



## LUMMI ISLAND SCENIC ESTATES

Lummi Island, Washington

Standard Level 3 Reserve Study update without a site visit

### 2022 FUNDING RECOMMENDATIONS

Issued June, 2021

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Next Update: **Level 2** study by **June, 2022**

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### ABBREVIATION KEY

<b>EA</b>	each
<b>BLDG</b>	building(s)
<b>FIXT</b>	fixture(s)
<b>LF</b>	linear foot
<b>LS</b>	lump sum
<b>SF</b>	square feet
<b>SQ</b>	roofing square
<b>SY</b>	square yard
<b>ZN</b>	zone



## EXECUTIVE SUMMARY

**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.**

Lummi Island Scenic Estates is a 399-unit residential community located along Island Drive on Lummi Island, Washington. Construction of Lummi Island Scenic Estates 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.

LUMMI ISLAND SCENIC ESTATES RESERVE FUND STATUS	
LUMMI ISLAND SCENIC ESTATES'S FISCAL YEAR	a calendar year
RESERVE ACCOUNT BALANCE ON <b>APRIL 30, 2021</b>	\$403,516 <sup>1</sup>
FULLY FUNDED BALANCE YEAR 2021	\$1,750,990 <sup>2</sup>
PERCENT FUNDED AT TIME OF STUDY	23% <sup>3</sup>
FUNDING STATUS - RISK OF SPECIAL ASSESSMENT	High Risk
2021 PLANNED OR IMPLEMENTED SPECIAL ASSESSMENT	None
COMPONENT INCLUSION THRESHOLD VALUE	\$3,591

LUMMI ISLAND SCENIC ESTATES CURRENT AND RECOMMENDED RESERVE CONTRIBUTIONS	
CURRENT BUDGETED ANNUAL CONTRIBUTION TO RESERVES	\$56,600
<b>2022 RECOMMENDED ANNUAL CONTRIBUTION RATE</b>	<b>\$56,600</b>
<b>2021 SPECIAL ASSESSMENT / LOAN</b>	<b>\$100,000<sup>4</sup></b>
<b>2022 SPECIAL ASSESSMENT / LOAN</b>	<b>\$1,169,000<sup>4</sup></b>
2022 RECOMMENDED CONTRIBUTION PER MONTH	\$4,717
2022 AVERAGE CONTRIBUTION PER UNIT PER YEAR	\$142
2022 AVERAGE CONTRIBUTION PER UNIT PER MONTH	\$12
2022 BASELINE FUNDING PLAN CONTRIBUTION RATE	\$41,800
2022 FULL FUNDING PLAN CONTRIBUTION RATE	\$55,100

<sup>1</sup> The actual or projected total reserve fund balance presented in the Reserve Study is based on information provided by the Association representative and was not audited by RCL.

<sup>2</sup> 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 in RCW 64.38.010 §9 & RCW §64.90.010 §26. The fully funded balance changes from year to year.

<sup>3</sup> The percent fully funded acts as a measuring tool to assess an association's ability to absorb unplanned expenses. 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.

<sup>4</sup> The Association expects to complete a Water Treatment System replacement project in 2021 and 2022 at a cost of \$1,269,000 respectively. A special assessment/loan is shown in 2021 in the amount of \$100,000 and in 2022 in the amount of \$1,169,000 to cover the anticipated expenses.





## FINANCIAL OVERVIEW FOR 2022

**\$256,291**

2022 Estimated Starting Balance

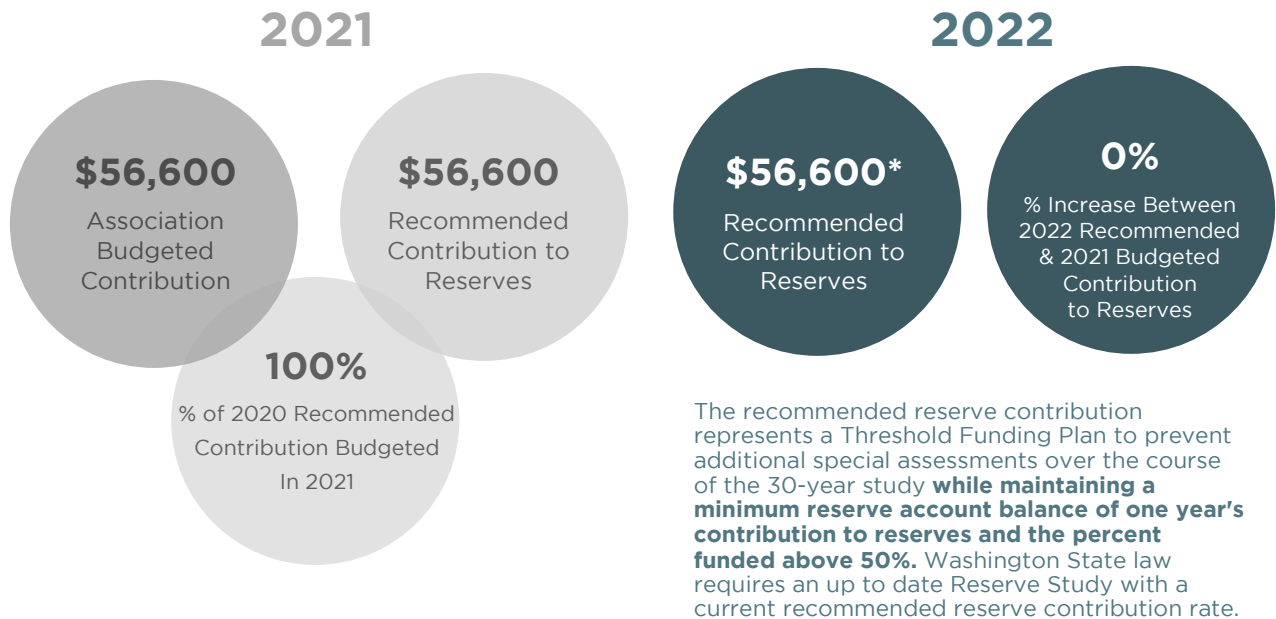
**69%**

2022 Estimated Percent Funded w/the Recommended Funding Plan

**\$1,215,760**

2022 Estimated Reserve Expenditures

## RESERVE CONTRIBUTION COMPARISON 2021 VS 2022



\* The Association expects to complete a Water Treatment System replacement project in 2021 and 2022 at a cost of \$1,269,000 respectively. A special assessment/loan is shown in 2021 in the amount of \$100,000 and in 2022 in the amount of \$1,169,000 to cover the anticipated expenses.

## ESTIMATED STARTING RESERVE FUND BALANCE FOR 2022

### BALANCE CALCULATIONS

The fiscal year for Lummi Island Scenic Estates is a calendar year.

\$403,516	Reserve Fund Balance as of April 30, 2021
(\$286,060)	Anticipated Remaining Reserve Expenses In 2021
\$0	Planned Special Assessment In 2021
\$37,732	Remaining Reserve Contributions For 2021
\$1,103	Projected Interest on the 2021 Reserve Fund Balance
<b>\$256,291</b>	<b>ESTIMATED STARTING BALANCE FOR FISCAL YEAR 2022</b>



SUMMARY OF THE ANTICIPATED REMAINING MAINTENANCE EXPENSES FOR 2021

COMPONENT DESCRIPTION	ESTIMATED COST
2.6.2 Asphalt Pavement - Major Repair	\$75,520
15.1.4 Mount Vista Drive PRV - Replace	\$50,000
15.1.5 Island Drive PRV - Replace	\$10,000
15.2.5 Clubhouse Water Line - Replace	\$20,000
15.4.1 Water Treatment System - Phase 1	\$100,000
15.5.1 Water Mains - Repair	\$30,540
<b>Total Estimated Costs for 2021</b>	<b>\$286,060</b>



## ASSOCIATION OVERVIEW

Lummi Island Scenic Estates is a 399-unit residential community located in Lummi Island, Washington. Construction 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.

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

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



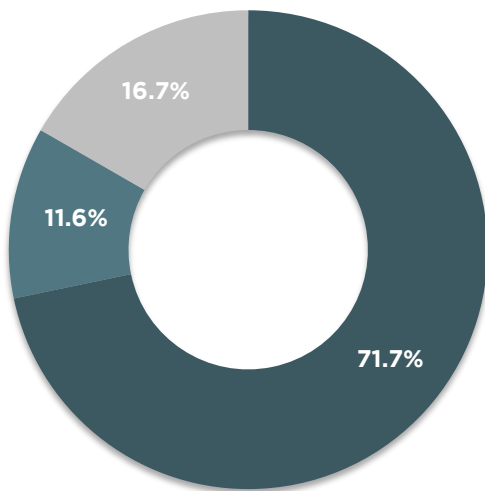


## COMPONENT SUMMARY

Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. Reserve studies for homeowners' associations are required to include 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 (RCW 64.38.070). While the law defines the inclusion threshold to be 1% of the operating budget, or \$3,591, components valued less than the legal threshold may be included to better capture reserve funding for Lummi Island Scenic Estates.

### ANTICIPATED EXPENSES<sup>1</sup> ALLOCATED OVER 30 YEARS FOR LUMMI ISLAND SCENIC ESTATES

*The components listed below provide examples for each category and may or may not pertain specifically to components that Lummi Island Scenic Estates is responsible for maintaining.*



#### PRIMARY EXPENSES

**71.8% LIFE SAFETY:** water treatment, plumbing, drainage, HVAC, electrical, lighting, & fire suppression

**11.6% EXTERIOR ENVELOPE:** structural components, guardrails, decks, siding, chimney chases, roofing, gutters & downspouts, doors, and windows

#### SECONDARY EXPENSES - Discretionary

**16.7% SECONDARY** including paving, docks, fencing, walkways, signage, trucks, reserve studies<sup>2</sup>

The total anticipated Primary and Secondary expenses over the next 30 years are illustrated to help the community understand the ratio of obligatory and elective maintenance. The ratio for the first five years is provided later in the report to assist with budgeting refinements.

**Primary Expenses** are maintenance expenses that should not be deferred due to the potential consequences of postponing upkeep of these components.

**Secondary Expenses** are maintenance expenses that could potentially be deferred since the timing of maintenance is typically discretionary.

<sup>1</sup> Not all components that are the individual unit owners' responsibility are described in the report. Items maintained with funds from the annual operating and/or individual unit owners are not included in the reserve fund analysis.

<sup>2</sup> While reserve study annual updates are required by law, there is no penalty for not completing an annual update and the lack of an annual update does not necessarily pose a risk to public safety.



## COMPONENT LIST

The component list is based on information provided by Lummi Island Scenic Estates. Reserve Consultants LLC does not provide legal interpretations of governing documents. It is the responsibility of Lummi Island Scenic Estates to ensure that the component list is complete and complies with their governing documents. 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.

 Primary Expenses  Secondary (Discretionary) Expense

COMPONENT DESCRIPTION		MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
2.6.1 Asphalt Pavement - Repair	Site	10	11	2032	\$20,360
2.6.2 Asphalt Pavement - Major Repair	Site	40	0	2021	\$75,520
2.6.3 Asphalt Parking Lot - Overlay	Site	40	8	2029	\$49,220
2.7.1 Chain Link Fence - Replace	Site	30	12	2033	\$9,190
2.9.1 Dock Work - Repair	Site	15	12	2033	\$30,540
2.9.2 Dock Pilings - Replace	Site	50	12	2033	\$117,060
6.1.1 Clubhouse - Repair Contingency	Ext Envelope	10	2	2023	\$30,540
6.1.2 Common Buildings - Repair Contingency	Ext Envelope	10	2	2023	\$20,360
7.4.1 Sloped Metal Roofs - Replace	Ext Envelope	40	9	2030	\$32,130
7.4.2 Low Sloped Roofs - Replace	Ext Envelope	20	15	2036	\$23,040
8.3.1 Garage Doors - Replace	Ext Envelope	20	17	2038	\$5,180
11.1.1 Backhoe - Replace	Equipment	25	24	2045	\$81,730
11.1.2 Truck - Replace	Equipment	10	2	2023	\$10,000
11.1.3 Tractor Mower - Replace	Equipment	20	17	2038	\$10,180
11.1.4 Road Sweeper - Maintenance	Equipment	5	2	2023	\$1,170
15.1.1 Water Meters - Replace	Life Safety	20	9	2030	\$65,550
15.1.2 PRV Vaults - Maintenance	Life Safety	5	3	2024	\$10,180
15.1.3 Holiday Lake PRV - Replace	Life Safety	40	37	2058	\$15,270
15.1.4 Mount Vista Drive PRV - Replace	Life Safety	40	0	2021	\$50,000
15.1.5 Island Drive PRV - Replace	Life Safety	40	0	2021	\$10,000
15.2.1 Water Towers - Circulation System	Life Safety	30	25	2046	\$26,000
15.2.2 Water Towers - Repair	Life Safety	50	4	2025	\$20,360
15.2.3 Reservoir & Dam - Maintenance	Life Safety	10	5	2026	\$20,360
15.2.4 Mixer Unit & Storage Tanks - Maintenance	Life Safety	20	16	2037	\$25,450
15.2.5 Clubhouse Water Line - Repair	Life Safety	10	0	2021	\$6,000
15.3.1 Holiday Lake Overflow - Refurbish	Life Safety	40	39	2060	\$7,940
15.4.1 Water Treatment System - Phase 1	Life Safety	50	0	2021	\$100,000
15.4.2 Water Treatment System - Phase 2	Life Safety	50	1	2022	\$1,169,000
15.4.3 Treatment Plant - Repair	Life Safety	20	21	2042	\$75,440
15.5.1 Water Mains - Repair	Life Safety	10	0	2021	\$30,540
15.6.1 Septic Systems - Maintenance	Life Safety	15	7	2028	\$27,400
16.5.1 Generator - Replace	Life Safety	45	7	2028	\$15,720





## COMPONENTS EXCLUDED FROM THIS STUDY

Components that individual unit owners are responsible to maintain, repair, and/or replace are not included in the study or funding projections. We recommend the Association establish a clear definition of these components, as well as policies and processes regarding maintenance of these "owner responsibility" items.

### OPERATING BUDGET

The following components may qualify for inclusion in the Reserve Study, but are excluded because the Association elects to maintain them 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:

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

## 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 2020 to 2021 inflation figure of 1.79% for construction work.



## FIVE YEARS AT A GLANCE (2022 - 2026)

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

<b>2022 (YEAR 1) ANTICIPATED MAINTENANCE</b>			<b>ESTIMATED COST</b>
15.4.2 Water Treatment System - Phase 2			\$1,215,760
<b>Total Estimated Expenses for 2022 (YEAR 1)</b>			<b>\$1,215,760</b>
Primary Expenses	\$1,215,760	100%	
Secondary Expenses	\$0	0%	
<b>2023 (YEAR 2) ANTICIPATED MAINTENANCE</b>			<b>ESTIMATED COST</b>
6.1.1 Clubhouse - Repair Contingency			\$107,120
6.1.2 Common Buildings - Repair Contingency			\$21,810
11.1.2 Truck - Replace			\$10,712
11.1.4 Road Sweeper - Maintenance			\$1,253
<b>Total Estimated Expenses for 2023 (YEAR 2)</b>			<b>\$140,895</b>
Primary Expenses	\$128,930	92%	
Secondary Expenses	\$11,965	8%	
<b>2024 (YEAR 3) ANTICIPATED MAINTENANCE</b>			<b>ESTIMATED COST</b>
15.1.2 PRV Vaults - Maintenance			\$11,232
<b>Total Estimated Expenses for 2024 (YEAR 3)</b>			<b>\$11,232</b>
Primary Expenses	\$11,232	100%	
Secondary Expenses	\$0	0%	
<b>2025 (YEAR 4) ANTICIPATED MAINTENANCE</b>			<b>ESTIMATED COST</b>
15.2.2 Water Towers - Repair			\$23,138
<b>Total Estimated Expenses for 2025 (YEAR 4)</b>			<b>\$23,138</b>
Primary Expenses	\$23,138	100%	
Secondary Expenses	\$0	0%	
<b>2026 (YEAR 5) ANTICIPATED MAINTENANCE</b>			<b>ESTIMATED COST</b>
15.2.3 Reservoir & Dam - Maintenance			\$23,832
<b>Total Estimated Expenses for 2026 (YEAR 5)</b>			<b>\$23,832</b>
Primary Expenses	\$23,832	100%	
Secondary Expenses	\$0	0%	



## PROJECTED RESERVE ACCOUNT BALANCE

FOR EACH FUNDING PLAN OVER NEXT 5 YEARS

<b>\$56,600 RECOMMENDED (THRESHOLD) FUNDING PLAN</b>					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2022)	\$56,600	\$1,169,000	\$266,772	69%	Nominal Risk
2 (2023)	\$58,298	\$0	\$188,685	50%	Moderate Risk
3 (2024)	\$60,047	\$0	\$241,761	57%	Moderate Risk
4 (2025)	\$61,848	\$0	\$285,694	61%	Nominal Risk
5 (2026)	\$63,704	\$0	\$331,678	65%	Nominal Risk

<b>\$56,600 CURRENT FUNDING PLAN</b>					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2022)	\$56,600	\$1,169,000	\$267,437	69%	Nominal Risk
2 (2023)	\$58,298	\$0	\$189,363	50%	Moderate Risk
3 (2024)	\$60,047	\$0	\$242,454	57%	Moderate Risk
4 (2025)	\$61,848	\$0	\$286,400	61%	Nominal Risk
5 (2026)	\$63,704	\$0	\$332,399	66%	Nominal Risk

<b>\$41,800 BASELINE FUNDING PLAN</b>					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2022)	\$41,800	\$1,169,000	\$252,600	65%	Nominal Risk
2 (2023)	\$43,054	\$0	\$158,833	42%	Moderate Risk
3 (2024)	\$44,346	\$0	\$195,455	46%	Moderate Risk
4 (2025)	\$45,676	\$0	\$222,127	48%	Moderate Risk
5 (2026)	\$47,046	\$0	\$250,016	49%	Moderate Risk

<b>\$55,100 FULL FUNDING PLAN</b>					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2022)	\$55,100	\$1,169,000	\$265,934	69%	Nominal Risk
2 (2023)	\$56,753	\$0	\$186,269	49%	Moderate Risk
3 (2024)	\$58,456	\$0	\$237,690	56%	Moderate Risk
4 (2025)	\$60,209	\$0	\$279,886	60%	Nominal Risk
5 (2026)	\$62,016	\$0	\$324,049	64%	Nominal Risk

## PERCENT FUNDED

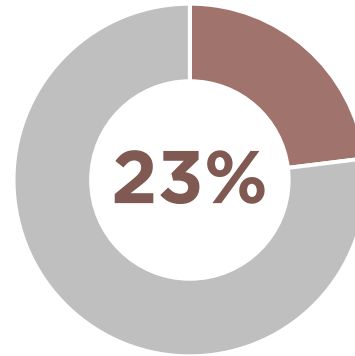
The "percent funded" is a measure of how much the Association should have saved in their reserve account compared to the projected cost for all the components the Association is responsible for, and relates to the level of deterioration compared to the cost to repair or replace the component.

We typically recommend a contribution rate to meet a minimum reserve account balance (threshold) goal instead of a 100% funded rate.

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 \$1,750,990. The actual current funding is \$403,516. The Association is approximately 23% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 23% of the accumulated depreciation of the reserve components.



At 23%, Lummi Island Scenic Estates is considered to be at **high risk for a special assessment.**

### EXAMPLE OF PERCENT FUNDED FOR ROOF REPLACEMENT

SCENARIO	ANALYSIS
<p><b>For a roof that lasts 10 years and costs \$100,000 to replace:</b></p> <ul style="list-style-type: none"> <li>• Save \$10,000 each year, for 10 years</li> <li>• Year 2, the roof has deteriorated 20%.               <ul style="list-style-type: none"> <li>○ If you have \$20,000 saved it is fully funded.</li> <li>○ If you have \$10,000 saved it is 50% funded.</li> </ul> </li> <li>• Year 8, the roof has deteriorated 80%.               <ul style="list-style-type: none"> <li>○ If you have \$80,000 saved it is fully funded.</li> <li>○ If you have \$20,000 saved it is 25% funded. If you have \$10,000 saved it is 13% funded.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A. In effect, the percent 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 which lowers the risk of special assessment if something unexpected occurs. A poorly funded Association has less cash on hand, therefore much higher risk of special assessment for unplanned expenses.</li> <li>C. By analyzing deterioration cycles and cash flow needs, we determine how much money should be steadily contributed, over a 30 year period, to fund the repair and replacement needs of the components included in 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>



## FULLY FUNDED BALANCE CALCUATIONS



**FULLY FUNDED BALANCE = THE SUM OF  $\frac{\text{REPLACEMENT COST} \times \text{EFFECTIVE AGE}}{\text{USEFUL LIFE}}$  FOR ALL RESERVE COMPONENTS**

COMPONENT DESCRIPTION		QTY	UNIT	MAINT. CYCLE (USEFUL LIFE)	REMAINING USEFUL LIFE	EFFECTIVE AGE	CURRENT REPLACEMENT COST	FULLY FUNDED BALANCE	
100%	2.6.1	Asphalt Pavement - Repair	1	LS	10	11	-	\$20,360	\$0
100%	2.6.2	Asphalt Pavement - Major Repair	16000	SF	40	0	40	\$75,520	\$75,520
100%	2.6.3	Asphalt Parking Lot - Overlay	14000	SF	40	8	32	\$49,220	\$39,376
100%	2.7.1	Chain Link Fence - Replace	320	LF	30	12	18	\$9,190	\$5,514
100%	2.9.1	Dock Work - Repair	1	LS	15	12	3	\$30,540	\$6,108
100%	2.9.2	Dock Pilings - Replace	1	LS	50	12	38	\$117,060	\$88,966
100%	6.1.1	Clubhouse - Repair Contingency	1	LS	10	2	8	\$30,540	\$24,432
100%	6.1.2	Common Buildings - Repair Contingency	1	LS	10	2	8	\$20,360	\$16,288
100%	7.4.1	Sloped Metal Roofs - Replace	33	SQ	40	9	31	\$32,130	\$24,901
100%	7.4.2	Low Sloped Roofs - Replace	17	SQ	20	15	5	\$23,040	\$5,760
100%	8.3.1	Garage Doors - Replace	3	EA	20	17	3	\$5,180	\$777
100%	11.1.1	Backhoe - Replace	1	EA	25	24	1	\$81,730	\$3,269
100%	11.1.2	Truck - Replace	1	EA	10	2	8	\$10,000	\$8,000
100%	11.1.3	Tractor Mower - Replace	1	EA	20	17	3	\$10,180	\$1,527
100%	11.1.4	Road Sweeper - Maintenance	1	LS	5	2	3	\$1,170	\$702
100%	15.1.1	Water Meters - Replace	218	EA	20	9	11	\$65,550	\$36,053
100%	15.1.2	PRV Vaults - Maintenance	1	LS	5	3	2	\$10,180	\$4,072
100%	15.1.3	Holiday Lake PRV - Replace	1	LS	40	37	3	\$15,270	\$1,145
100%	15.1.4	Mount Vista Drive PRV - Replace	1	LS	40	0	40	\$50,000	\$50,000
100%	15.1.5	Island Drive PRV - Replace	1	LS	40	0	40	\$10,000	\$10,000
100%	15.2.1	Water Towers - Circulation System	2	EA	30	25	5	\$26,000	\$4,333
100%	15.2.2	Water Towers - Repair	2	EA	50	4	46	\$20,360	\$18,731
100%	15.2.3	Reservoir & Dam - Maintenance	1	LS	10	5	5	\$20,360	\$10,180
100%	15.2.4	Mixer Unit & Storage Tanks - Maintenance	1	LS	20	16	4	\$25,450	\$5,090
100%	15.2.5	Clubhouse Water Line - Repair	1	LS	10	0	10	\$6,000	\$6,000
100%	15.3.1	Holiday Lake Overflow - Refurbish	1	LS	40	39	1	\$7,940	\$199
100%	15.4.1	Water Treatment System - Phase 1	1	LS	50	0	50	\$100,000	\$100,000
100%	15.4.2	Water Treatment System - Phase 2	1	LS	50	1	49	\$1,169,000	\$1,145,620
100%	15.4.3	Treatment Plant - Repair	1	LS	20	21	-	\$75,440	\$0
100%	15.5.1	Water Mains - Repair	17849	LF	10	0	10	\$30,540	\$30,540
100%	15.6.1	Septic Systems - Maintenance	2	EA	15	7	8	\$27,400	\$14,613
100%	16.5.1	Generator - Replace	1	EA	45	7	38	\$15,720	\$13,275
<b>FULLY FUNDED BALANCE</b>							<b>Total</b>	<b>\$1,750,990</b>	

CURRENT RESERVE BALANCE = \$403,516

PERCENT FULLY FUNDED = 23%





## DEFICIT OR SURPLUS IN RESERVE FUNDING

RCW 64.90.550 §2(l) 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 community'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 community allocable to each unit.

**The fully funded balance calculates** how much money should be saved for future maintenance based on the age of each component and the cost for future maintenance. In other words, the fully funded balance assumes that money will be saved every year for the next maintenance of a component to ensure special assessments are not required to fund future maintenance. The intent of RCW 64.90.550 §2 (l) is to show each unit's "share" of the surplus or deficit in reserve funding.

### If the reserve account balance is:

- **equal to** the fully funded balance, Lummi Island Scenic Estates would be considered 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 thought 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.

**The Recommended Funding Plan** is based on Threshold Funding, 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%.

### SUMMARY

RESERVE ACCOUNT BALANCE AS OF APRIL 30, 2021	\$403,516
CURRENT FULLY FUNDED BALANCE	\$1,750,990
RESERVE FUND DEFICIT	(\$1,347,474)
NUMBER OF UNITS	399
AVERAGE DEFICIT PER UNIT	(\$3,377)

**ALL UNITS PAY EQUALLY INTO RESERVES**



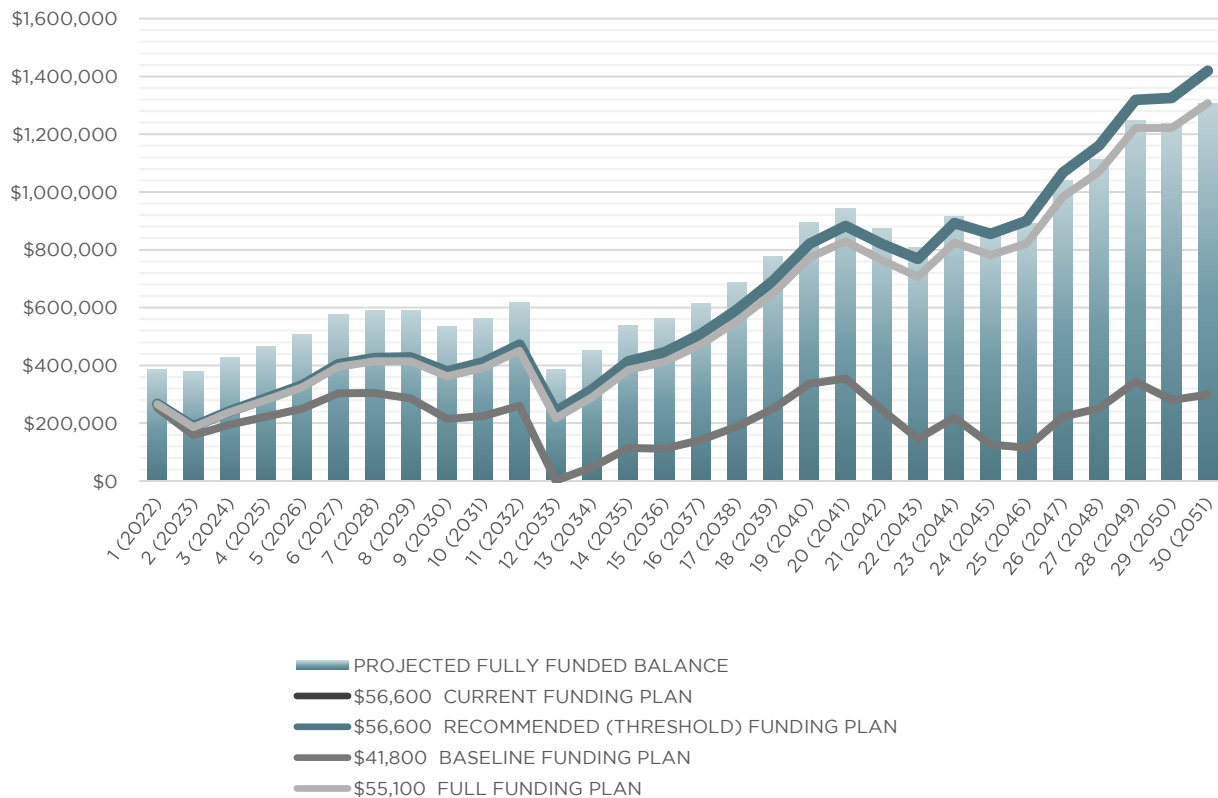
## FUNDING PLANS

THRESHOLD FUNDING PLAN \$56,600	BASELINE FUNDING PLAN \$41,800	FULL FUNDING PLAN \$55,100
<b>RECOMMENDED</b>	<b>OPTIONAL STRATEGY</b>	<b>100% FUNDED BY YEAR 30</b>
initial annual contribution of \$56,600	initial annual contribution of \$41,800	initial annual contribution of \$55,100
meets yearly projected reserve expenses	meets annual reserve expenses with no minimum balance requirement	most flexibility for cost variables and unplanned expenses
maintains minimum reserve balance equal to annual contribution amount	less flexibility with cost variables and unplanned expenses	lowest risk for special assessment

The Threshold Funding Plan is the **RECOMMENDED FUNDING PLAN** for Lummi Island Scenic Estates, balancing cashflow and anticipated expenses over 30 years while maintaining a minimum reserve account balance of one year's contribution to reserves and the percent funded above 50%. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

## COMPARISON OF FULLY FUNDED BALANCE AND FUNDING PLANS

Since the Current and Recommended Funding Plans are identical, only one line is visible on the chart.





## PROJECTED RESERVE ACCOUNT BALANCES

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	\$56,600 RECOMMENDED (THRESHOLD) FUNDING PLAN	\$56,600 CURRENT FUNDING PLAN	\$41,800 BASELINE FUNDING PLAN	\$55,100 FULL FUNDING PLAN
1 (2022)	\$266,772	\$267,437	\$252,600	\$265,934
2 (2023)	\$188,685	\$189,363	\$158,833	\$186,269
3 (2024)	\$241,761	\$242,454	\$195,455	\$237,690
4 (2025)	\$285,694	\$286,400	\$222,127	\$279,886
5 (2026)	\$331,678	\$332,399	\$250,016	\$324,049
6 (2027)	\$404,583	\$405,318	\$303,959	\$395,045
7 (2028)	\$425,384	\$426,133	\$304,898	\$413,846
8 (2029)	\$427,462	\$428,227	\$286,183	\$413,830
9 (2030)	\$378,453	\$379,233	\$215,412	\$362,629
10 (2031)	\$410,531	\$411,327	\$224,726	\$392,415
11 (2032)	\$471,639	\$472,459	\$259,876	\$450,913
12 (2033)	\$240,827	\$241,670	\$1,510	\$217,329
13 (2034)	\$316,597	\$317,466	\$48,053	\$290,160
14 (2035)	\$413,785	\$414,680	\$114,255	\$384,231
15 (2036)	\$444,671	\$445,592	\$112,308	\$411,813
16 (2037)	\$508,504	\$509,452	\$141,369	\$472,146
17 (2038)	\$592,439	\$593,415	\$188,497	\$552,376
18 (2039)	\$693,608	\$694,614	\$250,724	\$649,625
19 (2040)	\$821,105	\$822,141	\$337,036	\$772,975
20 (2041)	\$882,197	\$883,265	\$354,594	\$829,683
21 (2042)	\$820,931	\$822,030	\$247,326	\$763,783
22 (2043)	\$768,276	\$769,408	\$146,082	\$706,233
23 (2044)	\$892,789	\$893,955	\$219,292	\$825,577
24 (2045)	\$854,443	\$855,644	\$126,801	\$781,775
25 (2046)	\$900,077	\$901,314	\$115,306	\$821,651
26 (2047)	\$1,067,474	\$1,068,748	\$222,449	\$982,975
27 (2048)	\$1,160,435	\$1,161,747	\$251,879	\$1,069,531
28 (2049)	\$1,318,695	\$1,320,046	\$343,176	\$1,221,039
29 (2050)	\$1,325,968	\$1,327,359	\$279,888	\$1,221,197
30 (2051)	\$1,419,715	\$1,421,149	\$299,307	\$1,307,449

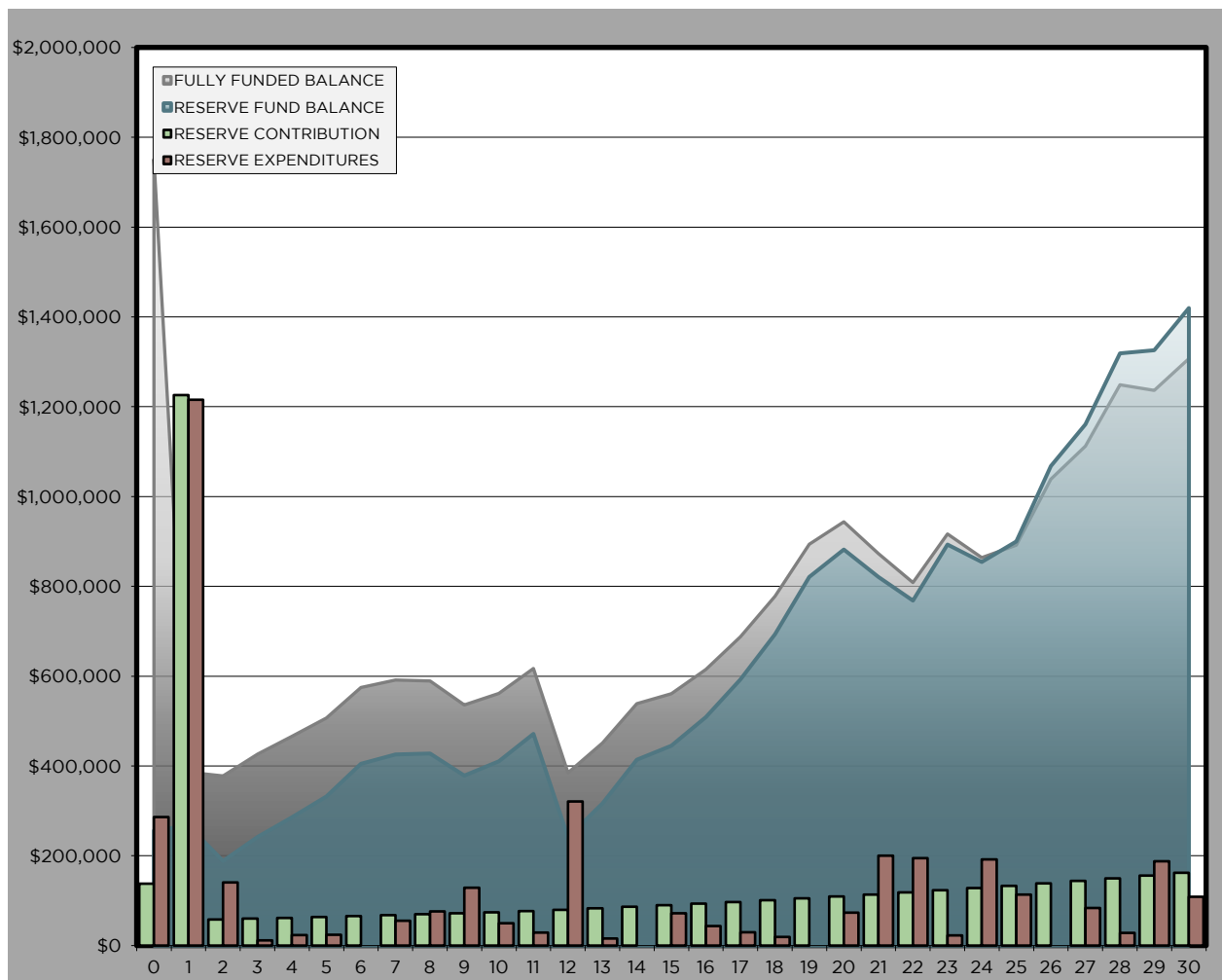


## RESERVE STUDY PROJECTIONS USING INFLATED DOLLAR VALUES

The recommended contribution to reserves is primarily based on cashflow over thirty years to ensure a that there will be enough funds in reserves to cover anticipated expenses without the need of a special assessment. Monitoring the Fully Funded Balance helps anticipate future financial liabilities and the community’s potential risk for a special assessment. The inflated scenario includes annual increases in the reserve contribution to keep up with inflation.

- **Teal Area Graph:** The fiscal year-end running reserve fund balance is shown as a line graph in teal.
- **Grey Area Graph:** The anticipated fully funded balance is shown as a line graph in grey.
- **Mint Green Bars:** The annual reserve fund contributions are shown as mint green bars.
- **Brick Red Bars:** The anticipated yearly reserve expenditures are shown as brick red bars, depicting the anticipated expenses over the next 30 years.

### RECOMMENDED FUNDING PLAN STARTING AT \$56,600





## RESERVE 30 YEAR SUMMARY AT THE RECOMMENDED FUNDING PLAN STARTING AT \$56,600

### INFLATION & INTEREST ASSUMPTIONS<sup>1</sup>

	INFLATION	INTEREST
Years 0-1	0%	1%
Years 2-10	3%	2%
Years 11-30	4%	3%

### SPECIAL ASSESSMENT RISK

Nominal Risk	100% +
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 <sup>2</sup>	AVERAGE CONTRIBUTION PER UNIT PER MONTH <sup>3</sup>	PROJECTED RESERVE EXPENDITURES	SPECIAL ASSESSMENT/L OAN	PROJECTED INTEREST EARNED	FISCAL YEAR END RESERVE BALANCE	PROJECTED FULLY FUNDED BALANCE	PERCENT FUNDED
1 (2022)	\$256,291	\$56,600	\$12	(\$1,215,760)	\$1,169,000	\$641	\$266,772	\$386,084	69%
2 (2023)	\$266,772	\$58,298	\$12	(\$140,895)	\$0	\$4,509	\$188,685	\$378,024	50%
3 (2024)	\$188,685	\$60,047	\$13	(\$11,232)	\$0	\$4,262	\$241,761	\$426,384	57%
4 (2025)	\$241,761	\$61,848	\$13	(\$23,138)	\$0	\$5,222	\$285,694	\$465,737	61%
5 (2026)	\$285,694	\$63,704	\$13	(\$23,832)	\$0	\$6,113	\$331,678	\$507,068	65%
6 (2027)	\$331,678	\$65,615	\$14	(\$0)	\$0	\$7,290	\$404,583	\$575,006	70%
7 (2028)	\$404,583	\$67,583	\$14	(\$55,000)	\$0	\$8,217	\$425,384	\$591,564	72%
8 (2029)	\$425,384	\$69,611	\$15	(\$75,977)	\$0	\$8,444	\$427,462	\$589,271	73%
9 (2030)	\$427,462	\$71,699	\$15	(\$128,687)	\$0	\$7,979	\$378,453	\$535,877	71%
10 (2031)	\$378,453	\$73,850	\$15	(\$49,584)	\$0	\$7,812	\$410,531	\$561,713	73%
11 (2032)	\$410,531	\$76,804	\$16	(\$28,733)	\$0	\$13,037	\$471,639	\$617,166	76%
12 (2033)	\$471,639	\$79,876	\$17	(\$321,218)	\$0	\$10,529	\$240,827	\$384,819	63%
13 (2034)	\$240,827	\$83,071	\$17	(\$15,539)	\$0	\$8,238	\$316,597	\$451,427	70%
14 (2035)	\$316,597	\$86,394	\$18	(\$0)	\$0	\$10,794	\$413,785	\$538,908	77%
15 (2036)	\$413,785	\$89,850	\$19	(\$71,651)	\$0	\$12,687	\$444,671	\$561,013	79%
16 (2037)	\$444,671	\$93,444	\$20	(\$43,697)	\$0	\$14,086	\$508,504	\$614,845	83%
17 (2038)	\$508,504	\$97,182	\$20	(\$29,517)	\$0	\$16,270	\$592,439	\$688,013	86%
18 (2039)	\$592,439	\$101,069	\$21	(\$18,905)	\$0	\$19,006	\$693,608	\$777,844	89%
19 (2040)	\$693,608	\$105,112	\$22	(\$0)	\$0	\$22,385	\$821,105	\$893,423	92%
20 (2041)	\$821,105	\$109,316	\$23	(\$73,396)	\$0	\$25,172	\$882,197	\$943,607	93%
21 (2042)	\$882,197	\$113,689	\$24	(\$200,125)	\$0	\$25,169	\$820,931	\$872,583	94%
22 (2043)	\$820,931	\$118,236	\$25	(\$194,377)	\$0	\$23,486	\$768,276	\$808,120	95%
23 (2044)	\$768,276	\$122,966	\$26	(\$23,001)	\$0	\$24,548	\$892,789	\$916,255	97%
24 (2045)	\$892,789	\$127,885	\$27	(\$192,051)	\$0	\$25,821	\$854,443	\$863,618	99%
25 (2046)	\$854,443	\$133,000	\$28	(\$113,295)	\$0	\$25,929	\$900,077	\$891,742	101%
26 (2047)	\$900,077	\$138,320	\$29	(\$0)	\$0	\$29,077	\$1,067,474	\$1,038,561	103%
27 (2048)	\$1,067,474	\$143,853	\$30	(\$83,817)	\$0	\$32,925	\$1,160,435	\$1,111,882	104%
28 (2049)	\$1,160,435	\$149,607	\$31	(\$27,984)	\$0	\$36,637	\$1,318,695	\$1,248,592	106%
29 (2050)	\$1,318,695	\$155,591	\$32	(\$187,402)	\$0	\$39,084	\$1,325,968	\$1,236,161	107%
30 (2051)	\$1,325,968	\$161,815	\$34	(\$108,644)	\$0	\$40,577	\$1,419,715	\$1,306,993	109%

<sup>1</sup> 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.

<sup>2</sup> The Recommended Annual Reserve Contribution includes inflation and any applicable recommended adjustments.

<sup>3</sup> The Average Contribution Per Unit Per Month reflects the Recommended Annual Reserve Contribution divided by the total number of units in the community.





## PURPOSE OF A RESERVE STUDY

The purpose of a Reserve Study is to recommend a reasonable annual reserve contribution rate made by a common interest community 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 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. Annual updates are key to keeping up with current trends in component pricing, inflation and interest rates, actual timing of maintenance experienced and the community's risk tolerance.

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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.

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## 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.



## 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.

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 2 study**  
**by June, 2022.**

## SOURCES USED IN COMPILING THIS REPORT

Reserve Consultants LLC has provided reserve studies and construction services since 1992 and base component repair and replacement costs on this extensive experience and information provided by the Association. Sources used include:

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

The current replacement cost is an estimate and actual costs may vary. Material selection, timing of the work, and requirements for Architectural services or construction management can impact cost projections. Expenses related to common interest communities are typically higher than other multi-family construction types, often due to the elevated insurance requirements contractors must carry. All estimates assume that a licensed and bonded contractor will be utilized to complete the work due to liability issues. Regional cost factors are applied as appropriate.



## 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; extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (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
- (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 reserve 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 1990 is 3.07%. 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 1990 is 2.82%. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations.

### INFLATION AND INTEREST RATE PROJECTIONS

YEARS APPLIED	RESERVE CONTRIBUTION INFLATION	RESERVE EXPENSE INFLATION	INTEREST RATE
Year 0 (2021)	0%	0%	0.5%
Year 1 (2022)	0%	4%	0.5%
Year 2 (2023) through Year 10 (2031)	3%	3%	2%
Year 11 (2032) through Year 30 (2051)	4%	4%	3%



## RESERVE DISCLOSURE

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 reserve disclosure as outlined in RCW 64.38.025 §4,

which we refer to as the Reserve Disclosure. Below is a sample of the Reserve Disclosure 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 Reserve Disclosure at no additional charge within one year of issuing the draft of the reserve study report.

FUNDING INFORMATION	
\$104,000	Proposed annual contribution to reserves for the fiscal year ending in 2022 per the budget.
\$610,000	Projected fiscal year end 2021 reserve balance per the budget.
\$128,000	Budgeted annual contribution to reserves for the current fiscal year ending in 2021.

INFORMATION FROM THE MOST RECENT RESERVE STUDY	
62%	Percent fully funded as of the date of the most recent reserve study (2021).
\$104,000	Recommended annual contribution to reserves for the fiscal year ending in 2022.
Threshold	Type of funding plan used for recommended annual funding per the most recent reserve study.
\$609,414	Projected fiscal year end 2021 reserve balance per the most recent reserve study.
Yes	Based upon the most recent reserve study (2021), 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

\$128,000 CURRENT FISCAL YEAR RESERVE CONTRIBUTION			\$104,000 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 2022

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

### COMPARISON OF FISCAL YEAR END PROJECTIONS FOR NEXT FIVE YEARS

\$128,000 CURRENT RESERVE CONTRIBUTION			\$104,000 RECOMMENDED RESERVE CONTRIBUTION			\$104,000 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
2022	\$717,247	70%	2022	\$693,007	68%	2022	\$693,007	68%
2023	\$864,751	79%	2023	\$815,059	74%	2023	\$815,059	74%
2024	\$1,017,160	86%	2024	\$940,758	80%	2024	\$940,758	80%
2025	\$1,178,771	93%	2025	\$1,074,353	85%	2025	\$1,074,353	85%
2026	\$553,627	98%	2026	\$419,838	74%	2026	\$419,838	74%

CONTRIBUTIONS AND EXPENSES ARE BOTH INFLATED FOR THE 5 YEAR PROJECTION CALCULATIONS.



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 Reserve Disclosure 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 Reserve Disclosure at no additional charge within one year of issuing the draft of the reserve study report.

FUNDING INFORMATION								
✓	Sample does have a current reserve study that complies with RCW 64.90.550 (WUCIOA).							
✓	Sample does have a current reserve study that complies with RCW 64.34.382 (Condominium Act).							
\$128,000	The current regular reserve assessments budgeted for annual contribution to the reserve account.							
\$104,000	The Recommended annual contribution to reserves for the fiscal year ending in 2022.*							
\$104,000	The Proposed annual contribution to reserves for the fiscal year ending in 2022 per the budget.							
✓	<b>The proposed budget does meet or exceed the reserve study recommendations.</b>							
\$0	Difference between the Proposed and Recommended annual contribution to reserves.							
<p><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></p>								
<p>At the time of the most recent reserve study Sample was 62% fully funded. For comparison, the average percent funded for Reserve Consultants LLC clients since 2014 is 60%.</p>								
CURRENT (DEFICIENCY) IN RESERVE FUNDS COMPARED TO THE FULLY FUNDED BALANCE ON A PER UNIT BASIS								
\$610,000	The projected fiscal year end 2021 reserve balance per the budget.							
\$971,499	The projected fiscal year end 2021 Fully Funded Balance per the reserve study.							
(\$361,499)	The total (deficiency) in reserves, compared to the Fully Funded Balance.							
UNIT NUMBER	ALLOCATED PERCENT	(DEFICIENCY) PER UNIT	UNIT NUMBER	ALLOCATED PERCENT	(DEFICIENCY) PER UNIT	UNIT NUMBER	ALLOCATED PERCENT	(DEFICIENCY) PER UNIT
A101	8.0787%	(\$29,323)	208	4.8397%	(\$17,496)	308	4.9295%	(\$17,820)
A102	7.5583%	(\$27,323)	209	4.8397%	(\$17,496)	309	4.9295%	(\$17,820)
A103	9.0827%	(\$32,854)	300	1.9574%	(\$7,076)	400	3.0472%	(\$7,401)
A201	7.7574%	(\$28,043)	301	2.1370%	(\$7,725)	401	2.2268%	(\$8,050)
A202	7.4748%	(\$26,597)	302	2.1998%	(\$7,952)	402	2.2806%	(\$8,277)
A203	8.7815%	(\$31,745)	303	2.2896%	(\$8,277)	403	2.3794%	(\$8,602)
A301	8.0787%	(\$29,206)	304	3.0798%	(\$11,153)	404	3.1696%	(\$11,458)
A302	7.5583%	(\$27,323)	305	3.2594%	(\$11,753)	405	3.3491%	(\$12,107)
A303	9.1764%	(\$33,172)	306	3.1087%	(\$11,231)	406	3.1985%	(\$11,585)
A401	8.4585%	(\$30,578)	307	3.1426%	(\$11,360)	407	2.3707%	(\$8,568)
COLUMN TOTAL	100.00%	(\$361,499)	COLUMN TOTAL	30.88%	(\$11,938)	COLUMN TOTAL	41.79%	(\$15,064)
			GRAND TOTAL	172.64%	(\$624,097)			

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## 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.



## EVALUATORS' CREDENTIALS

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.



## 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

# RCL APPENDIX A

## LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$56,600  
AND COMPOUND INFLATION

					28-Jun-21							
STARTING RESERVE BALANCE					\$256,291	\$266,772	\$188,685	\$241,761	\$285,694			
ANNUAL RESERVE CONTRIBUTION					\$56,600	\$58,298	\$60,047	\$61,848	\$63,704			
ESTIMATED INTEREST EARNED					\$641	\$4,509	\$4,262	\$5,222	\$6,113			
SPECIAL ASSESSMENT/LOAN					\$1,169,000	\$0	\$0	\$0	\$0			
ACCUMULATED CREDITS					\$1,482,532	\$329,580	\$252,993	\$308,832	\$355,510			
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		1 2022	2 2023	3 2024	4 2025	5 2026			
2.6.1	Asphalt Pavement - Repair	10	11									
2.6.2	Asphalt Pavement - Major Repair	40	0									
2.6.3	Asphalt Parking Lot - Overlay	40	8									
2.7.1	Chain Link Fence - Replace	30	12									
2.9.1	Dock Work - Repair	15	12									
2.9.2	Dock Pilings - Replace	50	12									
6.1.1	Clubhouse - Repair Contingency	10	2			\$107,120						
6.1.2	Common Buildings - Repair Contingency	10	2			\$21,810						
7.4.1	Sloped Metal Roofs - Replace	40	9									
7.4.2	Low Sloped Roofs - Replace	20	15									
8.3.1	Garage Doors - Replace	20	17									
11.1.1	Backhoe - Replace	25	24									
11.1.2	Truck - Replace	10	2			\$10,712						
11.1.3	Tractor Mower - Replace	20	17									
11.1.4	Road Sweeper - Maintenance	5	2			\$1,253						
15.1.1	Water Meters - Replace	20	9									
15.1.2	PRV Vaults - Maintenance	5	3				\$11,232					
15.1.3	Holiday Lake PRV - Replace	40	37									
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	25									
15.2.2	Water Towers - Repair	50	4				\$23,138					
15.2.3	Reservoir & Dam - Maintenance	10	5						\$23,832			
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	16									
15.2.5	Clubhouse Water Line - Repair	10	0									
15.3.1	Holiday Lake Overflow - Refurbish	40	39									
15.4.1	Water Treatment System - Phase 1	50	0									
15.4.2	Water Treatment System - Phase 2	50	1	\$1,215,760								
15.4.3	Treatment Plant - Repair	20	21									
15.5.1	Water Mains - Repair	10	0									
15.6.1	Septic Systems - Maintenance	15	7									
16.5.1	Generator - Replace	45	7									
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$1,215,760</b>	<b>\$140,895</b>	<b>\$11,232</b>	<b>\$23,138</b>	<b>\$23,832</b>			
ACCUMULATED CREDITS					\$1,482,532	\$329,580	\$252,993	\$308,832	\$355,510			
ACCUMULATED DEBITS					\$1,215,760	\$140,895	\$11,232	\$23,138	\$23,832			
<b>YEAR-END BALANCE</b>					<b>\$266,772</b>	<b>\$188,685</b>	<b>\$241,761</b>	<b>\$285,694</b>	<b>\$331,678</b>			
YEARS					<b>1</b>	<b>2-10</b>	<b>11-30</b>	<b>1 (2022 )</b>	<b>2 (2023 )</b>	<b>3 (2024 )</b>	<b>4 (2025 )</b>	<b>5 (2026 )</b>
CONTRIBUTION INFLATION					0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION					4%	3%	4%	104%	107%	110%	114%	117%
INTEREST RATE MULTIPLIER					0.5%	2%	3%	1%	2%	2%	2%	2%

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### LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$56,600  
AND COMPOUND INFLATION

					28-Jun-21							
STARTING RESERVE BALANCE					\$331,678	\$404,583	\$425,384	\$427,462	\$378,453			
ANNUAL RESERVE CONTRIBUTION					\$65,615	\$67,583	\$69,611	\$71,699	\$73,850			
ESTIMATED INTEREST EARNED					\$7,290	\$8,217	\$8,444	\$7,979	\$7,812			
SPECIAL ASSESSMENT/LOAN					\$0	\$0	\$0	\$0	\$0			
ACCUMULATED CREDITS					<b>\$404,583</b>	<b>\$480,384</b>	<b>\$503,439</b>	<b>\$507,140</b>	<b>\$460,115</b>			
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		6 2027	7 2028	8 2029	9 2030	10 2031			
2.6.1	Asphalt Pavement - Repair	10	11									
2.6.2	Asphalt Pavement - Major Repair	40	0									
2.6.3	Asphalt Parking Lot - Overlay	40	8				\$62,956					
2.7.1	Chain Link Fence - Replace	30	12									
2.9.1	Dock Work - Repair	15	12									
2.9.2	Dock Pilings - Replace	50	12									
6.1.1	Clubhouse - Repair Contingency	10	2									
6.1.2	Common Buildings - Repair Contingency	10	2									
7.4.1	Sloped Metal Roofs - Replace	40	9					\$42,329				
7.4.2	Low Sloped Roofs - Replace	20	15									
8.3.1	Garage Doors - Replace	20	17									
11.1.1	Backhoe - Replace	25	24									
11.1.2	Truck - Replace	10	2									
11.1.3	Tractor Mower - Replace	20	17									
11.1.4	Road Sweeper - Maintenance	5	2			\$1,453						
15.1.1	Water Meters - Replace	20	9					\$86,358				
15.1.2	PRV Vaults - Maintenance	5	3				\$13,021					
15.1.3	Holiday Lake PRV - Replace	40	37									
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	25									
15.2.2	Water Towers - Repair	50	4									
15.2.3	Reservoir & Dam - Maintenance	10	5									
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	16									
15.2.5	Clubhouse Water Line - Repair	10	0						\$8,142			
15.3.1	Holiday Lake Overflow - Refurbish	40	39									
15.4.1	Water Treatment System - Phase 1	50	0									
15.4.2	Water Treatment System - Phase 2	50	1									
15.4.3	Treatment Plant - Repair	20	21									
15.5.1	Water Mains - Repair	10	0						\$41,442			
15.6.1	Septic Systems - Maintenance	15	7			\$34,026						
16.5.1	Generator - Replace	45	7			\$19,521						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$0</b>	<b>\$55,000</b>	<b>\$75,977</b>	<b>\$128,687</b>	<b>\$49,584</b>			
ACCUMULATED CREDITS					\$404,583	\$480,384	\$503,439	\$507,140	\$460,115			
ACCUMULATED DEBITS					\$0	\$55,000	\$75,977	\$128,687	\$49,584			
<b>YEAR-END BALANCE</b>					<b>\$404,583</b>	<b>\$425,384</b>	<b>\$427,462</b>	<b>\$378,453</b>	<b>\$410,531</b>			
YEARS					<b>1</b>	<b>2-10</b>	<b>11-30</b>	<b>6 (2027)</b>	<b>7 (2028)</b>	<b>8 (2029)</b>	<b>9 (2030)</b>	<b>10 (2031)</b>
CONTRIBUTION INFLATION					0%	3%	4%	3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION					4%	3%	4%	121%	124%	128%	132%	136%
INTEREST RATE MULTIPLIER					0.5%	2%	3%	2%	2%	2%	2%	2%



### LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$56,600  
AND COMPOUND INFLATION

					28-Jun-21				
STARTING RESERVE BALANCE					\$410,531	\$471,639	\$240,827	\$316,597	\$413,785
ANNUAL RESERVE CONTRIBUTION					\$76,804	\$79,876	\$83,071	\$86,394	\$89,850
ESTIMATED INTEREST EARNED					\$13,037	\$10,529	\$8,238	\$10,794	\$12,687
SPECIAL ASSESSMENT/LOAN					\$0	\$0	\$0	\$0	\$0
<b>ACCUMULATED CREDITS</b>					<b>\$500,372</b>	<b>\$562,045</b>	<b>\$332,136</b>	<b>\$413,785</b>	<b>\$516,322</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		11 2032	12 2033	13 2034	14 2035	15 2036
2.6.1	Asphalt Pavement - Repair	10	11	\$28,733					
2.6.2	Asphalt Pavement - Major Repair	40	0						
2.6.3	Asphalt Parking Lot - Overlay	40	8						
2.7.1	Chain Link Fence - Replace	30	12			\$13,488			
2.9.1	Dock Work - Repair	15	12			\$44,823			
2.9.2	Dock Pilings - Replace	50	12			\$171,808			
6.1.1	Clubhouse - Repair Contingency	10	2			\$44,823			
6.1.2	Common Buildings - Repair Contingency	10	2			\$29,882			
7.4.1	Sloped Metal Roofs - Replace	40	9						
7.4.2	Low Sloped Roofs - Replace	20	15						\$38,038
8.3.1	Garage Doors - Replace	20	17						
11.1.1	Backhoe - Replace	25	24						
11.1.2	Truck - Replace	10	2			\$14,677			
11.1.3	Tractor Mower - Replace	20	17						
11.1.4	Road Sweeper - Maintenance	5	2			\$1,717			
15.1.1	Water Meters - Replace	20	9						
15.1.2	PRV Vaults - Maintenance	5	3				\$15,539		
15.1.3	Holiday Lake PRV - Replace	40	37						
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	25						
15.2.2	Water Towers - Repair	50	4						
15.2.3	Reservoir & Dam - Maintenance	10	5						\$33,613
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	16						
15.2.5	Clubhouse Water Line - Repair	10	0						
15.3.1	Holiday Lake Overflow - Refurbish	40	39						
15.4.1	Water Treatment System - Phase 1	50	0						
15.4.2	Water Treatment System - Phase 2	50	1						
15.4.3	Treatment Plant - Repair	20	21						
15.5.1	Water Mains - Repair	10	0						
15.6.1	Septic Systems - Maintenance	15	7						
16.5.1	Generator - Replace	45	7						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$28,733</b>	<b>\$321,218</b>	<b>\$15,539</b>	<b>\$0</b>	<b>\$71,651</b>
ACCUMULATED CREDITS					\$500,372	\$562,045	\$332,136	\$413,785	\$516,322
ACCUMULATED DEBITS					\$28,733	\$321,218	\$15,539	\$0	\$71,651
<b>YEAR-END BALANCE</b>					<b>\$471,639</b>	<b>\$240,827</b>	<b>\$316,597</b>	<b>\$413,785</b>	<b>\$444,671</b>
YEARS					<b>1</b>	<b>2-10</b>	<b>11-30</b>		
CONTRIBUTION INFLATION					0%	3%	4%	4%	4%
COMPONENT COMPOUND INFLATION					4%	3%	4%	4%	165%
INTEREST RATE MULTIPLIER					0.5%	2%	3%	3%	3%



### LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$56,600  
AND COMPOUND INFLATION

					28-Jun-21							
STARTING RESERVE BALANCE					\$444,671	\$508,504	\$592,439	\$693,608	\$821,105			
ANNUAL RESERVE CONTRIBUTION					\$93,444	\$97,182	\$101,069	\$105,112	\$109,316			
ESTIMATED INTEREST EARNED					\$14,086	\$16,270	\$19,006	\$22,385	\$25,172			
SPECIAL ASSESSMENT/LOAN					\$0	\$0	\$0	\$0	\$0			
<b>ACCUMULATED CREDITS</b>					<b>\$552,201</b>	<b>\$621,956</b>	<b>\$712,513</b>	<b>\$821,105</b>	<b>\$955,593</b>			
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		16 2037	17 2038	18 2039	19 2040	20 2041			
2.6.1	Asphalt Pavement - Repair	10	11									
2.6.2	Asphalt Pavement - Major Repair	40	0									
2.6.3	Asphalt Parking Lot - Overlay	40	8									
2.7.1	Chain Link Fence - Replace	30	12									
2.9.1	Dock Work - Repair	15	12									
2.9.2	Dock Pilings - Replace	50	12									
6.1.1	Clubhouse - Repair Contingency	10	2									
6.1.2	Common Buildings - Repair Contingency	10	2									
7.4.1	Sloped Metal Roofs - Replace	40	9									
7.4.2	Low Sloped Roofs - Replace	20	15									
8.3.1	Garage Doors - Replace	20	17			\$9,250						
11.1.1	Backhoe - Replace	25	24									
11.1.2	Truck - Replace	10	2									
11.1.3	Tractor Mower - Replace	20	17			\$18,178						
11.1.4	Road Sweeper - Maintenance	5	2			\$2,089						
15.1.1	Water Meters - Replace	20	9									
15.1.2	PRV Vaults - Maintenance	5	3				\$18,905					
15.1.3	Holiday Lake PRV - Replace	40	37									
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	25									
15.2.2	Water Towers - Repair	50	4									
15.2.3	Reservoir & Dam - Maintenance	10	5									
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	16		\$43,697							
15.2.5	Clubhouse Water Line - Repair	10	0						\$12,052			
15.3.1	Holiday Lake Overflow - Refurbish	40	39									
15.4.1	Water Treatment System - Phase 1	50	0									
15.4.2	Water Treatment System - Phase 2	50	1									
15.4.3	Treatment Plant - Repair	20	21									
15.5.1	Water Mains - Repair	10	0						\$61,344			
15.6.1	Septic Systems - Maintenance	15	7									
16.5.1	Generator - Replace	45	7									
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$43,697</b>	<b>\$29,517</b>	<b>\$18,905</b>	<b>\$0</b>	<b>\$73,396</b>			
ACCUMULATED CREDITS					\$552,201	\$621,956	\$712,513	\$821,105	\$955,593			
ACCUMULATED DEBITS					\$43,697	\$29,517	\$18,905	\$0	\$73,396			
<b>YEAR-END BALANCE</b>					<b>\$508,504</b>	<b>\$592,439</b>	<b>\$693,608</b>	<b>\$821,105</b>	<b>\$882,197</b>			
YEARS					1	2-10	11-30	16 (2037)	17 (2038)	18 (2039)	19 (2040)	20 (2041)
CONTRIBUTION INFLATION					0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION					4%	3%	4%	172%	179%	186%	193%	201%
INTEREST RATE MULTIPLIER					0.5%	2%	3%	3%	3%	3%	3%	3%

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# RCL APPENDIX A

## LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$56,600  
AND COMPOUND INFLATION

					28-Jun-21				
					21	22	23	24	25
					2042	2043	2044	2045	2046
				STARTING RESERVE BALANCE	\$882,197	\$820,931	\$768,276	\$892,789	\$854,443
				ANNUAL RESERVE CONTRIBUTION	\$113,689	\$118,236	\$122,966	\$127,885	\$133,000
				ESTIMATED INTEREST EARNED	\$25,169	\$23,486	\$24,548	\$25,821	\$25,929
				SPECIAL ASSESSMENT/LOAN	\$0	\$0	\$0	\$0	\$0
				<b>ACCUMULATED CREDITS</b>	<b>\$1,021,056</b>	<b>\$962,653</b>	<b>\$915,790</b>	<b>\$1,046,494</b>	<b>\$1,013,372</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.						
2.6.1	Asphalt Pavement - Repair	10	11		\$42,532				
2.6.2	Asphalt Pavement - Major Repair	40	0						
2.6.3	Asphalt Parking Lot - Overlay	40	8						
2.7.1	Chain Link Fence - Replace	30	12						
2.9.1	Dock Work - Repair	15	12						
2.9.2	Dock Pilings - Replace	50	12						
6.1.1	Clubhouse - Repair Contingency	10	2			\$66,349			
6.1.2	Common Buildings - Repair Contingency	10	2			\$44,233			
7.4.1	Sloped Metal Roofs - Replace	40	9						
7.4.2	Low Sloped Roofs - Replace	20	15						
8.3.1	Garage Doors - Replace	20	17						
11.1.1	Backhoe - Replace	25	24					\$192,051	
11.1.2	Truck - Replace	10	2			\$21,725			
11.1.3	Tractor Mower - Replace	20	17						
11.1.4	Road Sweeper - Maintenance	5	2			\$2,542			
15.1.1	Water Meters - Replace	20	9						
15.1.2	PRV Vaults - Maintenance	5	3				\$23,001		
15.1.3	Holiday Lake PRV - Replace	40	37						
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	25						\$63,539
15.2.2	Water Towers - Repair	50	4						
15.2.3	Reservoir & Dam - Maintenance	10	5						\$49,756
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	16						
15.2.5	Clubhouse Water Line - Repair	10	0						
15.3.1	Holiday Lake Overflow - Refurbish	40	39						
15.4.1	Water Treatment System - Phase 1	50	0						
15.4.2	Water Treatment System - Phase 2	50	1						
15.4.3	Treatment Plant - Repair	20	21		\$157,593				
15.5.1	Water Mains - Repair	10	0						
15.6.1	Septic Systems - Maintenance	15	7			\$59,528			
16.5.1	Generator - Replace	45	7						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$200,125</b>	<b>\$194,377</b>	<b>\$23,001</b>	<b>\$192,051</b>	<b>\$113,295</b>
ACCUMULATED CREDITS					\$1,021,056	\$962,653	\$915,790	\$1,046,494	\$1,013,372
ACCUMULATED DEBITS					\$200,125	\$194,377	\$23,001	\$192,051	\$113,295
<b>YEAR-END BALANCE</b>					<b>\$820,931</b>	<b>\$768,276</b>	<b>\$892,789</b>	<b>\$854,443</b>	<b>\$900,077</b>
YEARS					<b>1</b>	<b>2-10</b>	<b>11-30</b>		
CONTRIBUTION INFLATION					0%	3%	4%	21 (2042)	22 (2043)
COMPONENT COMPOUND INFLATION					4%	3%	4%	23 (2044)	24 (2045)
INTEREST RATE MULTIPLIER					0.5%	2%	3%	25 (2046)	
					4%	3%	4%	4%	4%
					209%	217%	226%	235%	244%
					3%	3%	3%	3%	3%

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# RCL APPENDIX A

## LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$56,600  
AND COMPOUND INFLATION

					28-Jun-21				
STARTING RESERVE BALANCE					\$900,077	\$1,067,474	\$1,160,435	\$1,318,695	\$1,325,968
ANNUAL RESERVE CONTRIBUTION					\$138,320	\$143,853	\$149,607	\$155,591	\$161,815
ESTIMATED INTEREST EARNED					\$29,077	\$32,925	\$36,637	\$39,084	\$40,577
SPECIAL ASSESSMENT/LOAN					\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS					\$1,067,474	\$1,244,252	\$1,346,679	\$1,513,370	\$1,528,359
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		26 2047	27 2048	28 2049	29 2050	30 2051
2.6.1	Asphalt Pavement - Repair	10	11						
2.6.2	Asphalt Pavement - Major Repair	40	0						
2.6.3	Asphalt Parking Lot - Overlay	40	8						
2.7.1	Chain Link Fence - Replace	30	12						
2.9.1	Dock Work - Repair	15	12			\$80,724			
2.9.2	Dock Pilings - Replace	50	12						
6.1.1	Clubhouse - Repair Contingency	10	2						
6.1.2	Common Buildings - Repair Contingency	10	2						
7.4.1	Sloped Metal Roofs - Replace	40	9						
7.4.2	Low Sloped Roofs - Replace	20	15						
8.3.1	Garage Doors - Replace	20	17						
11.1.1	Backhoe - Replace	25	24						
11.1.2	Truck - Replace	10	2						
11.1.3	Tractor Mower - Replace	20	17						
11.1.4	Road Sweeper - Maintenance	5	2			\$3,093			
15.1.1	Water Meters - Replace	20	9					\$187,402	
15.1.2	PRV Vaults - Maintenance	5	3			\$27,984			
15.1.3	Holiday Lake PRV - Replace	40	37						
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	25						
15.2.2	Water Towers - Repair	50	4						
15.2.3	Reservoir & Dam - Maintenance	10	5						
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	16						
15.2.5	Clubhouse Water Line - Repair	10	0						\$17,840
15.3.1	Holiday Lake Overflow - Refurbish	40	39						
15.4.1	Water Treatment System - Phase 1	50	0						
15.4.2	Water Treatment System - Phase 2	50	1						
15.4.3	Treatment Plant - Repair	20	21						
15.5.1	Water Mains - Repair	10	0						\$90,804
15.6.1	Septic Systems - Maintenance	15	7						
16.5.1	Generator - Replace	45	7						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$0</b>	<b>\$83,817</b>	<b>\$27,984</b>	<b>\$187,402</b>	<b>\$108,644</b>
ACCUMULATED CREDITS					\$1,067,474	\$1,244,252	\$1,346,679	\$1,513,370	\$1,528,359
ACCUMULATED DEBITS					\$0	\$83,817	\$27,984	\$187,402	\$108,644
<b>YEAR-END BALANCE</b>					<b>\$1,067,474</b>	<b>\$1,160,435</b>	<b>\$1,318,695</b>	<b>\$1,325,968</b>	<b>\$1,419,715</b>
YEARS					<b>1</b>	<b>2-10</b>	<b>11-30</b>		
CONTRIBUTION INFLATION					0%	3%	4%	26 (2047)	27 (2048)
COMPONENT COMPOUND INFLATION					4%	3%	4%	28 (2049)	29 (2050)
INTEREST RATE MULTIPLIER					0.5%	2%	3%	29 (2050)	30 (2051)
					4%	4%	4%	4%	4%
					254%	264%	275%	286%	297%
					3%	3%	3%	3%	3%

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# APPENDIX B

## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 2.6.1 Asphalt Pavement - Repair

Site

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 11 (2032)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$20,360.00 / LS

**Estimate:** \$20,360

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
11 (2032)	\$28,733
21 (2042)	\$42,532

### 2.6.2 Asphalt Pavement - Major Repair

Site

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 0 (2021)

**Quantity:** 16,000 Square Feet

**Unit Cost:** \$4.35 / SF

**Estimate:** 16,000 SF X 100% X \$4.35/SF = \$69,600 + tax = \$75,520

2021 Notes: The maintenance year has been moved up to 2021 for the same estimated cost.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
0 (2021)	\$75,520

### 2.6.3 Asphalt Parking Lot - Overlay

Site

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 8 (2029)

**Quantity:** 14,000 Square Feet

**Unit Cost:** \$3.24 / SF

**Estimate:** 14,000 SF X 100% X \$3.24/SF = \$45,360 + tax = \$49,220

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
8 (2029)	\$62,956

### 2.7.1 Chain Link Fence - Replace

Site

**Maintenance Cycle:** 30 years

**Next Maintenance:** Year 12 (2033)

**Quantity:** 320 Linear Feet

**Unit Cost:** \$26.47 / LF

**Estimate:** 320 LF X 100% X \$26.47/LF = \$8,470 + tax = \$9,190

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
12 (2033)	\$13,488



# APPENDIX B

## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 2.9.1 Dock Work - Repair

Site

**Maintenance Cycle:** 15 years

**Next Maintenance:** Year 12 (2033)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$30,540.00 / LS

**Estimate:** \$30,540

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
12 (2033)	\$44,823
27 (2048)	\$80,724

### 2.9.2 Dock Pilings - Replace

Site

**Maintenance Cycle:** 50 years

**Next Maintenance:** Year 12 (2033)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$117,060.00 / LS

**Estimate:** \$117,060

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
12 (2033)	\$171,808

### 6.1.1 Clubhouse - Repair Contingency

Ext Envelope

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 2 (2023)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$30,540.00 / LS

**Estimate:** \$30,540

2021 Notes: The Association reported a one-time estimated cost of \$100,000 for 2023 due to an anticipated change in scope as a result of erosion concerns. At this time we do not expect the cost to change from \$30,540 for future maintenance.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
2 (2023)	\$107,120
12 (2033)	\$44,823
22 (2043)	\$66,349

### 6.1.2 Common Buildings - Repair Contingency

Ext Envelope

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 2 (2023)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$20,360.00 / LS

**Estimate:** \$20,360

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
2 (2023)	\$21,810
12 (2033)	\$29,882
22 (2043)	\$44,233



# APPENDIX B

## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 7.4.1 Sloped Metal Roofs - Replace

Ext Envelope

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 9 (2030)

**Quantity:** 33 Roofing Squares

**Unit Cost:** \$897.36 / SQ

**Estimate:** 33 SQ X 100% X \$897.36/SQ = \$29,613 + tax = \$32,130

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
9 (2030)	\$42,329

### 7.4.2 Low Sloped Roofs - Replace

Ext Envelope

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 15 (2036)

**Quantity:** 17 Roofing Squares

**Unit Cost:** \$1,249.12 / SQ

**Estimate:** 17 SQ X 100% X \$1,249.12/SQ = \$21,235 + tax = \$23,040

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
15 (2036)	\$38,038

### 8.3.1 Garage Doors - Replace

Ext Envelope

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 17 (2038)

**Quantity:** 3 Each

**Unit Cost:** \$1,591.40 / EA

**Estimate:** 3 EA X 100% X \$1,591.40/EA = \$4,774 + tax = \$5,180

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
17 (2038)	\$9,250

### 11.1.1 Backhoe - Replace

Equipment

**Maintenance Cycle:** 25 years

**Next Maintenance:** Year 24 (2045)

**Quantity:** 1 Each

**Unit Cost:** \$75,327.19 / EA

**Estimate:** 1 EA X 100% X \$75,327.19/EA = \$75,327 + tax = \$81,730

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
24 (2045)	\$192,051



# APPENDIX B

## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 11.1.2 Truck - Replace

### Equipment

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 2 (2023)

**Quantity:** 1 Each

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

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

2021 Notes: The Association has indicated plans to lease a truck in 2023 instead of purchasing a new one. The estimated cost has been updated to \$10,000 accordingly.

FUTURE MAINTENANCE	
YEAR	COST
2 (2023)	\$10,712
12 (2033)	\$14,677
22 (2043)	\$21,725

Previous Notes: 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

### Equipment

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 17 (2038)

**Quantity:** 1 Each

**Unit Cost:** \$9,382.49 / EA

**Estimate:** 1 EA X 100% X \$9,382.49/EA = \$9,382 + tax = \$10,180

2021 Notes: No new updates were reported.

FUTURE MAINTENANCE	
YEAR	COST
17 (2038)	\$18,178

Previous Notes: 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

### Equipment

**Maintenance Cycle:** 5 years

**Next Maintenance:** Year 2 (2023)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$1,170.00 / LS

**Estimate:** \$1,170

2021 Notes: No new updates were reported.

FUTURE MAINTENANCE	
YEAR	COST
2 (2023)	\$1,253
7 (2028)	\$1,453
12 (2033)	\$1,717
17 (2038)	\$2,089
22 (2043)	\$2,542
Repeat Every 5 Years	

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

### 15.1.1 Water Meters - Replace

### Life Safety

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 9 (2030)

**Quantity:** 218 Each

**Unit Cost:** \$277.13 / EA

**Estimate:** 218 EA X 100% X \$277.13/EA = \$60,414 + tax = \$65,550

2021 Notes: No new updates were reported.

FUTURE MAINTENANCE	
YEAR	COST
9 (2030)	\$86,358
29 (2050)	\$187,402

Previous Notes: 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.



# APPENDIX B

## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 15.1.2 PRV Vaults - Maintenance

Life Safety

**Maintenance Cycle:** 5 years

**Next Maintenance:** Year 3 (2024)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$10,180.00 / LS

**Estimate:** \$10,180

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
3 (2024)	\$11,232
8 (2029)	\$13,021
13 (2034)	\$15,539
18 (2039)	\$18,905
23 (2044)	\$23,001
Repeat Every 5 Years	

### 15.1.3 Holiday Lake PRV - Replace

Life Safety

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 37 (2058)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$15,270.00 / LS

**Estimate:** \$15,270

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST

### 15.1.4 Mount Vista Drive PRV - Replace

Life Safety

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 0 (2021)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$50,000.00 / LS

**Estimate:** \$50,000

2021 Notes: The Association reported plans to complete the maintenance in 2021 for an updated cost of \$50,000 due to a change in scope: an engineered design and addition/relocation of isolated valves is now required. The budgeted amount has been adjusted accordingly

Previous Notes: 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 experience cost.

FUTURE MAINTENANCE	
YEAR	COST
0 (2021)	\$50,000

### 15.1.5 Island Drive PRV - Replace

Life Safety

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 0 (2021)

**Quantity:** 1 Lump Sum

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

**Estimate:** \$10,000

2021 Notes: The maintenance is now planned for 2021 for an updated estimated cost of \$10,000 due to potential additional costs. The budgeted amount has been updated accordingly.

Previous Notes: 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 experience cost.

FUTURE MAINTENANCE	
YEAR	COST
0 (2021)	\$10,000



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## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 15.2.1 Water Towers - Circulation System

Life Safety

**Maintenance Cycle:** 30 years

**Next Maintenance:** Year 25 (2046)

**Quantity:** 2 Each

**Unit Cost:** \$11,981.57 / EA

**Estimate:** 2 EA X 100% X \$11,981.57/EA = \$23,963 + tax = \$26,000

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
25 (2046)	\$63,539

### 15.2.2 Water Towers - Repair

Life Safety

**Maintenance Cycle:** 50 years

**Next Maintenance:** Year 4 (2025)

**Quantity:** 2 Lump Sum

**Unit Cost:** \$20,360.00 / LS

**Estimate:** \$20,360

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
4 (2025)	\$23,138

### 15.2.3 Reservoir & Dam - Maintenance

Life Safety

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 5 (2026)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$20,360.00 / LS

**Estimate:** \$20,360

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
5 (2026)	\$23,832
15 (2036)	\$33,613
25 (2046)	\$49,756

### 15.2.4 Mixer Unit & Storage Tanks - Maintenance

Life Safety

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 16 (2037)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$25,450.00 / LS

**Estimate:** \$25,450

2021 Notes: No new updates were reported.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
16 (2037)	\$43,697



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## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 15.2.5 Clubhouse Water Line - Repair

Life Safety

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 0 (2021)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$6,000.00 / LS

**Estimate:** \$6,000

2021 Notes: The Association is replacing the clubhouse water line for an estimated cost of \$20,000 during the 2021 fiscal year. This component funds for future repairs to the water line.

FUTURE MAINTENANCE	
YEAR	COST
0 (2021)	\$20,000
10 (2031)	\$8,142
20 (2041)	\$12,052
30 (2051)	\$17,840

### 15.3.1 Holiday Lake Overflow - Refurbish

Life Safety

**Maintenance Cycle:** 40 years

**Next Maintenance:** Year 39 (2060)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$7,940.00 / LS

**Estimate:** \$7,940

2021 Notes: The maintenance was completed in 2020 for a cost of \$7,935.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST

### 15.4.1 Water Treatment System - Phase 1

Life Safety

**Maintenance Cycle:** 50 years

**Next Maintenance:** Year 0 (2021)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$100,000.00 / LS

**Estimate:** \$100,000

2021 Notes: The Association expects for this replacement to be completed through a \$100,000 loan, though membership approval is pending. The budget has been adjusted to provide funds in 2021. A special assessment/loan is shown in 2021 in the amount of \$100,000 to cover the anticipated expenses.

Previous Notes: 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

FUTURE MAINTENANCE	
YEAR	COST
0 (2021)	\$100,000

### 15.4.2 Water Treatment System - Phase 2

Life Safety

**Maintenance Cycle:** 50 years

**Next Maintenance:** Year 1 (2022)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$1,169,000.00 / LS

**Estimate:** \$1,169,000

2021 Notes: The Association expects for this replacement to be completed through a \$1,169,000 loan, though membership approval is pending. The budget has been adjusted to provide funds in 2022. A special assessment/loan is shown in 2022 in the amount of \$1,169,000 to cover the anticipated expenses.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
1 (2022)	\$1,215,760





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## LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

28-Jun-21

### 15.4.3 Treatment Plant - Repair

Life Safety

**Maintenance Cycle:** 20 years

**Next Maintenance:** Year 21 (2042)

**Quantity:** 1 Lump Sum

**Unit Cost:** \$75,440.00 / LS

**Estimate:** \$75,440

2021 Notes: The maintenance was completed in 2020 for a cost of \$75,444. The next maintenance year has been moved to 2042 as treatment plant repairs will not be necessary until 20 years after the upcoming water treatment system replacement.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
21 (2042)	\$157,593

### 15.5.1 Water Mains - Repair

Life Safety

**Maintenance Cycle:** 10 years

**Next Maintenance:** Year 0 (2021)

**Quantity:** 17,849 Lump Sum

**Unit Cost:** \$30,540.00 / LS

**Estimate:** \$30,540

2021 Notes: The Association reported plans to complete the maintenance during the 2021 fiscal year.

Previous Notes: 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.

FUTURE MAINTENANCE	
YEAR	COST
0 (2021)	\$30,540
10 (2031)	\$41,442
20 (2041)	\$61,344
30 (2051)	\$90,804

### 15.6.1 Septic Systems - Maintenance

Life Safety

**Maintenance Cycle:** 15 years

**Next Maintenance:** Year 7 (2028)

**Quantity:** 2 Each

**Unit Cost:** \$12,626.73 / EA

**Estimate:** 2 EA X 100% X \$12,626.73/EA = \$25,253 + tax = \$27,400

2021 Notes: No new updates were reported.

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

FUTURE MAINTENANCE	
YEAR	COST
7 (2028)	\$34,026
22 (2043)	\$59,528

### 16.5.1 Generator - Replace

Life Safety

**Maintenance Cycle:** 45 years

**Next Maintenance:** Year 7 (2028)

**Quantity:** 1 Each

**Unit Cost:** \$14,488.48 / EA

**Estimate:** 1 EA X 100% X \$14,488.48/EA = \$14,488 + tax = \$15,720

2021 Notes: No new updates were reported.

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

FUTURE MAINTENANCE	
YEAR	COST
7 (2028)	\$19,521