



# LUMMI ISLAND Scenic Estates

Lummi Island, Washington



**STANDARD**  
**LEVEL 2 RESERVE STUDY UPDATE WITH A SITE VISIT**  
*With funding recommendations for the fiscal year ending 2017*

Issued July, 2016

Prepared by:  
**Denise Dana**, Reserve Specialist  
**Mahria Sooter**, Reserve Professional

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**RESERVE CONSULTANTS LLC**

[www.reserveconsultants.net](http://www.reserveconsultants.net) [info@reserveconsultants.net](mailto:info@reserveconsultants.net) 206.523.3248



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## EXECUTIVE SUMMARY

Lummi Island Scenic Estates is a homeowners' association located at 1211 Island Drive in Lummi Island, Washington with 399 contributing members. This Reserve Study meets the requirements of the Washington Homeowners' Association Act for a Level 2 Reserve Study update with a site visit, and was prepared by a Reserve Study Professional.

### Background

The community consists of 399 dues-paying lots in addition to five community buildings, a shared water supply system and a community marina. Lot owners are responsible for all improvements to their parcels. The community was established in 1962.

### Financial Information

Reserve Account Balance on <b>May 31, 2016</b>	\$379,045
Annual Operating Budget	\$287,561
Component Inclusion Threshold	\$2,876
Annual Budgeted Contribution Rate (2016)	\$45,000
Remaining Contribution for the Year	\$45,000
Planned or Implemented Special Assessment	None
Fully Funded Balance	\$393,557
Percent Funded at Time of Study	96%
Funding Status at Time of Study	Well Funded

### Recommendations

<b>Recommended 2017 Contribution</b>	<b>\$45,000</b>
Recommended Contribution per Month	\$3,750
Average Contribution per Unit per Year	\$ 113
Average Contribution per Unit Per Month	\$ 9
Recommended Special Assessment	None
2017 Baseline Funding Plan Contribution Rate	\$34,200
2017 Full Funding Plan Contribution Rate	\$46,700

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

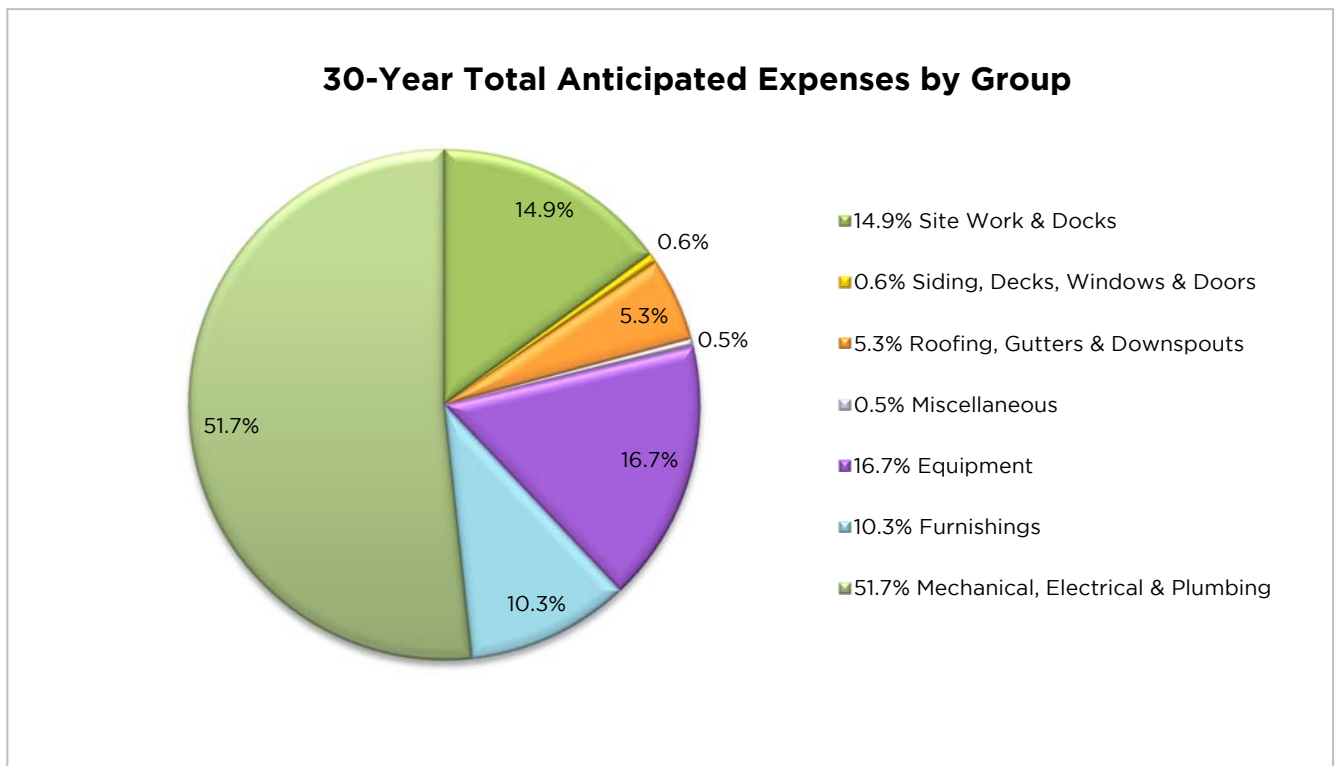
There is no legal requirement to fund reserves. There is a requirement to have a current Reserve Study to know the recommended reserve contribution rate. Reserve Studies must be updated annually to reflect recent financial information, repairs or replacements, and to adjust for future repair costs. Every three years, the update must be based on a visual on-site inspection conducted by a Reserve Study Professional.



### ESTIMATED REPAIR SUMMARY

#### Projected Maintenance Expenses Over the Next 30 Years

The following illustrates anticipated maintenance expenses over the next 30 years. Changing the timing or costs of these items may result in changes to the recommended contribution. Independent design specifications and oversight are suggested for repairs to the building envelope. We further recommend that the planning stages for these repairs start at least one year before the estimated repair to obtain a scope of repair, select and schedule a contractor, and secure financing for the project.



**Five Year Maintenance Summary from 2017 Through 2021**

The following reserve funded expenses are expected to occur in the next five years at Lummi Island Scenic Estates. We do not believe the repairs expected to occur through 2021 warrant independent oversight, but a performance inspection or design specification may be prudent depending on the extent of the asphalt paving, and clubhouse repair work that needs to be done.

Year	Component Maintenance	Estimated Cost
1 (2017)	2.6.1 Asphalt Pavement - Repair	\$20,800
1 (2017)	11.1.4 Sweeper - Replacement	\$4,500
1 (2017)	15.2.1 Water Towers - Circulation System	\$20,620
2 (2018)	10.1.1 Swim Lake Dock & Beach Upgrades	\$6,200
2 (2018)	12.1.1 Clubhouse - Repair	\$25,900
2 (2018)	12.1.2 Common Buildings - Repair	\$20,700
2 (2018)	15.3.1 Clearwell - Replacement	\$5,000
3 (2019)	11.1.2 Truck - Replacement	\$35,000
3 (2019)	21.1.1 Reserve Study with Site Visit	\$3,000
4 (2020)	11.1.1 Backhoe - Replacement	\$51,900
5 (2021)	15.1.2 Valves - Replacement	\$20,000



## INTRODUCTION

### Purpose of a Reserve Study

The purpose of a Reserve Study is to recommend a reasonable annual reserve Contribution Rate made by an association to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected to be necessary within the next thirty years. A Reserve Study is intended to project 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 special assessments. All costs and annual reserve balances are shown in constant dollars, and with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines.

A Reserve Study also calculates a “Fully Funded Balance”. Fully Funded Balance is the sum total of the reserve components’ depreciated value using a straight line depreciation method. To calculate each component’s depreciated value:

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

When assessed with the current reserve balance, the Fully Funded Balance yields a Percent Fully Funded. This 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.

The Fully Funded Balance is neither the present replacement cost of all of the Association’s reserve components, nor does it have a mathematical relationship to the recommended reserve contribution funding plans.



### **Three levels of Reserve Studies:**

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.

At least every three years, an updated Reserve Study must be prepared and 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.

Every year, the Association must update the Reserve Study. Except as noted above, the annual updates do not require a site visit. This is also known as a Level 3 update without a site visit.

This study is a Level 2 – Reserve Study update with a site visit.

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

The content of a Reserve Study for a homeowners' association is regulated by the Washington State government (RCW 64.38.070 §2). The required content is:

- (a) 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;
- (b) The date of the study, and a statement that the study meets the requirements of this section;
- (c) 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;
- (d) The association's reserve account balance;
- (e) The percentage of the fully funded balance that 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 baseline funding plan;
- (i) 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 balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional;



- (a) 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
- (b) 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.

**Limitations and Assumptions of a Reserve Study**

This Reserve Study is not a report on the condition of the buildings maintained by the Association, or a detailed report of repairs necessary to the building. 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 Condominium Act.

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 the Association. 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 Association will be maintained to keep a good level of appearance, with a special emphasis on retaining the original appearance of





the Association to the greatest possible extent. The analysis also assumes that the Association will replace materials as they are required with good quality materials, installed by qualified, licensed, contractors. We further assume that the Association will experience the full typical useful life for the new materials installed.

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

This report should be updated annually with actual repair costs, reserve 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.

### **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 problems.

Many sources were used in drafting this report. These include:

- Site visit and visual inspection of a sampling of the components;
- Input provided by association representatives;
- Review of architectural plans of the buildings, if made available;
- Review of the declaration for the Association, or a list of components the Association is responsible for;
- Generally accepted construction, maintenance, and repair guidelines.

The costs estimated for this Reserve Study are based on several sources

- Costs experienced by Lummi Island Scenic Estates;
- Costs experienced by other associations in the area;
- RS Means Building Construction Cost Data 2016.



Several factors may influence the actual costs that the Association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses. Condominium associations typically experience higher costs than other comparable multifamily projects, in part due to the difficulty contractors have obtaining insurance to work on condominium buildings.

### **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. The average annual construction inflation rate since 1991 is 3.16%.

For interest rates, we analyze the historical data provided by the Board of Governors of the Federal Reserve. The average annual interest rate since 1985 is 3.87%. The interest for associations is typically lower than average due to conservative investing options that are typically employed by associations.

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

<b>Years Applied</b>	<b>Inflation</b>	<b>Interest</b>
Year 0 (2016) through Year 1 (2017)	2%	1%
Year 2 (2018) through Year 10 (2026)	3%	2%
Year 11 (2027) through Year 30 (2046)	4%	3%



### Starting Reserve Fund Balance for Year 1 (2017)

The starting reserve fund balance for 2017 has been estimated by combining the following figures that were provided by an association representative:

<b>\$379,045</b>	2016 reserve fund balance as of May 31, 2016
<b>- (\$51,180)</b>	anticipated remaining maintenance expenses in 2016
<b>+ \$ 0</b>	planned special assessment in 2016
<b>+ \$45,000</b>	remaining reserve contributions for 2016
<b>+ \$3,760</b>	<u>projected interest on the 2016 reserve balance</u>
<b>\$376,625</b>	estimated balance for the fiscal year beginning in 2017

Below is a summary of the anticipated remaining maintenance expenses for 2016.

Component Maintenance	Estimated Cost
7.4.2 Roofing, Flat	\$23,180
15.2.4 Mixer Unit - Storage Tanks	\$25,000
21.1.1 Reserve Study	\$3,000
<b>Total Estimated Costs for 2016:</b>	<b>\$51,180</b>

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



## **ASSOCIATION OVERVIEW**

Lummi Island Scenic Estates is a residential community located in Lummi Island, Washington. The community consists of 399 dues-paying lots in addition to five community buildings, a shared water supply system and a community marina. Lot owners are responsible for all improvements to their parcels. The community was established in 1962.

The Association has asphalt roads, a water supply reservoir and dam, and a swim lake with docks. The five community buildings consist of a water treatment plant with offices, a common building with a covered picnic area and bathrooms, a supply shed, a maintenance building with garage doors, and a waterfront clubhouse with a small parking lot and driveway to the community marina.

## **REVIEW OF GENERAL CONDITIONS**

The overall appearance of the community is good. The grounds and landscaping appear to be regularly maintained. The community buildings seem to be clean and generally in good repair. The asphalt roads near the Clubhouse are planned to be paved in the next year.

The exterior siding of the community buildings appears to be in good condition overall. The paint on the clubhouse siding and trim has come to the end of its useful life. The Association plans to replace the flat roof on the clubhouse this year. The supply shed and the maintenance building are clean and well organized. The maintenance vehicles, including the sweeper, backhoe, and truck are well maintained and in working condition. The waterfront marina was last repaired in 2015 when new beams and decking were installed.

No problems were reported with the treatment plant. It is reported that equipment is regularly maintained and the Association regularly monitors the reservoir dam.

No issues were reported for plumbing, electrical or drainage systems that are the Association's responsibility to maintain. Minor repairs and ongoing maintenance have been conducted on valves and water mains on a regular basis.



## COMPONENTS INCLUDED IN THE RESERVE STUDY

Reserve studies for homeowners' associations are required to include any reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement (RCW 64.38.070). While the law defines the inclusion threshold to be \$2,876, components valued less than the legal threshold may be included to better capture reserve funding for Lummi Island Scenic Estates.

### Component Funding Excluded from the Reserve Study

The following components may qualify for inclusion within the Reserve Study, but have been excluded from the budget for the following reasons:

**Swim Lake Dam Repairs** - this component requires no maintenance

**Play Area Equipment** - maintained through operating budget

**Professional Fees** - included in the project costs and are not listed as a separate component

In addition, there are items that individual unit owners are responsible to maintain and pay for, including, but not limited to, damage by residents or their pets and/or maintenance of their residences. Not all components that are the individual unit owners' responsibility are described in the report.

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

### Adjustments to Component Reserve Recommendations

This reserve study provides updated information on the components from prior reserve studies and is intended to be used with the component sheets from those studies. All cost estimates were adjusted to reflect the actual inflation rate for construction work in the Puget Sound area, 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 2015 to 2016 inflation figure of 0.97% for construction work.



**RESERVE COMPONENT SUMMARY SHEETS**



**2.6.1 Asphalt Pavement - Repair**

<b>Maintenance Cycle:</b>	10 years	<b>Next Maintenance:</b>	Year 1 (2017)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$20,800.00 / LS
<b>Estimate:</b>	\$20,800		
<b>Notes:</b>	The Association reported they plan to make asphalt paving repairs to the roads and parking areas near the clubhouse in the near future. At the time of our site visit, areas in need of repair were visible. The Next Maintenance experience has been set to Year 1 (2017).		

**2.7.1 Chain Link Fence - Replacement**

<b>Maintenance Cycle:</b>	30 years	<b>Next Maintenance:</b>	Year 17 (2033)
<b>Quantity:</b>	320 Linear Feet	<b>Unit Cost:</b>	\$20.94 / LF
<b>Estimate:</b>	320 LF X 100% X \$20.94/LF = \$6,700 + tax = \$7,270		
<b>Notes:</b>	The Association has reported that there is some small repair work needed on a section of the chain link fence that sections off the water supply pond. They anticipate using funds from the operating budget to cover the cost of this repair. The unit cost for replacement of the fence has been updated for inflation.		

**2.9.1 Dock Work - Repair**

<b>Maintenance Cycle:</b>	15 years	<b>Next Maintenance:</b>	Year 7 (2023)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$15,000.00 / LS
<b>Estimate:</b>	\$15,000		
<b>Notes:</b>	Maintenance of the marina was performed in March 2015. The decking & the structural beams were repaired at a cost of \$12,989. The maintenance cycle for dock work has been adjusted to 15 years with a budget of \$15,000 to provide funds for smaller and more frequent repairs.		

**2.9.2 Dock Pilings - Replacement**

<b>Maintenance Cycle:</b>	50 years	<b>Next Maintenance:</b>	Year 17 (2033)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$103,000.00 / LS
<b>Estimate:</b>	\$103,000		
<b>Notes:</b>	No issues were reported for the wood dock pilings at the time of our site visit. Funds for the replacement of the dock pilings were updated for inflation; replacement costs are for replacing the wood dock pilings with metal pilings. No further changes were made.		

**7.4.1 Roofing, Metal Sloped - Replacement**

<b>Maintenance Cycle:</b>	40 years	<b>Next Maintenance:</b>	Year 14 (2030)
<b>Quantity:</b>	33 Roofing Squares	<b>Unit Cost:</b>	\$710.00 / SQ
<b>Estimate:</b>	33 SQ X 100% X \$710.00/SQ = \$23,430 + tax = \$25,420		
<b>Notes:</b>	There were no issues reported of the metal roofing. We have provided funds for replacing the metal roofing on the common buildings at the end of its anticipated useful life. Metal roofing can be found on the cabana, the office/treatment plant building, the supply shed, and the maintenance building.		

**7.4.2 Roofing, Flat - Replacement**

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year 0 (2016)
<b>Quantity:</b>	17 Roofing Squares	<b>Unit Cost:</b>	\$1,256.53 / SQ
<b>Estimate:</b>	17 SQ X 100% X \$1,256.53/SQ = \$21,361 + tax = \$23,180		
<b>Notes:</b>	The Association has requested bids for the replacement or repair of the clubhouse flat roof, and they anticipate completion of the project in the current year (2016). At the time of our site visit, the project was not started. We have reset the next maintenance cycle accordingly.		

**8.3.1 Garage Doors - Replacement**

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year 7 (2023)
<b>Quantity:</b>	3 Each	<b>Unit Cost:</b>	\$1,256.53 / EA
<b>Estimate:</b>	3 EA X 100% X \$1,256.53/EA = \$3,770 + tax = \$4,090		
<b>Notes:</b>	At the time of our site visit the garage doors on the maintenance shed appeared to be in good condition. Cost projections from the previous reserve study were updated by a construction industry index inflation rate of 0.97%. The unit cost and the next maintenance year have been updated as appropriate. No other changes are noted for this component.		

**10.1.1 Swim Lake Dock & Beach - Upgrades**

<b>Maintenance Cycle:</b>	30 years	<b>Next Maintenance:</b>	Year 2 (2018)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$6,200.00 / LS
<b>Estimate:</b>	\$6,200		
<b>Notes:</b>	The swim docks were reported to be in working condition and weathering as expected. An upgrade for the swim lake docks is set for Year 2 (2018). The cost for upgrades has been updated by a construction industry index inflation rate of 0.97%.		

**11.1.1 Backhoe - Replacement**

<b>Maintenance Cycle:</b>	25 years	<b>Next Maintenance:</b>	Year 4 (2020)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$51,900.00 / LS
<b>Estimate:</b>	\$51,900		
<b>Notes:</b>	The backhoe has been regularly maintained by the Association, and substantial repair has been made in the current year. Repair costs have been covered by the operating budget. The replacement for this equipment has been updated to Year 4 (2020).		

**11.1.2 Truck - Replacement**

<b>Maintenance Cycle:</b>	10 years	<b>Next Maintenance:</b>	Year 3 (2019)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$35,000.00 / LS
<b>Estimate:</b>	\$35,000		
<b>Notes:</b>	The truck appeared to be in good condition at the time of our site visit. The Association anticipates a replacement of the truck to be in Year 3 (2019) with a comparable model, such as a Ford F150.		





**11.1.3 Tractor Mower - Replacement**

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year 7 (2023)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$4,100.00 / LS
<b>Estimate:</b>	\$4,100		
<b>Notes:</b>	The tractor mower was reported to be in working condition, and with no outstanding maintenance issues. The unit cost was updated by construction industry index inflation rate of 0.97%.		

**11.1.4 Road Sweeper - Replacement**

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year 1 (2017)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$4,500.00 / LS
<b>Estimate:</b>	\$4,500		
<b>Notes:</b>	The sweeper has needed several repairs, and the Association anticipates they will need to replace this equipment within the next year. The next maintenance cycle has been set to Year 1 (2017).		

**12.1.1 Clubhouse - Repair Contingency**

<b>Maintenance Cycle:</b>	10 years	<b>Next Maintenance:</b>	Year 2 (2018)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$25,900.00 / LS
<b>Estimate:</b>	\$25,900		
<b>Notes:</b>	The clubhouse appeared to be clean and in good repair. The siding and decking are weathering as expected. The paint on the siding and trim has come to the end of its useful life; we recommend that it be touched up until the building can be professionally repainted to help reduce damage from moisture. We continue to budget for anticipated major repair and upgrades to the interior and exterior of the building in the near future.		

**12.1.2 Common Buildings - Repair Contingency**

<b>Maintenance Cycle:</b>	10 years	<b>Next Maintenance:</b>	Year 2 (2018)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$20,700.00 / LS
<b>Estimate:</b>	\$20,700		
<b>Notes:</b>	At the time of our site visit, the cabana, the offices/treatment plant building, the supply shed, and the maintenance building seemed to be in good condition. The siding and paint were weathering as expected. We continue to budget for major repairs and upgrades for the interior and exterior of the buildings in the next several years.		

**15.1.1 Water Meters - Replacement**

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year 14 (2030)
<b>Quantity:</b>	218 Each	<b>Unit Cost:</b>	\$219.00 / EA
<b>Estimate:</b>	218 EA X 100% X \$219.00/EA = \$47,742 + tax = \$51,800		
<b>Notes:</b>	No issues were reported with the water meters at the time of our site visit. The cost of replacement of each meter was reviewed and updated.		



**15.1.2 Valves - Replacement**

<b>Maintenance Cycle:</b>	5 years	<b>Next Maintenance:</b>	Year	5 (2021)
<b>Quantity:</b>	1 Each	<b>Unit Cost:</b>	\$20,000.00	/ LS
<b>Estimate:</b>	\$20,000			
<b>Notes:</b>	It was reported that the valves throughout the Association's water system are regularly exercised. The maintenance cycle for valves replacement and for rebuilding the valve vault if needed has been adjusted to 5 years with a budget of \$20,000.			

**15.2.1 Water Towers - Circulation System**

<b>Maintenance Cycle:</b>	30 years	<b>Next Maintenance:</b>	Year	1 (2017)
<b>Quantity:</b>	2 Each	<b>Unit Cost:</b>	\$9,500.00	/ EA
<b>Estimate:</b>	2 EA X 100% X \$9,500.00/EA = \$19,000 + tax = \$20,620			
<b>Notes:</b>	We have budgeted for installation of 2 circulation systems for the water towers in the next year (2017). No issues were reported. The replacement costs have been updated.			

**15.2.2 Water Towers- Repair**

<b>Maintenance Cycle:</b>	50 years	<b>Next Maintenance:</b>	Year	50 (2066)
<b>Quantity:</b>	2 Each	<b>Unit Cost:</b>	\$6,000.00	/ EA
<b>Estimate:</b>	2 EA X 100% X \$6,000.00/EA = \$12,000 + tax = \$13,020			
<b>Notes:</b>	The Association reported repairs to the water towers were completed in 2013 at a cost of \$12,900. The catwalks, railings, and sight gauges were replaced and/or repaired with highly durable materials. The next maintenance experience was reset.			

**15.2.3 Reservoir & Dam - Maintenance**

<b>Maintenance Cycle:</b>	10 years	<b>Next Maintenance:</b>	Year	10 (2026)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$20,000.00	/ LS
<b>Estimate:</b>	\$20,000			
<b>Notes:</b>	The Association reports no issues with the reservoir and dam. An abutment was installed around 2005, and the dam is regularly monitored. The Association is in communication with the WA Department of Ecology for proper maintenance of the dam. We updated the frequency of the maintenance cycle to 10 years and reduced the maintenance budget to be more in line with communications from the WA Department of Ecology.			

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

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year	0 (2016)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$25,000.00	/ LS
<b>Estimate:</b>	\$25,000			
<b>Notes:</b>	The Association anticipates a replacement of the mixer unit for this year (2016). At the time of our site visit the unit was not replaced. We have updated the next maintenance experience to reflect the replacement for the current year.			

**15.3.1 Clearwell - Replacement**

<b>Maintenance Cycle:</b>	5 years	<b>Next Maintenance:</b>	Year	2 (2018)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$5,000.00	/ LS
<b>Estimate:</b>	\$5,000			
<b>Notes:</b>	At the time of our site visit, the Association reported that the clearwell was equipped with a simplified dechlorination system to maintain proper chlorine levels of the discharge water into Aiston Creek. The cost for replacement of the clearwell was updated.			

**15.4.1 Treatment Plant - Repair**

<b>Maintenance Cycle:</b>	20 years	<b>Next Maintenance:</b>	Year	12 (2028)
<b>Quantity:</b>	1 Lump Sum	<b>Unit Cost:</b>	\$79,900.00	/ LS
<b>Estimate:</b>	\$79,900			
<b>Notes:</b>	At the time of our site visit the treatment plant was reported to be in good working order. We continue to budget for costs of replacing the treatment plant equipment and have updated the cost projections by a construction industry index inflation rate of 0.97%.			

**15.5.1 Water Mains - Repair**

<b>Maintenance Cycle:</b>	10 years	<b>Next Maintenance:</b>	Year	7 (2023)
<b>Quantity:</b>	17,849 Linear Feet	<b>Unit Cost:</b>	\$4.02	/ LF
<b>Estimate:</b>	17,849 LF X 100% X \$4.02/LF = \$71,705 + tax = \$77,800			
<b>Notes:</b>	The Association reported regular maintenance of the water mains. No issues with the water mains were reported at the time of our site visit. Cost projections from the previous reserve study were updated by a construction industry index inflation rate of 0.97%. The unit cost and the next maintenance year have been updated as appropriate. No other changes are noted for this component.			

**15.6.1 Septic Systems - Replacement**

<b>Maintenance Cycle:</b>	15 years	<b>Next Maintenance:</b>	Year	12 (2028)
<b>Quantity:</b>	2 Each	<b>Unit Cost:</b>	\$10,000.00	/ EA
<b>Estimate:</b>	2 EA X 100% X \$10,000.00/EA = \$20,000 + tax = \$21,700			
<b>Notes:</b>	The Association reported no issues with the septic systems. We continue to budget for funds of replacement or major repairs of the clubhouse and cabana septic systems.			

**16.5.1 Generator - Replacement**

<b>Maintenance Cycle:</b>	45 years	<b>Next Maintenance:</b>	Year	12 (2028)
<b>Quantity:</b>	1 Each	<b>Unit Cost:</b>	\$11,474.65	/ EA
<b>Estimate:</b>	1 EA X 100% X \$11,474.65/EA = \$11,475 + tax = \$12,450			
<b>Notes:</b>	According to the Association, the generator is frequently tested and maintained. We continue to budget for a replacement of this equipment, and have updated the cost by a construction industry index inflation rate of 0.97%..			



**21.1.1 Reserve Study with Site Visit**

<b>Maintenance Cycle:</b>	3	years	<b>Next Maintenance:</b>	Year	0 (2016)
<b>Quantity:</b>	1	Lump Sum	<b>Unit Cost:</b>	\$3,000.00	/ LS
<b>Estimate:</b>	\$3,000				
<b>Notes:</b>	We continue to budget for reserve studies with a site visit in compliance with Washington State law.				



### FINANCIAL ANALYSIS & RESERVE CONTRIBUTION RECOMMENDATIONS

For budgeting purposes, we recommend that Lummi Island Scenic Estates set the contribution rate at \$45,000 for reserves beginning in 2017. This amount should increase annually with inflation. This amount is determined using the Cash Flow method with a Threshold Funding plan, to provide adequate reserves each time an expense is anticipated, with a minimum level of reserves (the threshold) equal to one year’s contribution to reserves at all times during the study period, so that no special assessments will be required. Lummi Island Scenic Estates should determine the best reserve funding level for their association based on their maintenance needs and risk aversion.

<b>Recommended 2017 Contribution</b>	<b>\$45,000</b>
Recommended Contribution per Month	\$3,750
Average Contribution per Unit per Year	\$ 113
Average Contribution per Unit Per Month	\$ 9

The contribution as a percentage of average unit value is calculated to provide a way for owners, and prospective owners, to compare the reserve requirements of one association with that of another association or of single-family home ownership. Using an average unit value of \$320,000, the average contribution per unit per year as a percentage of the average unit value at Lummi Island Scenic Estates is 0.04%.

Typically, condominium associations in the Puget Sound area need to set aside from 1/2% to 1% of their average unit value, homeowners’ associations need to put aside 1/3% to 1/2% and single family homeowners should put aside 1% to 2% each year.

### FUNDING PLANS

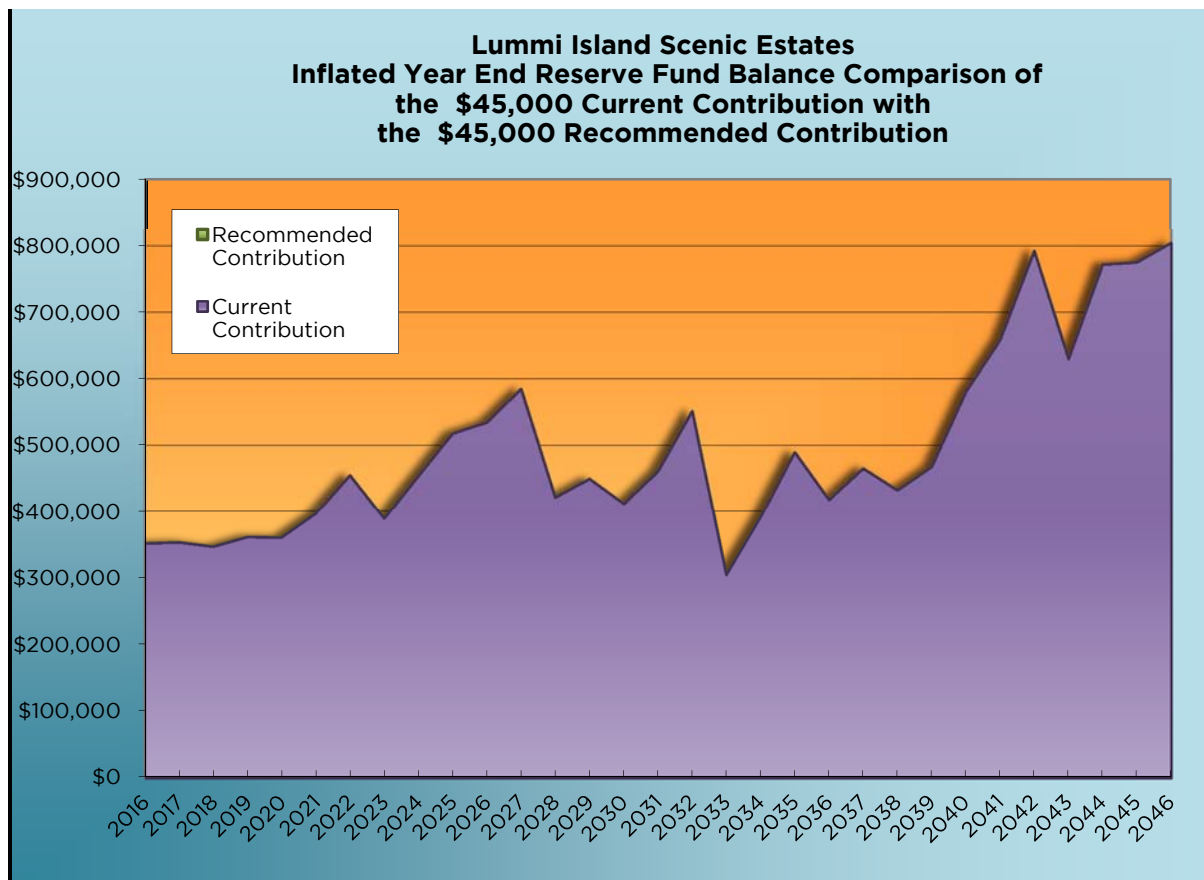
An annual contribution of \$45,000 is a Threshold Funding plan to provide funding as expenses are incurred over time, while maintaining a minimum reserve balance of one year's contribution to reserves. Absent specific instructions from clients, or unusual circumstances, this is our recommended funding plan.

An alternative strategy Lummi Island Scenic Estates could employ is Baseline Funding. This provides for necessary expenditures without maintaining a minimum reserve balance. To pursue such a strategy, the recommended Baseline Funding contribution rate would be \$34,200.

Lummi Island Scenic Estates could also consider contributions to obtain and maintain the level of reserves to be Fully Funded, so that the Percent Fully Funded is 100% by Year 30. The recommended Full Funding contribution rate would be \$46,700.

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

Below is a graph illustrating the projected year end reserve fund balance using both the current budgeted annual contribution and the recommended funding.



**Five Year Funding Plan Comparison**

Below is a comparison of the fully funded balance and year end reserve balance using the budgeted reserve funding for 2016 and the three funding plans presented in the report. The calculations include inflated values, interest and special assessments through Year 5 (2021).

**Lummi Island Scenic Estates**  
**Five Year Funding Plan Comparison**  
 Including Inflated Values, Interest and Special Assessments

**\$45,000 Current Funding Plan**

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2017)	\$45,000	\$0	\$378,543	109%	Fully Funded
2 (2018)	\$47,277	\$0	\$372,532	108%	Fully Funded
3 (2019)	\$48,695	\$0	\$387,633	107%	Fully Funded
4 (2020)	\$50,156	\$0	\$387,619	106%	Fully Funded
5 (2021)	\$51,661	\$0	\$424,358	105%	Fully Funded

**\$34,200 Baseline Funding Plan**

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2017)	\$34,200	\$0	\$367,689	106%	Fully Funded
2 (2018)	\$35,931	\$0	\$350,001	102%	Fully Funded
3 (2019)	\$37,008	\$0	\$352,848	98%	Well Funded
4 (2020)	\$38,119	\$0	\$339,980	93%	Well Funded
5 (2021)	\$39,262	\$0	\$363,244	90%	Well Funded

**\$45,000 Recommended (Threshold) Funding Plan**

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2017)	\$45,000	\$0	\$378,543	109%	Fully Funded
2 (2018)	\$47,277	\$0	\$372,532	108%	Fully Funded
3 (2019)	\$48,695	\$0	\$387,633	107%	Fully Funded
4 (2020)	\$50,156	\$0	\$387,619	106%	Fully Funded
5 (2021)	\$51,661	\$0	\$424,358	105%	Fully Funded

**\$46,700 Full Funding Plan**

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2017)	\$46,700	\$0	\$380,252	109%	Fully Funded
2 (2018)	\$49,063	\$0	\$376,079	109%	Fully Funded
3 (2019)	\$50,535	\$0	\$393,109	109%	Fully Funded
4 (2020)	\$52,051	\$0	\$395,117	108%	Fully Funded
5 (2021)	\$53,612	\$0	\$433,978	108%	Fully Funded



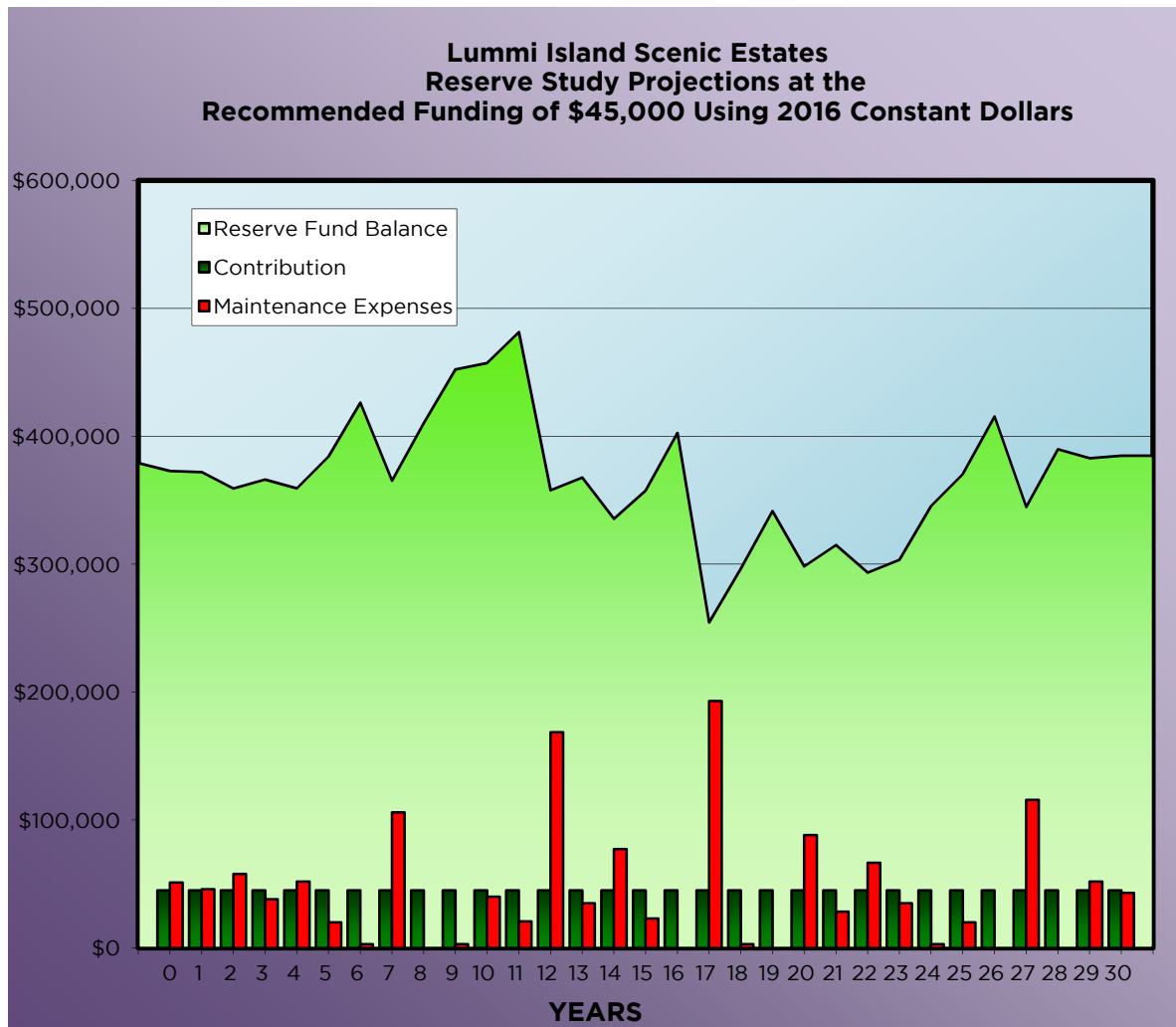
### Reserve Study Projections using Constant Dollar Values

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

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

The annual reserve fund contributions are shown as green bars. This chart depicts the annual contribution in constant dollars, so the contributions are constantly \$45,000 over the 30 year timeline of the study.

The anticipated yearly maintenance expenses are shown as red bars, clearly illustrating the anticipated expenses over the next 30 years.







**Reserve Study Projections at the Recommended Funding of \$45,000  
Using Constant Dollar Values**



## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	1 2017	2 2018	3 2019	4 2020	5 2021
2.6.1	Asphalt Pavement - Repair	10	1	\$20,800				
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2		\$6,200			
11.1.1	Backhoe - Replacement	25	4				\$51,900	
11.1.2	Truck - Replacement	10	3			\$35,000		
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1	\$4,500				
12.1.1	Clubhouse - Repair Contingency	10	2		\$25,900			
12.1.2	Common Buildings - Repair Contingency	10	2		\$20,700			
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$20,000
15.2.1	Water Towers - Circulation System	30	1	\$20,620				
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$5,000			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7					
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0			\$3,000		
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$45,920</b>	<b>\$57,800</b>	<b>\$38,000</b>	<b>\$51,900</b>	<b>\$20,000</b>
CARRY OVER RESERVES				\$372,865	\$371,945	\$359,145	\$366,145	\$359,245
ANNUAL RESERVE CONTRIB				\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
RESERVE EXPENDITURES				\$45,920	\$57,800	\$38,000	\$51,900	\$20,000
ACCUMULATED RESERVES				\$371,945	\$359,145	\$366,145	\$359,245	\$384,245
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$371,945</b>	<b>\$359,145</b>	<b>\$366,145</b>	<b>\$359,245</b>	<b>\$384,245</b>

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## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	6 2022	7 2023	8 2024	9 2025	10 2026
2.6.1	Asphalt Pavement - Repair	10	1					
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7		\$15,000			
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7		\$4,090			
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3					
11.1.3	Tractor Mower - Replacement	20	7		\$4,100			
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2					
12.1.2	Common Buildings - Repair Contingency	10	2					
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$20,000
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					\$20,000
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$5,000			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7		\$77,800			
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0	\$3,000			\$3,000	
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$3,000</b>	<b>\$105,990</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$40,000</b>
CARRY OVER RESERVES				\$384,245	\$426,245	\$365,255	\$410,255	\$452,255
ANNUAL RESERVE CONTRIB				\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
RESERVE EXPENDITURES				\$3,000	\$105,990	\$0	\$3,000	\$40,000
ACCUMULATED RESERVES				\$426,245	\$365,255	\$410,255	\$452,255	\$457,255
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$426,245</b>	<b>\$365,255</b>	<b>\$410,255</b>	<b>\$452,255</b>	<b>\$457,255</b>

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## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	11 2027	12 2028	13 2029	14 2030	15 2031
2.6.1	Asphalt Pavement - Repair	10	1	\$20,800				
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14				\$25,420	
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3			\$35,000		
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2		\$25,900			
12.1.2	Common Buildings - Repair Contingency	10	2		\$20,700			
15.1.1	Water Meters - Replacement	20	14				\$51,800	
15.1.2	Valves - Replacement	5	5					\$20,000
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$5,000			
15.4.1	Treatment Plant - Repair	20	12		\$79,900			
15.5.1	Water Mains - Repair	10	7					
15.6.1	Septic Systems - Replacement	15	12		\$21,700			
16.5.1	Generator - Replacement	45	12		\$12,450			
21.1.1	Reserve Study with Site Visit	3	0		\$3,000			\$3,000
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$20,800</b>	<b>\$168,650</b>	<b>\$35,000</b>	<b>\$77,220</b>	<b>\$23,000</b>
CARRY OVER RESERVES				\$457,255	\$481,455	\$357,805	\$367,805	\$335,585
ANNUAL RESERVE CONTRIB				\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
RESERVE EXPENDITURES				\$20,800	\$168,650	\$35,000	\$77,220	\$23,000
ACCUMULATED RESERVES				\$481,455	\$357,805	\$367,805	\$335,585	\$357,585
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$481,455</b>	<b>\$357,805</b>	<b>\$367,805</b>	<b>\$335,585</b>	<b>\$357,585</b>

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## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	16 2032	17 2033	18 2034	19 2035	20 2036
2.6.1	Asphalt Pavement - Repair	10	1					
2.7.1	Chain Link Fence - Replacement	30	17		\$7,270			
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17		\$103,000			
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					\$23,180
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3					
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2					
12.1.2	Common Buildings - Repair Contingency	10	2					
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$20,000
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					\$20,000
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					\$25,000
15.3.1	Clearwell - Replacement	5	2		\$5,000			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7		\$77,800			
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0			\$3,000		
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$0</b>	<b>\$193,070</b>	<b>\$3,000</b>	<b>\$0</b>	<b>\$88,180</b>
CARRY OVER RESERVES				\$357,585	\$402,585	\$254,515	\$296,515	\$341,515
ANNUAL RESERVE CONTRIB				\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
RESERVE EXPENDITURES				\$0	\$193,070	\$3,000	\$0	\$88,180
ACCUMULATED RESERVES				\$402,585	\$254,515	\$296,515	\$341,515	\$298,335
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$402,585</b>	<b>\$254,515</b>	<b>\$296,515</b>	<b>\$341,515</b>	<b>\$298,335</b>

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## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	21 2037	22 2038	23 2039	24 2040	25 2041
2.6.1	Asphalt Pavement - Repair	10	1	\$20,800				
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7		\$15,000			
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3			\$35,000		
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1	\$4,500				
12.1.1	Clubhouse - Repair Contingency	10	2		\$25,900			
12.1.2	Common Buildings - Repair Contingency	10	2		\$20,700			
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$20,000
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$5,000			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7					
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0	\$3,000			\$3,000	
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$28,300</b>	<b>\$66,600</b>	<b>\$35,000</b>	<b>\$3,000</b>	<b>\$20,000</b>
CARRY OVER RESERVES				\$298,335	\$315,035	\$293,435	\$303,435	\$345,435
ANNUAL RESERVE CONTRIB				\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
RESERVE EXPENDITURES				\$28,300	\$66,600	\$35,000	\$3,000	\$20,000
ACCUMULATED RESERVES				\$315,035	\$293,435	\$303,435	\$345,435	\$370,435
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$315,035</b>	<b>\$293,435</b>	<b>\$303,435</b>	<b>\$345,435</b>	<b>\$370,435</b>

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## Lummi Island Scenic Estates

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	26 2042	27 2043	28 2044	29 2045	30 2046
2.6.1	Asphalt Pavement - Repair	10	1					
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7		\$4,090			
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4				\$51,900	
11.1.2	Truck - Replacement	10	3					
11.1.3	Tractor Mower - Replacement	20	7		\$4,100			
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2					
12.1.2	Common Buildings - Repair Contingency	10	2					
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$20,000
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					\$20,000
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$5,000			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7		\$77,800			
15.6.1	Septic Systems - Replacement	15	12		\$21,700			
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0		\$3,000			\$3,000
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$0</b>	<b>\$115,690</b>	<b>\$0</b>	<b>\$51,900</b>	<b>\$43,000</b>
CARRY OVER RESERVES				\$370,435	\$415,435	\$344,745	\$389,745	\$382,845
ANNUAL RESERVE CONTRIB				\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
RESERVE EXPENDITURES				\$0	\$115,690	\$0	\$51,900	\$43,000
ACCUMULATED RESERVES				\$415,435	\$344,745	\$389,745	\$382,845	\$384,845
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$415,435</b>	<b>\$344,745</b>	<b>\$389,745</b>	<b>\$382,845</b>	<b>\$384,845</b>

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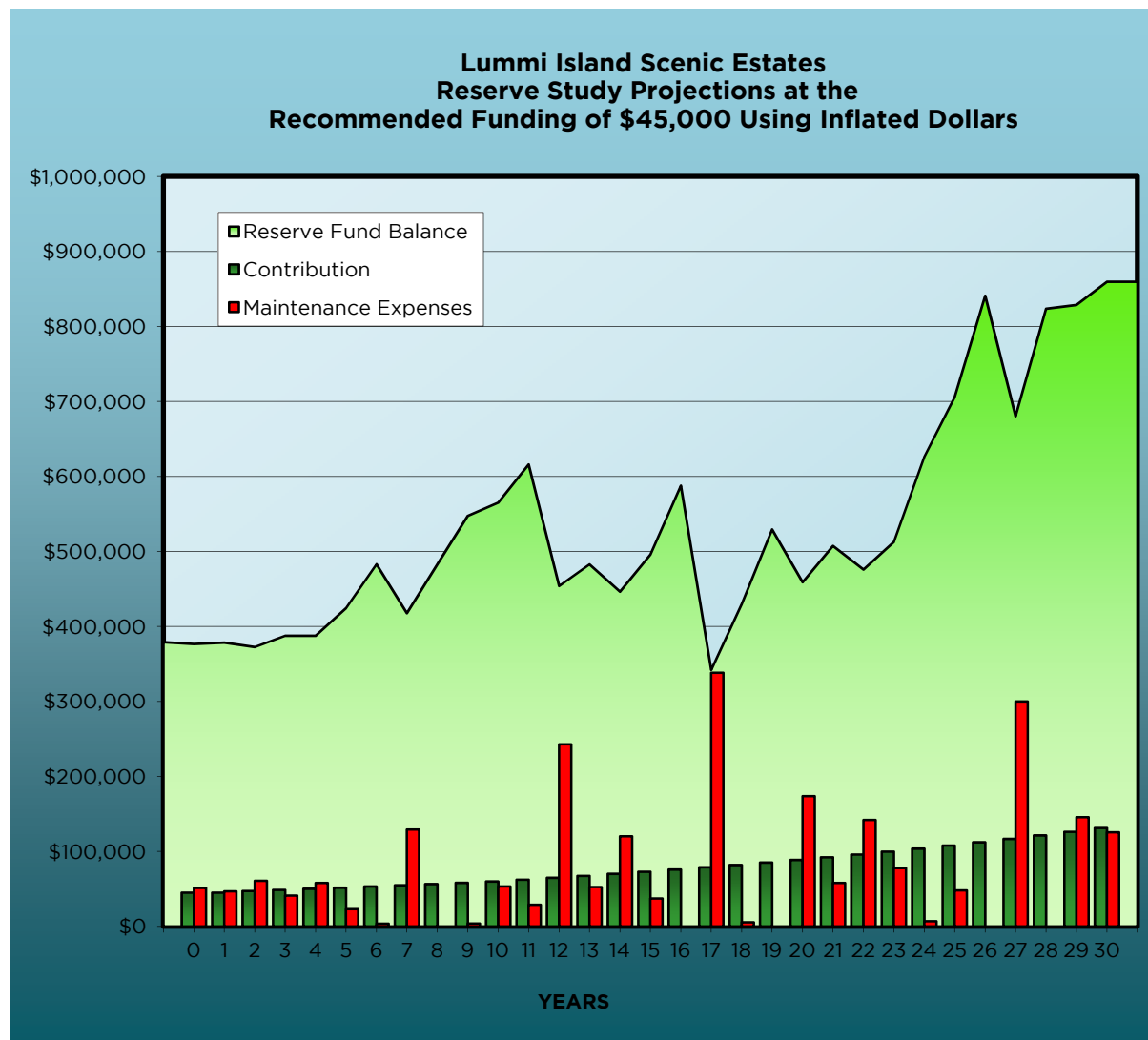
### Reserve Study Projections using Inflated Dollar Values

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

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

The annual reserve fund contributions are shown as green bars. This chart depicts the annual contribution inflated each year, so the contributions gradually increase over the 30 year timeline of the study from the initial contribution of \$45,000.

The anticipated yearly maintenance expenses are shown as red bars, clearly illustrating the anticipated expenses over the next 30 years.







**Reserve Study Projections at the Recommended Funding of \$45,000  
Using Inflated Dollar Values**



## Lummi Island Scenic Est

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	1 2017	2 2018	3 2019	4 2020	5 2021
2.6.1	Asphalt Pavement - Repair	10	1	\$21,216				
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2		\$6,514			
11.1.1	Backhoe - Replacement	25	4				\$57,847	
11.1.2	Truck - Replacement	10	3			\$37,874		
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1	\$4,590				
12.1.1	Clubhouse - Repair Contingency	10	2		\$27,211			
12.1.2	Common Buildings - Repair Contingency	10	2		\$21,747			
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$22,960
15.2.1	Water Towers - Circulation System	30	1	\$21,032				
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$5,253			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7					
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0			\$3,246		
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$46,838</b>	<b>\$60,725</b>	<b>\$41,120</b>	<b>\$57,847</b>	<b>\$22,960</b>
CARRY OVER RESERVES				\$376,625	\$378,543	\$372,532	\$387,633	\$387,619
ANNUAL RESERVE CONTRIB				\$45,000	\$47,277	\$48,695	\$50,156	\$51,661
RESERVE EXPENDITURES				\$46,838	\$60,725	\$41,120	\$57,847	\$22,960
ACCUMULATED RESERVES				\$374,786	\$365,096	\$380,107	\$379,943	\$416,319
INTEREST EARNED				\$3,757	\$7,436	\$7,526	\$7,676	\$8,039
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$378,543</b>	<b>\$372,532</b>	<b>\$387,633</b>	<b>\$387,619</b>	<b>\$424,358</b>
YEARS		<b>0-1</b>	<b>2-10</b>	<b>11-30</b>				
INFLATION MULTIPLIER		2%	3%	4%	1.02	1.05	1.08	1.11
INTEREST RATE MULTIPLIER		1%	2%	3%	0.01	0.02	0.02	0.02

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## Lummi Island Scenic Est

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	6 2022	7 2023	8 2024	9 2025	10 2026
2.6.1	Asphalt Pavement - Repair	10	1					
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7		\$18,269			
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7		\$4,981			
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3					
11.1.3	Tractor Mower - Replacement	20	7		\$4,994			
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2					
12.1.2	Common Buildings - Repair Contingency	10	2					
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$26,617
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					\$26,617
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$6,090			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7		\$94,755			
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0	\$3,547			\$3,876	
TOTAL EXPENDED BY YEAR				<b>\$3,547</b>	<b>\$129,089</b>	<b>\$0</b>	<b>\$3,876</b>	<b>\$53,235</b>
CARRY OVER RESERVES				\$424,358	\$483,005	\$417,641	\$483,010	\$547,481
ANNUAL RESERVE CONTRIB				\$53,211	\$54,807	\$56,451	\$58,145	\$59,889
RESERVE EXPENDITURES				\$3,547	\$129,089	\$0	\$3,876	\$53,235
ACCUMULATED RESERVES				\$474,022	\$408,724	\$474,092	\$537,278	\$554,135
INTEREST EARNED				\$8,984	\$8,917	\$8,917	\$10,203	\$11,016
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$483,005</b>	<b>\$417,641</b>	<b>\$483,010</b>	<b>\$547,481</b>	<b>\$565,151</b>
YEARS		<b>0-1</b>	<b>2-10</b>	<b>11-30</b>				
INFLATION MULTIPLIER		2%	3%	4%	1.18	1.22	1.25	1.29
INTEREST RATE MULTIPLIER		1%	2%	3%	0.02	0.02	0.02	0.02

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## Lummi Island Scenic Est

### Reserve Study Projections at Recommended Funding of \$45,000

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	11 2027	12 2028	13 2029	14 2030	15 2031
2.6.1	Asphalt Pavement - Repair	10	1	\$28,789				
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14				\$39,577	
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3			\$52,397		
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2		\$37,282			
12.1.2	Common Buildings - Repair Contingency	10	2		\$29,797			
15.1.1	Water Meters - Replacement	20	14				\$80,649	
15.1.2	Valves - Replacement	5	5					\$32,384
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$7,197			
15.4.1	Treatment Plant - Repair	20	12		\$115,013			
15.5.1	Water Mains - Repair	10	7					
15.6.1	Septic Systems - Replacement	15	12		\$31,236			
16.5.1	Generator - Replacement	45	12		\$17,921			
21.1.1	Reserve Study with Site Visit	3	0		\$4,318			\$4,858
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$28,789</b>	<b>\$242,766</b>	<b>\$52,397</b>	<b>\$120,226</b>	<b>\$37,242</b>
CARRY OVER RESERVES				\$565,151	\$616,104	\$453,927	\$482,740	\$446,305
ANNUAL RESERVE CONTRIB				\$62,285	\$64,776	\$67,367	\$70,062	\$72,864
RESERVE EXPENDITURES				\$28,789	\$242,766	\$52,397	\$120,226	\$37,242
ACCUMULATED RESERVES				\$598,647	\$438,113	\$468,897	\$432,575	\$481,928
INTEREST EARNED				\$17,457	\$15,813	\$13,842	\$13,730	\$13,923
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$616,104</b>	<b>\$453,927</b>	<b>\$482,740</b>	<b>\$446,305</b>	<b>\$495,851</b>
YEARS		<b>0-1</b>	<b>2-10</b>	<b>11-30</b>				
INFLATION MULTIPLIER		2%	3%	4%	1.38	1.44	1.50	1.56
INTEREST RATE MULTIPLIER		1%	2%	3%	0.03	0.03	0.03	0.03

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## Lummi Island Scenic Est

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	16 2032	17 2033	18 2034	19 2035	20 2036
2.6.1	Asphalt Pavement - Repair	10	1					
2.7.1	Chain Link Fence - Replacement	30	17		\$12,732			
2.9.1	Dock Work - Repair	15	7					
2.9.2	Dock Pilings - Replacement	50	17		\$180,387			
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					\$45,665
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3					
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1					
12.1.1	Clubhouse - Repair Contingency	10	2					
12.1.2	Common Buildings - Repair Contingency	10	2					
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$39,400
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					\$39,400
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					\$49,250
15.3.1	Clearwell - Replacement	5	2		\$8,757			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7		\$136,254			
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0			\$5,464		
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$0</b>	<b>\$338,130</b>	<b>\$5,464</b>	<b>\$0</b>	<b>\$173,716</b>
CARRY OVER RESERVES				\$495,851	\$587,642	\$342,062	\$429,969	\$529,388
ANNUAL RESERVE CONTRIB				\$75,779	\$78,810	\$81,962	\$85,241	\$88,650
RESERVE EXPENDITURES				\$0	\$338,130	\$5,464	\$0	\$173,716
ACCUMULATED RESERVES				\$571,630	\$328,322	\$418,560	\$515,210	\$444,323
INTEREST EARNED				\$16,012	\$13,739	\$11,409	\$14,178	\$14,606
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$587,642</b>	<b>\$342,062</b>	<b>\$429,969</b>	<b>\$529,388</b>	<b>\$458,928</b>
YEARS		<b>0-1</b>	<b>2-10</b>	<b>11-30</b>				
INFLATION MULTIPLIER		2%	3%	4%	1.68	1.75	1.82	1.89
INTEREST RATE MULTIPLIER		1%	2%	3%	0.03	0.03	0.03	0.03

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## Lummi Island Scenic Est

### Reserve Study Projections at Recommended Funding of \$45,000

**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	21 2037	22 2038	23 2039	24 2040	25 2041
2.6.1	Asphalt Pavement - Repair	10	1	\$42,615				
2.7.1	Chain Link Fence - Replacement	30	17					
2.9.1	Dock Work - Repair	15	7		\$31,961			
2.9.2	Dock Pilings - Replacement	50	17					
7.4.1	Roofing, Metal Sloped - Replacement	40	14					
7.4.2	Roofing, Flat - Replacement	20	0					
8.3.1	Garage Doors - Replacement	20	7					
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2					
11.1.1	Backhoe - Replacement	25	4					
11.1.2	Truck - Replacement	10	3			\$77,560		
11.1.3	Tractor Mower - Replacement	20	7					
11.1.4	Road Sweeper - Replacement	20	1	\$9,220				
12.1.1	Clubhouse - Repair Contingency	10	2		\$55,187			
12.1.2	Common Buildings - Repair Contingency	10	2		\$44,107			
15.1.1	Water Meters - Replacement	20	14					
15.1.2	Valves - Replacement	5	5					\$47,936
15.2.1	Water Towers - Circulation System	30	1					
15.2.2	Water Towers- Repair	50	50					
15.2.3	Reservoir & Dam - Maintenance	10	10					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0					
15.3.1	Clearwell - Replacement	5	2		\$10,654			
15.4.1	Treatment Plant - Repair	20	12					
15.5.1	Water Mains - Repair	10	7					
15.6.1	Septic Systems - Replacement	15	12					
16.5.1	Generator - Replacement	45	12					
21.1.1	Reserve Study with Site Visit	3	0	\$6,146			\$6,914	
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$57,981</b>	<b>\$141,909</b>	<b>\$77,560</b>	<b>\$6,914</b>	<b>\$47,936</b>
CARRY OVER RESERVES				\$458,928	\$507,425	\$475,933	\$512,703	\$626,330
ANNUAL RESERVE CONTRIB				\$92,197	\$95,884	\$99,720	\$103,709	\$107,857
RESERVE EXPENDITURES				\$57,981	\$141,909	\$77,560	\$6,914	\$47,936
ACCUMULATED RESERVES				\$493,144	\$461,400	\$498,092	\$609,497	\$686,251
INTEREST EARNED				\$14,281	\$14,532	\$14,610	\$16,833	\$19,689
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$507,425</b>	<b>\$475,933</b>	<b>\$512,703</b>	<b>\$626,330</b>	<b>\$705,940</b>
YEARS		<b>0-1</b>	<b>2-10</b>	<b>11-30</b>				
INFLATION MULTIPLIER		2%	3%	4%	2.05	2.13	2.22	2.30
INTEREST RATE MULTIPLIER		1%	2%	3%	0.03	0.03	0.03	0.03

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## Lummi Island Scenic Est

### Reserve Study Projections at Recommended Funding of \$45,000

#### Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2016 DOLLARS

DATE: 22-Jul-16

#	COMPONENT NAME	MAINT. CYCLE	NEXT EXP.	26 2042	27 2043	28 2044	29 2045	30 2046	
2.6.1	Asphalt Pavement - Repair	10	1						
2.7.1	Chain Link Fence - Replacement	30	17						
2.9.1	Dock Work - Repair	15	7						
2.9.2	Dock Pilings - Replacement	50	17						
7.4.1	Roofing, Metal Sloped - Replacement	40	14						
7.4.2	Roofing, Flat - Replacement	20	0						
8.3.1	Garage Doors - Replacement	20	7		\$10,603				
10.1.1	Swim Lake Dock & Beach - Upgrades	30	2						
11.1.1	Backhoe - Replacement	25	4				\$145,524		
11.1.2	Truck - Replacement	10	3						
11.1.3	Tractor Mower - Replacement	20	7		\$10,629				
11.1.4	Road Sweeper - Replacement	20	1						
12.1.1	Clubhouse - Repair Contingency	10	2						
12.1.2	Common Buildings - Repair Contingency	10	2						
15.1.1	Water Meters - Replacement	20	14						
15.1.2	Valves - Replacement	5	5					\$58,322	
15.2.1	Water Towers - Circulation System	30	1						
15.2.2	Water Towers- Repair	50	50						
15.2.3	Reservoir & Dam - Maintenance	10	10					\$58,322	
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	0						
15.3.1	Clearwell - Replacement	5	2		\$12,962				
15.4.1	Treatment Plant - Repair	20	12						
15.5.1	Water Mains - Repair	10	7		\$201,689				
15.6.1	Septic Systems - Replacement	15	12		\$56,255				
16.5.1	Generator - Replacement	45	12						
21.1.1	Reserve Study with Site Visit	3	0		\$7,777			\$8,748	
TOTAL EXPENDED BY YEAR				\$0	\$299,915	\$0	\$145,524	\$125,392	
CARRY OVER RESERVES				\$705,940	\$840,972	\$680,195	\$823,745	\$828,820	
ANNUAL RESERVE CONTRIB				\$112,171	\$116,658	\$121,324	\$126,177	\$131,224	
RESERVE EXPENDITURES				\$0	\$299,915	\$0	\$145,524	\$125,392	
ACCUMULATED RESERVES				\$818,111	\$657,715	\$801,519	\$804,398	\$834,652	
INTEREST EARNED				\$22,861	\$22,480	\$22,226	\$24,422	\$24,952	
SPECIAL ASSESSMENT									
YEAR-END BALANCE				\$840,972	\$680,195	\$823,745	\$828,820	\$859,604	
YEARS		0-1	2-10	11-30					
INFLATION MULTIPLIER		2%	3%	4%	2.49	2.59	2.70	2.80	2.92
INTEREST RATE MULTIPLIER		1%	2%	3%	0.03	0.03	0.03	0.03	0.03

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### 30 Year Summary at the Recommended Funding of \$45,000 Using Inflated Dollar Values

#### Inflation & Interest Assumptions

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

#### Percent Funded

Fully Funded	100% and above
Well Funded	60% 99%
Adequately Funded	25% to 59%
At Risk for Special Assessment	0% to 24%

Fiscal Year End	Fiscal Year Beginning Reserve Balance	Recommended Annual Reserve Contribution	Projected Reserve Expenditures	Special Assessment	Projected Interest Earned	Fiscal Year End Reserve Balance	Projected Fully Funded Balance	% Funded
1 (2017)	\$376,625	\$45,000	(\$46,838)	\$0	\$3,757	\$378,543	\$347,817	109%
2 (2018)	\$378,543	\$47,277	(\$60,725)	\$0	\$7,436	\$372,532	\$344,321	108%
3 (2019)	\$372,532	\$48,695	(\$41,120)	\$0	\$7,526	\$387,633	\$361,728	107%
4 (2020)	\$387,633	\$50,156	(\$57,847)	\$0	\$7,676	\$387,619	\$364,376	106%
5 (2021)	\$387,619	\$51,661	(\$22,960)	\$0	\$8,039	\$424,358	\$403,480	105%
6 (2022)	\$424,358	\$53,211	(\$3,547)	\$0	\$8,984	\$483,005	\$464,704	104%
7 (2023)	\$483,005	\$54,807	(\$129,089)	\$0	\$8,917	\$417,641	\$403,803	103%
8 (2024)	\$417,641	\$56,451	(\$0)	\$0	\$8,917	\$483,010	\$471,791	102%
9 (2025)	\$483,010	\$58,145	(\$3,876)	\$0	\$10,203	\$547,481	\$539,619	101%
10 (2026)	\$547,481	\$59,889	(\$53,235)	\$0	\$11,016	\$565,151	\$561,850	101%
11 (2027)	\$565,151	\$62,285	(\$28,789)	\$0	\$17,457	\$616,104	\$617,183	100%
12 (2028)	\$616,104	\$64,776	(\$242,766)	\$0	\$15,813	\$453,927	\$463,218	98%
13 (2029)	\$453,927	\$67,367	(\$52,397)	\$0	\$13,842	\$482,740	\$496,028	97%
14 (2030)	\$482,740	\$70,062	(\$120,226)	\$0	\$13,730	\$446,305	\$464,989	96%
15 (2031)	\$446,305	\$72,864	(\$37,242)	\$0	\$13,923	\$495,851	\$518,467	96%
16 (2032)	\$495,851	\$75,779	(\$0)	\$0	\$16,012	\$587,642	\$614,209	96%
17 (2033)	\$587,642	\$78,810	(\$338,130)	\$0	\$13,739	\$342,062	\$378,653	90%
18 (2034)	\$342,062	\$81,962	(\$5,464)	\$0	\$11,409	\$429,969	\$469,459	92%
19 (2035)	\$429,969	\$85,241	(\$0)	\$0	\$14,178	\$529,388	\$572,607	92%
20 (2036)	\$529,388	\$88,650	(\$173,716)	\$0	\$14,606	\$458,928	\$509,540	90%
21 (2037)	\$458,928	\$92,197	(\$57,981)	\$0	\$14,281	\$507,425	\$563,195	90%
22 (2038)	\$507,425	\$95,884	(\$141,909)	\$0	\$14,532	\$475,933	\$538,718	88%
23 (2039)	\$475,933	\$99,720	(\$77,560)	\$0	\$14,610	\$512,703	\$581,407	88%
24 (2040)	\$512,703	\$103,709	(\$6,914)	\$0	\$16,833	\$626,330	\$700,398	89%
25 (2041)	\$626,330	\$107,857	(\$47,936)	\$0	\$19,689	\$705,940	\$787,232	90%
26 (2042)	\$705,940	\$112,171	(\$0)	\$0	\$22,861	\$840,972	\$929,746	90%
27 (2043)	\$840,972	\$116,658	(\$299,915)	\$0	\$22,480	\$680,195	\$782,487	87%
28 (2044)	\$680,195	\$121,324	(\$0)	\$0	\$22,226	\$823,745	\$933,871	88%
29 (2045)	\$823,745	\$126,177	(\$145,524)	\$0	\$24,422	\$828,820	\$950,589	87%
30 (2046)	\$828,820	\$131,224	(\$125,392)	\$0	\$24,952	\$859,604	\$993,104	87%

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





## FULLY FUNDED BALANCE CALCULATIONS

RCW 64.38.070 (j) states that a reserve study shall include: “Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments”.

Furthermore, RCW 64.38.070 (e) stipulates that a reserve study shall include “The percentage of the fully funded balance that the reserve account is funded”.

“Fully funded balance” means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component’s useful life. The sum total of all reserve components’ fully funded balances is the association’s fully funded balance. RCW 64.38.010 (9)

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

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

For example, if you have a roof that will last 10 years and cost \$100,000 to replace:

- To pay for the future replacement in 10 years, you should save \$10,000 each year to have enough money to cover the replacement cost.
- When it is 2 years old, it is 20% used up, and the Fully Funded Balance for its future replacement is \$20,000. If you have saved \$10,000 for the future replacement in 2 years, you are 50% fully funded. If you have saved \$20,000, you are 100% fully funded.
- When the roof is 8 years old it will be 80% deteriorated, and its Fully Funded Balance would be \$80,000. If you have saved only \$10,000 by Year 8 you are 13% fully funded. If you have saved \$20,000, you are at 25%, and at \$80,000 you are at 100% fully funded.

In effect the percent fully funded is a measure of how well an association can withstand the risk of unexpected expenses. Such unexpected expenses include: emergency expenses not covered by insurance, expenses that are more expensive than predicted, and expenses that are required earlier than anticipated.

A higher percent funded means more money is in the bank, and that lowers the risk of special assessment when unexpected expenses occur. A poorly funded association would have less money available for unexpected expenses, and a higher risk of a special assessment to generate the needed funds.



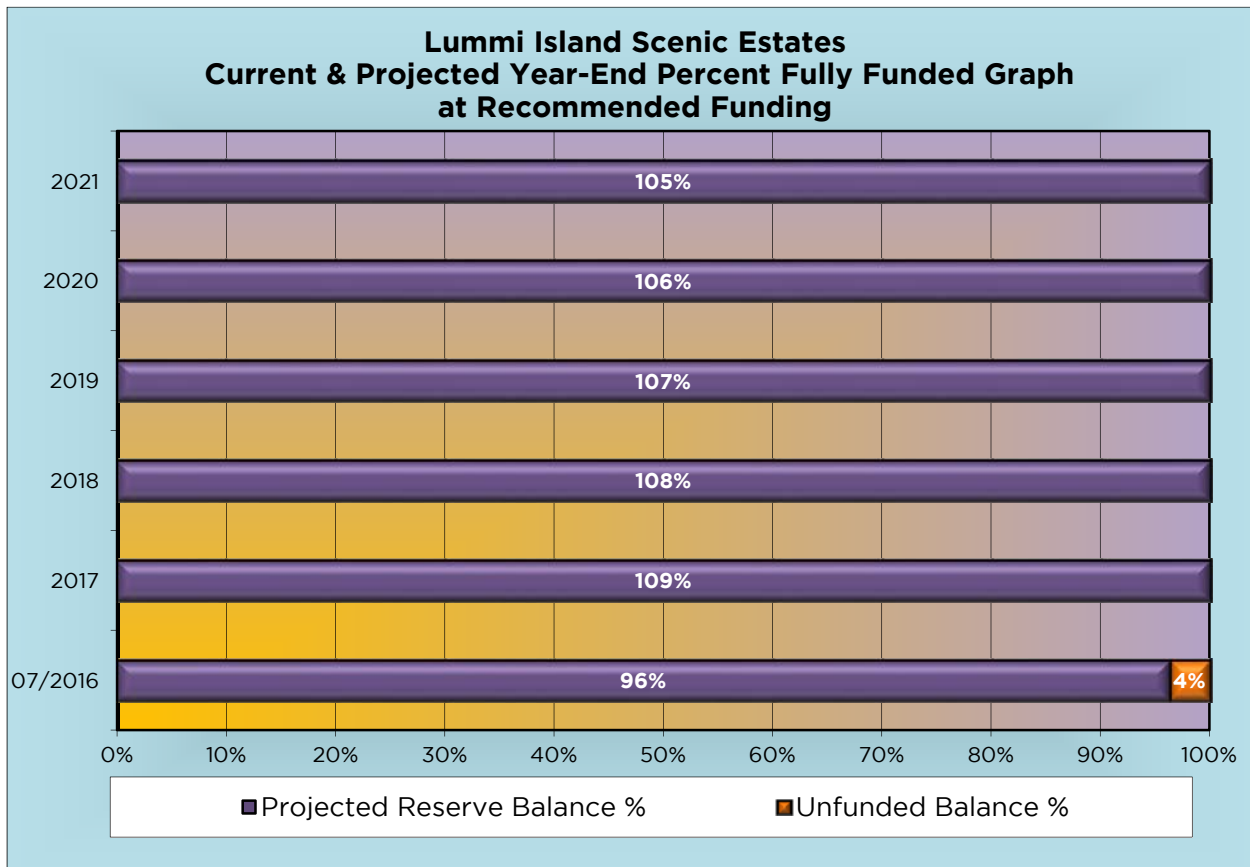
We typically recommend that an association select a minimum reserve account balance (or Threshold) it wants to maintain, and select a contribution rate to maintain that minimum rather than try to build their account to 100% fully funded. We typically recommend that an association consider a threshold 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 \$393,557. The actual current funding is \$379,045. The Association is approximately 96% funded. This means that based on a straight line savings for each reserve component, the Association saved 96% of the accumulated depreciation of the reserve components.

Percent Funded	Considered
100% or more	Fully Funded
60% to 99%	Reasonably Well Funded
25% to 59%	Adequately Funded
24% or less	At High Risk for a Special Assessment

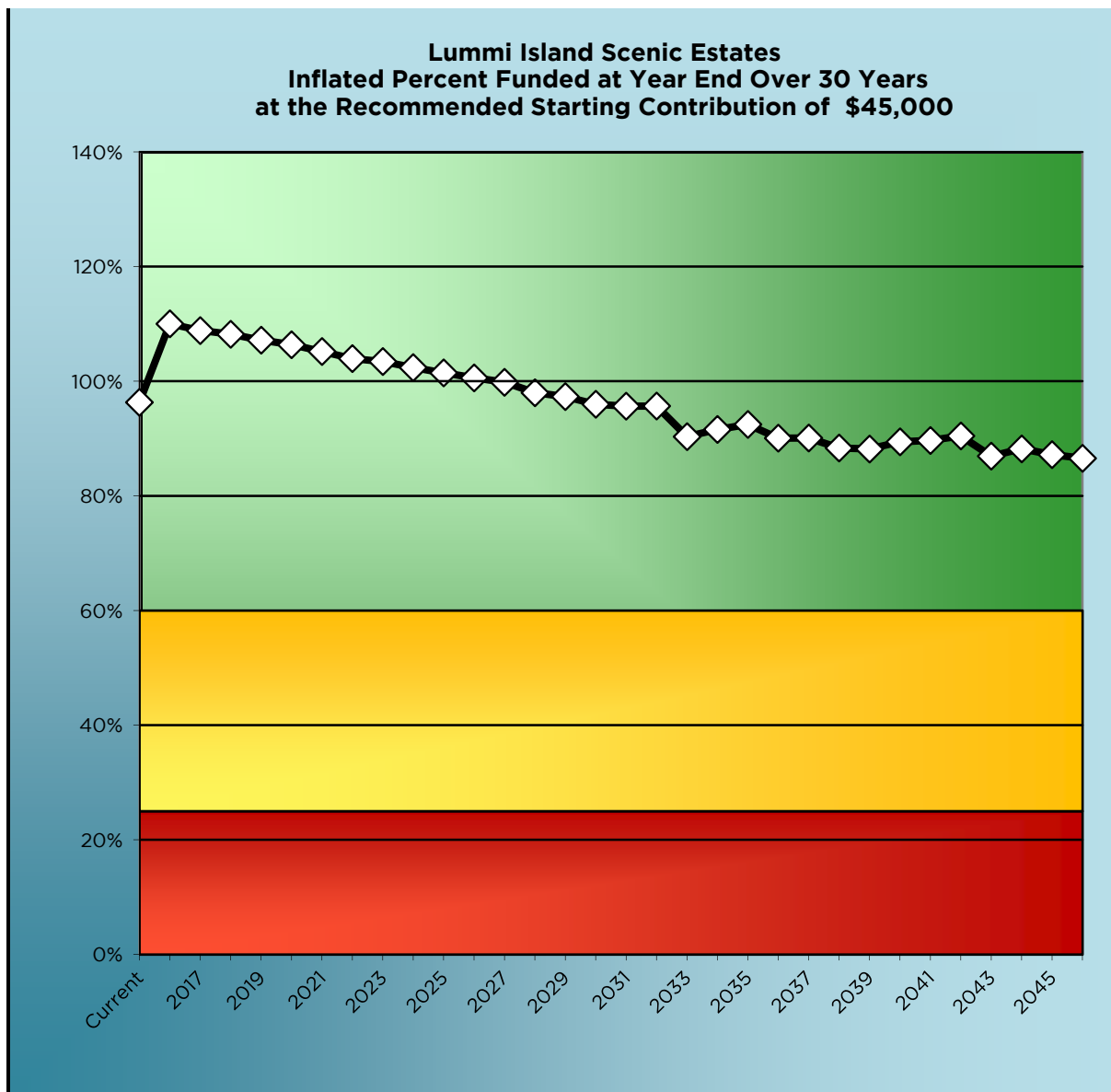
At 96%, Lummi Island Scenic Estates is considered well funded.

Below is a graph with the current and projected year-end percent fully funded calculated at the recommended annual reserve contribution of \$45,000.



The following chart illustrates the projected percent funded at year end over the next 30 years at the recommended starting contribution rate of \$45,000. The values include interest and inflation rate assumptions.

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





**FULLY FUNDED BALANCE CALCULATION TABLE**



Fully Funded Balance Calculations

Lummi Island Scenic Estates

Component Description	Quantity	Unit	Maintenance Cycle	Remaining Useful Life	Current Replacement Cost	Fully Funded Balance
2.6.1 Asphalt Pavement - Repair	1	LS	10	1	\$ 20,800	\$ 18,720
2.7.1 Chain Link Fence - Replacement	320	LF	30	17	\$ 7,270	\$ 3,150
2.9.1 Dock Work - Repair	1	LS	15	7	\$ 15,000	\$ 8,000
2.9.2 Dock Pilings - Replacement	1	LS	50	17	\$ 103,000	\$ 67,980
7.4.1 Roofing, Metal Sloped - Replacement	33	SQ	40	14	\$ 25,420	\$ 16,523
7.4.2 Roofing, Flat - Replacement	17	SQ	20	0	\$ 23,180	\$ 23,180
8.3.1 Garage Doors - Replacement	3	EA	20	7	\$ 4,090	\$ 2,659
10.1.1 Swim Lake Dock & Beach - Upgrades	1	LS	30	2	\$ 6,200	\$ 5,787
11.1.1 Backhoe - Replacement	1	EA	25	4	\$ 51,900	\$ 43,596
11.1.2 Truck - Replacement	1	EA	10	3	\$ 35,000	\$ 24,500
11.1.3 Tractor Mower - Replacement	1	EA	20	7	\$ 4,100	\$ 2,665
11.1.4 Road Sweeper - Replacement	1	LS	20	1	\$ 4,500	\$ 4,275
12.1.1 Clubhouse - Repair Contingency	1	LS	10	2	\$ 25,900	\$ 20,720
12.1.2 Common Buildings - Repair Contingency	1	LS	10	2	\$ 20,700	\$ 16,560
15.1.1 Water Meters - Replacement	218	EA	20	14	\$ 51,800	\$ 15,540
15.1.2 Valves - Replacement	1	LS	5	5	\$ 20,000	\$ -
15.2.1 Water Towers - Circulation System	2	EA	30	1	\$ 20,620	\$ 19,933
15.2.2 Water Towers- Repair	2	EA	50	50	\$ 13,020	\$ -
15.2.3 Reservoir & Dam - Maintenance	1	LS	10	10	\$ 20,000	\$ -
15.2.4 Mixer Unit & Storage Tanks - Maintenance	1	LS	20	0	\$ 25,000	\$ 25,000
15.3.1 Clearwell - Replacement	1	LS	5	2	\$ 5,000	\$ 3,000
15.4.1 Treatment Plant - Repair	1	LS	20	12	\$ 79,900	\$ 31,960
15.5.1 Water Mains - Repair	17849	LF	10	7	\$ 77,800	\$ 23,340
15.6.1 Septic Systems - Replacement	2	EA	15	12	\$ 21,700	\$ 4,340
16.5.1 Generator - Replacement	1	EA	45	12	\$ 12,450	\$ 9,130
21.1.1 Reserve Study with Site Visit	1	LS	3	0	\$ 3,000	\$ 3,000
<b>FULLY FUNDED BALANCE</b>					<b>Total</b>	<b>\$ 393,557</b>

CURRENT RESERVE BALANCE = \$ 379,045

PERCENT FULLY FUNDED = 96%

July 22, 2016

ABBREVIATION KEY

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

LF linear foot  
LS lump sum  
SF square feet

SQ roofing square  
SY square yard  
ZN zone



### SUPPLEMENTAL BUDGET INFORMATION (SBI)

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

Association - Fiscal Year End 2017 Proposed Budget  
 Supplemental Budget Information on Reserves  
 In Compliance with RCW 64.34.308 & RCW 64.38.025  
 January 11, 2016

Funding Information	
_____	Proposed annual contribution to reserves for the fiscal year ending in 2017 per the budget.
_____	Projected fiscal year end 2016 reserve balance per the budget.
_____	Budgeted annual contribution to reserves for the current fiscal year ending in 2016.

Information from the Most Recent Reserve Study	
_____	Percent fully funded as of the date of the most recent reserve study.
_____	Recommended annual contribution to reserves for the fiscal year ending in 2017.
_____	Type of funding plan used for recommended annual funding per the most recent reserve study.
_____	Projected fiscal year end 2016 reserve balance per the most recent reserve study.
_____	Based upon the most recent reserve study, 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 cause a failure to meet obligations

**Anticipated Shortfalls Over the Next 30 Years at the \$ Current Fiscal Year Contribution**

Year	Projected Funding Shortfall	Average Per Unit Per Year	Year	Projected Funding Shortfall	Average Per Unit Per Year
2017			2032		
2018			2033		
2019			2034		
2020			2035		
2021			2036		
2022			2037		
2023			2038		
2024			2039		
2025			2040		
2026			2041		
2027			2042		
2028			2043		
2029			2044		
2030			2045		
2031			2046		

**Proposed Additional Regular or Special Assessment for Fiscal Year End 2017**

_____	Is additional funding (Regular or Special Assessment) planned?	
_____	Amount of additional Regular or Special Assessment.	The purpose for the additional funding:
_____	Average amount per unit per year.	N/A
_____	Average amount per unit per month.	
_____	Date assessment is due.	

**5 Year Projections Using the Fiscal Year End 2016 Current Reserve Funding**

\$ Current Reserve Funding	2017	2018	2019	2020	2021
Projected Account Balance at End of Fiscal Year					
Projected Percent Fully Funded at end of Fiscal Year					

*Contributions & Expenses both Inflated*

**5 Year Projections Using the Fiscal Year End 2017 Recommended Reserve Funding**

\$ Recommended Reserve Funding	2017	2018	2019	2020	2021
Projected Account Balance at End of Fiscal Year					
Projected Percent Fully Funded at end of Fiscal Year					

*Contributions & Expenses both Inflated*

**5 Year Projections Using the Fiscal Year End 2017 Proposed Reserve Funding**

\$ Proposed Contribution	2017	2018	2019	2020	2021
Projected Account Balance at End of Fiscal Year					
Projected Percent Fully Funded at end of Fiscal Year					

*Contributions & Expenses both Inflated*

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## DISCLOSURES

- 1 - Reserve Consultants LLC also provides construction inspection services for condominiums, and does design and construction oversight for major repair projects, including roofing, decks and building envelope replacement.
- 2 - No shareholder or employee of Reserve Consultants LLC has any interest in, or obligation to, any construction company, management company, or development entity that creates condominiums.
- 3 - Reserve Consultants LLC has been a member of Community Association Institute since about 1993, and has performed work for many association managers.
- 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.
- 7 - The reserve study is a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical records.



## APPENDIX - GLOSSARY OF TERMS

**Baseline Funding (contribution rate)** – 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 contingency some years.

**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. Based roughly on Construction Industry Standards.

**Common Elements** – Those portions of the building which are owned collectively by all Unit owners in a condominium, and for which the association is responsible.

**"Contribution Rate"** means, 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** - Pretends that inflation does not exist. Shows all costs and contributions in today's dollars, no matter how far in the future they occur.

**"Effective Age"** means the difference between the useful life and the remaining useful life. RCW 64.38.010 (7)

**"Fully Funded Balance"** means the value of the deteriorated portion 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)

**Fully Funded (contribution rate)** - A Reserve Contribution Rate that is constant, increasing with inflation, that will bring the Reserve Account balance up to the "Fully Funded Balance" level and keep it there.

**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** - those common elements which are assigned exclusively to one or some Units. 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.

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

**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.

**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.

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

**"Replacement cost"** means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.38.010 (15)

**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 components"** means 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)

**Reserve Contribution** - The amount of money saved to fund "replacement Costs" for maintenance and repairs of Common Elements. See "Contribution Rate". Current contributions and recommended contributions may be different.

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

**Reserve Study** - A physical assessment of a building and a subsequent report which estimates the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget, which will need to be repaired or replaced over the next 30 years. It



provides estimates of these replacement costs and details expected annual expenditures. It is used to calculate the Reserve Contribution Rate required to maintain a facility in good condition both functionally and cosmetically. The Washington Condominium Act sets out requirements for annual reserve studies.

**"Reserve study professional"** means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.38. RCW 64.38.010 (17)

**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)

**Year End Balance or Reserve 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 balance, reserve contributions, reserve expenses and bank interest earned on any reserve balance.



## **APPENDIX - EVALUATORS' CREDENTIALS**

**Denise Dana** Principal, Reserve Consultants LLC  
B.S. Education, M. Architecture  
Washington Registered Architect, #8702  
LEED Accredited Professional

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

**Mahria Sooter** Associate, Reserve Consultants LLC  
B.A. Springfield College, MA

Mahria joined Reserve Consultants in 2016. Mahria holds a Bachelor of Science degree from Springfield College, MA. She has over 20 years of experience with marketing and various aspects of integrated communication in the construction industry. Mahria excels at listening to clients' goals and providing attainable solutions to their needs. Her attention to detail lends well to providing clear and concise recommendations that clients can utilize to make informed decisions.