

2023 Reserve Study & Maintenance Plan

Bella Vista Heights

Medford , OR

Prepared By:

Regenesis Reserves

Report Issued Date:

July 6, 2022

Site Inspection Date:

June 17, 2022

REGENESIS RESERVES

Reserve Study Consultants
Oregon | Washington

July 6, 2022

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 I Full Reserve Study with Site Inspection was performed for this report.

Reserve Account Starting Balance

Effective the start of the 2023 fiscal year, based on information provided by client, the Projected Starting Reserve Balance is **\$111,978** versus the Fully Funded/Ideal Starting Balance is **\$213,117**.

Percent Funded

This homeowner association is currently **53% 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 **\$22,900 is recommended for the 2023 Fiscal Year** (See funding plan for future year recommendations). Following this Recommended Funding Plan will adjust the level of reserves to **100% funded in 22 years**, then maintain 100% funded moving forward.

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Interest Yield on Reserves

A **0.00% 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, **\$113,162** in Interest Income would result over the 30 year projection period versus **\$0** produced by the current yield. Bottom Line: Increased Interest Income will lower owner contributions.

Inflation Rate

2.00% 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 2024 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



2023 Reserve Study

Bella Vista Heights

Medford , OR

Prepared By:

Regenesis Reserves
PO Box 19605
Portland, Oregon 97280

Date:

July 6, 2022

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	\$ 3,047	2022	10	2032	10	No
<p>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.</p>									
Fence-Chain Link	2,950	Ln.Ft.	\$ 50.00	\$ 241,989	2012	35	2047	25	Yes
Landscape Irrigation Valves	48	Total	\$ -	\$ -	2022	50	2072	50	Yes
<p>Comments: Replaced as needed and paid from Operating Budget.</p>									
Landscape Renovation	1	Total	\$ 10,000.00	\$ 12,190	2022	10	2032	10	No
<p>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.</p>									
Landscape-Irrigation	1	Total	\$ -	\$ -	2022	30	2052	30	Yes
<p>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.</p>									
Landscape-Irrigation Controllers	3	Each	\$ -	\$ -	2021	50	2071	49	Yes
<p>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.</p>									
Lights-Exterior-Street-Parking(Head Only)	8	Fixtures	\$ 650.00	\$ 6,214	2006	25	2031	9	No
Lights-Exterior-Water Feature	7	Fixtures	\$ -	\$ -	2020	50	2070	48	Yes
<p>Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.</p>									
Mailbox-Cluster	106	Units	\$ 140.00	\$ 19,581	2006	30	2036	14	Yes
<p>Comments: Budget assumes using existing concrete and setting all boxes up according to USPS regulations.</p>									
Paving-Asphalt- Crackseal, Sealcoat-Path	2,000	Sq.Ft.	\$ 0.30	\$ 624	2019	5	2024	2	No
<p>Comments: 2022: Advised pathway includes Tract B only advised that Tract C pathway has been abandoned and will not be maintained.</p>									

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.	\$ 2.25	\$ 265,699	2012	30	2042	20	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 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.)</p>									
Paving-Asphalt-Overlay-Path	2,000	Sq.Ft.	\$ 2.25	\$ 6,687	2012	30	2042	20	Yes
<p>Comments: 2022: Areas observed that will need replacement sooner, replacement work can be paid from this budget.</p>									
Paving-Asphalt-Repair, Crackseal, Sealcoat	79,470	Sq.Ft.	\$ 0.30	\$ 24,804	2019	5	2024	2	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 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.)</p>									
Storm Drain- Maintenance	1	Total	\$ -	\$ -	2022	50	2072	50	No
<p>Comments: To be completed as needed and paid from Operating Budget.</p>									
Water Feature - Motor	2	Total	\$ -	\$ -	2019	50	2069	47	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	49	Yes
<p>Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.</p>									

Number of Items = 16



Fence-Chain Link



Landscape Renovation



Lights-Exterior-Water Feature



Mailbox-Cluster



Paving-Asphalt-Overlay



Water Feature - Pumps

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

Recommended
Funding Plan Summary **Bella Vista Heights**

July 6, 2022

Year	Percent Funded	Inflation Adjusted Ideal Balance	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures
2023	53%	213,117	111,978	22,900	0	0	0
2024	57%	236,621	134,878	23,359	0	0	(25,428)
2025	56%	235,226	132,808	23,827	0	0	0
2026	60%	259,260	156,635	24,304	0	0	0
2027	64%	283,293	180,939	24,791	0	0	0
2028	67%	307,327	205,729	25,287	0	0	0
2029	70%	331,360	231,017	25,794	0	0	(28,075)
2030	70%	327,903	228,735	26,310	0	0	0
2031	72%	352,521	255,046	26,837	0	0	(6,214)
2032	74%	371,084	275,669	27,375	0	0	(15,237)
2033	76%	380,957	287,806	27,923	0	0	0
2034	78%	406,068	315,729	28,483	0	0	(30,997)
2035	78%	400,827	313,215	29,053	0	0	0
2036	80%	426,583	342,268	29,635	0	0	(19,581)
2037	82%	432,105	352,322	30,229	0	0	0
2038	84%	457,209	382,551	30,834	0	0	0
2039	86%	482,312	413,385	31,452	0	0	(34,223)
2040	87%	473,905	410,613	32,082	0	0	0
2041	89%	499,721	442,695	32,724	0	0	0
2042	90%	525,536	475,419	33,380	0	0	(290,960)
2043	87%	251,720	217,840	34,048	0	0	0
2044	94%	268,863	251,888	34,730	0	0	(37,785)
2045	100%	249,007	248,833	17,923	0	0	0
2046	100%	266,937	266,756	17,930	0	0	0
2047	100%	284,866	284,685	11,070	0	0	(241,989)
2048	100%	53,893	53,766	11,016	0	0	0
2049	100%	64,908	64,782	11,884	0	0	(41,718)
2050	100%	35,074	34,948	11,884	0	0	0
2051	100%	46,958	46,832	11,884	0	0	0
2052	100%	58,842	58,716	12,380	0	0	(22,642)

Total \$731,327 \$0 \$0 (\$794,851)

0.00% **Investment Rate**
30.00% **Tax Rate**
2.00% **Inflation Rate**
0.00% **State Tax**

Year	Amount	Item Description
	624	Paving-Asphalt- Crackseal, Sealcoat-Path
	24,804	Paving-Asphalt-Repair, Crackseal, Sealcoat
2024	25,428	
	689	Paving-Asphalt- Crackseal, Sealcoat-Path
	27,386	Paving-Asphalt-Repair, Crackseal, Sealcoat
2029	28,075	
	6,214	Lights-Exterior-Street-Parking(Head Only)
2031	6,214	
	3,047	Concrete Safety Repair
	12,190	Landscape Renovation
2032	15,237	
	761	Paving-Asphalt- Crackseal, Sealcoat-Path
	30,236	Paving-Asphalt-Repair, Crackseal, Sealcoat
2034	30,997	
	19,581	Mailbox-Cluster
2036	19,581	
	840	Paving-Asphalt- Crackseal, Sealcoat-Path
	33,383	Paving-Asphalt-Repair, Crackseal, Sealcoat
2039	34,223	
	3,715	Concrete Safety Repair
	14,859	Landscape Renovation
	265,699	Paving-Asphalt-Overlay
	6,687	Paving-Asphalt-Overlay-Path
2042	290,960	
	928	Paving-Asphalt- Crackseal, Sealcoat-Path
	36,858	Paving-Asphalt-Repair, Crackseal, Sealcoat

Year	Amount	Item Description
2044	37,785	
	241,989	Fence-Chain Link
2047	241,989	
	1,024	Paving-Asphalt- Crackseal, Sealcoat-Path
	40,694	Paving-Asphalt-Repair, Crackseal, Sealcoat
2049	41,718	
	4,528	Concrete Safety Repair
	18,114	Landscape Renovation
2052	22,642	
Total	794,851	

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	10	10	2032	\$ 3,047	\$ 305	\$ 305
Fence-Chain Link	35	25	2047	\$ 241,989	\$ 76,054	\$ -
Landscape Irrigation Valves	50	50	2072	\$ -	\$ -	\$ -
Landscape Renovation	10	10	2032	\$ 12,190	\$ 1,219	\$ 1,219
Landscape-Irrigation	30	30	2052	\$ -	\$ -	\$ -
Landscape-Irrigation Controllers	50	49	2071	\$ -	\$ -	\$ -
Lights-Exterior-Street-Parking(Head Only)	25	9	2031	\$ 6,214	\$ 4,226	\$ 4,226
Lights-Exterior-Water Feature	50	48	2070	\$ -	\$ -	\$ -
Mailbox-Cluster	30	14	2036	\$ 19,581	\$ 11,096	\$ 11,096
Paving-Asphalt- Crackseal, Sealcoat-Path	5	2	2024	\$ 624	\$ 499	\$ 499
Paving-Asphalt-Overlay	30	20	2042	\$ 265,699	\$ 97,423	\$ 72,338
Paving-Asphalt-Overlay-Path	30	20	2042	\$ 6,687	\$ 2,452	\$ 2,452
Paving-Asphalt-Repair, Crackseal, Sealcoat	5	2	2024	\$ 24,804	\$ 19,843	\$ 19,843
Storm Drain- Maintenance	50	50	2072	\$ -	\$ -	\$ -
Water Feature - Motor	50	47	2069	\$ -	\$ -	\$ -
Water Feature - Pumps	50	49	2071	\$ -	\$ -	\$ -
				\$ 580,836	\$ 213,117	\$ 111,978

Investment Rate 0.00%
Tax Rate 30.00%
Inflation Rate 2.00%
Contingency Rate 0.00%

Contingency \$ - \$ -
Total \$ 213,117 \$ 111,978

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