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## “Full” Reserve Study



## Sunset Walk Neighborhood Issaquah, WA

**Report #: 28590-0**  
**For Period Beginning: July 1, 2016**  
**Expires: June 30, 2017**

**Date Prepared: January 28, 2016**



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**Hello, and welcome to your Reserve Study!**

**W**e don't want you to be surprised. This Report is designed to help you anticipate, and prepare for, the major common area expenses your association will face. Inside you will find:

- 1) **The Reserve Component List** (the “Scope and Schedule” of your Reserve projects) – telling you what your association is Reserving for, what condition they are in now, and what they'll cost to replace.
- 2) **An Evaluation of your current Reserve Fund Size and Strength** (Percent Funded). This tells you your financial starting point, revealing your risk of deferred maintenance and special assessments.
- 3) **A Recommended Multi-Year Reserve Funding Plan**, answering the question... “What do we do now?”

**More Questions?**

Visit our website at [www.ReserveStudy.com](http://www.ReserveStudy.com) or call us at:

253/661-5437

Relax, it's from



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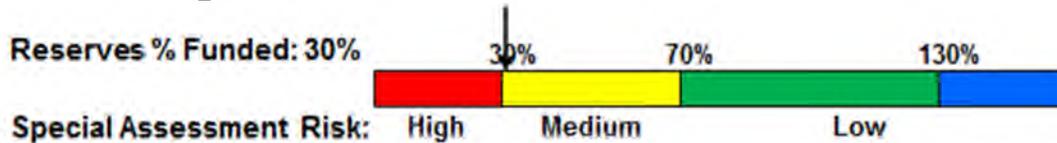
# 3- Minute Executive Summary

**Association:** Sunset Walk Neighborhood **#:** 28590-0  
**Location:** Issaquah, WA **# of Units:** 70  
**Report Period:** July 1, 2016 through June 30, 2017

**Findings/Recommendations as-of 7/1/2016:**

Projected Starting Reserve Balance: .....	\$78,992
Current Fully Funded Reserve Balance: .....	\$260,535
Average Reserve Deficit (Surplus) Per Unit:.....	\$2,593
100%2016-2017 Monthly “Full Funding” Contributions: .....	\$5,500
70% 2016-2017 Monthly “Threshold Funding” Contributions: .....	\$4,650
Baseline contributions (min to keep Reserves above \$0):.....	\$3,300
Recommended 2016 Special Assessment:.....	\$0

Most Recent Budgeted Reserve Contribution Rate:..... \$2,383



**Economic Assumptions:**

**Net Annual “After Tax” Interest Earnings Accruing to Reserves..... 0.15%**  
**Annual Inflation Rate ..... 3.00%**

- This is a “Full” Reserve Study, based on our site inspection on January 22, 2016 and meets or exceeds all requirements of the RCW. This study was prepared by a credentialed Reserve Specialist (RS™).
- Your Reserve Fund is currently 30% Funded. This means the association’s special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems.
- Based on this starting point and your anticipated future expenses, our recommendation is to increase your Reserve contributions to within the 70% to 100% level as noted above. The 100% “Full” and 70% contribution rates are designed to achieve the funding objective *by the end of our 30-year report scope*. No assets appropriate for Reserve designation were excluded. See photo appendix for component details and the basis of our assumptions.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost Estimate
<b>Site / Grounds</b>				
100	Driveways, Sidewalks - Repr/Replace	5	7	\$4,000
103	Parallel Parking Asphalt- Resurface	25	22	\$3,250
112	Fencing/Railings - Repair/Replace	40	37	\$129,500
114	Fencing/Railings - Refinish/Paint	10	7	\$28,150
115	Benches, Trash, etc - Replace	20	17	\$3,000
160	Walkway Lights - Repair/Replace	20	17	\$5,850
177	Irrigation Controllers - Repr/Replc	15	12	\$6,000
182	Drainage Lines - Inspect/Clean	5	2	\$5,000
200	Community Signs - Repair/Replace	20	17	\$4,400
<b>Building Exteriors</b>				
500	Steep Slope Roofs - Repr/Replace	25	22	\$400,000
505	Roofs - Inspect/Clean/Repair	3	1	\$10,000
510	Gutters/Downspouts - Repair/Replace	25	22	\$55,800
520	Ext Surfaces/Siding - Repr/Replace	50	47	\$1,125,000
525	Full Exterior - Paint/Caulk	8	5	\$191,500
527	Partial Exterior - Paint/Caulk	8	3	\$45,000
529	Caulk, etc. - Inspect/Replace	8	1	\$8,000
16	Total Funded Components			

Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: Yellow highlighted line items are expected to require attention in the initial year, green highlighted items are expected to occur within the first five years.

Cross reference component numbers with photographic inventory appendix.

### Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association’s major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association’s Reserve Fund Strength (reported in terms of “Percent Funded”). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

### Methodology

LEVELS OF SERVICE



For this [Full Reserve Study](#), we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents.

We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

### *Which Physical Assets are Funded by Reserves?*

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.



### *How do we establish Useful Life and Remaining Useful Life estimates?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

### *How do we establish Current Repair/Replacement Cost Estimates?*

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

### *How much Reserves are enough?*

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



**SPECIAL ASSESSMENT RISK**

Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% -130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

*How much should we contribute?*



**RESERVE FUNDING PRINCIPLES**

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association’s Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board’s job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

*What is our Recommended Funding Goal?*

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called “Full Funding” (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70-130% range *enjoy a low risk of special assessments or deferred maintenance.*



**FUNDING OBJECTIVES**

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0-30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the “margin of safety” is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

## **Site Inspection Notes**

During our site visit on January 22, 2016, we visually inspected all visible common areas while compiling a photographic inventory, noting: current condition, make & model information where appropriate, apparent levels of care and maintenance, exposure to weather elements and other factors that may affect the components useful life. We also met with Association Management and discussed past projects, current concerns and future plans. We were also informed which items are being handled from the Operational maintenance budget, not Reserves.

### Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Your *first five years* of projected Reserve expenses total \$84,272. Adding the next five years, your *first ten years* of projected Reserve expenses are \$374,700. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these expenses are shown in Table 5, while details of the projects that make up these expenses are shown in Table 6.

### Annual Reserve Expenses

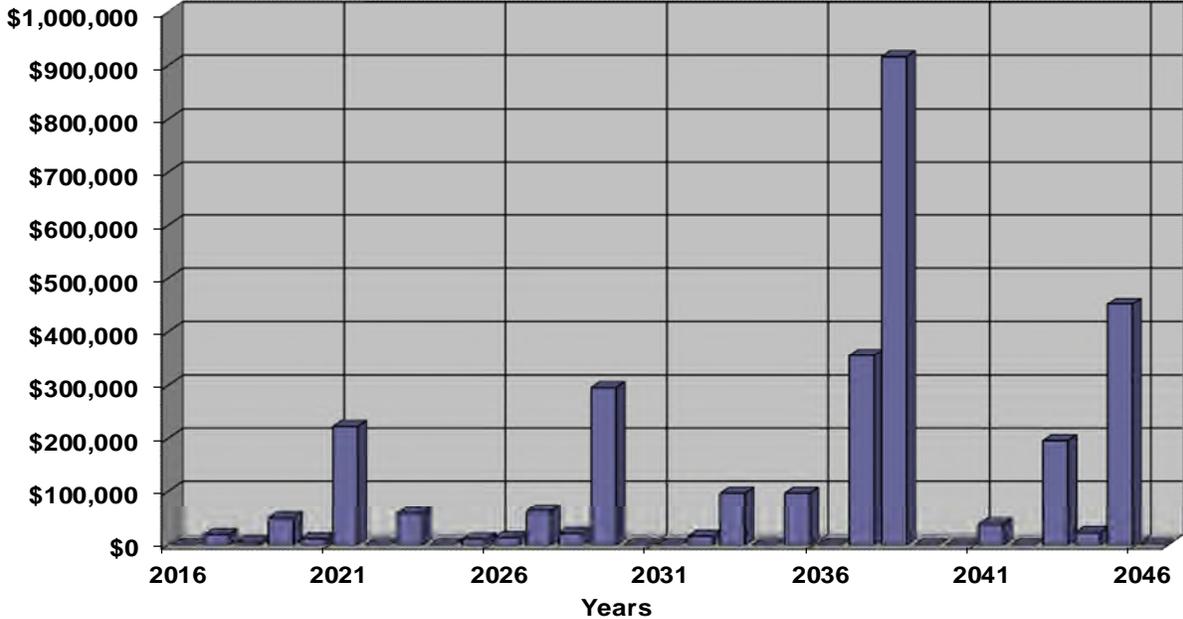


Figure 1

### Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$78,992 as-of the start of your Fiscal Year on July 1, 2016. As of July 1, 2016, your Fully Funded Balance is computed to be \$260,535 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 30% Funded. Across the country, approx 20% of associations in this range experience special assessments or deferred maintenance.

### Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$5,500/month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both Table 5 and Table 6.

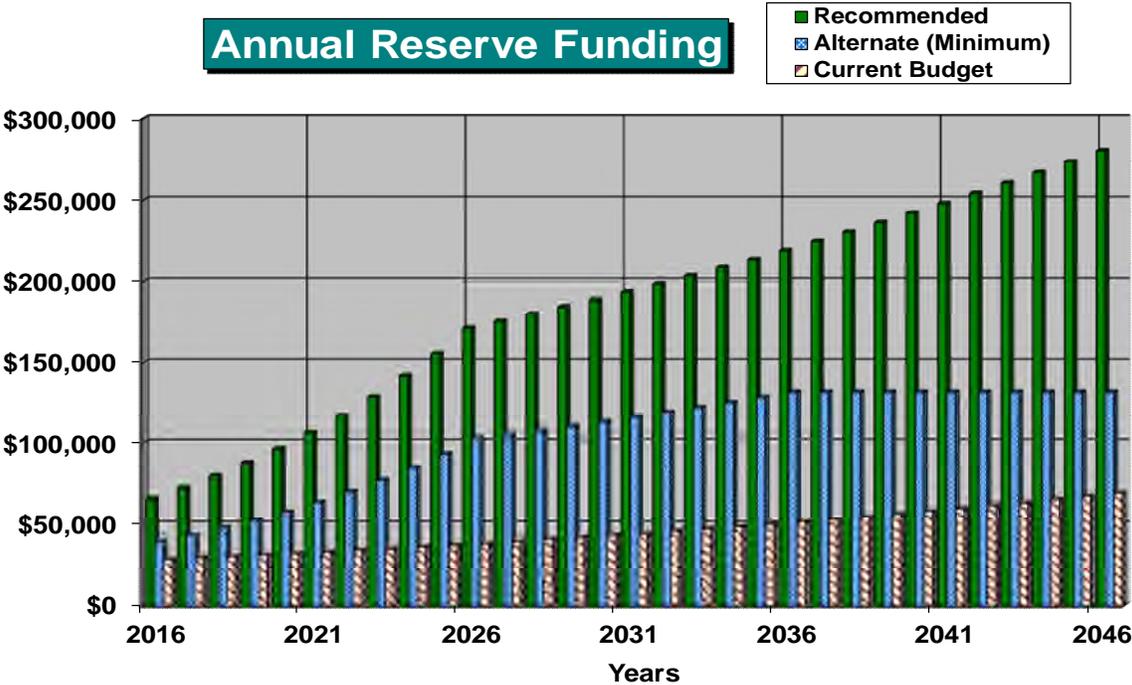


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

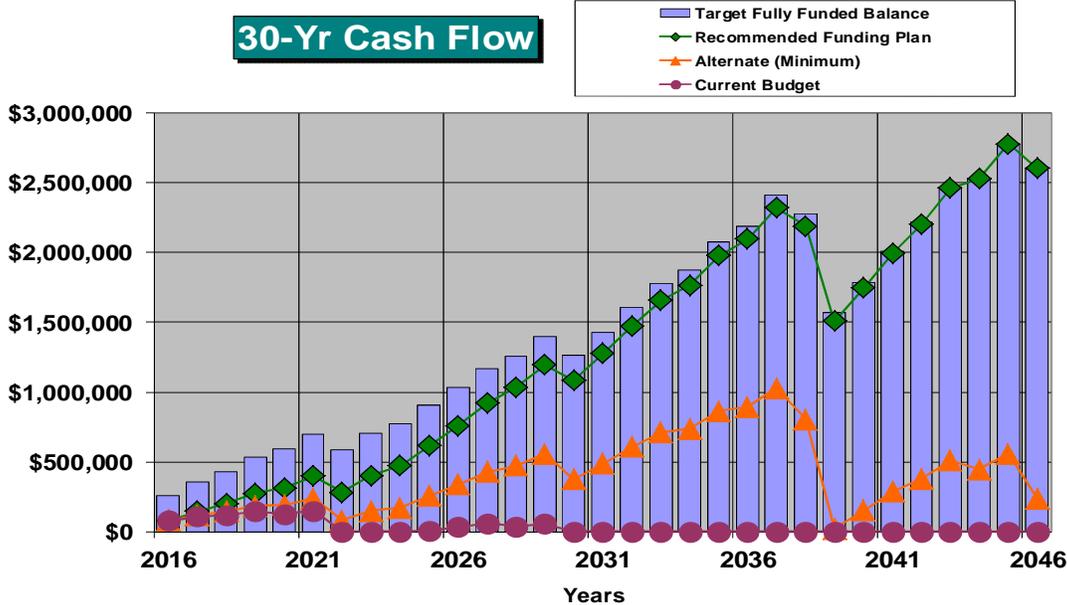


Figure 3

This figure shows this same information, plotted on a [Percent Funded](#) scale.

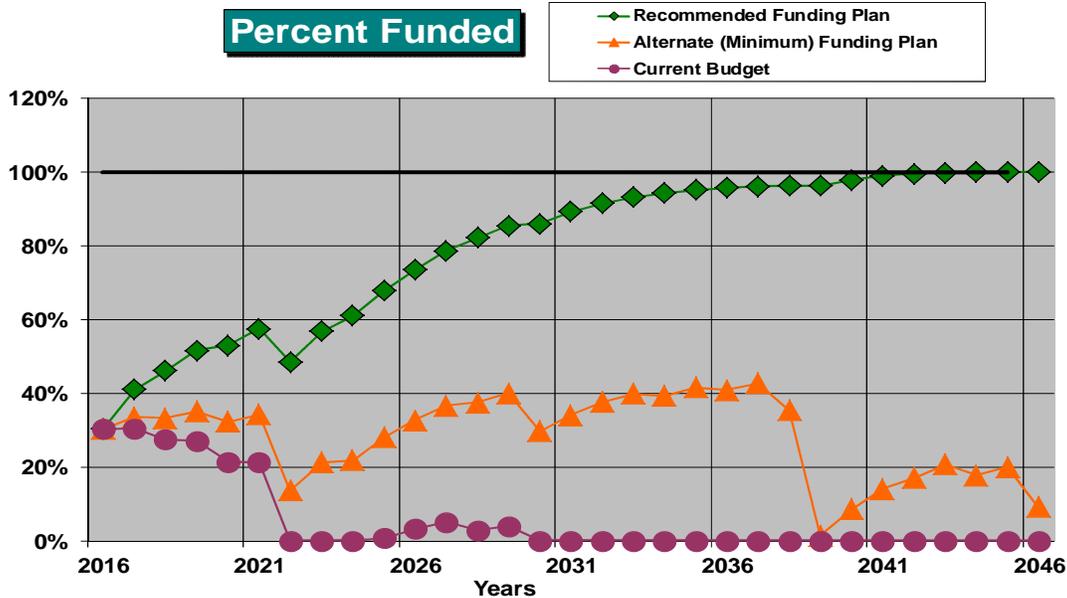


Figure 4

## **Table Descriptions**

The tabular information in this Report is broken down into six tables.

Table 1 is a summary of your Reserve Components (your Reserve Component List), the information found in Table 2.

Table 2 is your Reserve Component List, which forms the foundation of this Reserve Study. This table represents the information from which all other tables are derived.

Table 3 shows the calculation of your Fully Funded Balance, the measure of your current Reserve component deterioration. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Table 4 shows the significance of each component to Reserve needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing Current Replacement Cost by Useful Life, then that component's percentage of the total is displayed.

Table 5: This table provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk for each year.

Table 6: This table shows the cash flow detail for the next 30 years. This table makes it possible to see which components are projected to require repair or replacement each year, and the size of those individual expenses.

**Table 2: Reserve Component List Detail**

**28590-0**

#	Component	Quantity	Useful Life	Rem. Useful Life	[ --- Current Cost Estimate --- ]	
					Best Case	Worst Case
<b>Site / Grounds</b>						
100	Driveways, Sidewalks - Repr/Replace	Concrete, Poured in place	5	7	\$3,000	\$5,000
103	Parallel Parking Asphalt- Resurface	~1,300 GSF, asphalt	25	22	\$2,600	\$3,900
112	Fencing/Railings - Repair/Replace	~2,250 LF, steel & alumn	40	37	\$113,000	\$146,000
114	Fencing/Railings - Refinish/Paint	~2,250 LF, steel & alumn	10	7	\$22,500	\$33,800
115	Benches, Trash, etc - Replace	~(7) metal pieces	20	17	\$2,500	\$3,500
160	Walkway Lights - Repair/Replace	~(26) metal standards	20	17	\$3,900	\$7,800
177	Irrigation Controllers - Repr/Replc	(2) controllers/timeclock	15	12	\$5,000	\$7,000
182	Drainage Lines - Inspect/Clean	Storm Drains	5	2	\$4,000	\$6,000
200	Community Signs - Repair/Replace	(7) steel	20	17	\$3,500	\$5,300
<b>Building Exteriors</b>						
500	Steep Slope Roofs - Repr/Replace	~100,000 GSF, arch shingle	25	22	\$350,000	\$450,000
505	Roofs - Inspect/Clean/Repair	~100,000 GSF, arch shingle	3	1	\$8,000	\$12,000
510	Gutters/Downspouts - Repair/Replace	~9,300 LF metal	25	22	\$46,500	\$65,100
520	Ext Surfaces/Siding - Repr/Replace	~90,000 GSF, fiber-cement	50	47	\$900,000	\$1,350,000
525	Full Exterior - Paint/Caulk	~90,000 GSF, Siding/Trim	8	5	\$158,000	\$225,000
527	Partial Exterior - Paint/Caulk	Portions of buildings	8	3	\$40,000	\$50,000
529	Caulk, etc. - Inspect/Replace	Partial areas as needed	8	1	\$6,000	\$10,000
16	Total Funded Components					

**Table 3: Fully Funded Balance**

**28590-0**

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
<b>Site / Grounds</b>								
100	Driveways, Sidewalks - Repr/Replace	\$4,000	X	0	/	5	=	\$0
103	Parallel Parking Asphalt- Resurface	\$3,250	X	3	/	25	=	\$390
112	Fencing/Railings - Repair/Replace	\$129,500	X	3	/	40	=	\$9,713
114	Fencing/Railings - Refinish/Paint	\$28,150	X	3	/	10	=	\$8,445
115	Benches, Trash, etc - Replace	\$3,000	X	3	/	20	=	\$450
160	Walkway Lights - Repair/Replace	\$5,850	X	3	/	20	=	\$878
177	Irrigation Controllers - Repr/Replc	\$6,000	X	3	/	15	=	\$1,200
182	Drainage Lines - Inspect/Clean	\$5,000	X	3	/	5	=	\$3,000
200	Community Signs - Repair/Replace	\$4,400	X	3	/	20	=	\$660
<b>Building Exteriors</b>								
500	Steep Slope Roofs - Repr/Replace	\$400,000	X	3	/	25	=	\$48,000
505	Roofs - Inspect/Clean/Repair	\$10,000	X	2	/	3	=	\$6,667
510	Gutters/Downspouts - Repair/Replace	\$55,800	X	3	/	25	=	\$6,696
520	Ext Surfaces/Siding - Repr/Replace	\$1,125,000	X	3	/	50	=	\$67,500
525	Full Exterior - Paint/Caulk	\$191,500	X	3	/	8	=	\$71,813
527	Partial Exterior - Paint/Caulk	\$45,000	X	5	/	8	=	\$28,125
529	Caulk, etc. - Inspect/Replace	\$8,000	X	7	/	8	=	\$7,000
								\$260,535

**Table 4: Component Significance****28590-0**

#	Component	Useful Life	Current Cost Estimate	Deterioration Cost/yr	Deterioration Significance
<b>Site / Grounds</b>					
100	Driveways, Sidewalks - Repr/Replace	5	\$4,000	\$800	1.0%
103	Parallel Parking Asphalt- Resurface	25	\$3,250	\$130	0.2%
112	Fencing/Railings - Repair/Replace	40	\$129,500	\$3,238	3.9%
114	Fencing/Railings - Refinish/Paint	10	\$28,150	\$2,815	3.4%
115	Benches, Trash, etc - Replace	20	\$3,000	\$150	0.2%
160	Walkway Lights - Repair/Replace	20	\$5,850	\$293	0.3%
177	Irrigation Controllers - Repr/Replc	15	\$6,000	\$400	0.5%
182	Drainage Lines - Inspect/Clean	5	\$5,000	\$1,000	1.2%
200	Community Signs - Repair/Replace	20	\$4,400	\$220	0.3%
<b>Building Exteriors</b>					
500	Steep Slope Roofs - Repr/Replace	25	\$400,000	\$16,000	19.1%
505	Roofs - Inspect/Clean/Repair	3	\$10,000	\$3,333	4.0%
510	Gutters/Downspouts - Repair/Replace	25	\$55,800	\$2,232	2.7%
520	Ext Surfaces/Siding - Repr/Replace	50	\$1,125,000	\$22,500	26.9%
525	Full Exterior - Paint/Caulk	8	\$191,500	\$23,938	28.6%
527	Partial Exterior - Paint/Caulk	8	\$45,000	\$5,625	6.7%
529	Caulk, etc. - Inspect/Replace	8	\$8,000	\$1,000	1.2%
16	Total Funded Components			\$83,673	100.0%

**Table 5: 30-Year Reserve Plan Summary**

**28590-0**

**Fiscal Year Start: 07/01/16**

**Interest: 0.2%**

**Inflation: 3.0%**

**Reserve Fund Strength Calculations  
(All values as of Fiscal Year Start Date)**

**Projected Reserve Balance Changes**

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2016	\$78,992	\$260,535	30.3%	Med	\$66,000	\$0	\$168	\$0
2017	\$145,160	\$353,710	41.0%	Med	\$72,600	\$0	\$258	\$18,540
2018	\$199,479	\$433,145	46.1%	Med	\$79,860	\$0	\$355	\$5,305
2019	\$274,389	\$532,107	51.6%	Med	\$87,846	\$0	\$441	\$49,173
2020	\$313,504	\$591,597	53.0%	Med	\$96,631	\$0	\$535	\$11,255
2021	\$399,414	\$694,752	57.5%	Med	\$106,294	\$0	\$513	\$222,001
2022	\$284,219	\$586,843	48.4%	Med	\$116,923	\$0	\$514	\$0
2023	\$401,657	\$707,356	56.8%	Med	\$128,615	\$0	\$656	\$57,989
2024	\$472,939	\$774,843	61.0%	Med	\$141,477	\$0	\$816	\$0
2025	\$615,232	\$907,262	67.8%	Med	\$155,625	\$0	\$1,032	\$10,438
2026	\$761,451	\$1,036,178	73.5%	Low	\$171,187	\$0	\$1,261	\$13,439
2027	\$920,460	\$1,169,243	78.7%	Low	\$175,467	\$0	\$1,467	\$62,291
2028	\$1,035,103	\$1,259,459	82.2%	Low	\$179,853	\$0	\$1,673	\$21,386
2029	\$1,195,242	\$1,398,091	85.5%	Low	\$184,350	\$0	\$1,710	\$295,910
2030	\$1,085,393	\$1,261,810	86.0%	Low	\$188,958	\$0	\$1,771	\$0
2031	\$1,276,122	\$1,430,023	89.2%	Low	\$193,682	\$0	\$2,061	\$0
2032	\$1,471,866	\$1,607,195	91.6%	Low	\$198,524	\$0	\$2,346	\$16,047
2033	\$1,656,689	\$1,777,180	93.2%	Low	\$203,488	\$0	\$2,567	\$96,526
2034	\$1,766,218	\$1,873,521	94.3%	Low	\$208,575	\$0	\$2,808	\$0
2035	\$1,977,600	\$2,076,448	95.2%	Low	\$213,789	\$0	\$3,057	\$96,443
2036	\$2,098,003	\$2,190,527	95.8%	Low	\$219,134	\$0	\$3,314	\$0
2037	\$2,320,450	\$2,411,899	96.2%	Low	\$224,612	\$0	\$3,384	\$356,246
2038	\$2,192,200	\$2,277,648	96.2%	Low	\$230,227	\$0	\$2,776	\$915,993
2039	\$1,509,210	\$1,567,640	96.3%	Low	\$235,983	\$0	\$2,442	\$0
2040	\$1,747,636	\$1,784,759	97.9%	Low	\$241,883	\$0	\$2,805	\$0
2041	\$1,992,324	\$2,013,494	98.9%	Low	\$247,930	\$0	\$3,148	\$37,688
2042	\$2,205,714	\$2,215,528	99.6%	Low	\$254,128	\$0	\$3,502	\$0
2043	\$2,463,343	\$2,467,856	99.8%	Low	\$260,481	\$0	\$3,746	\$195,807
2044	\$2,531,764	\$2,531,648	100.0%	Low	\$266,993	\$0	\$3,983	\$22,879
2045	\$2,779,862	\$2,781,212	100.0%	Low	\$273,668	\$0	\$4,039	\$451,282

**Table 6: 30-Year Income/Expense Detail (yrs 0 through 4)**

**28590-0**

Fiscal Year	2016	2017	2018	2019	2020
Starting Reserve Balance	\$78,992	\$145,160	\$199,479	\$274,389	\$313,504
Annual Reserve Contribution	\$66,000	\$72,600	\$79,860	\$87,846	\$96,631
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$168	\$258	\$355	\$441	\$535
<b>Total Income</b>	<b>\$145,160</b>	<b>\$218,019</b>	<b>\$279,694</b>	<b>\$362,676</b>	<b>\$410,669</b>
# Component					
<b>Site / Grounds</b>					
100 Driveways, Sidewalks - Repr/Replace	\$0	\$0	\$0	\$0	\$0
103 Parallel Parking Asphalt- Resurface	\$0	\$0	\$0	\$0	\$0
112 Fencing/Railings - Repair/Replace	\$0	\$0	\$0	\$0	\$0
114 Fencing/Railings - Refinish/Paint	\$0	\$0	\$0	\$0	\$0
115 Benches, Trash, etc - Replace	\$0	\$0	\$0	\$0	\$0
160 Walkway Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
177 Irrigation Controllers - Repr/Replc	\$0	\$0	\$0	\$0	\$0
182 Drainage Lines - Inspect/Clean	\$0	\$0	\$5,305	\$0	\$0
200 Community Signs - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Building Exteriors</b>					
500 Steep Slope Roofs - Repr/Replace	\$0	\$0	\$0	\$0	\$0
505 Roofs - Inspect/Clean/Repair	\$0	\$10,300	\$0	\$0	\$11,255
510 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
520 Ext Surfaces/Siding - Repr/Replace	\$0	\$0	\$0	\$0	\$0
525 Full Exterior - Paint/Caulk	\$0	\$0	\$0	\$0	\$0
527 Partial Exterior - Paint/Caulk	\$0	\$0	\$0	\$49,173	\$0
529 Caulk, etc. - Inspect/Replace	\$0	\$8,240	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$18,540</b>	<b>\$5,305</b>	<b>\$49,173</b>	<b>\$11,255</b>
Ending Reserve Balance:	\$145,160	\$199,479	\$274,389	\$313,504	\$399,414

**Table 6: 30-Year Income/Expense Detail (yrs 5 through 9)**

**28590-0**

Fiscal Year	2021	2022	2023	2024	2025
Starting Reserve Balance	\$399,414	\$284,219	\$401,657	\$472,939	\$615,232
Annual Reserve Contribution	\$106,294	\$116,923	\$128,615	\$141,477	\$155,625
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$513	\$514	\$656	\$816	\$1,032
<b>Total Income</b>	<b>\$506,220</b>	<b>\$401,657</b>	<b>\$530,928</b>	<b>\$615,232</b>	<b>\$771,889</b>
# Component					
<b>Site / Grounds</b>					
100 Driveways, Sidewalks - Repr/Replace	\$0	\$0	\$4,919	\$0	\$0
103 Parallel Parking Asphalt- Resurface	\$0	\$0	\$0	\$0	\$0
112 Fencing/Railings - Repair/Replace	\$0	\$0	\$0	\$0	\$0
114 Fencing/Railings - Refinish/Paint	\$0	\$0	\$34,621	\$0	\$0
115 Benches, Trash, etc - Replace	\$0	\$0	\$0	\$0	\$0
160 Walkway Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
177 Irrigation Controllers - Repr/Replc	\$0	\$0	\$0	\$0	\$0
182 Drainage Lines - Inspect/Clean	\$0	\$0	\$6,149	\$0	\$0
200 Community Signs - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Building Exteriors</b>					
500 Steep Slope Roofs - Repr/Replace	\$0	\$0	\$0	\$0	\$0
505 Roofs - Inspect/Clean/Repair	\$0	\$0	\$12,299	\$0	\$0
510 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
520 Ext Surfaces/Siding - Repr/Replace	\$0	\$0	\$0	\$0	\$0
525 Full Exterior - Paint/Caulk	\$222,001	\$0	\$0	\$0	\$0
527 Partial Exterior - Paint/Caulk	\$0	\$0	\$0	\$0	\$0
529 Caulk, etc. - Inspect/Replace	\$0	\$0	\$0	\$0	\$10,438
<b>Total Expenses</b>	<b>\$222,001</b>	<b>\$0</b>	<b>\$57,989</b>	<b>\$0</b>	<b>\$10,438</b>
Ending Reserve Balance:	\$284,219	\$401,657	\$472,939	\$615,232	\$761,451

**Table 6: 30-Year Income/Expense Detail (yrs 10 through 14)**

**28590-0**

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$761,451	\$920,460	\$1,035,103	\$1,195,242	\$1,085,393
Annual Reserve Contribution	\$171,187	\$175,467	\$179,853	\$184,350	\$188,958
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,261	\$1,467	\$1,673	\$1,710	\$1,771
<b>Total Income</b>	<b>\$933,899</b>	<b>\$1,097,393</b>	<b>\$1,216,629</b>	<b>\$1,381,303</b>	<b>\$1,276,122</b>
# Component					
<b>Site / Grounds</b>					
100 Driveways, Sidewalks - Repr/Replace	\$0	\$0	\$5,703	\$0	\$0
103 Parallel Parking Asphalt- Resurface	\$0	\$0	\$0	\$0	\$0
112 Fencing/Railings - Repair/Replace	\$0	\$0	\$0	\$0	\$0
114 Fencing/Railings - Refinish/Paint	\$0	\$0	\$0	\$0	\$0
115 Benches, Trash, etc - Replace	\$0	\$0	\$0	\$0	\$0
160 Walkway Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
177 Irrigation Controllers - Repr/Replc	\$0	\$0	\$8,555	\$0	\$0
182 Drainage Lines - Inspect/Clean	\$0	\$0	\$7,129	\$0	\$0
200 Community Signs - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Building Exteriors</b>					
500 Steep Slope Roofs - Repr/Replace	\$0	\$0	\$0	\$0	\$0
505 Roofs - Inspect/Clean/Repair	\$13,439	\$0	\$0	\$14,685	\$0
510 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
520 Ext Surfaces/Siding - Repr/Replace	\$0	\$0	\$0	\$0	\$0
525 Full Exterior - Paint/Caulk	\$0	\$0	\$0	\$281,224	\$0
527 Partial Exterior - Paint/Caulk	\$0	\$62,291	\$0	\$0	\$0
529 Caulk, etc. - Inspect/Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$13,439</b>	<b>\$62,291</b>	<b>\$21,386</b>	<b>\$295,910</b>	<b>\$0</b>
Ending Reserve Balance:	\$920,460	\$1,035,103	\$1,195,242	\$1,085,393	\$1,276,122

**Table 6: 30-Year Income/Expense Detail (yrs 15 through 19)**

**28590-0**

Fiscal Year	2031	2032	2033	2034	2035
Starting Reserve Balance	\$1,276,122	\$1,471,866	\$1,656,689	\$1,766,218	\$1,977,600
Annual Reserve Contribution	\$193,682	\$198,524	\$203,488	\$208,575	\$213,789
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,061	\$2,346	\$2,567	\$2,808	\$3,057
<b>Total Income</b>	<b>\$1,471,866</b>	<b>\$1,672,736</b>	<b>\$1,862,744</b>	<b>\$1,977,600</b>	<b>\$2,194,446</b>
# Component					
<b>Site / Grounds</b>					
100 Driveways, Sidewalks - Repr/Replace	\$0	\$0	\$6,611	\$0	\$0
103 Parallel Parking Asphalt- Resurface	\$0	\$0	\$0	\$0	\$0
112 Fencing/Railings - Repair/Replace	\$0	\$0	\$0	\$0	\$0
114 Fencing/Railings - Refinish/Paint	\$0	\$0	\$46,528	\$0	\$0
115 Benches, Trash, etc - Replace	\$0	\$0	\$4,959	\$0	\$0
160 Walkway Lights - Repair/Replace	\$0	\$0	\$9,669	\$0	\$0
177 Irrigation Controllers - Repr/Replc	\$0	\$0	\$0	\$0	\$0
182 Drainage Lines - Inspect/Clean	\$0	\$0	\$8,264	\$0	\$0
200 Community Signs - Repair/Replace	\$0	\$0	\$7,273	\$0	\$0
<b>Building Exteriors</b>					
500 Steep Slope Roofs - Repr/Replace	\$0	\$0	\$0	\$0	\$0
505 Roofs - Inspect/Clean/Repair	\$0	\$16,047	\$0	\$0	\$17,535
510 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
520 Ext Surfaces/Siding - Repr/Replace	\$0	\$0	\$0	\$0	\$0
525 Full Exterior - Paint/Caulk	\$0	\$0	\$0	\$0	\$0
527 Partial Exterior - Paint/Caulk	\$0	\$0	\$0	\$0	\$78,908
529 Caulk, etc. - Inspect/Replace	\$0	\$0	\$13,223	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$16,047</b>	<b>\$96,526</b>	<b>\$0</b>	<b>\$96,443</b>
Ending Reserve Balance:	\$1,471,866	\$1,656,689	\$1,766,218	\$1,977,600	\$2,098,003

**Table 6: 30-Year Income/Expense Detail (yrs 20 through 24)**

**28590-0**

Fiscal Year	2036	2037	2038	2039	2040
Starting Reserve Balance	\$2,098,003	\$2,320,450	\$2,192,200	\$1,509,210	\$1,747,636
Annual Reserve Contribution	\$219,134	\$224,612	\$230,227	\$235,983	\$241,883
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,314	\$3,384	\$2,776	\$2,442	\$2,805
<b>Total Income</b>	<b>\$2,320,450</b>	<b>\$2,548,447</b>	<b>\$2,425,204</b>	<b>\$1,747,636</b>	<b>\$1,992,324</b>
# Component					
<b>Site / Grounds</b>					
100 Driveways, Sidewalks - Repr/Replace	\$0	\$0	\$7,664	\$0	\$0
103 Parallel Parking Asphalt- Resurface	\$0	\$0	\$6,227	\$0	\$0
112 Fencing/Railings - Repair/Replace	\$0	\$0	\$0	\$0	\$0
114 Fencing/Railings - Refinish/Paint	\$0	\$0	\$0	\$0	\$0
115 Benches, Trash, etc - Replace	\$0	\$0	\$0	\$0	\$0
160 Walkway Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
177 Irrigation Controllers - Repr/Replc	\$0	\$0	\$0	\$0	\$0
182 Drainage Lines - Inspect/Clean	\$0	\$0	\$9,581	\$0	\$0
200 Community Signs - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Building Exteriors</b>					
500 Steep Slope Roofs - Repr/Replace	\$0	\$0	\$766,441	\$0	\$0
505 Roofs - Inspect/Clean/Repair	\$0	\$0	\$19,161	\$0	\$0
510 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$106,919	\$0	\$0
520 Ext Surfaces/Siding - Repr/Replace	\$0	\$0	\$0	\$0	\$0
525 Full Exterior - Paint/Caulk	\$0	\$356,246	\$0	\$0	\$0
527 Partial Exterior - Paint/Caulk	\$0	\$0	\$0	\$0	\$0
529 Caulk, etc. - Inspect/Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$356,246</b>	<b>\$915,993</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance:	\$2,320,450	\$2,192,200	\$1,509,210	\$1,747,636	\$1,992,324

**Table 6: 30-Year Income/Expense Detail (yrs 25 through 29)**

**28590-0**

Fiscal Year	2041	2042	2043	2044	2045
Starting Reserve Balance	\$1,992,324	\$2,205,714	\$2,463,343	\$2,531,764	\$2,779,862
Annual Reserve Contribution	\$247,930	\$254,128	\$260,481	\$266,993	\$273,668
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,148	\$3,502	\$3,746	\$3,983	\$4,039
<b>Total Income</b>	<b>\$2,243,402</b>	<b>\$2,463,343</b>	<b>\$2,727,571</b>	<b>\$2,802,741</b>	<b>\$3,057,569</b>
# Component					
<b>Site / Grounds</b>					
100 Driveways, Sidewalks - Repr/Replace	\$0	\$0	\$8,885	\$0	\$0
103 Parallel Parking Asphalt- Resurface	\$0	\$0	\$0	\$0	\$0
112 Fencing/Railings - Repair/Replace	\$0	\$0	\$0	\$0	\$0
114 Fencing/Railings - Refinish/Paint	\$0	\$0	\$62,529	\$0	\$0
115 Benches, Trash, etc - Replace	\$0	\$0	\$0	\$0	\$0
160 Walkway Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
177 Irrigation Controllers - Repr/Replc	\$0	\$0	\$13,328	\$0	\$0
182 Drainage Lines - Inspect/Clean	\$0	\$0	\$11,106	\$0	\$0
200 Community Signs - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Building Exteriors</b>					
500 Steep Slope Roofs - Repr/Replace	\$0	\$0	\$0	\$0	\$0
505 Roofs - Inspect/Clean/Repair	\$20,938	\$0	\$0	\$22,879	\$0
510 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
520 Ext Surfaces/Siding - Repr/Replace	\$0	\$0	\$0	\$0	\$0
525 Full Exterior - Paint/Caulk	\$0	\$0	\$0	\$0	\$451,282
527 Partial Exterior - Paint/Caulk	\$0	\$0	\$99,958	\$0	\$0
529 Caulk, etc. - Inspect/Replace	\$16,750	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$37,688</b>	<b>\$0</b>	<b>\$195,807</b>	<b>\$22,879</b>	<b>\$451,282</b>
Ending Reserve Balance:	\$2,205,714	\$2,463,343	\$2,531,764	\$2,779,862	\$2,606,287

## Accuracy, Limitations, and Disclosures

### Washington disclosure, per RCW:

The reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair or replacement of a reserve component.

Because we have no control over future events, we do not expect that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect Reserve funds to continue to earn interest, so we believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. We can control measurements, which we attempt to establish within 5% accuracy through a combination of on-site measurements, drawings, and satellite imagery. The starting Reserve Balance and interest rate earned on deposited Reserve funds that you provided to us were considered reliable and were not confirmed independently. We have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable. Component Useful Life, Remaining Useful Life, and Current Cost estimates assume a stable economic environment and lack of natural disasters.

Because the physical condition of your components, the association's Reserve balance, the economic environment, and legislative environment change each year, this Reserve Study is by nature a "one-year" document. Because a long-term perspective improves the accuracy of near-term planning, this Report projects expenses for the next 30 years. It is our recommendation and that of the Financial Accounting Standards Board (FASB) that your Reserve Study be updated each year as part of the annual budget process.

Association Reserves WA, LLC and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. James D. Talaga R.S., company president, is a credentialed Reserve Specialist (#66). All work done by Association Reserves WA, LLC is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association's situation.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted in our “Site Inspection Notes” comments. No destructive or intrusive testing was performed. This Report and this site inspection were accomplished only for Reserve budget purposes (to help identify and address the normal deterioration of properly built and installed components with predictable life expectancies). The Funding Plan in this Report was developed using the cash-flow methodology to achieve the specified Funding Objective.

Association Reserves’ liability in any matter involving this Reserve Study is limited to our Fee for services rendered.

## Terms and Definitions

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area). Equivalent to Square Feet
<b>GSY</b>	Gross Square Yards (area). Equivalent to Square Yards
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)

**Effective Age:** The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

**Fully Funded Balance (FFB):** The value of the deterioration of the Reserve Components. This is the fraction of life “used up” of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

**Inflation:** Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 6.

**Interest:** Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.

**Percent Funded:** The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

**Remaining Useful Life (RUL):** The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

**Useful Life (UL):** The estimated time, in years, that a common area component can be expected to serve its intended function.

## Component Details

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of elements that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding.

- 1) Common area maintenance repair & replacement responsibility
- 2) Components must have a limited life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically 1/2 to 1% of annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life or how often the project is expected to occur, RUL = Remaining Useful Life or how many years from our reporting period) and a representative market cost range termed “Best Cost” and “Worst Cost” below the photo. There are many factors that can result in a wide variety of potential costs, we are attempting to represent a market average for budget purposes. Where there is no UL, the component is expected to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.

Client: 28590A Sunset Walk Neighborhood

**Comp # : 100      Driveways, Sidewalks - Repr/Replace**

Quantity: Concrete, Poured in place

Location : Driveways, sidewalks, exterior stairs, etc.

Funded? : Yes

History : None known

Evaluation : No widespread or significant cracking or damage noted of aggregate and broom finish concrete. Repair any trip and fall hazards (1/2" or larger displacement) immediately to ensure safety. In our experience, larger repair/replacement expenses can emerge as the community ages. Although difficult to predict timing, cost and scope, we suggest a funding allowance to supplement the operating/maintenance budget for periodic, larger repairs. The timing here is set to start when the community is about 10 years old; adjust as conditions, actual expense history dictates within future reserve study updates. As routine maintenance, inspect regularly, pressure wash for appearance and repair promptly as needed to prevent water penetrating into the base and causing further damage. Monitor tree roots nearby; consult with arborist for best practice.

Useful Life:  
5 years

Remaining Life:  
7 years



Best Case: \$3,000

Worst Case: \$5,000

Lower allowance for periodic local repairs/replacement

Higher allowance; more repair needs

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp # : 101      Roads/Alleys - Repair/Replace**

Quantity: Asphalt

Location : NE Hickory Lane and alleys throughout community

Funded? : No Responsibility of city of Issaquah

History : N/A

Evaluation : As discussed with Association Management and review of maps of community, the city of Issaquah is responsible to maintain, repair and replace roads/alleys within community. No reserve funding included here with this understanding.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Client: 28590A Sunset Walk Neighborhood**

**Comp # : 103      Parallel Parking Asphalt- Resurface      Quantity: ~1,300 GSF, asphalt**  
 Location : Within common area Tracts A, D & I adjacent to roads/alleys  
 Funded? : Yes

History : Assumed original to installation

Evaluation : According to the notes on the recorded plat, public parallel parking areas adjacent to roads at Tracts A, D & I are Association responsibility. No major damage/deterioration noted at these areas.

As routine maintenance, keep surfaces clean and free of debris, ensure that drains are free flowing, repair cracks, and clean oil stains promptly. Assuming proactive maintenance, plan to resurface at roughly the time frame below. Surfaces can be sealcoated (cost typically about \$.20-.30/SF) as part of operating budget which can help extend the overall life of the asphalt.

Useful Life:  
25 years

Remaining Life:  
22 years



Best Case: \$2,600

Worst Case: \$3,900

\$2/SF, Lower allowance to resurface/overlay

\$3/Sf, Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp # : 105      Pavers - Repair/Replace      Quantity: ~2,300 GSF cobblestone**  
 Location : Common area Tracts A, D, & I  
 Funded? : No - Useful life is not predictable; repair/replace as needed out of operating budget

History : Assumed original to construction

Evaluation : No obvious issues observed of paved areas, however standing water over section of Tract A area. This should be investigated and if needed, remedied. These paved areas are only for pedestrian travel, not vehicles. With ordinary care and maintenance (cleaning/locally repairing), no predictable basis for major repairs/replacement assuming designed and installed correctly. Sealers can be applied to surface and joint sand replenishment may be needed eventually. Evaluate routinely and adjust this component if needed.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Client: 28590A Sunset Walk Neighborhood

Comp # : 112      Fencing/Railings - Repair/Replace      Quantity: ~2,250 LF, steel & alum

Location : Front yards of lots, adjacent to east side Lot 49 & Tract H, common area stairs

Funded? : Yes

History : Assumed original to installation

Evaluation : The majority of this fencing (about 1,880 LF) is ~3' high steel fencing located within the front yards of lots; the remaining (about 370 LF) is aluminum fencing alongside the eastern boundary of Lot 49 and Tract H adjacent to a drainage embankment. This also includes some steel handrails adjacent to concrete steps at common areas. Both types of fencing/rails appear to be powder coated with similar black appearance. There are brick pillars scattered within the yard fencing.

We noted some local rust at areas of the metal fencing but not widespread or significant. As routine maintenance, these fences/rails should be inspected regularly and cleaned/locally treated for rust. The metal fencing is prone to rust and we recommend planning for large scale refinishing/painting as shown within the next component. In addition to this, we recommend planning for eventual replacement as shown here due to damage/deterioration that will result over time. This component cycles with future refinish cycle. We have included both aluminum and steel fencing together within this component as they are proximate to one another (photo here shows both types) and while the aluminum fencing may last longer, it may fade and for consistency best to plan for similar cycles as steel fencing.

Useful Life:  
40 years

Remaining Life:  
37 years



Best Case: \$113,000

Worst Case: \$146,000

\$50/LF, Lower allowance to remove and replace

\$65/LF, Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Client: 28590A Sunset Walk Neighborhood

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**Comp # : 114      Fencing/Railings - Refinish/Paint      Quantity: ~2,250 LF, steel & alumn**  
Location : Front yards of lots, adjacent to east side Lot 49 & Tract H, common area stairs  
Funded? : Yes

History : Assumed original to installation

Evaluation : This component recommends periodic funding to refinish/paint the metal and aluminum fencing/rails. Currently these rails appear to have a factory applied, powder coated finish. Site applications assumed for these cycles. The metal fencing will tend to get rust spots; although the aluminum fencing will not rust, it may fade and we recommend painting with metal for consistent appearance.

Useful Life:  
10 years

Remaining Life:  
7 years



Best Case: \$22,500

Worst Case: \$33,800

\$10/LF, to refinish/paint rails/fencing

\$15/LF, higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

---

**Comp # : 115      Benches, Trash, etc - Replace      Quantity: ~(7) metal pieces**  
Location : Installed within Common Area Tracts A, B and I  
Funded? : Yes

History : Assumed original to construction

Evaluation : No significant damage/deterioration noted of metal pieces which include (2) benches, (2) trash receptacles and (4) pet waste stations. Over time these pieces will deteriorate due to constant exposure and while individually can be replaced as needed out of the operating budget, in order to maintenance a consistent, quality appearance, we recommend planning for replacement as shown. As routine maintenance, inspect regularly and clean, repair locally and refinish as needed.

Useful Life:  
20 years

Remaining Life:  
17 years



Best Case: \$2,500

Worst Case: \$3,500

Lower allowance to replace metal pieces (benches, trash receptacles, pet stations)

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

---

Client: 28590A Sunset Walk Neighborhood

---

**Comp # : 150 Street Lights - Repair/Replace**

Quantity: (9) metal posts/fixtures

Location : Adjacent to main roads

Funded? : No Not Association responsibility

History : Assumed original to installation

Evaluation : Black, metal light posts adjacent to roads appear to be within roadway area and assumption is Association not responsible to maintain.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

---

**Comp # : 160 Walkway Lights - Repair/Replace**

Quantity: ~(26) metal standards

Location : Adjacent to pedestrian walkways within community (Tracts A, B C E F G, H, & I)

Funded? : Yes

History : Assumed original to installation

Evaluation : No major damage/deterioration noted. Observed during daylight hours; assumed to be in functional operating condition. Best to plan for replacement at roughly the time frame below for cost efficiency and consistent quality/appearance throughout association. As routine maintenance, inspect, repair/change bulbs as needed.

Useful Life:  
20 years

Remaining Life:  
17 years



Best Case: \$3,900

Worst Case: \$7,800

\$200/each (x26), Lower allowance to replace

\$300/each (x26), Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

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Client: 28590A Sunset Walk Neighborhood

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Comp # : 170      Landscape - Maintain/Refurbish      Quantity: Shrubs, grass, trees

Location : Common area tracts, adjacent to units

Funded? : No Useful life not predictable, repair/replace as needed out of operating budget

History : Assumed original to construction

Evaluation : Moderate amount of landscaping here appears to be low maintenance items. Although typically funded as ongoing maintenance item, this component may be utilized for setting aside funds for larger expenses that do not occur on an annual basis, such as large scale plantings, bark/mulch replenishment, etc. Often times these type of projects can be handled within the annual operating budget as a separate line item from the landscape maintenance contract. The 2015-16 budget includes an additional landscape item budgeted at \$18,642. At this time no specific projects anticipated and no desire by community for refurbishing; small total area and newer plantings. No predictable basis for reserve funding at this time; monitor and include funding in reserve study updates if needed / desired.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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Client: 28590A Sunset Walk Neighborhood

**Comp # : 175      Irrigation System - Repair/Replace      Quantity: Valves, controls, etc.**

Location : Throughout landscaing

Funded? : No - Useful life is not predictable; repair/replace as needed out of operating budget

History : Assumed original to installation

Evaluation : Our visual observation of the irrigation system was limited as the majority of system components are below grade. At the time of this study, no information (plans and/or specifications) provided to us regarding the extent of the irrigation system and system was not in use during our off-season January inspection.

Assuming professional inspections and maintenance, no predictable basis for reserve funding at this time for overall system. As routine maintenance, inspect, test, and repair system as needed from operating budget. Follow proper winterization and spring startup procedures. If properly installed and bedded without defect, the lines could last for many years. Other elements (i.e. sprinkler heads, valves) within this system are generally lower cost and have a failure rate that is difficult to predict. These elements are better suited to be handled through the maintenance and operating budget, not reserves. See next component for controllers.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp # : 177      Irrigation Controllers - Repr/Replc      Quantity: (2) controllers/timeclock**

Location : Common area tracts within community

Funded? : Yes

History : Assumed original to installation

Evaluation : As reported to us by Association Management, two controllers/timeclocks within this community. Although life can vary, best to plan for eventual replacement as shown here. Sturdy plate steel enclosures should have long life with no predictable basis for reserve funding.

Useful Life:

15 years

Remaining Life:

12 years



Best Case: \$5,000

Worst Case: \$7,000

Lower allowance to replace controllers/timeclocks

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Client: 28590A Sunset Walk Neighborhood

**Comp # : 182      Drainage Lines - Inspect/Clean**

Quantity: Storm Drains

Location : Throughout community

Funded? : Yes

History : None known

Evaluation : We noted some standing water at paved area within Tract A, however no other issues observed at this time and none reported to us. Drainage facilities are typically inspected periodically by governing authority; typically storm system maintenance guidelines can be found on their website. As part of proactive maintenance and as discussed by Association Management, cyclical drain line cleaning is being included here. This is in addition to local cleaning/inspections as part of routine annual maintenance.

Useful Life:  
5 years

Remaining Life:  
2 years



Best Case: \$4,000

Worst Case: \$6,000

Lower allowance to inspect/clean drain lines

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp # : 190      Pea Patches - Maintain**

Quantity: (2) pea patches

Location : Within Tracts A & D within community

Funded? : No Not Residential Association responsibility

History : Assumed original

Evaluation : Association Management reports that pea patches are not Residential Association responsibility.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Client: 28590A Sunset Walk Neighborhood

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**Comp # : 200      Community Signs - Repair/Replace      Quantity: (7) steel**

Location : Scattered areas of community

Funded? : Yes

History : Assumed original to installation

Evaluation : No major damage/deterioration noted of steel units; we observed some rust at one and missing diagram at another. Reserve funding recommended for regular intervals of replacement to maintain a consistent, quality appearance. As noted within Association documents, various other signs identifying pedestrian paths, etc. are city of Issaquah responsibility to maintain, repair and replace.

Useful Life:  
20 years

Remaining Life:  
17 years



Best Case: \$3,500

Worst Case: \$5,300

Lower allowance to remove and replace

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

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**Comp # : 205      Mailboxes - Replace      Quantity: Assorted**

Location : Adjacent to roads

Funded? : No Not residential association responsibility

History : Assumed original to construction

Evaluation : Reported to us by Association Management that mailboxes are not Residential Association responsibility.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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Client: 28590A Sunset Walk Neighborhood

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Comp # : 500 Steep Slope Roofs - Repr/Replace

Quantity: ~100,000 GSF,arch shingle

Location : Rooftops of buildings

Funded? : Yes

History : Assumed original to installation

Evaluation : Although we had limited visibility from our ground level inspection, we observed metal flashing at rake edges, roofing shingles overhang barge board cut ends, flashing visible at roof/wall interfaces and metal crickets installed at some valleys. Visible ventilation includes circular holes between rafters at eaves and roof jacks; we could not confirm if ridge vents in place.

Plan for replacement at roughly the time frame indicated below with costs shown here for similar shingle to what is currently in place. At time of re-roof we recommend that you hire a professional roof consultant such as Architect, Engineer, or building envelope consultant; to evaluate, design, specify, help bid the project, select best bidder, and observe construction to ensure proper installation. We recommend all Associations seek advice from a qualified consultant whenever they are considering having work performed on any building envelope components (roof, walls, windows, decks, exterior painting and caulking/sealant). As routine maintenance, many manufacturers recommend inspections at least twice annually (once in the fall, before the rainy season, and again in the spring) and after large storm events. Promptly replace any damaged/missing sections or any other repair needed to ensure waterproof integrity of roof. Keep roof surface, gutters and downspouts clear and free of moss or debris. Funding for moss removal/treatment shown in component #505.

Useful Life:  
25 years

Remaining Life:  
22 years



Best Case: \$350,000

\$3.50/Sq Ft, Lower allowance to tear off and reroof

Worst Case: \$450,000

\$4.50/Sq Ft, Higher allowance; upgrades, underlying repair needs, metal work, etc.

Cost Source: ARI Cost Database: Similar Project Cost History

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Client: 28590A Sunset Walk Neighborhood

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Comp # : 505      Roofs - Inspect/Clean/Repair

Quantity: ~100,000 GSF,arch shingle

Location : Rooftops of buildings

Funded? : Yes

History : None known

Evaluation : No widespread debris, moss, etc. viewed from our ground level inspection and no problems reported to us. As requested by Association Management, plan for periodic inspections, repairs, cleaning and moss treatment every 3 years as shown here. Moss growth can decrease the life of the roofing shingles and should be removed as soon as possible. Liquid applied fungicide (moss killer) is recommended instead of power washing the living moss off the shingles. Moss roots grow into the shingles. Killing the moss in-place, with a fungicide, allows the roots to gradually release from the shingles where they can be swept away. Do not use high pressure wash. As routine maintenance, many manufacturers recommend inspections at least twice annually (once in the fall, before the rainy season, and again in the spring) and after large storm events. Promptly replace any damaged/missing sections or any other repair needed to ensure waterproof integrity of roof.

Useful Life:  
3 years

Remaining Life:  
1 years



Best Case: \$8,000

Worst Case: \$12,000

Lower allowance to inspect, clean and apply moss treatment

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

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Client: 28590A Sunset Walk Neighborhood

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Comp # : 510      Gutters/Downspouts - Repair/Replace      Quantity: ~9.300 LF metal

Location : Perimeter of buildings

Funded? : Yes

History : Assumed original to construction

Evaluation : We did not observe any obvious issues such as improper sloping, poor attachment and other damage/deterioration from our limited ground level view. We recommend that the adjacent gutter (and downspouts) be replaced when the roof (#500) is being replaced for cost efficiency/consistency. Evaluate at time of roof replacement to determine if replacement or re-use is the better value. National Roofing Contractor Association (NRCA) roofing standard includes installing eave flashings at the gutters. As routine maintenance, inspect regularly, keep gutters and downspouts free of debris.

Useful Life:  
25 years

Remaining Life:  
22 years



Best Case: \$46,500

Worst Case: \$65,100

\$5/Linear Ft, Lower allowance to remove and replace

\$7/Linear Ft, Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

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Client: 28590A Sunset Walk Neighborhood

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Comp # : 520 Ext Surfaces/Siding - Repr/Replace

Quantity: ~90,000 GSF, fiber-cement

Location : Exterior of buildings

Funded? : Yes

History : Assumed original to construction

Evaluation : Building siding is primarily fiber-cement products with horizontal clap board, smooth panel and board/batten style; there is a small amount of brick siding but estimated to be less than 10% of total area. The trim, fascia, door moldings, etc. appear to be painted wood. We noted corner trim butts to siding and is caulked, metal flashing is installed at top of trim at windows and top side of penetrations and belly bands, caulking in place at window sills/jams; siding to siding ends are not caulked. Window sills have lower wood ledge which is cut with an outward, downward angle away from the building but could be potential for water/moisture to accumulate.

Warranty periods for fiber-cement products have generally lessened in recent years. James Hardie siding, offers either a 30-year non-prorated warranty in the Washington area or the Association can choose a 50-year prorated warranty. These warranties generally cover (a) remain non-combustible, (b) resist damage caused by hail or termites, (c) will not crack, rot or delaminate; warranty does not cover ordinary wear and tear. At the suggestion of Hardie siding rep and based on our research, we recommend planning for about 50 year life for this product as shown here due to normal wear and tear, degradation of underlying waterproofing, etc. This assumes routine maintenance and following recommended paint/caulk cycles (see #525). As timing draws nearer, inspect closely and adjust this component in reserve study updates. As routine maintenance, inspect regularly and touch-up/repair locally as needed as part of operating budget.

Useful Life:  
50 years

Remaining Life:  
47 years



Best Case: \$900,000

Worst Case: \$1,350,000

\$10/SF, Lower allowance to remove and replace siding

\$15/SF, Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

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Client: 28590A Sunset Walk Neighborhood

Comp # : 525 Full Exterior - Paint/Caulk

Quantity: ~90,000 GSF, Siding/Trim

Location : Exterior of buildings

Funded? : Yes

History : None known

Evaluation : According to the Association declaration Section 3.1.3 (b), painting (including staining) of all exterior painted portions of the improvements, including garage, garage door, exterior doors, shutters, fascia, etc. is the responsibility of the Neighborhood Association. For discussion of exterior repairs/replacement, see component #520. Furthermore, Association declaration Section 3.1.3(c), caulking of the exterior portions of all windows and doors is the responsibility of the Neighborhood Association. For discussion of repairs/replacements of windows and doors see # 535 and #580.

No widespread or significant deterioration of exterior painted surfaces and caulking at this time. There were a handful of areas where fading is noticeable (dark colored, most exposed sides of buildings) and actual peeling paint (board/bat siding at most exposed sides of buildings). Siding appears to be primarily fiber-cement materials of horizontal clapboard, bat/board and smooth panel styles with wood trim. Typical Northwest paint cycles vary greatly depending upon many factors including; type of material painted, surface preparations, quality of primer/paint/stain, application methods, weather conditions during application, moisture beneath paint, and exposure to weather conditions. We recommend planning to paint entire building exterior surfaces (body/field area of siding) and caulk every 8 years as shown here. Association Management is requesting touch-up/partial paint project (#527) at the mid-way point between these cycles as well as inspection/touch-up caulk cycles (#529) between the partial and full paint projects. As routine maintenance, inspect regularly (including sealants) repair locally and touch-up paint as needed. Additional information on painting is available through American Coatings Association at <http://www.paint.org/>.

Useful Life:  
8 years

Remaining Life:  
5 years



Best Case: \$158,000

\$1.75/SF, Lower allowance to paint entire building exterior surfaces including caulking

Worst Case: \$225,000

\$2.50/SF, Higher allowance, includes other things such as benches, etc.

Cost Source: ARI Cost Database: Similar Project Cost History/Cost History

Client: 28590A Sunset Walk Neighborhood

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Comp # : 527 Partial Exterior - Paint/Caulk

Quantity: Portions of buildings

Location : Portions of exterior of buildings

Funded? : Yes

History : None known

Evaluation : This component reflects partial paint projects (trim, touch-up, more exposed areas) and caulking at the mid-way point between exhaustive paint projects (#525) hence this reflects 8 year cycles which fund 4 years following the full paint project. This typically would include more exposed sides of buildings, wood areas, darker colors that fade quickly, etc. As routine maintenance, inspect regularly (including sealants) repair locally and touch-up paint as needed. Additional information on painting is available through American Coatings Association at <http://www.paint.org/>. Professional architect/vendor should evaluate prior to project to determine actual needs.

Useful Life:  
8 years

Remaining Life:  
3 years



Best Case: \$40,000

Worst Case: \$50,000

Lower allowance for partial caulk/paint project between comprehensive paint projects

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History/Cost History

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Client: 28590A Sunset Walk Neighborhood

Comp # : 529 Caulk, etc. - Inspect/Replace

Quantity: Partial areas as needed

Location : Partial exteriors as needed

Funded? : Yes

History : done

Evaluation : According to the Association declaration (Section 3.1.3 c), caulking of the exterior portions of all windows and doors is the responsibility of the Neighborhood Association. For discussion of repairs/replacements of windows and doors see #535 and #580. From our limited, ground level inspection, very difficult to observe, however no obvious signs of significant or widespread failure of caulking/sealant. As noted in this photo, some areas of painted caulk have expanded/contracted and paint has cracked off caulk. At the request of the Association Management, this component includes funding for inspections/caulking touch-up as needed between the exhaustive paint projects (# 525) and the trim/partial paint projects (#527). Caulking and painting during these paint projects is assumed to be included in the costs in those separate components. Proper sealant/caulking is critical to keeping water out of the walls, and preventing water damage. Incorrect installations of sealant are common, and can greatly decrease its useful life. Inspect sealant, more frequently as it ages, to determine if it is failing. Typical sealant problems include failure of sealant to adhere to adjacent materials and tearing/splitting of the sealant itself. As sealants age and are exposure to ultra-violet sunlight, they will dry out, harden, and lose their elastic ability. Remove and replace sealant as signs of failure begin to appear. Proper cleaning, prep work, and installation are critical for a long lasting sealant/caulking - use services of specialty caulking contractor, not painter or other. Do not install sealant in locations that would block water drainage from behind the siding. Repair areas as needed prior to painting/caulking. As routine maintenance, inspect regularly (including sealants) repair locally and touch-up paint as needed.

Useful Life:  
8 years

Remaining Life:  
1 years



Best Case: \$6,000

Worst Case: \$10,000

Lower allowance for inspection/touch-up caulk project

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Client: 28590A Sunset Walk Neighborhood

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**Comp # : 535**      **Windows - Repair/Replace**

Quantity: Extensive, assorted

Location : Exterior walls

Funded? : No Unit owner responsibility, not Association

History : None known

Evaluation : According to Governing Documents (section 3.2) the Residential Association is not responsible for windows maintenance and repairs other than caulking (funded separately). With this understanding, no funding for association repair/replacement herein. However, the association should establish specific guidelines and architectural control policies for repairs/replacements to ensure that underlying structure is protected when any work is done in these areas. Note: funding for caulking included within separate components.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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**Comp # : 540**      **Decks/Porches - Repair/Replace**

Quantity: Varies

Location : Adjacent to individual units

Funded? : No Association not responsible; individual owner responsibility

History : Assumed original to construction

Evaluation : In Section 3.8 (f) of governing documents, maintenance, repair and replacement of front porches and decks installed as part of original construction is individual unit owner responsibility, not the Residential Association. With this understanding no funding included here. However, we recommend the Association oversee work in these areas to ensure proper waterproofing/protection of association assets. We noted concrete porches at ground level. We assume all railings (see photo) adjacent to these areas are also unit owner responsibility, not Association.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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Client: 28590A Sunset Walk Neighborhood

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**Comp # : 560**      **Bldg. Exterior Lights - Replace**      Quantity: Metal/glass

Location : Mounted on exterior walls of buildings

Funded? : No Residential Association not responsible, unit owner responsible

History : Assumed original to installation

Evaluation : According to governing documents Section 3.7 (g), owners are responsible to maintain, repair and replace exterior lights. No reserve funding included here.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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**Comp # : 580**      **Unit/Garage Doors - Replace**      Quantity: Extensive, assorted

Location : Entries to units and garages

Funded? : No Unit owner responsibility

History : None known

Evaluation : Doors appear to be sturdy metal designs. We assume installed without defect of material and/or workmanship. As with windows (#535), according to Governing Documents Section 3.2, the Residential Association is not responsible for maintenance or repairs to doors or garage doors, other than caulking and painting. With this understanding, no funding for association repair/replacement however association should establish specific guidelines to provide to homeowners for repairs/replacements to ensure adequate waterproofing, consistent appearance, etc. throughout community. These door types should have long life.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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Client: 28590A Sunset Walk Neighborhood

Comp # : 997 Association Annual Inspection Quantity: Every year

Location : Common elements of association

Funded? : No Annual costs, best handled in operational budget

History : None known

Evaluation : Many Associations are required to have annual inspections by a qualified engineer or architect to assess the physical condition of the improvements. The inspection typically covers, at a minimum, the building envelope, including: roofs, exterior, decks, waterproofing / sealants, flashings, glazing systems and doors. Forensic evaluation, building drops, etc...are beyond the scope of a typical reserve study. Although your Associations governing documents do not appear to have such a requirement, we recommend the Board provide for periodic building envelope inspections, funded from the operating budget, to help ensure critical areas are functioning properly.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp # : 999 Reserve Study Update Quantity: Annual

Location : Common elements of association

Funded? : No Annual costs, best handled in operational budget

History : No previous reserve study known

Evaluation : Per Washington law (RCW), reserve studies are to be updated annually, with site inspections by an independent reserve study professional to occur no less than every three years to assess changes in condition (i.e., physical, economic, governmental, etc...) and the resulting effect on the community's long-term reserve plan. Most appropriately factored within operating budget, not as reserve component.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source: