LUMMI ISLAND SCENIC ESTATES

Lummi Island, Washington

Standard Level 2 Reserve Study update with a site visit

2023 FUNDING RECOMMENDATIONS

Issued September, 2022

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Next Update: **Level 3** study by **September, 2023**

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ABBREVIATION KEY

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

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 2 Reserve Study update with a site visit, and was prepared by an independent Reserve Study Professional.

Lummi Island Scenic Estates is a 399-unit residential community located along 1211 Island Drive in Lummi Island, Washington. Construction of Lummi Island Scenic Estates was completed in about 1962. The community consists of five wood framed community buildings that include a clubhouse, cabana, office, water treatment plant and maintenance shed. The Association is also responsible for a shared water supply system 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 **APRIL 30, 2022**	$425,249 [1]
FULLY FUNDED BALANCE YEAR 2022	$2,064,240 [2]
PERCENT FUNDED AT TIME OF STUDY	21% [3]
FUNDING STATUS – RISK OF ADDITIONAL SPECIAL ASSESSMENT	High Risk
2022 PLANNED OR IMPLEMENTED SPECIAL ASSESSMENT	$271,150
COMPONENT INCLUSION THRESHOLD VALUE	$4,201

LUMMI ISLAND SCENIC ESTATES CURRENT AND RECOMMENDED RESERVE CONTRIBUTIONS	
CURRENT BUDGETED ANNUAL CONTRIBUTION TO RESERVES	$56,600
2023 RECOMMENDED ANNUAL CONTRIBUTION RATE	**$79,000**
2023 RECOMMENDED CONTRIBUTION PER MONTH	$6,583
2023 AVERAGE CONTRIBUTION PER UNIT PER YEAR	$198
2023 AVERAGE CONTRIBUTION PER UNIT PER MONTH	$16
2023 BASELINE FUNDING PLAN CONTRIBUTION RATE	$40,100
2023 FULL FUNDING PLAN CONTRIBUTION RATE	$92,100

[1] 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.

[2] 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.

[3] 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.

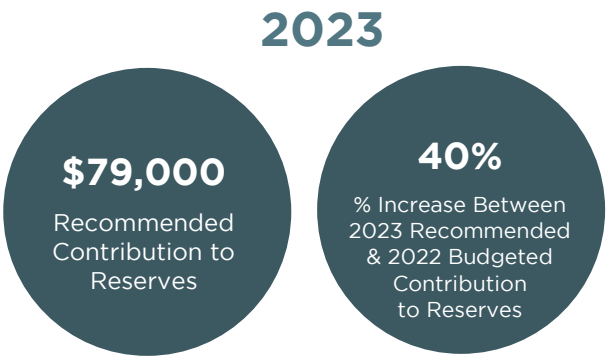
FINANCIAL OVERVIEW FOR 2023

$721,988
2023 Estimated Starting Balance

29%
2023 Estimated Percent Funded w/the Recommended Funding Plan

$714,969
2023 Estimated Reserve Expenditures

RESERVE CONTRIBUTION COMPARISON 2022 VS 2023



The recommended reserve contribution represents a Threshold Funding Plan to prevent special assessments over the course of the 30-year study **while maintaining a minimum reserve account balance of one year's contribution to reserves and the percent funded above 29%.** Washington State law requires an up to date Reserve Study with a current recommended reserve contribution rate.

ESTIMATED STARTING RESERVE FUND BALANCE FOR 2023

BALANCE CALCULATIONS	
The fiscal year for Lummi Island Scenic Estates is a calendar year.	
$425,249	Reserve Fund Balance as of April 30, 2022
($15,973)	Anticipated Remaining Reserve Expenses In 2022
$271,150	Planned Special Assessment In 2022
$37,732	Remaining Reserve Contributions For 2022
$3,830	Projected Interest on the 2022 Reserve Fund Balance
$721,988	**ESTIMATED STARTING BALANCE FOR FISCAL YEAR 2023**

SUMMARY OF THE ANTICIPATED REMAINING MAINTENANCE EXPENSES FOR 2022

COMPONENT DESCRIPTION	ESTIMATED COST
2.6.2 Asphalt Pavement - Major Repair	$5,973
15.4.1 Water Treatment System - Phase 1	$10,000
Total Estimated Costs for 2022	**$15,973**

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 that include a clubhouse, cabana, office, water treatment plant and maintenance shed. The Association is also responsible for a shared water supply system 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.

REVIEW OF GENERAL CONDITIONS

Overall it appeared that minor and major repairs have been conducted on a regular basis. The condition of the property was overall good.

The community buildings are clean and in good repair. No problems were reported with the plumbing or drainage systems. Ongoing projects include the Water Treatment system upgrade and the Clubhouse foundation restoration.

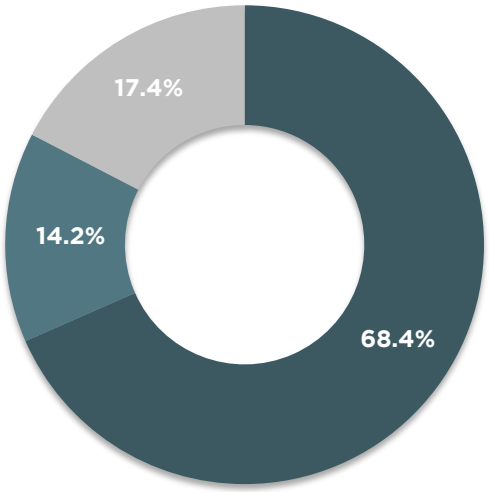
The asphalt paving was repaired along Rosewood Terrace in 2022 and the Clubhouse parking area was repaired in 2018.

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 $4,201 (1% of $420,088), components valued less than the legal threshold may be included to better capture reserve funding for Lummi Island Scenic Estates.

ANTICIPATED EXPENSES[1] 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

68.4% LIFE SAFETY: plumbing, drainage, HVAC, electrical, lighting, & fire suppression

14.2% EXTERIOR ENVELOPE: structural components, guardrails, decks, siding, chimney chases, roofing, gutters & downspouts, doors, windows, skylights, caulking, & exterior finishes

SECONDARY EXPENSES - Discretionary

17.4% SECONDARY including paving, docks, fencing, walkways, signage, mailboxes, kitchen & laundry equipment, interior flooring & paint, furniture, intercom, security systems, reserve studies[2]

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.

[1] 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.

[2] 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 an association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of consultants to specify and oversee work may also cause additional expenses.

Primary Expenses Secondary (Discretionary) Expenses

COMPONENT DESCRIPTION		MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
2.2.1 Corrugated Metal Storm Water System - Contingency	Site	5	3	2025	$5,000
2.6.1 Asphalt Pavement - Repair	Site	10	13	2035	$21,010
2.6.2 Asphalt Pavement - Major Repair	Site	40	3	2025	$77,840
2.6.3 Asphalt Parking Lot - Overlay	Site	40	8	2030	$50,780
2.7.1 Chain Link Fence - Replace	Site	30	11	2033	$9,480
2.9.1 Dock Replacement - Design	Site	3	3	2025	$7,500
2.9.2 Dock Work - Repair	Site	15	8	2030	$31,510
2.9.3 Dock Pilings - Replace	Site	50	3	2025	$120,790
2.9.4 Dock Walkway - Install/Replace	Site	10	8	2030	$10,000
6.1.1 Clubhouse - Repair Contingency	Ext Envelope	10	11	2033	$31,510
6.1.2 Clubhouse Foundation - Restoration	Ext Envelope	1	1	2023	$271,150
6.1.3 Common Buildings - Repair Contingency	Ext Envelope	10	6	2028	$21,010
7.4.1 Sloped Metal Roofs - Replace	Ext Envelope	40	8	2030	$33,150
7.4.2 Low Sloped Roofs - Replace	Ext Envelope	20	14	2036	$23,770
8.3.1 Garage Doors - Replace	Ext Envelope	20	16	2038	$5,340
11.1.1 Backhoe - Replace	Equipment	25	23	2045	$84,330
11.1.2 Truck - Replace	Equipment	10	2	2024	$10,320
11.1.3 Tractor Mower - Replace	Equipment	20	16	2038	$10,500
11.1.4 Road Sweeper - Maintenance	Equipment	5	5	2027	$1,210
15.1.1 Water Meters - Replace	Life Safety	20	8	2030	$67,640
15.1.2 PRV Vaults - Maintenance	Life Safety	5	2	2024	$10,500
15.1.3 Holiday Lake PRV - Replace	Life Safety	40	36	2058	$15,760
15.1.4 Mount Vista Drive PRV - Replace	Life Safety	40	39	2061	$10,000
15.1.5 Island Drive PRV - Replace	Life Safety	40	1	2023	$10,320

COMPONENT LIST CONTINUED

Primary Expenses Secondary (Discretionary) Expenses

COMPONENT DESCRIPTION		MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
15.2.1 Water Towers - Circulation System	Life Safety	30	24	2046	$26,830
15.2.2 Water Towers - Repair	Life Safety	50	3	2025	$21,010
15.2.3 Reservoir & Dam - Maintenance	Life Safety	10	4	2026	$21,010
15.2.4 Mixer Unit & Storage Tanks - Maintenance	Life Safety	20	15	2037	$26,260
15.2.5 Clubhouse Water Line - Repair	Life Safety	10	9	2031	$7,700
15.3.1 Holiday Lake Overflow - Refurbish	Life Safety	40	38	2060	$8,190
15.4.1 Water Treatment System - Phase 1	Life Safety	50	0	2022	$68,000
15.4.2 Water Treatment System - Phase 2	Life Safety	50	1	2023	$406,000
15.4.3 Water Treatment System - Phase 3	Life Safety	50	2	2024	$1,200,000
15.4.4 Treatment Plant - Repair	Life Safety	20	22	2044	$77,840
15.5.1 Water Mains - Repair	Life Safety	10	10	2032	$31,510
15.6.1 Septic Systems - Maintenance	Life Safety	15	6	2028	$28,270
16.5.1 Generator - Replace	Life Safety	45	6	2028	$16,220

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 that associations 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:

- 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 2021 to 2022 inflation figure of 3.18% for construction work.

FIVE YEARS AT A GLANCE (2023 - 2027)

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

2023 (YEAR 1) ANTICIPATED MAINTENANCE			ESTIMATED COST
6.1.2 Clubhouse Foundation - Restoration			$281,996
15.1.5 Island Drive PRV - Replace			$10,733
15.4.2 Water Treatment System - Phase 2			$422,240
Total Estimated Expenses for 2023 (YEAR 1)			**$714,969**
Primary Expenses	$714,969	100%	
Secondary Expenses	$0	0%	

2024 (YEAR 2) ANTICIPATED MAINTENANCE			ESTIMATED COST
11.1.2 Truck - Replace			$11,108
15.1.2 PRV Vaults - Maintenance			$11,302
15.4.3 Water Treatment System - Phase 3			$1,291,680
Total Estimated Expenses for 2024 (YEAR 2)			**$1,314,090**
Primary Expenses	$1,302,982	99%	
Secondary Expenses	$11,108	1%	

2025 (YEAR 3) ANTICIPATED MAINTENANCE			ESTIMATED COST
2.2.1 Corrugated Metal Storm Water System - Contingency			$5,570
2.6.2 Asphalt Pavement - Major Repair			$86,720
2.9.1 Dock Replacement - Design			$8,356
2.9.3 Dock Pilings - Replace			$134,569
15.2.2 Water Towers - Repair			$23,407
Total Estimated Expenses for 2025 (YEAR 3)			**$258,622**
Primary Expenses	$23,407	9%	
Secondary Expenses	$235,215	91%	

2026 (YEAR 4) ANTICIPATED MAINTENANCE			ESTIMATED COST
15.2.3 Reservoir & Dam - Maintenance			$24,226
Total Estimated Expenses for 2026 (YEAR 4)			**$24,226**
Primary Expenses	$24,226	100%	
Secondary Expenses	$0	0%	

2027 (YEAR 5) ANTICIPATED MAINTENANCE			ESTIMATED COST
11.1.4 Road Sweeper - Maintenance			$1,444
Total Estimated Expenses for 2027 (YEAR 5)			**$1,444**
Primary Expenses	$0	0%	
Secondary Expenses	$1,444	100%	

PROJECTED RESERVE ACCOUNT BALANCE

FOR EACH FUNDING PLAN OVER NEXT 5 YEARS

$79,000 RECOMMENDED (THRESHOLD) FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2023)	$79,000	$406,000	$496,060	29%	Moderate Risk
2 (2024)	$81,765	$1,200,000	$469,935	86%	Low Risk
3 (2025)	$84,627	$0	$305,513	77%	Low Risk
4 (2026)	$87,589	$0	$377,306	79%	Low Risk
5 (2027)	$90,654	$0	$477,064	81%	Low Risk

$56,600 CURRENT FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2023)	$56,600	$406,000	$475,578	28%	Moderate Risk
2 (2024)	$58,581	$1,200,000	$431,264	79%	Low Risk
3 (2025)	$60,631	$0	$241,581	61%	Moderate Risk
4 (2026)	$62,753	$0	$286,629	60%	Moderate Risk
5 (2027)	$64,950	$0	$358,094	61%	Moderate Risk

$40,100 BASELINE FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2023)	$40,100	$406,000	$458,995	27%	Moderate Risk
2 (2024)	$41,504	$1,200,000	$396,976	73%	Low Risk
3 (2025)	$42,956	$0	$188,539	47%	Moderate Risk
4 (2026)	$44,460	$0	$213,739	45%	Moderate Risk
5 (2027)	$46,016	$0	$264,211	45%	Moderate Risk

$92,100 FULL FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2023)	$92,100	$406,000	$511,255	30%	Moderate Risk
2 (2024)	$95,324	$1,200,000	$505,035	92%	Low Risk
3 (2025)	$98,660	$0	$355,700	90%	Low Risk
4 (2026)	$102,113	$0	$443,453	93%	Low Risk
5 (2027)	$105,687	$0	$560,085	95%	Low Risk

Note: Due to current market trends, the “Moderate Risk” level for Special Assessment has been set at 25% to 69% as of 2022. In previous years it had been set at 25% to 59%.

PERCENT FUNDED

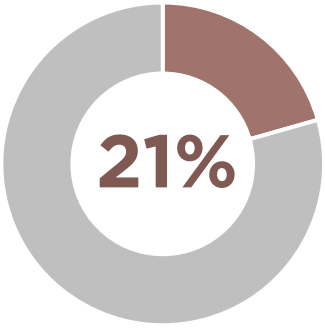
The "percent funded" is a measure of how much the Association should have saved in their reserve account compared to the projected cost for all the components the Association is responsible for and relates to the level of deterioration compared to the cost to repair or replace the component.

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 $2,064,240. The actual current funding is $425,249. The Association is approximately 21% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 21% of the accumulated depreciation of the reserve components.



At 21%, Lummi Island Scenic Estates is considered to be at **high risk for a special assessment.**

EXAMPLE OF PERCENT FUNDED FOR ROOF REPLACEMENT

SCENARIO	ANALYSIS

For a roof that lasts 10 years and costs $100,000 to replace:
• Save $10,000 each year, for 10 years
• Year 2, the roof has deteriorated 20%.
  ○ If you have $20,000 saved it is fully funded.
  ○ If you have $10,000 saved it is 50% funded.
• Year 8, the roof has deteriorated 80%.
  ○ If you have $80,000 saved it is fully funded.
  ○ If you have $20,000 saved it is 25% funded. If you have $10,000 saved it is 13% funded.
	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.
	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.
	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.

FULLY FUNDED BALANCE CALCULATIONS

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

		COMPONENT DESCRIPTION	QTY	UNIT	MAINT. CYCLE (USEFUL LIFE)	REMAINING USEFUL LIFE	EFFECTIVE AGE	CURRENT REPLACEMENT COST	FULLY FUNDED BALANCE
100%	2.2.1	Corrugated Metal Storm Water System - Contingency	1	LS	5	3	2	$5,000	$2,000
100%	2.6.1	Asphalt Pavement - Repair	1	LS	10	13	-	$21,010	$0
100%	2.6.2	Asphalt Pavement - Major Repair	16000	SF	40	3	37	$77,840	$72,002
100%	2.6.3	Asphalt Parking Lot - Overlay	14000	SF	40	8	32	$50,780	$40,624
100%	2.7.1	Chain Link Fence - Replace	320	LF	30	11	19	$9,480	$6,004
100%	2.9.1	Dock Replacement - Design	1	LS	3	3	-	$7,500	$0
100%	2.9.2	Dock Work - Repair	1	LS	15	8	7	$31,510	$14,705
100%	2.9.3	Dock Pilings - Replace	1	LS	50	3	47	$120,790	$113,543
100%	2.9.4	Dock Walkway - Install/Replace	1	LS	10	8	2	$10,000	$2,000
100%	6.1.1	Clubhouse - Repair Contingency	1	LS	10	11	-	$31,510	$0
100%	6.1.2	Clubhouse Foundation - Restoration	1	LS	1	1	-	$271,150	$0
100%	6.1.3	Common Buildings - Repair Contingency	1	LS	10	6	4	$21,010	$8,404
100%	7.4.1	Sloped Metal Roofs - Replace	33	SQ	40	8	32	$33,150	$26,520
100%	7.4.2	Low Sloped Roofs - Replace	17	SQ	20	14	6	$23,770	$7,131
100%	8.3.1	Garage Doors - Replace	3	EA	20	16	4	$5,340	$1,068
100%	11.1.1	Backhoe - Replace	1	EA	25	23	2	$84,330	$6,746
100%	11.1.2	Truck - Replace	1	EA	10	2	8	$10,320	$8,256
100%	11.1.3	Tractor Mower - Replace	1	EA	20	16	4	$10,500	$2,100
100%	11.1.4	Road Sweeper - Maintenance	1	LS	5	5	-	$1,210	$0
100%	15.1.1	Water Meters - Replace	218	EA	20	8	12	$67,640	$40,584
100%	15.1.2	PRV Vaults - Maintenance	1	LS	5	2	3	$10,500	$6,300
100%	15.1.3	Holiday Lake PRV - Replace	1	LS	40	36	4	$15,760	$1,576
100%	15.1.4	Mount Vista Drive PRV - Replace	1	LS	40	39	1	$10,000	$250
100%	15.1.5	Island Drive PRV - Replace	1	LS	40	1	39	$10,320	$10,062
100%	15.2.1	Water Towers - Circulation System	2	EA	30	24	6	$26,830	$5,366
100%	15.2.2	Water Towers - Repair	2	EA	50	3	47	$21,010	$19,749
100%	15.2.3	Reservoir & Dam - Maintenance	1	LS	10	4	6	$21,010	$12,606
100%	15.2.4	Mixer Unit & Storage Tanks - Maintenance	1	LS	20	15	5	$26,260	$6,565
100%	15.2.5	Clubhouse Water Line - Repair	1	LS	10	9	1	$7,700	$770
100%	15.3.1	Holiday Lake Overflow - Refurbish	1	LS	40	38	2	$8,190	$410

FULLY FUNDED BALANCE CALCULATIONS CONTINUED

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

		COMPONENT DESCRIPTION	QTY	UNIT	MAINT. CYCLE (USEFUL LIFE)	REMAINING USEFUL LIFE	EFFECTIVE AGE	CURRENT REPLACEMENT COST	FULLY FUNDED BALANCE
100%	15.4.1	Water Treatment System - Phase 1	1	LS	50	0	50	$68,000	$68,000
100%	15.4.2	Water Treatment System - Phase 2	1	LS	50	1	49	$406,000	$397,880
100%	15.4.3	Water Treatment System - Phase 3	1	LS	50	2	48	$1,200,000	$1,152,000
100%	15.4.4	Treatment Plant - Repair	1	LS	20	22	-	$77,840	$0
100%	15.5.1	Water Mains - Repair	17849	LF	10	10	-	$31,510	$0
100%	15.6.1	Septic Systems - Maintenance	2	EA	15	6	9	$28,270	$16,962
100%	16.5.1	Generator - Replace	1	EA	45	6	39	$16,220	$14,057
						FULLY FUNDED BALANCE		Total	**$2,064,240**

CURRENT RESERVE BALANCE = $425,249

PERCENT FULLY FUNDED = 21%

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%.

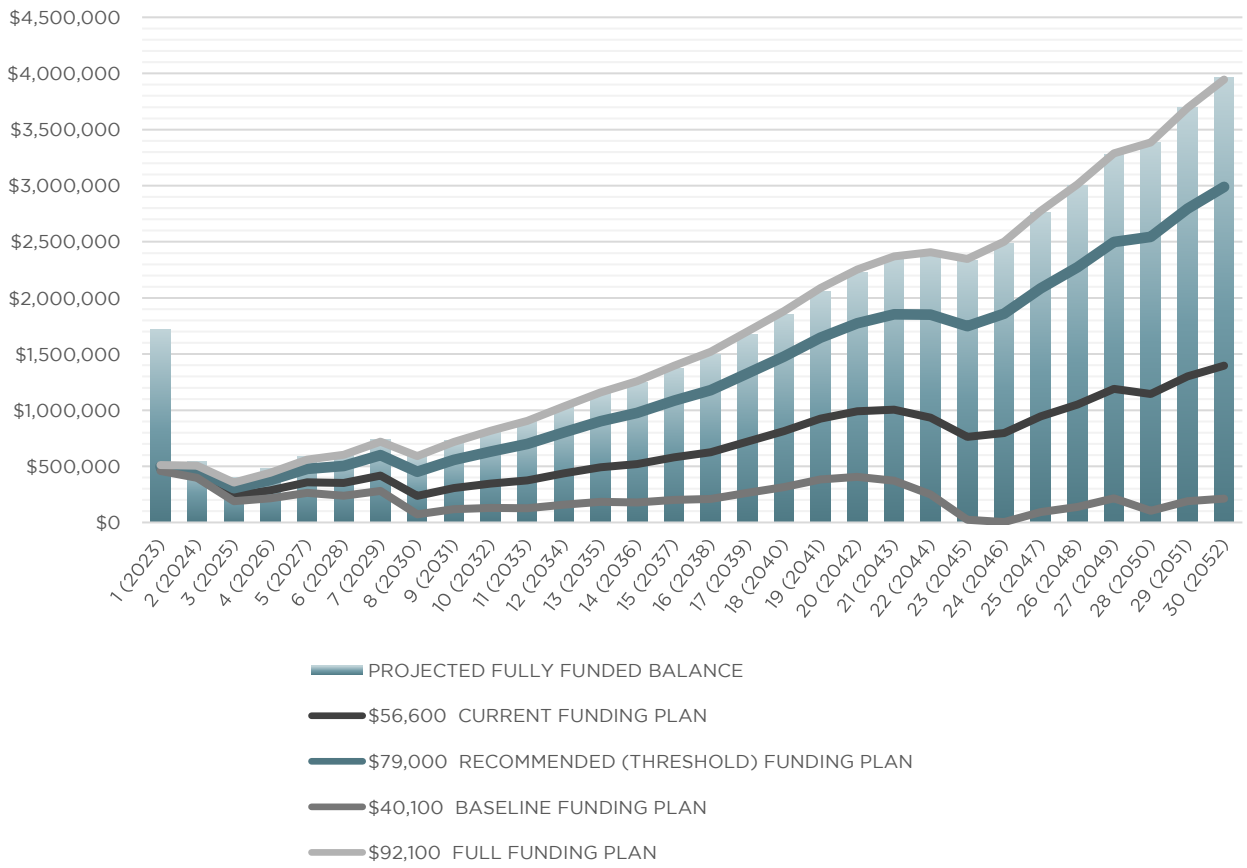
SUMMARY	
RESERVE ACCOUNT BALANCE AS OF APRIL 30, 2022	$425,249
CURRENT FULLY FUNDED BALANCE	$2,064,240
RESERVE FUND DEFICIT	($1,638,991)
NUMBER OF UNITS	399
AVERAGE DEFICIT PER UNIT	($4,108)
ALL UNITS PAY EQUALLY INTO RESERVES	

FUNDING PLANS

THRESHOLD FUNDING PLAN $79,000	BASELINE FUNDING PLAN $40,100	FULL FUNDING PLAN $92,100
RECOMMENDED	**OPTIONAL STRATEGY**	**100% FUNDED BY YEAR 30**
initial annual contribution of $79,000	initial annual contribution of $40,100	initial annual contribution of $92,100
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 29%. 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



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.

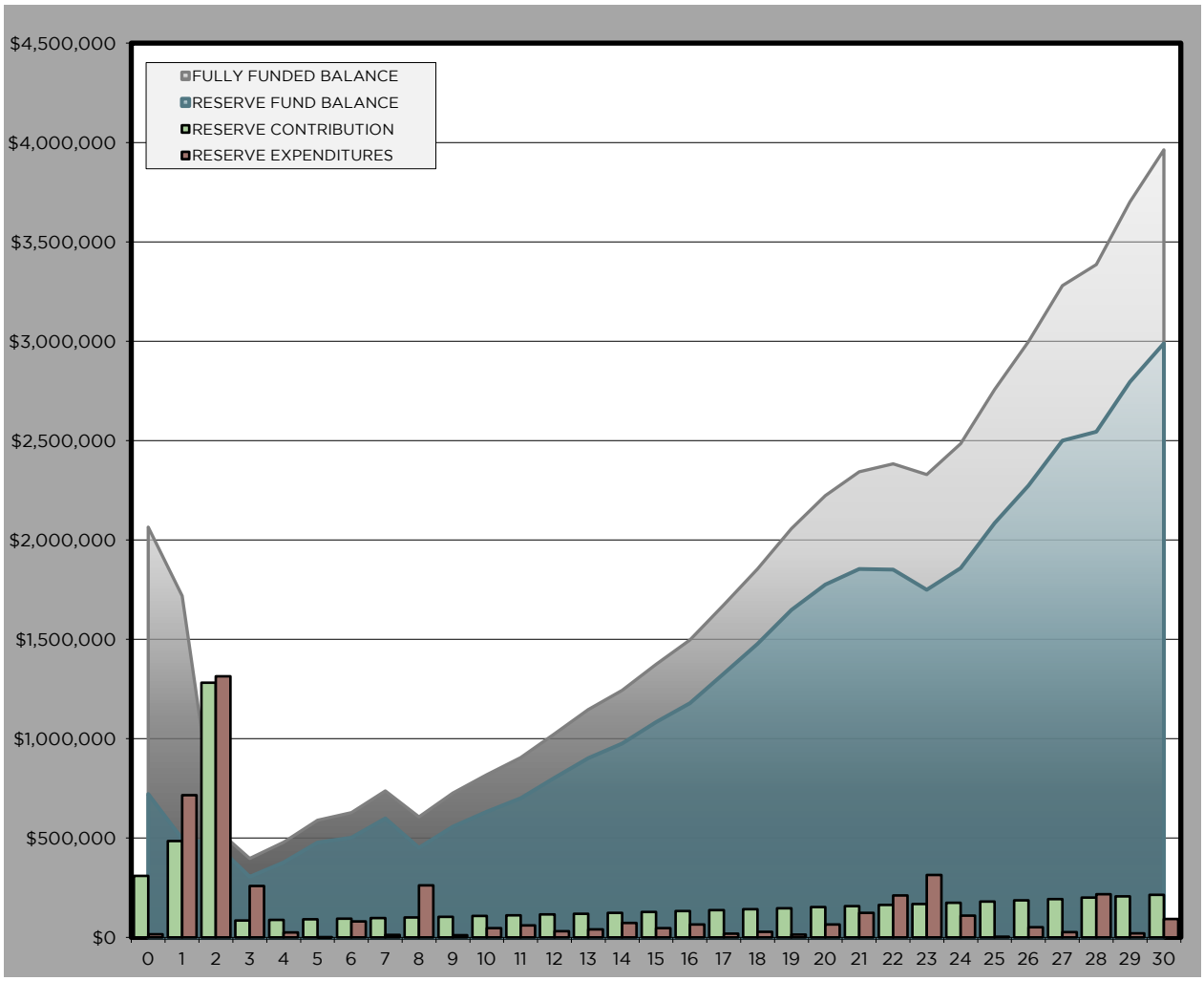
FISCAL YEAR END	$79,000 RECOMMENDED (THRESHOLD) FUNDING PLAN	$56,600 CURRENT FUNDING PLAN	$40,100 BASELINE FUNDING PLAN	$92,100 FULL FUNDING PLAN
1 (2023)	$496,060	$475,578	$458,995	$511,255
2 (2024)	$469,935	$431,264	$396,976	$505,035
3 (2025)	$305,513	$241,581	$188,539	$355,700
4 (2026)	$377,306	$286,629	$213,739	$443,453
5 (2027)	$477,064	$358,094	$264,211	$560,085
6 (2028)	$502,075	$353,194	$237,122	$602,924
7 (2029)	$599,361	$418,878	$279,368	$719,035
8 (2030)	$450,741	$236,891	$72,638	$590,283
9 (2031)	$556,661	$307,600	$117,242	$717,158
10 (2032)	$632,634	$346,436	$128,551	$815,221
11 (2033)	$700,396	$375,050	$128,151	$906,257
12 (2034)	$802,677	$436,086	$158,624	$1,033,049
13 (2035)	$902,225	$492,198	$182,555	$1,158,399
14 (2036)	$976,132	$520,383	$176,872	$1,259,454
15 (2037)	$1,083,188	$579,334	$200,193	$1,395,063
16 (2038)	$1,179,266	$624,819	$208,210	$1,521,160
17 (2039)	$1,328,274	$720,638	$264,645	$1,701,713
18 (2040)	$1,476,685	$813,155	$315,781	$1,883,265
19 (2041)	$1,647,117	$924,872	$384,031	$2,088,499
20 (2042)	$1,775,833	$991,929	$405,449	$2,253,749
21 (2043)	$1,854,134	$1,005,503	$371,120	$2,370,389
22 (2044)	$1,851,265	$934,709	$250,061	$2,407,741
23 (2045)	$1,749,662	$761,849	$24,475	$2,348,321
24 (2046)	$1,858,731	$796,188	$3,523	$2,501,618
25 (2047)	$2,084,928	$944,035	$93,408	$2,774,172
26 (2048)	$2,273,798	$1,050,784	$139,411	$3,011,619
27 (2049)	$2,499,245	$1,190,182	$215,161	$3,287,954
28 (2050)	$2,543,923	$1,144,718	$103,028	$3,385,928
29 (2051)	$2,795,858	$1,302,247	$190,742	$3,693,666
30 (2052)	$2,989,236	$1,396,778	$212,181	$3,945,458

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 $79,000



RESERVE 30 YEAR SUMMARY AT THE RECOMMENDED FUNDING PLAN STARTING AT $79,000

INFLATION & INTEREST ASSUMPTIONS[1]

	CONTRIBUTION INFLATION	COMPONENT INFLATION	INTEREST
Years 0-1	0.0%	4.0%	1.0%
Years 2-10	3.5%	3.5%	2.5%
Years 11-30	3.5%	3.5%	2.5%

SPECIAL ASSESSMENT RISK

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

FISCAL YEAR END	FISCAL YEAR BEGINNING RESERVE BALANCE	RECOMMMENDED ANNUAL RESERVE CONTRIBUTION[2]	AVERAGE CONTRIBUTION PER UNIT PER MONTH[3]	PROJECTED RESERVE EXPENDITURES	SPECIAL ASSESSMENT & LOAN	PROJECTED INTEREST EARNED	FISCAL YEAR END RESERVE BALANCE	PROJECTED FULLY FUNDED BALANCE	PERCENT FUNDED
1 (2023)	$721,988	$79,000	$16	($714,969)	$406,000	$4,040	$496,060	$1,719,108	29%
2 (2024)	$496,060	$81,765	$17	($1,314,090)	$1,200,000	$6,201	$469,935	$547,229	86%
3 (2025)	$469,935	$84,627	$18	($258,622)	$0	$9,573	$305,513	$397,012	77%
4 (2026)	$305,513	$87,589	$18	($24,226)	$0	$8,430	$377,306	$478,595	79%
5 (2027)	$377,306	$90,654	$19	($1,444)	$0	$10,548	$477,064	$589,033	81%
6 (2028)	$477,064	$93,827	$20	($80,905)	$0	$12,088	$502,075	$627,205	80%
7 (2029)	$502,075	$97,111	$20	($13,423)	$0	$13,598	$599,361	$737,641	81%
8 (2030)	$599,361	$100,510	$21	($262,094)	$0	$12,964	$450,741	$606,838	74%
9 (2031)	$450,741	$104,028	$22	($10,545)	$0	$12,437	$556,661	$726,698	77%
10 (2032)	$556,661	$107,669	$22	($46,378)	$0	$14,683	$632,634	$818,740	77%
11 (2033)	$632,634	$111,437	$23	($60,133)	$0	$16,457	$700,396	$904,204	77%
12 (2034)	$700,396	$115,338	$24	($31,613)	$0	$18,556	$802,677	$1,025,272	78%
13 (2035)	$802,677	$119,374	$25	($40,875)	$0	$21,048	$902,225	$1,145,551	79%
14 (2036)	$902,225	$123,553	$26	($72,835)	$0	$23,190	$976,132	$1,242,464	79%
15 (2037)	$976,132	$127,877	$27	($46,244)	$0	$25,424	$1,083,188	$1,373,898	79%
16 (2038)	$1,083,188	$132,353	$28	($64,206)	$0	$27,932	$1,179,266	$1,496,667	79%
17 (2039)	$1,179,266	$136,985	$29	($18,935)	$0	$30,957	$1,328,274	$1,673,865	79%
18 (2040)	$1,328,274	$141,779	$30	($27,997)	$0	$34,629	$1,476,685	$1,853,234	80%
19 (2041)	$1,476,685	$146,742	$31	($14,875)	$0	$38,565	$1,647,117	$2,057,211	80%
20 (2042)	$1,647,117	$151,878	$32	($65,420)	$0	$42,259	$1,775,833	$2,223,171	80%
21 (2043)	$1,775,833	$157,193	$33	($123,707)	$0	$44,814	$1,854,134	$2,342,230	79%
22 (2044)	$1,854,134	$162,695	$34	($211,310)	$0	$45,746	$1,851,265	$2,383,627	78%
23 (2045)	$1,851,265	$168,389	$35	($314,448)	$0	$44,456	$1,749,662	$2,329,310	75%
24 (2046)	$1,749,662	$174,283	$36	($109,762)	$0	$44,548	$1,858,731	$2,483,963	75%
25 (2047)	$1,858,731	$180,383	$38	($2,873)	$0	$48,687	$2,084,928	$2,757,320	76%
26 (2048)	$2,084,928	$186,696	$39	($51,638)	$0	$53,811	$2,273,798	$2,998,104	76%
27 (2049)	$2,273,798	$193,231	$40	($26,710)	$0	$58,926	$2,499,245	$3,279,101	76%
28 (2050)	$2,499,245	$199,994	$42	($217,577)	$0	$62,261	$2,543,923	$3,386,163	75%
29 (2051)	$2,543,923	$206,994	$43	($20,982)	$0	$65,923	$2,795,858	$3,700,912	76%
30 (2052)	$2,795,858	$214,238	$45	($92,282)	$0	$71,421	$2,989,236	$3,962,980	75%

[1] 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.

[2] The Recommended Annual Reserve Contribution includes inflation and any applicable recommended adjustments.

[3] 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.

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:

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

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

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 2 Reserve Study update with a site visit.

The next required update for Lummi Island Scenic Estates is a **Level 3 study by September, 2023.**

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:

- Site visit and visual inspection of a sampling of the components;
- 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;

(e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and

(f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

RCW 64.90.550 §2 (d) – (f) requirements are covered by the 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 considering 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 1991 is 3.33%. 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 1991 is 2.56. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations.

CONTRIBUTION & EXPENSE INFLATION AND INTEREST PROJECTIONS

YEARS APPLIED	RESERVE CONTRIBUTION INFLATION	RESERVE EXPENSE INFLATION	INTEREST RATE
Year 0 (2022)	0%	0%	1.0%
Year 1 (2023)	0%	4.0%	1.0%
Year 2 (2024) through Year 10 (2032)	3.5%	3.5%	2.5%
Year 11 (2033) through Year 30 (2052)	3.5%	3.5%	2.5%

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 **current contribution rate***?

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

ANTICIPATED RESERVE FUNDING SHORTFALLS OVER THE NEXT 30 YEARS

$128,000 CURRENT FISCAL YEAR RESERVE CONTRIBUTION

FISCAL YEAR END	PROJECTED FUNDING SHORTFALL	AVERAGE SHORTFALL PER UNIT PER YEAR
None		

$104,000 PROPOSED ANNUAL RESERVE CONTRIBUTION

FISCAL YEAR END	PROJECTED FUNDING SHORTFALL	AVERAGE SHORTFALL PER UNIT PER YEAR
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.
N/A	Average amount per unit per year.
N/A	Average amount per unit per month.
N/A	When assessment is due.

The purpose for the additional funding:

COMPARISON OF FISCAL YEAR END PROJECTIONS FOR NEXT FIVE YEARS

$128,000 CURRENT RESERVE CONTRIBUTION

FISCAL YEAR END	RESERVE ACCOUNT BALANCE	PERCENT FULLY FUNDED
2022	$717,247	70%
2023	$864,751	79%
2024	$1,017,160	86%
2025	$1,178,771	93%
2026	$553,627	98%

$104,000 RECOMMENDED RESERVE CONTRIBUTION

FISCAL YEAR END	RESERVE ACCOUNT BALANCE	PERCENT FULLY FUNDED
2022	$693,007	68%
2023	$815,059	74%
2024	$940,758	80%
2025	$1,074,353	85%
2026	$419,838	74%

$104,000 PROPOSED RESERVE CONTRIBUTION

FISCAL YEAR END	RESERVE ACCOUNT BALANCE	PERCENT FULLY FUNDED
2022	$693,007	68%
2023	$815,059	74%
2024	$940,758	80%
2025	$1,074,353	85%
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

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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 2023*
$104,000	The Proposed annual contribution to reserves for the fiscal year ending in 2022 per the budget.

✔ **The proposed budget does meet or exceed the reserve study recommendations.**

$0	Difference between the Proposed and Recommended annual contribution to reserves.

***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.**

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%.

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 INTEREST	(DEFICIENCY) PER UNIT	UNIT NUMBER	ALLOCATED INTEREST	(DEFICIENCY) PER UNIT	UNIT NUMBER	ALLOCATED INTEREST	(DEFICIENCY) PER UNIT
A101	8.0787%	[illegible]	208	4.8397%	($17,495)	308	4.9295%	($17,820)
A102	7.5583%	($27,323)	209	4.8397%	($17,495)	309	4.9295%	($17,820)
A103	9.0827%	($32,834)	300	1.9574%	($7,076)	400	2.0472%	($7,401)
A201	7.7574%	($28,040)	301	2.1370%	($7,725)	401	2.2268%	($8,050)
A202	7.4748%	[illegible]	302	2.1968%	($7,952)	402	2.2866%	($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%	($11,133)	404	3.1696%	($11,458)
A302	7.5583%	($27,323)	305	3.2594%	($11,783)	405	3.3491%	($12,107)
A303	9.1784%	($33,172)	306	3.1087%	($11,231)	406	3.1985%	($11,555)
A401	8.4585%	($30,578)	307	3.1426%	($11,360)	407	2.3701%	($8,568)
COLUMN TOTAL	100.00%	($361,499)	COLUMN TOTAL	90.88%	($111,526)	COLUMN TOTAL	41.79%	($151,064)
			GRAND TOTAL	172.84%	($624,091)			

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 reflects 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.

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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 RCW64.90.085, 64.90.095, or 64.90.100of 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 RCW64.90.040of 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 RCW64.38, 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) 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.

Roofing Square - A roofing industry term meaning 100 square feet.

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 the calculated reserve fund balance.

APPENDIX A

LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $79,000
AND COMPOUND INFLATION

							16-Sep-22
			STARTING RESERVE BALANCE	$721,988	$496,060	$469,935	$305,513	$377,306
			ANNUAL RESERVE CONTRIBUTION	$79,000	$81,765	$84,627	$87,589	$90,654
			ESTIMATED INTEREST EARNED	$4,040	$6,201	$9,573	$8,430	$10,548
			SPECIAL ASSESSMENT & LOAN	$406,000	$1,200,000	$0	$0	$0
			ACCUMULATED CREDITS	**$1,211,029**	**$1,784,025**	**$564,135**	**$401,532**	**$478,508**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 **2023**	2 **2024**	3 **2025**	4 **2026**	5 **2027**
2.2.1	Corrugated Metal Storm Water System - Contingency	5	3			$5,570		
2.6.1	Asphalt Pavement - Repair	10	13					
2.6.2	Asphalt Pavement - Major Repair	40	3			$86,720		
2.6.3	Asphalt Parking Lot - Overlay	40	8					
2.7.1	Chain Link Fence - Replace	30	11					
2.9.1	Dock Replacement - Design	3	3			$8,356		
2.9.2	Dock Work - Repair	15	8					
2.9.3	Dock Pilings - Replace	50	3			$134,569		
2.9.4	Dock Walkway - Install/Replace	10	8					
6.1.1	Clubhouse - Repair Contingency	10	11					
6.1.2	Clubhouse Foundation - Restoration	1	1	$281,996				
6.1.3	Common Buildings - Repair Contingency	10	6					
7.4.1	Sloped Metal Roofs - Replace	40	8					
7.4.2	Low Sloped Roofs - Replace	20	14					
8.3.1	Garage Doors - Replace	20	16					
11.1.1	Backhoe - Replace	25	23					
11.1.2	Truck - Replace	10	2		$11,108			
11.1.3	Tractor Mower - Replace	20	16					
11.1.4	Road Sweeper - Maintenance	5	5					$1,444
15.1.1	Water Meters - Replace	20	8					
15.1.2	PRV Vaults - Maintenance	5	2		$11,302			
15.1.3	Holiday Lake PRV - Replace	40	36					
15.1.4	Mount Vista Drive PRV - Replace	40	39					
15.1.5	Island Drive PRV - Replace	40	1	$10,733				
15.2.1	Water Towers - Circulation System	30	24					
15.2.2	Water Towers - Repair	50	3			$23,407		
15.2.3	Reservoir & Dam - Maintenance	10	4				$24,226	
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	15					
15.2.5	Clubhouse Water Line - Repair	10	9					
15.3.1	Holiday Lake Overflow - Refurbish	40	38					
15.4.1	Water Treatment System - Phase 1	50	0					
15.4.2	Water Treatment System - Phase 2	50	1	$422,240				
15.4.3	Water Treatment System - Phase 3	50	2		$1,291,680			
15.4.4	Treatment Plant - Repair	20	22					
15.5.1	Water Mains - Repair	10	10					
15.6.1	Septic Systems - Maintenance	15	6					
16.5.1	Generator - Replace	45	6					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$714,969**	**$1,314,090**	**$258,622**	**$24,226**	**$1,444**
	ACCUMULATED CREDITS			$1,211,029	$1,784,025	$564,135	$401,532	$478,508
	ACCUMULATED DEBITS			$714,969	$1,314,090	$258,622	$24,226	$1,444
	YEAR-END BALANCE			**$496,060**	**$469,935**	**$305,513**	**$377,306**	**$477,064**

YEARS	1	2-10	11-30	1 (2023)	2 (2024)	3 (2025)	4 (2026)	5 (2027)
CONTRIBUTION INFLATION	0.0%	3.5%	3.5%	0%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4.0%	3.5%	3.5%	104%	108%	111%	115%	119%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	1%	3%	3%	3%	3%

APPENDIX A

LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $79,000
AND COMPOUND INFLATION

							16-Sep-22
			STARTING RESERVE BALANCE	$477,064	$502,075	$599,361	$450,741	$556,661
			ANNUAL RESERVE CONTRIBUTION	$93,827	$97,111	$100,510	$104,028	$107,669
			ESTIMATED INTEREST EARNED	$12,088	$13,598	$12,964	$12,437	$14,683
			SPECIAL ASSESSMENT & LOAN	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$582,980**	**$612,784**	**$712,835**	**$567,206**	**$679,012**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 **2028**	7 **2029**	8 **2030**	9 **2031**	10 **2032**
2.2.1	Corrugated Metal Storm Water System - Contingency	5	3			$6,616		
2.6.1	Asphalt Pavement - Repair	10	13					
2.6.2	Asphalt Pavement - Major Repair	40	3					
2.6.3	Asphalt Parking Lot - Overlay	40	8			$67,191		
2.7.1	Chain Link Fence - Replace	30	11					
2.9.1	Dock Replacement - Design	3	3					
2.9.2	Dock Work - Repair	15	8			$41,693		
2.9.3	Dock Pilings - Replace	50	3					
2.9.4	Dock Walkway - Install/Replace	10	8			$13,232		
6.1.1	Clubhouse - Repair Contingency	10	11					
6.1.2	Clubhouse Foundation - Restoration	1	1					
6.1.3	Common Buildings - Repair Contingency	10	6	$25,951				
7.4.1	Sloped Metal Roofs - Replace	40	8			$43,863		
7.4.2	Low Sloped Roofs - Replace	20	14					
8.3.1	Garage Doors - Replace	20	16					
11.1.1	Backhoe - Replace	25	23					
11.1.2	Truck - Replace	10	2					
11.1.3	Tractor Mower - Replace	20	16					
11.1.4	Road Sweeper - Maintenance	5	5					$1,715
15.1.1	Water Meters - Replace	20	8			$89,499		
15.1.2	PRV Vaults - Maintenance	5	2		$13,423			
15.1.3	Holiday Lake PRV - Replace	40	36					
15.1.4	Mount Vista Drive PRV - Replace	40	39					
15.1.5	Island Drive PRV - Replace	40	1					
15.2.1	Water Towers - Circulation System	30	24					
15.2.2	Water Towers - Repair	50	3					
15.2.3	Reservoir & Dam - Maintenance	10	4					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	15					
15.2.5	Clubhouse Water Line - Repair	10	9				$10,545	
15.3.1	Holiday Lake Overflow - Refurbish	40	38					
15.4.1	Water Treatment System - Phase 1	50	0					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	2					
15.4.4	Treatment Plant - Repair	20	22					
15.5.1	Water Mains - Repair	10	10					$44,663
15.6.1	Septic Systems - Maintenance	15	6	$34,919				
16.5.1	Generator - Replace	45	6	$20,035				
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$80,905**	**$13,423**	**$262,094**	**$10,545**	**$46,378**
	ACCUMULATED CREDITS			$582,980	$612,784	$712,835	$567,206	$679,012
	ACCUMULATED DEBITS			$80,905	$13,423	$262,094	$10,545	$46,378
	YEAR-END BALANCE			**$502,075**	**$599,361**	**$450,741**	**$556,661**	**$632,634**

YEARS	1	2-10	11-30	6 (2028)	7 (2029)	8 (2030)	9 (2031)	10 (2032)
CONTRIBUTION INFLATION	0.0%	3.5%	3.5%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4.0%	3.5%	3.5%	124%	128%	132%	137%	142%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	3%	3%	3%	3%	3%

APPENDIX A

LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $79,000
AND COMPOUND INFLATION

							16-Sep-22
			STARTING RESERVE BALANCE	$632,634	$700,396	$802,677	$902,225	$976,132
			ANNUAL RESERVE CONTRIBUTION	$111,437	$115,338	$119,374	$123,553	$127,877
			ESTIMATED INTEREST EARNED	$16,457	$18,556	$21,048	$23,190	$25,424
			SPECIAL ASSESSMENT & LOAN	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$760,529**	**$834,290**	**$943,100**	**$1,048,967**	**$1,129,432**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 **2033**	12 **2034**	13 **2035**	14 **2036**	15 **2037**
2.2.1	Corrugated Metal Storm Water System - Contingency	5	3			$7,858		
2.6.1	Asphalt Pavement - Repair	10	13			$33,017		
2.6.2	Asphalt Pavement - Major Repair	40	3					
2.6.3	Asphalt Parking Lot - Overlay	40	8					
2.7.1	Chain Link Fence - Replace	30	11	$13,907				
2.9.1	Dock Replacement - Design	3	3					
2.9.2	Dock Work - Repair	15	8					
2.9.3	Dock Pilings - Replace	50	3					
2.9.4	Dock Walkway - Install/Replace	10	8					
6.1.1	Clubhouse - Repair Contingency	10	11	$46,226				
6.1.2	Clubhouse Foundation - Restoration	1	1					
6.1.3	Common Buildings - Repair Contingency	10	6					
7.4.1	Sloped Metal Roofs - Replace	40	8					
7.4.2	Low Sloped Roofs - Replace	20	14				$38,662	
8.3.1	Garage Doors - Replace	20	16					
11.1.1	Backhoe - Replace	25	23					
11.1.2	Truck - Replace	10	2		$15,670			
11.1.3	Tractor Mower - Replace	20	16					
11.1.4	Road Sweeper - Maintenance	5	5					$2,037
15.1.1	Water Meters - Replace	20	8					
15.1.2	PRV Vaults - Maintenance	5	2		$15,943			
15.1.3	Holiday Lake PRV - Replace	40	36					
15.1.4	Mount Vista Drive PRV - Replace	40	39					
15.1.5	Island Drive PRV - Replace	40	1					
15.2.1	Water Towers - Circulation System	30	24					
15.2.2	Water Towers - Repair	50	3					
15.2.3	Reservoir & Dam - Maintenance	10	4				$34,173	
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	15					$44,207
15.2.5	Clubhouse Water Line - Repair	10	9					
15.3.1	Holiday Lake Overflow - Refurbish	40	38					
15.4.1	Water Treatment System - Phase 1	50	0					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	2					
15.4.4	Treatment Plant - Repair	20	22					
15.5.1	Water Mains - Repair	10	10					
15.6.1	Septic Systems - Maintenance	15	6					
16.5.1	Generator - Replace	45	6					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$60,133**	**$31,613**	**$40,875**	**$72,835**	**$46,244**
	ACCUMULATED CREDITS			$760,529	$834,290	$943,100	$1,048,967	$1,129,432
	ACCUMULATED DEBITS			$60,133	$31,613	$40,875	$72,835	$46,244
	YEAR-END BALANCE			**$700,396**	**$802,677**	**$902,225**	**$976,132**	**$1,083,188**

YEARS	**1**	**2-10**	**11-30**	11 (2033)	12 (2034)	13 (2035)	14 (2036)	15 (2037)
CONTRIBUTION INFLATION	0.0%	3.5%	3.5%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4.0%	3.5%	3.5%	147%	152%	157%	163%	168%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	3%	3%	3%	3%	3%

APPENDIX A

LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $79,000
AND COMPOUND INFLATION

							16-Sep-22
			STARTING RESERVE BALANCE	$1,083,188	$1,179,266	$1,328,274	$1,476,685	$1,647,117
			ANNUAL RESERVE CONTRIBUTION	$132,353	$136,985	$141,779	$146,742	$151,878
			ESTIMATED INTEREST EARNED	$27,932	$30,957	$34,629	$38,565	$42,259
			SPECIAL ASSESSMENT & LOAN	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$1,243,472**	**$1,347,209**	**$1,504,682**	**$1,661,992**	**$1,841,253**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 **2038**	17 **2039**	18 **2040**	19 **2041**	20 **2042**
2.2.1	Corrugated Metal Storm Water System - Contingency	5	3			$9,332		
2.6.1	Asphalt Pavement - Repair	10	13					
2.6.2	Asphalt Pavement - Major Repair	40	3					
2.6.3	Asphalt Parking Lot - Overlay	40	8					
2.7.1	Chain Link Fence - Replace	30	11					
2.9.1	Dock Replacement - Design	3	3					
2.9.2	Dock Work - Repair	15	8					
2.9.3	Dock Pilings - Replace	50	3					
2.9.4	Dock Walkway - Install/Replace	10	8			$18,665		
6.1.1	Clubhouse - Repair Contingency	10	11					
6.1.2	Clubhouse Foundation - Restoration	1	1					
6.1.3	Common Buildings - Repair Contingency	10	6	$36,607				
7.4.1	Sloped Metal Roofs - Replace	40	8					
7.4.2	Low Sloped Roofs - Replace	20	14					
8.3.1	Garage Doors - Replace	20	16	$9,304				
11.1.1	Backhoe - Replace	25	23					
11.1.2	Truck - Replace	10	2					
11.1.3	Tractor Mower - Replace	20	16	$18,295				
11.1.4	Road Sweeper - Maintenance	5	5					$2,419
15.1.1	Water Meters - Replace	20	8					
15.1.2	PRV Vaults - Maintenance	5	2		$18,935			
15.1.3	Holiday Lake PRV - Replace	40	36					
15.1.4	Mount Vista Drive PRV - Replace	40	39					
15.1.5	Island Drive PRV - Replace	40	1					
15.2.1	Water Towers - Circulation System	30	24					
15.2.2	Water Towers - Repair	50	3					
15.2.3	Reservoir & Dam - Maintenance	10	4					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	15					
15.2.5	Clubhouse Water Line - Repair	10	9				$14,875	
15.3.1	Holiday Lake Overflow - Refurbish	40	38					
15.4.1	Water Treatment System - Phase 1	50	0					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	2					
15.4.4	Treatment Plant - Repair	20	22					
15.5.1	Water Mains - Repair	10	10					$63,001
15.6.1	Septic Systems - Maintenance	15	6					
16.5.1	Generator - Replace	45	6					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$64,206**	**$18,935**	**$27,997**	**$14,875**	**$65,420**
	ACCUMULATED CREDITS			$1,243,472	$1,347,209	$1,504,682	$1,661,992	$1,841,253
	ACCUMULATED DEBITS			$64,206	$18,935	$27,997	$14,875	$65,420
	YEAR-END BALANCE			**$1,179,266**	**$1,328,274**	**$1,476,685**	**$1,647,117**	**$1,775,833**

YEARS	1	2-10	11-30	16 (2038)	17 (2039)	18 (2040)	19 (2041)	20 (2042)
CONTRIBUTION INFLATION	0.0%	3.5%	3.5%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4.0%	3.5%	3.5%	174%	180%	187%	193%	200%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	3%	3%	3%	3%	3%

APPENDIX A

LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $79,000
AND COMPOUND INFLATION

16-Sep-22

			STARTING RESERVE BALANCE	$1,775,833	$1,854,134	$1,851,265	$1,749,662	$1,858,731
			ANNUAL RESERVE CONTRIBUTION	$157,193	$162,695	$168,389	$174,283	$180,383
			ESTIMATED INTEREST EARNED	$44,814	$45,746	$44,456	$44,548	$48,687
			SPECIAL ASSESSMENT & LOAN	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$1,977,841**	**$2,062,575**	**$2,064,110**	**$1,968,493**	**$2,087,801**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 **2043**	22 **2044**	23 **2045**	24 **2046**	25 **2047**
2.2.1	Corrugated Metal Storm Water System - Contingency	5	3			$11,084		
2.6.1	Asphalt Pavement - Repair	10	13			$46,574		
2.6.2	Asphalt Pavement - Major Repair	40	3					
2.6.3	Asphalt Parking Lot - Overlay	40	8					
2.7.1	Chain Link Fence - Replace	30	11					
2.9.1	Dock Replacement - Design	3	3					
2.9.2	Dock Work - Repair	15	8			$69,850		
2.9.3	Dock Pilings - Replace	50	3					
2.9.4	Dock Walkway - Install/Replace	10	8					
6.1.1	Clubhouse - Repair Contingency	10	11	$65,206				
6.1.2	Clubhouse Foundation - Restoration	1	1					
6.1.3	Common Buildings - Repair Contingency	10	6					
7.4.1	Sloped Metal Roofs - Replace	40	8					
7.4.2	Low Sloped Roofs - Replace	20	14					
8.3.1	Garage Doors - Replace	20	16					
11.1.1	Backhoe - Replace	25	23			$186,940		
11.1.2	Truck - Replace	10	2		$22,103			
11.1.3	Tractor Mower - Replace	20	16					
11.1.4	Road Sweeper - Maintenance	5	5					$2,873
15.1.1	Water Meters - Replace	20	8					
15.1.2	PRV Vaults - Maintenance	5	2		$22,489			
15.1.3	Holiday Lake PRV - Replace	40	36					
15.1.4	Mount Vista Drive PRV - Replace	40	39					
15.1.5	Island Drive PRV - Replace	40	1					
15.2.1	Water Towers - Circulation System	30	24				$61,558	
15.2.2	Water Towers - Repair	50	3					
15.2.3	Reservoir & Dam - Maintenance	10	4				$48,204	
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	15					
15.2.5	Clubhouse Water Line - Repair	10	9					
15.3.1	Holiday Lake Overflow - Refurbish	40	38					
15.4.1	Water Treatment System - Phase 1	50	0					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	2					
15.4.4	Treatment Plant - Repair	20	22		$166,718			
15.5.1	Water Mains - Repair	10	10					
15.6.1	Septic Systems - Maintenance	15	6	$58,501				
16.5.1	Generator - Replace	45	6					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$123,707**	**$211,310**	**$314,448**	**$109,762**	**$2,873**
	ACCUMULATED CREDITS			$1,977,841	$2,062,575	$2,064,110	$1,968,493	$2,087,801
	ACCUMULATED DEBITS			$123,707	$211,310	$314,448	$109,762	$2,873
	YEAR-END BALANCE			**$1,854,134**	**$1,851,265**	**$1,749,662**	**$1,858,731**	**$2,084,928**

YEARS	1	2-10	11-30	21 (2043)	22 (2044)	23 (2045)	24 (2046)	25 (2047)
CONTRIBUTION INFLATION	0.0%	3.5%	3.5%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4.0%	3.5%	3.5%	207%	214%	222%	229%	237%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	3%	3%	3%	3%	3%

APPENDIX A

LUMMI ISLAND

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $79,000
AND COMPOUND INFLATION

16-Sep-22

			STARTING RESERVE BALANCE	$2,084,928	$2,273,798	$2,499,245	$2,543,923	$2,795,858
			ANNUAL RESERVE CONTRIBUTION	$186,696	$193,231	$199,994	$206,994	$214,238
			ESTIMATED INTEREST EARNED	$53,811	$58,926	$62,261	$65,923	$71,421
			SPECIAL ASSESSMENT & LOAN	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$2,325,436**	**$2,525,955**	**$2,761,500**	**$2,816,840**	**$3,081,518**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 **2048**	27 **2049**	28 **2050**	29 **2051**	30 **2052**
2.2.1	Corrugated Metal Storm Water System - Contingency	5	3			$13,164		
2.6.1	Asphalt Pavement - Repair	10	13					
2.6.2	Asphalt Pavement - Major Repair	40	3					
2.6.3	Asphalt Parking Lot - Overlay	40	8					
2.7.1	Chain Link Fence - Replace	30	11					
2.9.1	Dock Replacement - Design	3	3					
2.9.2	Dock Work - Repair	15	8					
2.9.3	Dock Pilings - Replace	50	3					
2.9.4	Dock Walkway - Install/Replace	10	8			$26,328		
6.1.1	Clubhouse - Repair Contingency	10	11					
6.1.2	Clubhouse Foundation - Restoration	1	1					
6.1.3	Common Buildings - Repair Contingency	10	6	$51,638				
7.4.1	Sloped Metal Roofs - Replace	40	8					
7.4.2	Low Sloped Roofs - Replace	20	14					
8.3.1	Garage Doors - Replace	20	16					
11.1.1	Backhoe - Replace	25	23					
11.1.2	Truck - Replace	10	2					
11.1.3	Tractor Mower - Replace	20	16					
11.1.4	Road Sweeper - Maintenance	5	5					$3,413
15.1.1	Water Meters - Replace	20	8			$178,085		
15.1.2	PRV Vaults - Maintenance	5	2		$26,710			
15.1.3	Holiday Lake PRV - Replace	40	36					
15.1.4	Mount Vista Drive PRV - Replace	40	39					
15.1.5	Island Drive PRV - Replace	40	1					
15.2.1	Water Towers - Circulation System	30	24					
15.2.2	Water Towers - Repair	50	3					
15.2.3	Reservoir & Dam - Maintenance	10	4					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	15					
15.2.5	Clubhouse Water Line - Repair	10	9				$20,982	
15.3.1	Holiday Lake Overflow - Refurbish	40	38					
15.4.1	Water Treatment System - Phase 1	50	0					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	2					
15.4.4	Treatment Plant - Repair	20	22					
15.5.1	Water Mains - Repair	10	10					$88,869
15.6.1	Septic Systems - Maintenance	15	6					
16.5.1	Generator - Replace	45	6					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$51,638**	**$26,710**	**$217,577**	**$20,982**	**$92,282**
	ACCUMULATED CREDITS			$2,325,436	$2,525,955	$2,761,500	$2,816,840	$3,081,518
	ACCUMULATED DEBITS			$51,638	$26,710	$217,577	$20,982	$92,282
	YEAR-END BALANCE			**$2,273,798**	**$2,499,245**	**$2,543,923**	**$2,795,858**	**$2,989,236**

YEARS	1	2-10	11-30	26 (2048)	27 (2049)	28 (2050)	29 (2051)	30 (2052)
CONTRIBUTION INFLATION	0.0%	3.5%	3.5%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4.0%	3.5%	3.5%	246%	254%	263%	272%	282%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	3%	3%	3%	3%	3%

APPENDIX B

LUMMI ISLAND

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

16-Sep-22

2.2.1 Corrugated Metal Storm Water System - Contingency — Site

Maintenance Cycle: 5 years
Next Maintenance: Year 3 (2025)
Quantity: 1 Lump Sum
Unit Cost: $5,000.00 / LS
Estimate: $5,000

This component is added in 2022 and is intended to provide a contingency to maintain the structure of the storm water system and provide funds for modifications as needed. At the time of our site visit in 2022, there were some concerns about the drain leading to the swim lake in need of repair. There was noted to be some rusting of the portion of the drain exposed to water.

FUTURE MAINTENANCE	
YEAR	COST
3 (2025)	$5,570
8 (2030)	$6,616
13 (2035)	$7,858
18 (2040)	$9,332
23 (2045)	$11,084
Repeat Every 5 Years	

2.6.1 Asphalt Pavement - Repair — Site

Maintenance Cycle: 10 years
Next Maintenance: Year 13 (2035)
Quantity: 1 Lump Sum
Unit Cost: $21,010.00 / LS
Estimate: $21,010

The asphalt was in good condition without significant cracking or alligatoring. The budget has been adjusted to fund for asphalt repairs 10 years after the major asphalt repair project, component 2.6.2, that is now set to occur in 2025 with the Clubhouse repair project, component 6.1.1. The Association completed a pavement repair project of the Clubhouse parking area in 2018 at a cost of approximately $6,000.

FUTURE MAINTENANCE	
YEAR	COST
13 (2035)	$33,017
23 (2045)	$46,574

2.6.2 Asphalt Pavement - Major Repair — Site

Maintenance Cycle: 40 years
Next Maintenance: Year 3 (2025)
Quantity: 16,000 Square Feet
Unit Cost: $4.48 / SF
Estimate: 16,000 SF X 100% X $4.48/SF = $71,680 + tax = $77,840

There were no obvious issues with the asphalt pavement noted during the 2022 site visit. The Association reports Rosewood Terrace Pothole Repair was completed in 2022 at a cost of $5,973. Due to the extensive work planned at the dock, the Association requests that the next maintenance be moved to 2025 to account for any damage that may be cause by heavy machinery. 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
3 (2025)	$86,720

2.6.3 Asphalt Parking Lot - Overlay — Site

Maintenance Cycle: 40 years
Next Maintenance: Year 8 (2030)
Quantity: 14,000 Square Feet
Unit Cost: $3.34 / SF
Estimate: 14,000 SF X 100% X $3.34/SF = $46,760 + tax = $50,780

The Association plans to complete a pavement overlayment at the parking lot adjacent to the Clubhouse but will plan to delay this until 2030 given the dock work involving heavy machinery required in the meantime.

FUTURE MAINTENANCE	
YEAR	COST
8 (2030)	$67,191

2.7.1 Chain Link Fence - Replace — Site

Maintenance Cycle: 30 years
Next Maintenance: Year 11 (2033)
Quantity: 320 Linear Feet
Unit Cost: $27.28 / LF
Estimate: 320 LF X 100% X $27.28/LF = $8,730 + tax = $9,480

The chain link fence was noted to be stable and in good condition. 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
11 (2033)	$13,907

2.9.1 Dock Replacement - Design — Site

Maintenance Cycle: 3 years
Next Maintenance: Year 3 (2025)
Quantity: 1 Lump Sum
Unit Cost: $7,500.00 / LS
Estimate: $7,500

It is the Association's understanding the dock will require redesign, including a new dock walkway, but there is a grace period of 5 years for completion after the pilings are replaced. Since the dock work will be planned for 2030, it is anticipated that the design process will begin in 2025. The component is added in 2022 and acts as a placeholder to budget for the design process as well as the required permitting. This is anticipated to be a one-time cost.

FUTURE MAINTENANCE	
YEAR	COST
3 (2025)	$8,356

2.9.2 Dock Work - Repair — Site

Maintenance Cycle: 15 years
Next Maintenance: Year 8 (2030)
Quantity: 1 Lump Sum
Unit Cost: $31,510.00 / LS
Estimate: $31,510

It has come to the attention of the Association that the dock pilings will need to be replaced secondary to significant deterioration. It is the Association's understanding that the dock will require redesign, including a new dock walkway, but this can be completed 5 years after the pilings are replaced. The dock work will be planned for 2030. Previous 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 $12,980.

FUTURE MAINTENANCE	
YEAR	COST
8 (2030)	$41,693
23 (2045)	$69,850

2.9.3 Dock Pilings - Replace — Site

Maintenance Cycle: 50 years
Next Maintenance: Year 3 (2025)
Quantity: 1 Lump Sum
Unit Cost: $120,790.00 / LS
Estimate: $120,790

Bids are still pending, but the anticipated cost of the piling replacement is $117,060, planned for 2025. 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
3 (2025)	$134,569

2.9.4 Dock Walkway - Install/Replace — Site

Maintenance Cycle: 10 years
Next Maintenance: Year 8 (2030)
Quantity: 1 Lump Sum
Unit Cost: $10,000.00 / LS
Estimate: $10,000

This is a new component added in 2022 to act as a placeholder to provide funds for major replacement and installation of a new dock walkway that will be required in 2030 as part of the dock work redesign and piling replacement. This is anticipated to be a one-time expense for installation in 2030 and then to provide funds for repair to be drawn from as needed.

FUTURE MAINTENANCE	
YEAR	COST
8 (2030)	$13,232
18 (2040)	$18,665
28 (2050)	$26,328

6.1.1 Clubhouse - Repair Contingency — Ext Envelope

Maintenance Cycle: 10 years
Next Maintenance: Year 11 (2033)
Quantity: 1 Lump Sum
Unit Cost: $31,510.00 / LS
Estimate: $31,510

The interior Clubhouse was noted to be in good condition. The deck is in need of replacement and this is planned with the Foundation Restoration project, component 6.1.2. The budget provides funds for major repairs and upgrades to the interior and exterior of the Clubhouse building, including siding and decking repairs. Given the major foundation project, the next maintenance is reset. 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
11 (2033)	$46,226
21 (2043)	$65,206

6.1.2 Clubhouse Foundation - Restoration — Ext Envelope

Maintenance Cycle: 1 year
Next Maintenance: Year 1 (2023)
Quantity: 1 Lump Sum
Unit Cost: $271,150.00 / LS
Estimate: $271,150

Geological and structural reports have recommended that the foundation and deck be remedied within the next 2 years. The Association has approved a Special Assessment of $271,150 to fund this project to include foundation restoration, deck replacement and culvert replacement. This will be paid over 2 years, with approximately 3/4 of the funds assessed in 2023 and the remaining 1/4 in 2024.

FUTURE MAINTENANCE	
YEAR	COST
1 (2023)	$281,996

6.1.3 Common Buildings - Repair Contingency — Ext Envelope

Maintenance Cycle: 10 years
Next Maintenance: Year 6 (2028)
Quantity: 1 Lump Sum
Unit Cost: $21,010.00 / LS
Estimate: $21,010

The common buildings appeared to be in good condition. As no repairs are anticipated, the next maintenance is set to 2028 at the request of the Association. 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 plans to move the Pump House with the next system upgrade. Ongoing minor repairs are funded through the operation budget.

FUTURE MAINTENANCE	
YEAR	COST
6 (2028)	$25,951
16 (2038)	$36,607
26 (2048)	$51,638

7.4.1 Sloped Metal Roofs - Replace — Ext Envelope

Maintenance Cycle: 40 years
Next Maintenance: Year 8 (2030)
Quantity: 33 Roofing Squares
Unit Cost: $925.00 / SQ
Estimate: 33 SQ X 100% X $925.00/SQ = $30,525 + tax = $33,150

There were no issues noted or reported with the sloped metal roofs and they are noted to be weathering as expected at the time of the site visit in 2022. 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.

FUTURE MAINTENANCE	
YEAR	COST
8 (2030)	$43,863

7.4.2 Low Sloped Roofs - Replace — Ext Envelope

Maintenance Cycle: 20 years
Next Maintenance: Year 14 (2036)
Quantity: 17 Roofing Squares
Unit Cost: $1,287.51 / SQ
Estimate: 17 SQ X 100% X $1,287.51/SQ = $21,888 + tax = $23,770

There were no issues noted and the roofs appeared to be weathering well at the time of the 2022 site visit. 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
14 (2036)	$38,662

8.3.1 Garage Doors - Replace — Ext Envelope

Maintenance Cycle: 20 years
Next Maintenance: Year 16 (2038)
Quantity: 3 Each
Unit Cost: $1,639.04 / EA
Estimate: 3 EA X 100% X $1,639.04/EA = $4,917 + tax = $5,340

There were no issues noted with the common building garage doors. 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
16 (2038)	$9,304

11.1.1 Backhoe - Replace — Equipment

Maintenance Cycle: 25 years
Next Maintenance: Year 23 (2045)
Quantity: 1 Each
Unit Cost: $77,651.93 / EA
Estimate: 1 EA X 100% X $77,651.93/EA = $77,652 + tax = $84,330

There were no issues reported with the backhoe that was purchased in 2019 at a cost of about $85,000; the old backhoe was sold for approximately $3,000. The new backhoe was reported to be functioning well.

FUTURE MAINTENANCE	
YEAR	COST
23 (2045)	$186,940

11.1.2 Truck - Replace — Equipment

Maintenance Cycle: 10 years
Next Maintenance: Year 2 (2024)
Quantity: 1 Each
Unit Cost: $9,502.76 / EA
Estimate: 1 EA X 100% X $9,502.76/EA = $9,503 + tax = $10,320

The current truck is reported to be overall working well despite some maintenance issues in the past. 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 2024 at which time there is consideration to leasing a truck instead of purchasing a new one. The estimated cost has been updated to $10,000 accordingly.

FUTURE MAINTENANCE	
YEAR	COST
2 (2024)	$11,108
12 (2034)	$15,670
22 (2044)	$22,103

11.1.3 Tractor Mower - Replace — Equipment

Maintenance Cycle: 20 years
Next Maintenance: Year 16 (2038)
Quantity: 1 Each
Unit Cost: $9,668.51 / EA
Estimate: 1 EA X 100% X $9,668.51/EA = $9,669 + tax = $10,500

No issues were noted with the tractor mower. 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.

FUTURE MAINTENANCE	
YEAR	COST
16 (2038)	$18,295

11.1.4 Road Sweeper - Maintenance — Equipment

Maintenance Cycle: 5 years
Next Maintenance: Year 5 (2027)
Quantity: 1 Lump Sum
Unit Cost: $1,210.00 / LS
Estimate: $1,210

A new sweeper attachment was purchased along with the John Deere X570 mower in 2018. This component provides funds to periodically replace the brushes. As there are no current issues with the sweeper brushes, the next maintenance is reset.

FUTURE MAINTENANCE	
YEAR	COST
5 (2027)	$1,444
10 (2032)	$1,715
15 (2037)	$2,037
20 (2042)	$2,419
25 (2047)	$2,873
Repeat Every 5 Years	

15.1.1 Water Meters - Replace — Life Safety

Maintenance Cycle: 20 years
Next Maintenance: Year 8 (2030)
Quantity: 218 Each
Unit Cost: $285.70 / EA
Estimate: 218 EA X 100% X $285.70/EA = $62,283 + tax = $67,640

There were no reported issues with the water meters and they appeared to be functioning as expected. 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.

FUTURE MAINTENANCE	
YEAR	COST
8 (2030)	$89,499
28 (2050)	$178,085

15.1.2 PRV Vaults - Maintenance — Life Safety

Maintenance Cycle: 5 years
Quantity: 1 Lump Sum
Estimate: $10,500
Next Maintenance: Year 2 (2024)
Unit Cost: $10,500.00 / LS

There were no issues reported with the PRV vault. 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
2 (2024)	$11,302
7 (2029)	$13,423
12 (2034)	$15,943
17 (2039)	$18,935
22 (2044)	$22,489
Repeat Every 5 Years	

15.1.3 Holiday Lake PRV - Replace — Life Safety

Maintenance Cycle: 40 years
Quantity: 1 Lump Sum
Estimate: $15,760
Next Maintenance: Year 36 (2058)
Unit Cost: $15,760.00 / LS

There were no issues reported with the PRV at Holiday Lake. 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
Quantity: 1 Lump Sum
Estimate: $10,000
Next Maintenance: Year 39 (2061)
Unit Cost: $10,000.00 / LS

The Association reported performing a simple replacement of the existing PRV and gate valve(s) within the existing vault in 2021 at a cost of $9,520. The budgeted amount has been adjusted accordingly. 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

15.1.5 Island Drive PRV - Replace — Life Safety

Maintenance Cycle: 40 years
Quantity: 1 Lump Sum
Estimate: $10,320
Next Maintenance: Year 1 (2023)
Unit Cost: $10,320.00 / LS

The maintenance is now planned for 2023 for an updated estimated cost of $10,000. The third pressure reducing valve (PRV) located at 1155 Island Drive. The budgeted amount has been updated according to the experience cost.

FUTURE MAINTENANCE	
YEAR	COST
1 (2023)	$10,733

15.2.1 Water Towers - Circulation System — Life Safety

Maintenance Cycle: 30 years
Next Maintenance: Year 24 (2046)
Quantity: 2 Each
Unit Cost: $12,352.67 / EA
Estimate: 2 EA X 100% X $12,352.67/EA = $24,705 + tax = $26,830

There were no issues reported and the water tower circulation system is reported to be functioning properly. 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
24 (2046)	$61,558

15.2.2 Water Towers - Repair — Life Safety

Maintenance Cycle: 50 years
Next Maintenance: Year 3 (2025)
Quantity: 2 Lump Sum
Unit Cost: $21,010.00 / LS
Estimate: $21,010

There were no reported issues with the water towers. 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
3 (2025)	$23,407

15.2.3 Reservoir & Dam - Maintenance — Life Safety

Maintenance Cycle: 10 years
Next Maintenance: Year 4 (2026)
Quantity: 1 Lump Sum
Unit Cost: $21,010.00 / LS
Estimate: $21,010

The Association reports no issues with the reservoir or the dam and is awaiting a WA Department of Ecology report with recommendations. 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
4 (2026)	$24,226
14 (2036)	$34,173
24 (2046)	$48,204

15.2.4 Mixer Unit & Storage Tanks - Maintenance — Life Safety

Maintenance Cycle: 20 years
Next Maintenance: Year 15 (2037)
Quantity: 1 Lump Sum
Unit Cost: $26,260.00 / LS
Estimate: $26,260

The Association reports that one mixer unit was replaced in 2022 at a cost of $6,000. There are no other issues reported. 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
15 (2037)	$44,207

15.2.5 Clubhouse Water Line - Repair — Life Safety

Maintenance Cycle: 10 years
Quantity: 1 Lump Sum
Estimate: $7,700
Next Maintenance: Year 9 (2031)
Unit Cost: $7,700.00 / LS

There were no reported issues with the clubhouse water line at the time of the site visit. The Association replaced the clubhouse water line in 2021 at a cost of $7,638. This component funds for future repairs to the water line. The budget has been adjusted based on experienced costs.

FUTURE MAINTENANCE	
YEAR	COST
9 (2031)	$10,545
19 (2041)	$14,875
29 (2051)	$20,982

15.3.1 Holiday Lake Overflow - Refurbish — Life Safety

Maintenance Cycle: 40 years
Quantity: 1 Lump Sum
Estimate: $8,190
Next Maintenance: Year 38 (2060)
Unit Cost: $8,190.00 / LS

There were no issues reported with the Holiday Lake Overflow and the area appeared clean and free of debris. The maintenance was completed in 2020 for a cost of $7,935. The overflow consists of a 4-foot 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
Quantity: 1 Lump Sum
Estimate: $68,000
Next Maintenance: Year 0 (2022)
Unit Cost: $68,000.00 / LS

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. Thus far, $59,372.75 have been paid to Wilson Engineering. At least $9,700 more is anticipated during the 2022 fiscal year. Additional funds will be needed if an environmental report and USDA-RS application are required.

FUTURE MAINTENANCE	
YEAR	COST
0 (2022)	$10,000

15.4.2 Water Treatment System - Phase 2 — Life Safety

Maintenance Cycle: 50 years
Quantity: 1 Lump Sum
Estimate: $406,000
Next Maintenance: Year 1 (2023)
Unit Cost: $406,000.00 / LS

The Association expects for this replacement to be completed through a $406,000 loan. The budget has been adjusted to provide funds in 2022. A special assessment/loan is shown in 2023 in the amount of $406,000 to cover the anticipated expenses. 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 2023.

FUTURE MAINTENANCE	
YEAR	COST
1 (2023)	$422,240

15.4.3 Water Treatment System - Phase 3 — Life Safety

Maintenance Cycle: 50 years
Quantity: 1 Lump Sum
Estimate: $1,200,000
Next Maintenance: Year 2 (2024)
Unit Cost: $1,200,000.00 / LS

The Association expects for this replacement to be completed through a $1,200,000 USDA loan, though confirmation is pending. The budget has been adjusted to provide funds in 2024. A special assessment/loan is shown in 2024 in the amount of $1,200,000 to cover the anticipated expenses and work is planned to be completed in 2024.

FUTURE MAINTENANCE	
YEAR	COST
2 (2024)	$1,291,680

15.4.4 Treatment Plant - Repair — Life Safety

Maintenance Cycle: 20 years
Quantity: 1 Lump Sum
Estimate: $77,840
Next Maintenance: Year 22 (2044)
Unit Cost: $77,840.00 / LS

The treatment plant appeared to be functioning well and there were no reported issues. The last maintenance was completed in 2020 for a cost of $75,444. The next maintenance year has been moved to 2044 as treatment plant repairs will not be necessary until 20 years after the upcoming water treatment system replacement. Monitoring units were replaced in 2018 at a cost of $7,840.

FUTURE MAINTENANCE	
YEAR	COST
22 (2044)	$166,718

15.5.1 Water Mains - Repair — Life Safety

Maintenance Cycle: 10 years
Quantity: 17,849 Lump Sum
Estimate: $31,510
Next Maintenance: Year 10 (2032)
Unit Cost: $31,510.00 / LS

The Association reported completion of the maintenance during the 2022 fiscal year. The Association reported replacing 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 maintenance cycle is reset.

FUTURE MAINTENANCE	
YEAR	COST
10 (2032)	$44,663
20 (2042)	$63,001
30 (2052)	$88,869

15.6.1 Septic Systems - Maintenance — Life Safety

Maintenance Cycle: 15 years
Quantity: 2 Each
Estimate: 2 EA X 100% X $13,015.65/EA = $26,031 + tax = $28,270
Next Maintenance: Year 6 (2028)
Unit Cost: $13,015.65 / EA

No issues were reported. The septic system was inspected in 2022 with no recommendations. The component provides funds for the Clubhouse and Cabana septic system maintenance.

FUTURE MAINTENANCE	
YEAR	COST
6 (2028)	$34,919
21 (2043)	$58,501

16.5.1 Generator - Replace — **Life Safety**

Maintenance Cycle: 45 years
Next Maintenance: Year 6 (2028)
Quantity: 1 Each
Unit Cost: $14,935.54 / EA
Estimate: 1 EA X 100% X $14,935.54/EA = $14,936 + tax = $16,220

The Association reports no issues with the generator and maintenance has been performed on site. The budget provides funds to replace the 25kw generator. The generator is insured for $12,000.

FUTURE MAINTENANCE	
YEAR	COST
6 (2028)	$20,035