

# 2024 Reserve Study & Maintenance Plan

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## Bella Vista Heights

Medford, OR

**Prepared By:**

Regenesis Reserves

**Report Issued Date:**

September 7, 2023

**Site Inspection Date:**

No Site Visit Completed

# REGENESIS RESERVES

Reserve Study Consultants  
Oregon | Washington

September 7, 2023

Robert Rood  
Phone (541) 776-7674

RE: **Bella Vista Heights**

## SPECIAL NOTE ON FUNDING RESERVES

In an effort to provide the best and most useful information to the board, our reserve study software offers customizable funding plans. That means if the board has a different funding plan in mind than the one we recommend, we can produce that plan.

There are many approaches to funding reserves but it is recommended that Full (100%) Funding be pursued because it is most likely to avoid special assessments and it shares costs fairly among all members along the 30-year time line. Due to fluctuating inflation rates, investment rates, component costs, starting balances and useful life adjustments, the Percent Funded level will fluctuate (sometimes dramatically) from year to year. The Funding Plan takes these factors into consideration, make adjustment to the Annual Contribution and charts a new course forward toward positive funding.

## Type of Reserve Study Performed

A Level III Reserve Study Update with No Site Inspection was performed for this report.

## Reserve Account Starting Balance

Effective the start of the 2024 fiscal year, based on information provided by client, the Projected Starting Reserve Balance is **\$135,290** versus the Fully Funded/Ideal Starting Balance is **\$268,601**.

## Percent Funded

This homeowner association is currently **50% Funded** (Actual Starting Balance divided by Ideal Starting Balance.) 0-35%=Weak; 36-70%=Fair; 71-100%=Strong

## Recommended Funding Plan Summary

A contribution of **\$23,750 is recommended for the 2024 Fiscal Year** (See funding plan for future year recommendations). Following this Recommended Funding Plan will adjust the level of reserves to **100% funded in 21 years**, then maintain 100% funded moving forward.

## REGENESIS RESERVES

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### Interest Yield on Reserves

A **0.27% Yield** is projected based on the current rate of return on your invested reserves. One of the benefits of the reserve study is it provides information needed to improve reserves investment returns. Investing reserves in CDs of differing maturities like 1 year, 3 year and 5 year based on when liquid funds will be needed will improve the average yield. A 1.5% average yield is achievable in the current market. If this rate was used in the projections, **\$143,047** in Interest Income would result over the 30 year projection period versus **\$25,748** produced by the current yield. Bottom Line: Increased Interest Income will lower owner contributions.

### Inflation Rate

**2.50%** inflation rate was used based on the most recent 15-year average published by [www.inflationdata.com](http://www.inflationdata.com)

**Tax Rate. 30%** was used based on using Federal Tax Form 1120H versus 1120 which carries a 15% tax rate. Form 1120 is more complicated than 1120H, requirements are more stringent and tax preparers charge more to complete it. However, if interest earnings are high enough, the additional preparation cost can be worth it. See your CPA for more information on tax filing options.

### Maintenance Plan

The proper care and maintenance of common components have been entrusted to the homeowner association. The goal of the Maintenance Plan is to provide general information and direction on how to maintain those components to produce the highest livability for the members. While specific items are included, the plan is not exhaustive and some issues may develop over time which should be added to the Plan. Recommendations relating to the Reserve Study are found in the Worksheet Notes; those related to annual maintenance are found in a Maintenance Plan found at the end of this report.


**Annual Review & Update Service.** An annual review and update of the Reserve Study is required by statute and necessary for continued accuracy. A review and update provides a new 30-year projection with current inflation factor, investment rates and any known component cost changes. **The board has approved a 2025 No Site Inspection Update for \$549. Please remember to include this cost in the annual budget.**

## **REGENESIS RESERVES**

Reserve Study Consultants  
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It's been my pleasure to provide this valuable financial and maintenance planning information. I can be available to meet at a Medford location or by teleconference, for up to one hour, to review this reserve study, answer questions and make revisions that are indicated. Tuesday, Wednesday or Thursday are generally my best available days. Please contact me to arrange a meeting.

Regards,



Michael B. Stewart PRA  
PROFESSIONAL RESERVE ANALYST



# 2024 Reserve Study

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## Bella Vista Heights

Medford, OR

**Prepared By:**

Regenesis Reserves

**Date:**

September 7, 2023

## **Reserve Study Table of Contents**

### **METHODOLOGY**

Explains the purpose of the reserve study, how the information was gathered and the sources used.

### **LIMITATIONS & ASSUMPTIONS**

Explains what a Reserve Study does and does not do.

### **WORKSHEET REPORT**

Alphabetical listing of the reserve components by type, cost, year put in service, useful life and replacement year

### **FUNDING PLAN SUMMARY REPORT**

- **Percent Funded:** Starting Balance divided by the Ideal Balance
- **Ideal Balance:** Each component is measured, assessed for useful and remaining useful life plus cost of repair or replacement. Based on this analysis, each component should have a certain amount of money set aside as of the year in question. The Ideal Balance is the sum of all these component amounts as adjusted by the inflation factor.
- **Starting Balance:** Reserve funds total at beginning of each fiscal year
- **Annual Contribution:** Funds needed to meet the reserve schedule
- **Interest Income:** Yield on invested reserve funds
- **Tax Liability:** Federal taxes owed on investment interest earned

### **ANNUAL EXPENDITURES REPORT**

Chronological repair and replacement schedule

### **STARTING BALANCE FUNDS DISTRIBUTION**

Allocates available funds to the components. If funds are insufficient to fully fund each component, funds are allocated to components that are scheduled to happen sooner.

## **Reserve Study Methodology**

### **DEFINITION**

Reserve Study Identifies the components which will require maintenance, repair or replacement in more than one and less than thirty years and the cost of repair or replacement of each at recommended intervals. Site inspections are based on visual observation and no invasive testing was done. Representative sampling is used where visual inspection is not possible.

### **RESERVE STUDY CRITERIA**

1. Identify current reserve funds balance
2. Identify components to be included
3. Establish reasonable useful life of each component
4. Establish remaining useful life of each component
5. Estimate current replacement or repair cost of each component
6. Assemble data in Reserve Study
7. Generate Reserve Funding Plan.

### **FUNDING PLAN CRITERIA**

The Funding Plan is based on the Cashflow Method and includes Percent Funded, Inflation Adjusted Ideal Balance, Starting Balance, Annual Contribution, Interest Income, Tax Liability and Inflation Adjusted Expenditures. Inflation is based on the most recent 15-year average as determined by [www.inflationdata.com](http://www.inflationdata.com)

### **SOURCES OF INFORMATION** (as applicable):

Original plans and specifications  
Original builders and developers  
Contractors and vendors  
Industry Professionals (engineers, architects, construction managers, etc.)  
Board Members  
General Members  
Property Manager  
Resident Manager  
Cost Estimating Services

**To remain accurate, the Reserve Study must be updated annually**

## **Reserve Study Limitations & Assumptions**

1. The Reserve Study is intended for the sole use of the Client and is not to be construed as a guarantee, warranty or an opinion on the advisability of purchase.
2. The information provided by the Reserve Study is effective for one year from the completion date of the report. An annual review and update of this Reserve Study is required to adjust known cost changes and to maintain accuracy.
3. Consultant's financial liability for errors and omissions is limited to the charge made to Client to perform the Reserve Study.
4. The scope of the Reserve Study is expressly limited to the components included.
5. The useful life estimates of the Reserve Study assume normal weather conditions and do not factor in damage by flood, wind, storm, earthquake or other insurable events. The useful life estimates assume proper construction, installation, design and regular and adequate preventive maintenance. Improper construction, installation, design or failure to maintain will lead to shortened useful lives.
6. The cost estimates of the Reserve Study are based in current pricing for similar installations and materials and/or based in actual costs paid by Client. Future costs are subject to change according to supply and demand, material costs, effects of inflation and other factors which are not under Consultant's control.
7. The conclusions of the Reserve Study do not involve invasive testing of the components and were arrived at by either visual inspection and/or information provided by Client.
8. The Reserve Study is not intended to address or discover construction defects, asbestos, mold, water intrusion or lead paint. Client agrees to indemnify, defend and hold Consultant harmless from all related claims.



Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Concrete Safety Repair	1	Total	\$ 2,500.00	\$ 3,046	2022	10	2032	8	No
<p><b>Comments:</b> This is a budget to inspect all flatwork and sidewalks for tripping hazards of 3/8" or more, grind down or remove and replace selected sections as needed over a 10-year period; list year, work done and cost here.</p>									
Fence-Chain Link	2,950	Ln.Ft.	\$ 52.00	\$ 306,262	2012	40	2052	28	Yes
Landscape Irrigation Valves	48	Total	\$ -	\$ -	2022	50	2072	48	Yes
<p><b>Comments:</b> Replaced as needed and paid from Operating Budget.</p>									
Landscape Renovation	1	Total	\$ 10,000.00	\$ 12,184	2022	10	2032	8	No
<p><b>Comments:</b> This budget for landscape projects outside regular maintenance needs such as plant removal/replacement or drainage correction for all area included in the Bella Vista Homes HOA. Renovation work should be recorded here including description of work, year completed and cost to assist with estimating future needs.</p>									
Landscape-Irrigation	1	Total	\$ -	\$ -	2022	30	2052	28	Yes
<p><b>Comments:</b> Repairs and replacements of individual components of the irrigation system are completed as needed by landscape duties and are paid for out of Operating Budget. An irrigation system replacement generally is not warranted, as the system as a whole does not fail. If it is determined that a new irrigation system is warranted, or a major repair/renovation is needed, add the cost and replacement date here.</p>									
Landscape-Irrigation Controllers	3	Each	\$ -	\$ -	2021	50	2071	47	Yes
<p><b>Comments:</b> Replaced as needed and paid from Landscape Operating Budget.                  2022: Advised that irrigation master controller at the South entrance has been abandoned as individual batter timers have been installed on 7 valves inside the AG buffer.                  2021: 2 out of 3 controllers replaced by US Lawns at a cost of \$3,000 each.</p>									
Lights-Exterior-Street-Parking(Head Only)	8	Fixtures	\$ 650.00	\$ 6,181	2006	25	2031	7	No
<p><b>Comments:</b> 2023: 3 of 8 streetlights on La Strada Circle converted from high pressure sodium to LED and 1 fuse replaced at a cost of \$1,858 contractor unknown.</p>									
Lights-Exterior-Water Feature	7	Fixtures	\$ -	\$ -	2020	50	2070	46	Yes
<p><b>Comments:</b> 2022: Advised to remove from report; board has voted to replace the water feature with plants.</p>									
Mailbox-Cluster	106	Units	\$ 150.00	\$ 21,384	2006	30	2036	12	Yes
<p><b>Comments:</b> Budget assumes using existing concrete and setting all boxes up according to USPS regulations.</p>									

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Paving-Asphalt- Crackseal, Sealcoat-Path <b>Comments:</b> 2022: Advised pathway includes Tract B only advised that Tract C pathway has been abandoned and will not be maintained.	2,000	Sq.Ft.	\$ 0.30	\$ 615	2020	5	2025	1	No
Paving-Asphalt-Overlay <b>Comments:</b> Under average traffic conditions, and regular and adequate cycles of repair, crack seal and sealcoating, a properly installed asphalt pavement should last 30–40 years. Heavy truck traffic like garbage trucks can accelerate damage to the traffic lane. Sealcoating should be applied within 2 years of installation date. 2022: Advised that pavement responsibility is limited to Carino Drive Tract F (17,877 sq. Ft), Sorrento Lane Tract E (6,521 Sq. Ft.) and, Camina Drive Tract G (6,572 Sq.Ft.) La Strada Circle (48,500 Sq. Ft.)	79,470	Sq.Ft.	\$ 2.50	\$ 309,865	2012	30	2042	18	Yes
Paving-Asphalt-Overlay-Path <b>Comments:</b> 2022: Areas observed that will need replacement sooner, replacement work can be paid from this budget.	2,000	Sq.Ft.	\$ 4.00	\$ 12,477	2012	30	2042	18	Yes
Paving-Asphalt-Repair, Crackseal, Sealcoat <b>Comments:</b> Asphalt is a porous material that is deteriorated by water, dirt, oil and sunlight. To protect it from the elements, a sealcoating should be applied as paint is applied to siding. Sealcoating will seal against water, protect against UV rays which break it down, keep the asphalt from drying out and extend its useful life. It is highly recommended that two coats be applied to achieve the estimated useful life. Restriping (if applicable) included in the cost.  In general, it is recommended sealing asphalt surfaces within 2 years of their placement. This early treatment ensures that oils present in the surface asphaltic cement are protected from ultraviolet rays that harden the oils and cause surface rock to loosen from the asphalt. 2022: Advised that pavement responsibility is limited to Carino Drive Tract F (17,877 sq. Ft), Sorrento Lane Tract E (6,521 Sq. Ft.) and, Camina Drive Tract G (6,572 Sq.Ft.) La Strada Circle (48,500 Sq. Ft.)	79,470	Sq.Ft.	\$ 0.30	\$ 24,437	2020	5	2025	1	No
Storm Drain- Maintenance <b>Comments:</b> To be completed as needed and paid from Operating Budget.	1	Total	\$ -	\$ -	2022	50	2072	48	Yes
Water Feature - Motor <b>Comments:</b> 2022: Advised to remove from report; board has voted to replace the water feature with plants.	2	Total	\$ -	\$ -	2019	50	2069	45	Yes
Water Feature - Pumps <b>Comments:</b> 2022: Advised to remove from report; board has voted to replace the water feature with plants.	2	Total	\$ -	\$ -	2021	50	2071	47	Yes

Number of Items = 16

Weak (0-35%)    Fair (36-70%)    Strong (71-100%)

**Recommended**  
**Funding Plan Summary**

September 16, 2024 Bella Vista Heights

Year	Percent Funded	Inflation Adjusted Ideal Balance	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures
2025	56%	287,079	159,340	24,400	1,733	(520)	(25,052)
2026	55%	288,580	159,901	25,132	1,742	(523)	0
2027	59%	315,133	186,252	25,886	2,012	(604)	0
2028	62%	341,686	213,547	26,663	2,291	(687)	0
2029	66%	368,239	241,814	27,463	2,581	(774)	0
2030	69%	394,793	271,084	28,287	2,881	(864)	(28,344)
2031	69%	393,747	273,044	29,136	2,905	(871)	(6,181)
2032	72%	415,075	298,033	30,011	3,162	(949)	(15,230)
2033	74%	427,780	315,026	30,911	3,338	(1,001)	0
2034	76%	455,716	348,274	31,839	3,678	(1,104)	0
2035	79%	483,652	382,687	32,794	4,031	(1,209)	(32,069)
2036	80%	480,362	386,234	33,778	4,072	(1,221)	(21,384)
2037	82%	487,044	401,479	34,792	4,231	(1,269)	0
2038	85%	515,110	439,232	35,836	4,617	(1,385)	0
2039	88%	543,176	478,300	36,911	5,017	(1,505)	0
2040	91%	571,241	518,723	38,019	5,431	(1,629)	(36,283)
2041	93%	563,978	524,261	39,160	5,493	(1,648)	0
2042	96%	592,997	567,266	40,335	5,933	(1,780)	(341,838)
2043	100%	269,980	269,916	16,917	2,812	(843)	0
2044	100%	288,801	288,801	16,720	3,001	(900)	0
2045	100%	307,621	307,621	17,662	3,196	(959)	(41,051)
2046	100%	286,470	286,470	17,811	2,983	(895)	0
2047	100%	306,370	306,370	17,671	3,184	(955)	0
2048	100%	326,269	326,269	17,531	3,384	(1,015)	0
2049	100%	346,169	346,169	17,391	3,584	(1,075)	0
2050	100%	366,068	366,068	18,467	3,791	(1,137)	(46,445)
2051	100%	340,744	340,744	18,645	3,536	(1,061)	0
2052	100%	361,864	361,864	11,563	3,713	(1,114)	(331,219)
2053	100%	44,808	44,808	13,797	522	(157)	0
2054	100%	58,971	58,971	13,697	665	(199)	0

**Total**                      \$769,226      \$99,517      (\$29,855)      (\$925,095)

1.01%      **Investment Rate**  
30.00%     **Tax Rate**  
2.50%      **Inflation Rate**  
0.00%      **State Tax**

Year	Amount	Item Description
	615	Paving-Asphalt- Crackseal, Sealcoat-Path
	24,437	Paving-Asphalt-Repair, Crackseal, Sealcoat
<b>2025</b>	<b>25,052</b>	
	696	Paving-Asphalt- Crackseal, Sealcoat-Path
	27,648	Paving-Asphalt-Repair, Crackseal, Sealcoat
<b>2030</b>	<b>28,344</b>	
	6,181	Lights-Exterior-Street-Parking(Head Only)
<b>2031</b>	<b>6,181</b>	
	3,046	Concrete Safety Repair
	12,184	Landscape Renovation
<b>2032</b>	<b>15,230</b>	
	787	Paving-Asphalt- Crackseal, Sealcoat-Path
	31,281	Paving-Asphalt-Repair, Crackseal, Sealcoat
<b>2035</b>	<b>32,069</b>	
	21,384	Mailbox-Cluster
<b>2036</b>	<b>21,384</b>	
	891	Paving-Asphalt- Crackseal, Sealcoat-Path
	35,392	Paving-Asphalt-Repair, Crackseal, Sealcoat
<b>2040</b>	<b>36,283</b>	
	3,899	Concrete Safety Repair
	15,597	Landscape Renovation
	309,865	Paving-Asphalt-Overlay
	12,477	Paving-Asphalt-Overlay-Path
<b>2042</b>	<b>341,838</b>	
	1,008	Paving-Asphalt- Crackseal, Sealcoat-Path
	40,043	Paving-Asphalt-Repair, Crackseal, Sealcoat

Year	Amount	Item Description
<b>2045</b>	<b>41,051</b>	
	1,140	Paving-Asphalt- Crackseal, Sealcoat-Path
	45,305	Paving-Asphalt-Repair, Crackseal, Sealcoat
<b>2050</b>	<b>46,445</b>	
	4,991	Concrete Safety Repair
	306,262	Fence-Chain Link
	19,965	Landscape Renovation
<b>2052</b>	<b>331,219</b>	
<b>Total</b>	<b>925,095</b>	

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	10	8	2032	\$ 3,046	\$ 914	\$ 914
Fence-Chain Link	40	28	2052	\$ 306,262	\$ 99,535	\$ -
Landscape Irrigation Valves	50	48	2072	\$ -	\$ -	\$ -
Landscape Renovation	10	8	2032	\$ 12,184	\$ 3,655	\$ 3,655
Landscape-Irrigation	30	28	2052	\$ -	\$ -	\$ -
Landscape-Irrigation Controllers	50	47	2071	\$ -	\$ -	\$ -
Lights-Exterior-Street-Parking(Head Only)	25	7	2031	\$ 6,181	\$ 4,698	\$ 4,698
Lights-Exterior-Water Feature	50	46	2070	\$ -	\$ -	\$ -
Mailbox-Cluster	30	12	2036	\$ 21,384	\$ 13,543	\$ 13,543
Paving-Asphalt- Crackseal, Sealcoat-Path	5	1	2025	\$ 615	\$ 615	\$ 615
Paving-Asphalt-Overlay	30	18	2042	\$ 309,865	\$ 134,275	\$ 106,071
Paving-Asphalt-Overlay-Path	30	18	2042	\$ 12,477	\$ 5,407	\$ 5,407
Paving-Asphalt-Repair, Crackseal, Sealcoat	5	1	2025	\$ 24,437	\$ 24,437	\$ 24,437
Storm Drain- Maintenance	50	48	2072	\$ -	\$ -	\$ -
Water Feature - Motor	50	45	2069	\$ -	\$ -	\$ -
Water Feature - Pumps	50	47	2071	\$ -	\$ -	\$ -
				\$ 696,452	\$ 287,079	\$ 159,340

**Investment Rate** 1.01%  
**Tax Rate** 30.00%  
**Inflation Rate** 2.50%  
**Contingency Rate** 0.00%

Contingency	\$ -	\$ -
<b>Total</b>	<b>\$ 287,079</b>	<b>\$ 159,340</b>

## **Maintenance Plan for Bella Vista Heights**

The proper care and maintenance of substantial assets have been entrusted to the homeowner association. The key to any effective Maintenance Plan is consistency and expertise. The goal of this Maintenance Plan is to provide general information and direction on how to maintain those assets to produce the highest livability and market values for member units. While many specific items are included, the list is not exhaustive and some issues may develop over time which should be added to the Plan.

Many building and grounds components require specific maintenance to ensure their proper function. Many of the tasks are suitable only to trained professionals with a thorough understanding of the systems. It is highly recommended that only licensed, bonded and insured workman with the training, knowledge, tools and equipment to handle the maintenance of those systems or components be used to ensure highest service quality.

### **Annual Maintenance**

The following tasks should be performed on according to a regular and adequate schedule as preventive maintenance:

#### **Concrete Safety Repairs**

Inspect all concrete for tripping hazards. Repair as needed.

#### **Landscape-Maintenance**

Landscaping is an extremely important aspect of livability and market value. Having a contractor that is competent and regularly attending to the landscaping is the proper approach. When the contractor completes work, a job slip should be left with a designated Committee member so the work can be reviewed. If there are deficiencies, the contractor should be notified immediately. If the contractor is consistently unresponsive or the quality of work deficient, a change in contractors is indicated. For details on landscape maintenance, refer to the landscape contractor's agreement.

#### **Pressure Washing**

Each year, selected areas of asphalt and concrete sidewalks and steps should be pressure washed to remove oil spots, algae and moss which could cause slipping hazards.

**Reserve Study Maintenance**  
See worksheet report comments