

Orinda Downs HOA

Level 1 Reserve Study



Report Period - 6/1/2020 to 5/31/2021

Client Reference Number	20467
Property Type	Single Family Homes
Number of Units	154
Fiscal Year End	5/31
Type of Study	Full Study
Date of Site Visit	2/18/2020
Prepared By	Eric Phillipps
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on - Apr 8, 2020



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Table of Contents

Introduction

- Executive Summary Page 1
- Introduction Page 2
- General Information and Frequently Asked Questions Page 3

Reserve Analysis

- Funding Summary Page 6
- Percent Funded - Graph Page 7
- Component Funding Information Page 8
- Yearly Summary Page 9
- Reserve Contributions - Graph Page 11
- Significant Components Page 12
- Significant Components - Graph Page 13
- Yearly Cash Flow Page 14
- Yearly Reserve Expenditures - Graph Page 16
- Projected Reserve Expenditures by Year Page 17

Component Evaluation

- Component Evaluation Page 19

Glossary of Commonly used Words and Phrases

- Glossary Page 45

Executive Summary - Orinda Downs HOA - ID # 20467

Information to complete this Full Study was gathered by performing an on-site visit of the common area elements. In addition, we may also have obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 6/1/2020	\$50,292
Ideal Reserve Balance as of 6/1/2020	\$91,401
Percent Funded as of 6/1/2020	55%
Recommended Reserve Contribution (per month)	\$1,090
Minimum Reserve Contribution (per month)	\$980
Recommended Special Assessment	\$0

Property Details

Although the Orinda Downs Homeowners Association was created in 1972, Dalewood Park was reportedly constructed in the late 1980's.

Currently Programmed Projected

Projects programmed to occur this fiscal year (FY 2021) include: Wood Signs - Repair (Comp #801). We have programmed an estimated \$1,500 in reserve expenditures toward the completion of these projects. (See Page(s) 17 - 18)

Significant Reserve Projects

The association's significant reserve projects include: Trees - Maintain (Comp #1802). Play Area Base - Replenish (Comp #1303). Play Structures - Replace (Comp #1301). Irrigation System - Upgrade (Comp #1701). The fiscal significance of these components is approximately 24%, 12%, 12% and 10% respectively. A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives. (See Page(s) 12)

Reserve Funding

In comparing the projected starting reserve balance of \$50,292 versus the ideal reserve balance of \$91,401 we find the association's reserve fund to be approximately 55% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$1,090 (\$7.08/unit) per month. For comparison purposes, we have also set a minimum reserve contribution of \$980 (\$6.36/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Starting Reserve Balance

The starting Reserve Balance was provided by the client and was not audited or verified.

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Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the board with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. In this respect our estimates of the current and future Fully Funded balances are less significant than the recommended reserve contribution. The board should weigh carefully our recommendations when setting the Reserve Contribution. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample time to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. It will also ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

Preparer's Credentials

This reserve study was prepared under the responsible charge of Eric Phillipps. Any persons assisting in the preparation of this study worked under his responsible charge and have appropriate experience and training. Mr. Phillipps has been preparing reserve studies since 2007 and has completed reserve studies in California, Washington, Oregon, Arizona and Idaho. Eric has worked for 25 years in the architectural/engineering fields as a reserve specialist/analyst, drafter/designer, project manager, supervisor & business owner. He has a wide range of experience in residential and commercial design, structural detailing, working with city and county governments and had Department of Defense clearance to manage conversion of plans & specifications for government military, aerospace and nuclear facilities. Prior to joining Applied Reserve Analysis, Eric worked as a reserve specialist/analyst for more than seven years in the Pacific Northwest, California and Arizona and prior to that as a project manager/drafter for a Seattle based Architect working on multiple building envelope waterproofing projects, which entailed forensic investigation through design/detailing to final construction for single-family housing, condominium & apartment complexes.

- Community Association Institute (CAI) Reserve Specialist (RS) designation #238
- Active member of Washington State chapter of CAI
- Has personally prepared over 1,000 reserve studies.
- Projects have ranged in size from small apartment-style condominium communities to 1000+ Planned Unit Communities.
- Clients have ranged from developers interested in setting initial reserve accounts for communities under construction to high-rise communities, worship facilities, college campus facilities and more.

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget typically includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical Operating budget line items include management fees, maintenance expenses, utilities, etc. The reserves are primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis. Typically, the reserve contribution makes up 15% - 40% of the association's total budget. Therefore, reserves are considered to be a major part of the overall monthly association assessment.

Report Sections

The **Reserve Analysis Section** contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

The **Component Evaluation Section** contains information regarding the physical status and replacement cost of major common area components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

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Orinda Downs HOA
Prepared for FYE 5/31/2021
Version 1.1

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know if you have enough funds in the reserve account if you don't have the proper information? Some associations look at the Reserve fund and think that \$500,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed \$750,000. So while \$500,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

Why is it important to perform a Reserve Study?

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly assessment. This report provides the essential information that is needed to guide the Board of Directors in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that significant reserve projects can be completed on time with quality contractors. In this way deferred maintenance can be avoided as well as the lower property values that typically accompanies it. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property.

After we have a Reserve Study completed, what do we do with it?

Hopefully, you will not look at this report and think it is too cumbersome to comprehend. Our intention is to make this Reserve Study easy to read and understand. Please take the time to review it carefully and make sure the "main ingredients" (component information) are complete and accurate. If there are any components that the association feels should be added, removed, or altered as well as any other inaccuracies or changes that should be made, please inform us immediately so we may revise the report. In order to ensure the Board understands its role in the completion of this report, all reports are labeled as "DRAFT" until their input has been given and the report has been approved as finalized. **Note to user:** If this report has a "DRAFT" watermark it is not a finalized report and is not to be relied upon or used for budgeting purposes.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The reserve allocation makes up a large portion of the total monthly assessment and this report should help you determine the correct amount of money to go into the reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending projects. This will give you an opportunity to shop around for the best price available.

How often do we update or review the Reserve Study?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Study should be professionally reviewed (Level III "no site visit" update study) each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Deterioration rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the results of the Reserve Study. Because of this projected future Fully Funded balances cannot be relied upon (in other words the Fully Funded balance for the current year of a report prepared 3 years earlier cannot be considered accurate or reliable). Therefore, this analysis should be professionally reviewed annually, and a "site visit" reserve study should be conducted at least once every three years.

What is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold amount. An "Operating" expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an "Operating" expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a reserve expense.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers, including Applied Reserve Analysis, that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a reserve component.

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What are the GREY areas of major expenses that are not included in a Reserve Study?

Some components may appear to satisfy the requirements of being a reserve component but are still not included in the reserve study. Several Reserve Study providers, including Applied Reserve Analysis, limit the component list to physical components of the common area that are owned by the association. Certain elements of an association's common area, such as leased items, or non-physical components such as future reserve studies, financial audits, inspection reports etc. are not included in our reserve studies. In addition we typically do not fund for utility systems, plumbing, or components with an extended useful life. Associations that feel any of these components should be included in our reserve study should notify us with their request. These components will be added to help the association better plan and prepare their own budget and will not necessarily reflect the professional opinions of Applied Reserve Analysis.

Information and Data Gathered

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at the time of the site visit. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have also been excluded from this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Applied Reserve Analysis and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit? (Site Visit Studies Only)

The Site Visit was conducted of the common areas as reported by client. There may be certain areas that are not located inside the community but still a part of the association's common area. This may include drainage easements or landscaped areas located outside of the community, such as across a street. It is the responsibility of the Association to inform us of all common area locations. From our site visit we identified those common area components that we have determined require reserve funding. Based on information provided by the client, client's vendors, and our assessment of the components we have developed a component list and life and cost estimates.

What is the Financial Analysis?

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future

Percent Funded Breakdown: The percentage of the current reserve fund balance versus the Fully Funded Balance. A “snapshot” indicator of the general strength of the account at the time of report preparation. Because many variables affect the Fully Funded balance it is more important to maintain the recommended reserve contribution or “cash flow” moving forward rather than striving to attain a certain Fully Funded figure.

Measures of strength are as follows:

0% - 30% Funded is generally considered to be a “weak” financial position. Associations that fall into this category are subject to higher frequencies of special assessments and deferred maintenance, which could lead to lower property values. Furthermore, should components fail sooner than expected our recommendations may not be enough to get the community into a better financial position. In this case additional actions beyond our initial recommendations may be necessary to improve the financial strength of the reserve fund.

31% - 69% Funded is generally considered a “fair” financial position. The majority of associations fall into this category. While this doesn't represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.

70% - 99% Funded is generally considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded is considered an “ideal” financial position. This means that the association theoretically has the exact amount of funds in the reserve account.

100%+ Funded is considered over-funded. This means that the association has more reserve funds than the theoretically ideal amount.

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Orinda Downs HOA
Prepared for FYE 5/31/2021
Version 1.1

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition any opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach their full and expected useful lives.

We have assumed any and all components have been properly built and will reach normal, typical life expectancies. In general a reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit.

Site Visits: Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling.

Update Reserve Studies: Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies. **Level III Studies:** In addition to the above we have not visited the property when completing a Level III "No Site Visit" study. Therefore we have not verified the current condition of the common area components.

Insurance: We carry general and professional liability insurance as well as workers' compensation insurance.

Actual or Perceived Conflicts of Interest: Unless otherwise stated there are no potential actual or perceived conflicts of interest that we are aware of.

Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is we have not verified or audited the reported rate. The interest rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

California Clients: CA Civil Code §5551 requires California condominium associations with 3 or more units to inspect all exterior elevated elements "that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products." We have not determined if any exterior elevated element is required to be inspected pursuant to CA Civil Code §5551. Any funding for such inspections within this report is not a determination that your association is required to perform such inspection on any of the exterior elements. Further lack of funding for these inspection is not a determination that your association is not required to perform such inspections. We recommend contacting your association's legal counsel for such a determination. Further we do not warrant that any such inspections have occurred and are not responsible for the findings of any such inspection. Should any such inspection recommend remediation or repairs we recommend those repairs be performed immediately as required whether or not they are funded for in this report. We will not/have not performed any inspections that would comply with CA Civil Code §5551 on your exterior elevated elements. This reserve study is a budgeting tool and nothing within this study should be construed as a requirement to perform any specific maintenance at any time or cost.

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Funding Summary

Beginning Assumptions

# of units	154
Fiscal Year End	5/31
Budgeted Monthly Reserve Allocation	\$0
Projected Starting Reserve Balance	\$50,292
Ideal Starting Reserve Balance	\$91,401

Economic Assumptions

Current Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.50%

Current Reserve Status

Current Balance as a % of Ideal Balance	55%
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Recommendations

Recommended Special Assessment	\$0
Recommended Monthly Reserve Allocation	\$1,090
Per Unit	\$7.08
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	3.00%
Minimum Recommended Monthly Reserve Allocation	\$980
Per Unit	\$6.36
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	3.00%
Minimum Recommended Special Assessment	\$0

Changes From Prior Year

Recommended Increase to Reserve Allocation	\$1,090
as Percentage	0%
Minimum Recommended Increase to Reserve Allocation	\$980
as Percentage	0%

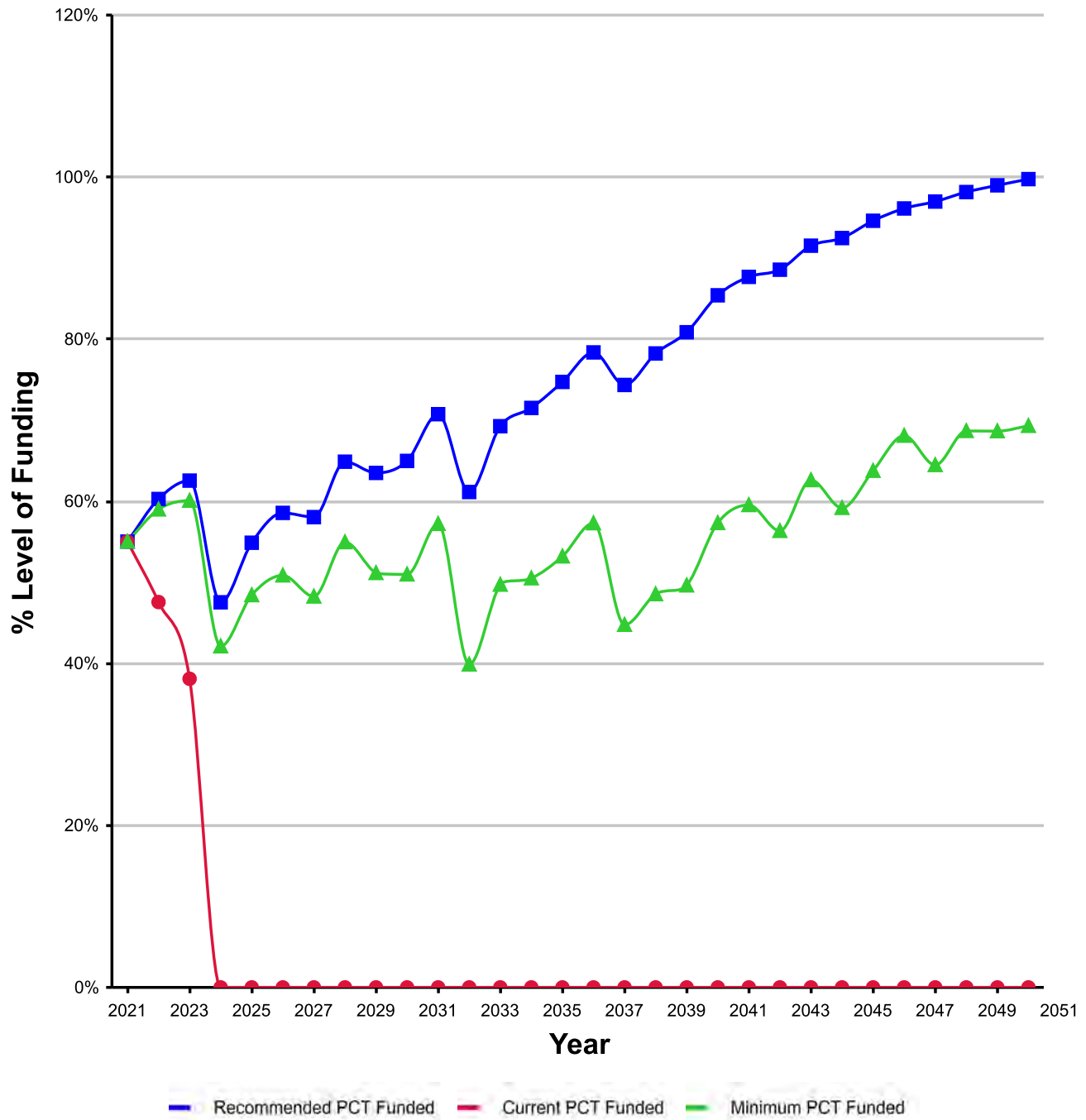
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Orinda Downs HOA
Prepared for FYE 5/31/2021
Version 1.1

Page 6 of 46



Percent Funded - Graph



DRAFT

Orinda Downs HOA
Prepared for FYE 5/31/2021
Version 1.1

Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
401	Private Road Asphalt - Major Rehab.	35	2	Approx 5,300 Square ft.	\$21,200	\$19,989	\$19,989	\$64.66
402	Private Road Asphalt - Preventive Maintenance	5	2	Approx 5,300 Square ft.	\$2,640	\$1,584	\$1,584	\$56.37
403	Basketball Court Asphalt - Major Rehab.	35	2	Approx 3,000 Square ft.	\$12,000	\$11,314	\$11,314	\$36.60
404	Basketball Court Asphalt - Preventive Maintenance	5	2	Approx 3,000 Square ft.	\$1,500	\$900	\$900	\$32.03
801	Wood Signs - Repair	5	0	(1) Wood sign	\$1,500	\$1,500	\$1,500	\$32.03
802	Sign Posts - Replace	30	15	(12) Wood posts	\$18,000	\$9,000	\$0	\$64.05
803	Metal Signage - Replace	20	8	(9) Assorted signs	\$900	\$540	\$0	\$4.80
804	Historical Monument - Replace (Not Funded)	N/A	0	(1) Stone monument	\$0	\$0	\$0	\$0.00
805	Bench Monument - Replace (Not Funded)	N/A	0	(1) Stone bench	\$0	\$0	\$0	\$0.00
1001	Wood Post & Rail Fencing - Replace	20	14	Approx 290 Linear ft.	\$4,350	\$1,305	\$0	\$23.22
1002	Chain Link Fencing - Replace	40	8	Approx 180 Linear ft.	\$7,200	\$5,760	\$0	\$19.22
1003	Gate Pillars - Replace (Not Funded)	N/A	0	(2) Brick pillars	\$0	\$0	\$0	\$0.00
1301	Play Structures - Replace	20	10	(1) Large toy, (1) Small toy	\$25,000	\$12,500	\$0	\$133.45
1302	Swing Sets - Replace	30	20	(2) Swing sets	\$12,500	\$4,167	\$0	\$44.48
1303	Play Area Base - Replenish	5	2	Approx 3,180 Square ft.	\$6,350	\$3,810	\$3,810	\$135.58
1304	Drinking Fountain - Replace	20	5	(1) Drinking fountain	\$1,000	\$750	\$750	\$5.34
1305	Barbecues - Replace	40	8	(2) Metal barbecues	\$1,200	\$960	\$0	\$3.20
1306	Picnic Tables - Replace	25	8	(2) Picnic tables	\$2,400	\$1,632	\$0	\$10.25
1307	Benches - Replace	20	3	(3) Benches	\$2,400	\$2,040	\$2,040	\$12.81
1308	Trash Receptacle Enclosure - Replace	15	3	(1) Wood trash receptacle enclosure	\$500	\$400	\$400	\$3.56
1309	Pet Station - Replace (Not Funded)	N/A	0	(1) Pet station	\$0	\$0	\$0	\$0.00
1310	Basketball Equipment - Replace	20	10	(2) Assemblies	\$2,500	\$1,250	\$0	\$13.34
1701	Irrigation System - Upgrade	10	5	Extensive system	\$10,000	\$5,000	\$3,005	\$106.76
1702	Irrigation Controllers - Replace	15	5	(2) Controllers (Hunter & Rain Dial	\$3,000	\$2,000	\$0	\$21.35
1801	Railroad Tie Steps - Replace (Not Funded)	N/A	0	(12) Wood steps	\$0	\$0	\$0	\$0.00
1802	Trees - Maintain	3	1	Extensive amount	\$7,500	\$5,000	\$5,000	\$266.89
Grand Total:					\$143,640	\$91,401	\$50,292	\$1,090

Current Fund Balance as a percentage of Ideal Balance: 55%

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Orinda Downs HOA
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Version 1.1

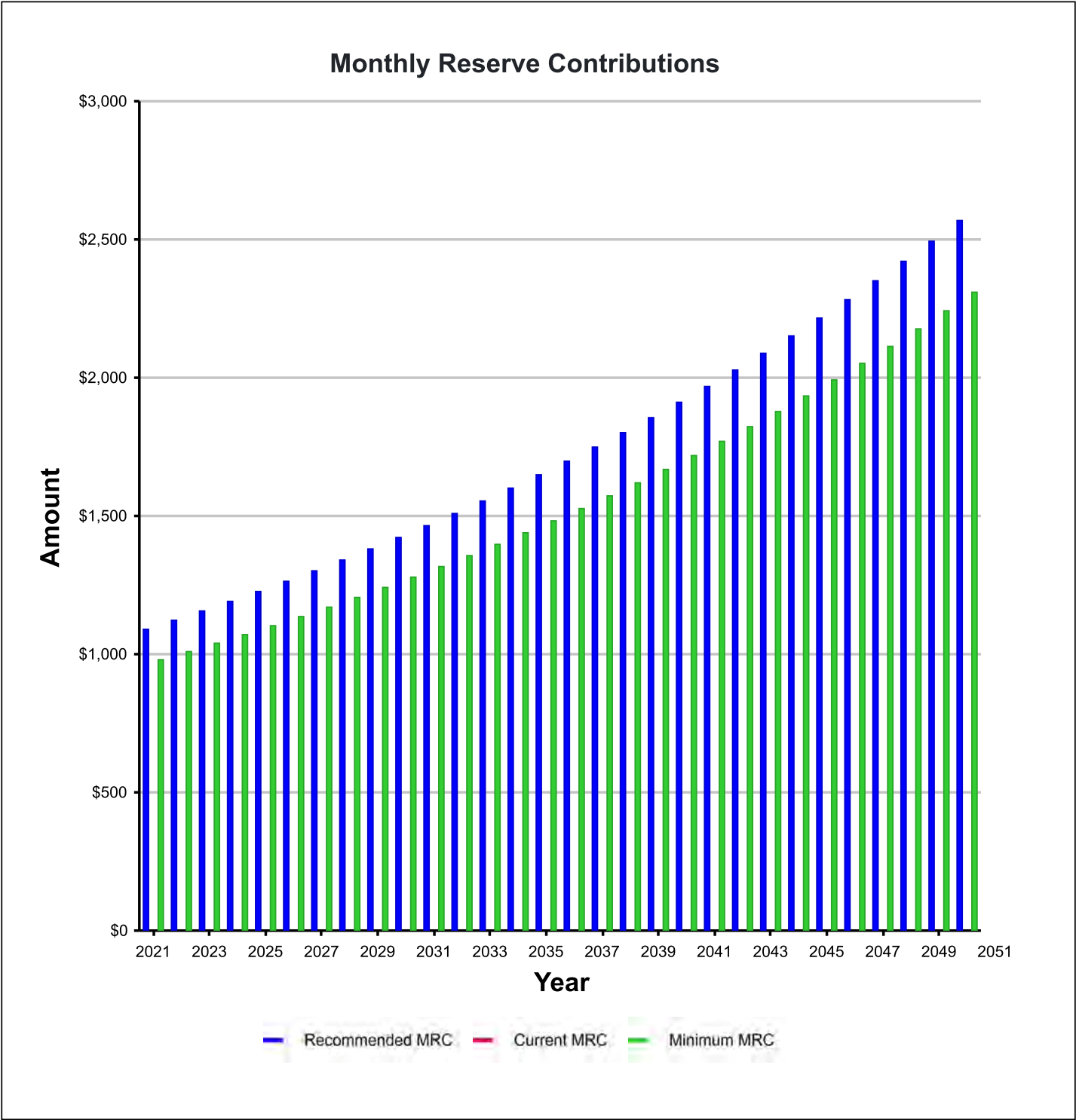
Yearly Summary

Year	Beginning Fully Funded Balance	Beginning Reserve Balance	Beginning % Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2021	\$91,401	\$50,292	55%	\$13,080	\$281	\$1,500	\$62,153
2022	\$103,114	\$62,153	60%	\$13,472	\$326	\$7,725	\$68,226
2023	\$109,082	\$68,226	63%	\$13,877	\$261	\$46,351	\$36,013
2024	\$75,770	\$36,013	48%	\$14,293	\$208	\$3,169	\$47,345
2025	\$86,271	\$47,345	55%	\$14,722	\$253	\$8,441	\$53,878
2026	\$92,001	\$53,878	59%	\$15,163	\$263	\$17,969	\$51,336
2027	\$88,445	\$51,336	58%	\$15,618	\$296	\$0	\$67,250
2028	\$103,655	\$67,250	65%	\$16,087	\$322	\$22,125	\$61,534
2029	\$96,909	\$61,534	64%	\$16,569	\$313	\$14,821	\$63,595
2030	\$97,873	\$63,595	65%	\$17,066	\$361	\$0	\$81,022
2031	\$114,530	\$81,022	71%	\$17,578	\$327	\$49,053	\$49,875
2032	\$81,575	\$49,875	61%	\$18,106	\$295	\$0	\$68,276
2033	\$98,579	\$68,276	69%	\$18,649	\$351	\$14,956	\$72,320
2034	\$101,125	\$72,320	72%	\$19,208	\$383	\$11,014	\$80,898
2035	\$108,258	\$80,898	75%	\$19,785	\$439	\$6,580	\$94,541
2036	\$120,636	\$94,541	78%	\$20,378	\$410	\$45,960	\$69,369
2037	\$93,300	\$69,369	74%	\$20,990	\$370	\$12,035	\$78,693
2038	\$100,579	\$78,693	78%	\$21,619	\$405	\$17,338	\$83,379
2039	\$103,119	\$83,379	81%	\$22,268	\$472	\$851	\$105,267
2040	\$123,240	\$105,267	85%	\$22,936	\$552	\$13,151	\$115,604
2041	\$131,832	\$115,604	88%	\$23,624	\$562	\$30,704	\$109,086
2042	\$123,155	\$109,086	89%	\$24,333	\$608	\$0	\$134,026
2043	\$146,413	\$134,026	92%	\$25,063	\$648	\$34,471	\$125,266
2044	\$135,452	\$125,266	92%	\$25,815	\$681	\$4,737	\$147,025
2045	\$155,391	\$147,025	95%	\$26,589	\$803	\$0	\$174,417
2046	\$181,431	\$174,417	96%	\$27,387	\$838	\$41,876	\$160,766
2047	\$165,761	\$160,766	97%	\$28,208	\$876	\$0	\$189,850
2048	\$193,413	\$189,850	98%	\$29,054	\$966	\$23,301	\$196,569
2049	\$198,575	\$196,569	99%	\$29,926	\$1,012	\$19,219	\$208,289
2050	\$208,798	\$208,289	100%	\$30,824	\$1,121	\$0	\$240,234

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Version 1.1

Reserve Contributions - Graph



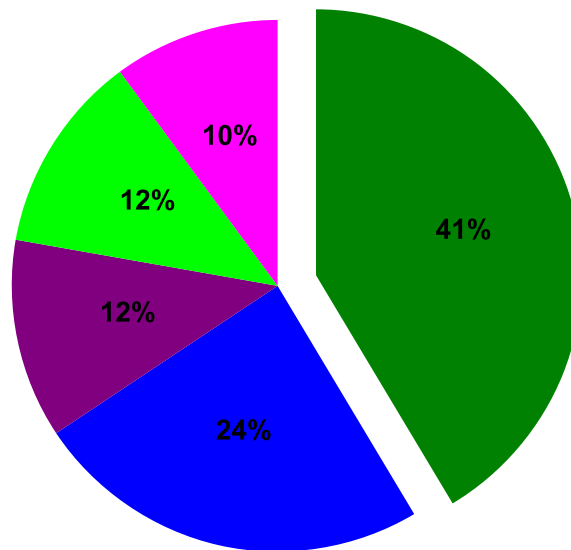
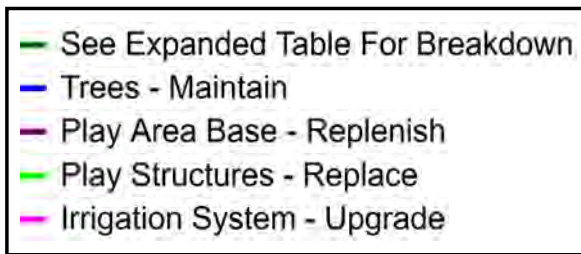
Significant Components

ID #	Component Name	UL	RUL	Average Current	Significance: (Curr Cost/UL)	
					As \$	As %
Common Area						
401	Private Road Asphalt - Major Rehab.	35	2	\$21,200	\$606	5.93%
402	Private Road Asphalt - Preventive Maintenance	5	2	\$2,640	\$528	5.17%
403	Basketball Court Asphalt - Major Rehab.	35	2	\$12,000	\$343	3.36%
404	Basketball Court Asphalt - Preventive Maintenance	5	2	\$1,500	\$300	2.94%
801	Wood Signs - Repair	5	0	\$1,500	\$300	2.94%
802	Sign Posts - Replace	30	15	\$18,000	\$600	5.88%
803	Metal Signage - Replace	20	8	\$900	\$45	0.44%
804	Historical Monument - Replace (Not Funded)	N/A	0	\$0	\$0	0.00%
805	Bench Monument - Replace (Not Funded)	N/A	0	\$0	\$0	0.00%
1001	Wood Post & Rail Fencing - Replace	20	14	\$4,350	\$218	2.13%
1002	Chain Link Fencing - Replace	40	8	\$7,200	\$180	1.76%
1003	Gate Pillars - Replace (Not Funded)	N/A	0	\$0	\$0	0.00%
1301	Play Structures - Replace	20	10	\$25,000	\$1,250	12.24%
1302	Swing Sets - Replace	30	20	\$12,500	\$417	4.08%
1303	Play Area Base - Replenish	5	2	\$6,350	\$1,270	12.44%
1304	Drinking Fountain - Replace	20	5	\$1,000	\$50	0.49%
1305	Barbecues - Replace	40	8	\$1,200	\$30	0.29%
1306	Picnic Tables - Replace	25	8	\$2,400	\$96	0.94%
1307	Benches - Replace	20	3	\$2,400	\$120	1.18%
1308	Trash Receptacle Enclosure - Replace	15	3	\$500	\$33	0.33%
1309	Pet Station - Replace (Not Funded)	N/A	0	\$0	\$0	0.00%
1310	Basketball Equipment - Replace	20	10	\$2,500	\$125	1.22%
1701	Irrigation System - Upgrade	10	5	\$10,000	\$1,000	9.79%
1702	Irrigation Controllers - Replace	15	5	\$3,000	\$200	1.96%
1801	Railroad Tie Steps - Replace (Not Funded)	N/A	0	\$0	\$0	0.00%
1802	Trees - Maintain	3	1	\$7,500	\$2,500	24.49%

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Prepared for FYE 5/31/2021
Version 1.1

Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current	Significance: (Curr Cost/UL) AS %	
1802	Trees - Maintain	3	1	\$7,500	\$2,500	24%
1303	Play Area Base - Replenish	5	2	\$6,350	\$1,270	12%
1301	Play Structures - Replace	20	10	\$25,000	\$1,250	12%
1701	Irrigation System - Upgrade	10	5	\$10,000	\$1,000	10%
All Other	See Expanded Table For Breakdown				\$6,020	41%

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 Prepared for FYE 5/31/2021
 Version 1.1

Yearly Cash Flow

Year	2021	2022	2023	2024	2025
Starting Balance	\$50,291	\$62,152	\$68,226	\$36,012	\$47,344
<i>Reserve Income</i>	\$13,080	\$13,472	\$13,876	\$14,292	\$14,721
<i>Interest Earnings</i>	\$281	\$325	\$260	\$208	\$253
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$63,652	\$75,951	\$82,363	\$50,513	\$62,319
Reserve Expenditures	\$1,500	\$7,725	\$46,350	\$3,168	\$8,441
Ending Balance	\$62,152	\$68,226	\$36,012	\$47,344	\$53,878

Year	2026	2027	2028	2029	2030
Starting Balance	\$53,878	\$51,335	\$67,250	\$61,533	\$63,594
<i>Reserve Income</i>	\$15,163	\$15,618	\$16,086	\$16,569	\$17,066
<i>Interest Earnings</i>	\$262	\$296	\$321	\$312	\$361
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$69,304	\$67,250	\$83,659	\$78,415	\$81,022
Reserve Expenditures	\$17,968	\$0	\$22,125	\$14,821	\$0
Ending Balance	\$51,335	\$67,250	\$61,533	\$63,594	\$81,022

Year	2031	2032	2033	2034	2035
Starting Balance	\$81,022	\$49,875	\$68,276	\$72,320	\$80,897
<i>Reserve Income</i>	\$17,578	\$18,105	\$18,648	\$19,208	\$19,784
<i>Interest Earnings</i>	\$327	\$295	\$351	\$382	\$438
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$98,928	\$68,276	\$87,276	\$91,911	\$101,120
Reserve Expenditures	\$49,052	\$0	\$14,956	\$11,014	\$6,579
Ending Balance	\$49,875	\$68,276	\$72,320	\$80,897	\$94,541

Year	2036	2037	2038	2039	2040
Starting Balance	\$94,541	\$69,369	\$78,693	\$83,379	\$105,267
<i>Reserve Income</i>	\$20,378	\$20,989	\$21,619	\$22,267	\$22,935
<i>Interest Earnings</i>	\$409	\$370	\$405	\$471	\$552
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$115,329	\$90,728	\$100,717	\$106,118	\$128,755
Reserve Expenditures	\$45,960	\$12,035	\$17,338	\$851	\$13,151
Ending Balance	\$69,369	\$78,693	\$83,379	\$105,267	\$115,604

Year	2041	2042	2043	2044	2045
Starting Balance	\$115,604	\$109,085	\$134,026	\$125,266	\$147,024
<i>Reserve Income</i>	\$23,623	\$24,332	\$25,062	\$25,814	\$26,588
<i>Interest Earnings</i>	\$561	\$607	\$648	\$680	\$803
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$139,789	\$134,026	\$159,736	\$151,761	\$174,416
Reserve Expenditures	\$30,703	\$0	\$34,470	\$4,736	\$0
Ending Balance	\$109,085	\$134,026	\$125,266	\$147,024	\$174,416

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Version 1.1

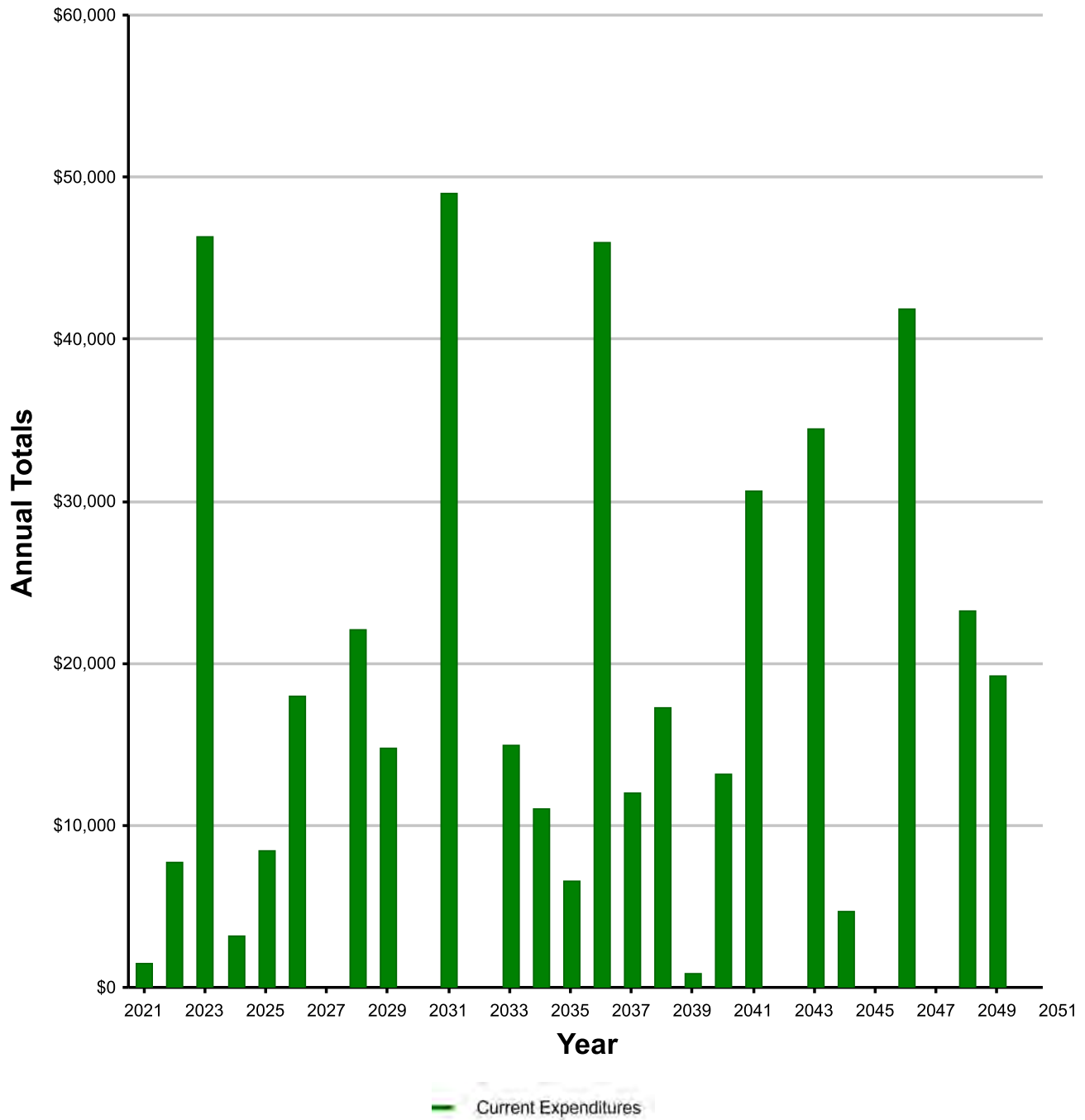
Yearly Cash Flow

Year	2046	2047	2048	2049	2050
Starting Balance	\$174,416	\$160,765	\$189,850	\$196,569	\$208,288
<i>Reserve Income</i>	\$27,386	\$28,208	\$29,054	\$29,926	\$30,823
<i>Interest Earnings</i>	\$837	\$876	\$965	\$1,011	\$1,121
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$202,641	\$189,850	\$219,870	\$227,507	\$240,233
Reserve Expenditures	\$41,875	\$0	\$23,301	\$19,218	\$0
Ending Balance	\$160,765	\$189,850	\$196,569	\$208,288	\$240,233

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Yearly Reserve Expenditures - Graph



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Projected Expenditures By Year

Year	Comp. Id	Component Name	Projected Cost	Total Per Annum
2021	801	Wood Signs - Repair	\$1,500	\$1,500
2022	1802	Trees - Maintain	\$7,725	\$7,725
2023	401	Private Road Asphalt - Major Rehab.	\$22,491	
	402	Private Road Asphalt - Preventive Maintenance	\$2,801	
	403	Basketball Court Asphalt - Major Rehab.	\$12,731	
	404	Basketball Court Asphalt - Preventive Maintenance	\$1,591	
	1303	Play Area Base - Replenish	\$6,737	\$46,351
2024	1307	Benches - Replace	\$2,623	
	1308	Trash Receptacle Enclosure - Replace	\$546	\$3,169
2025	1802	Trees - Maintain	\$8,441	\$8,441
2026	801	Wood Signs - Repair	\$1,739	
	1304	Drinking Fountain - Replace	\$1,159	
	1701	Irrigation System - Upgrade	\$11,593	
	1702	Irrigation Controllers - Replace	\$3,478	\$17,969
2027		No Expenditures Projected	\$0	\$0
2028	402	Private Road Asphalt - Preventive Maintenance	\$3,247	
	404	Basketball Court Asphalt - Preventive Maintenance	\$1,845	
	1303	Play Area Base - Replenish	\$7,810	
	1802	Trees - Maintain	\$9,224	\$22,125
2029	803	Metal Signage - Replace	\$1,140	
	1002	Chain Link Fencing - Replace	\$9,121	
	1305	Barbecues - Replace	\$1,520	
	1306	Picnic Tables - Replace	\$3,040	\$14,821
2030		No Expenditures Projected	\$0	\$0
2031	801	Wood Signs - Repair	\$2,016	
	1301	Play Structures - Replace	\$33,598	
	1310	Basketball Equipment - Replace	\$3,360	
	1802	Trees - Maintain	\$10,079	\$49,053
2032		No Expenditures Projected	\$0	\$0
2033	402	Private Road Asphalt - Preventive Maintenance	\$3,764	
	404	Basketball Court Asphalt - Preventive Maintenance	\$2,139	
	1303	Play Area Base - Replenish	\$9,054	\$14,956
2034	1802	Trees - Maintain	\$11,014	\$11,014
2035	1001	Wood Post & Rail Fencing - Replace	\$6,580	\$6,580
2036	801	Wood Signs - Repair	\$2,337	
	802	Sign Posts - Replace	\$28,043	

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Version 1.1

Projected Expenditures By Year

Year	Comp. Id	Component Name	Projected Cost	Total Per Annum
	1701	Irrigation System - Upgrade	\$15,580	\$45,960
2037	1802	Trees - Maintain	\$12,035	\$12,035
2038	402	Private Road Asphalt - Preventive Maintenance	\$4,364	
	404	Basketball Court Asphalt - Preventive Maintenance	\$2,479	
	1303	Play Area Base - Replenish	\$10,496	\$17,338
2039	1308	Trash Receptacle Enclosure - Replace	\$851	\$851
2040	1802	Trees - Maintain	\$13,151	\$13,151
2041	801	Wood Signs - Repair	\$2,709	
	1302	Swing Sets - Replace	\$22,576	
	1702	Irrigation Controllers - Replace	\$5,418	\$30,704
2042		No Expenditures Projected	\$0	\$0
2043	402	Private Road Asphalt - Preventive Maintenance	\$5,059	
	404	Basketball Court Asphalt - Preventive Maintenance	\$2,874	
	1303	Play Area Base - Replenish	\$12,167	
	1802	Trees - Maintain	\$14,371	\$34,471
2044	1307	Benches - Replace	\$4,737	\$4,737
2045		No Expenditures Projected	\$0	\$0
2046	801	Wood Signs - Repair	\$3,141	
	1304	Drinking Fountain - Replace	\$2,094	
	1701	Irrigation System - Upgrade	\$20,938	
	1802	Trees - Maintain	\$15,703	\$41,876
2047		No Expenditures Projected	\$0	\$0
2048	402	Private Road Asphalt - Preventive Maintenance	\$5,864	
	404	Basketball Court Asphalt - Preventive Maintenance	\$3,332	
	1303	Play Area Base - Replenish	\$14,105	\$23,301
2049	803	Metal Signage - Replace	\$2,059	
	1802	Trees - Maintain	\$17,159	\$19,219
2050		No Expenditures Projected	\$0	\$0

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Version 1.1

Component Evaluation

Comp # **401** **Private Road Asphalt - Major Rehab.**

Subgroup: Common Area

Location: Private roadway & curbing

Quantity: Approx 5,300 Square ft.

Life Expectancy: 35 **Remaining Life:** 2

Best Cost: \$15,900.00

\$3.00/Square ft.; Lower estimate to rehab.

Worst Cost: \$26,500.00

\$5.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Areas of cracking and deterioration observed. This component typically has an approximate life of 30-40 years. At this time, we recommend the association bring in an asphalt consultant to professionally evaluate the asphalt and develop a scope of work and timeline for future resurfacing/overlay maintenance (major rehab.). The remaining useful life is based on the assumed age.



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Component Evaluation

Comp # **402** **Private Road Asphalt - Preventive Maintenance**

Subgroup: Common Area

Location: Private roadway & curbing

Quantity: Approx 5,300 Square ft.

Life Expectancy: 5 **Remaining Life:** 2

Best Cost: \$2,100.00

\$0.40/Square ft.; Lower estimate to maintain

Worst Cost: \$3,180.00

\$0.60/Square ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Regular cycles of preventive maintenance (repair/seal coating/stripping) is key to extending the typical useful life cycle of asphalt. This component has an approximate life of 4-6 years and should be completed within 6 months to a year after major rehabilitation projects (see previous component #401).



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Component Evaluation

Comp # 403 **Basketball Court Asphalt - Major Rehab.**

Subgroup: Common Area

Location: Basketball court

Quantity: Approx 3,000 Square ft.

Life Expectancy: 35 **Remaining Life:** 2

Best Cost: \$9,000.00

\$3.00/Square ft.; Lower estimate to rehab.

Worst Cost: \$15,000.00

\$5.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Areas of significant cracking observed. This component typically has an approximate life of 30-40 years, but preventive maintenance (see next component) may prolong typical useful life before major rehabilitation may be needed (resurfacing, overlay, etc.).



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Component Evaluation

Comp # **404** **Basketball Court Asphalt - Preventive Maintenance**

Subgroup: Common Area

Location: Basketball court

Quantity: Approx 3,000 Square ft.

Life Expectancy: 5 **Remaining Life:** 2

Best Cost: \$1,200.00

\$0.40/Square ft.; Lower estimate to maintain

Worst Cost: \$1,800.00

\$0.60/Square ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Regular cycles of preventive maintenance (repair/seal coating/stripping) is key to extending the typical useful life cycle of asphalt. This component has an approximate life of 4-6 years and should be completed within 6 months to a year after major rehabilitation projects (see previous component #403).



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Component Evaluation

Comp # 801 **Wood Signs - Repair**

Subgroup: Common Area

Location: Dalewood/Lombardy intersection and park area

Quantity: (1) Wood sign

Life Expectancy: 5 **Remaining Life:** 0

Best Cost: \$1,000.00

Lower estimate to repair

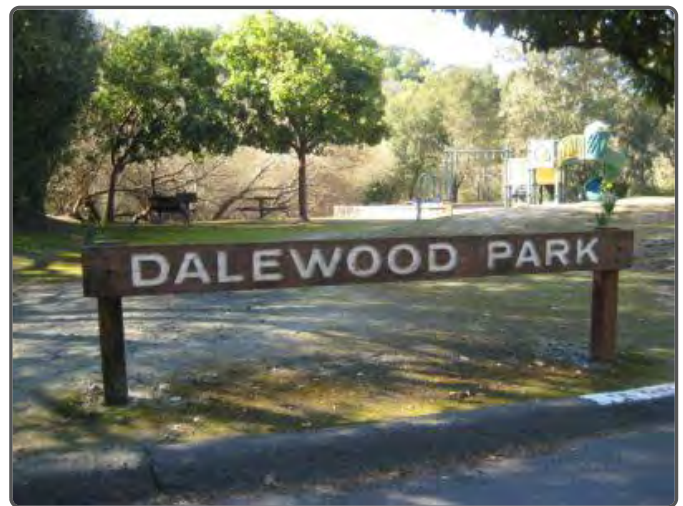
Worst Cost: \$2,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Although the community sign and park sign are long lasting, they will require significant cycles of repair and upgrades. If at some point, total replacement is required, funding may be adjusted in reserve study updates.



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Component Evaluation

Comp # 802 **Sign Posts - Replace**

Subgroup: Common Area

Location: Community intersections

Quantity: (12) Wood posts

Life Expectancy: 30 **Remaining Life:** 15

Best Cost: \$12,000.00

\$1,000/Each, Lower estimate to replace

Worst Cost: \$24,000.00

\$2,000/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

The majority of wood sign posts appeared in stable condition. This component has an approximate useful life of 25-35 years. The remaining useful life is based on assumed age.



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Component Evaluation

Comp # 803 **Metal Signage - Replace**

Subgroup: Common Area

Location: Throughout park

Quantity: (9) Assorted signs

Life Expectancy: 20 **Remaining Life:** 8

Best Cost: \$450.00

\$50/Each, Lower estimate to replace

Worst Cost: \$1,350.00

\$150/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Best to plan for regular cycles of signage replacement. This component has an approximate life of 15-25 years.

Remaining useful life is based on the assumed age.



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Version 1.1

Component Evaluation

Comp # 804 Historical Monument - Replace (Not Funded)

Subgroup: Common Area

Location: Adjacent to Dalewood Drive

Quantity: (1) Stone monument

Life Expectancy: N/A **Remaining Life:** 0

Best Cost: \$0.00

Worst Cost: \$0.00

Source of Information: In-House Costs Database

Observations:

The historical monument should have an extended life that last well beyond the cope of a reserve study. Therefore, reserve funding is not required at this time.



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Component Evaluation

Comp # 805 **Bench Monument - Replace (Not Funded)**

Subgroup: Common Area

Location: Adjacent to Dalewood Drive

Quantity: (1) Stone bench

Life Expectancy: N/A **Remaining Life:** 0

Best Cost: \$0.00

Worst Cost: \$0.00

Source of Information: In-House Costs Database

Observations:

The bench monument should have an extended life that last well beyond the cope of a reserve study. Therefore, reserve funding is not required at this time.



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Version 1.1

Component Evaluation

Comp # 1001 **Wood Post & Rail Fencing - Replace**

Subgroup: Common Area

Location: Adjacent to roadways

Quantity: Approx 290 Linear ft.

Life Expectancy: 20 **Remaining Life:** 14

Best Cost: \$2,900.00

\$10.00/Linear ft.; Lower estimate to replace

Worst Cost: \$5,800.00

\$20.00/Linear ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

The wood post and rail fencing appeared in generally stable condition and was reportedly last repaired in 2014. This component typically has an approximate useful life of 15-25 years. The remaining useful life is based on the prior repair cycle.



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Component Evaluation

Comp # 1002 **Chain Link Fencing - Replace**

Subgroup: Common Area

Location: South end of park

Quantity: Approx 180 Linear ft.

Life Expectancy: 40 **Remaining Life:** 8

Best Cost: \$6,300.00

\$35/Linear ft.; Lower estimate to replace

Worst Cost: \$8,100.00

\$45/Linear ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Although there were some areas of damage, the majority of vinyl coated chain link fencing appeared in stable condition. This component has an approximate useful life of 35-45 years. The remaining useful life is based on the assumed age.



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Version 1.1

Component Evaluation

Comp # 1003 **Gate Pillars - Replace (Not Funded)**

Subgroup: Common Area

Location: Entrance to private road

Quantity: (2) Brick pillars

Life Expectancy: N/A **Remaining Life:** 0

Best Cost: \$0.00

Worst Cost: \$0.00

Source of Information: In-House Costs Database

Observations:

Since the gate was removed, there is no expectation to replace the gate pillars. Therefore, reserve funding is not required at this time.



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Version 1.1

Component Evaluation

Comp # 1301 **Play Structures - Replace**

Subgroup: Common Area

Location: Park area

Quantity: (1) Large toy, (1) Small toy

Life Expectancy: 20 **Remaining Life:** 10

Best Cost: \$20,000.00

Lower estimate to replace

Worst Cost: \$30,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

The play equipment was reportedly replaced around 2008-2010. This component has an approximate useful life of 15-25 years. The remaining useful life is based on the installation date.



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Version 1.1

Component Evaluation

Comp # 1302 **Swing Sets - Replace**

Subgroup: Common Area

Location: Park area

Quantity: (2) Swing sets

Life Expectancy: 30 **Remaining Life:** 20

Best Cost: \$10,000.00

Lower estimate to replace

Worst Cost: \$15,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Although the structures are sturdy and long lasting, best to plan for eventual replacement. The swing sets were reportedly replaced around 2008-2010. This component has an approximate useful life of 25-35 years. The remaining useful life is based on the installation date.



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Component Evaluation

Comp # 1303 **Play Area Base - Replenish**

Subgroup: Common Area

Location: Base of play areas

Quantity: Approx 3,180 Square ft.

Life Expectancy: 5 **Remaining Life:** 2

Best Cost: \$3,175.00

\$1.00/Square ft.; Lower estimate to replenish

Worst Cost: \$9,525.00

\$3.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Fair coverage observed. Best to plan for regular cycles of replenishment at roughly the time frame indicated.



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Version 1.1

Component Evaluation

Comp # 1304 **Drinking Fountain - Replace**

Subgroup: Common Area

Location: North corner of park

Quantity: (1) Drinking fountain

Life Expectancy: 20 **Remaining Life:** 5

Best Cost: \$800.00

Lower estimate to replace

Worst Cost: \$1,200.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Functional condition assumed. This component has an approximate useful life of 15-25 years. The remaining useful life is based on the assumed age.



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Component Evaluation

Comp # 1305 **Barbecues - Replace**

Subgroup: Common Area

Location: Picnic areas

Quantity: (2) Metal barbecues

Life Expectancy: 40 **Remaining Life:** 8

Best Cost: \$1,000.00

\$500/Each, Lower estimate to replace

Worst Cost: \$1,400.00

\$700/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Although long lasting, metal barbecues will require eventual replacement. This component has an approximate useful life of 35-45 years. The remaining useful life is based on the assumed age.



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Version 1.1

Component Evaluation

Comp # 1306 **Picnic Tables - Replace**

Subgroup: Common Area

Location: Scattered throughout park

Quantity: (2) Picnic tables

Life Expectancy: 25 **Remaining Life:** 8

Best Cost: \$2,000.00

\$1,000/Each, Lower estimate to replace

Worst Cost: \$2,800.00

\$1,400/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Although the metal base is long lasting, wood seats and table top will eventually deteriorate. This component has an approximate useful life of 20-30 years. The remaining useful life is based on the assumed age.



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Component Evaluation

Comp # 1307 **Benches - Replace**

Subgroup: Common Area

Location: Scattered throughout park

Quantity: (3) Benches

Life Expectancy: 20 **Remaining Life:** 3

Best Cost: \$1,800.00

\$600/Each, Lower estimate to replace

Worst Cost: \$3,000.00

\$1,000/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Wood benches appear to be approaching the end of their life span. This component has an approximate useful life of 15-25 years. The remaining useful life is based on the current condition.



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Version 1.1

Component Evaluation

Comp # 1308 **Trash Receptacle Enclosure - Replace**

Subgroup: Common Area

Location: North corner of park

Quantity: (1) Wood trash receptacle enclosure

Life Expectancy: 15 **Remaining Life:** 3

Best Cost: \$400.00

Lower estimate to replace

Worst Cost: \$600.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Trash receptacles receive more use/abuse than other components. This component has an approximate useful life of 10-20 years. The remaining useful life is based on assumed age.



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Component Evaluation

Comp # 1309 **Pet Station - Replace (Not Funded)**

Subgroup: Common Area

Location: Trash receptacle

Quantity: (1) Pet station

Life Expectancy: N/A **Remaining Life:** 0

Best Cost: \$0.00

Worst Cost: \$0.00

Source of Information: In-House Costs Database

Observations:

Smaller cost item to replace, plan to maintain as general operating/maintenance expense.



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Version 1.1

Component Evaluation

Comp # 1310 **Basketball Equipment - Replace**

Subgroup: Common Area

Location: Basketball court

Quantity: (2) Assemblies

Life Expectancy: 20 **Remaining Life:** 10

Best Cost: \$2,000.00

\$1,000/Each, Lower estimate to replace

Worst Cost: \$3,000.00

\$1,500/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Although the poles will have extended life, backboard, hoop and net will require cycles of replacement. This component has an approximate useful life of 15-25 years. The remaining useful life is based on assumed age.



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Prepared for FYE 5/31/2021
Version 1.1

Component Evaluation

Comp # 1701 **Irrigation System - Upgrade**

Subgroup: Common Area

Location: Throughout landscaping

Quantity: Extensive system

Life Expectancy: 10 **Remaining Life:** 5

Best Cost: \$5,000.00

Lower allowance to upgrade

Worst Cost: \$15,000.00

Higher allowance

Source of Information: In-House Costs Database

Observations:

Although difficult to predict timing and scope of work, best to plan for regular cycles of irrigation upgrades.



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Version 1.1

Component Evaluation

Comp # 1702 **Irrigation Controllers - Replace**

Subgroup: Common Area

Location: North corner of park and behind community sign

Quantity: (2) Controllers (Hunter & Rain Dial)

Life Expectancy: 15 **Remaining Life:** 5

Best Cost: \$2,000.00

\$1,000/Each, Lower estimate to replace

Worst Cost: \$4,000.00

\$2,000/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Functional condition assumed, no problems reported. This component has an approximate useful life of 10-20 years. The remaining useful life is based on the assumed age.



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Version 1.1

Component Evaluation

Comp # 1801 **Railroad Tie Steps - Replace (Not Funded)**

Subgroup: Common Area

Location: West side of park

Quantity: (12) Wood steps

Life Expectancy: N/A **Remaining Life:** 0

Best Cost: \$0.00

Worst Cost: \$0.00

Source of Information: In-House Costs Database

Observations:

Smaller cost item to replace, plan to maintain as general operating/maintenance expense.



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Version 1.1

Component Evaluation

Comp # 1802 **Trees - Maintain**

Subgroup: Common Area

Location: Community entry and park area

Quantity: Extensive amount

Life Expectancy: 3 **Remaining Life:** 1

Best Cost: \$7,000.00

Lower allowance to maintain

Worst Cost: \$8,000.00

Higher allowance

Source of Information: In-House Costs Database

Observations:

This component represents a reserve allowance for regular cycles of significant tree maintenance expenses. Monitor expenses closely and adjust as needed in reserve study updates.



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Version 1.1

Glossary of Commonly Used Words and Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

Cash Flow Method - A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component - Also referred to as an "Asset." Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding - When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component Inventory - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit - An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age - The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis - The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance - An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

Fund Status - The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals - Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- Baseline Funding: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- Component Full Funding: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- Threshold Funding: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan - An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Funding Principles -

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

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Version 1.1

Life and Valuation Estimates - The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

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 ideal fund balance, expressed as a percentage.

Physical Analysis - The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) - Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

Replacement Cost - The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance - Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study - A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment - An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus - An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) - Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

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