,233
16 (2036)	\$253,017	\$417,233	\$136,075	\$506,805
17 (2037)	\$302,433	\$483,078	\$173,793	\$581,611
18 (2038)	\$371,518	\$569,544	\$230,499	\$677,558
19 (2039)	\$457,307	\$673,715	\$303,199	\$791,755
20 (2040)	\$346,819	\$582,657	\$178,873	\$711,296
21 (2041)	\$459,161	\$715,531	\$276,596	\$855,368
22 (2042)	\$534,850	\$812,904	\$336,841	\$964,570
23 (2043)	\$363,477	\$664,426	\$149,164	\$828,581
24 (2044)	\$465,197	\$790,311	\$233,676	\$967,646
25 (2045)	\$399,249	\$749,858	\$149,573	\$941,100
26 (2046)	\$417,771	\$795,270	\$148,946	\$1,001,178
27 (2047)	\$559,289	\$965,138	\$270,275	\$1,186,511
28 (2048)	\$623,297	\$1,059,029	\$313,003	\$1,296,701
29 (2049)	\$752,488	\$1,219,707	\$419,771	\$1,474,554
30 (2050)	\$635,265	\$1,135,653	\$278,928	\$1,408,592



### Inflated Year End Reserve Fund Balance Comparison

Below is a graph illustrating the projected year end reserve fund balance using both the current (2020) budgeted annual contribution and the recommended starting (2021) contribution.



We recommend that Lummi Island Scenic Estates adopt a policy regarding their reserve funding which would address the level of funding that the Association would strive to maintain, as well as methods of investing reserve funds to best match risk with return and investment length with expected.



## Five Year Funding Plan Comparison

Below is a comparison of the fully funded balance and year end reserve fund balance using the budgeted reserve funding for the current 2020 fiscal year and the three funding plans presented in the report. The calculations include inflated values, interest, and special assessments (if applicable) through Year 5 (2025).

### Lummi Island Scenic Estates Five Year Funding Plan Comparison

Including Inflated Values, Interest and Special Assessments

#### \$50,000 Current Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$50,000	\$0	\$320,420	61%	Nominal Risk
2 (2022)	\$51,500	\$0	\$228,317	52%	Moderate Risk
3 (2023)	\$53,045	\$0	\$171,813	44%	Moderate Risk
4 (2024)	\$54,636	\$0	\$218,954	49%	Moderate Risk
5 (2025)	\$56,275	\$0	\$256,527	52%	Moderate Risk

#### \$45,300 Baseline Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$45,300	\$0	\$315,673	60%	Nominal Risk
2 (2022)	\$46,659	\$0	\$218,586	50%	Moderate Risk
3 (2023)	\$48,059	\$0	\$156,851	40%	Moderate Risk
4 (2024)	\$49,501	\$0	\$198,505	44%	Moderate Risk
5 (2025)	\$50,986	\$0	\$230,326	46%	Moderate Risk

#### \$56,600 Recommended (Threshold) Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$56,600	\$0	\$327,086	62%	Nominal Risk
2 (2022)	\$58,298	\$0	\$241,983	55%	Moderate Risk
3 (2023)	\$60,047	\$0	\$192,824	49%	Moderate Risk
4 (2024)	\$61,848	\$0	\$247,669	55%	Moderate Risk
5 (2025)	\$63,704	\$0	\$293,318	59%	Moderate Risk

#### \$60,200 Full Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$60,200	\$0	\$330,722	63%	Nominal Risk
2 (2022)	\$62,006	\$0	\$249,437	57%	Moderate Risk
3 (2023)	\$63,866	\$0	\$204,284	52%	Moderate Risk
4 (2024)	\$65,782	\$0	\$263,332	59%	Moderate Risk
5 (2025)	\$67,756	\$0	\$313,387	63%	Nominal Risk



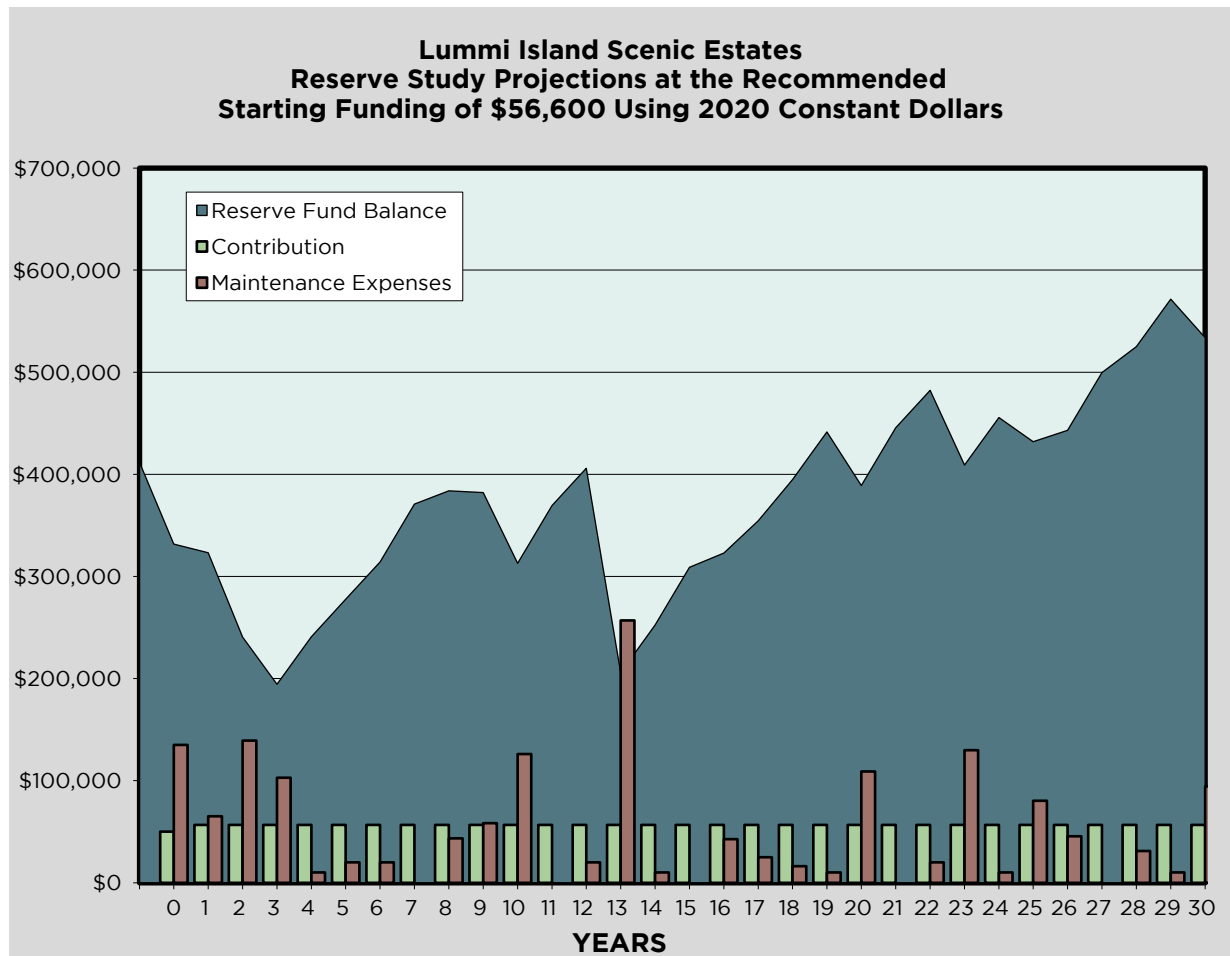
### Reserve Study Projections using Constant Dollar Values

**Teal Line Graph:** The year-end running reserve fund balance is shown as a line graph in teal. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to one year’s contribution to reserves.

**Mint Green Bars:** The annual reserve fund contributions are shown as mint green bars. This chart depicts the annual contribution in constant dollars, so the contributions are constantly \$56,600 over the 30 year timeline of the study.

**Brick Red Bars:** The anticipated yearly maintenance expenses are shown as brick red bars, depicting the anticipated expenses over the next 30 years.

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years, the annual contribution and the anticipated yearly maintenance expenses using constant dollar values.





**Reserve Study Projections at the Starting Recommended Funding of \$56,600  
Using Constant Dollar Values**



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20		MAINT. CYCLE	NEXT MAINT.	1	2	3	4	5
#	COMPONENT NAME			2021	2022	2023	2024	2025
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2		\$74,130			
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3			\$51,730		
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,150		
12.1.1	Clubhouse - Repair Contingency	10	3			\$30,000		
12.1.2	Common Buildings - Repair Contingency	10	3			\$20,000		
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$10,000	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					\$20,000
15.2.3	Reservoir & Dam - Maintenance	10	6					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1	\$65,000				
18.1.2	Water Treatment System - Phase 2	50	2		\$65,000			
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$65,000</b>	<b>\$139,130</b>	<b>\$102,880</b>	<b>\$10,000</b>	<b>\$20,000</b>
CARRY OVER RESERVES				\$331,565	\$323,165	\$240,635	\$194,355	\$240,955
ANNUAL RESERVE CONTRIB				\$56,600	\$56,600	\$56,600	\$56,600	\$56,600
RESERVE EXPENDITURES				\$65,000	\$139,130	\$102,880	\$10,000	\$20,000
ACCUMULATED RESERVES				\$323,165	\$240,635	\$194,355	\$240,955	\$277,555
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$323,165</b>	<b>\$240,635</b>	<b>\$194,355</b>	<b>\$240,955</b>	<b>\$277,555</b>
STUDY YEAR				1 (2021)	2 (2022)	3 (2023)	4 (2024)	5 (2025)

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2026	7 2027	8 2028	9 2029	10 2030
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9				\$48,300	
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					\$31,560
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3					
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,150		
12.1.1	Clubhouse - Repair Contingency	10	3					
12.1.2	Common Buildings - Repair Contingency	10	3					
15.1.1	Water Meters - Replace	20	10					\$64,400
15.1.2	PRV Vaults - Maintenance	5	4				\$10,000	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6	\$20,000				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					\$30,000
15.6.1	Septic Systems - Maintenance	15	8			\$26,920		
16.5.1	Generator - Replace	45	8			\$15,440		
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$20,000</b>	<b>\$0</b>	<b>\$43,510</b>	<b>\$58,300</b>	<b>\$125,960</b>
CARRY OVER RESERVES				\$277,555	\$314,155	\$370,755	\$383,845	\$382,145
ANNUAL RESERVE CONTRIB				\$56,600	\$56,600	\$56,600	\$56,600	\$56,600
RESERVE EXPENDITURES				\$20,000	\$0	\$43,510	\$58,300	\$125,960
ACCUMULATED RESERVES				\$314,155	\$370,755	\$383,845	\$382,145	\$312,785
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
<b>SPECIAL ASSESSMENT</b>								
YEAR-END BALANCE				<b>\$314,155</b>	<b>\$370,755</b>	<b>\$383,845</b>	<b>\$382,145</b>	<b>\$312,785</b>
STUDY YEAR				6 (2026)	7 (2027)	8 (2028)	9 (2029)	10 (2030)

COPYRIGHT 2020 Reserve Consultants LLC





## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20		MAINT. CYCLE	NEXT MAINT.	11 2031	12 2032	13 2033	14 2034	15 2035
2.6.1	Asphalt Pavement - Repair	10	12		\$20,000			
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13			\$9,030		
2.9.1	Dock Work - Repair	15	13			\$30,000		
2.9.2	Dock Pilings - Replace	50	13			\$115,000		
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3			\$51,730		
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,150		
12.1.1	Clubhouse - Repair Contingency	10	3			\$30,000		
12.1.2	Common Buildings - Repair Contingency	10	3			\$20,000		
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$10,000	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$0</b>	<b>\$20,000</b>	<b>\$256,910</b>	<b>\$10,000</b>	<b>\$0</b>
CARRY OVER RESERVES				\$312,785	\$369,385	\$405,985	\$205,675	\$252,275
ANNUAL RESERVE CONTRIB				\$56,600	\$56,600	\$56,600	\$56,600	\$56,600
RESERVE EXPENDITURES				\$0	\$20,000	\$256,910	\$10,000	\$0
ACCUMULATED RESERVES				\$369,385	\$405,985	\$205,675	\$252,275	\$308,875
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$369,385</b>	<b>\$405,985</b>	<b>\$205,675</b>	<b>\$252,275</b>	<b>\$308,875</b>
STUDY YEAR				11 (2031)	12 (2032)	13 (2033)	14 (2034)	15 (2035)

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2036	17 2037	18 2038	19 2039	20 2040
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16	\$22,630				
8.3.1	Garage Doors - Replace	20	18			\$5,090		
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3					
11.1.3	Tractor Mower - Replace	20	18			\$10,000		
11.1.4	Road Sweeper - Maintenance	5	3			\$1,150		
12.1.1	Clubhouse - Repair Contingency	10	3					
12.1.2	Common Buildings - Repair Contingency	10	3					
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$10,000	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6	\$20,000				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17		\$25,000			
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					\$79,000
15.5.1	Water Mains - Repair	10	0					\$30,000
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$42,630</b>	<b>\$25,000</b>	<b>\$16,240</b>	<b>\$10,000</b>	<b>\$109,000</b>
CARRY OVER RESERVES				\$308,875	\$322,845	\$354,445	\$394,805	\$441,405
ANNUAL RESERVE CONTRIB				\$56,600	\$56,600	\$56,600	\$56,600	\$56,600
RESERVE EXPENDITURES				\$42,630	\$25,000	\$16,240	\$10,000	\$109,000
ACCUMULATED RESERVES				\$322,845	\$354,445	\$394,805	\$441,405	\$389,005
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
<b>SPECIAL ASSESSMENT</b>								
YEAR-END BALANCE				<b>\$322,845</b>	<b>\$354,445</b>	<b>\$394,805</b>	<b>\$441,405</b>	<b>\$389,005</b>
STUDY YEAR				16 (2036)	17 (2037)	18 (2038)	19 (2039)	20 (2040)

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20		MAINT. CYCLE	NEXT MAINT.	21 2041	22 2042	23 2043	24 2044	25 2045
2.6.1	Asphalt Pavement - Repair	10	12		\$20,000			
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					\$80,290
11.1.2	Truck - Replace	10	3			\$51,730		
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,150		
12.1.1	Clubhouse - Repair Contingency	10	3			\$30,000		
12.1.2	Common Buildings - Repair Contingency	10	3			\$20,000		
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$10,000	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					
15.6.1	Septic Systems - Maintenance	15	8			\$26,920		
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$0</b>	<b>\$20,000</b>	<b>\$129,800</b>	<b>\$10,000</b>	<b>\$80,290</b>
CARRY OVER RESERVES				\$389,005	\$445,605	\$482,205	\$409,005	\$455,605
ANNUAL RESERVE CONTRIB				\$56,600	\$56,600	\$56,600	\$56,600	\$56,600
RESERVE EXPENDITURES				\$0	\$20,000	\$129,800	\$10,000	\$80,290
ACCUMULATED RESERVES				\$445,605	\$482,205	\$409,005	\$455,605	\$431,915
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$445,605</b>	<b>\$482,205</b>	<b>\$409,005</b>	<b>\$455,605</b>	<b>\$431,915</b>
STUDY YEAR				21 (2041)	22 (2042)	23 (2043)	24 (2044)	25 (2045)

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2046	27 2047	28 2048	29 2049	30 2050
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13			\$30,000		
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3					
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,150		
12.1.1	Clubhouse - Repair Contingency	10	3					
12.1.2	Common Buildings - Repair Contingency	10	3					
15.1.1	Water Meters - Replace	20	10					\$64,400
15.1.2	PRV Vaults - Maintenance	5	4				\$10,000	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26	\$25,540				
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6	\$20,000				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					\$30,000
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$45,540</b>	<b>\$0</b>	<b>\$31,150</b>	<b>\$10,000</b>	<b>\$94,400</b>
CARRY OVER RESERVES				\$431,915	\$442,975	\$499,575	\$525,025	\$571,625
ANNUAL RESERVE CONTRIB				\$56,600	\$56,600	\$56,600	\$56,600	\$56,600
RESERVE EXPENDITURES				\$45,540	\$0	\$31,150	\$10,000	\$94,400
ACCUMULATED RESERVES				\$442,975	\$499,575	\$525,025	\$571,625	\$533,825
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$442,975</b>	<b>\$499,575</b>	<b>\$525,025</b>	<b>\$571,625</b>	<b>\$533,825</b>
STUDY YEAR				26 (2046)	27 (2047)	28 (2048)	29 (2049)	30 (2050)

COPYRIGHT 2020 Reserve Consultants LLC



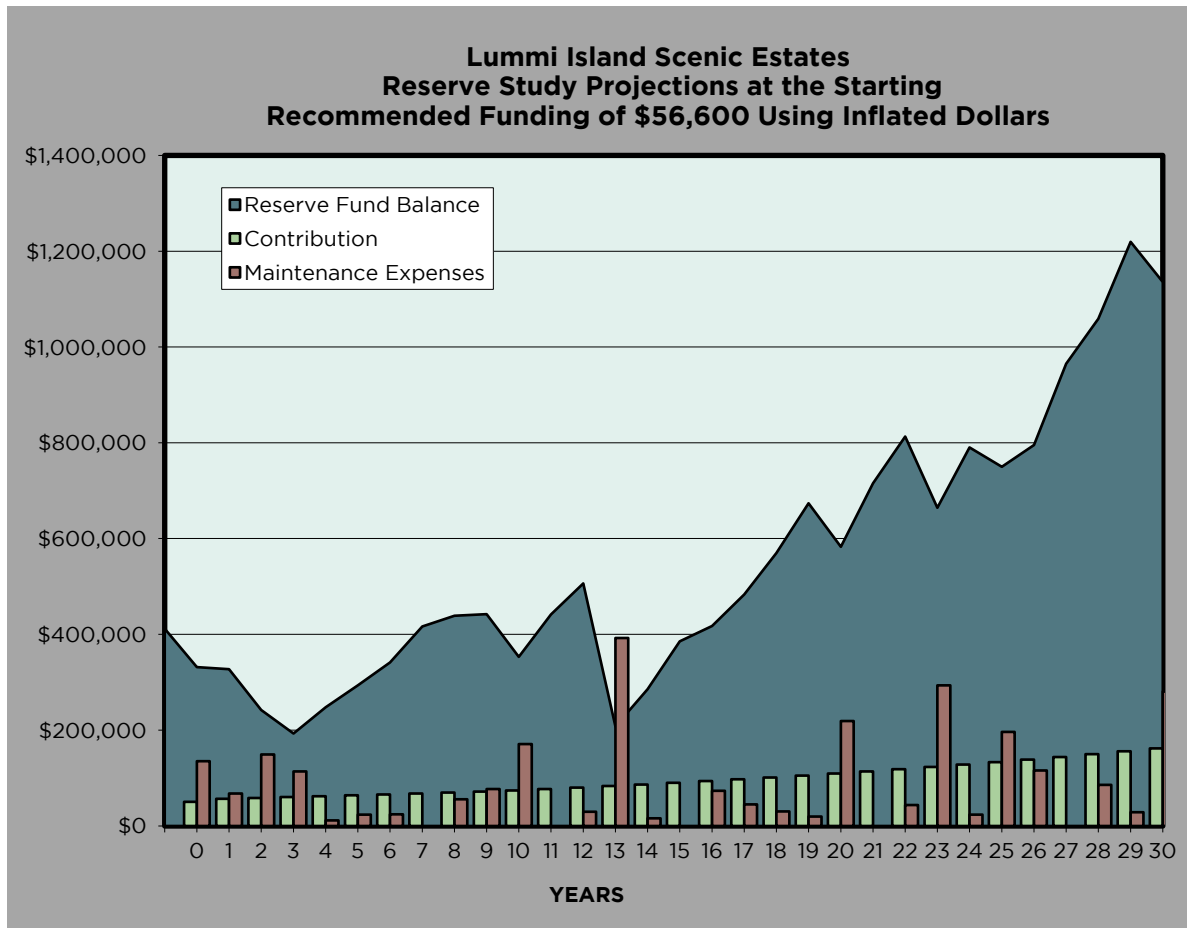
### Reserve Study Projections using Inflated Dollar Values

**Teal Line Graph:** The year-end running reserve fund balance is shown as a line graph in teal and includes compound interest. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to one year’s contribution to reserves.

**Mint Green Bars:** The annual reserve fund contributions are shown as mint green bars. This chart depicts the annual contribution in inflated dollars, so the contributions are increasing over the 30 year timeline of the study.

**Brick Red Bars:** The anticipated yearly maintenance expenses are shown as brick red bars, depicting the anticipated inflated expenses over the next 30 years.

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years with interest, the annual inflated contribution and the anticipated yearly maintenance expenses using inflated dollar values.





**Reserve Study Projections at the Starting Recommended Funding of \$56,600  
Using Inflated Dollar Values**



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2021	2 2022	3 2023	4 2024	5 2025
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2		\$79,408			
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3			\$57,076		
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,269		
12.1.1	Clubhouse - Repair Contingency	10	3			\$33,100		
12.1.2	Common Buildings - Repair Contingency	10	3			\$22,067		
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$11,364	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					\$23,411
15.2.3	Reservoir & Dam - Maintenance	10	6					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1	\$67,600				
18.1.2	Water Treatment System - Phase 2	50	2		\$69,628			
TOTAL EXPENDED BY YEAR				<b>\$67,600</b>	<b>\$149,036</b>	<b>\$113,511</b>	<b>\$11,364</b>	<b>\$23,411</b>
CARRY OVER RESERVES				\$351,565	\$327,086	\$241,983	\$192,824	\$247,669
ANNUAL RESERVE CONTRIB				\$56,600	\$58,298	\$60,047	\$61,848	\$63,704
RESERVE EXPENDITURES				\$67,600	\$149,036	\$113,511	\$11,364	\$23,411
ACCUMULATED RESERVES				\$320,565	\$236,348	\$188,519	\$243,308	\$287,962
INTEREST EARNED				\$6,521	\$5,634	\$4,305	\$4,361	\$5,356
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$327,086</b>	<b>\$241,983</b>	<b>\$192,824</b>	<b>\$247,669</b>	<b>\$293,318</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	1 (2021)	2 (2022)	3 (2023)	4 (2024)	5 (2025)
CONTRIBUTION INFLATION	0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	4%	3%	4%	104%	107%	110%	114%	117%
INTEREST RATE MULTIPLIER	2%	2%	3%	2%	2%	2%	2%	2%

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2026	7 2027	8 2028	9 2029	10 2030
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9				\$63,632	
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					\$42,826
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3					
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,471		
12.1.1	Clubhouse - Repair Contingency	10	3					
12.1.2	Common Buildings - Repair Contingency	10	3					
15.1.1	Water Meters - Replace	20	10					\$87,388
15.1.2	PRV Vaults - Maintenance	5	4				\$13,174	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6	\$24,113				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					\$40,709
15.6.1	Septic Systems - Maintenance	15	8			\$34,433		
16.5.1	Generator - Replace	45	8			\$19,749		
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
TOTAL EXPENDED BY YEAR				\$24,113	\$0	\$55,652	\$76,807	\$170,923
CARRY OVER RESERVES				\$293,318	\$341,102	\$416,183	\$438,605	\$442,218
ANNUAL RESERVE CONTRIB				\$65,615	\$67,583	\$69,611	\$71,699	\$73,850
RESERVE EXPENDITURES				\$24,113	\$0	\$55,652	\$76,807	\$170,923
ACCUMULATED RESERVES				\$334,820	\$408,685	\$430,142	\$433,497	\$345,145
INTEREST EARNED				\$6,281	\$7,498	\$8,463	\$8,721	\$7,874
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$341,102	\$416,183	\$438,605	\$442,218	\$353,019
YEARS	0-1	2-10	11-30	6 (2026)	7 (2027)	8 (2028)	9 (2029)	10 (2030)
CONTRIBUTION INFLATION	0%	3%	4%	3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	4%	3%	4%	121%	124%	128%	132%	136%
INTEREST RATE MULTIPLIER	2%	2%	3%	2%	2%	2%	2%	2%

COPYRIGHT 2020 Reserve Consultants LLC





## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 2031	12 2032	13 2033	14 2034	15 2035
2.6.1	Asphalt Pavement - Repair	10	12		\$29,354			
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13			\$13,783		
2.9.1	Dock Work - Repair	15	13			\$45,792		
2.9.2	Dock Pilings - Replace	50	13			\$175,536		
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3			\$78,961		
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$1,755		
12.1.1	Clubhouse - Repair Contingency	10	3			\$45,792		
12.1.2	Common Buildings - Repair Contingency	10	3			\$30,528		
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$15,875	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
TOTAL EXPENDED BY YEAR				\$0	\$29,354	\$392,147	\$15,875	\$0
CARRY OVER RESERVES				\$353,019	\$441,566	\$506,093	\$207,563	\$285,368
ANNUAL RESERVE CONTRIB				\$76,804	\$79,876	\$83,071	\$86,394	\$89,850
RESERVE EXPENDITURES				\$0	\$29,354	\$392,147	\$15,875	\$0
ACCUMULATED RESERVES				\$429,823	\$492,088	\$197,017	\$278,083	\$375,218
INTEREST EARNED				\$11,743	\$14,005	\$10,547	\$7,285	\$9,909
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$441,566	\$506,093	\$207,563	\$285,368	\$385,127
YEARS	0-1	2-10	11-30	11 (2031)	12 (2032)	13 (2033)	14 (2034)	15 (2035)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	141%	147%	153%	159%	165%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2036	17 2037	18 2038	19 2039	20 2040
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16	\$38,856				
8.3.1	Garage Doors - Replace	20	18			\$9,453		
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3					
11.1.3	Tractor Mower - Replace	20	18			\$18,571		
11.1.4	Road Sweeper - Maintenance	5	3			\$2,136		
12.1.1	Clubhouse - Repair Contingency	10	3					
12.1.2	Common Buildings - Repair Contingency	10	3					
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$19,314	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6	\$34,340				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17		\$44,642			
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					\$158,682
15.5.1	Water Mains - Repair	10	0					\$60,259
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
TOTAL EXPENDED BY YEAR				\$73,195	\$44,642	\$30,159	\$19,314	\$218,942
CARRY OVER RESERVES				\$385,127	\$417,233	\$483,078	\$569,544	\$673,715
ANNUAL RESERVE CONTRIB				\$93,444	\$97,182	\$101,069	\$105,112	\$109,316
RESERVE EXPENDITURES				\$73,195	\$44,642	\$30,159	\$19,314	\$218,942
ACCUMULATED RESERVES				\$405,375	\$469,773	\$553,988	\$655,342	\$564,090
INTEREST EARNED				\$11,858	\$13,305	\$15,556	\$18,373	\$18,567
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$417,233	\$483,078	\$569,544	\$673,715	\$582,657
YEARS	0-1	2-10	11-30	16 (2036)	17 (2037)	18 (2038)	19 (2039)	20 (2040)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	172%	179%	186%	193%	201%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20		MAINT. CYCLE	NEXT MAINT.	21 2041	22 2042	23 2043	24 2044	25 2045
2.6.1	Asphalt Pavement - Repair	10	12		\$43,451			
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13					
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					\$196,214
11.1.2	Truck - Replace	10	3			\$116,881		
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$2,598		
12.1.1	Clubhouse - Repair Contingency	10	3			\$67,783		
12.1.2	Common Buildings - Repair Contingency	10	3			\$45,189		
15.1.1	Water Meters - Replace	20	10					
15.1.2	PRV Vaults - Maintenance	5	4				\$23,498	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26					
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					
15.6.1	Septic Systems - Maintenance	15	8			\$60,824		
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
TOTAL EXPENDED BY YEAR				\$0	\$43,451	\$293,276	\$23,498	\$196,214
CARRY OVER RESERVES				\$582,657	\$715,531	\$812,904	\$664,426	\$790,311
ANNUAL RESERVE CONTRIB				\$113,689	\$118,236	\$122,966	\$127,885	\$133,000
RESERVE EXPENDITURES				\$0	\$43,451	\$293,276	\$23,498	\$196,214
ACCUMULATED RESERVES				\$696,346	\$790,316	\$642,594	\$768,813	\$727,097
INTEREST EARNED				\$19,185	\$22,588	\$21,832	\$21,499	\$22,761
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$715,531	\$812,904	\$664,426	\$790,311	\$749,858
YEARS	0-1	2-10	11-30	21 (2041)	22 (2042)	23 (2043)	24 (2044)	25 (2045)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	209%	217%	226%	235%	244%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$56,600

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

21-Jul-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2046	27 2047	28 2048	29 2049	30 2050
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	9					
2.7.1	Chain Link Fence - Replace	30	13					
2.9.1	Dock Work - Repair	15	13			\$82,469		
2.9.2	Dock Pilings - Replace	50	13					
7.4.1	Sloped Metal Roofs - Replace	40	10					
7.4.2	Low Sloped Roofs - Replace	20	16					
8.3.1	Garage Doors - Replace	20	18					
11.1.1	Backhoe - Replace	25	25					
11.1.2	Truck - Replace	10	3					
11.1.3	Tractor Mower - Replace	20	18					
11.1.4	Road Sweeper - Maintenance	5	3			\$3,161		
12.1.1	Clubhouse - Repair Contingency	10	3					
12.1.2	Common Buildings - Repair Contingency	10	3					
15.1.1	Water Meters - Replace	20	10					\$191,479
15.1.2	PRV Vaults - Maintenance	5	4				\$28,589	
15.1.3	Holiday Lake PRV - Replace	40	38					
15.1.4	Mount Vista Drive PRV - Replace	40	0					
15.1.5	Island Drive PRV - Replace	40	0					
15.2.1	Water Towers - Circulation System	30	26	\$64,912				
15.2.2	Water Towers - Repair	50	5					
15.2.3	Reservoir & Dam - Maintenance	10	6	\$50,831				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	17					
15.3.1	Holiday Lake Overflow - Refurbish	40	0					
15.4.1	Treatment Plant - Repair	20	0					
15.5.1	Water Mains - Repair	10	0					\$89,198
15.6.1	Septic Systems - Maintenance	15	8					
16.5.1	Generator - Replace	45	8					
18.1.1	Water Treatment System - Phase 1	50	1					
18.1.2	Water Treatment System - Phase 2	50	2					
TOTAL EXPENDED BY YEAR				\$115,743	\$0	\$85,630	\$28,589	\$280,677
CARRY OVER RESERVES				\$749,858	\$795,270	\$965,138	\$1,059,029	\$1,219,707
ANNUAL RESERVE CONTRIB				\$138,320	\$143,853	\$149,607	\$155,591	\$161,815
RESERVE EXPENDITURES				\$115,743	\$0	\$85,630	\$28,589	\$280,677
ACCUMULATED RESERVES				\$772,435	\$939,123	\$1,029,115	\$1,186,031	\$1,100,845
INTEREST EARNED				\$22,834	\$26,016	\$29,914	\$33,676	\$34,808
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$795,270	\$965,138	\$1,059,029	\$1,219,707	\$1,135,653
YEARS	0-1	2-10	11-30	26 (2046)	27 (2047)	28 (2048)	29 (2049)	30 (2050)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	254%	264%	275%	286%	297%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC



## 30 Year Summary at the Recommended Starting Funding of \$56,600 Using Inflated Dollar Values

### Inflation & Interest Assumptions

	Inflation	Interest
Years 0-1	0%	2%
Years 2-10	3%	2%
Years 11-30	4%	3%

### Risk of Special Assessment

Nominal Risk	100% and above
Low Risk	70% 99%
Moderate Risk	25% to 69%
Highest Risk	0% to 24%

Fiscal Year End	Fiscal Year Beginning Reserve Balance	Recommended Annual Reserve Contribution	Average Contribution per Unit per Month	Projected Reserve Expenditures	Projected Interest Earned	Fiscal Year End Reserve Balance	Projected Fully Funded Balance	% Funded
1 (2021)	\$331,565	\$56,600	\$12	(\$67,600)	\$6,521	\$327,086	\$524,469	62%
2 (2022)	\$327,086	\$58,298	\$12	(\$149,036)	\$5,634	\$241,983	\$440,856	55%
3 (2023)	\$241,983	\$60,047	\$13	(\$113,511)	\$4,305	\$192,824	\$393,955	49%
4 (2024)	\$192,824	\$61,848	\$13	(\$11,364)	\$4,361	\$247,669	\$449,397	55%
5 (2025)	\$247,669	\$63,704	\$13	(\$23,411)	\$5,356	\$293,318	\$496,105	59%
6 (2026)	\$293,318	\$65,615	\$14	(\$24,113)	\$6,281	\$341,102	\$545,211	63%
7 (2027)	\$341,102	\$67,583	\$14	(\$0)	\$7,498	\$416,183	\$621,653	67%
8 (2028)	\$416,183	\$69,611	\$15	(\$55,652)	\$8,463	\$438,605	\$646,538	68%
9 (2029)	\$438,605	\$71,699	\$15	(\$76,807)	\$8,721	\$442,218	\$652,873	68%
10 (2030)	\$442,218	\$73,850	\$15	(\$170,923)	\$7,874	\$353,019	\$567,193	62%
11 (2031)	\$353,019	\$76,804	\$16	(\$0)	\$11,743	\$441,566	\$658,164	67%
12 (2032)	\$441,566	\$79,876	\$17	(\$29,354)	\$14,005	\$506,093	\$726,152	70%
13 (2033)	\$506,093	\$83,071	\$17	(\$392,147)	\$10,547	\$207,563	\$436,906	48%
14 (2034)	\$207,563	\$86,394	\$18	(\$15,875)	\$7,285	\$285,368	\$515,318	55%
15 (2035)	\$285,368	\$89,850	\$19	(\$0)	\$9,909	\$385,127	\$615,813	63%
16 (2036)	\$385,127	\$93,444	\$20	(\$73,195)	\$11,858	\$417,233	\$650,327	64%
17 (2037)	\$417,233	\$97,182	\$20	(\$44,642)	\$13,305	\$483,078	\$718,099	67%
18 (2038)	\$483,078	\$101,069	\$21	(\$30,159)	\$15,556	\$569,544	\$806,520	71%
19 (2039)	\$569,544	\$105,112	\$22	(\$19,314)	\$18,373	\$673,715	\$912,918	74%
20 (2040)	\$673,715	\$109,316	\$23	(\$218,942)	\$18,567	\$582,657	\$827,682	70%
21 (2041)	\$582,657	\$113,689	\$24	(\$0)	\$19,185	\$715,531	\$961,866	74%
22 (2042)	\$715,531	\$118,236	\$25	(\$43,451)	\$22,588	\$812,904	\$1,062,009	77%
23 (2043)	\$812,904	\$122,966	\$26	(\$293,276)	\$21,832	\$664,426	\$920,538	72%
24 (2044)	\$664,426	\$127,885	\$27	(\$23,498)	\$21,499	\$790,311	\$1,047,558	75%
25 (2045)	\$790,311	\$133,000	\$28	(\$196,214)	\$22,761	\$749,858	\$1,011,492	74%
26 (2046)	\$749,858	\$138,320	\$29	(\$115,743)	\$22,834	\$795,270	\$1,059,184	75%
27 (2047)	\$795,270	\$143,853	\$30	(\$0)	\$26,016	\$965,138	\$1,229,445	79%
28 (2048)	\$965,138	\$149,607	\$31	(\$85,630)	\$29,914	\$1,059,029	\$1,326,002	80%
29 (2049)	\$1,059,029	\$155,591	\$32	(\$28,589)	\$33,676	\$1,219,707	\$1,488,783	82%
30 (2050)	\$1,219,707	\$161,815	\$34	(\$280,677)	\$34,808	\$1,135,653	\$1,411,521	80%

Note: The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.



## FULLY FUNDED BALANCE CALCULATIONS

### RCW 64.38.070 (j) states that a reserve study shall include:

“Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments”. Furthermore, RCW 64.38.070 (e) stipulates that a reserve study shall include “The percentage of the fully funded balance that the reserve account is funded”.

“Fully funded balance” means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component’s useful life.

The sum total of all reserve components’ fully funded balances is the association’s fully funded balance, as defined by RCW 64.38.010 (9).

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

The **percent fully funded** relates to how much the building has deteriorated, or been used up, compared to the cost of making it new again. Another way of thinking of this is the percent fully funded illustrates how much you should have saved thus far to pay for the future replacement of a component, based on the replacement cost and how many years you have to save.

## Example of how it works: A Roof Replacement

SCENARIO	ANALYSIS
<p><b>If you have a roof that will last 10 years and cost \$100,000 to replace:</b></p> <ul style="list-style-type: none"> <li>To pay for the future replacement in 10 years, you should save \$10,000 each year to have enough money to cover the replacement cost.</li> <li>When it is 2 years old, it is 20% used up, and the Fully Funded Balance for its future replacement is \$20,000. If you have saved \$10,000 for the future replacement in 2 years, you are 50% fully funded. If you have saved \$20,000, you are 100% fully funded.</li> <li>When the roof is 8 years old it will be 80% deteriorated, and its Fully Funded Balance would be \$80,000. If you have saved only \$10,000 by Year 8 you are 13% fully funded. If you have saved \$20,000, you are at 25%, and at \$80,000 you are at 100% fully funded.</li> </ul>	<ul style="list-style-type: none"> <li>A. In effect, the percent fully funded is a measure of how well an association can withstand the risk of unexpected expenses. Such unexpected expenses include: emergency expenses not covered by insurance, expenses that are higher than predicted, and expenses that are required earlier than anticipated.</li> <li>B. A higher percent funded means more money is in the bank, and that lowers the risk of special assessment when unexpected expenses occur. A poorly funded association would have less money available for unexpected expenses, and a higher risk of a special assessment to generate the needed funds.</li> <li>C. By looking at cash flow demands we are able to determine how much money is needed to fund anticipated replacement and maintenance of the reserve components and recommend a steady contribution over the 30 year span of the study. Budgeting to maintain a minimum balance, or threshold, helps to ensure that a special assessment will not be required if an unexpected expense arises.</li> </ul>



We typically recommend that an association select a minimum reserve account balance (or Threshold) it wants to maintain and select a contribution rate to maintain that minimum rather than try to build their account to 100% fully funded.

We usually recommend that an association consider a threshold equal to the recommended annual reserve contribution because this is the average maintenance expense over the thirty years. However, each association must judge their unique risk tolerance.

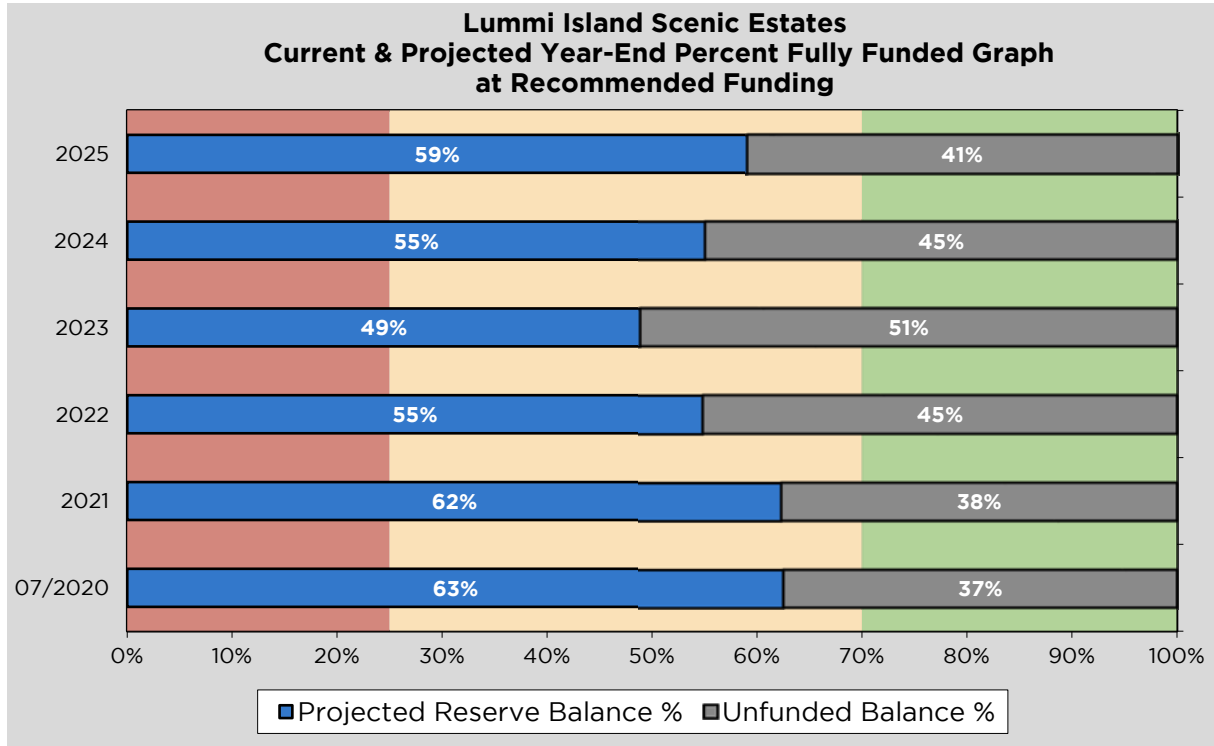
The Fully Funded Balance for Lummi Island Scenic Estates is \$657,912. The actual current funding is \$411,619. The Association is approximately 63% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 63% of the accumulated depreciation of the reserve components.

At 63%, Lummi Island Scenic Estates is considered to be at **moderate risk for a special assessment**.

% Funded	Special Assessment Risk Level
100% +	Nominal Risk
70% to 99%	Low Risk
25% to 69%	Moderate Risk
24% or less	High Risk

Below is a graph with the current and projected year-end percent fully funded calculated at the recommended starting annual reserve contribution of \$56,600.





### Deficit or Surplus in Reserve Funding

RCW 64.90.550 §2(I) requires that the reserve study include the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. This is calculated by subtracting the association’s reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit.

The fully funded balance attempts to calculate the current value of the deteriorated portion of all the reserve components. In other words, the fully funded balance assumes that money will be saved every year for the next maintenance of a component; the fully funded balance calculates how much money should be saved for the future maintenance based on the age of each component and the cost for future maintenance. The **Fully Funded Balance Calculation Table** that follows in this report shows the calculation for each component. The intent of RCW 64.90.550 §2 (I) is to show each unit’s “share” of the surplus or deficit in reserve funding.

The Recommended Funding Plan is based on **Threshold Funding**. Threshold Funding is a reserve contribution rate that is constant, increasing annually with inflation, to provide funds for all anticipated reserve expenses for the life of the study, but leaving a minimum level of reserves (the “threshold”) at all times. The threshold provides a monetary cushion in the reserve account to help ensure that a special assessment is not required for the duration of the study, even in years when there are significant withdrawals from the reserve account. Primary consideration is given to cash needed to cover expenses and the threshold; the percent funded is typically targeted to be 80%.

#### If the reserve account balance is:

- **equal to** the fully funded balance, Lummi Island Scenic Estates would be judged as 100% fully funded. There would be neither a surplus nor deficit.
- **less** than the fully funded balance, there is a **deficit** meaning Lummi Island Scenic Estates would be considered behind on saving for future maintenance.
- **more** than the fully funded balance, there is a **surplus** meaning Lummi Island Scenic Estates would be deemed ahead on saving for future maintenance.

Reserve Account Balance as of April 30, 2020	\$411,619
Current Fully Funded Balance	\$657,912
Reserve Fund (Deficit)	(\$246,293)
Number of Units	399
Average (Deficit) per Unit	(\$617)

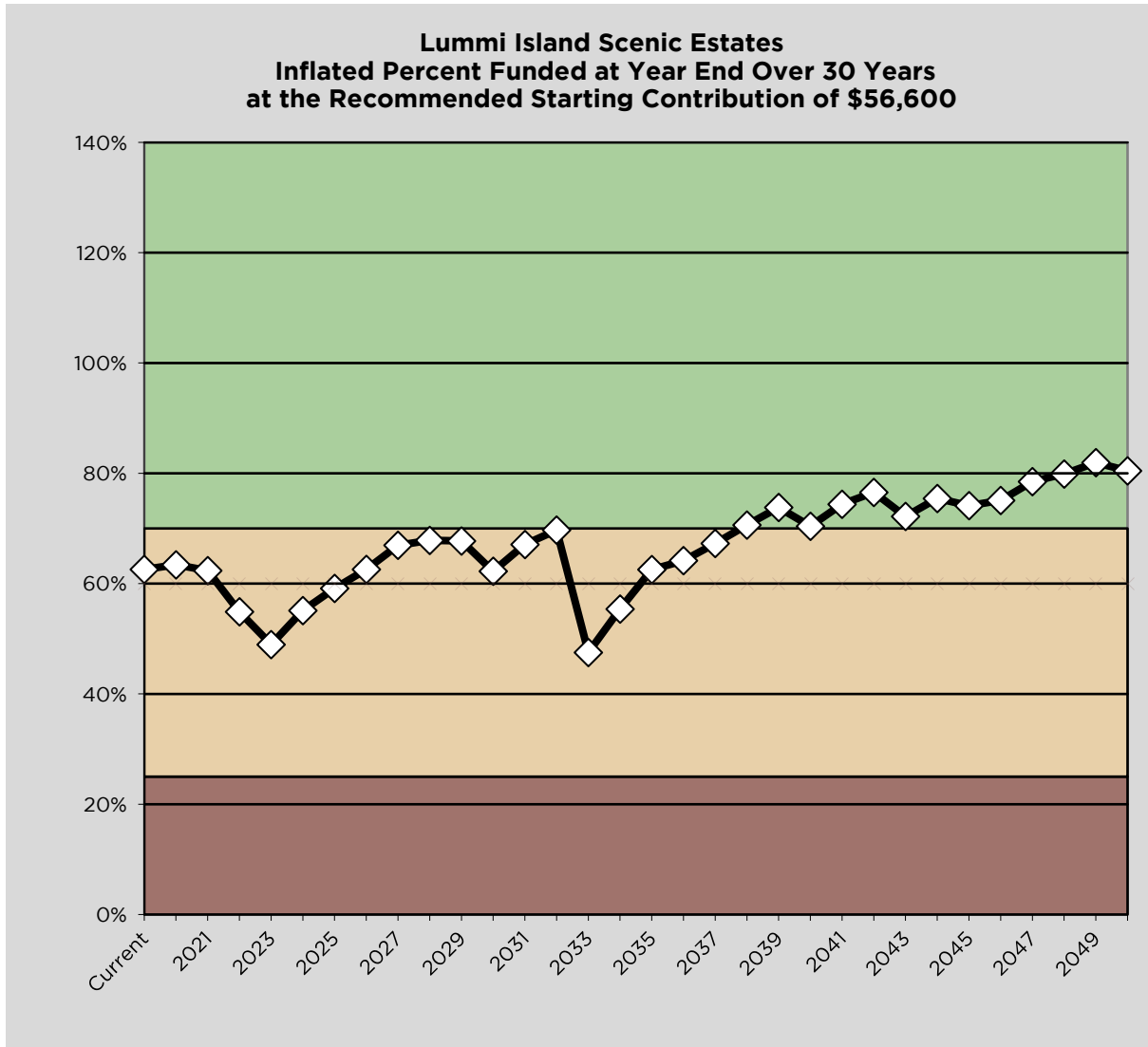
Allocated interest is divided evenly between the units at Lummi Island Scenic Estates.





### Inflated Percent Funded at Year End Over 30 Years

The following graph illustrates the projected percent funded at year end over the next 30 years at the recommended starting contribution rate of \$56,600. The chart includes inflated values, interest, and special assessments (if applicable).





**FULLY FUNDED BALANCE CALCULATION TABLE**



Fully Funded Balance Calculations

Lummi Island Scenic Estates

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

Component Description	Quantity	Unit	Maintenance Cycle (Useful Life)	Remaining Useful Life	Effective Age	Current Replacement Cost	Fully Funded Balance
100% 2.6.1 Asphalt Pavement - Repair	1	LS	10	12	-	\$20,000	\$0
100% 2.6.2 Asphalt Pavement - Major Repair	16000	SF	40	2	38	\$74,130	\$70,424
100% 2.6.3 Asphalt Parking Lot - Overlay	14000	SF	40	9	31	\$48,300	\$37,433
100% 2.7.1 Chain Link Fence - Replace	320	LF	30	13	17	\$9,030	\$5,117
100% 2.9.1 Dock Work - Repair	1	LS	15	13	2	\$30,000	\$4,000
100% 2.9.2 Dock Pilings - Replace	1	LS	50	13	37	\$115,000	\$85,100
100% 7.4.1 Sloped Metal Roofs - Replace	33	SQ	40	10	30	\$31,560	\$23,670
100% 7.4.2 Low Sloped Roofs - Replace	17	SQ	20	16	4	\$22,630	\$4,526
100% 8.3.1 Garage Doors - Replace	3	EA	20	18	2	\$5,090	\$509
100% 11.1.1 Backhoe - Replace	1	EA	25	25	-	\$80,290	\$0
100% 11.1.2 Truck - Replace	1	EA	10	3	7	\$51,730	\$36,211
100% 11.1.3 Tractor Mower - Replace	1	EA	20	18	2	\$10,000	\$1,000
100% 11.1.4 Road Sweeper - Maintenance	1	LS	5	3	2	\$1,150	\$460
100% 12.1.1 Clubhouse - Repair Contingency	1	LS	10	3	7	\$30,000	\$21,000
100% 12.1.2 Common Buildings - Repair Contingency	1	LS	10	3	7	\$20,000	\$14,000
100% 15.1.1 Water Meters - Replace	218	EA	20	10	10	\$64,400	\$32,200
100% 15.1.2 PRV Vaults - Maintenance	1	LS	5	4	1	\$10,000	\$2,000
100% 15.1.3 Holiday Lake PRV - Replace	1	LS	40	38	2	\$15,000	\$750
100% 15.1.4 Mount Vista Drive PRV - Replace	1	LS	40	0	40	\$8,000	\$8,000
100% 15.1.5 Island Drive PRV - Replace	1	LS	40	0	40	\$8,000	\$8,000
100% 15.2.1 Water Towers - Circulation System	2	EA	30	26	4	\$25,540	\$3,405
100% 15.2.2 Water Towers - Repair	2	EA	50	5	45	\$20,000	\$18,000
100% 15.2.3 Reservoir & Dam - Maintenance	1	LS	10	6	4	\$20,000	\$8,000
100% 15.2.4 Mixer Unit & Storage Tanks - Maintenance	1	LS	20	17	3	\$25,000	\$3,750
100% 15.3.1 Holiday Lake Overflow - Refurbish	1	LS	40	0	40	\$10,000	\$10,000
100% 15.4.1 Treatment Plant - Repair	1	LS	20	0	20	\$79,000	\$79,000
100% 15.5.1 Water Mains - Repair	17849	LF	10	0	10	\$30,000	\$30,000
100% 15.6.1 Septic Systems - Maintenance	2	EA	15	8	7	\$26,920	\$12,563
100% 16.5.1 Generator - Replace	1	EA	45	8	37	\$15,440	\$12,695
100% 18.1.1 Water Treatment System - Phase 1	1	LS	50	1	49	\$65,000	\$63,700
100% 18.1.2 Water Treatment System - Phase 2	1	LS	50	2	48	\$65,000	\$62,400
<b>FULLY FUNDED BALANCE</b>						<b>Total</b>	<b>\$657,912</b>

**CURRENT RESERVE BALANCE = \$411,619**

**PERCENT FULLY FUNDED = 63%**

July 21, 2020

**ABBREVIATION KEY**

EA each  
BLDG building(s)  
FIXT fixture(s)

LF linear foot  
LS lump sum  
SF square feet

SQ roofing square  
SY square yard  
ZN zone



## SUPPLEMENTAL BUDGET INFORMATION (SBI)

RCW 64.38.025 states that within thirty days after adoption of any proposed budget for the association, the board of directors shall provide a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. As part of the summary of the budget to all owners, the board of directors shall disclose the supplemental budget information as outlined in RCW 64.38.025 §4, which we refer to as the Supplemental Budget Information (SBI). Below is a sample of the SBI we will compile when the association is ready to provide a summary of the budget to the unit owners. Please contact RCL one week before the Association plans on sending the budget summary to unit owners and we will issue a completed SBI at no additional charge within one year of issuing the draft of the reserve study report.

Funding Information	
\$19,500	Proposed annual contribution to reserves for the fiscal year ending in 2021 per the budget.
\$120,000	Projected fiscal year end 2020 reserve balance per the budget.
\$17,800	Budgeted annual contribution to reserves for the current fiscal year ending in 2020.

Information from the Most Recent Reserve Study	
77%	Percent fully funded as of the date of the most recent reserve study (2019).
\$19,570	Recommended annual contribution to reserves for the fiscal year ending in 2021.
Threshold	Type of funding plan used for recommended annual funding per the most recent reserve study.
\$115,582	Projected fiscal year end 2020 reserve balance per the most recent reserve study.
Yes	Based upon the most recent reserve study (2019), will the Association have funds to meet obligations for the next 30 years at the <b>current contribution rate</b> *?

\* We assume the current contribution rate will be adjusted annually for inflation. Not doing so may cause a failure to meet obligations.

### Anticipated Reserve Funding Shortfalls Over the Next 30 Years

\$17,800 Current Fiscal Year Reserve Contribution			\$19,500 Proposed Annual Reserve Contribution		
Fiscal Year End	Projected Funding Shortfall	Average Shortfall Per Unit Per Year	Fiscal Year End	Projected Funding Shortfall	Average Shortfall Per Unit Per Year
	None			None	

### Proposed Additional Regular or Special Assessment for Fiscal Year End 2021

No	Is additional funding (Regular or Special Assessment) planned in the proposed budget?	The purpose for the additional funding:
N/A	Amount of additional Regular or Special Assessment.	
N/A	Average amount per unit per year.	
N/A	Average amount per unit per month.	
N/A	Date assessment is due.	

### Comparison of Fiscal Year End Projections for Next Five Years

\$17,800 Current Reserve Contribution			\$19,570 Recommended Reserve Contribution			\$19,500 Proposed Reserve Contribution		
Fiscal Year End	Reserve Account Balance	Percent Fully Funded	Fiscal Year End	Reserve Account Balance	Percent Fully Funded	Fiscal Year End	Reserve Account Balance	Percent Fully Funded
2021	\$131,775	105%	2021	\$132,987	106%	2021	\$133,492	106%
2022	\$143,991	103%	2022	\$146,476	105%	2022	\$147,511	106%
2023	\$159,057	102%	2023	\$162,877	104%	2023	\$164,469	105%
2024	\$166,675	100%	2024	\$171,896	104%	2024	\$174,071	105%
2025	\$171,576	99%	2025	\$178,265	103%	2025	\$181,052	105%

Contributions and expenses are both inflated for the 5 Year Projection calculations.

COPYRIGHT 2020 Reserve Consultants LLC



RCW 64.90.525 §2 of the WUCIOA requires that the budget disclosure include:

- (d) The current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis

Below is a sample of the SBI we will compile when the association is ready to provide a summary of the budget to the unit owners. Please contact RCL one week before the Association plans on sending the budget summary to unit owners and we will issue a completed WUCIOA SBI at no additional charge within one year of issuing the draft of the reserve study report.

Funding Information	
✓	Sample Association does have a current reserve study that complies with RCW 64.90.550 (WUCIOA).
✓	Sample Association does have a current reserve study that complies with RCW 64.34.382 (Condominium Act).
\$17,800	The current regular reserve assessments budgeted for annual contribution to the reserve account.
\$19,570	The Recommended annual contribution to reserves for the fiscal year ending in 2021.*
\$19,500	The Proposed annual contribution to reserves for the fiscal year ending in 2021 per the budget.
<b>* The proposed budget does not meet or exceed the reserve study recommendations.</b>	
(\$70)	Difference between the Proposed and Recommended annual contribution to reserves.
<b>*The Recommended annual contribution represents Threshold Funding, which ensures there is enough cash over 30 years to cover anticipated reserve expenses, but does not necessarily represent a plan that achieves 100% Fully Funded.</b>	

At the time of the most recent reserve study Sample Association was 77% fully funded. For comparison, the average percent funded for Reserve Consultants LLC clients since 2014 is 67%.

Current (Deficiency) in Reserve Funds Compared to the Fully Funded Balance on a per Unit Basis	
\$120,000	The projected fiscal year end 2020 reserve balance per the budget.
\$125,870	The projected fiscal year end 2020 Fully Funded Balance per the reserve study.
(\$5,870)	The total (deficiency) in reserves, compared to the Fully Funded Balance.

Unit Number	Allocated Interest	(Deficiency) per Unit	Unit Number	Allocated Interest	(Deficiency) per Unit	Unit Number	Allocated Interest	(Deficiency) per Unit
100	3.3226%	(\$195.03)	209	4.8397%	(\$284.08)	400	2.0472%	(\$120.17)
101	3.3856%	(\$198.73)	300	1.9574%	(\$114.90)	401	2.2268%	(\$130.71)
200	1.9574%	(\$114.90)	301	2.1370%	(\$125.44)	402	2.2896%	(\$134.40)
201	2.1370%	(\$125.44)	302	2.1998%	(\$129.12)	403	2.3794%	(\$139.67)
202	2.1998%	(\$129.12)	303	2.2896%	(\$134.40)	404	3.1696%	(\$186.05)
203	2.2896%	(\$134.40)	304	3.0798%	(\$180.78)	405	3.3491%	(\$196.59)
204	3.0798%	(\$180.78)	305	3.2594%	(\$191.32)	406	3.1965%	(\$187.63)
205	3.2594%	(\$191.32)	306	3.1067%	(\$182.36)	407	2.3701%	(\$139.12)
206	3.1067%	(\$182.36)	307	3.1426%	(\$184.47)	408	5.0193%	(\$294.63)
207	2.6222%	(\$153.92)	308	4.9295%	(\$289.35)	409	5.8816%	(\$345.24)
208	4.8397%	(\$284.08)	309	4.9295%	(\$289.35)			
<b>Column Total</b>	<b>32.20%</b>	<b>(\$1,890.08)</b>	<b>Column Total</b>	<b>35.87%</b>	<b>(\$2,105.57)</b>	<b>Column Total</b>	<b>31.93%</b>	<b>(\$1,874.20)</b>
			<b>Grand Total</b>	<b>100.00%</b>	<b>(\$5,870)</b>			

COPYRIGHT 2020 Reserve Consultants LLC



## DISCLOSURES

1. Reserve Consultants LLC also provides construction inspection services for condominiums and does design and construction oversight for major repair projects, including roofing, decks and building envelope replacement.
2. No shareholder or employee of Reserve Consultants LLC has any interest in, or obligation to, any construction company, management company, or development entity that creates condominiums; nor is there any involvement with Lummi Island Scenic Estates which could result in a conflict of interest.
3. Reserve Consultants LLC has been a member of the Community Associations Institute since about 1993, and has worked with a variety of management companies, associations and other types of clients in Washington State.
4. This report and analysis is based upon observations of the visible and apparent condition of the building and its major components on the date of the inspection. Although care has been taken in the performance of this inspection, Reserve Consultants LLC (and/or its representatives) make no representations regarding latent or concealed defects which may exist and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and appliances. Predictions of life expectancy and the balance of useful life are necessarily based on industry and/or statistical comparisons. It is essential to understand that actual conditions can alter the useful life of any item. The previous use or misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of god, and unforeseen circumstances make it impossible to state precisely when each item would require replacement. The client herein should be aware that certain components within the above referenced property may function consistent with their purpose at the time of inspection, but due to their nature, are subject to deterioration without notice.
5. Unless otherwise noted, all reserve components are assumed to meet the building code requirements in force at the time of construction. Any on-site inspection should not be considered a project audit or quality inspection.
6. Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided by others is believed to be reliable. Information provided by others was not audited; we assume no responsibility for accuracy thereof. Any on-site inspection should not be considered a project audit or quality inspection.
7. The reserve study is a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical record.



## APPENDIX - GLOSSARY OF TERMS

**Allocated Interests** - the following interests allocated to each unit: (a) In a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association; (b) In a cooperative, the common expense liability, the ownership interest, and votes in the association; and (c) In a plat community and miscellaneous community, the common expense liability and the votes in the association, and also the undivided interest in the common elements if owned in common by the unit owners rather than an association. RCW 64.90.010 §2.

**Assessment** - all sums chargeable by the association against a unit, including any assessments levied pursuant to RCW 64.90.480, fines or fees levied or imposed by the association pursuant to this chapter or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees. RCW 64.90.010 §3.

**Association or Unit Owners Association** - the unit owners association organized under RCW 64.90.400 of WUCIOA and, to the extent necessary to construe sections of this chapter made applicable to common interest communities pursuant to RCW 64.90.085, 64.90.095, or 64.90.100 of WUCIOA, the association organized or created to administer such common interest communities. RCW §64.90.010 §4)

**Baseline Funding Plan** - A reserve contribution rate that is constant, increasing with inflation, to provide funds for all anticipated reserve expenses so that no special assessments are required for 30 years, but with no excess funds some years.

**Board** - the body, regardless of name, designated in the declaration, map, or organizational documents, with primary authority to manage the affairs of the association. RCW §64.90.010 §6.

**Building Codes** - Nationally recognized standards used to gauge the acceptability of a particular material or building procedure. Typically, if something is built to "code," it is acceptable to all concerned. Some often used codes are International Building Code (IBC) (applicable to most multifamily housing), International Residential Code (IRC) (applicable to one and two family structures),

Washington Energy Code, National Electric Code (NEC), Uniform Plumbing Code (UPC), and the National Fire Protection Association Standards (NFPA). These are usually amended slightly by each city or county.

**Building Component** - see "Reserve Component".

**Component Number** - A number assigned to each building component that allows grouping of like components. The numbers are based roughly on the Construction Specification Institute system.

**Common Elements** - (a) In a condominium or cooperative, all portions of the common interest community other than the units; (b) In a plat community or miscellaneous community, any real estate other than a unit within a plat community or miscellaneous community that is owned or leased either by the association or in common by the unit owners rather than an association; and (c) In all common interest communities, any other interests in real estate for the benefit of any unit owners that are subject to the declaration. RCW §64.90.010 §7.

**Common Expense** - any expense of the association, including allocations to reserves, allocated to all of the unit owners in accordance with common expense liability. RCW §64.90.010 §8.

**Common Expense Liability** - the liability for common expenses allocated to each unit pursuant to RCW 64.90.040 of RCW. RCW §64.90.010 §9.

**Common Interest Community** - real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements, other units, or other real estate described in the declaration. "Common interest community" does not include an arrangement described in RCW 64.90.110 or RCW 64.90.115. A common interest community may be a part of another common interest community. RCW §64.90.010 §10.

**Contribution Rate** - in a Reserve Study as described in RCW 64.38, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement



costs without the need of a special assessment. RCW 64.38.010 (6)

**Constant Dollars** - costs and contributions are provided in today's dollars, no matter how far in the future they occur. Inflation and interest are not factored in.

**Effective Age** - the difference between the useful life and the remaining useful life. RCW 64.38.010 §7 & RCW §64.90.010 §21.

**Full Funding Plan** - a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the thirty-year study period described under RCW64.90.550 of WUCIOA, in which the reserve account balance equals the sum of the estimated costs required to maintain, repair, or replace the deteriorated portions of all reserve components. RCW §64.90.010 §25.

**Fully Funded Balance** - the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.38.010 §9 & RCW §64.90.010 §26.

**Inflated Dollars** - as opposed to constant dollars, inflated dollars recognize that costs in the future will probably be higher than today because each dollar will buy fewer goods and services. A rate of inflation must be assumed and applied to all future costs. Also referred to as future cost.

**Inflation Multiplier** - 100% plus the assumed rate of inflation. Thus, for an assumed yearly inflation rate of 5%, the "multiplier" would be 105% or 1.05 if expressed as a decimal number rather than as a percentage. Each successive year the previous year's "multiplier" is multiplied by this number to arrive at the next year's "multiplier."

**Interest Rate Multiplier** - The assumed rate of interest earned on the average annual reserve bank account balance. Thus, 4% interest would be 0.04 expressed as a decimal number. A rate of interest earned must be assumed for all future years. Typically this is lower than the rate of inflation.

**Limited Common Element** - a portion of the common elements allocated by the declaration or by operation of RCW 64.90.210 §1(b) or §2

for the exclusive use of one or more, but fewer than all, of the unit owners. RCW §64.90.010 §30.

Unit owners may be responsible for the cost to repair and maintain limited common elements, so those costs may not appear in a Reserve Study.

**Maintenance Cycle** - the frequency of maintenance on a component to reach or extend its Useful Life. Often shorter than the full "Useful Life" for repairs that occur in lieu of complete replacement.

**Next Repair** - the next time the "Repair Cycle" starts with work on a component.

**Nominal Reserve Costs** - the current estimated total replacement costs of the reserve components are less than fifty percent of the annual budgeted expense of the association, excluding contributions to the reserve funds, for a condominium or cooperative containing horizontal unit boundaries and less than seventy five percent of the annual budgeted expenses of the association, excluding contributions to the reserve fund for all other common interest communities. RCW §64.90.010 §34.

**Percent Fully Funded** - The percentage of the "Fully Funded Balance" which the current condominium Reserve Account actually has in it.

**RCW** - the Revised Code of Washington. RCW 64.38 is the **Washington Homeowners' Act**, the statute that governs homeowners' associations formed prior to June 30, 2018.

RCW 64.90 is the Uniform Common Interest Ownership Act (**WUCIOA**) and governs common interest properties formed after July 1, 2018 and requires all common interest properties in Washington State to comply with RCW 64.90.525.

**Remaining useful life** - the estimated time, in years, that a reserve component can be expected to continue to serve its intended function. RCW 64.38.010 §14.

Or the estimated time before a reserve component will require major maintenance, repair or replacement to perform its intended function. RCW §64.90.010 §44.

**Replacement Cost** - the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.38.010 §15.





Or the estimated total cost to maintain, repair, or replace a reserve component to its original functional condition. RCW §64.90.010 §45.

**Reserve Account** - Money set aside for future repair and replacement projects. For condominiums, the RCW requires a separate Reserve Account be maintained to hold reserves to fund repair or replacement of Reserve Components.

**Reserve Component** - common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget. RCW 64.38.010 §16.

Or a physical component of the common interest community which the association is obligated to maintain, repair, or replace, which has an estimated useful life of less than thirty years, and for which the cost of such maintenance, repair or replacement is infrequent, significant, and impractical to include in an annual budget. RCW §64.90.010 §46.

**Reserve Contribution Rate** - The amount of money saved to fund replacement costs for maintenance and repairs of common elements. See "Contribution Rate". Current contributions and Recommended contributions may be different.

**Reserve Specialist** - A designation for those professionals who have met the standards established by Community Associations Institute ([www.caionline.org](http://www.caionline.org)) for Reserve Study providers.

**Reserve Study** - A physical assessment of a building and a subsequent report which estimates the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget, which will need to be repaired or replaced over the next 30 years. It provides estimates of these replacement costs and details expected annual expenditures. It is used to calculate the Reserve Contribution Rate required to maintain a facility in good condition both functionally and cosmetically. The Washington Condominium Act sets out requirements for annual reserve studies.

**Reserve Study Professional** means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.38, RCW 64.38.010 §17, RCW 64.90.545 and RCW 64.90.550. For

the purposes of WUCIOA, "independent" means a person who is not an employee, officer, or director, and has no pecuniary interest in the declarant, association, or any other party for whom the reserve study is prepared. RCW §64.90.010 §47.

**Special Assessment** - A levy against all unit owners that is necessary when a needed repair/replacement/upgrade has not been planned for, and for which insufficient money has been saved.

**Threshold Funding (contribution rate)** - A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses for the life of the study, but leaving a minimum level of Reserves (the "threshold") at all times. Our default minimum threshold is one year's contribution.

**Typ.** - Abbreviation for 'typical'; used on photographs and in text to refer to a problem that is shown or described once, but applies to many locations.

**Typical Life** - An average expected life for an average building component. As in any statistical average, there is a range of years over which each individual item might fall. This is the same as "Useful life".

**Useful life** means the estimated time, in years, that a reserve component can be expected to serve its intended function. RCW 64.38.010 §20 or the estimated time during which a reserve component is expected to perform its intended function without major maintenance, repair or replacement. RCW §64.90.010 §59.

**Year End Reserve Balance or Reserve Fund Balance** - What is projected to be left in the reserve account after the expected yearly expenses and contributions are added to the prior year's carryover balance. Assumes that the reserve contributions and expenses occur as predicted.

**Yearly Expenses** - The total labor and material costs associated with all of the repairs/maintenance that are scheduled in that particular year.

**30 Year Spreadsheet** - A summary listing each building component and its yearly cost to maintain/repair over the next 30 years. It also lists the annual reserve fund balance, reserve contributions, reserve expenses and bank interest earned on any reserve fund balance.



## APPENDIX - EVALUATORS' CREDENTIALS

### Denise Dana

#### **Principal**

Reserve Consultants LLC

B.S. Education,  
M. Architecture

Washington Registered  
Architect, #8702

LEED Accredited Professional

Reserve Specialist, #291

Denise Dana first obtained licensure as an Architect and became a LEED accredited professional in 2003. She is currently a licensed Architect in the State of Washington and is certified by the National Council of Architectural Registration Boards. With over fifteen years of experience in architecture, her resume includes a variety of project types ranging from residential to corporate. She has worked through all phases of construction including design development, construction documentation and construction administration with project budgets varying from a few thousand dollars to over sixty million dollars. Denise has been conducting reserve studies since joining Reserve Consultants in 2008; in 2011 she was recognized as a "Reserve Specialist" by the Community Associations Institute.

### Mahria Sooter

#### **Principal**

Reserve Consultants LLC

B.A. Springfield College, MA

Reserve Specialist, #380

Mahria joined Reserve Consultants in 2016. Mahria holds a Bachelor of Science degree from Springfield College, MA. In 2019, the Condominium Associations Institute recognized Mahria as a "Reserve Specialist." She has over 20 years of experience with marketing and various aspects of integrated communication in the construction industry. In 2018, Mahria received a certificate of completion from the King County Dispute Resolution Center for Basic Mediation Training providing her the skills to assist Associations with identifying and effectively communicating interests and goals. Mahria's attention to detail lends well to providing clear and concise recommendations that clients can utilize to make informed decisions.