



# PROFESSIONAL RESERVE STUDY

## LEVEL 3 UPDATE



## Lake Cushman Maintenance Company

- Roads, Buildings, and Parks -

3740 North Lake Cushman Road, Hoodspport, WA 98548

For:

Lake Cushman  
Maintenance Company  
c/o Karen Laverdiere  
Finance Manager  
3740 N Lake Cushman Road  
Hoodspport, WA 98548  
(360) 877-5233x102

Prepared By:

Jeff Samdal, PE, RS, PRA  
jeff@samdalassoc.com  
(206) 412-4305

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## TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
1.0 EXECUTIVE SUMMARY .....	3
1.1 Disclosures Required by State of WA RCW 64.90.550 .....	3
1.2 General Description of Property .....	3
1.3 Immediate Necessary Capital Expenditures .....	3
Table 1.3: Summary of Immediate Necessary Capital Expenditures .....	3
2.0 RESERVE STUDY BACKGROUND .....	4
2.1 Purpose of This Level 3 Reserve Study .....	4
2.2 Washington State RCW 64.90.550 .....	4
2.3 Scope and Methodology .....	5
2.4 Sources of Information .....	5
2.5 Definitions .....	5
2.6 Frequently Asked Questions About Reserve Studies .....	6
3.0 PHYSICAL ANALYSIS .....	8
3.1 Component Assessment and Valuation .....	8
Table 3.1A: Component Assessment and Valuation .....	9
Table 3.1B: Table of Categorized Expenses over the Duration of the Study .....	17
Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study .....	17
3.20 Summary of Annual Anticipated Expenses .....	17
4.0 FINANCIAL ANALYSIS .....	36
4.1 Current Financial Information and Current Funding Plan .....	36
4.2 Recommended Reserve Funding Plan .....	36
4.3 Other Required Funding Plan Options.....	38
4.4 Assumptions for Future Interest Rate and Inflation.....	39
4.5 Annual Fund Balances; Annual Funding Table and Figures .....	39
Figure 4.5A-1 Comparison of Funding Plans – Reserve Fund Balances Through 2053.....	46
Figure 4.5A-2 Comparison of Funding Plans – Reserve Fund Balances Through 2033.....	46
Figure 4.5B Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year.....	47
Figure 4.5C Comparison of Funding Plans – Percentage of Full Funding by Year .....	47
4.6 Other Common Funding Methods .....	48
5.0 LIMITATIONS.....	49
APPENDIX.....	50

## 1.0 EXECUTIVE SUMMARY

### 1.1 DISCLOSURES REQUIRED BY STATE OF WA RCW 64.90.550

The undersigned makes the following disclosures required by RCW 64.90.550 to establish that this Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW:

- 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 a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

### 1.2 GENERAL DESCRIPTION OF PROPERTY

Lake Cushman Maintenance Company was developed around 1966 and currently includes approximately 3,144 lots around Lake Cushman. There is approximately 55 miles of privately owned and maintained roads, two private domestic water systems, several private parks and community water accesses, several community buildings, a 9-hole golf course, and many acres of greenbelt.

Like all properties, this property will require capital maintenance. We have itemized areas of capital maintenance that we anticipate over the next thirty (30) years along with estimated costs and estimated schedule of repair/replacement.

### 1.3 IMMEDIATE NECESSARY CAPITAL EXPENDITURES

Table 1.3 below shows the items that are in need of action immediately or within the near future. This is a summary; all tasks are explained in greater detail in Section 3.0 Physical Analysis.

**Table 1.3: Summary of Immediate Necessary Capital Expenditures**

Component	Cost	Urgency
<i>Numerous projects planned in 2022 and 2023 listed in Table 3.1A and Table 3.20</i>		

## 2.0 RESERVE STUDY BACKGROUND

### 2.1 PURPOSE OF THIS LEVEL 3 RESERVE STUDY

The primary purpose of this Level 3 Reserve Study is to provide the Association with a planning and budgeting tool to adequately maintain the property 30 years into the future without unexpected special assessments. This study is intended to provide the Association with an understanding of their property and to bring to light necessary immediate expenditures and reasonably anticipated future capital expenses that should be addressed.

Associations have a responsibility to their members to adequately maintain their properties and our Reserve Studies provide our clients with the tools to implement capital maintenance. When small issues and maintenance items are addressed prior to becoming larger problems, there is typically a significant overall savings for a property owner. Properly maintained properties maintain higher property values than those with an abundance of deferred maintenance.

An additional benefit of this Reserve Study is that it is one of the qualifications required for Associations to obtain FHA approval (which is very helpful in selling or refinancing individual units). Many other sources of funding are also beginning to require them as well.

### 2.2 WASHINGTON STATE RCW 64.90.550

As of July 1, 2018, WA State RCW 64.90.550 defined a Reserve Study in WA State as the following:

- (1) Any reserve study is supplemental to the association's operating and maintenance budget.
- (2) A reserve study must include:
  - (a) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
  - (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
  - (c) The following level of reserve study performed:
    - (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 to which the reserve account is funded;
  - (f) Special assessments already implemented or planned;
  - (g) Interest and inflation assumptions;
  - (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
  - (i) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;
  - (j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;

This reserve study meets the qualifications of WA State RCW 64.90.550

(k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and

(l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.

(3) A reserve study must also include the following disclosure:

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

## 2.3 SCOPE AND METHODOLOGY

Our initial Level 1 Reserve Study was finalized on October 9, 2022 at this property. We provided the Board a subsequent Level 3 Reserve Study on July1, 2022.

This report is an off-site update of that report based solely on the information provided to us by Karen Laverdiere on June 28, 2023.

**Financial Analysis:** We performed an analysis on the financial needs and current status at the property. The financial analysis provides the following:

- Forecasts the anticipated Capital Reserves necessary at the property over the next 30 years.
- Projects future Capital Reserve balances and determines the appropriate funding levels necessary.
- Reviews the Association's current funding plan and current financial position.
- Provides our recommended annual contribution to the Reserve Fund to maintain Full Funding.

## 2.4 SOURCES OF INFORMATION

The following people provided us information for this study:

- Karen Laverdiere, Finance Manager

## 2.5 DEFINITIONS

**Assumed Inflation** - Our assumed inflation rate is our best guess of the long term average of the inflation rate over the next thirty years; it is not based on the current Consumer Price Index (CPI). Our number is much closer to the historical average of the CPI over the previous 25 years.

**Capital Reserves Balance** - Actual or projected funds as of a particular point in time that the Association has identified for use to defray the future repair or replacement of those major components which the Association is obligated to maintain. Also known as reserves, reserve accounts, cash reserves.

**Component** - An individual line item in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) predictable remaining useful life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

**Component Inventory** - The task of selecting and quantifying reserve components. This task is accomplished through onsite visual observations, review of Association design and organizational documents, and a review of established Association precedents.

**Deficit** - An actual (or projected) reserve balance less than the fully funded balance. The opposite would be a surplus.

**Effective Age** - The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computation.

**Financial Analysis** - The portion of a Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived. The financial analysis is one of the two parts of a Reserve Study.

**Fully Funded** - 100% funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

**Fully Funded Balance (FFB)** - Total accrued depreciation. An indicator against which actual (or projected) reserve balance can be compared. In essence, it is the reserve balance that is proportional to the current Repair/replacement cost and the fraction of life “used up”. This number is calculated for each component, then summed together for an Association total.

**Percent Funded** - The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

**Special Assessment** - An assessment levied on the members of an Association in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.

## 2.6 FREQUENTLY ASKED QUESTIONS ABOUT RESERVE STUDIES

### What is a reserve study?

Reserve studies are comprehensive reports that are used as budget planning tools that will assess the current financial health of the reserve fund as well as create a plan for future funding to offset anticipated major future common area expenditures.

According to *Community Association Institute's Best Practices, Reserve Studies/Management*: “There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association’s reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan).”

### What are the different types of reserve studies?

Reserve studies fit into one of three categories: Full; Update with Site Visit; and Update with No Site Visit. They are frequently called Level 1, Level 2, and Level 3 respectively (as defined by Washington State RCW 64.90.550).

**Level 1: A full reserve study** – the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. They typically extend 30-years. A full reserve study must be in place before a Level 2 or Level 3 can take place.

**Level 2: An update with site visit (on-site review)** -- the reserve study provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. A Level 2 update is performed every third year, with the first one scheduled 3 years after the Level 1 was completed.

**Level 3: An update with no site visit (off-site review)** -- the reserve study provider conducts life and valuation estimates to determine a fund status and a funding plan. A Level 3 update is performed annually, except in years when a Level 1 or Level 2 has been conducted.

## When should associations obtain reserve studies?

Most association experts would agree that an initial full 30-year reserve study should be conducted sooner rather than later if one is not already in place. They are typically updated annually after that to account for things such as inflation and any adjustments in funding levels, budgets, repairs or replacements.

If you follow Washington State RCW 64.90.555 (which we recommend), your reserve study schedule would look like this:

- Year 1: Level 1 full 30-year study
- Years 2, 3: Level 3 annual updates
- Year 4: Level 2 update with site visit
- Years 5, 6: Level 3 annual updates
- Year 7: Level 2 update with site visit

The cycle of Level 2 and Level 3 updates continues indefinitely. A Level 1 full study is not necessary after year 1.

## What are the benefits of a Reserve Study?

Benefits of reserve studies, in short, include improved property maintenance (and therefore value) as well as complying with the law. In more detail:

### **Complying with Washington State law**

View the rules regarding Reserve Studies and Reserve Accounts here:

<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90> - Sections 535, 540, 545, 550, 555, and 560

### **Fulfilling lender requirements (such as FHA)**

Many lenders are requiring up-to-date reserve studies that indicate adequate financial health before they lend. Having a reserve study in place that shows a healthy funding plan before a homeowner finds a buyer could save significant time in the closing process.

### **Help maintain the property's value and appearance**

A reserve study helps maintain the property's value and the property owner's investment. By identifying and budgeting for future repairs or replacement (anticipated capital expenditures), the property's common elements continue to look attractive and well-kept, adding to the community's overall quality of life. Many features, when properly maintained, can also benefit from an extended lifespan resulting in overall cost savings to the owners. Well maintained properties almost always have higher resale values than those that have been neglected.

### **Establishing sound financial planning and budget direction**

A comprehensive reserve study lays out a schedule of anticipated major repairs or replacements to common property elements and applies cost estimates to them. It typically spans a 30-year period, and will serve as a financial planning tool for the association to use when determining homeowners dues and contributions to the reserve fund.

### **Reducing the need for special assessments**

An association that has properly implemented their reserve study will strategically collect fees over time from homeowners (via monthly dues) rather than need large sums of cash unexpectedly (special assessments). Therefore, the need for special assessments should be minimized because expenses have already been planned for and the funds exist when needed.

### **Fulfilling the board of directors' fiduciary responsibility**

Board members of community associations have a fiduciary responsibility to their members. Directors are legally bound to use sound business judgment in guiding the association and cannot ignore major capital expenditures or eliminate them from the budget.

### 3.0 PHYSICAL ANALYSIS

#### 3.1 COMPONENT ASSESSMENT AND VALUATION

The component assessment and valuation of the itemized capital expenses on this property was done by providing our opinion of Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. Table 3.1A lists this component inventory, and is based on the information that we were provided and on onsite visual observations.

The remainder of “Section 3.0 Physical Analysis” details each of the items in Table 3.1A using narratives and photos. They are meant to be read together.

Table 3.1B is a summary of expenses, grouped according to their expense category. Chart 3.1B is a pie chart illustrating the same.

#### Table 3.1A Key:

**Quantity** - The total quantity of each component.

**Units** - SF = Square Feet                      SY = Square Yards                      LF = Lineal Feet  
EA = Each                      LS = Lump Sum                      SQ = Roofing Square (10 ft X 10 ft)

**Cost/Unit** - The cost of a component. The unit cost is multiplied by the component’s quantity to obtain the total estimated replacement cost for the component.

**Remaining Life** – An opinion of the probable remaining life, in years, that a reserve component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have “zero” Remaining Life.

**Useful Life** - Total Useful Life or Depreciable Life. An opinion of the total probable life, in years, that a reserve component can be expected to serve its intended function in its present condition.



**Table 3.1A: Component Assessment and Valuation**

*Note: All numbers provided are the engineer's opinion of probable life and cost in 2023 dollars. Exact numbers may vary.*

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.2 FORESTRY AND OPEN SPACE</b>						
Buffer fire reduction projects - Year 7 of 10	1	LS	\$50,000	1	N/A	\$50,000
Buffer fire reduction projects - Year 8 of 10	1	LS	\$50,000	2	N/A	\$50,000
Buffer fire reduction projects - Year 9 of 10	1	LS	\$50,000	3	N/A	\$50,000
Buffer fire reduction projects - Year 10 of 10	1	LS	\$50,000	4	N/A	\$50,000
<b>3.3 CAPITAL FACILITIES</b>						
<i>Main Office</i>						
Replace main office roof and gutters	4,000	SF	\$14.50	42	60	\$58,000
Replace main office siding, trim, windows, and other exterior elements	1,750	SF	\$38.50	32	50	\$67,375
Replace the exterior deck and porch on the main office	1	LS	\$16,000	3	25	\$16,000
Main office lobby modifications	1	LS	\$15,000	0	10	\$15,000
Main office kitchen and bathrooms renovation	3	EA	\$6,000	5	20	\$18,000
Main office flooring renovation	200	SY	\$125	1	20	\$25,000
Main office furnishings and décor allotment	1	LS	\$20,000	8	10	\$20,000
Main office split-system heat pump replacement	1	EA	\$8,000	8	15	\$8,000
Install new phone system to integrate the office, the clubhouse, the golf course, water, security through intercom	1	LS	\$8,000	18	20	\$8,000
Main office surveillance system allotment	1	LS	\$8,500	10	10	\$8,500
Main office parking lot asphalt overlay	17,000	SF	\$3.15	8	30	\$53,550

	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.3</b>	<b>CAPITAL FACILITIES (CONTINUED)</b>						
	<i>Clubhouse and Pro Shop</i>						
	Replace clubhouse roof and gutters	2,500	SF	\$9.50	42	50	\$23,750
	Replace clubhouse siding, trim, windows, and other exterior elements	1,600	SF	\$38.50	14	50	\$61,600
	Replace the exterior deck and porch on the clubhouse	1	LS	\$30,000	3	25	\$30,000
	Clubhouse furnishings and decor renovation	1	LS	\$25,000	3	10	\$25,000
	Pro shop interior renovation	1	LS	\$25,000	3	10	\$25,000
	Replace clubhouse flooring	175	SY	\$65	3	20	\$11,375
	<i>Other Buildings and Structures</i>						
	Replace cart storage building roof	2,860	SF	\$9.50	8	30	\$27,170
	Replace cart storage building siding	3,200	SF	\$38.50	10	50	\$123,200
	Replace golf course shelter roof - driving range	1	LS	\$8,000	3	30	\$8,000
	Repaint golf course shelter and perform minor repairs - driving range	1	LS	\$6,000	3	10	\$6,000
	Replace Building A (Public Works) roof	6,000	SF	\$11.67	50	50	\$70,000
	Replace Building B (Recreation) roof - GC office & shop	2,000	SF	\$11.67	18	50	\$23,340
	Replace Building B (Recreation) siding - GC office & shop	2,580	SF	\$38.50	20	50	\$99,330
	Repaint and recaulk Building B (Recreation) exterior	2,580	SF	\$3.65	1	10	\$9,417
	Replace Building D (Equipment Storage) roof - RDS equipment	5,500	SF	\$11.67	18	50	\$64,185
	Replace Building E (Chemical Storage) and Fuel Storage roof	1,600	SF	\$11.67	18	50	\$18,672
	Replace Building E (Chemical Storage) siding	1,920	SF	\$38.50	10	50	\$73,920
	Repaint and recaulk Building E (Chemical Storage) exterior	1,920	SF	\$3.65	1	10	\$7,008
	<i>All interior and exterior painting assumed to be general maintenance paid for via the operating budget</i>						

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.4 RECREATION AND GOLF COURSE</b>						
<i>Park Infrastructure</i>						
Division 1 park asphalt overlay	32,000	SF	\$3.15	6	30	\$100,800
Division 3 park asphalt overlay	16,700	SF	\$3.15	4	30	\$52,605
Division 9 park asphalt overlay	1,200	SF	\$3.15	18	30	\$3,780
Park restrooms and gazebo roof resurfacing	8,000	SF	\$14.50	28	60	\$116,000
Replace park restroom siding replacement	4,500	SF	\$38.50	22	50	\$173,250
Park restroom renovation	3	EA	\$6,000	18	20	\$18,000
Park gazebo renovation	3	EA	\$4,000	8	20	\$12,000
Replace septic tank in Division 1 park restroom	1	EA	\$11,200	29	30	\$11,200
Replace septic tank in Division 3 park restroom	1	EA	\$8,042	29	30	\$8,042
<i>Asphalt and concrete maintenance assumed to be general maintenance paid for via the operating budget</i>						
<i>Playground Equipment</i>						
Division 1 playground equipment replacement - old wood	1	LS	\$45,000	2	20	\$45,000
Division 3 playground equipment replacement - old wood	1	LS	\$51,000	3	20	\$51,000
Replace Division 9 Playground Equipment	1	LS	\$33,000	15	20	\$33,000
Replace Division 18 Playground Equipment	1	LS	\$28,200	17	20	\$28,200

	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.4</b>	<b>RECREATION AND GOLF COURSE (CONTINUED)</b>						
	<i>Docks, Breakwaters, and Shoreline Maintenance</i>						
	Division 1 dock replacement	2,800	SF	\$75	43	50	\$210,000
	Division 1 swim dock replacement	1	LS	\$25,000	43	50	\$25,000
	Division 2 dock and piling replacement planning and permitting	1	LS	\$52,500	49	50	\$52,500
	Division 2 dock and piling replacement including floating dock	1	LS	\$203,000	1	50	\$203,000
	Division 3 soft shoreline stabilization	1	LS	\$133,000	25	25	\$133,000
	Division 3 docks and piling replacement planning and permitting	1	LS	\$25,000	49	50	\$25,000
	Division 3 docks and piling replacement	2,930	SF	\$75	50	50	\$219,750
	Division 9 dock and piling replacement planning and permitting	1	LS	\$35,000	49	50	\$35,000
	Division 9 docks and piling replacement	1,440	SF	\$75	50	50	\$108,000
	Dock 14 dock/pilings repairs	1	LS	\$30,000	0	50	\$30,000
	Division 14 dock and piling replacement planning and permitting	1	LS	\$65,000	0	50	\$65,000
	Division 14 docks and piling replacement	2,400	SF	\$142	1	50	\$340,000
	Replace Division 1 log breakwater with waveater breakwater	1	LS	\$100,000	1	20	\$100,000
	Replace Division 3 log breakwater with waveater breakwater	1	LS	\$150,000	2	20	\$150,000
	Swim floats/buoys - annual expenditure	1	LS	\$25,000	0	1	\$25,000
	<i>Tennis Court, Basketball Court, and Driving Range</i>						
	Replace the tennis court with a typical tennis court surface	1	LS	\$250,000	10	30	\$250,000
	Resurface the basketball court at the driving range	1	LS	\$7,500	2	30	\$7,500
	Replace the basketball backboards	2	EA	\$2,500	2	15	\$5,000
	<i>Golf Course</i>						
	Replace 10% of the cart paths every 10 years	4,400	SF	\$8.50	8	10	\$37,400
	Replace irrigation system pump	1	LS	\$8,000	8	10	\$8,000
	Replace irrigation system control systems	17	EA	\$800	1	20	\$13,600
	Replace fountain pumps	2	EA	\$3,500	9	10	\$7,000
	Driving range repairs and renovation	1	LS	\$20,000	9	10	\$20,000

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.5</b>	<b>ROADS AND STORM DRAINAGE</b>					
<i>Asphalt</i>						
Asphalt patching and rubber crack sealing - annual allotment	1	LS	\$50,000	0	1	\$50,000
Asphalt overlay of one section of road annually	1	LS	\$100,000	0	1	\$100,000
<i>Storm Drainage</i>						
Culvert replacement allotment	1	LS	\$25,000	1	3	\$25,000
Replace division 14 culverts ES1-0-4	1	LS	\$150,000	2	N/A	\$150,000
<i>Erosion Control</i>						
Division 11 Marine View Drive slide area mitigation	1	LS	\$600,000	0	N/A	\$600,000
<i>Signage</i>						
Emergency signage replacement plan	1	LS	\$22,000	1	N/A	\$22,000
<b>3.6</b>	<b>SECURITY</b>					
Security building office renovation	1	LS	\$10,000	2	10	\$10,000
Security building computer and technology upgrades	1	LS	\$6,000	2	5	\$6,000

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.7 VEHICLES</b>						
Chevrolet Colorado (2019) replacement - GC & parks	1	EA	\$32,000	7	10	\$32,000
Ford F-350 Diesel (2019) flatbed dump replacement - parks	1	EA	\$35,150	2	10	\$35,150
<i>International dump truck with snow plow (1981) - 1 of 3 [to be sold]</i>						
International dump truck with snow plow (1981) replacement - 2 of 3	1	EA	\$100,000	1	25	\$100,000
International dump truck with snow plow (1992) replacement - 3 of 3	1	EA	\$100,000	2	25	\$100,000
Broce sweeper replacement	1	EA	\$41,000	3	25	\$41,000
Dodge 5500 Ram flatbed truck with dump & snow plow (2016) replacement	1	EA	\$86,000	9	25	\$86,000
Ford F-150 red truck (1996) replacement - 1 of 3	1	EA	\$42,000	2	10	\$42,000
<i>Ford F-150 security truck (2001) - 2 of 3 [to be sold]</i>						
Ford F-150 security truck (2014) replacement - 3 of 3	1	EA	\$42,000	1	10	\$42,000
<i>Jeep Renegade sport utility security vehicle (2016) [to be sold]</i>						
Nissan Frontier truck (2017) replacement	1	EA	\$28,500	4	10	\$28,500
Ford F-350 utility water truck (1997) replacement	1	EA	\$56,000	1	10	\$56,000
Ford F-450 utility water truck (2004) replacement	1	EA	\$75,000	0	10	\$75,000
Ford F-150 pickup truck (2012) replacement - PW manager	1	EA	\$42,000	2	10	\$42,000

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.8 EQUIPMENT</b>						
Replace Ford 2120 tractor and John Deere 1070 tractor with one new tractor	1	EA	\$9,000	0	20	\$9,000
<i>Jacobson 7 Gang GD Mower - Rough [leased equipment]</i>						
R & R Cutting Units and Gang Assembly	1	EA	\$55,000	17	20	\$55,000
<i>JD - 2500E - Greens Mower [to be sold]</i>						
<i>JD - 2653 - Aprons Mower [to be sold]</i>						
<i>JD - 3235A - Lightweight Fairway Mower [to be sold]</i>						
<i>JD - 3235B - Lightweight Fairway Mower [to be sold]</i>						
JD ARTR Aercore 800 Aerator	1	EA	\$42,000	8	20	\$42,000
Toro 3555-D Reelmaster	1	EA	\$72,000	19	20	\$72,000
Kubota - Z700 - Zero Turn Mower	1	EA	\$8,000	2	10	\$8,000
<i>Toro - 3050 - Teebox Mower [to be sold]</i>						
<i>Toro - 3150 - Teebox Mower [to be sold]</i>						
TY Crop Quickpass Sand Spreader	1	EA	\$25,000	3	30	\$25,000
Yamaha YDRAH1W Golf Cart - GC	1	EA	\$8,000	3	15	\$8,000
14 ft Aluminum Amservic Runabout Boat	1	EA	\$7,000	15	20	\$7,000
Kawasaki Bad Boy Zero-Turn Mower - parks	1	EA	\$7,600	8	10	\$7,600
Replace Yamaha U-max gas range ball pickup	1	EA	\$15,700	9	10	\$15,700
Yamaha YDRAP Golf Cart - PARK HOST	1	EA	\$8,000	3	10	\$8,000
Yamaha Golf Cart YDRAL1W - PARK HOST	1	EA	\$8,000	3	10	\$8,000

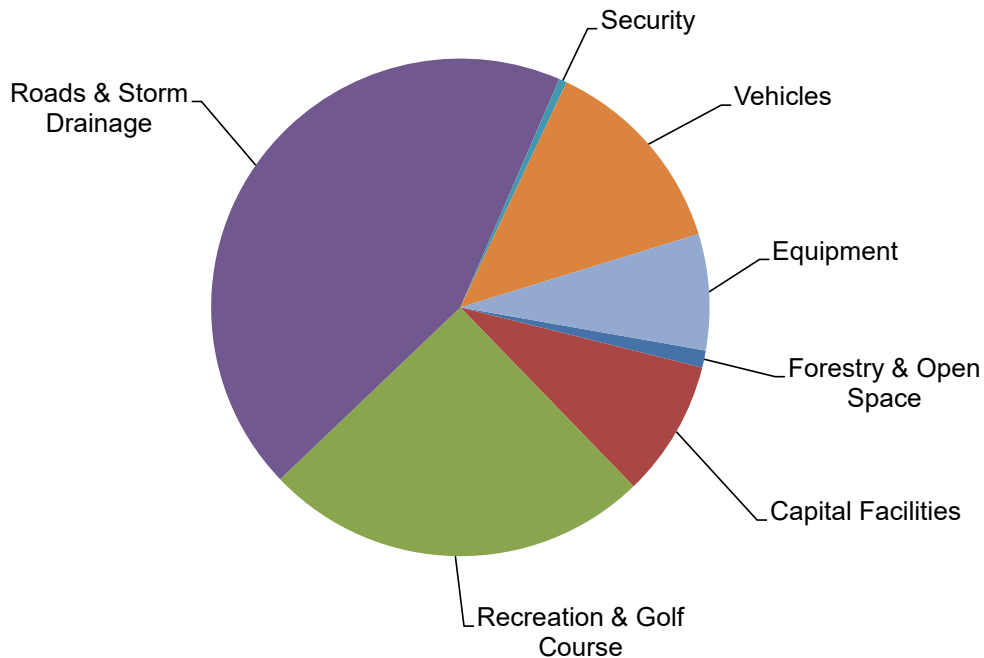
	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.8</b>	<b>EQUIPMENT (CONTINUED)</b>						
	Brushcutter attachment replacements	2	EA	\$20,000	13	20	\$40,000
	JD 6420A- Roadside Mow er with Tiger attachment	1	EA	\$63,000	13	20	\$63,000
	48" Hustler Zero-Turn Mow er - RDS	1	EA	\$8,000	0	10	\$8,000
	Cat Backhoe Loader (2000) - 416C Diesel	1	EA	\$54,000	38	50	\$54,000
	Ditchw itch FX60-800 Vac Trailer	1	EA	\$49,650	18	30	\$49,650
	Cat or JD Front Wheel Loader	1	EA	\$130,000	0	20	\$130,000
	Kubota Mini Excavator	1	EA	\$45,440	8	20	\$45,440



**Table 3.1B: Table of Categorized Expenses over the Duration of the Study**

Category	Total Expenditure over 30 Years	Percentage
Forestry & Open Space	\$221,920	1.1%
Capital Facilities	\$1,765,392	8.9%
Recreation & Golf Course	\$4,990,480	25.1%
Roads & Storm Drainage	\$8,678,543	43.6%
Security	\$101,068	0.5%
Vehicles	\$2,630,934	13.2%
Equipment	\$1,499,767	7.5%
<b>TOTAL</b>	<b>\$19,888,104</b>	

**Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study**



**3.20 SUMMARY OF ANNUAL ANTICIPATED EXPENSES**

Using the conclusions described throughout “Section 3.0 Physical Analysis”, the following Table 3.20 lists the annual anticipated capital expenses for each reserve item in the year that we believe is most probable. All of these anticipated expenses already have inflation factored into them at the assumed level that is listed in “Section 4.3 Assumptions for Future Interest Rate and Inflation.”





LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>3.4</b>	<b>RECREATION AND GOLF COURSE</b>												
<i>Park Infrastructure</i>													
	Division 1 park asphalt overlay							\$120,360					
	Division 3 park asphalt overlay					\$59,207							
	Division 9 park asphalt overlay												
	Park restrooms and gazebo roof resurfacing												
	Replace park restroom siding replacement												
	Park restroom renovation												
	Park gazebo renovation									\$15,201			
	Replace septic tank in Division 1 park restroom												
	Replace septic tank in Division 3 park restroom												
<i>Playground Equipment</i>													
	Division 1 playground equipment replacement - old wood			\$47,741									
	Division 3 playground equipment replacement - old wood				\$55,729								
	Replace Division 9 Playground Equipment												
	Replace Division 18 Playground Equipment												
<i>Docks, Breakwaters, and Shoreline Maintenance</i>													
	Division 1 dock replacement												
	Division 1 swim dock replacement												
	Division 2 dock and piling replacement planning and permitting												
	Division 2 dock and piling replacement including floating dock		\$209,090										
	Division 3 soft shoreline stabilization												
	Division 3 docks and piling replacement planning and permitting												
	Division 3 docks and piling replacement												
	Division 9 dock and piling replacement planning and permitting												
	Division 9 docks and piling replacement												
	Dock 14 dock/pilings repairs	\$30,000											
	Division 14 dock and piling replacement planning and permitting	\$65,000											
	Division 14 docks and piling replacement		\$350,200										
	Replace Division 1 log breakwater with waveater breakwater		\$103,000										
	Replace Division 3 log breakwater with waveater breakwater			\$159,135									
	Swim floats/buoys - annual expenditure	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	\$34,606

LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<i>Tennis Court, Basketball Court, and Driving Range</i>												
Replace the tennis court with a typical tennis court surface											\$335,979	
Resurface the basketball court at the driving range			\$7,957									
Replace the basketball backboards			\$5,305									
<i>Golf Course</i>												
Replace 10% of the cart paths every 10 years									\$47,377			
Replace irrigation system pump									\$10,134			
Replace irrigation system control systems		\$14,008										
Replace fountain pumps										\$9,133		
Driving range repairs and renovation										\$26,095		
<b>3.5 ROADS AND STORM DRAINAGE</b>												
<i>Asphalt</i>												
Asphalt patching and rubber crack sealing - annual allotment	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339	\$65,239	\$67,196	\$69,212
Asphalt overlay of one section of road annually	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677	\$130,477	\$134,392	\$138,423
<i>Storm Drainage</i>												
Culvert replacement allotment		\$25,750			\$28,138			\$30,747			\$33,598	
Replace division 14 culverts ES1-0-4			\$159,135									
<i>Erosion Control</i>												
Division 11 Marine View Drive slide area mitigation	\$600,000											
<i>Signage</i>												
Emergency signage replacement plan		\$22,660										
<b>3.6 SECURITY</b>												
Security building office renovation			\$10,609									
Security building computer and technology upgrades			\$6,365					\$7,379				



LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>3.8</b>	<b>EQUIPMENT</b>												
	Replace Ford 2120 tractor and John Deere 1070 tractor with one new tractor	\$9,000											
	Jacobson 7 Gang GD Mower - Rough [leased equipment]												
	R & R Cutting Units and Gang Assembly												
	JD - 2500E - Greens Mower [to be sold]												
	JD - 2653 - Aprons Mower [to be sold]												
	JD - 3235A - Lightweight Fairway Mower [to be sold]												
	JD - 3235B - Lightweight Fairway Mower [to be sold]												
	JD ARTR Aercore 800 Aerator									\$53,204			
	Toro 3555-D Reelmaster												
	Kubota - Z700 - Zero Turn Mower			\$8,487									
	Toro - 3050 - Teebox Mower [to be sold]												
	Toro - 3150 - Teebox Mower [to be sold]												
	TY Crop Quickpass Sand Spreader				\$27,318								
	Yamaha YDRAH1W Golf Cart - GC				\$8,742								
	14 ft Aluminum Amservic Runabout Boat												
	Kawaski Bad Boy Zero-Turn Mower - parks									\$9,627			
	Replace Yamaha U-max gas range ball pickup										\$20,485		
	Yamaha YDRAP Golf Cart - PARK HOST				\$8,742								
	Yamaha Golf Cart YDRAL1W - PARK HOST				\$8,742								
	Brushcutter attachment replacements												
	JD 6420A- Roadside Mower with Tiger attachment												
	48" Hustler Zero-Turn Mower - RDS	\$8,000										\$10,751	
	Cat Backhoe Loader (2000) - 416C Diesel												
	Ditchwitch FX60-800 Vac Trailer												
	Cat or JD Front Wheel Loader	\$130,000											
	Kubota Mini Excavator									\$57,562			
<b>ANNUAL EXPENSES BY YEAR</b>		<b>\$1,107,000</b>	<b>\$1,151,566</b>	<b>\$875,932</b>	<b>\$532,568</b>	<b>\$372,662</b>	<b>\$281,704</b>	<b>\$329,320</b>	<b>\$292,710</b>	<b>\$552,514</b>	<b>\$396,260</b>	<b>\$1,012,802</b>	<b>\$400,632</b>





LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Other	<i>Buildings and Structures</i>												
	Replace cart storage building roof												
	Replace cart storage building siding												
	Replace golf course shelter roof - driving range												
	Repaint golf course shelter and perform minor repairs - driving range		\$8,811										\$11,842
	Replace Building A (Public Works) roof												
	Replace Building B (Recreation) roof - GC office & shop							\$39,735					
	Replace Building B (Recreation) siding - GC office & shop									\$179,401			
	Repaint and recaulk Building B (Recreation) exterior										\$17,518		
	Replace Building D (Equipment Storage) roof - RDS equipment							\$109,271					
	Replace Building E (Chemical Storage) and Fuel Storage roof							\$31,788					
	Replace Building E (Chemical Storage) siding												
	Repaint and recaulk Building E (Chemical Storage) exterior										\$13,037		

LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
<b>3.4</b>	<b>RECREATION AND GOLF COURSE</b>												
<i>Park Infrastructure</i>													
	Division 1 park asphalt overlay												
	Division 3 park asphalt overlay												
	Division 9 park asphalt overlay							\$6,435					
	Park restrooms and gazebo roof resurfacing												
	Replace park restroom siding replacement											\$331,965	
	Park restroom renovation							\$30,644					
	Park gazebo renovation												
	Replace septic tank in Division 1 park restroom												
	Replace septic tank in Division 3 park restroom												
<i>Playground Equipment</i>													
	Division 1 playground equipment replacement - old wood											\$86,225	
	Division 3 playground equipment replacement - old wood												\$100,653
	Replace Division 9 Playground Equipment				\$51,413								
	Replace Division 18 Playground Equipment						\$46,610						
<i>Docks, Breakwaters, and Shoreline Maintenance</i>													
	Division 1 dock replacement												
	Division 1 swim dock replacement												
	Division 2 dock and piling replacement planning and permitting												
	Division 2 dock and piling replacement including floating dock												
	Division 3 soft shoreline stabilization												
	Division 3 docks and piling replacement planning and permitting												
	Division 3 docks and piling replacement												
	Division 9 dock and piling replacement planning and permitting												
	Division 9 docks and piling replacement												
	Dock 14 dock/pilings repairs												
	Division 14 dock and piling replacement planning and permitting												
	Division 14 docks and piling replacement												
	Replace Division 1 log breakwater with waveater breakwater										\$186,029		
	Replace Division 3 log breakwater with waveater breakwater											\$287,416	
	Swim floats/buoys - annual expenditure	\$35,644	\$36,713	\$37,815	\$38,949	\$40,118	\$41,321	\$42,561	\$43,838	\$45,153	\$46,507	\$47,903	\$49,340

LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
<i>Tennis Court, Basketball Court, and Driving Range</i>												
Replace the tennis court with a typical tennis court surface												
Resurface the basketball court at the driving range												
Replace the basketball backboards						\$8,264						
<i>Golf Course</i>												
Replace 10% of the cart paths every 10 years							\$63,671					
Replace irrigation system pump							\$13,619					
Replace irrigation system control systems										\$25,300		
Replace fountain pumps								\$12,275				
Driving range repairs and renovation								\$35,070				
<b>3.5 ROADS AND STORM DRAINAGE</b>												
<i>Asphalt</i>												
Asphalt patching and rubber crack sealing - annual allotment	\$71,288	\$73,427	\$75,629	\$77,898	\$80,235	\$82,642	\$85,122	\$87,675	\$90,306	\$93,015	\$95,805	\$98,679
Asphalt overlay of one section of road annually	\$142,576	\$146,853	\$151,259	\$155,797	\$160,471	\$165,285	\$170,243	\$175,351	\$180,611	\$186,029	\$191,610	\$197,359
<i>Storm Drainage</i>												
Culvert replacement allotment		\$36,713			\$40,118			\$43,838			\$47,903	
Replace division 14 culverts ES1-0-4												
<i>Erosion Control</i>												
Division 11 Marine View Drive slide area mitigation												
<i>Signage</i>												
Emergency signage replacement plan												
<b>3.6 SECURITY</b>												
Security building office renovation	\$14,258										\$19,161	
Security building computer and technology upgrades	\$8,555					\$9,917					\$11,497	

LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
<b>3.7</b>	<b>VEHICLES</b>												
	Chevrolet Colorado (2019) replacement - GC & parks						\$52,891						
	Ford F-350 Diesel (2019) flatbed dump replacement - parks	\$50,115										\$67,351	
	International dump truck with snow plow (1981) - 1 of 3 [to be sold]												
	International dump truck with snow plow (1981) replacement - 2 of 3												
	International dump truck with snow plow (1992) replacement - 3 of 3												
	Broce sweeper replacement												
	Dodge 5500 Ram flatbed truck with dump & snow plow (2016) replacement												
	Ford F-150 red truck (1996) replacement - 1 of 3	\$59,882										\$80,476	
	Ford F-150 security truck (2001) - 2 of 3 [to be sold]												
	Ford F-150 security truck (2014) replacement - 3 of 3										\$78,132		
	Jeep Renegade sport utility security vehicle (2016) [to be sold]												
	Nissan Frontier truck (2017) replacement			\$43,109									
	Ford F-350 utility water truck (1997) replacement										\$104,176		
	Ford F-450 utility water truck (2004) replacement									\$135,458			
	Ford F-150 pickup truck (2012) replacement - PW manager	\$59,882										\$80,476	

LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
<b>3.8</b>	<b>EQUIPMENT</b>												
	Replace Ford 2120 tractor and John Deere 1070 tractor with one new tractor									\$16,255			
	Jacobson 7 Gang GD Mower - Rough [leased equipment]												
	R & R Cutting Units and Gang Assembly						\$90,907						
	JD - 2500E - Greens Mower [to be sold]												
	JD - 2653 - Aprons Mower [to be sold]												
	JD - 3235A - Lightweight Fairway Mower [to be sold]												
	JD - 3235B - Lightweight Fairway Mower [to be sold]												
	JD ARTR Aercore 800 Aerator												
	Toro 3555-D Reelmaster								\$126,252				
	Kubota - Z700 - Zero Turn Mower	\$11,406										\$15,329	
	Toro - 3050 - Teebox Mower [to be sold]												
	Toro - 3150 - Teebox Mower [to be sold]												
	TY Crop Quickpass Sand Spreader												
	Yamaha YDRAH1W Golf Cart - GC							\$13,619					
	14 ft Aluminum Amservic Runabout Boat				\$10,906								
	Kawaski Bad Boy Zero-Turn Mower - parks							\$12,938					
	Replace Yamaha U-max gas range ball pickup								\$27,530				
	Yamaha YDRAP Golf Cart - PARK HOST		\$11,748										\$15,789
	Yamaha Golf Cart YDRAL1W - PARK HOST		\$11,748										\$15,789
	Brushcutter attachment replacements		\$58,741										
	JD 6420A- Roadside Mower with Tiger attachment		\$92,518										
	48" Hustler Zero-Turn Mower - RDS									\$14,449			
	Cat Backhoe Loader (2000) - 416C Diesel												
	Ditchwitch FX60-800 Vac Trailer							\$84,526					
	Cat or JD Front Wheel Loader									\$234,794			
	Kubota Mini Excavator												
<b>ANNUAL EXPENSES BY YEAR</b>		<b>\$453,606</b>	<b>\$550,700</b>	<b>\$400,988</b>	<b>\$334,963</b>	<b>\$320,941</b>	<b>\$497,838</b>	<b>\$751,840</b>	<b>\$551,828</b>	<b>\$938,871</b>	<b>\$796,253</b>	<b>\$1,363,116</b>	<b>\$626,367</b>

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2047	2048	2049	2050	2051	2052	2053
<b>3.2</b>	<b>FORESTRY AND OPEN SPACE</b>							
	Buffer fire reduction projects - Year 7 of 10							
	Buffer fire reduction projects - Year 8 of 10							
	Buffer fire reduction projects - Year 9 of 10							
	Buffer fire reduction projects - Year 10 of 10							
<b>3.3</b>	<b>CAPITAL FACILITIES</b>							
<i>Main Office</i>								
	Replace main office roof and gutters							
	Replace main office siding, trim, windows, and other exterior elements							
	Replace the exterior deck and porch on the main office					\$36,607		
	Main office lobby modifications							\$36,409
	Main office kitchen and bathrooms renovation		\$37,688					
	Main office flooring renovation							
	Main office furnishings and décor allotment					\$45,759		
	Main office split-system heat pump replacement							
	Install new phone system to integrate the office, the clubhouse, the golf course, water, security through intercom							
	Main office surveillance system allotment							\$20,632
	Main office parking lot asphalt overlay							
<i>Clubhouse and Pro Shop</i>								
	Replace clubhouse roof and gutters							
	Replace clubhouse siding, trim, windows, and other exterior elements							
	Replace the exterior deck and porch on the clubhouse					\$68,638		
	Clubhouse furnishings and decor renovation							
	Pro shop interior renovation							
	Replace clubhouse flooring							

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2047	2048	2049	2050	2051	2052	2053
Other	<i>Buildings and Structures</i>							
	Replace cart storage building roof							
	Replace cart storage building siding							
	Replace golf course shelter roof - driving range							
	Repaint golf course shelter and perform minor repairs - driving range							
	Replace Building A (Public Works) roof							
	Replace Building B (Recreation) roof - GC office & shop							
	Replace Building B (Recreation) siding - GC office & shop							
	Repaint and recaulk Building B (Recreation) exterior							
	Replace Building D (Equipment Storage) roof - RDS equipment							
	Replace Building E (Chemical Storage) and Fuel Storage roof							
	Replace Building E (Chemical Storage) siding							
	Repaint and recaulk Building E (Chemical Storage) exterior							

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2047	2048	2049	2050	2051	2052	2053
<b>3.4</b>	<b>RECREATION AND GOLF COURSE</b>							
<i>Park Infrastructure</i>								
	Division 1 park asphalt overlay							
	Division 3 park asphalt overlay							
	Division 9 park asphalt overlay							
	Park restrooms and gazebo roof resurfacing					\$265,400		
	Replace park restroom siding replacement							
	Park restroom renovation							
	Park gazebo renovation					\$27,455		
	Replace septic tank in Division 1 park restroom						\$26,394	
	Replace septic tank in Division 3 park restroom						\$18,951	
<i>Playground Equipment</i>								
	Division 1 playground equipment replacement - old wood							
	Division 3 playground equipment replacement - old wood							
	Replace Division 9 Playground Equipment							
	Replace Division 18 Playground Equipment							
<i>Docks, Breakwaters, and Shoreline Maintenance</i>								
	Division 1 dock replacement							
	Division 1 swim dock replacement							
	Division 2 dock and piling replacement planning and permitting							
	Division 2 dock and piling replacement including floating dock							
	Division 3 soft shoreline stabilization		\$278,472					
	Division 3 docks and piling replacement planning and permitting							
	Division 3 docks and piling replacement							
	Division 9 dock and piling replacement planning and permitting							
	Division 9 docks and piling replacement							
	Dock 14 dock/pilings repairs							
	Division 14 dock and piling replacement planning and permitting							
	Division 14 docks and piling replacement							
	Replace Division 1 log breakwater with waveater breakwater							
	Replace Division 3 log breakwater with waveater breakwater							
	Swim floats/buoys - annual expenditure	\$50,820	\$52,344	\$53,915	\$55,532	\$57,198	\$58,914	\$60,682



**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2047	2048	2049	2050	2051	2052	2053
<i>Tennis Court, Basketball Court, and Driving Range</i>								
	Replace the tennis court with a typical tennis court surface							
	Resurface the basketball court at the driving range							
	Replace the basketball backboards							
<i>Golf Course</i>								
	Replace 10% of the cart paths every 10 years					\$85,568		
	Replace irrigation system pump					\$18,303		
	Replace irrigation system control systems							
	Replace fountain pumps						\$16,496	
	Driving range repairs and renovation						\$47,131	
<b>3.5 ROADS AND STORM DRAINAGE</b>								
<i>Asphalt</i>								
	Asphalt patching and rubber crack sealing - annual allotment	\$101,640	\$104,689	\$107,830	\$111,064	\$114,396	\$117,828	\$121,363
	Asphalt overlay of one section of road annually	\$203,279	\$209,378	\$215,659	\$222,129	\$228,793	\$235,657	\$242,726
<i>Storm Drainage</i>								
	Culvert replacement allotment		\$52,344			\$57,198		
	Replace division 14 culverts ES1-0-4							
<i>Erosion Control</i>								
	Division 11 Marine View Drive slide area mitigation							
<i>Signage</i>								
	Emergency signage replacement plan							
<b>3.6 SECURITY</b>								
	Security building office renovation							
	Security building computer and technology upgrades				\$13,328			

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2047	2048	2049	2050	2051	2052	2053
<b>3.7</b>	<b>VEHICLES</b>							
	Chevrolet Colorado (2019) replacement - GC & parks				\$71,081			
	Ford F-350 Diesel (2019) flatbed dump replacement - parks							
	International dump truck with snow plow (1981) - 1 of 3 [to be sold]							
	International dump truck with snow plow (1981) replacement - 2 of 3			\$215,659				
	International dump truck with snow plow (1992) replacement - 3 of 3				\$222,129			
	Broce sweeper replacement					\$93,805		
	Dodge 5500 Ram flatbed truck with dump & snow plow (2016) replacement							
	Ford F-150 red truck (1996) replacement - 1 of 3							
	Ford F-150 security truck (2001) - 2 of 3 [to be sold]							
	Ford F-150 security truck (2014) replacement - 3 of 3							
	Jeep Renegade sport utility security vehicle (2016) [to be sold]							
	Nissan Frontier truck (2017) replacement	\$57,935						
	Ford F-350 utility water truck (1997) replacement							
	Ford F-450 utility water truck (2004) replacement							\$182,045
	Ford F-150 pickup truck (2012) replacement - PW manager							

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2047	2048	2049	2050	2051	2052	2053
<b>3.8</b>	<b>EQUIPMENT</b>							
	Replace Ford 2120 tractor and John Deere 1070 tractor with one new tractor							
	Jacobson 7 Gang GD Mower - Rough [leased equipment]							
	R & R Cutting Units and Gang Assembly							
	JD - 2500E - Greens Mower [to be sold]							
	JD - 2653 - Aprons Mower [to be sold]							
	JD - 3235A - Lightweight Fairway Mower [to be sold]							
	JD - 3235B - Lightweight Fairway Mower [to be sold]							
	JD ARTR Aercore 800 Aerator					\$96,093		
	Toro 3555-D Reelmaster							
	Kubota - Z700 - Zero Turn Mower							
	Toro - 3050 - Teebox Mower [to be sold]							
	Toro - 3150 - Teebox Mower [to be sold]							
	TY Crop Quickpass Sand Spreader							
	Yamaha YDRAH1W Golf Cart - GC							
	14 ft Aluminum Amservic Runabout Boat							
	Kawaski Bad Boy Zero-Turn Mower - parks					\$17,388		
	Replace Yamaha U-max gas range ball pickup						\$36,998	
	Yamaha YDRAP Golf Cart - PARK HOST							
	Yamaha Golf Cart YDRAL1W - PARK HOST							
	Brushcutter attachment replacements							
	JD 6420A- Roadside Mower with Tiger attachment							
	48" Hustler Zero-Turn Mower - RDS							\$19,418
	Cat Backhoe Loader (2000) - 416C Diesel							
	Ditchwitch FX60-800 Vac Trailer							
	Cat or JD Front Wheel Loader							
	Kubota Mini Excavator					\$103,963		
<b>ANNUAL EXPENSES BY YEAR</b>		<b>\$413,674</b>	<b>\$734,916</b>	<b>\$593,063</b>	<b>\$695,263</b>	<b>\$1,316,565</b>	<b>\$558,369</b>	<b>\$683,274</b>

## 4.0 FINANCIAL ANALYSIS

The financial analysis in this Reserve Study is a proprietary system that was developed by Samdal & Associates. We have provided the funding method that we believe will most adequately fund the reserves of this Association.

### 4.1 CURRENT FINANCIAL INFORMATION AND CURRENT FUNDING PLAN

The Association’s Reserve Fund balance was \$659,853 as of June 30, 2023 (Balance provided by Karen Laverdiere). According to our calculations detailed in this report, the Reserve Fund balance required for “Full Funding” of this property at this time is \$4,173,431. Therefore, the property is 15.8% funded.

There is not a regular Reserve Fund contribution. This study will help the Board to establish a regular annual contribution to the Reserve Fund.

This property is currently  
**15.8%** funded.

### 4.2 RECOMMENDED RESERVE FUNDING PLAN

Full Funding is the ideal position for any property and represents a strong financial position. We recommend that all properties be Fully Funded, as Full Funding allows Associations to maintain their properties adequately and minimizes their risk of unplanned special assessments.

In order to pay for immediate planned expenditures in 2023/2024, a special assessment of \$1,500,000 will be necessary in 2023. All funding plans below are **in addition** to this initial special assessment.

Ideally, the Association should be Fully Funded immediately; however, we recognize that financial realities can sometimes make this difficult. Therefore, we have provided three different plans to get the Association Fully Funded within three different time frames: Immediately, Within Five Years, and Within Ten Years. It is to the Association’s benefit to be Fully Funded as soon as possible.

Our funding recommendations are as follows:

#### Option One: Immediate Full Funding

If the Association desires to be Fully Funded immediately, then based on the anticipated expenditures the Association will need to immediately contribute a total of \$2,013,578 to the Reserve Fund. Following this initial contribution, the funding plan necessary to maintain a Fully Funded Capital Reserve Fund for the duration of this study will be a total property contribution of \$384,628 per year in the initial year. This annual contribution will need to be increased 3% each subsequent year to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

-OR-

#### Option One

Immediate Contribution:

**\$2,013,578**

Annual Contribution Thereafter:

**2024 \$384,628**

(with 3% annual increase thereafter)

**Option Two: Full Funding Within Five Years**

There is currently a “full funding” deficiency of \$2,013,578. This option makes up this deficiency over the next five years. Starting in 2024 for five years through 2028, the Association will make up their Reserve Fund deficiency by contributing \$811,496 annually (which includes \$426,868 in make-up funds and \$384,628 in capital maintenance funds that will increase annually with inflation).

If this plan is followed, the Association will be Fully Funded by the start of 2029. From this point on, the funding plan will be identical to funding plan listed above in the “Immediate Full Funding” option to maintain Full Funding. This means that the Association will reduce their Reserve Fund contribution to \$445,890 in 2029. This 2029 annual contribution will need to be increased 3% each subsequent year (to account for inflation) for the duration of this 30-year study to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

-OR-

**Option Three: Full Funding Within Ten Years**

There is currently a “full funding” deficiency of \$2,013,578. This option makes up this deficiency over the next ten years. Starting in 2024 for ten years through 2033, the Association will make up their Reserve Fund deficiency by contributing \$613,805 annually (which includes \$229,177 in make-up funds and \$384,628 in capital maintenance funds that will increase annually with inflation).

If this plan is followed, the Association will be Fully Funded by the start of 2034. From this point on, the funding plan will be identical to funding plan listed above in the “Immediate Full Funding” option to maintain Full Funding. This means that the Association will reduce their Reserve Fund contribution to \$516,908 in 2034. This 2034 annual contribution will need to be increased 3% each subsequent year for the duration of this 30-year study to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

Other funding options are also possible. Section 4.6 details other common funding methods as well. It is up to the Association to decide which funding option is best for them.

<u>Option Two</u>	
Annual Contribution:	
2024	\$811,496
Increasing at 3% per year through:	
2028	\$859,770
At year end, full funding will be achieved. Then:	
2029	\$445,890
(with 3% annual increase thereafter)	

<u>Option Three</u>	
Annual Contribution:	
2024	\$613,805
Increasing at 3% per year through:	
2033	\$731,030
At year end, full funding will be achieved. Then:	
2034	\$516,908
(plus 3% annual increase thereafter)	

### 4.3 OTHER REQUIRED FUNDING PLAN OPTIONS

Per Washington State RCW 64.90.550, our Reserve Study is required to provide the following funding plans:

- **30-Year Make up** - Funding Plan necessary for the Association Reserve Fund to reach a Full Funding Level in 30 years.
- **Baseline Funding** - Minimum level of funding required in order to maintain the Reserve Fund above zero while paying for all components listed in Table 3.1 - Component Assessment and Valuation Table.

*Special Note: Because these are “bare minimum” funding options that increase an Association’s risk for special assessments (and financial instability), we do not recommend either of these funding options. We recommend that the Association obtain a level of Full Funding as soon as possible to ensure that the Association has the resources necessary to adequately maintain its collective property and minimize the burden of special assessments.*

These required options are as follows:

#### Option Four: Full Funding in 30 Years

There is currently a “full funding” deficiency of \$2,013,578. This option makes up this deficiency over the next thirty years. Starting in 2024 for thirty years through 2053, the Association will make up their Reserve Fund deficiency by contributing \$484,367 annually (which includes \$99,739 in make-up funds and \$384,628 in capital maintenance funds that will increase annually with inflation).

If this plan is followed, the Association will be Fully Funded by the start of 2054.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

-OR-

#### Option Five: Baseline Funding – Keeping Reserve Balance above Zero

The funding plan necessary to maintain the Reserve Fund above zero for the duration of this study will be an annual contribution of \$475,000 per year in the initial year. This annual contribution will need to be increased 3% each subsequent year to maintain the Reserve Fund above zero and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

#### Option Four

Annual Contribution:

2024 \$484,367

Increasing at 3% per year through:

2053 \$1,006,141

#### Option Five

Annual Contribution:

\$475,000

(with 3% annual increase thereafter)

#### 4.4 ASSUMPTIONS FOR FUTURE INTEREST RATE AND INFLATION

For the purposes of this report, we have assumed that the inflation rate over the next 30 years will average 3%. This is based on historical averages over the last 25 years and our conservative best guess for the future. This percentage can vary greatly just as global economic conditions can vary, which is one reason why this Reserve Study should be updated annually per Washington RCW 64.90.550, which we provide complimentary over the next two years with this Reserve Study (see Appendix).

For the purpose of this study, we will assume that the Association manages their money in the Reserve Fund so that the average interest rate return on its money will be equal to that of inflation. This is a conservative estimate given that since 1965, the average yield between short term treasuries and inflation has been 1.04%, which means that these relatively conservative investments have been able to outpace inflation over the long term (according to Crestmont Research, [www.crestmontresearch.com](http://www.crestmontresearch.com)). Since we have assumed that the inflation rate over the duration of this study will average 3%, we have conservatively also assumed that the Reserve Fund average interest rate will equal 3%. Again, this does not reflect current averages but rather a best guess of the future assuming you have invested effectively.

A common strategy is to invest in multiple accounts. Funds that will be necessary in the shorter term must be kept in a relatively liquid account. Funds that are not allotted for near future planned expenditures can be deposited into longer term investments which frequently earn higher interest rates. Consult with a qualified financial advisor for the best solution for your Association.

#### 4.5 ANNUAL FUND BALANCES; ANNUAL FUNDING TABLE AND FIGURES

The table and figures shown in this section are intended to give the Association a clearer view of the likely future financial position that the Association will be in, provided that the reserve funding plan is followed.

- Table 4.5: “Reserve Fund Balance Sheet”. This table lists annual revenue, expenses, and year end reserve fund balances. All Section 4.5 Figures are based on this data.
- Figure 4.5A-1: “Comparison of Funding Plans -- Reserve Fund Balances Through 2052”. This line graph depicts the funding balances of the proposed funding options vs. the current. Note the current plan, in dotted red, falls below zero in several places. This represents insufficient funding for repairs needed in these years.
- Figure 4.5A-2: “Comparison of Funding Plans -- Reserve Fund Balances Through 2032”. This line graph focuses on the next ten years, comparing the proposed plans to get the Association to a Full Funding status.
- Figure 4.5B: “Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year”
- Figure 4.5C: “Comparison of Funding Plans – Percentage of Full Funding by Year”





LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

TABLE 4.5: RESERVE FUND BALANCE SHEET

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>FULL FUNDING WITHIN 10 YEARS</b>											
Beginning Reserve Balance	659,853	1,065,874	552,024	314,238	429,896	723,755	1,131,549	1,516,429	1,963,591	2,174,451	2,564,640
Full Funding Annual Maintenance Funding	-	384,628	396,167	408,052	420,294	432,903	445,890	459,266	473,044	487,236	501,853
Planned Special Assessments / Make up Funds	1,500,000	229,177	229,177	229,177	229,177	229,177	229,177	229,177	229,177	229,177	229,177
Annual Total Property Contribution to The Reserve Fund	1,500,000	613,805	625,344	637,229	649,471	662,080	675,067	688,443	702,221	716,413	731,030
Average Monthly Contribution to the Reserve Fund per Unit		21.58	21.99	22.41	22.84	23.28	23.74	24.21	24.69	25.19	25.70
Annual Capital Expenses	1,107,000	1,151,566	875,932	532,568	372,662	281,704	329,320	292,710	552,514	396,260	1,012,802
Interest Income	13,021	23,910	12,802	10,997	17,049	27,418	39,133	51,429	61,153	70,036	72,713
<b>Ending Reserve Balance</b>	<b>1,065,874</b>	<b>552,024</b>	<b>314,238</b>	<b>429,896</b>	<b>723,755</b>	<b>1,131,549</b>	<b>1,516,429</b>	<b>1,963,591</b>	<b>2,174,451</b>	<b>2,564,640</b>	<b>2,355,580</b>
Percentage of Full Funding	25.5%	23.4%	16.1%	22.9%	36.5%	51.5%	63.7%	74.9%	83.0%	91.9%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>											
<b>FULL FUNDING WITHIN 30 YEARS</b>											
Beginning Reserve Balance	659,853	1,065,874	420,644	47,537	23,815	174,111	434,037	666,611	956,899	1,006,179	1,229,941
Full Funding Annual Maintenance Funding	-	384,628	396,167	408,052	420,294	432,903	445,890	459,266	473,044	487,236	501,853
Planned Special Assessments / Make up Funds	1,500,000	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739
Annual Total Property Contribution to The Reserve Fund	1,500,000	484,367	495,906	507,791	520,033	532,642	545,629	559,005	572,783	586,975	601,592
Average Monthly Contribution to the Reserve Fund per Unit		17.03	17.44	17.85	18.29	18.73	19.19	19.66	20.14	20.64	21.15
Annual Capital Expenses	1,107,000	1,151,566	875,932	532,568	372,662	281,704	329,320	292,710	552,514	396,260	1,012,802
Interest Income	13,021	21,968	6,919	1,054	2,925	8,987	16,266	23,993	29,011	33,046	30,730
<b>Ending Reserve Balance</b>	<b>1,065,874</b>	<b>420,644</b>	<b>47,537</b>	<b>23,815</b>	<b>174,111</b>	<b>434,037</b>	<b>666,611</b>	<b>956,899</b>	<b>1,006,179</b>	<b>1,229,941</b>	<b>849,460</b>
Percentage of Full Funding	25.5%	17.8%	2.4%	1.3%	8.8%	19.8%	28.0%	36.5%	38.4%	44.1%	36.1%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>											
<b>BASELINE FUNDING</b>											
Beginning Reserve Balance	659,853	1,065,874	411,136	30,988	2,848	151,513	412,765	649,803	947,879	1,008,466	1,247,258
Full Funding Annual Maintenance Funding	-	475,000	489,250	503,928	519,045	534,617	550,655	567,175	584,190	601,716	619,767
Planned Special Assessments / Make up Funds	1,500,000										
Annual Total Property Contribution to The Reserve Fund	1,500,000	475,000	489,250	503,928	519,045	534,617	550,655	567,175	584,190	601,716	619,767
Average Monthly Contribution to the Reserve Fund per Unit		16.70	17.20	17.72	18.25	18.80	19.36	19.94	20.54	21.16	21.79
Annual Capital Expenses	1,107,000	1,151,566	875,932	532,568	372,662	281,704	329,320	292,710	552,514	396,260	1,012,802
Interest Income	13,021	21,828	6,534	500	2,281	8,339	15,703	23,611	28,912	33,336	31,522
<b>Ending Reserve Balance</b>	<b>1,065,874</b>	<b>411,136</b>	<b>30,988</b>	<b>2,848</b>	<b>151,513</b>	<b>412,765</b>	<b>649,803</b>	<b>947,879</b>	<b>1,008,466</b>	<b>1,247,258</b>	<b>885,746</b>
Percentage of Full Funding	25.5%	17.4%	1.6%	0.2%	7.6%	18.8%	27.3%	36.2%	38.5%	44.7%	37.6%



LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

**TABLE 4.5: RESERVE FUND BALANCE SHEET**

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>FULL FUNDING WITHIN 10 YEARS</b>											
Beginning Reserve Balance	2,355,580	2,544,268	2,700,588	2,779,259	3,028,947	3,370,340	3,753,921	3,987,708	3,989,489	4,213,694	4,071,716
Full Funding Annual Maintenance Funding	516,908	532,416	548,388	564,840	581,785	599,238	617,216	635,732	654,804	674,448	694,682
Planned Special Assessments / Make up Funds											
Annual Total Property Contribution to The Reserve Fund	516,908	532,416	548,388	564,840	581,785	599,238	617,216	635,732	654,804	674,448	694,682
Average Monthly Contribution to the Reserve Fund per Unit	18.18	18.72	19.28	19.86	20.46	21.07	21.70	22.35	23.02	23.71	24.43
Annual Capital Expenses	400,632	453,606	550,700	400,988	334,963	320,941	497,838	751,840	551,828	938,871	796,253
Interest Income	72,412	77,510	80,983	85,836	94,571	105,285	114,408	117,890	121,229	122,444	120,628
<b>Ending Reserve Balance</b>	<b>2,544,268</b>	<b>2,700,588</b>	<b>2,779,259</b>	<b>3,028,947</b>	<b>3,370,340</b>	<b>3,753,921</b>	<b>3,987,708</b>	<b>3,989,489</b>	<b>4,213,694</b>	<b>4,071,716</b>	<b>4,090,773</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>											
<b>FULL FUNDING WITHIN 30 YEARS</b>											
Beginning Reserve Balance	849,460	1,094,200	1,308,253	1,446,388	1,757,325	2,161,804	2,610,365	2,911,080	2,981,797	3,277,006	3,208,163
Full Funding Annual Maintenance Funding	516,908	532,416	548,388	564,840	581,785	599,238	617,216	635,732	654,804	674,448	694,682
Planned Special Assessments / Make up Funds	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739
Annual Total Property Contribution to The Reserve Fund	616,647	632,155	648,127	664,579	681,524	698,977	716,955	735,471	754,543	774,187	794,421
Average Monthly Contribution to the Reserve Fund per Unit	21.68	22.23	22.79	23.37	23.96	24.58	25.21	25.86	26.53	27.22	27.93
Annual Capital Expenses	400,632	453,606	550,700	400,988	334,963	320,941	497,838	751,840	551,828	938,871	796,253
Interest Income	28,724	35,504	40,709	47,346	57,918	70,525	81,598	87,087	92,495	95,840	96,217
<b>Ending Reserve Balance</b>	<b>1,094,200</b>	<b>1,308,253</b>	<b>1,446,388</b>	<b>1,757,325</b>	<b>2,161,804</b>	<b>2,610,365</b>	<b>2,911,080</b>	<b>2,981,797</b>	<b>3,277,006</b>	<b>3,208,163</b>	<b>3,302,548</b>
Percentage of Full Funding	43.0%	48.4%	52.0%	58.0%	64.1%	69.5%	73.0%	74.7%	77.8%	78.8%	80.7%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>											
<b>BASELINE FUNDING</b>											
Beginning Reserve Balance	885,746	1,153,612	1,395,185	1,565,474	1,913,453	2,360,127	2,856,310	3,210,363	3,340,435	3,701,328	3,704,823
Full Funding Annual Maintenance Funding	638,360	657,511	677,236	697,554	718,480	740,035	762,236	785,103	808,656	832,915	857,903
Planned Special Assessments / Make up Funds											
Annual Total Property Contribution to The Reserve Fund	638,360	657,511	677,236	697,554	718,480	740,035	762,236	785,103	808,656	832,915	857,903
Average Monthly Contribution to the Reserve Fund per Unit	22.45	23.12	23.81	24.53	25.26	26.02	26.80	27.61	28.43	29.29	30.17
Annual Capital Expenses	400,632	453,606	550,700	400,988	334,963	320,941	497,838	751,840	551,828	938,871	796,253
Interest Income	30,138	37,667	43,754	51,413	63,156	77,090	89,655	96,810	104,065	109,451	112,069
<b>Ending Reserve Balance</b>	<b>1,153,612</b>	<b>1,395,185</b>	<b>1,565,474</b>	<b>1,913,453</b>	<b>2,360,127</b>	<b>2,856,310</b>	<b>3,210,363</b>	<b>3,340,435</b>	<b>3,701,328</b>	<b>3,704,823</b>	<b>3,878,543</b>
Percentage of Full Funding	45.3%	51.7%	56.3%	63.2%	70.0%	76.1%	80.5%	83.7%	87.8%	91.0%	94.8%

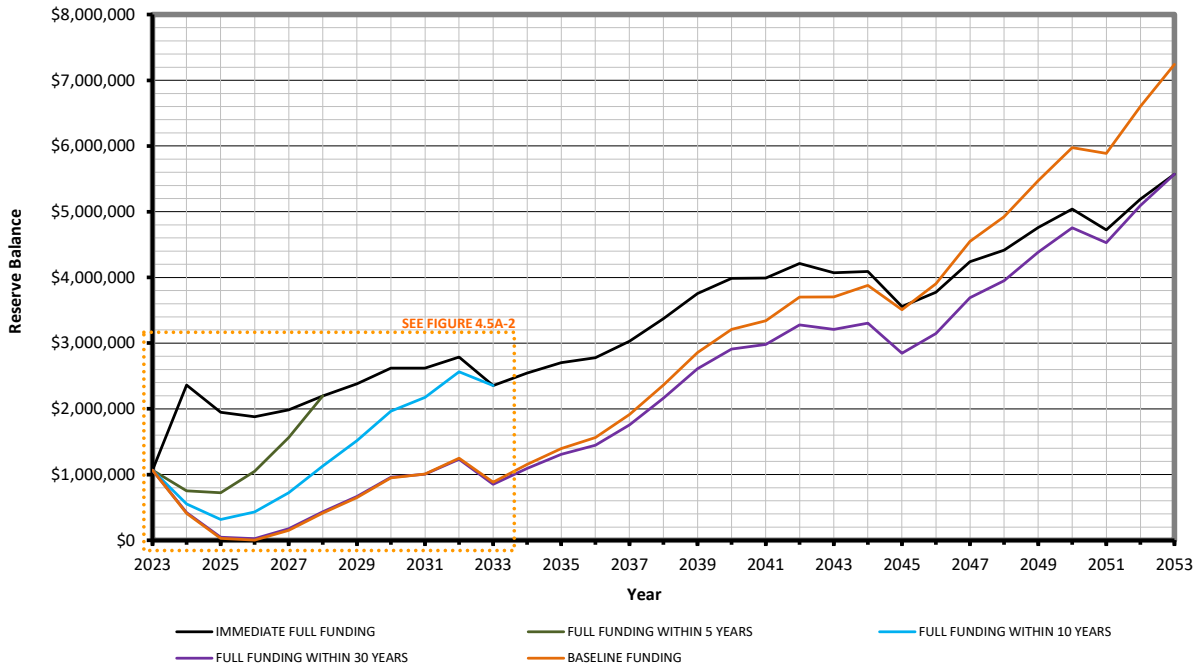


LEVEL 3 RESERVE STUDY FOR LAKE CUSHMAN MAINTENANCE COMPANY - ROADS, BUILDINGS, AND PARKS

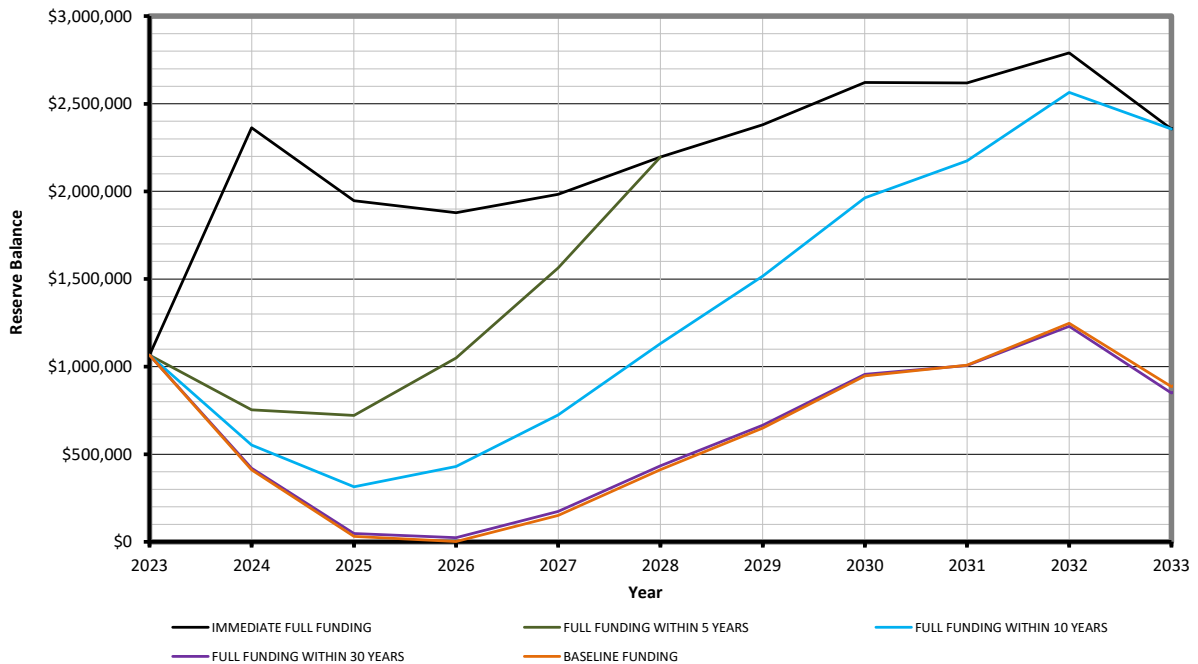
**TABLE 4.5: RESERVE FUND BALANCE SHEET**

	2045	2046	2047	2048	2049	2050	2051	2052	2053
<b>FULL FUNDING WITHIN 10 YEARS</b>									
Beginning Reserve Balance	4,090,773	3,556,188	3,775,154	4,239,013	4,413,842	4,761,705	5,040,792	4,722,889	5,191,033
Full Funding Annual Maintenance Funding	715,522	736,988	759,097	781,870	805,326	829,486	854,371	880,002	906,402
Planned Special Assessments / Make up Funds									
Annual Total Property Contribution to The Reserve Fund	715,522	736,988	759,097	781,870	805,326	829,486	854,371	880,002	906,402
Average Monthly Contribution to the Reserve Fund per Unit	25.16	25.91	26.69	27.49	28.32	29.17	30.04	30.94	31.87
Annual Capital Expenses	1,363,116	626,367	413,674	734,916	593,063	695,263	1,316,565	558,369	683,274
Interest Income	113,009	108,345	118,436	127,875	135,599	144,864	144,291	146,511	159,078
<b>Ending Reserve Balance</b>	<b>3,556,188</b>	<b>3,775,154</b>	<b>4,239,013</b>	<b>4,413,842</b>	<b>4,761,705</b>	<b>5,040,792</b>	<b>4,722,889</b>	<b>5,191,033</b>	<b>5,573,238</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>									
<b>FULL FUNDING WITHIN 30 YEARS</b>									
Beginning Reserve Balance	3,302,548	2,845,552	3,144,433	3,690,607	3,950,218	4,385,408	4,754,441	4,529,182	5,092,750
Full Funding Annual Maintenance Funding	715,522	736,988	759,097	781,870	805,326	829,486	854,371	880,002	906,402
Planned Special Assessments / Make up Funds	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739	99,739
Annual Total Property Contribution to The Reserve Fund	815,261	836,727	858,836	881,609	905,065	929,225	954,110	979,741	1,006,141
Average Monthly Contribution to the Reserve Fund per Unit	28.67	29.42	30.20	31.00	31.82	32.67	33.55	34.45	35.38
Annual Capital Expenses	1,363,116	626,367	413,674	734,916	593,063	695,263	1,316,565	558,369	683,274
Interest Income	90,859	88,522	101,010	112,919	123,187	135,072	137,196	142,196	157,625
<b>Ending Reserve Balance</b>	<b>2,845,552</b>	<b>3,144,433</b>	<b>3,690,607</b>	<b>3,950,218</b>	<b>4,385,408</b>	<b>4,754,441</b>	<b>4,529,182</b>	<b>5,092,750</b>	<b>5,573,242</b>
Percentage of Full Funding	80.0%	83.3%	87.1%	89.5%	92.1%	94.3%	95.9%	98.1%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>									
<b>BASELINE FUNDING</b>									
Beginning Reserve Balance	3,878,543	3,508,231	3,901,517	4,550,199	4,920,826	5,475,955	5,974,288	5,888,142	6,601,108
Full Funding Annual Maintenance Funding	883,640	910,149	937,454	965,577	994,545	1,024,381	1,055,112	1,086,766	1,119,369
Planned Special Assessments / Make up Funds									
Annual Total Property Contribution to The Reserve Fund	883,640	910,149	937,454	965,577	994,545	1,024,381	1,055,112	1,086,766	1,119,369
Average Monthly Contribution to the Reserve Fund per Unit	31.07	32.00	32.96	33.95	34.97	36.02	37.10	38.21	39.36
Annual Capital Expenses	1,363,116	626,367	413,674	734,916	593,063	695,263	1,316,565	558,369	683,274
Interest Income	109,164	109,504	124,902	139,966	153,647	169,215	175,307	184,570	204,575
<b>Ending Reserve Balance</b>	<b>3,508,231</b>	<b>3,901,517</b>	<b>4,550,199</b>	<b>4,920,826</b>	<b>5,475,955</b>	<b>5,974,288</b>	<b>5,888,142</b>	<b>6,601,108</b>	<b>7,241,777</b>
Percentage of Full Funding	98.7%	103.3%	107.3%	111.5%	115.0%	118.5%	124.7%	127.2%	129.9%

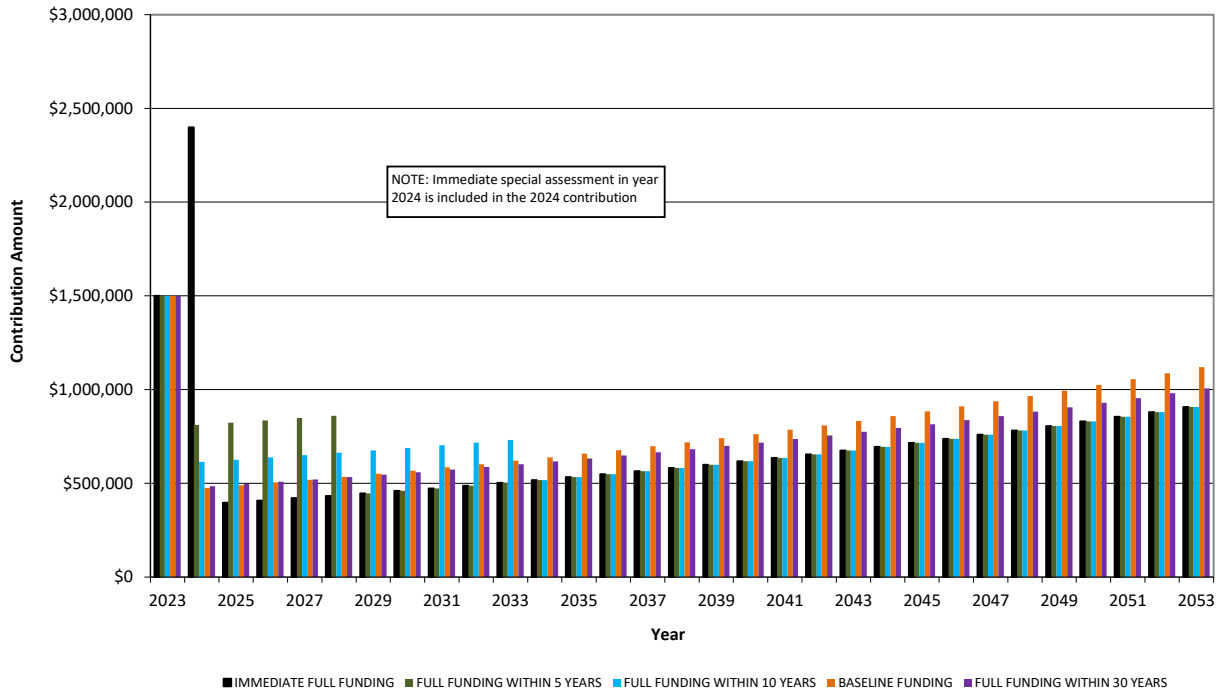
**Figure 4.5A-1 Comparison of Funding Plans – Reserve Fund Balances Through 2053**



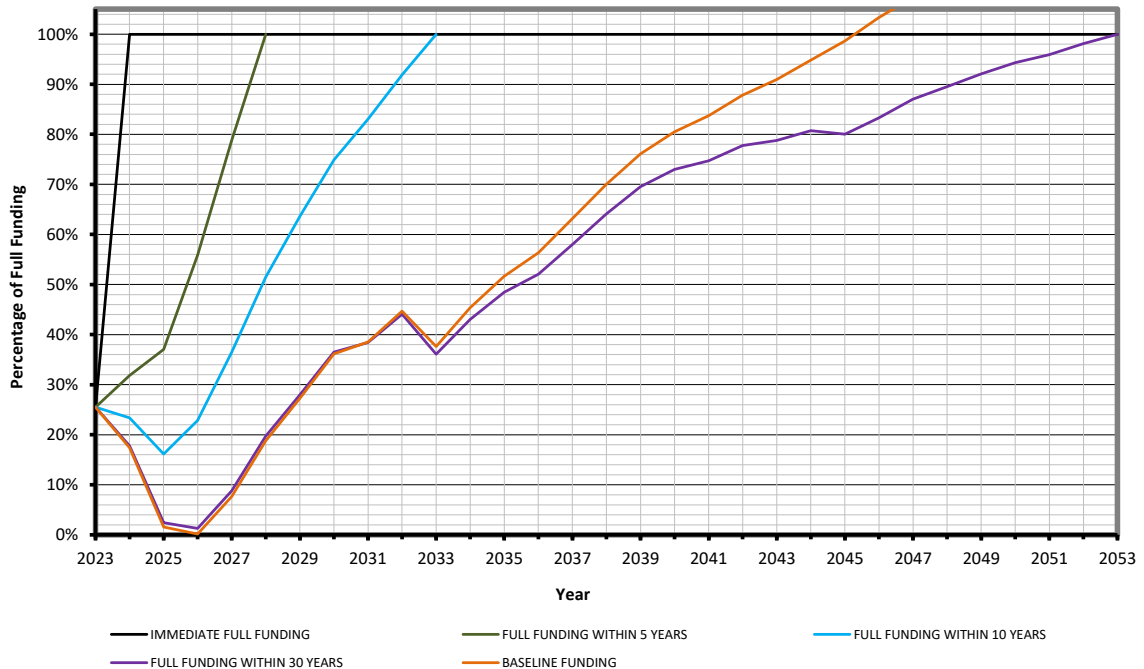
**Figure 4.5A-2 Comparison of Funding Plans – Reserve Fund Balances Through 2033**



**Figure 4.5B Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year**



**Figure 4.5C Comparison of Funding Plans – Percentage of Full Funding by Year**



## 4.6 OTHER COMMON FUNDING METHODS

The following methods are methods that are sometimes implemented. We believe that many of these funding methods that keep the reserve fund at less than “Fully Funded” represent a weaker position for the Association. As the Fully Funded percentage decreases, the likelihood of unplanned special assessments increases.

### **Cash Flow Method**

A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

### **Component Method**

A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual components.

### **Baseline Funding**

Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

### **Full Funding**

Setting a Reserve funding goal of attaining and maintaining the Reserve Fund at or near 100% funded. *Recommended by Samdal & Associates*

### **Statutory Funding**

Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

### **Threshold Funding**

Establishing a Reserve funding goal of keeping the Reserve Balance above a specified dollar or Percent Funded amount. Depending on the threshold this may be more or less conservative than “Fully Funded.”



## 5.0 LIMITATIONS

This report has been prepared for the exclusive use of Lake Cushman Maintenance Company and their property management company. We do not intend for any other party to rely on this report for any reason without our expressed written consent. If another individual or party relies on this study, they shall indemnify and hold Samdal & Associates harmless for any damages, losses, or expenses they may incur as a result of its use.

The Level 3 Reserve Study is a reflection of the information provided to us. This report has been prepared for Lake Cushman Maintenance Company's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records. Our inspection report is not an exhaustive technical inspection of the property; we merely comment on the items that we believe that our clients would benefit from knowing. During a typical inspection, no invasive inspection is performed, no furnishings are moved, and no finishes are removed.

This report is a snap shot in time of the condition of the property at the time of inspection. The remaining life values that we list are based on our opinion of the remaining useful life and are by no means a guarantee. Our opinions are based on what we believe one could reasonably expect and are not based on worst case scenarios. These opinions are based upon our experience with other buildings of similar age and construction type. Opinions will vary and you may encounter contractors and/or consultants with differing opinions from ours. Ratings of various building components are most often determined by comparison to other buildings of similar age and construction type. The quality of materials originally impacts our judgment of their current state.

The life expectancy estimates that we prepare are based on National Association of Home Builders (NAHB) averages, Building Owners and Managers (BOMA) averages, product defined expected life averages, and our own assessment of typical life expectancy based on our experience with similar components in our area.

This report will tell you a great deal about the overall condition of this property. However, this report does not constitute a warranty, an insurance policy, or a guarantee of any kind. Owning any property involves some risk and while we can give an excellent overview of the property, we cannot inspect what we cannot see.

Our inspection and report do not include building code compliance or municipal regulatory compliance. Nor do they include mold investigations, hazardous materials investigations, or indoor air quality analysis.

The purpose of this report is not intended to be a statement of insurability of this property as insurance companies have particular standards for insurability of certain building types and certain building materials.

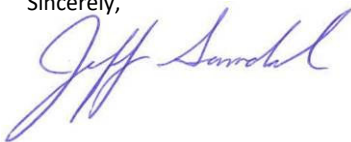
While we may comment that certain components have been recalled that we are aware of, we are not aware of all recalls. It is beyond the scope of this inspection to determine all systems or components that are currently or will be part of any recall in the future. You may wish to subscribe or contact the CPSC (Consumer Product Safety Commission) web site for recall information regarding any system or component. If a problem is encountered on your property, we cannot be responsible for any corrective action that you take, unless we have the opportunity to review the conditions, before repairs are made.

Please ensure that you have read and understand the entire proposal to perform this Level 3 Reserve Study that was signed prior to our inspection. If you have any questions regarding this document, please contact us.

We appreciate the opportunity to be of assistance and we hope that we have provided you a clear understanding of your financial situation and given you a better overall understanding of the Association. This report supersedes any opinion or discussion that occurred during the inspection and should be considered our complete opinion of the condition of this property.

Please contact us if you have any questions regarding this report. We will be happy to be of assistance.

Sincerely,



Jeff Samdal, PE, RS, PRA

## **APPENDIX**

### Resume of Engineer Performing Study

# Jeff Samdal, P.E., Principal

## Professional Qualifications and Experience

### Areas of Expertise

Mr. Samdal is the owner of Samdal & Associates, Inc., a corporation that specializes in building inspections, engineering, project management, and related services. He is a double-licensed Professional Engineer (Mechanical and Civil) in Washington State. He is also an accredited Building Inspection Engineer (BIE) and Reserve Specialist (RS), and Professional Reserve Analyst (PRA). He has performed thousands of building inspections as well as numerous additional services such as building envelope investigations, construction management, and general consulting for property owners pertaining to building maintenance and long-term budgeting. Mr. Samdal consistently earns repeat and referral business because of his attention to detail, practical approach, knowledge of the industry, and genuine appreciation for clients' concerns for their real estate investments.

### Capabilities

Mr. Samdal is experienced at performing residential (single- and multi-family), commercial, and industrial inspections in Washington State and beyond. Mr. Samdal's experience includes the following:

- Property Condition Assessments (PCAs)
- Capital Needs Assessments (CNAs)
- Reserve Studies for Condominiums and Homeowner's Association
- Building Envelope Studies

### Relevant Work History

Mr. Samdal has been owner and operator of Samdal & Associates since 2005, performing or managing all aspects of this business. Additionally, Mr. Samdal has been the co-owner and president of True North Construction Management since 2017, which is informative in obtaining current construction costs and keeping up to date with modern construction methods and construction products.

Prior to concentrating on building inspections, Mr. Samdal worked for Washington Group International's (WGI) Hydropower and Water Resources Group. While working for WGI, Mr. Samdal was involved in rebuilding and rehabilitating hydro facilities. He served as the on-site powerhouse and switchyard inspector during construction. His duties included design, drawing and specification preparation, cost estimating, scheduling, and construction management. Prior to working for WGI, Mr. Samdal worked for Duke Energy in a similar role.

### Education

BS in Mechanical Engineering, University of Washington

### Licenses and Certifications

- *Licensed Professional Engineer (PE)*, Mechanical Engineering, State of Washington, #40985
- *Licensed Professional Engineer (PE)*, Civil Engineering, State of Washington, #40985
- *Reserve Specialist (RS)*, Community Associations Institute (CAI), #173
- *Professional Reserve Analyst (PRA)*, Association of Professional Reserve Analysts
- *Building Inspection Engineer (BIE)*, National Association of Building Inspection Engineers
- *Structural Pest Inspector*, State of Washington, #70763

### Professional Affiliation

American Society of Mechanical Engineers, 2002 – present

### Community Involvement

Mr. Samdal lives in Woodinville with his wife and 2 children and has been involved with many of their activities as a Little League coach, a scout leader, a personal fitness coach, among other activities.