

2024 Reserve Study & Maintenance Plan

Bella Vista Heights

Medford , OR

Prepared By:

Regenesis Reserves

Report Issued Date:

September 7, 2023

Site Inspection Date:

No Site Visit Completed

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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.

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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

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.**

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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

Bella Vista Heights

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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

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	\$ 3,122	2022	10	2032	9	No
Comments: 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.									
Fence-Chain Link	2,950	Ln.Ft.	\$ 50.00	\$ 301,845	2012	40	2052	29	Yes
Landscape Irrigation Valves	48	Total	\$ -	\$ -	2022	50	2072	49	Yes
Comments: Replaced as needed and paid from Operating Budget.									
Landscape Renovation	1	Total	\$ 10,000.00	\$ 12,489	2022	10	2032	9	No
Comments: 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.									
Landscape-Irrigation	1	Total	\$ -	\$ -	2022	30	2052	29	Yes
Comments: 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.									
Landscape-Irrigation Controllers	3	Each	\$ -	\$ -	2021	50	2071	48	Yes
Comments: 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.									
Lights-Exterior-Street-Parking(Head Only)	8	Fixtures	\$ 650.00	\$ 6,336	2006	25	2031	8	No
Comments: 2023: 3 of 8 street lights on La Strada Circle converted from high pressure sodium to LED and 1 fuse replaced at a cost of \$1,858 contractor unknown.									
Lights-Exterior-Water Feature	7	Fixtures	\$ -	\$ -	2020	50	2070	47	Yes
Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.									
Mailbox-Cluster	106	Units	\$ 150.00	\$ 21,918	2006	30	2036	13	Yes
Comments: Budget assumes using existing concrete and setting all boxes up according to USPS regulations.									
Paving-Asphalt- Crackseal, Sealcoat-Path	2,000	Sq.Ft.	\$ 0.30	\$ 615	2019	5	2024	1	No
Comments: 2022: Advised pathway includes Tract B only advised that Tract C pathway has been abandoned and will not be maintained.									

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Paving-Asphalt-Overlay	79,470	Sq.Ft.	\$ 2.50	\$ 317,612	2012	30	2042	19	Yes
<p>Comments: 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 accelerated damage to the traffic lane. Sealcoating should be applied within 2 years of installation date.</p> <p>2022: Advised that pavement responsibility is limited to Carrino 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.)</p>									
Paving-Asphalt-Overlay-Path	2,000	Sq.Ft.	\$ 4.00	\$ 12,789	2012	30	2042	19	Yes
<p>Comments: 2022: Areas observed that will need replacement sooner, replacement work can be paid from this budget.</p>									
Paving-Asphalt-Repair, Cracksseal, Sealcoat	79,470	Sq.Ft.	\$ 0.30	\$ 24,437	2019	5	2024	1	No
<p>Comments: 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.</p> <p>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.</p> <p>2022: Advised that pavement responsibility is limited to Carrino 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.)</p>									
Storm Drain- Maintenance	1	Total	\$ -	\$ -	2022	50	2072	49	Yes
<p>Comments: To be completed as needed and paid from Operating Budget.</p>									
Water Feature - Motor	2	Total	\$ -	\$ -	2019	50	2069	46	Yes
<p>Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.</p>									
Water Feature - Pumps	2	Total	\$ -	\$ -	2021	50	2071	48	Yes
<p>Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.</p>									

Number of Items = 16

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

Recommended
Funding Plan Summary

September 7, 2023 Bella Vista Heights

Year	Percent Funded	Inflation Adjusted Ideal Balance	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures
2024	50%	268,601	135,290	23,750	397	(119)	(25,052)
2025	50%	270,322	134,266	24,464	396	(119)	0
2026	54%	297,096	159,007	25,199	463	(139)	0
2027	57%	323,869	184,529	25,956	533	(160)	0
2028	60%	350,642	210,858	26,735	605	(182)	0
2029	63%	377,416	238,017	27,539	680	(204)	(28,344)
2030	63%	376,590	237,688	28,366	680	(204)	0
2031	66%	404,109	266,530	29,218	759	(228)	(6,336)
2032	68%	425,508	289,944	30,096	823	(247)	(15,611)
2033	70%	438,069	305,006	31,000	865	(260)	0
2034	72%	466,241	336,612	31,932	952	(286)	(32,069)
2035	73%	463,187	337,141	32,891	955	(286)	0
2036	75%	492,202	370,700	33,879	1,047	(314)	(21,918)
2037	77%	498,568	383,394	34,897	1,082	(325)	0
2038	80%	526,852	419,049	35,946	1,180	(354)	0
2039	82%	555,136	455,820	37,025	1,281	(384)	(36,283)
2040	83%	548,091	457,459	38,138	1,287	(386)	0
2041	86%	577,329	496,498	39,284	1,394	(418)	0
2042	88%	606,567	536,757	40,464	1,504	(451)	(350,384)
2043	83%	274,967	227,889	41,680	672	(201)	0
2044	92%	293,751	270,039	42,932	787	(236)	(41,051)
2045	100%	272,563	272,471	19,421	762	(229)	0
2046	100%	292,426	292,426	19,292	816	(245)	0
2047	100%	312,289	312,289	19,255	869	(261)	0
2048	100%	332,152	332,152	19,217	923	(277)	0
2049	100%	352,015	352,015	20,399	978	(293)	(46,445)
2050	100%	326,654	326,654	20,447	910	(273)	0
2051	100%	347,737	347,737	20,407	966	(290)	0
2052	100%	368,821	368,821	13,544	1,014	(304)	(327,425)
2053	100%	55,650	55,650	14,135	169	(51)	0

Total \$847,507 \$25,748 (\$7,725) (\$930,917)

0.27% **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
2024	25,052	
	696	Paving-Asphalt- Crackseal, Sealcoat-Path
	27,648	Paving-Asphalt-Repair, Crackseal, Sealcoat
2029	28,344	
	6,336	Lights-Exterior-Street-Parking(Head Only)
2031	6,336	
	3,122	Concrete Safety Repair
	12,489	Landscape Renovation
2032	15,611	
	787	Paving-Asphalt- Crackseal, Sealcoat-Path
	31,281	Paving-Asphalt-Repair, Crackseal, Sealcoat
2034	32,069	
	21,918	Mailbox-Cluster
2036	21,918	
	891	Paving-Asphalt- Crackseal, Sealcoat-Path
	35,392	Paving-Asphalt-Repair, Crackseal, Sealcoat
2039	36,283	
	3,997	Concrete Safety Repair
	15,987	Landscape Renovation
	317,612	Paving-Asphalt-Overlay
	12,789	Paving-Asphalt-Overlay-Path
2042	350,384	
	1,008	Paving-Asphalt- Crackseal, Sealcoat-Path
	40,043	Paving-Asphalt-Repair, Crackseal, Sealcoat

Year	Amount	Item Description
2044	41,051	
	1,140	Paving-Asphalt- Crackseal, Sealcoat-Path
	45,305	Paving-Asphalt-Repair, Crackseal, Sealcoat
2049	46,445	
	5,116	Concrete Safety Repair
	301,845	Fence-Chain Link
	20,464	Landscape Renovation
2052	327,425	
Total	930,917	

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	10	9	2032	\$ 3,122	\$ 624	\$ 624
Fence-Chain Link	40	29	2052	\$ 301,845	\$ 90,554	\$ -
Landscape Irrigation Valves	50	49	2072	\$ -	\$ -	\$ -
Landscape Renovation	10	9	2032	\$ 12,489	\$ 2,498	\$ 2,498
Landscape-Irrigation	30	29	2052	\$ -	\$ -	\$ -
Landscape-Irrigation Controllers	50	48	2071	\$ -	\$ -	\$ -
Lights-Exterior-Street-Parking(Head Only)	25	8	2031	\$ 6,336	\$ 4,562	\$ 4,562
Lights-Exterior-Water Feature	50	47	2070	\$ -	\$ -	\$ -
Mailbox-Cluster	30	13	2036	\$ 21,918	\$ 13,151	\$ 13,151
Paving-Asphalt- Crackseal, Sealcoat-Path	5	1	2024	\$ 615	\$ 615	\$ 615
Paving-Asphalt-Overlay	30	19	2042	\$ 317,612	\$ 127,045	\$ 84,287
Paving-Asphalt-Overlay-Path	30	19	2042	\$ 12,789	\$ 5,116	\$ 5,116
Paving-Asphalt-Repair, Crackseal, Sealcoat	5	1	2024	\$ 24,437	\$ 24,437	\$ 24,437
Storm Drain- Maintenance	50	49	2072	\$ -	\$ -	\$ -
Water Feature - Motor	50	46	2069	\$ -	\$ -	\$ -
Water Feature - Pumps	50	48	2071	\$ -	\$ -	\$ -
				\$ 701,163	\$ 268,601	\$ 135,290

Investment Rate 0.27%
Tax Rate 30.00%
Inflation Rate 2.50%
Contingency Rate 0.00%

Contingency	\$ -	\$ -
Total	\$ 268,601	\$ 135,290

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.

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Reserve Study Maintenance
See worksheet report comments