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## **“Full” Reserve Study**



## **The Glen of Pacific Grove**

**Pacific Grove, CA**

**Report #: 7492-0**

**For Period Beginning: September 1, 2012**

**Expires: August 31, 2013**

**Date Prepared: September 26, 2012**

**REVISED**



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

**T**his Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

**W**ith respect to Reserves, this Report will tell you “where you are”, and “where to go from here”.

**In this Report, you will find...**

- 1) A List of What you’re Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

### **More Questions?**

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

415/694-8931



# Table of Contents

<b>Executive Summary .....</b>	<b>i</b>
Reserve Study Summary .....	i
Reserve Component List – Table 1 .....	ii
<b>Introduction, Objectives, and Methodology .....</b>	<b>1</b>
Which Physical Assets are Covered by Reserves? .....	2
How are Useful Life and Remaining Useful Life established? .....	2
How are Cost Estimates Established? .....	2
How much Reserves are enough? .....	3
How much should we contribute? .....	3
What is our Funding Goal? .....	4
<b>Site Inspection .....</b>	<b>5</b>
<b>Projected Expenses .....</b>	<b>6</b>
Expense Graph – Figure 1 .....	6
<b>Reserve Fund Status &amp; Recommended Funding Plan .....</b>	<b>7</b>
Funding Plan Graph – Figure 2 .....	7
Cash Flow Graph – Figure 3 .....	8
% Funded Graph – Figure 4 .....	8
<b>Table Descriptions .....</b>	<b>9</b>
Reserve Component List Detail – Table 2 .....	10
Contribution & Fund Breakdown – Table 3 .....	11
30 Year Reserve Plan Summary – Table 4 .....	12
30 Year Reserve Plan Year by Year Detail – Table 5 .....	13
<b>Accuracy, Limitations, and Disclosures .....</b>	<b>19</b>
<b>Terms and Definitions .....</b>	<b>20</b>
<b>Photographic Inventory .....</b>	<b>Appendix</b>

## 3- Minute Executive Summary

Association: The Glen of Pacific Grove Assoc. #: 7492-0  
Location: Pacific Grove, CA  
# of Units: 60  
Report Period: September 1, 2012 through August 31, 2013

### Results as-of 9/1/2012:

Projected Starting Reserve Balance: .....	\$429,867
Fully Funded (Theoretical) Reserve Balance: .....	\$470,705
Average Reserve Deficit (Surplus) Per Unit:.....	\$681
Percent Funded (Reserve Score): .....	91.3%
Recommended 2012/13 monthly Reserve Contribution: .....	\$6,365
Recommended 2012/13 Special Assessment for Reserves: .....	\$0
Most Recent Reserve Contribution Rate:.....	\$6,180

### Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves .....0.35%  
Annual Inflation Rate .....3.00%

- This is a "Full" Reserve Study (original, created "from scratch").
- The information in this Reserve Study is based on our site inspection on July 13, 2012.
- This Reserve Study was prepared by a credentialed Reserve Specialist (RS)
- Because your Reserve Fund is at 91.3% Funded, this represents a strong position.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your current Reserve contributions.
- Funding for maintenance of the tennis court has been excluded form this study at the request of the Board.
- Please see the inventory appendix at the back of this report for a more detailed look at the funded and un-funded components.



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Table 1: Executive Summary

7492-0

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
103 Concrete Surfaces - Repair	10	9	\$35,000	\$45,667
<b>201 Asphalt - Resurface</b>	<b>30</b>	<b>0</b>	<b>\$145,000</b>	<b>\$351,953</b>
202 Asphalt - Seal/Repair	5	5	\$9,215	\$10,683
320 Pole Lights - Replace	30	13	\$42,750	\$62,780
324 Wall Lights - Replace	25	9	\$11,200	\$14,613
403 Mailboxes - Replace	25	7	\$14,000	\$17,218
502 Chain Link Fence - Replace	30	10	\$12,600	\$16,933
503 Metal Fence - Replace	30	29	\$19,475	\$45,894
505 Wood Fence - Partial Replace	10	5	\$6,165	\$7,147
702 Vehicle Gates - Replace	30	13	\$14,000	\$20,559
704 Intercom - Replace	15	1	\$4,500	\$4,635
706 Gate Operators - Replace	10	2	\$6,000	\$6,365
1001 Backflow Device - Replace	25	7	\$7,000	\$8,609
<b>1009 Landscaping - Replenish</b>	<b>N/A</b>	<b>0</b>	<b>\$20,000</b>	<b>\$0</b>
1107 Metal Fence - Repaint	5	4	\$3,405	\$3,832
1116 Exterior Surfaces - Repaint	10	3	\$166,000	\$181,393
1121 Exterior Surfaces - Repair	10	3	\$21,000	\$22,947
1303 Comp Shingle Roof - Replace	30	26	\$445,500	\$960,761
1310 Gutters/Downspouts - Replace (ph.1)	30	17	\$58,500	\$96,692
1311 Gutters/Downspouts - Replace (ph.2)	30	22	\$29,250	\$56,046
1701 Creek Bridge - Replace	25	21	\$15,600	\$29,021
<b>21 Total Funded Components</b>				

Note 1: Highlighted line items are expected to require attention in initial year.

Note 2: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

## 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 process of research and analysis along well defined methodologies.

In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.

### Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

## Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. 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".

### Reserve Study Types

- 
- Full
  - Update With-Site-Visit
  - Update No-Site-Visit

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

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited 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. This limits Reserve

#### **Reserve Components**

- Common Area
- Limited Useful Life
- Predictable Life Limit
- Cost must be Significant

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 are Useful Life and Remaining Useful Life established?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

### *How are Cost Estimates Established?*

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

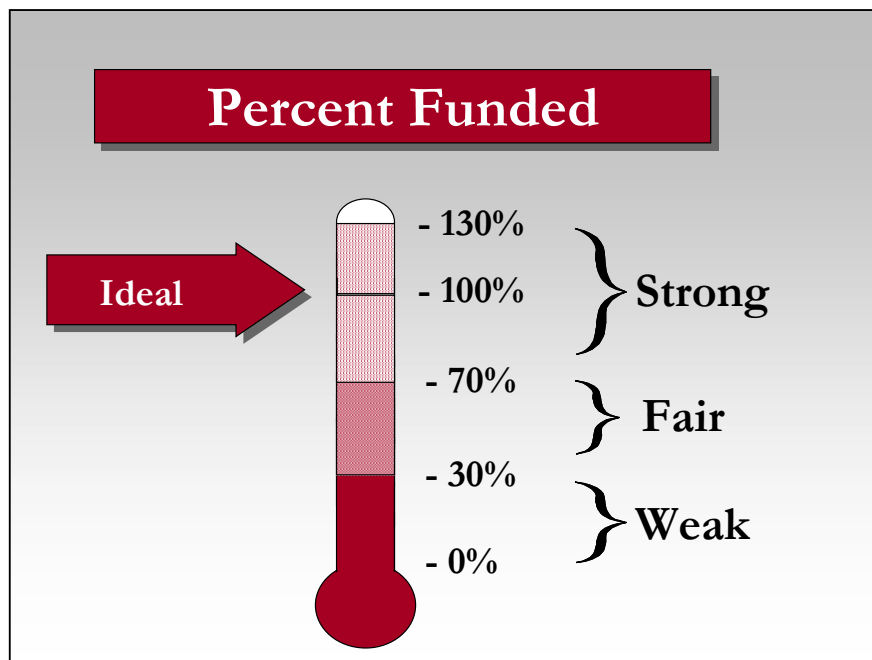
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

### *How much Reserves are enough?*

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB).
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% -130% range is considered “strong” because in this range cash flow problems are rare.

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?*

There are four Funding Principles that we 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. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Boardmembers to recommend to their association.

#### **Funding Principles**

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

### *What is our Recommended Funding Goal?*

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

#### **Funding Goals**

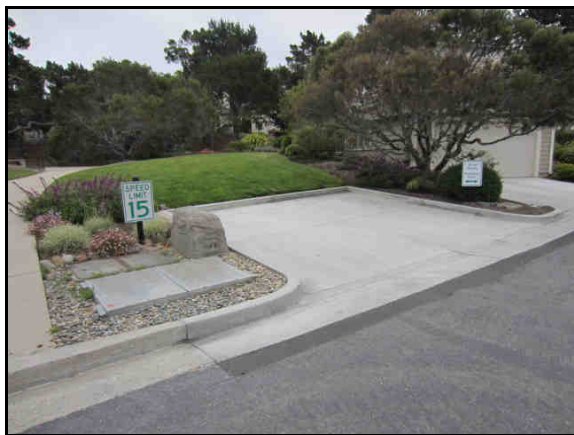
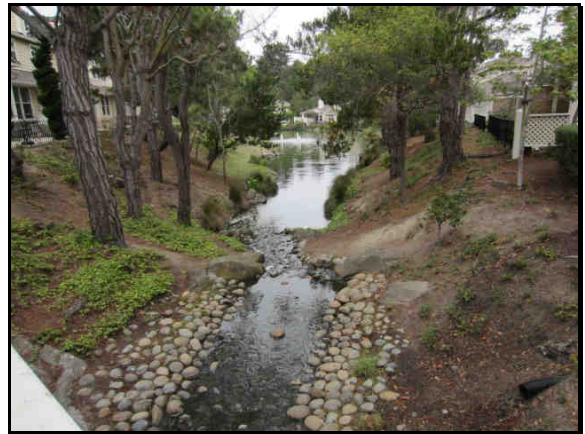


- Full Funding
- Threshold Funding
- Baseline Funding

## Site Inspection Notes

During our site visit on July 13, 2012, we started with a brief meeting with Terry Field (BOD) and Rodger Axt (BOD), and then started the site inspection beginning with the asphalt. We visually inspected entire property, and were able to see all areas.

During our site inspection we were informed that landscape maintenance is being handled from the Operational maintenance budget, not Reserves.



## Projected Expenses

The figure below shows the array of the projected future expenses at your association. All expenses are based on the average of our Best Case and Worst Case projections, inflated appropriately for future years.

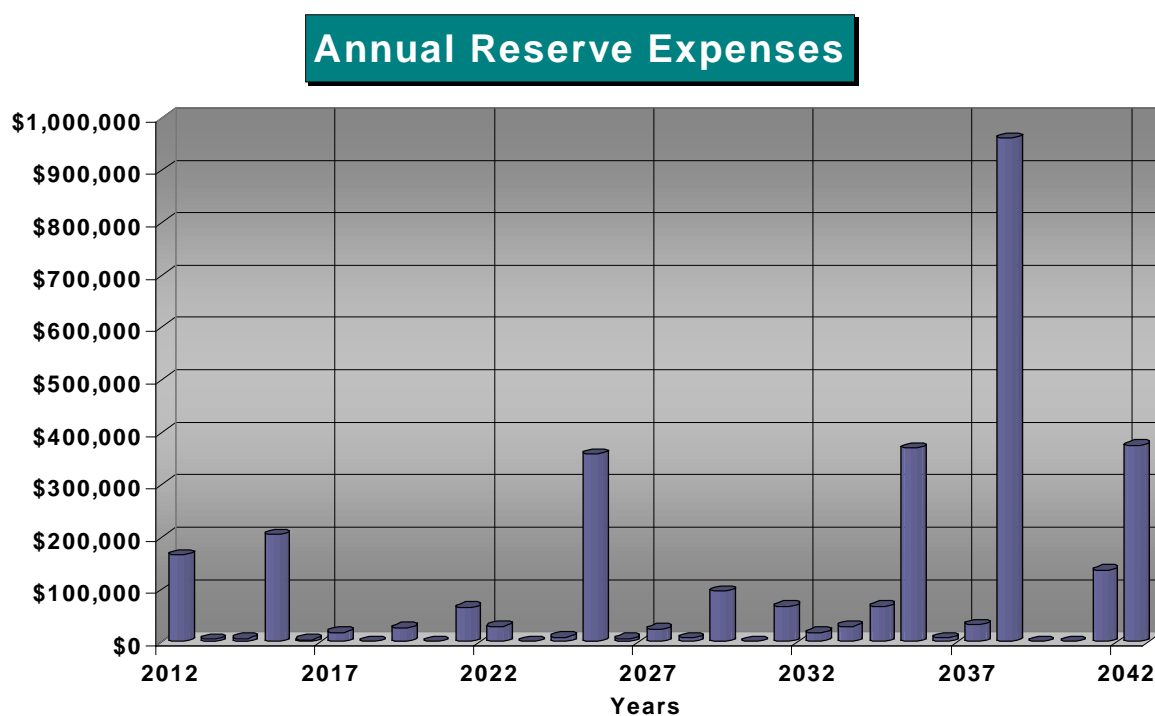


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

## Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$429,867 as-of the start of your Fiscal Year on September 1, 2012. As of September 1, 2012, your Fully Funded Balance is computed to be \$470,705 (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 91% Funded. As indicated earlier in the Executive Summary, this represents strong status.

## Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$6,365/month this Fiscal Year. This represents the first year of the 30-year Funding Plan shown below. This same information is shown numerically in both Table 4 and Table 5.

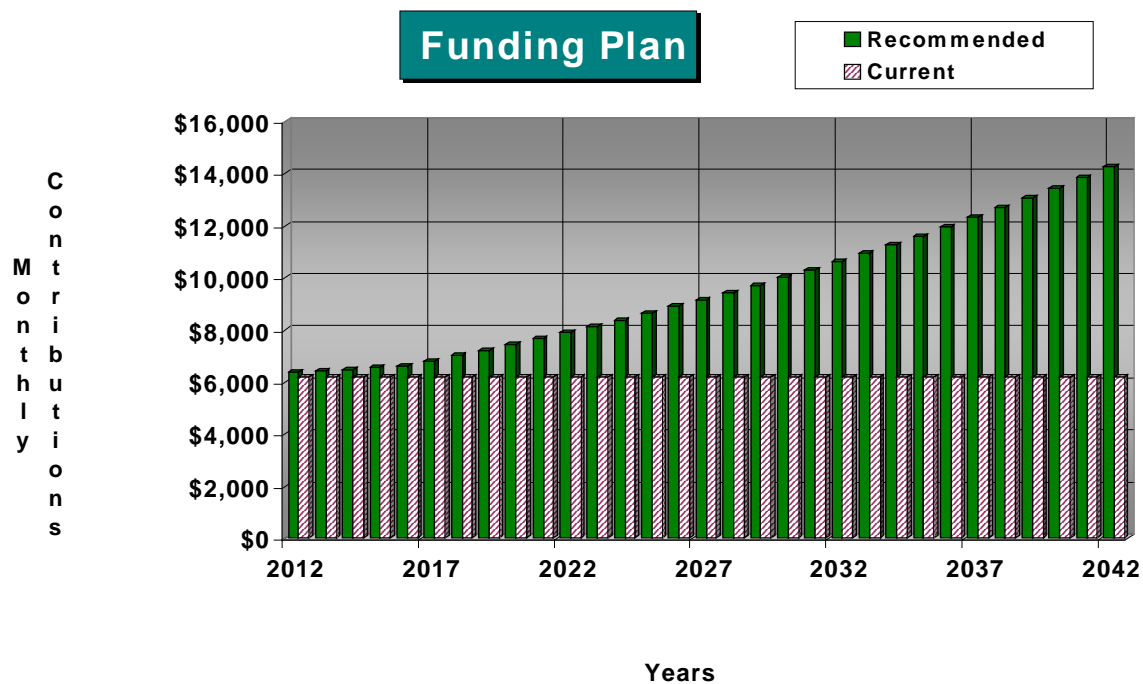


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

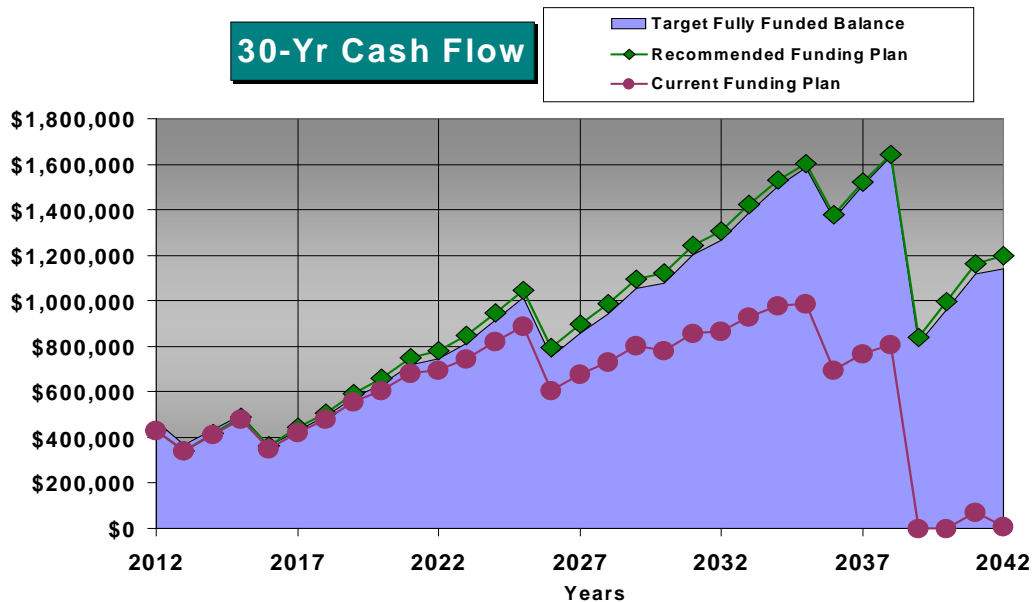


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

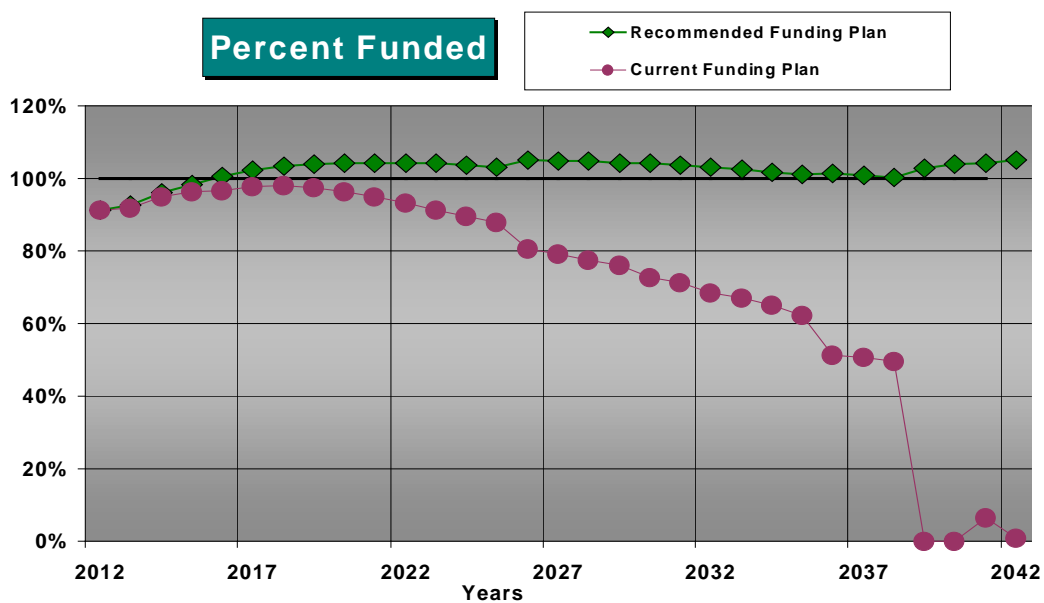


Figure 4

## Table Descriptions

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

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

**Table 2: Reserve Component List Detail****7492-0**

# Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103 Concrete Surfaces - Repair	Extensive LF	10	9	\$30,000	\$40,000
201 Asphalt - Resurface	Approx 40,960 GSF	30	0	\$132,000	\$158,000
202 Asphalt - Seal/Repair	Approx 40,960 GSF	5	5	\$8,190	\$10,240
320 Pole Lights - Replace	(19) Fixtures	30	13	\$38,000	\$47,500
324 Wall Lights - Replace	(64) Fixtures	25	9	\$9,600	\$12,800
403 Mailboxes - Replace	(4) Kiosks	25	7	\$12,000	\$16,000
502 Chain Link Fence - Replace	Approx 560 LF	30	10	\$11,200	\$14,000
503 Metal Fence - Replace	Approx 355 LF	30	29	\$17,700	\$21,250
505 Wood Fence - Partial Replace	Approx 370 LF x 33%	10	5	\$5,550	\$6,780
702 Vehicle Gates - Replace	(2) Gates	30	13	\$12,000	\$16,000
704 Intercom - Replace	(1) Intercom	15	1	\$4,000	\$5,000
706 Gate Operators - Replace	(2) Operators	10	2	\$5,600	\$6,400
1001 Backflow Device - Replace	(4) Backflows	25	7	\$6,000	\$8,000
1009 Landscaping - Replenish	Extensive GSF	N/A	0	\$18,000	\$22,000
1107 Metal Fence - Repaint	Approx 355 LF	5	4	\$2,980	\$3,830
1116 Exterior Surfaces - Repaint	Approx 110,880 GSF	10	3	\$155,000	\$177,000
1121 Exterior Surfaces - Repair	Approx 110,880 GSF	10	3	\$18,000	\$24,000
1303 Comp Shingle Roof - Replace	Approx 99,000 GSF	30	26	\$396,000	\$495,000
1310 Gutters/Downspouts - Replace (ph.1)	Approx 6500 LF	30	17	\$52,000	\$65,000
1311 Gutters/Downspouts - Replace (ph.2)	Approx 3,250 LF	30	22	\$26,000	\$32,500
1701 Creek Bridge - Replace	Approx 120 GSF	25	21	\$14,400	\$16,800
21 Total Funded Components					

**Table 3: Contribution and Fund Breakdown****7492-0**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
103 Concrete Surfaces - Repair	10	9	\$35,000	\$3,500	\$3,500.00	\$429.42
201 Asphalt - Resurface	30	0	\$145,000	\$145,000	\$145,000.00	\$593.00
202 Asphalt - Seal/Repair	5	5	\$9,215	\$0	\$0.00	\$0.00
320 Pole Lights - Replace	30	13	\$42,750	\$24,225	\$24,225.00	\$174.83
324 Wall Lights - Replace	25	9	\$11,200	\$7,168	\$7,168.00	\$54.97
403 Mailboxes - Replace	25	7	\$14,000	\$10,080	\$10,080.00	\$68.71
502 Chain Link Fence - Replace	30	10	\$12,600	\$8,400	\$8,400.00	\$51.53
503 Metal Fence - Replace	30	29	\$19,475	\$649	\$0.00	\$79.65
505 Wood Fence - Partial Replace	10	5	\$6,165	\$3,083	\$3,082.50	\$75.64
702 Vehicle Gates - Replace	30	13	\$14,000	\$7,933	\$7,933.33	\$57.26
704 Intercom - Replace	15	1	\$4,500	\$4,200	\$4,200.00	\$36.81
706 Gate Operators - Replace	10	2	\$6,000	\$4,800	\$4,800.00	\$73.61
1001 Backflow Device - Replace	25	7	\$7,000	\$5,040	\$5,040.00	\$34.35
1009 Landscaping - Replenish	N/A	0	\$20,000	\$20,000	\$20,000.00	\$0.00
1107 Metal Fence - Repaint	5	4	\$3,405	\$681	\$681.00	\$83.55
1116 Exterior Surfaces - Repaint	10	3	\$166,000	\$116,200	\$116,200.00	\$2,036.66
1121 Exterior Surfaces - Repair	10	3	\$21,000	\$14,700	\$14,700.00	\$257.65
1303 Comp Shingle Roof - Replace	30	26	\$445,500	\$59,400	\$19,211.17	\$1,821.95
1310 Gutters/Downspouts - Replace (ph.1)	30	17	\$58,500	\$25,350	\$25,350.00	\$239.25
1311 Gutters/Downspouts - Replace (ph.2)	30	22	\$29,250	\$7,800	\$7,800.00	\$119.62
1701 Creek Bridge - Replace	25	21	\$15,600	\$2,496	\$2,496.00	\$76.56
21 Total Funded Components				\$470,705	\$429,867	\$6,365



**Table 4: 30-Year Reserve Plan Summary Recommended by Association Reserves**

**7492-0**

**Fiscal Year Beginning: 09/01/12**

**Interest: 0.35% Inflation: 3.0%**

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	% Increase In Annual Reserve Contribs	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2012	\$429,867	\$470,705	91.3%	Strong		\$76,380	\$0	\$1,352	\$165,000
2013	\$342,599	\$370,209	92.5%	Strong	1.00%	\$77,144	\$0	\$1,328	\$4,635
2014	\$416,436	\$433,535	96.1%	Strong	1.00%	\$77,915	\$0	\$1,585	\$6,365
2015	\$489,571	\$498,688	98.2%	Strong	1.00%	\$78,694	\$0	\$1,496	\$204,340
2016	\$365,421	\$363,643	100.5%	Strong	1.00%	\$79,481	\$0	\$1,414	\$3,832
2017	\$442,484	\$432,883	102.2%	Strong	3.00%	\$81,866	\$0	\$1,663	\$17,830
2018	\$508,183	\$491,651	103.4%	Strong	3.00%	\$84,322	\$0	\$1,929	\$0
2019	\$594,434	\$572,471	103.8%	Strong	3.00%	\$86,851	\$0	\$2,191	\$25,827
2020	\$657,649	\$631,096	104.2%	Strong	3.00%	\$89,457	\$0	\$2,462	\$0
2021	\$749,568	\$720,124	104.1%	Strong	3.00%	\$92,141	\$0	\$2,676	\$64,723
2022	\$779,662	\$747,260	104.3%	Strong	3.00%	\$94,905	\$0	\$2,848	\$29,318
2023	\$848,097	\$813,844	104.2%	Strong	3.00%	\$97,752	\$0	\$3,144	\$0
2024	\$948,993	\$914,854	103.7%	Strong	3.00%	\$100,685	\$0	\$3,488	\$8,555
2025	\$1,044,612	\$1,012,380	103.2%	Strong	3.00%	\$103,705	\$0	\$3,216	\$357,955
2026	\$793,578	\$755,317	105.1%	Strong	3.00%	\$106,816	\$0	\$2,960	\$5,150
2027	\$898,204	\$856,368	104.9%	Strong	3.00%	\$110,021	\$0	\$3,300	\$23,962
2028	\$987,563	\$943,586	104.7%	Strong	3.00%	\$113,321	\$0	\$3,648	\$7,221
2029	\$1,097,311	\$1,053,250	104.2%	Strong	3.00%	\$116,721	\$0	\$3,882	\$96,692
2030	\$1,121,223	\$1,076,712	104.1%	Strong	3.00%	\$120,223	\$0	\$4,141	\$0
2031	\$1,245,587	\$1,203,215	103.5%	Strong	3.00%	\$123,829	\$0	\$4,466	\$67,343
2032	\$1,306,538	\$1,266,975	103.1%	Strong	3.00%	\$127,544	\$0	\$4,775	\$16,643
2033	\$1,422,214	\$1,387,780	102.5%	Strong	3.00%	\$131,371	\$0	\$5,165	\$29,021
2034	\$1,529,729	\$1,502,458	101.8%	Strong	3.00%	\$135,312	\$0	\$5,481	\$67,543
2035	\$1,602,979	\$1,583,987	101.2%	Strong	3.00%	\$139,371	\$0	\$5,217	\$369,061
2036	\$1,378,506	\$1,360,580	101.3%	Strong	3.00%	\$143,552	\$0	\$5,072	\$6,922
2037	\$1,520,209	\$1,506,749	100.9%	Strong	3.00%	\$147,859	\$0	\$5,532	\$32,202
2038	\$1,641,397	\$1,634,639	100.4%	Strong	3.00%	\$152,294	\$0	\$4,337	\$960,761
2039	\$837,267	\$813,425	102.9%	Strong	3.00%	\$156,863	\$0	\$3,210	\$0
2040	\$997,341	\$960,739	103.8%	Strong	3.00%	\$161,569	\$0	\$3,779	\$0
2041	\$1,162,689	\$1,116,160	104.2%	Strong	3.00%	\$166,416	\$0	\$4,129	\$136,398

<b>Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)</b>		<b>7492-0</b>
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Fiscal Year	2012	2013	2014	2015	2016
Starting Reserve Balance	\$429,867	\$342,599	\$416,436	\$489,571	\$365,421
Annual Reserve Contribution	\$76,380	\$77,144	\$77,915	\$78,694	\$79,481
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,352	\$1,328	\$1,585	\$1,496	\$1,414
Total Income	\$507,599	\$421,071	\$495,936	\$569,761	\$446,316
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$145,000	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$4,635	\$0	\$0	\$0
706 Gate Operators - Replace	\$0	\$0	\$6,365	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscaping - Replenish	\$20,000	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$0	\$3,832
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$181,393	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$22,947	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$165,000	\$4,635	\$6,365	\$204,340	\$3,832
Ending Reserve Balance:	\$342,599	\$416,436	\$489,571	\$365,421	\$442,484

<b>Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)</b>	<b>7492-0</b>
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Fiscal Year	2017	2018	2019	2020	2021
Starting Reserve Balance	\$442,484	\$508,183	\$594,434	\$657,649	\$749,568
Annual Reserve Contribution	\$81,866	\$84,322	\$86,851	\$89,457	\$92,141
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,663	\$1,929	\$2,191	\$2,462	\$2,676
Total Income	\$526,013	\$594,434	\$683,477	\$749,568	\$844,385
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$45,667
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$10,683	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$14,613
403 Mailboxes - Replace	\$0	\$0	\$17,218	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$7,147	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$8,609	\$0	\$0
1009 Landscaping - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$0	\$4,443
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$17,830	\$0	\$25,827	\$0	\$64,723
Ending Reserve Balance:	\$508,183	\$594,434	\$657,649	\$749,568	\$779,662

<b>Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)</b>		<b>7492-0</b>
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Fiscal Year	2022	2023	2024	2025	2026
Starting Reserve Balance	\$779,662	\$848,097	\$948,993	\$1,044,612	\$793,578
Annual Reserve Contribution	\$94,905	\$97,752	\$100,685	\$103,705	\$106,816
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,848	\$3,144	\$3,488	\$3,216	\$2,960
Total Income	\$877,415	\$948,993	\$1,053,166	\$1,151,533	\$903,355
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$12,384	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$62,780	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$16,933	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$20,559	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators - Replace	\$0	\$0	\$8,555	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscaping - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$0	\$5,150
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$243,777	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$30,839	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$29,318	\$0	\$8,555	\$357,955	\$5,150
Ending Reserve Balance:	\$848,097	\$948,993	\$1,044,612	\$793,578	\$898,204

**Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)****7492-0**

Fiscal Year	2027	2028	2029	2030	2031
Starting Reserve Balance	\$898,204	\$987,563	\$1,097,311	\$1,121,223	\$1,245,587
Annual Reserve Contribution	\$110,021	\$113,321	\$116,721	\$120,223	\$123,829
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,300	\$3,648	\$3,882	\$4,141	\$4,466
Total Income	\$1,011,525	\$1,104,532	\$1,217,914	\$1,245,587	\$1,373,881
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$61,373
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$14,357	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$9,605	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$7,221	\$0	\$0	\$0
706 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscaping - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$0	\$5,971
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$96,692	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$23,962	\$7,221	\$96,692	\$0	\$67,343
Ending Reserve Balance:	\$987,563	\$1,097,311	\$1,121,223	\$1,245,587	\$1,306,538

**Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)****7492-0**

Fiscal Year	2032	2033	2034	2035	2036
Starting Reserve Balance	\$1,306,538	\$1,422,214	\$1,529,729	\$1,602,979	\$1,378,506
Annual Reserve Contribution	\$127,544	\$131,371	\$135,312	\$139,371	\$143,552
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,775	\$5,165	\$5,481	\$5,217	\$5,072
Total Income	\$1,438,857	\$1,558,749	\$1,670,522	\$1,747,567	\$1,527,130
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$16,643	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators - Replace	\$0	\$0	\$11,497	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscaping - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$0	\$6,922
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$327,615	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$41,445	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$56,046	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$29,021	\$0	\$0	\$0
Total Expenses	\$16,643	\$29,021	\$67,543	\$369,061	\$6,922
Ending Reserve Balance:	\$1,422,214	\$1,529,729	\$1,602,979	\$1,378,506	\$1,520,209

**Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)****7492-0**

Fiscal Year	2037	2038	2039	2040	2041
Starting Reserve Balance	\$1,520,209	\$1,641,397	\$837,267	\$997,341	\$1,162,689
Annual Reserve Contribution	\$147,859	\$152,294	\$156,863	\$161,569	\$166,416
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,532	\$4,337	\$3,210	\$3,779	\$4,129
Total Income	\$1,673,599	\$1,798,029	\$997,341	\$1,162,689	\$1,333,234
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$82,480
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$19,294	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$45,894
505 Wood Fence - Partial Replace	\$12,908	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscaping - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$0	\$8,024
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$960,761	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$32,202	\$960,761	\$0	\$0	\$136,398
Ending Reserve Balance:	\$1,641,397	\$837,267	\$997,341	\$1,162,689	\$1,196,836

## Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Derek Eckert, R.S., company president, is a credentialed Reserve Specialist (#114). All work done by Association Reserves 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.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, 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 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, nor should the site inspection be assumed to be anything other than for budget purposes.



## Terms and Definitions

<b>BOD</b>	Board of Directors
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area)
<b>GSY</b>	Gross Square Yards (area)
<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 Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then 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 5.

**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, page ii.

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

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

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

## Photographic Inventory Appendix

Client: 7492A The Glen of Pacific Grove

**Comp #: 103 Concrete Surfaces - Repair**

Quantity: Extensive LF

Location: Walkways and driveways throughout the association

Evaluation: According to the BOD, trip hazards are handled as an operating expense. This component provides funding to repair the concrete driveways. The cost estimate below was provided by the client.

Useful Life:  
10 years

Remaining Life:  
9 years



Best Case: \$30,000.00

Lower allowance for repairs

Worst Case: \$40,000.00

Higher allowance for repairs

Cost Source: Estimate Provided by Client

**Comp #: 201 Asphalt - Resurface**

Quantity: Approx 40,960 GSF

Location: Association streets

Evaluation: The asphalt is scheduled for removal and replacement in the 2012/13 fiscal year. Assume good conditions once the project is complete. The cost estimate below was provided by the client.

Useful Life:  
30 years

Remaining Life:  
0 years



Best Case: \$132,000.00

\$3.25/GSF; Lower estimate to resurface

Worst Case: \$158,000.00

\$3.85/GSF; Higher estimate to resurface

Cost Source: Estimate Provided by Client

Client: 7492A The Glen of Pacific Grove

**Comp #: 202 Asphalt - Seal/Repair**

Quantity: Approx 40,960 GSF

Location: Association streets

Evaluation: Asphalt is scheduled to be replaced in the 2012/13 fiscal year. New asphalt should be seal coated approximately 12- 18 months after installation, we assume the cost to seal the new asphalt is included in the replacement bid. This component provides funding for future sealing.

Useful Life:  
5 years

Remaining Life:  
5 years



Best Case: \$8,190.00

\$0.20/GSF; Lower estimate to reseal

Worst Case: \$10,240.00

\$0.25/GSF; Higher estimate to reseal

Cost Source: ARSF Cost Database

**Comp #: 203 Asphalt Path - Resurface/Repair**

Quantity: Approx 2300 GSF

Location: Eastern perimeter of the property

Evaluation: There is an asphalt path that connects to the neighboring Association. The HOA is responsible for approximately 50% of the pathway. Handle repairs as an operating expense when needed. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Client: 7492A The Glen of Pacific Grove

**Comp #: 320 Pole Lights - Replace**

Quantity: (19) Fixtures

Location: Perimeter of streets

Evaluation: These are reportedly the original fixtures, but they are well maintained and are aging well at this time. The fixtures receive frequent painting and are well protected against major rusting. Continue to paint to maintain a positive appearance, we anticipate replacement in the interval outlined below.

Useful Life:  
30 years

Remaining Life:  
13 years



Best Case: \$38,000.00

\$2,000/Fixture; Lower estimate to replace

Worst Case: \$47,500.00

\$2,500/Fixture; Higher estimate to replace

Cost Source: ARSF Cost Database

**Comp #: 324 Wall Lights - Replace**

Quantity: (64) Fixtures

Location: Front entry to units

Evaluation: We were unable to test the fixtures at the time of the site inspection. We assume the fixtures are operating properly at this time. Fixtures are well attached to the building exteriors at this time. We anticipate replacement in the interval outlined below.

Useful Life:  
25 years

Remaining Life:  
9 years



Best Case: \$9,600.00

\$150/Fixture; Lower estimate to replace

Worst Case: \$12,800.00

\$200/Fixture; Higher estimate to replace

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

**Comp #: 403 Mailboxes - Replace**

Quantity: (4) Kiosks

Location: Throughout common area

Evaluation: Mailboxes have a slightly dated appearance, but are intact and aging well at this time. No indications of damage or abuse noted at this time. We recommend periodic cleaning and painting to protect against rust. This component provides funding for replacement in the interval outlined below.

Useful Life:  
25 years

Remaining Life:  
7 years



Best Case: \$12,000.00

\$3,000/Kiosk; Lower estimate to replace

Worst Case: \$16,000.00

\$4,000/Kiosk; Higher estimate to replace

Cost Source: ARSF Cost Database

**Comp #: 502 Chain Link Fence - Replace**

Quantity: Approx 560 LF

Location: Perimeter of property, tennis court

Evaluation: Replacement of the tennis court fencing is not a huge priority of the Association. The perimeter fencing conditions vary by location. There are some areas that are leaning and will likely require repairs. This component provides funding to replace all chain link fencing as outlined below.

Useful Life:  
30 years

Remaining Life:  
10 years



Best Case: \$11,200.00

\$20/LF; Lower estimate to replace

Worst Case: \$14,000.00

\$25/LF; Higher estimate to replace

Cost Source: ARSF Cost Database



Client: 7492A The Glen of Pacific Grove

**Comp #: 503 Metal Fence - Replace**

Quantity: Approx 355 LF

Location: Perimeter of the Association near the main entrance

Evaluation: All of the metal fencing has been replaced as of the start of the 2012/13 fiscal year. Fencing is new and in good condition at this time. We recommend periodic painting to maximize the useful life of the metal.

Useful Life:  
30 years

Remaining Life:  
29 years



Best Case: \$17,700.00

\$45/LF; Lower estimate to replace

Worst Case: \$21,250.00

\$55/LF; Higher estimate to replace

Cost Source: Client Cost History

**Comp #: 505 Wood Fence - Partial Replace**

Quantity: Approx 370 LF x 33%

Location: Perimeter of property in select locations

Evaluation: Conditions vary by location. No expectation to replace all areas at one time. This component provides funding for partial replacement in the interval outlined below.

Useful Life:  
10 years

Remaining Life:  
5 years



Best Case: \$5,550.00

\$45/LF x 33%; Lower estimate to replace

Worst Case: \$6,780.00

\$55/LF x 33%; Higher estimate to replace

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

**Comp #: 506 Lattice Fence - Repair**

Quantity: Approx 150 GSF

Location: Around mailboxes

Evaluation: According to the Board, the Association is handling repairs as an operating expense. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 702 Vehicle Gates - Replace**

Quantity: (2) Gates

Location: Entry to the Association

Evaluation: The metal vehicle gates are well attached to the newly replaced pillars. The gates receive regular painting and appear to be aging well at this time. We anticipate replacement in the interval outlined below.

Useful Life:

30 years

Remaining Life:

13 years



Best Case: \$12,000.00

\$6,000/Gate; Lower estimate to replace

Worst Case: \$16,000.00

\$8,000/Gate; Higher estimate to replace

Cost Source: ARSF Cost Database



Client: 7492A The Glen of Pacific Grove

**Comp #: 704 Intercom - Replace**

Quantity: (1) Intercom

Location: At entrance to the association

Evaluation: (1) Doorking model # 1802. The unit is nearing the end of its estimated useful life and will likely require replacement in the next couple years.

Useful Life:  
15 years

Remaining Life:  
1 years



Best Case: \$4,000.00  
Lower estimate to replace

Worst Case: \$5,000.00  
Higher estimate to replace

Cost Source: ARSF Cost Database

**Comp #: 706 Gate Operators - Replace**

Quantity: (2) Operators

Location: Entry to the association

Evaluation: The gate operators are regularly serviced and remain in functional condition at this time. The exact age of the units are unknown at this time, we anticipate replacement in the interval outlined below.

Useful Life:  
10 years

Remaining Life:  
2 years



Best Case: \$5,600.00  
\$2,800/Operator; Lower estimate to replace

Worst Case: \$6,400.00  
\$3,200/Operator; Higher estimate to replace

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

**Comp #: 708 Pedestrian Gate - Replace**

Quantity: (1) Gate

Location: Entry to the association

Evaluation: Funding to replace the pedestrian gate is included in component #503. No separate Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 1001 Backflow Device - Replace**

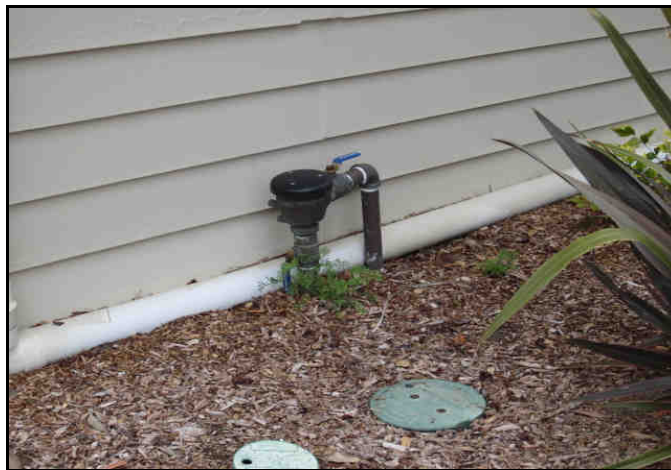
Quantity: (4) Backflows

Location: Throughout the association

Evaluation: The BOD handles repairs as an operating expense when needed. No reported issues at this time, we recommend periodic inspections by a licensed professional to ensure the devices continue to function properly. This component provides funding for replacement in the interval outlined below.

Useful Life:  
25 years

Remaining Life:  
7 years



Best Case: \$6,000.00

Worst Case: \$8,000.00

\$1,500/Device; Lower estimate to replace

\$2,000/Device; Higher estimate to replace

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

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**Comp #:** 1003 Irrigation Controllers - Replace

Quantity: Controllers

Location: Common area

Evaluation: According to the BOD, replacement of the irrigation controllers is handled as an operating expense. No Reserve funding necessary at this time. Adjust Reserve funding in future years if the operating budget is not able to support periodic replacement.

Useful Life:

Remaining Life:

Photo Not Available

Best Case:

Worst Case:

Cost Source:

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**Comp #:** 1005 Irrigation Valves - Replace

Quantity: Valves

Location: Common area

Evaluation: According to the BOD, replacement of the irrigation valves is handled as an operating expense. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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Client: 7492A The Glen of Pacific Grove

**Comp #:** 1008 Trees - Trim

Quantity: Trees

Location: Common area

Evaluation: The Association handles tree trimming as an operating expense. No separate Reserve funding needed at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #:** 1009 Landscaping - Replenish

Quantity: Extensive GSF

Location: Adjacent to Association entrance

Evaluation: The Association is planning to complete a \$20,000 landscape replenishment project at the beginning of the 2012/13 fiscal year. This is scheduled as a one-time expense.

Useful Life:

0 years

Remaining Life:

0 years



Best Case: \$18,000.00

Worst Case: \$22,000.00

Lower allowance for replenishment

Higher allowance for replenishment

Cost Source: Estimate Provided by Client



Client: 7492A The Glen of Pacific Grove

**Comp #: 1107 Metal Fence - Repaint**

Quantity: Approx 355 LF

Location: Front perimeter of the association

Evaluation: Replacement of the iron fencing was completed in the 2011/12 fiscal year. This component provides funding for periodic painting. We recommend painting metal fencing every 4-5 years to protect against corrosion and other factors that accelerate deterioration.

Useful Life:  
5 years

Remaining Life:  
4 years



Best Case: \$2,980.00

\$8.40/LF; Lower estimate to repaint

Worst Case: \$3,830.00

\$10.80/LF; Higher estimate to repaint

Cost Source: ARSF Cost Database

**Comp #: 1116 Exterior Surfaces - Repaint**

Quantity: Approx 110,880 GSF

Location: Exterior building and garage surfaces

Evaluation: The building exteriors are painted with elastomeric paint and appear to be aging well. The Hardie board siding generally holds paint longer than normal wood surfaces. The useful life estimate was provided by the BOD. We recommend periodic inspections to ensure proper paint coverage. Adjust the timing of the next painting project as needed, the surfaces may require painting more frequently.

Useful Life:  
10 years

Remaining Life:  
3 years



Best Case: \$155,000.00

\$1.40; Lower estimate to repaint

Worst Case: \$177,000.00

\$1.60/GSF; Higher estimate to repaint

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

**Comp #: 1117 Garages - Repaint**

Quantity: (9) Garages

Location: Unit garages

Evaluation: Cost to repaint the garages is included in component #1116 Exterior Surfaces - Repaint. No separate Reserve funding needed at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 1121 Exterior Surfaces - Repair**

Quantity: (60) Units

Location: Exterior building and garage surfaces

Evaluation: Funding recommended for partial replacement of wood and hard board siding in the future due to potential for termite damage, wood rot and natural deterioration. Coordinate with future painting.

Useful Life:

10 years

Remaining Life:

3 years



Best Case: \$18,000.00

\$300/Unit; Lower estimate to repair

Worst Case: \$24,000.00

\$400/Unit; Higher estimate to repair

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

**Comp #: 1130 Wood Bridge - Repaint**

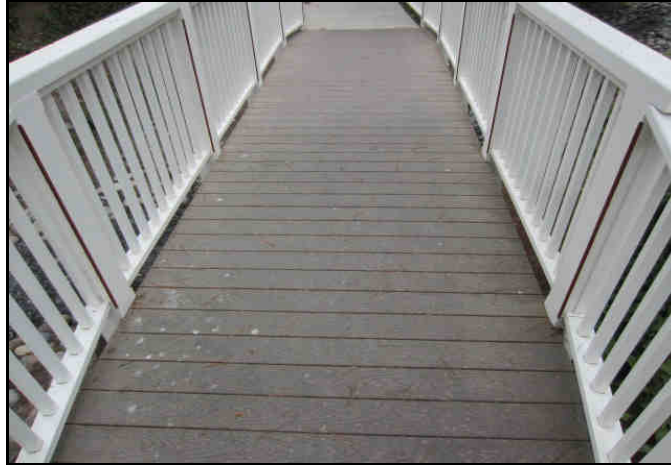
Quantity: (1) Bridge

Location: Central common area

Evaluation: Painting is handled as an operating expense when needed according to the BOD. Current conditions are good, paint coverage is adequate. No Reserve funding needed at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 1303 Comp Shingle Roof - Replace**

Quantity: Approx 99,000 GSF

Location: Rooftop of buildings

Evaluation: The surface is intact and appears to be aging well. No major curling or areas of shingle detachment noted. We recommend periodic inspections by a licensed professional to ensure the roof continues to age properly. Avoid debris buildup to maximize the useful life of the surface.

Useful Life:

30 years

Remaining Life:

26 years



Best Case: \$396,000.00

Worst Case: \$495,000.00

\$4/GSF; Lower estimate to replace

\$5/GSF; Higher estimate to replace

Cost Source: ARSF Cost Database

Client: 7492A The Glen of Pacific Grove

**Comp #: 1310 Gutters/Downspouts - Replace (ph.1)**

Quantity: Approx 6500 LF

Location: Perimeter of roofs

Evaluation: Inspect regularly, keep gutters and downspouts free of debris to ensure water evacuating from rooftops as designed and repair as needed from general operating funds. Best to plan for replacement at the same intervals as roof replacement cost efficiency.

Useful Life:  
30 years

Remaining Life:  
17 years



Best Case: \$52,000.00

\$8/LF; Lower estimate to replace

Worst Case: \$65,000.00

\$10/LF; Higher estimate to replace

Cost Source: ARSF Cost Database

**Comp #: 1311 Gutters/Downspouts - Replace (ph.2)**

Quantity: Approx 3,250 LF

Location: Perimeter of roofs

Evaluation: Inspect regularly, keep gutters and downspouts free of debris to ensure water evacuating from rooftops as designed and repair as needed from general operating funds. Best to plan for replacement at the same intervals as roof replacement cost efficiency.

Useful Life:  
30 years

Remaining Life:  
22 years



Best Case: \$26,000.00

\$8/LF; Lower estimate to replace

Worst Case: \$32,500.00

\$10/LF; Higher estimate to replace

Cost Source: ARSF Cost Database



Client: 7492A The Glen of Pacific Grove

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**Comp #:** 1402 Signage - Replace

Quantity: Signage

Location: Common area

Evaluation: No expectation to replace all signs at one time. The cost of individual sign replacement does not meet the minimum threshold to qualify as a Reserve expense. Adjust funding in the future is large scale replacement becomes necessary. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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**Comp #:** 1603 Tennis Court - Colorcoat

Quantity: Approx 7200 GSF

Location: Upper common area

Evaluation: The tennis court receives minimal use and there are no plans to recoat the surface at this time. Funding for future recoating has been excluded at the request of the BOD. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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Client: 7492A The Glen of Pacific Grove

**Comp #: 1604 Tennis Court - Resurface**

Quantity: (1) Court

Location: South western perimeter of the property

Evaluation: The tennis court receives minimal use and there are no plans to resurface the court at this time. Funding for future resurfacing has been excluded at the request of the BOD. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 1605 Tennis Net/Windscreen - Replace**

Quantity: (1) Court

Location: Tennis court perimeter

Evaluation: There are no plans for future replacement at this time. Handle replacement as an operating expense when needed. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Client: 7492A The Glen of Pacific Grove

**Comp #: 1701 Creek Bridge - Replace**

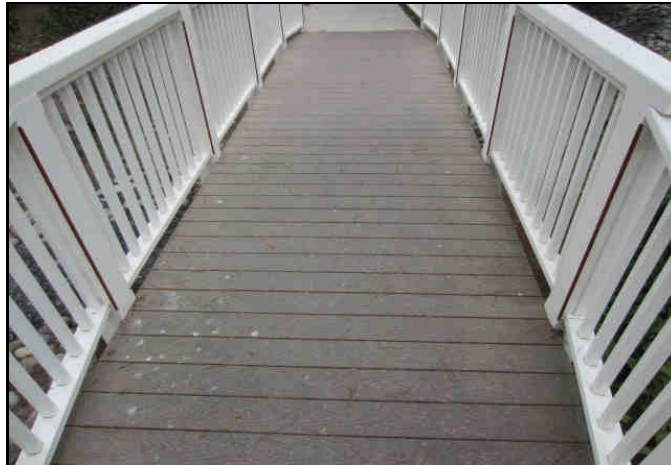
Quantity: Approx 120 GSF

Location: Central common area

Evaluation: Wood bridge is approximately 120 GSF with 80 LF of wood railing. The bridge appears to be structurally intact at this time. No major cracking, warping or wood rot noted. We anticipate replacement in the interval outlined below.

Useful Life:  
25 years

Remaining Life:  
21 years



Best Case: \$14,400.00

\$120/GSF; Lower estimate to replace

Worst Case: \$16,800.00

\$140/ GSF; Higher estimate to replace

Cost Source: ARSF Cost Database

**Comp #: 1703 Drainage - Repair**

Quantity: Extensive LF

Location: Common area

Evaluation: According to the BOD drainage has not been an issue and repairs are handled as operating expenses when needed. Continue to monitor the common area drainage and adjust funding as repairs are too much for the operating budget to absorb. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Client: 7492A The Glen of Pacific Grove

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**Comp #: 1706 Pond/Stream - Maintenance**

Quantity: Pond/Stream

Location: Center of the Association

Evaluation: Repairs to the lake and stream are handled as an operating expense. Adjust funding in future years if major maintenance becomes necessary. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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**Comp #: 1710 Gate Valves/Pumps - Replace**

Quantity: (2) Valves

Location: Pond area

Evaluation: According to the BOD, repair/replacement of the gate valves and pumps is handled as an operating expense when needed. Continue to monitor the conditions of the pumps and valve and adjust funding if the operating budget is unable to absorb future maintenance costs.

Useful Life:

Remaining Life:

Photo Not Available

Best Case:

Worst Case:

Cost Source:

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Client: 7492A The Glen of Pacific Grove

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**Comp #:** 1812 Electrical System- Repair

Quantity: Electrical Systems

Location: Common area

Evaluation: According to the BOD, electrical repairs are handled as an operating expense when needed. No Reserve funding necessary at this time.

Useful Life:

Remaining Life:

Photo Not Available

Best Case:

Worst Case:

Cost Source:

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**Comp #:** 1925 Reserve Study - Update

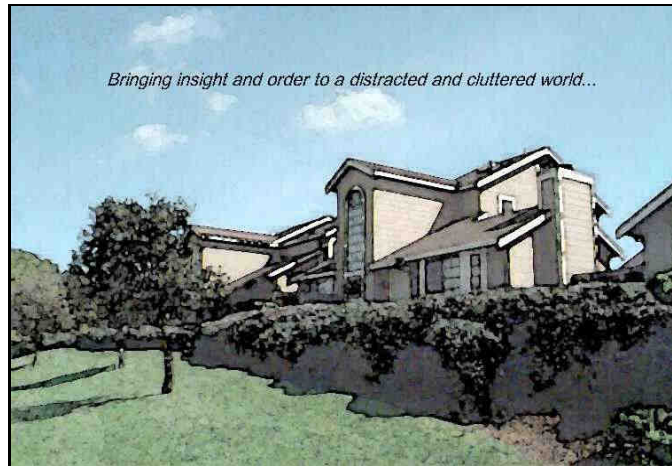
Quantity: Flat Fee Annual Update

Location: Association Reserves (415) 694-8931

Evaluation: The Association is on a three year annual Reserve Study update plan. Handle annual cost as an operating expense, no separate Reserve Funding necessary at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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