



5116 Heather Drive
Anacortes, WA 98221
360.588.9956

Funding Reserve Analysis *for* Sierra Country Club Building/Grounds Level 3a Study 2022

August 18, 2021



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5116 Heather Drive
Anacortes, WA 9822
360.588.9956

August 18, 2021

Board of Directors
Sierra Country Club
P.O. Box 561
Coupeville WA 98239

Dear Board of Directors,

Introduction

First, we would like to thank you for utilizing our services. Our approach is to provide the members, the board and management with understandable information to make informed decisions needed to best manage your reserve fund and annual contributions. We strive to understand the association's needs and design a funding strategy for meeting those needs based on a realistic approach to finances available and real-world workings of most associations. We live and work in the local area and work hard to keep up to date with costs in your association's neighborhood.

Included within the following pages you will find:

Three funding models which detail how your association finances will look during the 30-year forecast window.

- Current Level of Contributions
- Baseline Funded
- Fully Funded (per the State of Washington RCW 64.34.380)

A list of the community components that the association is responsible for maintaining.

- Estimated current cost of replacement of each component.
- Timeline of estimated remaining life and estimated cost at replacement date per component.

Annual expenditure detail.

Expenses by item and by calendar year.

What is our Recommended Funding Goal? Maintaining the Reserve Fund at a level equal to the value of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up", the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation.

Evidence shows that associations in the:

- 0-30% range are considered in **Poor** condition and at a high risk of special assessments or deferred maintenance.
- 30-70% range are considered in **Fair** condition and should strive to gradually increase reserves.
- 70-130% range are considered in **Good** condition and enjoy a low risk of special assessments or deferred maintenance.

The attached funding study is limited in scope to those expense items listed in the attached Expense Detail Report. Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long-lived items overlaps the 30 Years reserve study envelope.

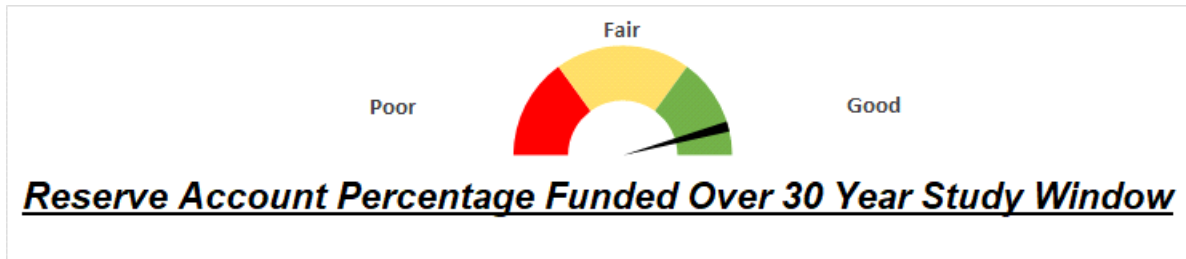
Sierra Country Club Building/Grounds Level 3a Study 2022

Executive Summary

Name	Sierra Country Club Building/Grounds Level 3a Study 2022
Location	Coupeville, WA
Contributing Members	596
Year Built	1968
Fiscal Year Ends	2022
Depth of Study	Level 3a Study (<i>Without Site Visit</i>)
Date of Study	August 18, 2021
Last On-Site Inspection Date	June 17, 2020
Inflation Rate for Projections	5%

Reserve Account Summary

Reported Current Annual Reserve Contribution	\$18,220 per year
Estimated Fiscal Year Starting Balance	\$123,372
Fiscal Year Beginning Balance If Fully Funded	\$86,191 (<i>ideal amount in reserves</i>)
Average Deficit/Surplus Per Member	\$62



5 - Year Summary - Current vs. Baseline vs. Fully Funded

	Current Funding Model		Baseline Funded Model		Fully Funded Model Recommended	
2022	\$129,067	152%	\$114,245	135%	\$115,112	136%
2023	\$139,889	162%	\$107,265	124%	\$110,975	129%
2024	\$162,741	167%	\$109,080	112%	\$116,020	119%
2025	\$172,308	188%	\$94,107	103%	\$105,043	115%
2026	\$197,670	200%	\$91,135	92%	\$106,756	108%
	<i>Contribution amount supplied by Client</i>		<i>Reserve account above \$0 within study timeframe</i>		<i>Achieve 100% funded within the study timeframe</i>	

Project Description

Sierra Country Club is located in the Coupeville area on Whidbey Island, Washington state. The community is made up of 596 single family residential lots, a community water system & associated infrastructure, several utility buildings and a main clubhouse building with a swimming pool.

This year's report is a Level 3 Reserve financial update only and does not include a site inspection or revision to the community's assets. For this report we have relied on current information provided by management, previous reserve studies and field notes from our last site visit. Please refer to the detailed report pages in the following sections of the report.

(Report Note - material and labor costs appear to be continuing to increase in all construction categories. Many associations have reported dramatic cost differences in recent contractor bids on the same projects. We highly recommend associations request contractor bids on upcoming projects early in the process. Until such time as cost increases moderate an inflation factor of 5% will be used in all funding models.

Reserve Fund Status and Funding Plan Recommendation - Based on our findings, the current level of funding of the reserve account is adequate to fund projected expenses for the long term. We recommend the association gradually adopt a reserve funding plan based on the Fully Funding Model in order to ensure that adequate funding is available throughout the 30-year study period.

Current Assessment Projection - The initial reserve assessment is the association's reported current fiscal year funding level and projected out 30 years to illustrate the adequacy of the current funding over time.

Current Total Reported Annual Reserve Contribution - \$18,220

Baseline Funded Model - The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. A facility using this funding method must understand that even a minor reduction in a component's remaining useful life **or unplanned expenses** can result in a deficit in the reserve cash balance **and may require additional funding.**

Recommended Total Annual Reserve Contribution - \$3,424

Fully Funded Model - This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments. This is the most conservative funding model. It leads to or maintains a fully funded reserve position. (Please note that the Fully Funded Model incorporates funding parameters that seek to reach 100% funded at year 30 reserve study limit. The recommended contribution amount may be unusually high or low for the first few years depending on the current reserve account balance and upcoming expenses).

Recommended Total Annual Reserve Contribution - \$4,289

In this Reserve Study the following components are excluded:

Power Lines – Generally utility companies.

Utility Main Lines – Generally utility companies or City.

Interior Plumbing - The remaining useful life of the plumbing exceeds the 30-year scope of the study.

Depth of Study

We have completed a Level 3 Reserve Study for your association. A field inspection was not made to verify the current status of the various reserve study components, their physical condition, and to verify component quantities.

Understanding the Budget Year

Your study is based on the standard calendar year January 1 through December 31st. January is the “*budget year beginning*”. This account balance is the starting point for determining the distribution of available funds for the year. Reserve contributions plus any addition income or deposits and interest for the 12-month period are calculated then projected expenses for the year are deducted. The result is the *budget year ending* balance estimated for December 31st.

Initial Reserves

Initial reserves for this reserve study are estimated to be \$123,372 as of December 31, 2021. 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.

Keeping Your Reserve Study Current

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the facilities site and computations made subsequently in preparing this reserve analysis study are retained in our computer files.

Conflict of Interest

As the preparer of this reserve study, Pacific Crest Reserves certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

Date of Physical Inspection

The property was physically inspected by Pacific Crest Reserves on June 17, 2020.

Pacific Crest Reserves would like to thank the members and management for the opportunity to be of service in the preparation of the attached funding study. Again, please feel free to contact us if you have any questions.

Prepared by:

Charlie Barefield

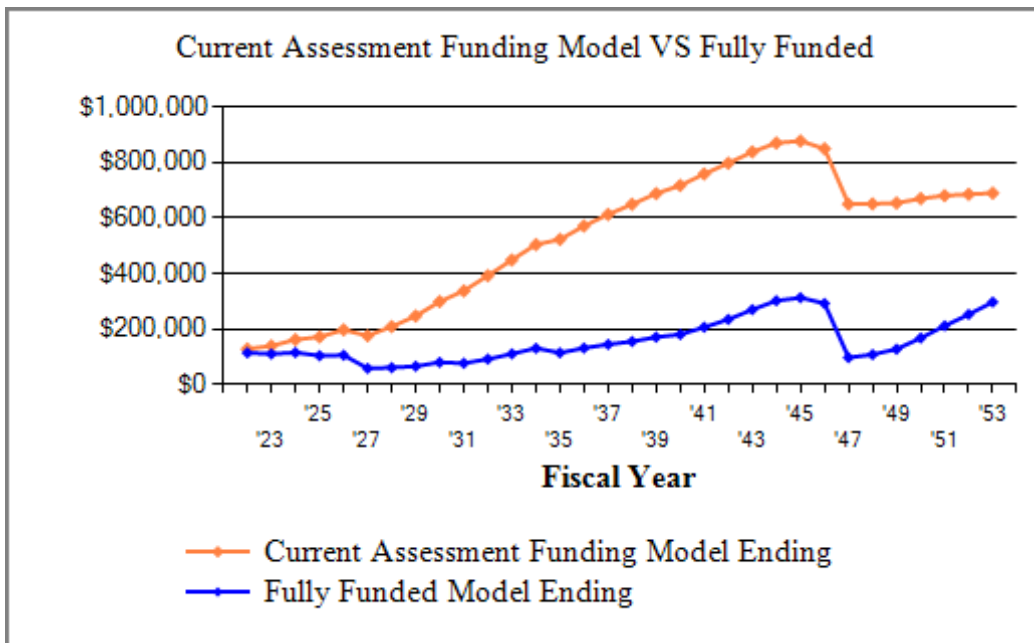
Charlie Barefield

Reserve Analyst Principal

Sierra Country Club Building/Grounds Level 3a Study 2022
 Coupeville, WA
Current Assessment Projection Summary

Report Date	August 18, 2021
Budget Year Beginning	January 1, 2022
Budget Year Ending	December 31, 2022
Total Units	596

Report Parameters	
Inflation	5.00%
Interest Rate on Reserve Deposit	0.17%
Tax Rate Included in Interest Rate	
2022 Beginning Balance	\$123,372



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Current Assessment Funding Model Summary of Calculations	
Required Annual Contribution	\$18,220.00
<i>\$30.57 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$225.47</u>
Total Annual Allocation to Reserves	\$18,445.47
<i>\$30.95 per unit annually</i>	

**Sierra Country Club Building/Grounds Level 3a Study 2022
Current Assessment Projection**

Beginning Balance: \$123,372

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	18,220	225	12,750	129,067	84,900	152%
2023	21,340	244	10,762	139,889	86,289	162%
2024	24,717	284	2,150	162,741	97,164	167%
2025	28,367	301	19,101	172,308	91,620	188%
2026	32,310	345	7,293	197,670	98,928	200%
2027	36,565	308	58,007	176,537	53,711	329%
2028	41,153	366	8,711	209,345	58,531	358%
2029	46,096	432	8,443	247,430	64,437	384%
2030	51,417	523		299,370	80,096	374%
2031	57,141	590	19,392	337,710	76,702	440%
2032	56,430	685	2,443	392,382	91,582	428%
2033	55,602	784		448,768	110,451	406%
2034	54,647	881		504,296	130,979	385%
2035	53,560	913	36,299	522,470	115,169	454%
2036	52,330	997	4,950	570,847	132,274	432%
2037	50,950	1,070	10,395	612,473	145,343	421%
2038	49,411	1,133	14,189	648,828	155,951	416%
2039	47,703	1,201	10,314	687,418	172,069	400%
2040	45,816	1,252	18,050	716,436	181,829	394%
2041	43,739	1,324	3,790	757,708	208,054	364%
2042	41,463	1,392	3,980	796,583	236,447	337%
2043	38,974	1,462		837,019	271,547	308%
2044	36,262	1,518	5,704	869,095	303,577	286%
2045	33,313	1,531	27,644	876,295	315,393	278%
2046	30,114	1,482	59,664	848,227	295,462	287%
2047	26,651	1,134	226,716	649,296	100,477	646%
2048	22,909	1,136	23,112	650,229	110,943	586%
2049	18,874	1,142	16,801	653,444	130,044	502%
2050	14,528	1,169		669,141	169,300	395%
2051	9,856	1,188		680,185	212,157	321%
2052	9,856	1,196	6,483	684,754	252,069	272%
2053	9,856	1,204	6,807	689,007	295,442	233%

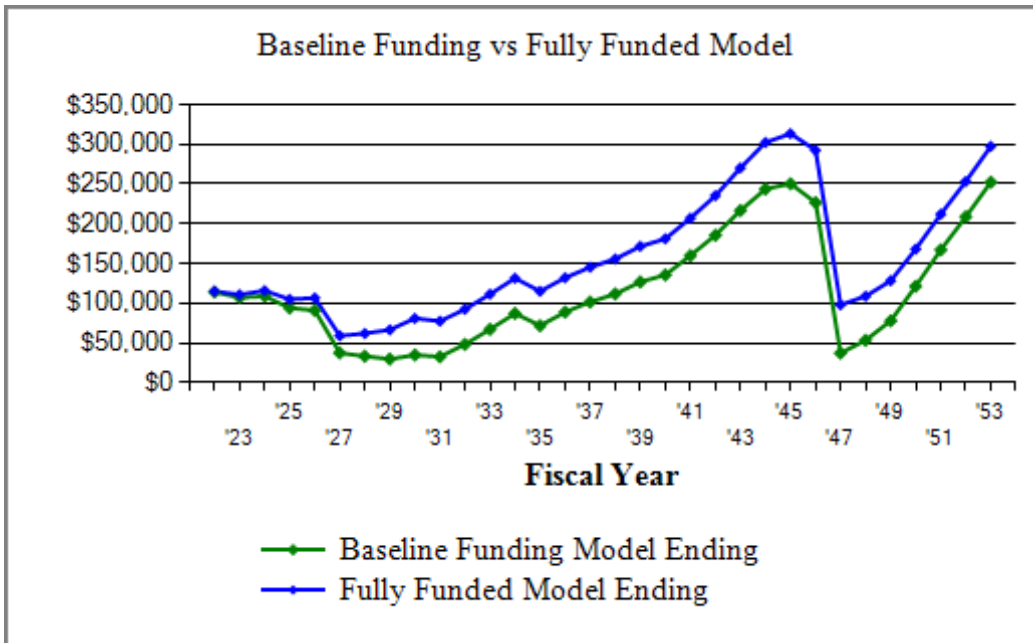
Sierra Country Club Building/Grounds Level 3a Study 2022

Coupeville, WA

Baseline Funding Model Summary

Report Date	August 18, 2021
Budget Year Beginning	January 1, 2022
Budget Year Ending	December 31, 2022
Total Units	596

Report Parameters	
Inflation	5.00%
Annual Assessment Increase	5.00%
Interest Rate on Reserve Deposit	0.17%
Tax Rate Included in Interest Rate	
2022 Beginning Balance	\$123,372



The **Baseline Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined baseline, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Baseline Funding Model** allows the client to choose the level of conservative funding they desire by choosing the baseline dollar amount.

Baseline Funding Model Summary of Calculations	
Required Annual Contribution	\$3,423.74
<i>\$5.74 per unit annually</i>	
Average Net Annual Interest Earned	\$199.58
Total Annual Allocation to Reserves	\$3,623.32
<i>\$6.08 per unit annually</i>	

**Sierra Country Club Building/Grounds Level 3a Study 2022
Baseline Funding Model Projection**

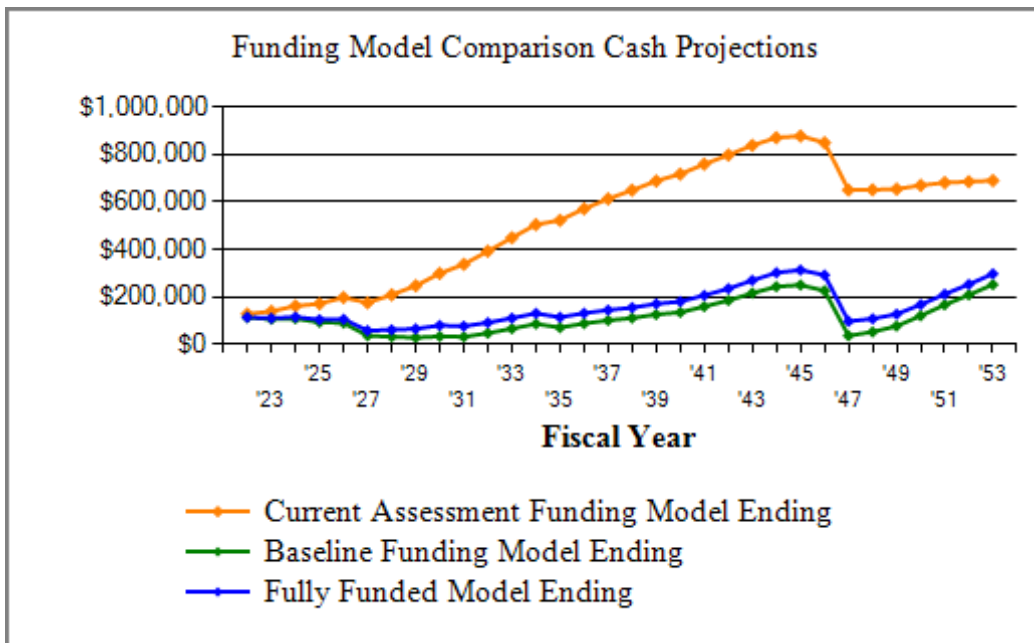
Beginning Balance: \$123,372

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	3,424	200	12,750	114,245	84,900	135%
2023	3,595	187	10,762	107,265	86,289	124%
2024	3,775	191	2,150	109,080	97,164	112%
2025	3,963	164	19,101	94,107	91,620	103%
2026	4,162	159	7,293	91,135	98,928	92%
2027	4,370	66	58,007	37,564	53,711	70%
2028	4,588	59	8,711	33,500	58,531	57%
2029	4,818	52	8,443	29,927	64,437	46%
2030	5,058	61		35,046	80,096	44%
2031	17,107	57	19,392	32,819	76,702	43%
2032	17,963	85	2,443	48,423	91,582	53%
2033	18,861	118		67,402	110,451	61%
2034	19,804	153		87,359	130,979	67%
2035	20,794	126	36,299	71,980	115,169	62%
2036	21,834	156	4,950	89,019	132,274	67%
2037	22,925	178	10,395	101,728	145,343	70%
2038	24,072	195	14,189	111,806	155,951	72%
2039	25,275	222	10,314	126,989	172,069	74%
2040	26,539	237	18,050	135,716	181,829	75%
2041	27,866	280	3,790	160,071	208,054	77%
2042	29,259	324	3,980	185,675	236,447	79%
2043	30,722	379		216,776	271,547	80%
2044	32,258	426	5,704	243,756	303,577	80%
2045	33,871	437	27,644	250,421	315,393	79%
2046	35,565	396	59,664	226,718	295,462	77%
2047	37,343	65	226,716	37,410	100,477	37%
2048	39,210	94	23,112	53,602	110,943	48%
2049	41,171	136	16,801	78,109	130,044	60%
2050	43,229	212		121,550	169,300	72%
2051	45,391	292		167,233	212,157	79%
2052	47,660	365	6,483	208,775	252,069	83%
2053	50,043	441	6,807	252,453	295,442	85%

Sierra Country Club Building/Grounds Level 3a Study 2022
 Coupeville, WA
Fully Funded Model Summary

Report Date	August 18, 2021
Budget Year Beginning	January 1, 2022
Budget Year Ending	December 31, 2022
Total Units	596

Report Parameters	
Inflation	5.00%
Interest Rate on Reserve Deposit	0.17%
Tax Rate Included in Interest Rate	
2022 Beginning Balance	\$123,372



The **Fully Funded Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

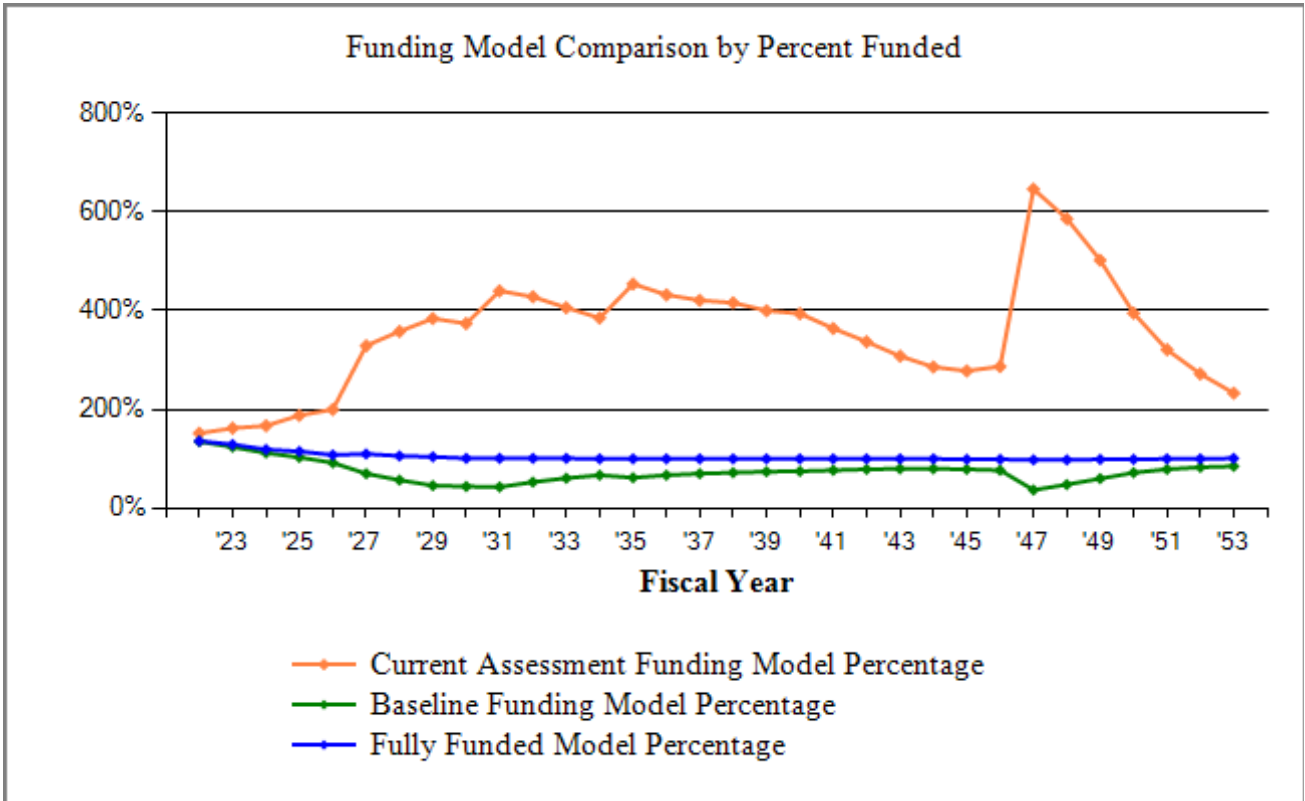
Fully Funded Model Summary of Calculations	
Required Annual Contribution	\$4,289.17
<i>\$7.20 per unit annually</i>	
Average Net Annual Interest Earned	\$201.09
Total Annual Allocation to Reserves	\$4,490.26
<i>\$7.53 per unit annually</i>	

**Sierra Country Club Building/Grounds Level 3a Study 2022
Fully Funded Model Projection**

Beginning Balance: \$123,372

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	4,289	201	12,750	115,112	84,900	136%
2023	6,432	194	10,762	110,975	86,289	129%
2024	6,991	203	2,150	116,020	97,164	119%
2025	7,940	184	19,101	105,043	91,620	115%
2026	8,819	186	7,293	106,756	98,928	108%
2027	10,349	103	58,007	59,200	53,711	110%
2028	11,571	109	8,711	62,170	58,531	106%
2029	12,919	117	8,443	66,763	64,437	104%
2030	14,171	142		81,075	80,096	101%
2031	15,773	136	19,392	77,592	76,702	101%
2032	17,261	162	2,443	92,572	91,582	101%
2033	18,706	195		111,473	110,451	101%
2034	19,904	230		131,606	130,979	100%
2035	19,691	201	36,299	115,200	115,169	100%
2036	21,727	231	4,950	132,208	132,274	100%
2037	23,356	254	10,395	145,424	145,343	100%
2038	24,312	272	14,189	155,819	155,951	100%
2039	25,831	300	10,314	171,636	172,069	100%
2040	27,210	316	18,050	181,112	181,829	100%
2041	29,426	362	3,790	207,109	208,054	100%
2042	31,733	411	3,980	235,274	236,447	100%
2043	34,499	472		270,244	271,547	100%
2044	37,210	528	5,704	302,278	303,577	100%
2045	38,210	547	27,644	313,392	315,393	99%
2046	38,274	511	59,664	292,513	295,462	99%
2047	32,207	172	226,716	98,175	100,477	98%
2048	33,743	190	23,112	108,997	110,943	98%
2049	35,950	224	16,801	128,371	130,044	99%
2050	39,615	294		168,280	169,300	99%
2051	43,500	371		212,151	212,157	100%
2052	47,124	442	6,483	253,234	252,069	100%
2053	50,517	520	6,807	297,464	295,442	101%

**Sierra Country Club Building/Grounds Level 3a Study 2022
Funding Model Comparison by Percent Funded**



The chart above compares the projected Reserve Percentage Funded of the three funding models (Current Assessment Funding Model, Baseline Funding Model and Fully Funded Model) over 30 years.

**Sierra Country Club Building/Grounds Level 3a Study 2022
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2022	
Pool Deck Repair	1,500
Pool Major Repair/Replaster	11,250
Total for 2022	\$12,750
Replacement Year 2023	
Solar Pool Heating Panel Replacement	9,187
Water Heater Replacement	1,575
Total for 2023	\$10,762
Replacement Year 2024	
Play Structure Major Repair/Replacement	2,150
Total for 2024	\$2,150
Replacement Year 2025	
Grounds Maintenance Equipment & Shed	8,682
Pool Equipment Major Repair/Replacement	7,525
Signage Major Repair/Replacement	2,894
Total for 2025	\$19,101
Replacement Year 2026	
Exterior Door & Window Repair/Replacement	3,039
Lighting & Fan Replacement	4,254
Total for 2026	\$7,293
Replacement Year 2027	
Main Building - Flat & Sloped Roof	36,948
Main Building - Wood Shakes Roof	21,059
Total for 2027	\$58,007
Replacement Year 2028	
Exterior Paint	5,025
Siding Major Repair/Replacement	3,685
Total for 2028	\$8,711
Replacement Year 2029	
Asphalt Paved Parking Lot - Repair	4,925

**Sierra Country Club Building/Grounds Level 3a Study 2022
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2029 continued...</i>	
Asphalt Paved Parking Lot - Seal Coat Application	1,407
Interior Paint	2,111
Total for 2029	\$8,443
 <i>No Replacement in 2030</i>	
Replacement Year 2031	
Interior Update	19,392
Total for 2031	\$19,392
 Replacement Year 2032	
Pool Deck Repair	2,443
Total for 2032	\$2,443
 <i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
 Replacement Year 2035	
Pool Equipment Major Repair/Replacement	12,257
Signage Major Repair/Replacement	4,714
Solar Pool Heating Panel Replacement	16,499
Water Heater Replacement	2,828
Total for 2035	\$36,299
 Replacement Year 2036	
Exterior Door & Window Repair/Replacement	4,950
Total for 2036	\$4,950
 Replacement Year 2037	
Furnance Replacement	10,395
Total for 2037	\$10,395
 Replacement Year 2038	
Exterior Paint	8,186
Siding Major Repair/Replacement	6,003
Total for 2038	\$14,189

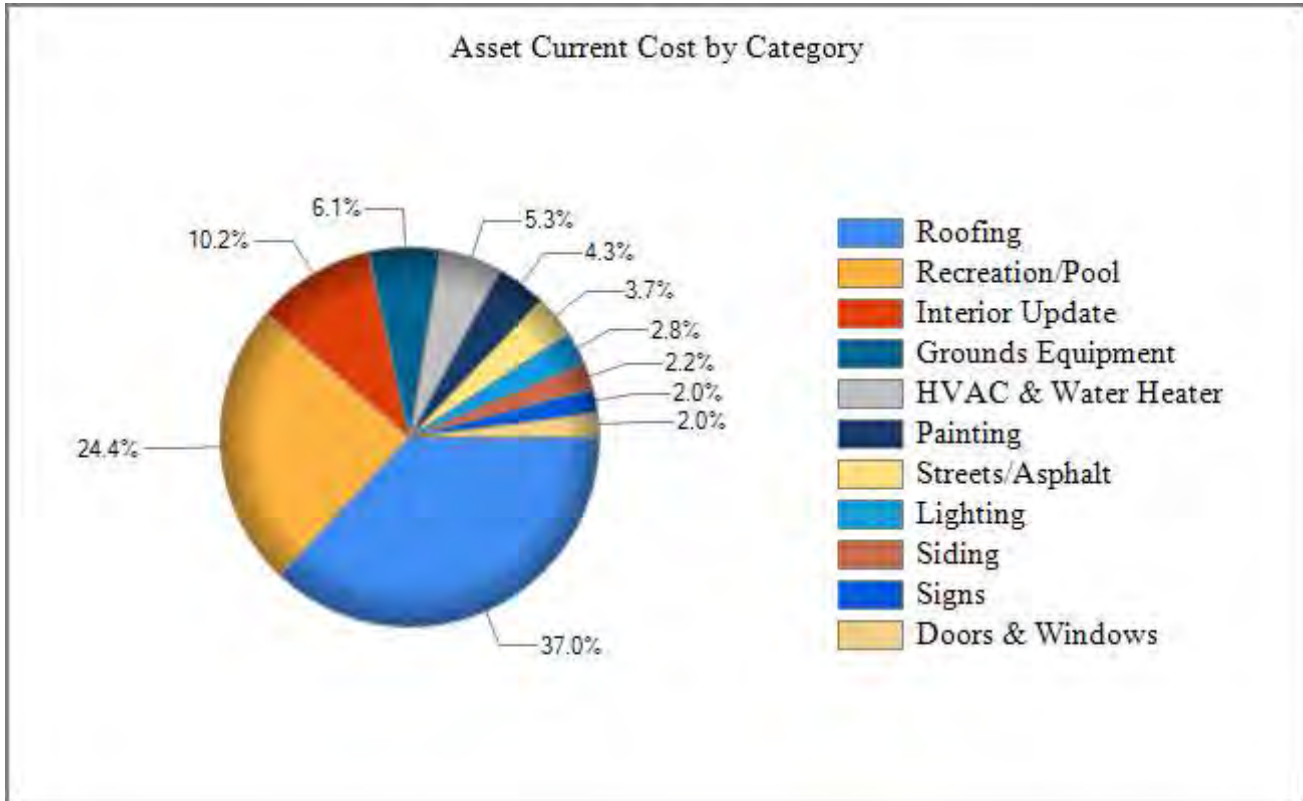
**Sierra Country Club Building/Grounds Level 3a Study 2022
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2039	
Asphalt Paved Parking Lot - Repair	8,022
Asphalt Paved Parking Lot - Seal Coat Application	2,292
Total for 2039	\$10,314
 Replacement Year 2040	
Grounds Maintenance Equipment & Shed	18,050
Total for 2040	\$18,050
 Replacement Year 2041	
Interior Paint	3,790
Total for 2041	\$3,790
 Replacement Year 2042	
Pool Deck Repair	3,980
Total for 2042	\$3,980
 <i>No Replacement in 2043</i>	
 Replacement Year 2044	
Play Structure Major Repair/Replacement	5,704
Total for 2044	\$5,704
 Replacement Year 2045	
Pool Equipment Major Repair/Replacement	19,965
Signage Major Repair/Replacement	7,679
Total for 2045	\$27,644
 Replacement Year 2046	
Exterior Door & Window Repair/Replacement	8,063
Interior Update	40,314
Lighting & Fan Replacement	11,288
Total for 2046	\$59,664
 Replacement Year 2047	
Main Building - Flat & Sloped Roof	98,035
Main Building - Wood Shakes Roof	55,875

**Sierra Country Club Building/Grounds Level 3a Study 2022
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2047 continued...</i>	
Pool Major Repair/Replaster	38,096
Solar Pool Heating Panel Replacement	29,631
Water Heater Replacement	5,080
Total for 2047	<u>\$226,716</u>
 Replacement Year 2048	
Exterior Paint	13,334
Siding Major Repair/Replacement	9,778
Total for 2048	<u>\$23,112</u>
 Replacement Year 2049	
Asphalt Paved Parking Lot - Repair	13,067
Asphalt Paved Parking Lot - Seal Coat Application	3,733
Total for 2049	<u>\$16,801</u>
 <i>No Replacement in 2050</i>	
<i>No Replacement in 2051</i>	
 Replacement Year 2052	
Pool Deck Repair	6,483
Total for 2052	<u>\$6,483</u>
 Replacement Year 2053	
Interior Paint	6,807
Total for 2053	<u>\$6,807</u>

**Sierra Country Club Building/Grounds Level 3a Study 2022
Asset Current Cost by Category**



The above chart illustrates the current cost breakdown percentage of the Component Categories in this reserve study (highest percentage components listed at top, items less than 2% are listed as "Other"). Special attention should be given to those component categories which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. Refer to the Cash Flow Projections and the Annual Expenditure Report for the projected timeline of expected expenditures.

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Main Building - Flat & Sloped Roof - 2027

Asset ID	1001	1 Allowance @	\$28,950.00
	Main Building	Asset Actual Cost	\$28,950.00
	Roofing	Percent Replacement	100%
Placed in Service	January 2008	Future Cost	\$36,948.35
Useful Life	20		
Adjustment	-1		
Replacement Year	2027		
Remaining Life	5		



No update for 2022

The existing roofing appears to be a touchdown type material that recently had a silver paint-on coating applied. This type of material generally will provide a useful life of 15-20 years if properly maintained. We recommend the association consider installation of a membrane type material. TPO is a type of membrane roofing suitable for flat and low-slope roofs. In the building trades, the acronym TPO stands for thermoplastic polyolefin, a material originally developed for pond liners and used extensively for roofing since 1989.

Main Building - Wood Shakes Roof - 2027

Asset ID	1002	1 Allowance @	\$16,500.00
	Main Building	Asset Actual Cost	\$16,500.00
	Roofing	Percent Replacement	100%
Placed in Service	January 2008	Future Cost	\$21,058.65
Useful Life	20		
Adjustment	-1		
Replacement Year	2027		
Remaining Life	5		

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Main Building - Wood Shakes Roof continued...



No update for 2022

A portion of the roof is a mansard style with wood shakes. This type of installation should provide a 20-30 year useful life. The association may want to explore other types of material that would require less maintenance and provide a longer life span.

Solar Pool Heating Panel Replacement - 2023

		1 Allowance	@ \$8,750.00
Asset ID	1003	Asset Actual Cost	\$8,750.00
	Main Building	Percent Replacement	100%
	Recreation/Pool	Future Cost	\$9,187.50
Placed in Service	July 2005		
Useful Life	12		
Adjustment	6		
Replacement Year	2023		
Remaining Life	1		



No update for 2022

Industry longevity standard for solar pool heating panels is 10-12 years if well maintained. The budget includes funds for replacement of the panels and the various components required.

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Siding Major Repair/Replacement - 2028

Asset ID	1004	1 Allowance	@ \$2,750.00
	Main Building	Asset Actual Cost	\$2,750.00
	Siding	Percent Replacement	100%
Placed in Service	July 2018	Future Cost	\$3,685.26
Useful Life	10		
Replacement Year	2028		
Remaining Life	6		



No update for 2022

There did not appear to be existing issues with the siding or trim at present. However these materials are susceptible to deterioration and rot if not well maintained. The budget includes funds for the eventual repair or replacement of trim materials and siding when required.

Exterior Paint - 2028

Asset ID	1005	1 Allowance	@ \$3,750.00
	Main Building	Asset Actual Cost	\$3,750.00
	Painting	Percent Replacement	100%
Placed in Service	July 2018	Future Cost	\$5,025.36
Useful Life	10		
Replacement Year	2028		
Remaining Life	6		

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Exterior Paint continued...



No update for 2022

Exterior paint is the barrier coat that seals and protects the building materials from the elements. Modern paints when professionally applied over properly prepared materials should provide a useful life of 10 years or more. Inspection and touchup of any damaged areas will greatly increase the performance of these products.

Exterior Door & Window Repair/Replacement - 2026

		1 Allowance	@ \$2,500.00
Asset ID	1006	Asset Actual Cost	\$2,500.00
	Main Building	Percent Replacement	100%
	Doors & Windows	Future Cost	\$3,038.77
Placed in Service	January 2000		
Useful Life	10		
Adjustment	16		
Replacement Year	2026		
Remaining Life	4		



No update for 2022

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Exterior Door & Window Repair/Replacement continued...

It was reported that all of the windows and most of the exterior doors have been replaced recently and are of high quality. The bathrooms and utility room doors will require replacement in the near future. The budget includes funds for this replacement and a general fund for repairs and replacement as needed.

Interior Paint - 2029

Asset ID	1007	1 Allowance	@ \$1,500.00
	Main Building	Asset Actual Cost	\$1,500.00
	Painting	Percent Replacement	100%
Placed in Service	May 2017	Future Cost	\$2,110.65
Useful Life	12		
Replacement Year	2029		
Remaining Life	7		



No update for 2022

The interior was last painted in 2017 and appears to be in good condition. Interior paint should provide a useful life or 10-15 years depending on paint quality, application and amount of usage of the facility.

Lighting & Fan Replacement - 2026

Asset ID	1008	1 Allowance	@ \$3,500.00
	Main Building	Asset Actual Cost	\$3,500.00
	Lighting	Percent Replacement	100%
Placed in Service	January 2000	Future Cost	\$4,254.27
Useful Life	20		
Adjustment	6		
Replacement Year	2026		
Remaining Life	4		

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Lighting & Fan Replacement continued...

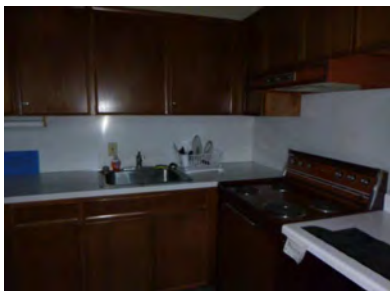


No update for 2022

The exterior and interior light fixtures appear to be in good condition. Most light fixtures will last approximately 20 years before requiring replacement. With more efficient fixtures and bulbs generally operation costs can be dramatically reduced. The interior ceiling fans should be cleaned and inspected annually and should provide 20 or more years of service. The budget includes funds for replacement with comparable modern lighting fixtures and fans.

Interior Update - 2031

Asset ID	1009	1 Allowance @	\$12,500.00
	Main Building	Asset Actual Cost	\$12,500.00
	Interior Update	Percent Replacement	100%
Placed in Service	January 2017	Future Cost	\$19,391.60
Useful Life	15		
Adjustment	-1		
Replacement Year	2031		
Remaining Life	9		



No update for 2022

Funds are provided for updating the interior of the main building in 15 year cycles or as needed. Kitchen

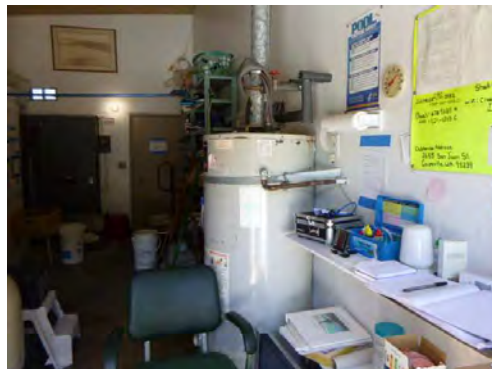
**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Interior Update continued...

appliances and fixtures, bathroom refurbishing, furniture and flooring included.

Water Heater Replacement - 2023

Asset ID	1010	1 Allowance	@ \$1,500.00
	Main Building	Asset Actual Cost	\$1,500.00
	HVAC & Water Heater	Percent Replacement	100%
Placed in Service	December 2011	Future Cost	\$1,575.00
Useful Life	12		
Replacement Year	2023		
Remaining Life	1		



No update for 2022

Furnance Replacement - 2037

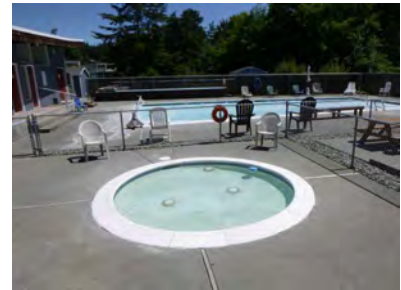
Asset ID	1011	1 Allowance	@ \$5,000.00
	Main Building	Asset Actual Cost	\$5,000.00
	HVAC & Water Heater	Percent Replacement	100%
Placed in Service	November 2017	Future Cost	\$10,394.64
Useful Life	20		
Replacement Year	2037		
Remaining Life	15		

No update for 2022

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Pool Major Repair/Replaster - 2022

Asset ID	1012	1 Allowance	@ \$11,250.00
	Main Building	Asset Actual Cost	\$11,250.00
	Recreation/Pool	Percent Replacement	100%
Placed in Service	July 1997	Future Cost	\$11,250.00
Useful Life	25		
Replacement Year	2022		
Remaining Life	0		



No update for 2022

The pool appears to be in reasonable condition however the surface is rough and indicates re-plastering will be required to avoid more significant expenses in the future.

Pool Deck Repair - 2022

Asset ID	1013	1 Allowance	@ \$1,500.00
	Main Building	Asset Actual Cost	\$1,500.00
	Recreation/Pool	Percent Replacement	100%
Placed in Service	July 1997	Future Cost	\$1,500.00
Useful Life	10		
Adjustment	15		
Replacement Year	2022		
Remaining Life	0		

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Pool Deck Repair continued...



No update for 2022

The pool deck shows some cracking that should be repaired to minimize future costly repairs. Areas should be inspected to determine if panels require replacement or simply crack seal application.

Pool Equipment Major Repair/Replacement - 2025

Asset ID	1014	1 Allowance	@ \$6,500.00
		Asset Actual Cost	\$6,500.00
		Percent Replacement	100%
		Future Cost	\$7,524.56
	Recreation/Pool		
Placed in Service	July 2005		
Useful Life	10		
Adjustment	10		
Replacement Year	2025		
Remaining Life	3		



No update for 2022

Pools have a variety of equipment including pumps, filtration components, heating system and an off season pool cover. The budget includes funds for these various item major repair or replacement.

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Play Structure Major Repair/Replacement - 2024

Asset ID	1015	1 Allowance	@ \$1,950.00
		Asset Actual Cost	\$1,950.00
		Percent Replacement	100%
		Future Cost	\$2,149.87
Placed in Service	Recreation/Pool July 2010		
Useful Life	20		
Adjustment	-6		
Replacement Year	2024		
Remaining Life	2		



No update for 2022

The play structure appears to be in reasonable condition however replacement will be required. Seasonal inspection and repair recommended.

Asphalt Paved Parking Lot - Seal Coat Application - 2029

Asset ID	1016	1 Allowance	@ \$1,000.00
	Main Building	Asset Actual Cost	\$1,000.00
	Streets/Asphalt	Percent Replacement	100%
		Future Cost	\$1,407.10
Placed in Service	July 2019		
Useful Life	10		
Replacement Year	2029		
Remaining Life	7		

No update for 2022

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Asphalt Paved Parking Lot - Repair - 2029

Asset ID	1016	1 Allowance	@ \$3,500.00
	Main Building	Asset Actual Cost	\$3,500.00
	Streets/Asphalt	Percent Replacement	100%
Placed in Service	July 2019	Future Cost	\$4,924.85
Useful Life	10		
Replacement Year	2029		
Remaining Life	7		



No update for 2022

The asphalt paved areas appear to be in good overall condition. Regular cycles of repair and seal coat application are the most cost-effective program for the long-term care of asphalt, forestalling a much more costly resurface project. Water penetration is the largest contributor to deterioration. Recommend inspection and repair of any cracks followed by application of a quality seal coat by a reputable contractor as part of routine maintenance.

Grounds Maintenance Equipment & Shed - 2025

Asset ID	1017	1 Allowance	@ \$7,500.00
	Main Building	Asset Actual Cost	\$7,500.00
	Grounds Equipment	Percent Replacement	100%
Placed in Service	July 2010	Future Cost	\$8,682.19
Useful Life	15		
Replacement Year	2025		
Remaining Life	3		

**Sierra Country Club Building/Grounds Level 3a Study 2022
Detail Report by Category**

Grounds Maintenance Equipment & Shed continued...



No update for 2022

The budget includes funds for repair and replacement of the community lawn mower, associated equipment and the storage shed.

Signage Major Repair/Replacement - 2025

Asset ID	1018	1 Allowance	@ \$2,500.00
	Main Building	Asset Actual Cost	\$2,500.00
	Signs	Percent Replacement	100%
Placed in Service	January 2015	Future Cost	\$2,894.06
Useful Life	10		
Replacement Year	2025		
Remaining Life	3		



No update for 2022

**Sierra Country Club Building/Grounds Level 3a Study 2022
Expenses by Item and by Calender Year**

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Asphalt Paved Parking Lot - Repair								4,925		
Asphalt Paved Parking Lot - Seal Coat Appl..								1,407		
Exterior Door & Window Repair/Replaceme..					3,039					
Exterior Paint							5,025			
Furnance Replacement										
Grounds Maintenance Equipment & Shed				8,682						
Interior Paint								2,111		
Interior Update										19,392
Lighting & Fan Replacement					4,254					
Main Building - Flat & Sloped Roof						36,948				
Main Building - Wood Shakes Roof						21,059				
Play Structure Major Repair/Replacement			2,150							
Pool Deck Repair	1,500									
Pool Equipment Major Repair/Replacement				7,525						
Pool Major Repair/Replaster	11,250									
Siding Major Repair/Replacement							3,685			
Signage Major Repair/Replacement				2,894						
Solar Pool Heating Panel Replacement		9,187								
Water Heater Replacement		1,575								
Year Total:	12,750	10,762	2,150	19,101	7,293	58,007	8,711	8,443		19,392

**Sierra Country Club Building/Grounds Level 3a Study 2022
Expenses by Item and by Calender Year**

Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Asphalt Paved Parking Lot - Repair								8,022		
Asphalt Paved Parking Lot - Seal Coat Appl..								2,292		
Exterior Door & Window Repair/Replaceme..					4,950					
Exterior Paint							8,186			
Furnance Replacement						10,395				
Grounds Maintenance Equipment & Shed								18,050		
Interior Paint										3,790
Interior Update										
Lighting & Fan Replacement										
Main Building - Flat & Sloped Roof										
Main Building - Wood Shakes Roof										
Play Structure Major Repair/Replacement										
Pool Deck Repair	2,443									
Pool Equipment Major Repair/Replacement				12,257						
Pool Major Repair/Replaster										
Siding Major Repair/Replacement							6,003			
Signage Major Repair/Replacement				4,714						
Solar Pool Heating Panel Replacement				16,499						
Water Heater Replacement				2,828						
Year Total:	2,443			36,299	4,950	10,395	14,189	10,314	18,050	3,790

**Sierra Country Club Building/Grounds Level 3a Study 2022
Expenses by Item and by Calender Year**

Description	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Asphalt Paved Parking Lot - Repair								13,067		
Asphalt Paved Parking Lot - Seal Coat Appl..								3,733		
Exterior Door & Window Repair/Replaceme..					8,063					
Exterior Paint							13,334			
Furnance Replacement										
Grounds Maintenance Equipment & Shed										
Interior Paint										
Interior Update					40,314					
Lighting & Fan Replacement					11,288					
Main Building - Flat & Sloped Roof							98,035			
Main Building - Wood Shakes Roof							55,875			
Play Structure Major Repair/Replacement			5,704							
Pool Deck Repair	3,980									
Pool Equipment Major Repair/Replacement				19,965						
Pool Major Repair/Replaster							38,096			
Siding Major Repair/Replacement								9,778		
Signage Major Repair/Replacement				7,679						
Solar Pool Heating Panel Replacement							29,631			
Water Heater Replacement							5,080			
Year Total:	3,980		5,704	27,644	59,664	226,716	23,112	16,801		

**Sierra Country Club Building/Grounds Level 3a Study 2022
Expenses by Item and by Calender Year**

Description	2052	2053
Asphalt Paved Parking Lot - Repair		
Asphalt Paved Parking Lot - Seal Coat Appl..		
Exterior Door & Window Repair/Replaceme..		
Exterior Paint		
Furnance Replacement		
Grounds Maintenance Equipment & Shed		
Interior Paint		6,807
Interior Update		
Lighting & Fan Replacement		
Main Building - Flat & Sloped Roof		
Main Building - Wood Shakes Roof		
Play Structure Major Repair/Replacement		
Pool Deck Repair	6,483	
Pool Equipment Major Repair/Replacement		
Pool Major Repair/Replaster		
Siding Major Repair/Replacement		
Signage Major Repair/Replacement		
Solar Pool Heating Panel Replacement		
Water Heater Replacement		
Year Total:	6,483	6,807



Reserve Study Disclosure Form

In Compliance with RCW 64.34.308 and RCW 64.38.025 (2016)

Name of Association: Sierra Country Club Building & Grounds

Current Year Reported Budget Contribution to Reserves: \$18,220

Recommended 2022 Contribution to Reserves, per study: \$4,289

Funding Plan Used for Recommendations: Full Funding

Projected Year End Reserve Balance at Current Funding Level: \$129,067
(Percentages below indicate the projected year end percentage level of the Reserve Fund vs Fully Funded at the Current Contribution Amount)

Projected Year End Balance If the account was Fully Funded: \$84,900

5 Year Balances

Estimates Per Study:	2022	2023	2024	2025	2026
Projected Year End Reserve Balances at Current Contribution Level*	\$129,067	\$139,889	\$162,741	\$172,308	\$197,670
Projected Year End Reserve Balances at Recommended Funding Contribution Level:	\$115,112	\$110,975	\$116,020	\$105,043	\$106,756
Projected Year End Fully Funded Reserves If Fully Funded:	\$84,900	\$86,289	\$97,164	\$91,620	\$98,928
Percent Reserve is Fully Funded at Current Funding Level: *	152%	162%	167%	188%	200%

Based upon the most recent reserve study, will the association have funds to meet obligations for the next 30 years at the current contribution rate? Yes

To be Completed by Management

Proposed 2022 Budget's Contribution to Reserves: _____

Is Additional Funding (Regular or Special Assessment) Planned? Yes/No

When is it due? (Month/Year) _____

What is the Purpose? Description of Project(s):

Duration of Assessment: Start Date _____ End Date _____

Assessment Amount per Unit on Average: Per Month _____ Per Year _____

Author Name _____

Source Key: Budget/Reserve Study

Date of Completion _____

* Projection includes a 3% Increase Per Year

Sierra Country Club Building/Grounds Level 3a Study 2022

Appendix - Disclosure, Definitions & Calculations

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all Reserve Items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve Items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Washington State Homeowners and Condominium Act Compliance with RCW 64.38 and RCW 64.34 (2019)

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component. A reserve component list (as applicable), including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair, or replacement. If one of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component.

Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act.

- a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b) This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c) This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

Reserve Study Assumptions

The below listed assumptions are implicit in this reserve study:

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

Inflation Estimate

Inflation for the last year has been reviewed and a best fit regression analysis of the last 12 months has been used to determine future expense estimates. Based on the current economic conditions, the inflation rate will need to be closely monitored as this is a critical factor in reserve planning for future fund needs.

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied.

Sierra Country Club Building/Grounds Level 3a Study 2022

Appendix - Disclosure, Definitions & Calculations

Performing the appropriate routine maintenance for each major component generally increases the components' useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful lives of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Study Method

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Items Beyond the Scope of this Report

Building or land appraisals for any purpose.

State or local zoning ordinance violations.

Building code violations.

Soils conditions, soils contamination or geological stability of site.

Engineering analysis or structural stability of site.

Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards.

Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site.

This study is not a pest inspection.

Adequacy or efficiency of any system or component on site.

Specifically excluded reserve items:

Septic systems and septic tanks.

Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items.

Items concealed by signs.

Missing or omitted information supplied by the Client for the purposes of reserve study preparation.

Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

Definitions:

Purpose of Distribution

Distribution will have no real meaning for a cash flow model. But the nature of the Fully Funded Model requires it. Annuity payments are based on an accumulation of reserves for each component in the study. Because a study will rarely start with 'perfect' funding for each component, a starting point for each year must be established.

At the start of the study (The beginning fiscal date)

The beginning balance is used for distribution

Going through the components ordered by remaining life and starting with the least remaining life, the balance is assigned to the components by the value of fully funded for each component. Fully funded for components with no

Sierra Country Club Building/Grounds Level 3a Study 2022 Appendix - Disclosure, Definitions & Calculations

life left is the replacement value of the component.

If after the last component there is still a balance remaining, the list of components is iterated again and the moneys are assigned at the replacement cost of each component.

If after the second pass on there are remaining funds then just the components being replaced are iterated and distribution is set to twice the replacement value.

If there are still funds after the above, they are considered excess funds.

In each following year of the projection

Money is accumulated from contributions and interest on deposit. Expenditures for replacement/repair of components is subtracted. This becomes the ending balance of the year. This money is distributed in the same manner as described above.

Calculations:

Fully Funded Methods

Basic Fully Funded

There are two published methods of calculating Fully Funded. The first only considers the present value of a component. Present value in each period will change according to the inflation applied.

$$FullyFunded = (Age / Useful Life) * Present Value$$

Community Association Press Fully Funded

To account for inflation and interest earned on deposit the writers of '**RESERVE FUNDS: How & Why community Associations Invest Assets**' came up with:

$$Basic_FF = (Age / Useful Life) * Present Value$$

$$CAI_FF = Basic_FF \\ + Basic_FF / (1 + interest)^{Remaining Life} \\ - Basic_FF / (1 + inflation)^{Remaining Life}$$