

Stratton Flats Townhomes Reserve Study



Preliminary Reserve Study
Project No. 120xx

Prepared for
The Stratton Flats Townhome Association
28 2nd St. Suite 213
Edwards, Colorado

Prepared by
Borne Consulting
PO Box 3890
Parker, Colorado 80134

December 31, 2012

TABLE OF CONTENTS

Introduction	1
Detail Report by Category	3
Annual Expenditure Spread Sheet	16
Annual Expenditure Detail	22
Existing Reserve Study Summary	26
Existing Reserve Study Projection	27
Preliminary Reserve Study Summary	28
Preliminary Reserve Study Projection	29

Introduction

Borne Consulting has been commissioned by Stratton Flats Townhome Association to prepare a Reserve Study. The purpose of this Reserve Study update is to evaluate the common-area components for major repair, maintenance and replacement that are the responsibility of the Association. This Study provides a limited-scope evaluation of the existing condition and remaining life of the common-area components. The Study also includes estimated costs for the major repair, maintenance and/or replacement of the items to enable the Association to establish an adequate level of reserve funds for the upkeep of the property. Major repair, maintenance and/or replacement items are defined as anything that costs over \$1,000.

Community Description

The Stratton Flats Townhome Association consists of one four plex that was built several years ago and three additional Habitat for Humanity duplexes built in 2012. Association maintenance responsibilities consist of the exterior building envelope with the exception of windows. The site contains driveways, sidewalks, fencing, landscaping and irrigation.

Approach

To prepare this Reserve Study Projection, Borne Consulting has completed the necessary research, the component report, the cost estimates, the financial projections, and the projection interpretation.

The projections were assembled using the cash flow method. This method develops 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 a desired funding program is achieved.

Reference Material

The following references were provided to Borne Consulting for this Reserve Study by the client:

- 2012 financial information
- Interest rate earned on invested capital funds
- Historical expense and past capital project information

Exclusions

Items not included in this Projection Update are:

- Non- common area components.
- Association components that have estimated costs below the reserve component threshold amount of \$1,000.
- Long lasting items with estimated economic lives exceeding 30 years, such as sanitary sewers or building structural components. However, these items are included if they are known to have a fairly predictable anticipated useful life that falls within the term of the Study.
- Normal operating items, i.e., taxes, insurance, snow plowing, utilities, cleaning and landscape maintenance, etc.

Disclaimer

This Reserve Study was prepared specifically for Stratton Flats Townhome Association. The information contained within this document has been assembled in conjunction with the client and is intended to assist the client with its reserve planning and funding. Borne Consulting does not guarantee, either explicitly or implied, that all repair and replacement items have been identified, the accuracy of the probable costs or the component lives.

In providing the opinions of probable replacement costs, the client understands that Borne Consulting has no control over costs or the price of labor, equipment or materials, or over the contractor's method of pricing, and that the opinions of probable replacement costs provided herein are made on the basis of Borne Consulting's qualifications and experience. Borne Consulting makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to actual bid or construction costs.

All comments made are based on conditions seen at the time of the site visit. We do not accept any responsibility for unknown or unknowable conditions within the existing site or structures.

RA Detail Report by Category

Regrade site as needed - 2015

		1 UT	@
Asset ID	A01.1	Asset Cost	
Topography and Grading		Percent Replacement	100%
Site and Building Grading and Drainage		Future Cost	
Placed in Service	May 2010		
Useful Life	6		
Replacement Year	2015		
Remaining Life	3		



Description: The buildings drainage system utilizes surface slope to route stormwater runoff away from the building foundation system and into the overall site drainage system.

Condition: Good condition.

Action(s):

- Cyclically re-grade to provide positive slope away from the building foundation system every 6 years, starting in 2015, or as needed as a maintenance item.

Site and Building Grading and Drainage
Total Current Cost

\$0

RA Detail Report by Category

Replace Concrete Drive and Parking 4 Plex - 2039

		5,000 SF	@ \$10.50
Asset ID	B01.2	Asset Cost	\$21,000.00
	Flatwork	Percent Replacement	40%
Concrete Driving and Parking Areas		Future Cost	\$46,647.07
Placed in Service	May 2010		
Useful Life	30		
Replacement Year	2039		
Remaining Life	27		



Description: On grade, reinforced concrete driving surface.

Condition: Good condition.

Action(s):

- Replace the concrete drive and parking area surface in 2039.

Replace Concrete Drive and Parking Duplex - 2041

		5,000 SF	@ \$10.50
Asset ID	B01.1	Asset Cost	\$31,500.00
	Flatwork	Percent Replacement	60%
Concrete Driving and Parking Areas		Future Cost	\$74,231.81
Placed in Service	May 2012		
Useful Life	30		
Replacement Year	2041		
Remaining Life	29		

RA Detail Report by Category

Replace Concrete Drive and Parking Duplex continued...



Description: On grade, reinforced concrete driving surface.

Condition: Good condition.

Action(s):

- Replace the concrete drive and parking area surface in 2039.

Concrete Driving and Parking Areas - Total Current Cost

\$52,500

RA Detail Report by Category

Replace exterior lighting - 2024

		10 UT	@ \$100.00
Asset ID	C05.1	Asset Cost	\$1,000.00
	Electrical	Percent Replacement	100%
	Exterior Lighting Buildings	Future Cost	\$1,425.76
Placed in Service	May 2000		
Useful Life	25		
Replacement Year	2024		
Remaining Life	12		



Description: There are approximately 10 exterior lights that the townhome association maintains, one for each townhome unit.

Condition: Good condition.

Action(s):

- Cyclically replace exterior light fixtures every 25 years, starting in 2024.

Exterior Lighting Buildings - Total Current Cost **\$1,000**

RA Detail Report by Category

Landscaping and Irrigation - 2016

		1 UT	@ \$3,500.00
Asset ID	C06.1	Asset Cost	\$3,500.00
Landscaping and Appurtenances		Percent Replacement	100%
Landscaping and Irrigation		Future Cost	\$3,939.28
Placed in Service	May 2010		
Useful Life	7		
Replacement Year	2016		
Remaining Life	4		



Description: There is minimal landscaping and irrigation in the common areas of the townhomes.

Condition: Satisfactory condition.

Action(s):

- Implement and maintain a long term tree/landscape and irrigation plan for replacement of landscape and irrigation components.

Landscaping and Irrigation - Total Current Cost

\$3,500

RA Detail Report by Category

Repaint cement board siding 4 plex - 2016

		20,500 square feet	@ \$1.00
Asset ID	D02.1	Asset Cost	\$8,200.00
	Façade	Percent Replacement	40%
	Siding and Trim	Future Cost	\$9,229.17
Placed in Service	May 2010		
Useful Life	6		
Adjustment	1		
Replacement Year	2016		
Remaining Life	4		



Description: Cement board siding nailed to the buildings' substrate with trim in regular widths, window and door perimeters, soffits and fascia.

Condition: Good condition.

Action(s):

- Repaint the siding and trim every 6 years, or as needed, starting in 2016.

Repaint cement board siding Duplex - 2018

		20,500 square feet	@ \$1.00
Asset ID	D02.2	Asset Cost	\$12,300.00
	Façade	Percent Replacement	60%
	Siding and Trim	Future Cost	\$14,686.84
Placed in Service	May 2012		
Useful Life	6		
Adjustment	1		
Replacement Year	2018		
Remaining Life	6		

RA Detail Report by Category

Repaint cement board siding Duplex continued...



Description: Cement board siding nailed to the buildings' substrate with trim in regular widths, window and door perimeters, soffits and fascia.

Condition: Good condition.

Action(s):

- Repaint the siding and trim every 6 years, or as needed, starting in 2018.

Replace cement board siding 4 Plex - 2044

		20,500 square feet	@ \$7.50
Asset ID	D01.1	Asset Cost	\$61,500.00
	Façade	Percent Replacement	40%
	Siding and Trim	Future Cost	\$158,367.59
Placed in Service	May 2010		
Useful Life	35		
Replacement Year	2044		
Remaining Life	32		



Description: Cement board siding nailed to the buildings' substrate with trim in regular widths, window and door perimeters, soffits and fascia.

Condition: Good condition.

RA Detail Report by Category

Replace cement board siding 4 Plex continued...

Action(s):

- Replace the siding and trim every 35 years, or as needed, starting in 2044.

Replace cement board siding Duplex - 2046

		20,500 square feet	@ \$7.50
Asset ID	D01.2	Asset Cost	\$92,250.00
	Façade	Percent Replacement	60%
	Siding and Trim	Future Cost	\$252,018.26
Placed in Service	May 2012		
Useful Life	35		
Replacement Year	2046		
Remaining Life	34		



Description: Cement board siding nailed to the buildings' substrate with trim in regular widths, window and door perimeters, soffits and fascia.

Condition: Good condition.

Action(s):

- Replace the siding and trim every 35 years, or as needed, starting in 2046.

Siding and Trim - Total Current Cost \$174,250

RA Detail Report by Category

Wood Stairways 4 plex - 2029

		4 UT	@ \$3,000.00
Asset ID	D04.1	Asset Cost	\$12,000.00
	Façade	Percent Replacement	100%
	Stairways	Future Cost	\$19,834.17
Placed in Service	May 2010		
Useful Life	20		
Replacement Year	2029		
Remaining Life	17		



Description: Wood framed stairways with wood balustrades and treads.

Condition: Satisfactory condition.

Action(s):

- Remove and replace a portion stairway treads every 20 years, starting in 2029.

Stairways - Total Current Cost

\$12,000

RA Detail Report by Category

Replace Wood Fencing - 2029

		100 LF	@ \$30.00
Asset ID	C01.1	Asset Cost	\$3,000.00
Landscaping and Appurtenances	Wood Fencing	Percent Replacement	100%
		Future Cost	\$4,958.54
Placed in Service	May 2010		
Useful Life	20		
Replacement Year	2029		
Remaining Life	17		



Description: Wood privacy cedar fence, 4-6 feet in height.

Condition: Good condition.

Action(s):

- Cyclically stain and seal as a maintenance item every 3 or 4 years.
- Replace the wood fencing in 2029.

Wood Fencing - Total Current Cost **\$3,000**

RA Detail Report by Category

Replace Asphalt Roofs 4 plex - 2034

		15,000 SF	@ \$5.00
Asset ID	E01.1	Asset Cost	\$30,000.00
	Roofing	Percent Replacement	40%
	Asphalt Shingles	Future Cost	\$57,483.10
Placed in Service	May 2010		
Useful Life	25		
Replacement Year	2034		
Remaining Life	22		



Description: Asphalt Shingle roofing system.

Condition: Satisfactory condition.

Action(s):

- Remove and replace the roof starting in 2034.

Replace Asphalt Roofs Duplex - 2036

		15,000 SF	@ \$5.00
Asset ID	E01.2	Asset Cost	\$45,000.00
	Roofing	Percent Replacement	60%
	Asphalt Shingles	Future Cost	\$91,475.73
Placed in Service	May 2012		
Useful Life	25		
Replacement Year	2036		
Remaining Life	24		

RA Detail Report by Category

Replace Asphalt Roofs Duplex continued...



Description: Asphalt Shingle roofing system.

Condition: Satisfactory condition.

Action(s):

- Remove and replace the roof starting in 2036.

Asphalt Shingles - Total Current Cost

\$75,000

RA Detail Report by Category

Replace Gutters and Downspouts - 2034

		600 LF	@ \$9.00
Asset ID	F06.1	Asset Cost	\$5,400.00
	Roofing	Percent Replacement	100%
	Gutters and Downspouts	Future Cost	\$10,346.96
Placed in Service	May 2010		
Useful Life	25		
Replacement Year	2034		
Remaining Life	22		



Description: The water from the roof is transferred from the roof surface to the ground by aluminum gutters, and downspouts. Gutters are located at the lowest perimeter edge of the asphalt roof. Downspouts are located at the façade of the buildings.

Condition: Good condition.

Action(s):

- Replace gutters, downspouts and extensions, starting in 2034.

Gutters and Downspouts - Total Current Cost **\$5,400**

RA Annual Expenditure Spread Sheet

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Site and Building Grading and Drainage										
Regrade site as needed										
Site and Building Grading and Drainage Total:										
Concrete Driving and Parking Areas										
Replace Concrete Drive and Parking 4 ..										
Replace Concrete Drive and Parking Du..										
Concrete Driving and Parking Areas Total:										
Exterior Lighting Buildings										
Replace exterior lighting										
Exterior Lighting Buildings Total:										
Landscaping and Irrigation										
Landscaping and Irrigation					3,939					
Landscaping and Irrigation Total:					3,939					
Siding and Trim										
Repaint cement board siding 4 plex					9,229					
Repaint cement board siding Duplex							14,687			
Replace cement board siding 4 Plex										
Replace cement board siding Duplex										
Siding and Trim Total:					9,229		14,687			
Stairways										
Wood Stairways 4 plex										
Stairways Total:										
Wood Fencing										
Replace Wood Fencing										
Wood Fencing Total:										
Asphalt Shingles										
Replace Asphalt Roofs 4 plex										
Replace Asphalt Roofs Duplex										
Asphalt Shingles Total:										

RA Annual Expenditure Spread Sheet

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gutters and Downspouts										
Replace Gutters and Downspouts										
Gutters and Downspouts Total:										
Year Total:					13,168		14,687			

RA Annual Expenditure Spread Sheet

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Site and Building Grading and Drainage										
Regrade site as needed										
Site and Building Grading and Drainage Total:										
Concrete Driving and Parking Areas										
Replace Concrete Drive and Parking 4 ..										
Replace Concrete Drive and Parking Du..										
Concrete Driving and Parking Areas Total:										
Exterior Lighting Buildings										
Replace exterior lighting			1,426							
Exterior Lighting Buildings Total:			1,426							
Landscaping and Irrigation										
Landscaping and Irrigation		4,845							5,959	
Landscaping and Irrigation Total:		4,845							5,959	
Siding and Trim										
Repaint cement board siding 4 plex	11,020						13,159			
Repaint cement board siding Duplex			17,537						20,940	
Replace cement board siding 4 Plex										
Replace cement board siding Duplex										
Siding and Trim Total:	11,020		17,537				13,159		20,940	
Stairways										
Wood Stairways 4 plex								19,834		
Stairways Total:								19,834		
Wood Fencing										
Replace Wood Fencing								4,959		
Wood Fencing Total:								4,959		
Asphalt Shingles										
Replace Asphalt Roofs 4 plex										
Replace Asphalt Roofs Duplex										
Asphalt Shingles Total:										

RA Annual Expenditure Spread Sheet

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Gutters and Downspouts										
Replace Gutters and Downspouts										
Gutters and Downspouts Total:										
Year Total:	11,020	4,845	18,963				13,159	24,793	26,898	

RA Annual Expenditure Spread Sheet

Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Site and Building Grading and Drainage										
Regrade site as needed										
Site and Building Grading and Drainage Total:										
Concrete Driving and Parking Areas										
Replace Concrete Drive and Parking 4 ..								46,647		
Replace Concrete Drive and Parking Du..										74,232
Concrete Driving and Parking Areas Total:								46,647		74,232
Exterior Lighting Buildings										
Replace exterior lighting										
Exterior Lighting Buildings Total:										
Landscaping and Irrigation										
Landscaping and Irrigation							7,328			
Landscaping and Irrigation Total:							7,328			
Siding and Trim										
Repaint cement board siding 4 plex			15,712							18,761
Repaint cement board siding Duplex					25,003					
Replace cement board siding 4 Plex										
Replace cement board siding Duplex										
Siding and Trim Total:			15,712		25,003					18,761
Stairways										
Wood Stairways 4 plex										
Stairways Total:										
Wood Fencing										
Replace Wood Fencing										
Wood Fencing Total:										
Asphalt Shingles										
Replace Asphalt Roofs 4 plex			57,483							
Replace Asphalt Roofs Duplex						91,476				
Asphalt Shingles Total:			57,483			91,476				

RA Annual Expenditure Spread Sheet

Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Gutters and Downspouts										
Replace Gutters and Downspouts			10,347							
Gutters and Downspouts Total:			10,347							
Year Total:			83,542		116,479	7,328		46,647	18,761	74,232

RA Annual Expenditure Detail

Description	Expenditures
<i>No Replacement in 2012</i>	
<i>No Replacement in 2013</i>	
<i>No Replacement in 2014</i>	
Replacement Year 2015	
Site and Building Grading and Drainage	
Regrade site as needed	
Total for 2015	
Replacement Year 2016	
Landscaping and Irrigation	
Landscaping and Irrigation	3,939
Siding and Trim	
Repaint cement board siding 4 plex	9,229
Total for 2016	\$13,168
<i>No Replacement in 2017</i>	
Replacement Year 2018	
Siding and Trim	
Repaint cement board siding Duplex	14,687
Total for 2018	\$14,687
<i>No Replacement in 2019</i>	
<i>No Replacement in 2020</i>	
Replacement Year 2021	
Site and Building Grading and Drainage	
Regrade site as needed	
Total for 2021	
Replacement Year 2022	
Siding and Trim	
Repaint cement board siding 4 plex	11,020
Total for 2022	\$11,020

RA Annual Expenditure Detail

Description	Expenditures
Replacement Year 2023	
Landscaping and Irrigation	
Landscaping and Irrigation	4,845
Total for 2023	<u>\$4,845</u>
 Replacement Year 2024	
Exterior Lighting Buildings	
Replace exterior lighting	1,426
Siding and Trim	
Repaint cement board siding Duplex	17,537
Total for 2024	<u>\$18,963</u>
 <i>No Replacement in 2025</i>	
<i>No Replacement in 2026</i>	
 Replacement Year 2027	
Site and Building Grading and Drainage	
Regrade site as needed	
Total for 2027	
 Replacement Year 2028	
Siding and Trim	
Repaint cement board siding 4 plex	13,159
Total for 2028	<u>\$13,159</u>
 Replacement Year 2029	
Stairways	
Wood Stairways 4 plex	19,834
Wood Fencing	
Replace Wood Fencing	4,959
Total for 2029	<u>\$24,793</u>
 Replacement Year 2030	
Landscaping and Irrigation	
Landscaping and Irrigation	5,959

RA Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2030 continued...</i>	
Siding and Trim	
Repaint cement board siding Duplex	20,940
Total for 2030	<u>\$26,898</u>
 <i>No Replacement in 2031</i>	
<i>No Replacement in 2032</i>	
 Replacement Year 2033	
Site and Building Grading and Drainage	
Regrade site as needed	
Total for 2033	
 Replacement Year 2034	
Siding and Trim	
Repaint cement board siding 4 plex	15,712
Asphalt Shingles	
Replace Asphalt Roofs 4 plex	57,483
Gutters and Downspouts	
Replace Gutters and Downspouts	10,347
Total for 2034	<u>\$83,542</u>
 <i>No Replacement in 2035</i>	
 Replacement Year 2036	
Siding and Trim	
Repaint cement board siding Duplex	25,003
Asphalt Shingles	
Replace Asphalt Roofs Duplex	91,476
Total for 2036	<u>\$116,479</u>
 Replacement Year 2037	
Landscaping and Irrigation	
Landscaping and Irrigation	7,328
Total for 2037	<u>\$7,328</u>

RA Annual Expenditure Detail

Description	Expenditures
<i>No Replacement in 2038</i>	
Replacement Year 2039	
Site and Building Grading and Drainage	
Regrade site as needed	
Concrete Driving and Parking Areas	
Replace Concrete Drive and Parking 4 Plex	46,647
Total for 2039	\$46,647
Replacement Year 2040	
Siding and Trim	
Repaint cement board siding 4 plex	18,761
Total for 2040	\$18,761
Replacement Year 2041	
Concrete Driving and Parking Areas	
Replace Concrete Drive and Parking Duplex	74,232
Total for 2041	\$74,232

RA Existing Reserve Study Summary

Report Date January 18, 2012

Budget Year Beginning December 01, 2012

Budget Year Ending November 30, 2013

Report Parameters

Inflation 3.00%

Annual Assessment Increase 3.00%

Interest Rate on Reserve Deposit 0.75%

Tax Rate on Interest 0.00%

2012 Beginning Balance

Existing Funding Model Summary of Calculations

Required Monthly Contribution \$750.00

Average Net Monthly Interest Earned \$3.05

Total Monthly Allocation to Reserves \$753.05

RA Existing Reserve Study Projection

Beginning Balance: \$0

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
2012	9,000	37		9,037
2013	9,270	106		18,412
2014	9,548	177		28,138
2015	9,835	252		38,224
2016	10,130	230	13,168	35,415
2017	10,433	309		46,158
2018	10,746	281	14,687	42,498
2019	11,069	365		53,932
2020	11,401	452		65,785
2021	11,743	543		78,071
2022	12,095	554	11,020	79,700
2023	12,458	614	4,845	87,927
2024	12,832	571	18,963	82,368
2025	13,217	674		96,258
2026	13,613	780		110,651
2027	14,022	890		125,563
2028	14,442	905	13,159	127,751
2029	14,876	835	24,793	118,670
2030	15,322	753	26,898	107,846
2031	15,782	876		124,504
2032	16,255	1,003		141,762
2033	16,743	1,135		159,640
2034	17,245	643	83,542	93,985
2035	17,762	780		112,527
2036	18,295	45	116,479	14,388
2037	18,844	130	7,328	26,034
2038	19,409	275		45,718
2039	19,992	74	46,647	19,137
2040	20,591	87	18,761	21,054
2041	21,209		74,232	-31,969

RA Preliminary Reserve Study Summary

Report Date January 18, 2012

Budget Year Beginning December 01, 2012

Budget Year Ending November 30, 2013

Report Parameters

Inflation 3.00%

Interest Rate on Reserve Deposit 0.75%

Tax Rate on Interest 0.00%

2012 Beginning Balance

Preliminary Funding Model Summary of Calculations

Required Monthly Contribution	\$750.00
Average Net Monthly Interest Earned	<u>\$3.05</u>
Total Monthly Allocation to Reserves	\$753.05

RA Preliminary Reserve Study Projection

Beginning Balance: \$0

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
2012	9,000	37		9,037
2013	9,450	106		18,593
2014	9,922	180		28,696
2015	10,419	258		39,373
2016	10,940	242	13,168	37,386
2017	11,487	328		49,200
2018	12,061	309	14,687	46,883
2019	12,664	404		59,952
2020	13,297	505		73,754
2021	13,962	612		88,328
2022	14,660	641	11,020	92,609
2023	15,393	723	4,845	103,881
2024	16,163	705	18,963	101,786
2025	16,971	835		119,592
2026	17,819	973		138,384
2027	18,710	1,118		158,212
2028	19,646	1,172	13,159	165,871
2029	20,628	1,146	24,793	162,852
2030	21,660	1,111	26,898	158,724
2031	22,743	1,287		182,754
2032	23,880	1,473		208,106
2033	25,074	1,668		234,848
2034	26,327	1,246	83,542	178,879
2035	27,644	1,459		207,982
2036	29,026	807	116,479	121,335
2037	30,477	982	7,328	145,467
2038	32,001	1,225		178,693
2039	33,601	1,131	46,647	166,777
2040	35,281	1,258	18,761	184,555
2041	37,045	981	74,232	148,350