



5116 Heather Drive  
Anacortes, WA 98221  
360.588.9956

# Funding Reserve Analysis

*for*

## Mt. Baker Rim Community Club Level 1 Study 2021

May 07, 2021



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5116 Heather Drive  
Anacortes, WA 9822  
360.588.9956

May 7, 2021

Mr. David Hill  
Board of Directors  
10315 Mount Baker Highway  
Deming WA 98244

Dear Mr. David Hill,

### **Introduction**

First, we would like to thank you for utilizing our services. Our approach is to provide the members, the board and management with understandable information to make informed decisions needed to best manage your reserve fund and annual contributions. We strive to understand the association's needs and design a funding strategy for meeting those needs based on a realistic approach to finances available and real-world workings of most associations. We live and work in the local area and work hard to keep up to date with costs in your association's neighborhood.

### **Included within the following pages you will find:**

Three funding models which detail how your association finances will look during the 30-year forecast window.

- Current Level of Contributions
- Baseline Funded
- Fully Funded (per the State of Washington RCW 64.34.380)

A list of the community components that the association is responsible for maintaining.

- Estimated current cost of replacement of each component.
- Timeline of estimated remaining life and estimated cost at replacement date per component.

Annual expenditure detail.

Expenses by item and by calendar year.

**What is our Recommended Funding Goal?** Maintaining the Reserve Fund at a level equal to the value of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up", the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation.

Evidence shows that associations in the:

- 0-30% range are considered in **Poor** condition and at a high risk of special assessments or deferred maintenance.
- 30-70% range are considered in **Fair** condition and should strive to gradually increase reserves.
- 70-130% range are considered in **Good** condition and enjoy a low risk of special assessments or deferred maintenance.

The attached funding study is limited in scope to those expense items listed in the attached Expense Detail Report. Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long-lived items overlaps the 30 Years reserve study envelope.

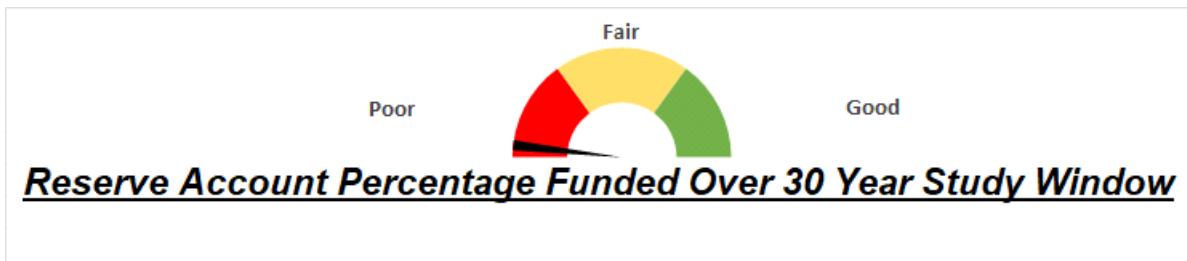
# Mt. Baker Rim Community Club Level 1 Study 2021

## Executive Summary

Name	Mt. Baker Rim Community Club Level 1 Study 2021
Location	Deming, WA
Contributing Members	100
Year Built	1978
Fiscal Year Ends	2021
Depth of Study	Level 1 Study ( <i>With Site Visit</i> )
Date of Study	May 7, 2021
Last On-Site Inspection Date	May 3, 2021
Inflation Rate for Projections	3%

## Reserve Account Summary

Reported Current Annual Reserve Contribution	\$119,000 per year
Estimated Fiscal Year Starting Balance	\$302,357
Fiscal Year Beginning Balance If Fully Funded	\$493,038 ( <i>ideal amount in reserves</i> )
Average Deficit/Surplus Per Member	(-\$1,907)



## 5 - Year Summary - Current vs. Baseline vs. Fully Funded

	Current Funding Model		Baseline Funded Model		Fully Funded Model Recommended	
2021	\$417,312	75%	\$360,652	65%	\$406,299	73%
2022	\$373,641	68%	\$341,281	62%	\$422,821	77%
2023	\$84,666	30%	\$77,426	28%	\$177,355	64%
2024	\$125,902	37%	\$144,628	42%	\$261,272	76%
2025	\$25,070	9%	\$70,633	26%	\$199,819	75%
	<i>Contribution amount supplied by Client</i>		<i>Reserve account above \$0 within study timeframe</i>		<i>Achieve 100% funded within the study timeframe</i>	

## Project Description

Mt. Baker Rim Community Club is located near Glacier Washington near Mt. Baker recreational area. There are approximately 440 heavily wooded single family lots serviced by several miles of private asphalt paved road. Amenities include a large clubhouse, swimming pool, tennis & pickle ball courts, gate house including a managers apartment, utility garage plus other out buildings. Equipment includes two trucks, a tractor and various landscape maintenance equipment.

This report is a Level 1 Reserve Study which includes a field evaluation of the Association's physical assets, a review of current financial and other information provided by the client as well as any prior reserve reports. Please refer to the detailed report pages in the following sections of the report.

*(Report Note - material and labor costs appear to be continuing to increase in all construction categories. Many associations have reported dramatic cost differences in recent contractor bids on the same projects. We highly recommend associations request contractor bids on upcoming projects early in the process. Until such time as cost increases moderate an inflation factor of 3% will be used in all funding models).*

**Reserve Fund Status and Funding Plan Recommendation** - Annual contribution reported as approximately \$40,000 plus for 2021 approximately \$79,000 additional contribution estimated. Based on our findings, the current level of funding of the reserve account **is not adequate to fund projected expenses for the long term.** We recommend the association gradually adopt a reserve funding plan based on the Fully Funding Model in order to ensure that adequate funding is available throughout the 30-year study period.

**Current Assessment Projection** - The initial reserve assessment is the association's reported current fiscal year funding level and projected out 30 years to illustrate the adequacy of the current funding over time.

Current Total Reported Annual Reserve Contribution - \$119,000

**Baseline Funded Model** - The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. A facility using this funding method must understand that even a minor reduction in a component's remaining useful life **or unplanned expenses** can result in a deficit in the reserve cash balance **and may require additional funding.**

Recommended Total Annual Reserve Contribution - \$62,537

**Fully Funded Model** - This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments. This is the most conservative funding model. It leads to or maintains a fully funded reserve position. (Please note that the Fully Funded Model incorporates funding parameters that seek to reach 100% funded at year 30 reserve study limit. The recommended contribution amount may be unusually high or low for the first few years depending on the current reserve account balance and upcoming expenses).

Recommended Total Annual Reserve Contribution - \$108,025

### In this Reserve Study the following components are excluded:

Power Lines – Generally utility companies.

Utility Main Lines – Generally utility companies or City.

Interior Plumbing - The remaining useful life of the plumbing exceeds the 30-year scope of the study.

Windows - The remaining useful life exceeds the 30-year scope of the study.

### Depth of Study

We have completed a Full Service Level 1 Reserve Study for your Association. A field inspection was made to verify the current status of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. Photographs were taken of the site improvements.

### **Understanding the Budget Year**

Your study is based on the standard calendar year January 1 through December 31<sup>st</sup>. January is the “*budget year beginning*”. This account balance is the starting point for determining the distribution of available funds for the year. Reserve contributions plus any addition income or deposits and interest for the 12-month period are calculated then projected expenses for the year are deducted. The result is the *budget year ending* balance estimated for December 31<sup>st</sup>.

### **Initial Reserves**

Initial reserves for this reserve study are estimated to be \$302,357 as of December 31, 2020. We have relied upon the client to provide the current (or projected) reserve balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the reserve fund.

### **Keeping Your Reserve Study Current**

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the facilities site and computations made subsequently in preparing this reserve analysis study are retained in our computer files.

### **Conflict of Interest**

As the preparer of this reserve study, Pacific Crest Reserves certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

### **Date of Physical Inspection**

The property was physically inspected by Pacific Crest Reserves on May 3, 2021.

Pacific Crest Reserves would like to thank the members and management for the opportunity to be of service in the preparation of the attached funding study. Again, please feel free to contact us if you have any questions.

Prepared by:

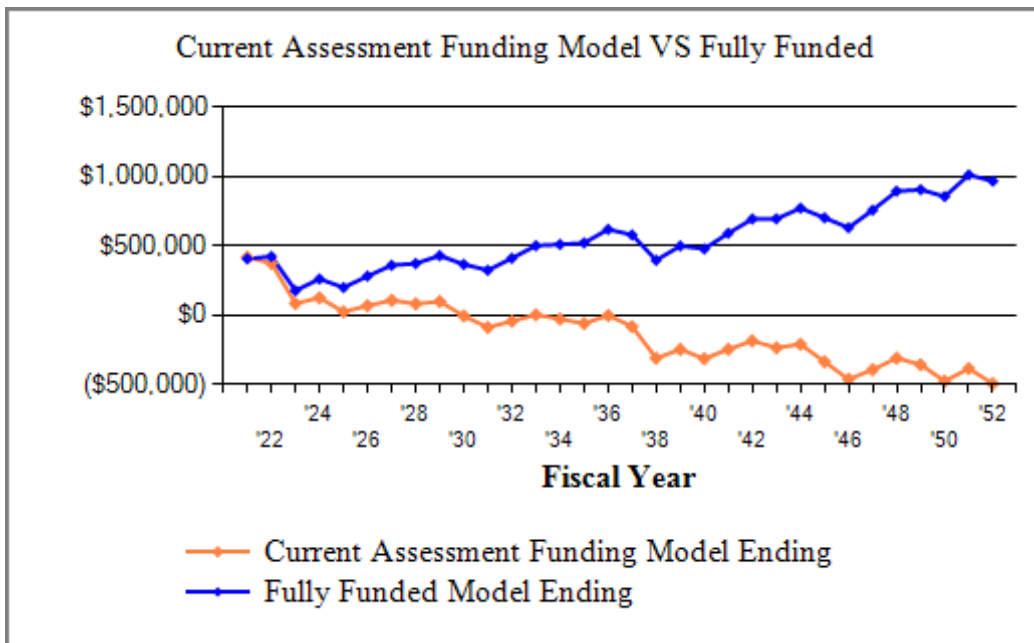
*Charlie Barefield*

Charlie Barefield  
Reserve Analyst Principal

**Mt. Baker Rim Community Club Level 1 Study 2021**  
 Deming, WA  
**Current Assessment Projection Summary**

Report Date	May 7, 2021
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	100

<b>Report Parameters</b>	
Inflation	3.00%
Interest Rate on Reserve Deposit	0.35%
Tax Rate Included in Interest Rate	
2021 Beginning Balance	\$302,357



**The Current Assessment Funding Model** is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

**Current Assessment Funding Model Summary of Calculations**

Required Annual Contribution	\$119,000.00
<i>\$1,190.00 per unit annually</i>	
Average Net Annual Interest Earned	\$1,455.50
Total Annual Allocation to Reserves	\$120,455.50
<i>\$1,204.55 per unit annually</i>	



**Mt. Baker Rim Community Club Level 1 Study 2021  
Current Assessment Projection**

Beginning Balance: \$302,357

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	119,000	1,455	5,500	417,312	557,632	75%
2022	40,000	1,303	84,975	373,641	546,680	68%
2023	41,200	295	330,470	84,666	279,082	30%
2024	42,436	439	1,639	125,902	343,845	37%
2025	43,709	87	144,628	25,070	267,268	9%
2026	45,020	239	1,739	68,591	337,431	20%
2027	46,371	375	7,761	107,576	405,415	27%
2028	47,762	288	73,177	82,448	410,034	20%
2029	49,195	345	32,936	99,052	458,276	22%
2030	50,671		155,268	-5,545	385,495	
2031	52,191		133,720	-87,074	334,927	
2032	53,757		8,998	-42,314	413,574	
2033	55,369	13	9,267	3,801	496,638	1%
2034	57,030		87,378	-26,547	504,146	
2035	58,741		91,512	-59,317	510,100	
2036	60,504		2,337	-1,150	610,635	
2037	62,319		142,017	-80,848	572,946	
2038	64,188		291,728	-308,387	382,631	
2039	66,114		2,554	-244,827	487,246	
2040	68,097		135,020	-311,750	461,431	
2041	70,140		2,709	-244,319	574,082	
2042	72,244		12,092	-184,166	683,495	
2043	74,412		123,589	-233,343	684,489	
2044	76,644		51,313	-208,012	763,190	
2045	78,943		204,296	-333,365	690,010	
2046	81,312		208,331	-460,384	613,910	
2047	83,751		14,018	-390,650	739,202	
2048	86,264		3,332	-307,719	882,899	
2049	88,852		136,132	-354,999	897,871	
2050	91,517		209,734	-473,216	841,343	
2051	94,263		3,641	-382,594	999,372	
2052	97,090		206,257	-491,761	957,544	



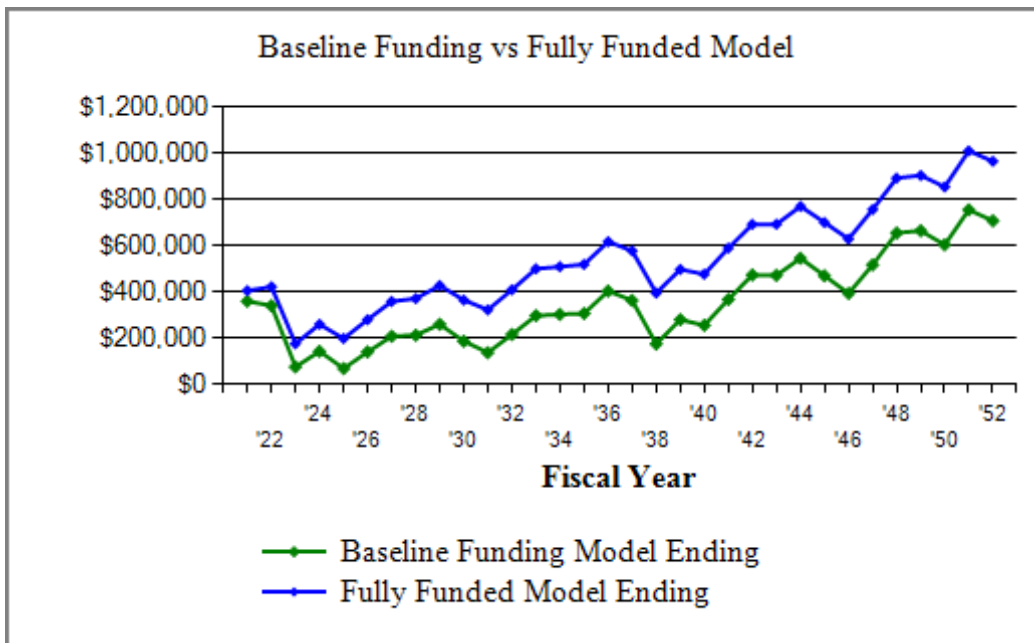
## Mt. Baker Rim Community Club Level 1 Study 2021

Deming, WA

### Baseline Funding Model Summary

Report Date	May 7, 2021
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	100

<b>Report Parameters</b>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.35%
Tax Rate Included in Interest Rate	
2021 Beginning Balance	\$302,357



The **Baseline Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined baseline, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Baseline Funding Model** allows the client to choose the level of conservative funding they desire by choosing the baseline dollar amount.

<b>Baseline Funding Model Summary of Calculations</b>	
Required Annual Contribution	\$62,537.29
<i>\$625.37 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,257.88</u>
Total Annual Allocation to Reserves	\$63,795.17
<i>\$637.95 per unit annually</i>	

**Mt. Baker Rim Community Club Level 1 Study 2021  
Baseline Funding Model Projection**

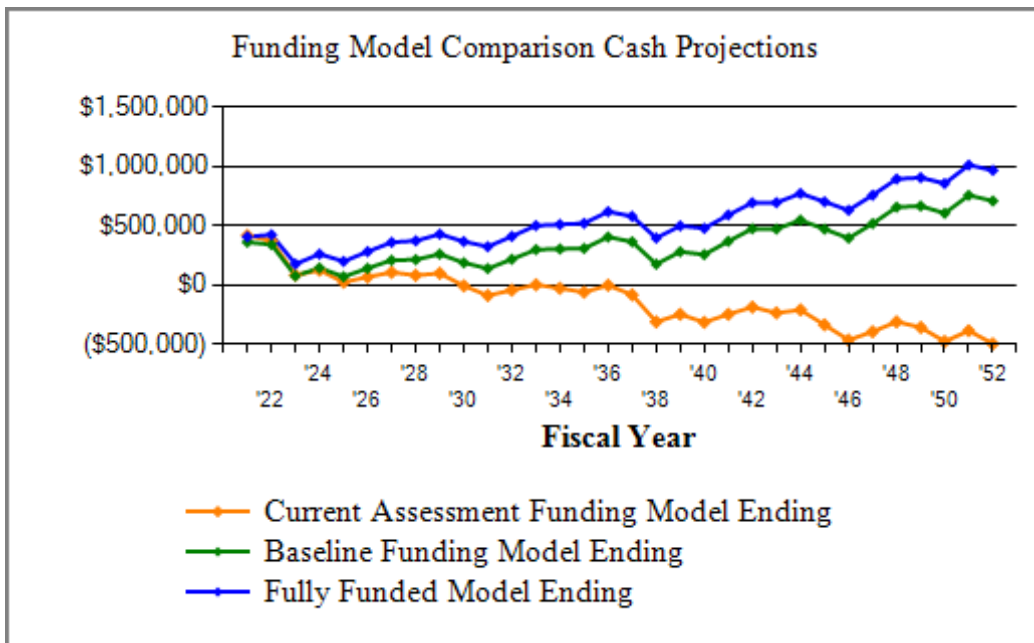
Beginning Balance: \$302,357

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	62,537	1,258	5,500	360,652	557,632	65%
2022	64,413	1,190	84,975	341,281	546,680	62%
2023	66,346	270	330,470	77,426	279,082	28%
2024	68,336	504	1,639	144,628	343,845	42%
2025	70,386	246	144,628	70,633	267,268	26%
2026	72,498	495	1,739	141,886	337,431	42%
2027	74,673	731	7,761	209,529	405,415	52%
2028	76,913	746	73,177	214,011	410,034	52%
2029	79,220	911	32,936	261,206	458,276	57%
2030	81,597	656	155,268	188,191	385,495	49%
2031	84,045	485	133,720	139,001	334,927	42%
2032	86,566	758	8,998	217,328	413,574	53%
2033	89,163	1,040	9,267	298,264	496,638	60%
2034	91,838	1,060	87,378	303,784	504,146	60%
2035	94,593	1,074	91,512	307,940	510,100	60%
2036	97,431	1,411	2,337	404,444	610,635	66%
2037	100,354	1,270	142,017	364,052	572,946	64%
2038	103,365	615	291,728	176,303	382,631	46%
2039	106,466	981	2,554	281,196	487,246	58%
2040	109,660	895	135,020	256,731	461,431	56%
2041	112,949	1,284	2,709	368,256	574,082	64%
2042	116,338	1,654	12,092	474,155	683,495	69%
2043	119,828	1,646	123,589	472,041	684,489	69%
2044	123,423	1,905	51,313	546,055	763,190	72%
2045	127,125	1,641	204,296	470,526	690,010	68%
2046	130,939	1,376	208,331	394,510	613,910	64%
2047	134,867	1,804	14,018	517,163	739,202	70%
2048	138,913	2,285	3,332	655,029	882,899	74%
2049	143,081	2,317	136,132	664,295	897,871	74%
2050	147,373	2,107	209,734	604,041	841,343	72%
2051	151,794	2,633	3,641	754,827	999,372	76%
2052	156,348	2,467	206,257	707,386	957,544	74%

**Mt. Baker Rim Community Club Level 1 Study 2021**  
 Deming, WA  
**Fully Funded Model Summary**

Report Date	May 7, 2021
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	100

<b>Report Parameters</b>	
Inflation	3.00%
Interest Rate on Reserve Deposit	0.35%
Tax Rate Included in Interest Rate	
2021 Beginning Balance	\$302,357



The **Fully Funded Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

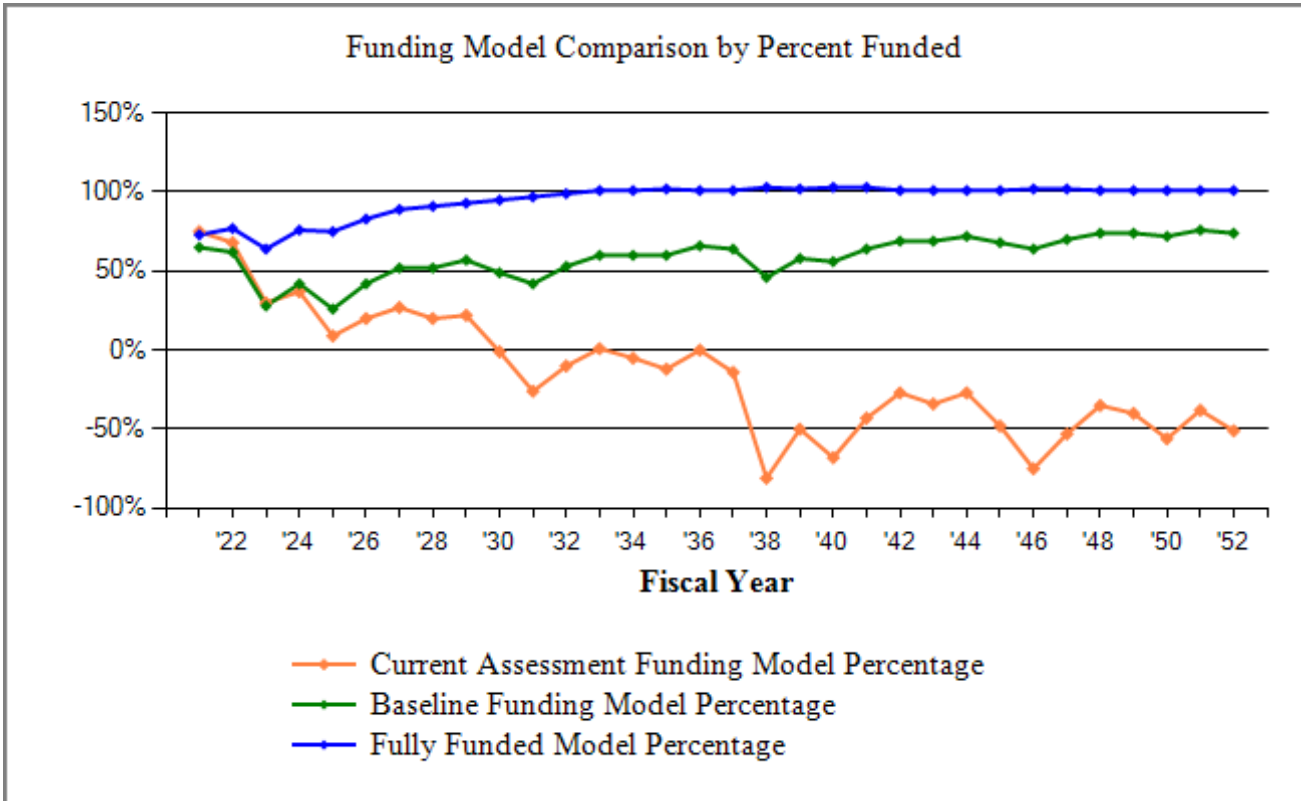
<b>Fully Funded Model Summary of Calculations</b>	
Required Annual Contribution	\$108,024.53
<i>\$1,080.25 per unit annually</i>	
Average Net Annual Interest Earned	\$1,417.09
Total Annual Allocation to Reserves	\$109,441.61
<i>\$1,094.42 per unit annually</i>	

**Mt. Baker Rim Community Club Level 1 Study 2021  
Fully Funded Model Projection**

Beginning Balance: \$302,357

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	108,025	1,417	5,500	406,299	557,632	73%
2022	100,022	1,475	84,975	422,821	546,680	77%
2023	84,386	619	330,470	177,355	279,082	64%
2024	84,645	911	1,639	261,272	343,845	76%
2025	82,478	697	144,628	199,819	267,268	75%
2026	82,356	982	1,739	281,417	337,431	83%
2027	84,872	1,255	7,761	359,782	405,415	89%
2028	84,428	1,299	73,177	372,331	410,034	91%
2029	87,533	1,494	32,936	428,422	458,276	93%
2030	91,316	1,276	155,268	365,746	385,495	95%
2031	90,309	1,128	133,720	323,463	334,927	97%
2032	94,044	1,430	8,998	409,939	413,574	99%
2033	98,166	1,746	9,267	500,583	496,638	101%
2034	94,426	1,777	87,378	509,408	504,146	101%
2035	99,858	1,812	91,512	519,567	510,100	102%
2036	97,931	2,153	2,337	617,314	610,635	101%
2037	100,683	2,016	142,017	577,996	572,946	101%
2038	108,250	1,381	291,728	395,899	382,631	103%
2039	102,850	1,737	2,554	497,933	487,246	102%
2040	112,462	1,664	135,020	477,038	461,431	103%
2041	113,443	2,057	2,709	589,829	574,082	103%
2042	111,761	2,413	12,092	691,911	683,495	101%
2043	122,120	2,417	123,589	692,859	684,489	101%
2044	125,442	2,684	51,313	769,672	763,190	101%
2045	132,464	2,442	204,296	700,283	690,010	101%
2046	134,855	2,194	208,331	629,000	613,910	102%
2047	138,237	2,636	14,018	755,855	739,202	102%
2048	135,861	3,109	3,332	891,494	882,899	101%
2049	144,505	3,150	136,132	903,016	897,871	101%
2050	157,230	2,977	209,734	853,489	841,343	101%
2051	155,353	3,518	3,641	1,008,719	999,372	101%
2052	158,129	3,362	206,257	963,954	957,544	101%

**Mt. Baker Rim Community Club Level 1 Study 2021  
Funding Model Comparison by Percent Funded**



The chart above compares the projected Reserve Percentage Funded of the three funding models (Current Assessment Funding Model, Baseline Funding Model and Fully Funded Model) over 30 years.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2021</b>	
Clubhouse - Engineer Evaluation	4,000
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,500
<b>Total for 2021</b>	<b>\$5,500</b>
<b>Replacement Year 2022</b>	
Clubhouse & Shuksan Drainage	8,240
Dike Repair & Maintenance	5,150
Gate Entry System	18,540
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,545
Road Major Repair	51,500
<b>Total for 2022</b>	<b>\$84,975</b>
<b>Replacement Year 2023</b>	
Clubhouse - Drainage & Building Upgrade	106,090
Clubhouse - Exterior Painting	5,304
Clubhouse - Siding Replacement	31,827
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,591
Pool - Interior & Deck Surfaces	185,657
<b>Total for 2023</b>	<b>\$330,470</b>
<b>Replacement Year 2024</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,639
<b>Total for 2024</b>	<b>\$1,639</b>
<b>Replacement Year 2025</b>	
Clubhouse & Shuksan Drainage	9,004
Clubhouse - Decking & Fencing	6,190
Clubhouse Interior Refurbish	11,255
Ford Tractor	27,012
Gate House & Apartment Furnace/Hot Water Heater	11,255
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,688
General Equipment	10,692
Playground Equipment and Surrounds	5,628
Road Major Repair	56,275
Sander/Spreader	5,628
<b>Total for 2025</b>	<b>\$144,628</b>

**Mt. Baker Rim Community Club Level 1 Study 2021  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2026</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,739
<b>Total for 2026</b>	<b>\$1,739</b>
<b>Replacement Year 2027</b>	
Dike Repair & Maintenance	5,970
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,791
<b>Total for 2027</b>	<b>\$7,761</b>
<b>Replacement Year 2028</b>	
Clubhouse & Shuksan Drainage	9,839
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,845
Road Major Repair	61,494
<b>Total for 2028</b>	<b>\$73,177</b>
<b>Replacement Year 2029</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,900
Pool - Equipment Major Repair & Replacement	31,036
<b>Total for 2029</b>	<b>\$32,936</b>
<b>Replacement Year 2030</b>	
Gate House & Manager Apartment Interior Refurbish	13,048
Gate House, Garage, A-Frame Exterior Maintenance & Repair	1,957
Tennis Court Maintenance & Surface Replacement	91,334
Toyota Tacoma Pickup	39,143
Trash Enclosure & Compactor Maintenance	9,786
<b>Total for 2030</b>	<b>\$155,268</b>
<b>Replacement Year 2031</b>	
Clubhouse & Shuksan Drainage	10,751
Dodge Truck 1 Ton	53,757
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,016
Road Major Repair	67,196
<b>Total for 2031</b>	<b>\$133,720</b>
<b>Replacement Year 2032</b>	
Dike Repair & Maintenance	6,921



**Mt. Baker Rim Community Club Level 1 Study 2021  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2032 continued...</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,076
<b>Total for 2032</b>	<b><u>\$8,998</u></b>
<b>Replacement Year 2033</b>	
Clubhouse - Exterior Painting	7,129
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,139
<b>Total for 2033</b>	<b><u>\$9,267</u></b>
<b>Replacement Year 2034</b>	
Clubhouse & Shuksan Drainage	11,748
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,203
Road Major Repair	73,427
<b>Total for 2034</b>	<b><u>\$87,378</u></b>
<b>Replacement Year 2035</b>	
Clubhouse - Heat Pump Heating Equipment	44,621
Clubhouse Interior Refurbish	15,126
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,269
General Equipment	14,370
Playground Equipment and Surrounds	7,563
Sander/Spreader	7,563
<b>Total for 2035</b>	<b><u>\$91,512</u></b>
<b>Replacement Year 2036</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,337
<b>Total for 2036</b>	<b><u>\$2,337</u></b>
<b>Replacement Year 2037</b>	
Clubhouse & Shuksan Drainage	12,838
Clubhouse - Sauna	9,628
Dike Repair & Maintenance	8,024
Gate Entry System	28,885
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,407
Road Major Repair	80,235
<b>Total for 2037</b>	<b><u>\$142,017</u></b>

**Mt. Baker Rim Community Club Level 1 Study 2021  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2038</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,479
Pool - Interior & Deck Surfaces	289,248
<b>Total for 2038</b>	<b>\$291,728</b>
<b>Replacement Year 2039</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,554
<b>Total for 2039</b>	<b>\$2,554</b>
<b>Replacement Year 2040</b>	
Clubhouse & Shuksan Drainage	14,028
Gate House & Manager Apartment Interior Refurbish	17,535
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,630
Road Major Repair	87,675
Trash Enclosure & Compactor Maintenance	13,151
<b>Total for 2040</b>	<b>\$135,020</b>
<b>Replacement Year 2041</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,709
<b>Total for 2041</b>	<b>\$2,709</b>
<b>Replacement Year 2042</b>	
Dike Repair & Maintenance	9,301
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,790
<b>Total for 2042</b>	<b>\$12,092</b>
<b>Replacement Year 2043</b>	
Clubhouse & Shuksan Drainage	15,329
Clubhouse - Exterior Painting	9,581
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,874
Road Major Repair	95,805
<b>Total for 2043</b>	<b>\$123,589</b>
<b>Replacement Year 2044</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	2,960
Pool - Equipment Major Repair & Replacement	48,353
<b>Total for 2044</b>	<b>\$51,313</b>

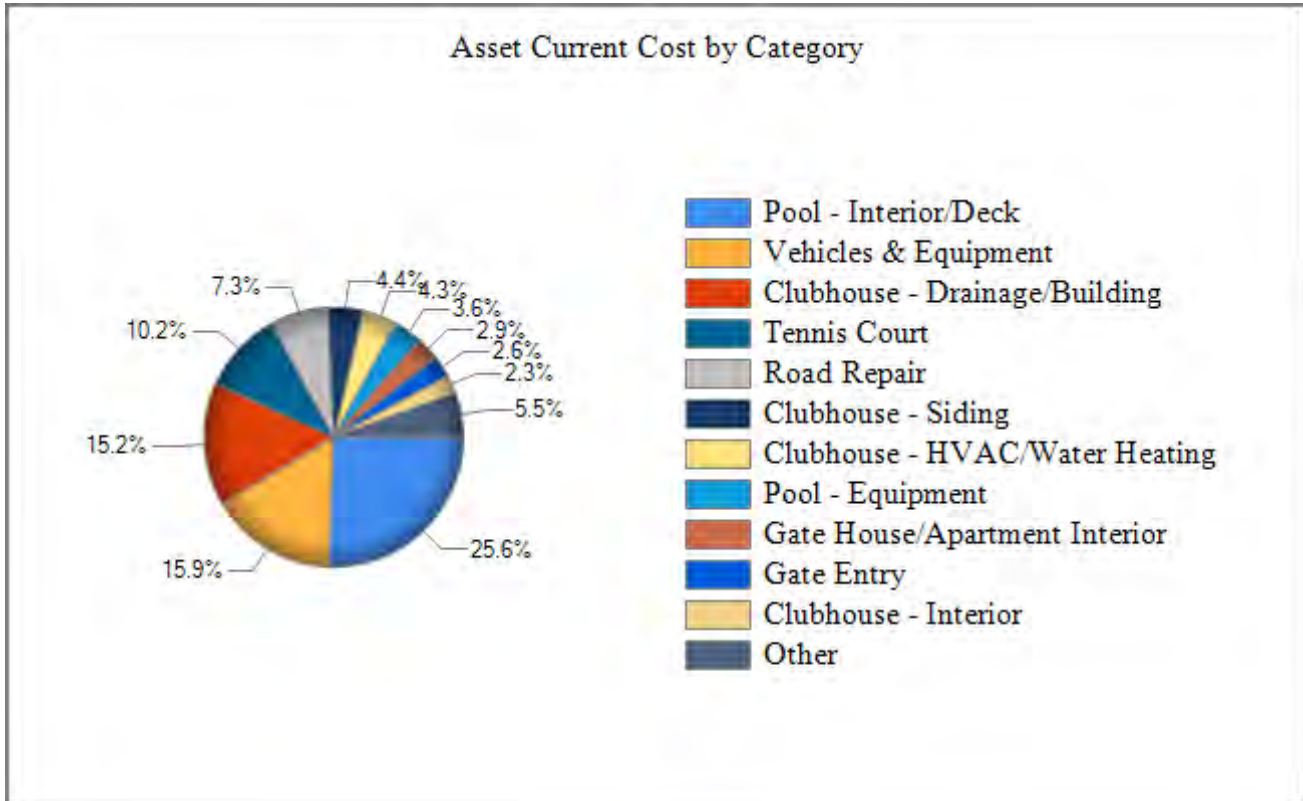
**Mt. Baker Rim Community Club Level 1 Study 2021  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2045</b>	
Clubhouse - Decking & Fencing	11,180
Clubhouse Interior Refurbish	20,328
Ford Tractor	48,787
Gate House & Apartment Furnace/Hot Water Heater	20,328
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,049
General Equipment	19,312
Playground Equipment and Surrounds	10,164
Sander/Spreader	10,164
Toyota Tacoma Pickup	60,984
<b>Total for 2045</b>	<b>\$204,296</b>
<b>Replacement Year 2046</b>	
Clubhouse & Shuksan Drainage	16,750
Dodge Truck 1 Ton	83,751
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,141
Road Major Repair	104,689
<b>Total for 2046</b>	<b>\$208,331</b>
<b>Replacement Year 2047</b>	
Dike Repair & Maintenance	10,783
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,235
<b>Total for 2047</b>	<b>\$14,018</b>
<b>Replacement Year 2048</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,332
<b>Total for 2048</b>	<b>\$3,332</b>
<b>Replacement Year 2049</b>	
Clubhouse & Shuksan Drainage	18,303
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,432
Road Major Repair	114,396
<b>Total for 2049</b>	<b>\$136,132</b>
<b>Replacement Year 2050</b>	
Gate House & Manager Apartment Interior Refurbish	23,566
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,535
Tennis Court Maintenance & Surface Replacement	164,960

**Mt. Baker Rim Community Club Level 1 Study 2021  
Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2050 continued...</i></b>	
Trash Enclosure & Compactor Maintenance	17,674
<b>Total for 2050</b>	<b>\$209,734</b>
<b>Replacement Year 2051</b>	
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,641
<b>Total for 2051</b>	<b>\$3,641</b>
<b>Replacement Year 2052</b>	
Clubhouse & Shuksan Drainage	20,001
Dike Repair & Maintenance	12,500
Gate Entry System	45,001
Gate House, Garage, A-Frame Exterior Maintenance & Repair	3,750
Road Major Repair	125,004
<b>Total for 2052</b>	<b>\$206,257</b>

**Mt. Baker Rim Community Club Level 1 Study 2021  
Asset Current Cost by Category**



The above chart illustrates the current cost breakdown percentage of the Component Categories in this reserve study (highest percentage components listed at top, items less than 2% are listed as "Other"). Special attention should be given to those component categories which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. Refer to the Cash Flow Projections and the Annual Expenditure Report for the projected timeline of expected expenditures.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Clubhouse - Siding Replacement - 2023**

Asset ID	1001	1 Allowance @ \$30,000.00
		Asset Actual Cost \$30,000.00
		Percent Replacement 100%
		Future Cost \$31,827.00
Clubhouse - Siding		
Placed in Service	January 1978	
Useful Life	30	
Adjustment	15	
Replacement Year	2023	
Remaining Life	2	



The clubhouse has had several areas where the siding has been replaced with a cement fibrous lap siding product over the last few years. There are sections that remain that will require inspection and repair of reported rot damage within the wall structure prior to replacement of the existing with new lap siding.

**Clubhouse - Exterior Painting - 2023**

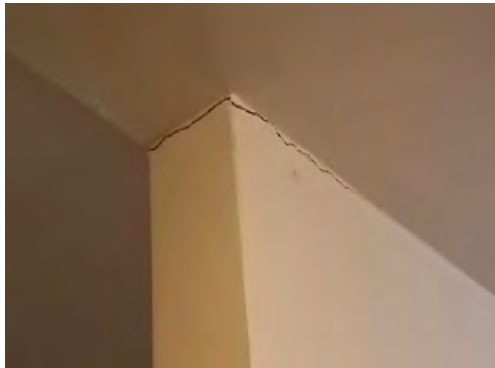
Asset ID	1002	1 Allowance @ \$5,000.00
		Asset Actual Cost \$5,000.00
		Percent Replacement 100%
		Future Cost \$5,304.50
Clubhouse - Painting		
Placed in Service	January 2013	
Useful Life	10	
Replacement Year	2023	
Remaining Life	2	

Exterior paint is the barrier coat that seals and protects the building materials from the elements. Modern paints when professionally applied over properly prepared materials should provide a useful life of 10 years or more. Inspection and touchup of any damaged areas will greatly increase the performance of these products.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Clubhouse - Engineer Evaluation - 2021**

Asset ID	1003	1 Allowance	@ \$4,000.00
		Asset Actual Cost	\$4,000.00
		Percent Replacement	100%
Clubhouse - Drainage/Building		Future Cost	\$4,000.00
Placed in Service	January 1978		
Useful Life	1		
Replacement Year	2021		
Remaining Life	0		



Our understanding is there are ongoing issues in the clubhouse with sinking floors and the resulting cracks in the walls due to historical drainage issues. The floors have been repaired in past years however settling and cracks have returned. We recommend consultation with a professional engineering company for a full evaluation of the causes and recommendations on permanent solutions.

**Clubhouse - Drainage & Building Upgrade - 2023**

Asset ID	1004	1 1 @ \$100,000.00	
		Asset Actual Cost	\$100,000.00
		Percent Replacement	100%
Clubhouse - Drainage/Building		Future Cost	\$106,090.00
Placed in Service	January 1978		
Useful Life	1		
Adjustment	44		
Replacement Year	2023		
Remaining Life	2		

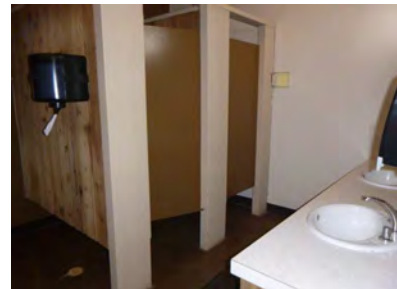
Pending an engineering inspection, determination of the underlying elements and estimated cost of mitigation the budget includes a place holder allowance for these costs.



**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Clubhouse Interior Refurbish - 2025**

Asset ID	1005	1 Allowance @ \$10,000.00
		Asset Actual Cost \$10,000.00
		Percent Replacement 100%
		Future Cost \$11,255.09
	Clubhouse - Interior	
Placed in Service	January 1985	
Useful Life	10	
Adjustment	30	
Replacement Year	2025	
Remaining Life	4	



Funds are included for refurbishing the interior of the clubhouse common areas, restrooms and kitchen.

**Clubhouse - Sauna - 2037**

Asset ID	1006	1 Allowance @ \$6,000.00
		Asset Actual Cost \$6,000.00
		Percent Replacement 100%
		Future Cost \$9,628.24
	Clubhouse - Interior	
Placed in Service	January 2017	
Useful Life	20	
Replacement Year	2037	
Remaining Life	16	

It was reported the sauna was replaced in 2017. Funds are included for future major repair and replacement.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Clubhouse - Heat Pump Heating Equipment - 2035**

Asset ID	1007	1 Allowance @	\$29,500.00
		Asset Actual Cost	\$29,500.00
		Percent Replacement	100%
Clubhouse - HVAC/Water Heating		Future Cost	\$44,621.40
Placed in Service	January 2017		
Useful Life	18		
Replacement Year	2035		
Remaining Life	14		

The clubhouse heating system was upgraded to a modern heat pump system in 2017. This type of equipment should provide a useful life of 15-18 years as it is not in full time usage. An allowance is also included for hot water heating equipment.

**Clubhouse - Decking & Fencing - 2025**

Asset ID	1008	1 Allowance @	\$5,500.00
		Asset Actual Cost	\$5,500.00
		Percent Replacement	100%
Clubhouse - Deck/Fencing		Future Cost	\$6,190.30
Placed in Service	January 1995		
Useful Life	20		
Adjustment	10		
Replacement Year	2025		
Remaining Life	4		



The clubhouse exterior deck area was updated last in 1995. Funds are included for future updating the deck and fence areas.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Pool - Equipment Major Repair & Replacement - 2029**

Asset ID	1009	1 Allowance @	\$24,500.00
		Asset Actual Cost	\$24,500.00
		Percent Replacement	100%
		Future Cost	\$31,035.87
Pool - Equipment			
Placed in Service	January 2014		
Useful Life	15		
Replacement Year	2029		
Remaining Life	8		



The budget includes funds for replacement of the various pool equipment.

**Pool - Interior & Deck Surfaces - 2023**

Asset ID	1010	1 Allowance @	\$175,000.00
		Asset Actual Cost	\$175,000.00
		Percent Replacement	100%
		Future Cost	\$185,657.50
Pool - Interior/Deck			
Placed in Service	January 2011		
Useful Life	15		
Adjustment	-3		
Replacement Year	2023		
Remaining Life	2		

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

*Pool - Interior & Deck Surfaces continued...*



Our understanding is the pool interior was last resurfaced in 2011. There have been some tiles that have come loose and some hollow areas found behind other tiles. The pool deck surface will also require replacement or major repair work as the existing concrete squares are shifting which causes trip hazards and constant adjustment of the wood expansion joint materials. The budget includes a placeholder estimate for this project.

**Tennis Court Maintenance & Surface Replacement - 2030**

Asset ID	1011	1 Allowance @ \$70,000.00
		Asset Actual Cost \$70,000.00
		Percent Replacement 100%
		Future Cost \$91,334.12
Placed in Service	Tennis Court	
	January 2008	
Useful Life	20	
Adjustment	2	
Replacement Year	2030	
Remaining Life	9	



It was reported the tennis courts were resurfaced in 2008 and continue to appear in good condition. Funds are included for maintenance, future resurfacing and fence repair as may be required.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Gate House, Garage, A-Frame Exterior Maintenance & Repair - 2021**

Asset ID	1012	1 Allowance	@ \$1,500.00
		Asset Actual Cost	\$1,500.00
		Percent Replacement	100%
Gate House/Garage/A-Frame Exteriors		Future Cost	\$1,500.00
Placed in Service	January 2020		
Useful Life	1		
Replacement Year	2021		
Remaining Life	0		



Funds are included annually for exterior maintenance, repair and painting/staining of the gate house & deck, garage and a-frame as required. All appear to be well maintained and in good condition currently.

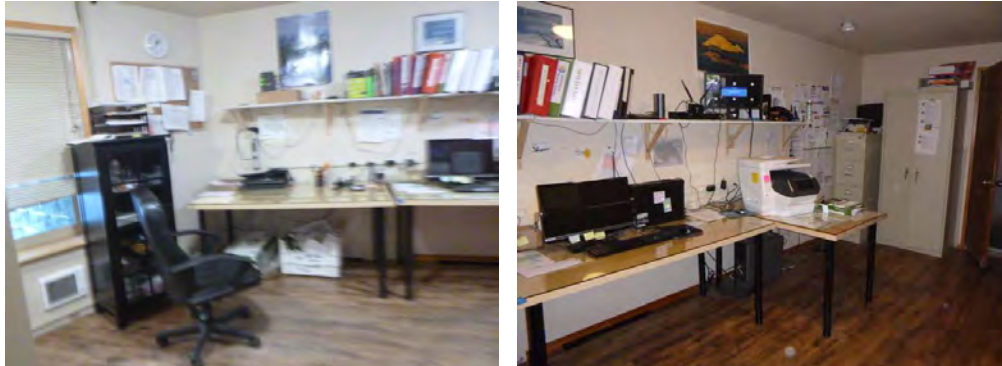
**Gate House & Manager Apartment Interior Refurbish - 2030**

Asset ID	1013	1 Allowance	@ \$10,000.00
		Asset Actual Cost	\$10,000.00
		Percent Replacement	100%
Gate House/Apartment Interior		Future Cost	\$13,047.73
Placed in Service	January 2018		
Useful Life	10		
Adjustment	2		
Replacement Year	2030		
Remaining Life	9		



**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

*Gate House & Manager Apartment Interior Refurbish continued...*



The interiors of the gate house office area and manager apartment have been updated over the years by staff. Funds are included for future refurbishing in 10 year cycles.

**Gate House & Apartment Furnace/Hot Water Heater - 2025**

Asset ID	1014	1 Allowance	@ \$10,000.00
		Asset Actual Cost	\$10,000.00
		Percent Replacement	100%
		Future Cost	\$11,255.09
Gate House/Apartment Interior			
Placed in Service	January 2005		
Useful Life	20		
Replacement Year	2025		
Remaining Life	4		

It was reported the gate house apartment heat source is an gas heater that will require replacement within the next few years. Funds are included for replacement of the gas heater and building hot water heater.

**Gate Entry System - 2022**

Asset ID	1015	1 Allowance	@ \$18,000.00
		Asset Actual Cost	\$18,000.00
		Percent Replacement	100%
		Future Cost	\$18,540.00
Gate Entry			
Placed in Service	January 2007		
Useful Life	15		
Replacement Year	2022		
Remaining Life	1		

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

*Gate Entry System continued...*



Funds are included for the community gate entry system which requires significant maintenance and replacement in future years.

**Dodge Truck 1 Ton - 2031**

Asset ID	1016
Vehicles & Equipment	
Placed in Service	January 2016
Useful Life	15
Replacement Year	2031
Remaining Life	10

1 Allowance	@ \$40,000.00
Asset Actual Cost	\$40,000.00
Percent Replacement	100%
Future Cost	\$53,756.65





**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Toyota Tacoma Pickup - 2030**

Asset ID	1017	1 Allowance @	\$30,000.00
		Asset Actual Cost	\$30,000.00
		Percent Replacement	100%
		Future Cost	\$39,143.20
Vehicles & Equipment			
Placed in Service	January 2012		
Useful Life	15		
Adjustment	3		
Replacement Year	2030		
Remaining Life	9		



**Ford Tractor - 2025**

Asset ID	1018	1 Allowance @	\$24,000.00
		Asset Actual Cost	\$24,000.00
		Percent Replacement	100%
		Future Cost	\$27,012.21
Vehicles & Equipment			
Placed in Service	January 1994		
Useful Life	20		
Adjustment	11		
Replacement Year	2025		
Remaining Life	4		



Plans call for purchase of a newer and larger tractor in the next few years as the current model is

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

*Ford Tractor continued...*

nearing end of life and has proven itself to be not quite adequate for the community's needs.

**Sander/Spreader - 2025**

Asset ID	1019	1 Allowance	@ \$5,000.00
		Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
		Future Cost	\$5,627.54
Vehicles & Equipment			
Placed in Service	January 2011		
Useful Life	10		
Adjustment	4		
Replacement Year	2025		
Remaining Life	4		



**General Equipment - 2025**

Asset ID	1020	1 Allowance	@ \$9,500.00
		Asset Actual Cost	\$9,500.00
		Percent Replacement	100%
		Future Cost	\$10,692.33
Vehicles & Equipment			
Placed in Service	January 2011		
Useful Life	10		
Adjustment	4		
Replacement Year	2025		
Remaining Life	4		

Funds are included for community lawn mowers and other maintenance equipment.

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Road Major Repair - 2022**

Asset ID	1021	1 Allowance	@ \$50,000.00
		Asset Actual Cost	\$50,000.00
		Percent Replacement	100%
		Future Cost	\$51,500.00
Placed in Service	Road Repair January 2019		
Useful Life	3		
Replacement Year	2022		
Remaining Life	1		



The community owns and maintains several miles of internal asphalt paved roads. Minor repair is carried out annually by staff members. Approximately every three years a commercial paving company is contracted to make major repairs.

**Playground Equipment and Surrounds - 2025**

Asset ID	1022	1 Allowance	@ \$5,000.00
		Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
		Future Cost	\$5,627.54
Placed in Service	Playground Area January 2004		
Useful Life	10		
Adjustment	11		
Replacement Year	2025		
Remaining Life	4		

**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

*Playground Equipment and Surrounds continued...*



**Trash Enclosure & Compactor Maintenance - 2030**

Asset ID	1023	1 Allowance	@ \$7,500.00
		Asset Actual Cost	\$7,500.00
		Percent Replacement	100%
		Future Cost	\$9,785.80
	Trash Enclosure		
Placed in Service	January 2015		
Useful Life	10		
Adjustment	5		
Replacement Year	2030		
Remaining Life	9		



Funds are included for maintaining the trash enclosure and compacting equipment.



**Mt. Baker Rim Community Club Level 1 Study 2021  
Detail Report by Category**

**Dike Repair & Maintenance - 2022**

Asset ID	1024	1 Allowance	@ \$5,000.00
		Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
		Future Cost	\$5,150.00
	Dike		
Placed in Service	January 2009		
Useful Life	5		
Adjustment	8		
Replacement Year	2022		
Remaining Life	1		



The dike along the river requires ongoing inspection, maintenance and occasional repair.

**Clubhouse & Shuksan Drainage - 2022**

Asset ID	1025	1 Allowance	@ \$8,000.00
		Asset Actual Cost	\$8,000.00
		Percent Replacement	100%
		Future Cost	\$8,240.00
	Clubhouse & Shuksan Drainage		
Placed in Service	January 2011		
Useful Life	3		
Adjustment	8		
Replacement Year	2022		
Remaining Life	1		

**Mt. Baker Rim Community Club Level 1 Study 2021  
Expenses by Item and by Calender Year**

<b>Description</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Clubhouse & Shuksan Drainage		8,240			9,004			9,839		
Clubhouse - Decking & Fencing					6,190					
Clubhouse - Drainage & Building Upgrade			106,090							
Clubhouse - Engineer Evaluation	4,000									
Clubhouse - Exterior Painting			5,304							
Clubhouse - Heat Pump Heating Equipment										
Clubhouse - Sauna										
Clubhouse - Siding Replacement			31,827							
Clubhouse Interior Refurbish					11,255					
Dike Repair & Maintenance		5,150					5,970			
Dodge Truck 1 Ton										
Ford Tractor					27,012					
Gate Entry System		18,540								
Gate House & Apartment Furnace/Hot Wat..					11,255					
Gate House & Manager Apartment Interior ..										13,048
Gate House, Garage, A-Frame Exterior Mai..	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957
General Equipment					10,692					
Playground Equipment and Surrounds					5,628					
Pool - Equipment Major Repair & Replace..									31,036	
Pool - Interior & Deck Surfaces			185,657							
Road Major Repair		51,500			56,275			61,494		
Sander/Spreader					5,628					
Tennis Court Maintenance & Surface Repla..										91,334
Toyota Tacoma Pickup										39,143
Trash Enclosure & Compactor Maintenance										9,786
<b>Year Total:</b>	<b>5,500</b>	<b>84,975</b>	<b>330,470</b>	<b>1,639</b>	<b>144,628</b>	<b>1,739</b>	<b>7,761</b>	<b>73,177</b>	<b>32,936</b>	<b>155,268</b>

**Mt. Baker Rim Community Club Level 1 Study 2021  
Expenses by Item and by Calender Year**

<b>Description</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>
Clubhouse & Shuksan Drainage	10,751			11,748			12,838			14,028
Clubhouse - Decking & Fencing										
Clubhouse - Drainage & Building Upgrade										
Clubhouse - Engineer Evaluation										
Clubhouse - Exterior Painting			7,129							
Clubhouse - Heat Pump Heating Equipment					44,621					
Clubhouse - Sauna							9,628			
Clubhouse - Siding Replacement										
Clubhouse Interior Refurbish					15,126					
Dike Repair & Maintenance		6,921					8,024			
Dodge Truck 1 Ton	53,757									
Ford Tractor										
Gate Entry System							28,885			
Gate House & Apartment Furnace/Hot Wat..										
Gate House & Manager Apartment Interior ..										17,535
Gate House, Garage, A-Frame Exterior Mai..	2,016	2,076	2,139	2,203	2,269	2,337	2,407	2,479	2,554	2,630
General Equipment					14,370					
Playground Equipment and Surrounds					7,563					
Pool - Equipment Major Repair & Replace..										
Pool - Interior & Deck Surfaces								289,248		
Road Major Repair	67,196			73,427			80,235			87,675
Sander/Spreader					7,563					
Tennis Court Maintenance & Surface Repla..										
Toyota Tacoma Pickup										
Trash Enclosure & Compactor Maintenance										13,151
<b>Year Total:</b>	<b>133,720</b>	<b>8,998</b>	<b>9,267</b>	<b>87,378</b>	<b>91,512</b>	<b>2,337</b>	<b>142,017</b>	<b>291,728</b>	<b>2,554</b>	<b>135,020</b>



**Mt. Baker Rim Community Club Level 1 Study 2021  
Expenses by Item and by Calender Year**

<b>Description</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>
Clubhouse & Shuksan Drainage			15,329			16,750			18,303	
Clubhouse - Decking & Fencing					11,180					
Clubhouse - Drainage & Building Upgrade										
Clubhouse - Engineer Evaluation										
Clubhouse - Exterior Painting			9,581							
Clubhouse - Heat Pump Heating Equipment										
Clubhouse - Sauna										
Clubhouse - Siding Replacement										
Clubhouse Interior Refurbish					20,328					
Dike Repair & Maintenance		9,301					10,783			
Dodge Truck 1 Ton						83,751				
Ford Tractor					48,787					
Gate Entry System										
Gate House & Apartment Furnace/Hot Wat..					20,328					
Gate House & Manager Apartment Interior ..										23,566
Gate House, Garage, A-Frame Exterior Mai..	2,709	2,790	2,874	2,960	3,049	3,141	3,235	3,332	3,432	3,535
General Equipment					19,312					
Playground Equipment and Surrounds					10,164					
Pool - Equipment Major Repair & Replace..				48,353						
Pool - Interior & Deck Surfaces										
Road Major Repair			95,805			104,689			114,396	
Sander/Spreader					10,164					
Tennis Court Maintenance & Surface Repla..										164,960
Toyota Tacoma Pickup					60,984					
Trash Enclosure & Compactor Maintenance										17,674
<b>Year Total:</b>	<b>2,709</b>	<b>12,092</b>	<b>123,589</b>	<b>51,313</b>	<b>204,296</b>	<b>208,331</b>	<b>14,018</b>	<b>3,332</b>	<b>136,132</b>	<b>209,734</b>

**Mt. Baker Rim Community Club Level 1 Study 2021  
Expenses by Item and by Calender Year**

<b>Description</b>	<b>2051</b>	<b>2052</b>
Clubhouse & Shuksan Drainage		20,001
Clubhouse - Decking & Fencing		
Clubhouse - Drainage & Building Upgrade		
Clubhouse - Engineer Evaluation		
Clubhouse - Exterior Painting		
Clubhouse - Heat Pump Heating Equipment		
Clubhouse - Sauna		
Clubhouse - Siding Replacement		
Clubhouse Interior Refurbish		
Dike Repair & Maintenance		12,500
Dodge Truck 1 Ton		
Ford Tractor		
Gate Entry System		45,001
Gate House & Apartment Furnace/Hot Wat..		
Gate House & Manager Apartment Interior ..		
Gate House, Garage, A-Frame Exterior Mai..	3,641	3,750
General Equipment		
Playground Equipment and Surrounds		
Pool - Equipment Major Repair & Replace..		
Pool - Interior & Deck Surfaces		
Road Major Repair		125,004
Sander/Spreader		
Tennis Court Maintenance & Surface Repla..		
Toyota Tacoma Pickup		
Trash Enclosure & Compactor Maintenance		
<b>Year Total:</b>	<b>3,641</b>	<b>206,257</b>



# Mt. Baker Rim Community Club Level 1 Study 2021

## Appendix - Disclosure, Definitions & Calculations

### Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all Reserve Items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve Items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

### Washington State Homeowners and Condominium Act Compliance with RCW 64.38 and RCW 64.34 (2019)

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. A reserve component list (as applicable), including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget 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 the useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component.

### Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act.

- a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b) This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c) 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 reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

### Reserve Study Assumptions

The below listed assumptions are implicit in this reserve study:

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

### Inflation Estimate

Inflation for the last year has been reviewed and a best fit regression analysis of the last 12 months has been used to determine future expense estimates. Based on the current economic conditions, the inflation rate will need to be closely monitored as this is a critical factor in reserve planning for future fund needs.

### Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied.

# **Mt. Baker Rim Community Club Level 1 Study 2021**

## **Appendix - Disclosure, Definitions & Calculations**

Performing the appropriate routine maintenance for each major component generally increases the components' useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful lives of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

### **Study Method**

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

### **Items Beyond the Scope of this Report**

Building or land appraisals for any purpose.

State or local zoning ordinance violations.

Building code violations.

Soils conditions, soils contamination or geological stability of site.

Engineering analysis or structural stability of site.

Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards.

Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site.

This study is not a pest inspection.

Adequacy or efficiency of any system or component on site.

### **Specifically excluded reserve items:**

Septic systems and septic tanks.

Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items.

Items concealed by signs.

Missing or omitted information supplied by the Client for the purposes of reserve study preparation.

Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

### **Definitions:**

#### **Purpose of Distribution**

Distribution will have no real meaning for a cash flow model. But the nature of the Fully Funded Model requires it. Annuity payments are based on an accumulation of reserves for each component in the study. Because a study will rarely start with 'perfect' funding for each component, a starting point for each year must be established.

At the start of the study (The beginning fiscal date)

The beginning balance is used for distribution

Going through the components ordered by remaining life and starting with the least remaining life, the balance is assigned to the components by the value of fully funded for each component. Fully funded for components with no

## Mt. Baker Rim Community Club Level 1 Study 2021 Appendix - Disclosure, Definitions & Calculations

life left is the replacement value of the component.

If after the last component there is still a balance remaining, the list of components is iterated again and the moneys are assigned at the replacement cost of each component.

If after the second pass on there are remaining funds then just the components being replaced are iterated and distribution is set to twice the replacement value.

If there are still funds after the above, they are considered excess funds.

In each following year of the projection

Money is accumulated from contributions and interest on deposit. Expenditures for replacement/repair of components is subtracted. This becomes the ending balance of the year. This money is distributed in the same manner as described above.

### Calculations:

#### Fully Funded Methods

##### Basic Fully Funded

There are two published methods of calculating Fully Funded. The first only considers the present value of a component. Present value in each period will change according to the inflation applied.

$$FullyFunded = ( Age / Useful Life ) * Present Value$$

##### Community Association Press Fully Funded

To account for inflation and interest earned on deposit the writers of '**RESERVE FUNDS: How & Why community Associations Invest Assets**' came up with:

$$Basic\_FF = ( Age / Useful Life ) * Present Value$$

$$CAI\_FF = Basic\_FF \\ + Basic\_FF / (1 + interest)^{Remaining Life} \\ - Basic\_FF / (1 + inflation)^{Remaining Life}$$