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**OCEAN PARK
OWNERS' ASSOCIATION, INC.
FULL RESERVE STUDY REPORT**



For 30-Year Projection Period: FY 2023 through FY 2053

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Property Overview



Cape Canaveral, FL

Latitude: 28°23'1.73"N

Longitude: 80°36'7.64"W

Executive Summary

Custom Reserves, LLC conducted a site visit on March 17, 2023. We identified 15 reserve components comprising 25 line items that require reserve funding during the noninvasive, visual inspection of the community. Supplemental information to the physical inspection typically includes the following sources:

1. Association board members, management and staff
2. Client's vendors
3. Declaration
4. Maintenance records of the reserve components where available
5. Project plans where available

Ocean Park Owners' Association, Inc. (Ocean Park) is an apartment style development located in Cape Canaveral, FL and is responsible for the common elements shared by 68 owners within three two-story buildings. Ocean Park was established in 1966. The development contains Exterior Building, Building Services, Pool, and Property Site components.

A Reserve Study comprises two parts:

Physical Analysis	Financial Analysis
<ul style="list-style-type: none">• Component Inventory• Condition Assessment• Estimated Useful Life• Remaining Useful Life• Replacement Cost	<ul style="list-style-type: none">• Fund Status• Funding Plan

The intention of this Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This Reserve Study complies with or exceeds all applicable statutes and national standards. Reserve Studies are a guide and should be used for budgetary purposes. Actual expenditures and times of replacements can and/or will vary.

Reference #: 1048.23

Inspection and Report by:

Paul Grifoni, PRA, RS

Financial Analysis

The Financial Analysis can be separated into one of two categories based on the funding mechanisms in place by the Association at the time of our inspection. The Association may use **either** a Cash Flow (Pooling) method **or** a Component (Straight-Line Depreciation) method of reserve funding. If the Association presently uses the Component method, it may not transfer funds between individual Component accounts without, typically, receiving a majority vote of the unit owners. Custom Reserves recommends the Association consult with management, legal counsel and/or its accounting team to thoroughly understand the options available to them. The two funding methods are discussed below:

Component Method

The **Component** method of funding utilizes straight-line accounting formulas. Straight-line accounting is based on current costs and excludes both interest and inflation in its calculations. Straight-line accounting takes each individual line item included in the Reserve Component inventory and computes its annual contribution amount by taking its unfunded balance (current replacement cost minus projected year end reserve balance) and dividing it by the remaining useful life of the component. This is the amount that should be contributed into that reserve account(s) over the remaining useful life of the component(s). Within the Component method, and in sharp contrast to the cash flow method, the Association **may not** use reserve funds from one established reserve account to fund projects that are associated with a different established reserve account. Rather, the Association may only use reserve funds for the specific components to which they are allocated, and this analysis must be computed annually to account for inflation of the estimated project costs included in the reserve study.

Cash Flow Method

The **Cash Flow** method of funding utilizes reserve contributions designed to offset the variable annual reserve expenditures over the next 30 years. In this method, we test different reserve funding scenarios against the anticipated schedule of reserve expenditures on a year-by-year basis until the desired adequate or sufficient funding goal is achieved. In this method, funding

recommendations are driven by a threshold (risk) year, determined by the schedule of reserve expenditures. Within the Cash Flow method, the Association **may** use reserve funds, as needed, for those expenditures related to components which are included in the Reserve Component inventory.

Reserve Recommendations for Ocean Park

Ocean Park presently utilizes the **Component** method of funding. Therefore, as our official recommendation, we include the Component, or straight-line depreciation method to project and illustrate the reserve funding plan as depicted in **Appendix B**. We allocate the available funds from the Association's existing individual reserve accounts, as well as the Association's FY¹ 2023 budgeted reserve contributions, to the appropriate line items within our Reserve Component inventory. Note that not all the Association's existing reserve accounts will correlate directly to the items we include in the Reserve Component inventory. For example, the Association may have historically reserved for property insurance deductibles or storm clean-up, in which case we note these types of accounts as exclusions in the **Component Notes** section at the bottom of **Appendix B**.

The unaudited cash status of the Association's **combined** individual reserve funds, as of February 28, 2023, as reported by Management and the Board is \$430,478. Ocean Park budgeted \$142,461 for **combined** reserves contributions in FY² 2023 and additional contributions of \$213,000 to fund sewer, roof, painting and repairs. Based on the analysis of the Association's existing **individual** reserve accounts, a reserve contribution of \$609,369 in 2024 if Ocean Park elects to continue funding reserves using the **Component** method. This equates to a 117.7% increase in the 2023 operating budget of \$396,653.50. We include a detailed depiction of our **Component** method analysis in **Appendix B**.

For reference and comparison purposes only, the 30-year Cash Flow funding plan is included as depicted in **Appendix C**. Based on the analysis of the Association's existing individual reserve accounts, a reserve contribution of \$150,000 would be required in 2024 to adequately fund

¹ FY 2023 Begins January 1, 2023 and Ends December 31, 2023.

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reserves using the Cash Flow method. This equates to a 1.9% increase in the 2023 operating budget of \$396,653.50. The threshold or risk years fall in 2025 and 2048 due to roof replacements. In addition, we consider the age and overall condition of the community in the accumulated year 2053 ending reserve balance of \$750,881.

Custom Reserves encourages all clients to adequately fund their reserves. However, we recognize that the recommended increase in reserve contributions is significant. We suggest the Association discuss funding options with management, legal counsel and/or their accounting team. In many cases the Association can legally partially fund their reserves as long as a fully-funded budget is disclosed to the owners and the appropriate voting procedures are followed.

External market factors incorporated in this Reserve Study are an inflation rate of 3.2% based on the Consumer Price Index published by the Bureau of Labor Statistics and an interest rate of 3.0%. Most community association bylaws provide that Association funds shall be held in a bank, with FDIC or similar insurance to cover all funds.

The actual timing of the events depicted may not occur exactly as projected. Internal changes such as deferred or accelerated projects, and external changes such as interest and inflation rates, are likely. Updates to the Reserve Study will incorporate these changes. To ensure equity in the adopted funding plan, ongoing annual Board reviews and an update of this Reserve Study with an on-site visit are recommended in two- to three-years depending on the complexity of the community, and changes in external and internal factors. It is recommended by the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually. **Component method funding plans should be updated annually.**

Property Component Definitions

The analysis began by separating the property components into specific areas of responsibility for replacement and repair. These classes of property are as follows:

1. **Reserve Components** are defined as follows:
 - Association responsibility
 - Limited useful life expectancies
 - Predictable remaining useful life expectancies
 - Replacement cost above a minimum threshold
2. **Operating Budget Components** are defined as follows:
 - Common area components historically funded through operating funds rather than reserve funds
 - Common area components whose replacement or repair costs fall below a specific dollar amount
3. **Long-Lived Components** are defined as follows:
 - Common area components without a predictable remaining useful life
 - Common area components with a remaining useful life beyond the 30-year scope of this reserve study
4. **Owner Components** are defined as follows:
 - Components that are not the responsibility of the Association to maintain, repair or replace
5. **Other Components** are defined as follows:
 - Components that are neither the responsibility of the Association nor the Owner to maintain, repair or replace

Property Component Model

CATEGORY	COMPONENT	COMMON COMPONENTS (X)			REMAINING COMPONENTS (O)	
		RESERVES	OPERATING	LONG-LIVED	OWNER	OTHER
Property Site	Asphalt Pavement, Repaving	X				
Exterior Building	Balcony Replacements, Phased	X				
Pool	Deck, Pavers	X				
	Doors, Common		X			
	Doors, Serving Individual Units				O	
Building Services	Electrical Systems	X				
	Electrical Systems, Serving Individual Units				O	
	Expenses Less Than \$10,000		X			
	Fence, Pool		X			
	Fences, Vinyl, Trash Enclosure		X			
	Fire Alarm Devices		X			
	Foundation(s)			X		
Exterior Building	Gutters and Downspouts	X				
	Homes and Lots				O	
	Hurricane Shutters				O	
	HVAC Equipment, Serving Individual Units				O	
	Irrigation System		X			
	Laundry Equipment		X			
Exterior Building	Light Fixtures	X				
Property Site	Mailboxes	X				
	Other Repairs Normally Funded Through the Operating Budget		X			
Exterior Building	Paint Finish Applications, Lower Walkways and Stairs	X				
Exterior Building	Paint Finish Applications, Phase 1	X				
Exterior Building	Paint Finish Applications, Phase 2	X				
Exterior Building	Paint Finish Applications, Phase 3	X				
Exterior Building	Paint Finish Applications, Phase 4	X				
	Perimeter Fence, Wood (Fillmore Estates)					O
	Pipes, Interior Building, Serving Individual Units				O	
Building Services	Plumbing System, Sewer Stacks, 1 Units, Lower Floors, Phased	X				
Building Services	Plumbing System, Sewer Stacks, 1 Units, Upper Floors, Phased	X				
Building Services	Plumbing System, Sewer Stacks, 2 Units, Lower Floors, Phased	X				
Building Services	Plumbing System, Sewer Stacks, 2 Units, Upper Floors, Phased	X				
Building Services	Plumbing System, Sewer, Building E	X				
Building Services	Plumbing System, Water	X				
	Pool Equipment		X			
Pool	Pool Finish	X				
	Pool Furniture		X			
Exterior Building	Railings, Phased	X				
Exterior Building	Restoration Projects	X				
Exterior Building	Roofs, Flat, Coatings	X				
Exterior Building	Roofs, Flat, Remove and Recoat	X				
	Shutters		X			
	Signage		X			
Exterior Building	Skylights	X				
	Structural Frame(s)			X		
	Unit Interiors				O	
	Water Heaters		X			
	Water Heaters, Serving Individual Units				O	
Exterior Building	Windows, Common	X				
	Windows, Serving Individual Units				O	



Reserve Expenditures

Ocean Park
Owners' Association, Inc.

Projected Inflation Rate **3.2%**

Line Item	Reserve Components	Total	Per	Unit of Measurement	1st Year of Replacement	Useful Life Years	Age (Year)	Remaining Life Years	2023 Unit Cost	2023 Cost of Replacement	2023 Cost of Replacement	Total 30 Year Future Costs of Replacement	Fiscal Year 2023	Year	Year	Year	Year	Year	Year	Year	Year												
		Quantity	Phase Quantity							per Phase	per Total			1	2	3	4	5	6	7	8	9											
Exterior Building Components																																	
1	Balcony Replacements, Phased	24	2	Each	2023	N/A	Varies	0	\$9,750.00	\$19,500	\$234,000	\$174,636	\$19,500	\$20,124	\$20,768	\$21,433	\$22,118	\$22,826	\$23,557	\$24,310													
2	Gutters and Downspouts	2,185	2,185	Linear Feet	2035	to 25	2010	12	\$12.00	\$26,220	\$26,220	\$38,264																					
3	Light Fixtures	138	138	Each	2031	to 20	2011	8	\$100.00	\$13,800	\$13,800	\$51,091									\$17,755												
4	Paint Finish Applications, Phase 1	1	1	Allowance	2024	5 to 7	2017	1	\$30,000.00	\$30,000	\$30,000	\$252,454		\$30,960								\$38,597											
4.1	Paint Finish Applications, Phase 2	1	1	Allowance	2025	5 to 7	2018	2	\$35,000.00	\$35,000	\$35,000	\$303,955			\$37,276							\$46,471											
4.2	Paint Finish Applications, Phase 3	1	1	Allowance	2026	5 to 7	2019	3	\$20,000.00	\$20,000	\$20,000	\$126,146				\$21,982																	
4.3	Paint Finish Applications, Phase 4	1	1	Allowance	2023	5 to 7	2023	0	\$62,000.00	\$62,000	\$62,000	\$505,560	\$62,000								\$77,295												
4.4	Paint Finish Applications, Lower Walkways and Stairs	1	1	Allowance	2024	2 to 3	2021	1	\$8,050.00	\$8,050	\$8,050	\$131,835		\$8,308			\$9,131				\$10,036												
5	Railings, Phased	1,560	260	Linear Feet	2024	to 30	Varies	1	\$110.00	\$28,600	\$171,600	\$272,135		\$29,515							\$34,550												
6	Restoration Projects	1	1	Allowance	2024	5 to 10	Varies	1	\$100,000.00	\$100,000	\$100,000	\$841,513		\$103,200								\$128,658											
7	Roofs, Flat, Coatings	355	355	Squares	2036	10 to 15	2014	13	\$650.00	\$230,750	\$230,750	\$347,518																					
7.1	Roofs, Flat, Remove and Recoat	355	355	Squares	2024	20 to 25	2006	1	\$1,500.00	\$532,500	\$532,500	\$1,719,880		\$549,540																			
8	Skylights	15	15	Each	2024	to 25	2016	1	\$4,000.00	\$60,000	\$60,000	\$193,789		\$61,920																			
9	Windows, Common	105	105	Square Feet	2024	to 45	1966	1	\$120.00	\$12,600	\$12,600	\$13,003		\$13,003																			
Building Services Components																																	
10	Electrical Systems	1	1	Allowance	2032	to 75	Varies	9	\$10,000.00	\$10,000	\$10,000	\$56,400										\$13,278											
11	Plumbing System, Sewer, Building E	1	1	Allowance	2025	to 75	1966	2	\$60,000.00	\$60,000	\$60,000	\$63,901			\$63,901																		
11.1	Plumbing System, Sewer Stacks, 1 Units, Upper Floors, Phased	15	5	Each	2025	to 75	Varies	2	\$1,000.00	\$5,000	\$15,000	\$10,821			\$5,325	\$5,496																	
11.2	Plumbing System, Sewer Stacks, 1 Units, Lower Floors, Phased	15	5	Each	2025	to 75	Varies	2	\$2,000.00	\$10,000	\$30,000	\$21,641			\$10,650	\$10,991																	
11.3	Plumbing System, Sewer Stacks, 2 Units, Lower Floors, Phased	42	6	Each	2025	to 75	Varies	2	\$1,500.00	\$9,000	\$63,000	\$73,893			\$9,585	\$9,892	\$10,208	\$10,535	\$10,872	\$11,220	\$11,579												
11.4	Plumbing System, Sewer Stacks, 2 Units, Upper Floors, Phased	42	6	Each	2025	to 75	Varies	2	\$3,000.00	\$18,000	\$126,000	\$147,785			\$19,170	\$19,784	\$20,417	\$21,070	\$21,745	\$22,440	\$23,158												
11.5	Plumbing System, Water	1	1	Allowance	2041	to 75	Varies	18	\$200,000.00	\$200,000	\$200,000	\$352,586																					
Pool Components																																	
12	Deck, Pavers	2,045	2,045	Square Feet	2034	20 to 30	Varies	11	\$9.00	\$18,405	\$18,405	\$26,026																					
13	Pool Finish	945	945.00	Square Feet	2032	10 to 15	2017	9	\$18.00	\$17,010	\$17,010	\$58,811										\$22,585											
Property Site Components																																	
14	Asphalt Pavement, Repaving	3,190	3,190	Square Yards	2028	to 30	1998	5	\$18.00	\$57,420	\$57,420	\$67,214							\$67,214														
15	Mailboxes	68	68	Each	2024	to 35	Unknown	1	\$150.00	\$10,200	\$10,200	\$10,526		\$10,526																			
Total Expenditures										\$1,594,055	\$2,143,555	\$5,861,384	\$81,500	\$827,096	\$166,676	\$89,577	\$61,875	\$121,646	\$90,723	\$145,302	\$219,748	\$82,334											



Reserve Expenditures

Ocean Park
Owners' Association, Inc.

Line Item	Reserve Components	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Exterior Building Components																						
1	Balcony Replacements, Phased																					
2	Gutters and Downspouts			\$38,264																		
3	Light Fixtures																			\$33,336		
4	Paint Finish Applications, Phase 1						\$48,119							\$59,989							\$74,788	
4.1	Paint Finish Applications, Phase 2							\$57,935							\$72,227							\$90,045
4.2	Paint Finish Applications, Phase 3	\$27,405							\$34,165							\$42,593						
4.3	Paint Finish Applications, Phase 4					\$96,362							\$120,134							\$149,769		
4.4	Paint Finish Applications, Lower Walkways and Stairs	\$11,030			\$12,124			\$13,325			\$14,646			\$16,097			\$17,692			\$19,446		
5	Railings, Phased		\$40,443					\$47,341					\$55,417					\$64,869				
6	Restoration Projects						\$160,397							\$199,965							\$249,294	
7	Roofs, Flat, Coatings				\$347,518																	
7.1	Roofs, Flat, Remove and Recoat																\$1,170,340					
8	Skylights																\$131,869					
9	Windows, Common																					
Building Services Components																						
10	Electrical Systems											\$18,193									\$24,929	
11	Plumbing System, Sewer, Building E																					
11.1	Plumbing System, Sewer Stacks, 1 Units, Upper Floors, Phased																					
11.2	Plumbing System, Sewer Stacks, 1 Units, Lower Floors, Phased																					
11.3	Plumbing System, Sewer Stacks, 2 Units, Lower Floors, Phased																					
11.4	Plumbing System, Sewer Stacks, 2 Units, Upper Floors, Phased																					
11.5	Plumbing System, Water										\$352,586											
Pool Components																						
12	Deck, Pavers		\$26,026																			
13	Pool Finish															\$36,226						
Property Site Components																						
14	Asphalt Pavement, Repaving																					
15	Mailboxes																					
Total Expenditures		\$38,435	\$66,469	\$38,264	\$359,642	\$96,362	\$208,516	\$118,602	\$34,165	\$352,586	\$32,839	\$0	\$175,550	\$276,051	\$72,227	\$78,819	\$1,319,902	\$64,869	\$0	\$202,551	\$349,011	\$90,045



Component Funding Plan (Straight-Line Method)

Ocean Park
Owners' Association, Inc.

Line Item	Reserve Components	Total Cycle Quantity	Units	1st Year of Replacement	Useful Life Years	Remaining Life Years	Unit Cost	Total Cost	Feb 28, 2023 Reserve Balances	2023 Budgeted Reserve Contributions	2023 Remaining Reserve Contributions	Jan 1, 2024 Projected Balances	Unfunded Residual Balance	2024 Recommended Contribution	Existing Reserve Categories
Exterior Building Components															
1	Balcony Replacements, Phased	24	Each	2023	N/A	3	\$9,750.00	234,000.00	\$234,000.00	\$23,400.00	\$19,500.00	\$234,000.00	\$0.00	\$0.00	3037/9033 Structural Repairs
2	Gutters and Downspouts	2,185	Linear Feet	2035	to 25	12	\$12.00	26,220.00	\$0.00	\$0.00	\$0.00	\$0.00	\$26,220.00	\$2,185.00	
3	Light Fixtures	138	Each	2031	to 20	8	\$100.00	13,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,800.00	\$1,725.00	
4	Paint Finish Applications, Phase 1	1	Allowance	2024	5 to 7	1	\$30,000.00	30,000.00	\$0.00	\$36,000.00	\$30,000.00	\$30,000.00	\$0.00	\$0.00	3004/9016 Painting
4.1	Paint Finish Applications, Phase 2	1	Allowance	2025	5 to 7	2	\$35,000.00	35,000.00	\$0.00	\$25,175.00	\$20,979.17	\$20,979.17	\$14,020.83	\$7,010.42	3004/9016 Painting
4.2	Paint Finish Applications, Phase 3	1	Allowance	2026	5 to 7	3	\$20,000.00	20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00	\$6,666.67	
4.3	Paint Finish Applications, Phase 4	1	Allowance	2023	5 to 7	7	\$62,000.00	62,000.00	\$57,572.96	\$5,312.00	\$4,426.67	-\$0.37	\$62,000.37	\$8,857.52	3004/9016 Painting
4.4	Paint Finish Applications, Lower Walkways and Stairs	1	Allowance	2024	2 to 3	1	\$8,050.00	8,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,050.00	\$8,050.00	
5	Railings, Phased	260	Linear Feet	2024	to 30	1	\$110.00	28,600.00	\$1,000.06	\$0.00	\$0.00	\$1,000.06	\$27,599.94	\$27,599.94	3021 Deferred Maintenance Reserve Acct
6	Restoration Projects	1	Allowance	2024	5 to 10	1	\$100,000.00	100,000.00	\$28,693.45	\$84,256.00	\$70,213.33	\$98,906.78	\$1,093.22	\$1,093.22	3037/9033 Structural Repairs
7	Roofs, Flat, Coatings	355	Squares	2036	10 to 15	13	\$650.00	230,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$230,750.00	\$17,750.00	
7.1	Roofs, Flat, Remove and Recoat	355	Squares	2024	20 to 25	1	\$1,500.00	532,500.00	\$61,921.22	\$154,912.00	\$129,093.33	\$191,014.55	\$341,485.45	\$341,485.45	3008/9019 Roofs
8	Skylights	15	Each	2024	to 25	1	\$4,000.00	60,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$60,000.00	\$60,000.00	
9	Windows, Common	105	Square Feet	2024	to 45	1	\$120.00	12,600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,600.00	\$12,600.00	
Building Services Components															
10	Electrical Systems	1	Allowance	2032	to 75	9	\$10,000.00	10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$1,111.11	
11	Plumbing System, Sewer, Building E	1	Allowance	2025	to 75	2	\$60,000.00	60,000.00	-\$6,479.63	\$16,814.00	\$14,011.67	\$7,532.04	\$52,467.96	\$26,233.98	3013/9026 Plumbing
11.1	Plumbing System, Sewer Stacks, 1 Units, Upper Floors, Phased	15	Each	2025	to 75	2	\$1,000.00	15,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,000.00	\$7,500.00	
11.2	Plumbing System, Sewer Stacks, 1 Units, Lower Floors, Phased	15	Each	2025	to 75	2	\$2,000.00	30,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$15,000.00	
11.3	Plumbing System, Sewer Stacks, 2 Units, Lower Floors, Phased	42	Each	2025	to 75	5	\$1,500.00	63,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$63,000.00	\$12,600.00	
11.4	Plumbing System, Sewer Stacks, 2 Units, Upper Floors, Phased	42	Each	2025	to 75	5	\$3,000.00	126,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$126,000.00	\$25,200.00	
11.5	Plumbing System, Water	1	Allowance	2041	to 75	18	\$200,000.00	200,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200,000.00	\$11,111.11	
Pool Components															
12	Deck, Pavers	2,045	Square Feet	2034	20 to 30	11	\$9.00	18,405.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18,405.00	\$1,673.18	
13	Pool Finish	945	Square Feet	2032	10 to 15	9	\$18.00	17,010.00	\$7,548.58	\$1,262.00	\$1,051.67	\$8,600.25	\$8,409.75	\$934.42	3036/9032 Pool
Property Site Components															
14	Asphalt Pavement, Repaving	3,190	Square Yards	2028	to 30	5	\$18.00	57,420.00	\$36,570.69	\$8,330.00	\$6,941.67	\$43,512.36	\$13,907.64	\$2,781.53	3006/9031 Pavement
15	Mailboxes	68	Each	2024	to 35	1	\$150.00	10,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,200.00	\$10,200.00	
Totals									\$420,827.33	\$355,461.00	\$296,217.50		\$609,369		

Financial Notes:

- 1) FY 2023 Begins January 1, 2023 and Ends December 31, 2023
- 2) FY 2023 Beginning Reserve Balance and Remaining Contributions are as of February 28, 2023
- 3) Interest on Reserves is excluded

Allocation Notes:

- 1) We allocate the existing Structural (Balcony G14/G15) Reserve Funds to Reserve Components associated with the 3037/9033 Structural Repairs Reserve Funds.
- 2) We allocate the existing Structural (Stucco E&F) Reserve Funds to Reserve Components associated with the 3037/9033 Structural Repairs Reserve Funds.
- 3) We allocate the existing 3039 Stucco Bldg G Reserve Funds to Reserve Components associated with the 3037/9033 Structural Repairs Reserve Funds.
- 4) We allocate the existing Painting Special Assessment Reserve Funds to Reserve Components associated with the 3004/9016 Painting Reserve Funds.



Cash Flow Funding Plan (Pooling Method)

Ocean Park
Owners' Association, Inc.

	FY	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Beginning of Year Reserves		\$430,478	\$693,610	\$37,321	\$21,765	\$82,841	\$173,451	\$207,009	\$272,496	\$285,370	\$224,182	\$298,573	\$419,095	\$515,199	\$642,391	\$452,021	\$524,020
Recommended Reserve Contributions		118,718	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	154,800	159,800
Additional Reserve Contributions		213,000															
Total Recommended Reserve Contributions		331,718	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	154,800	159,800
Anticipated Interest Earned	3.0%	12,914	20,808	1,120	653	2,485	5,204	6,210	8,175	8,561	6,725	8,957	12,573	15,456	19,272	13,561	15,721
Projected Expenditures		(81,500)	(827,096)	(166,676)	(89,577)	(61,875)	(121,646)	(90,723)	(145,302)	(219,748)	(82,334)	(38,435)	(66,469)	(38,264)	(359,642)	(96,362)	(208,516)
Projected Year End Reserves		693,610	37,321	21,765	82,841	173,451	207,009	272,496	285,370	224,182	298,573	419,095	515,199	642,391	452,021	524,020	491,025
				Threshold/ Risk Year													

		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Beginning of Year Reserves		\$491,025	\$552,054	\$704,651	\$548,805	\$713,630	\$922,039	\$967,150	\$919,312	\$1,080,264	\$1,246,053	\$182,533	\$349,140	\$592,814	\$648,747	\$567,598
Recommended Reserve Contributions		164,900	170,200	175,600	181,200	187,000	193,000	199,200	205,600	212,200	219,000	226,000	233,200	240,700	248,400	256,300
Anticipated Interest Earned	3.0%	14,731	16,562	21,140	16,464	21,409	27,661	29,014	27,579	32,408	37,382	5,476	10,474	17,784	19,462	17,028
Projected Expenditures		(118,602)	(34,165)	(352,586)	(32,839)	0	(175,550)	(276,051)	(72,227)	(78,819)	(1,319,902)	(64,869)	0	(202,551)	(349,011)	(90,045)
Projected Year End Reserves		552,054	704,651	548,805	713,630	922,039	967,150	919,312	1,080,264	1,246,053	182,533	349,140	592,814	648,747	567,598	750,881
											Threshold/ Risk Year					

Notes:

- 1) FY 2023 Begins January 1, 2023 and Ends December 31, 2023
- 2) FY 2023 Beginning Reserve Balance and Remaining Contributions are as of February 28, 2023
- 3) Interest Earned is compounded on the Beginning Year Reserve Balance, the first year is a partial amount earned
- 4) Taxes on the interest earned are considered negligible

Exterior Building Components



Figure 1



Figure 2



Figure 3



Figure 4

1. Balcony Replacements

The Association is responsible for 24 balconies that range in size. Ocean Park South is currently in the process of replacing balconies and has replaced seven to date. The railings and ceilings of the new balconies comprise concrete and have a long useful life with the benefit of periodic maintenance. The Association should continue to plan for phased replacements of up to two balconies until 2030. Waterproof coatings are included in Line Item 10.



Figure 1 – Original Balcony



Figure 2 – Replaced Balcony

2. Gutters and Downspouts

Ocean Park South utilizes approximately 2,185 linear feet of gutters and downspouts that are designed to collect rain water from the roofs and shed the water away from the buildings. The gutters and downspouts are in good overall condition at an age of 13 years. Gutters and downspouts have a useful life of up to 25 years. The Association should budget for replacements by 2035. The Association should utilize downspout extensions and splash blocks at discharge areas to direct the water away from foundations.

3. Light Fixtures

The Association maintains 138 exterior ceiling mounted light fixtures. The light fixtures are in fair condition at an age of 12 years. Light fixtures of this type have a useful life of up to 20 years.

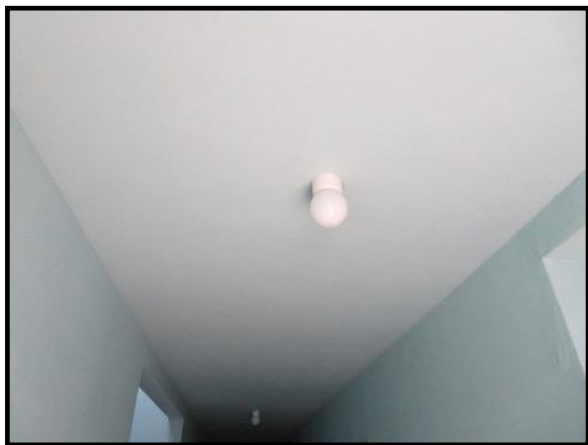


Figure 1



Figure 2

Ocean Park South should budget for replacement of the light fixtures by 2031 and again by 2051. The Association should consider replacements with light emitting diode (LED) technology.

4. Paint Finish Applications

Periodic applications of a protective paint finish or waterproof coating is essential in order to maintain the appearance and integrity of the stucco. Stucco is water resistant but not waterproof. Over time, stucco becomes more permeable which leads to cracks and moisture intrusion if maintenance is deferred.

Comprehensive paint specifications define quality levels and the materials and methods required to achieve them. Construction specifications are written documents that describe the materials and workmanship required for a building project. The purpose is to create certainty in the project and outcome. MasterFormat[®] is an indexing system created by the Construction Specifications Institute (CSI). Division 01 tells how submittals will be handled. Paint and Coatings are found under Division 09 Finishes. Open specs allow products from multiple manufacturers encouraging competition. Products would still have to meet performance requirements. Closed specs name the desired manufacturer ensuring control by the designer.

The paint finish performance is affected by proper product selection, application, and surface preparation. Coating integrity and useful life will be reduced because of improperly prepared surfaces. The selection and implementation of proper surface preparation ensures coating adhesion to the substrate and prolongs the useful life of the coating system. The following table depicts the previous phases of paint finish applications.

	Location
Phase 1	East, South, West outside exterior walls and stairs, walkways/floors and handrails
Phase 2	All central courtyard exterior walls (EFG) including patios and balconies, End wall of Building G (South, East, West), West wall of Building E, West end walls of Building F (F11, F10, laundry) East end wall of laundry, all stairways and selected lower walkways
Phase 3	North exterior walls Buildings E and G including patios and balconies
Phase 4	All interior hallway ceilings, floors, walkways, stairwells, doors and railings
Phase 5	Lower Walkways and Stairs

The remaining useful lives, ages, costs, and times of replacements for each phase are depicted in **Appendix A**. The Association should plan for weatherizing the window sealants and any exterior penetrations as needed in conjunction with paint finish applications. The Association should also plan to have a licensed engineer that specializes in restoration projects to inspect and develop a plan for any repairs prior to paint finish applications.

5. Railings

The Association maintains approximately 1,560 linear feet of a combination of wood and Kynar railings. The railings are in fair overall condition at various ages. The major concern with railings is safety. Kynar railings have a useful life of up to 30 years. Ocean Park South should budget for phased replacements of up to seventeen percent (16.7%) beginning in 2024 and every five years thereafter. The finish on aluminum fences is relatively maintenance free.



Figure 1 – Breezeway Railing



Figure 2 – Railing Cracks

6. Restoration Projects

Concrete is strong in compression and weak in tension and therefore requires steel reinforcing. Concrete corrosion is caused by rainwater and chlorides (salt) getting into the concrete down to the level of the steel. Concrete cracks and spalling occur from the expansion of the reinforcing steel due to corrosion. Once the corrosion process has been initiated, the Association should budget for partial repairs as needed in 2024 and every 5- to 10-years thereafter in conjunction with paint finish applications.



Figure 1 – Staircase Railings Spall



Figure 2 – New Staircase



Figure 1 – Beam Spall



Figure 2 – Beam Crack



Figure 3 – Pool Equipment Spall



Figure 4 – Pool Equipment Spall

7. Roofs, Flat

The Association is responsible for the roofing which utilizes spray polyurethane foam (SPF). SPF roofing is applied as a liquid atop the existing substrate. As such it has the ability to bridge small cracks and potential sources of water infiltration through the pre-existing roof substrate. The initial foam layer is then topped with one or multiple layers of elastomeric silicone or an acrylic coating containing slip-resistant granules. When properly installed the benefits of an SPF roof may include better penetration protection due to its thickness, better waterproofing properties due to the nature of its seamless installation, improved building insulation and therefore reduced energy consumption costs, and adherence to fire rating code requirements.

The useful life of an SPF roof is 15- to 20-years with regular maintenance. Regular maintenance should include:

- Cleaning of the roof
- Checking for and repairing air pockets where the foam may have delaminated from the substrate
- Removal of sharp objects which could lead to a puncture of the foam layer
- Patching and resealing of damaged and/or deteriorated sections of the roof

Based on the poor overall condition of the SPF roofs, the Association plan for a removal and recoating replacement in 2024 and again by 2048. An interim coating is likely by 2036.



Figure 1 – E Section



Figure 2 – G Section

8. Skylights

The Association maintains 15 skylights of varying sizes. The skylights are in poor condition overall at an approximate age of seven years reportedly. The Board reports that Ocean Park South plans to replace the skylights in conjunction with the roof. New skylights have an estimated useful life of up to 25 years. Ocean Park South should budget for subsequent replacements by 2048.



Figure 1



Figure 2

9. Windows, Common

The common windows comprise 105 square feet. The windows are likely original and in fair overall condition. Windows have a useful life of up to 45 years. Ocean Park South should budget for replacement of the windows with white fiberglass in 2024. The windows should meet the Florida Building Code for impact resistance.



Figure 1 – Office Windows



Figure 2 – Laundry Room Windows

Building Services Components

10. Electrical Systems

The common area main electrical panels are in satisfactory operational condition. The useful life of these components is up to and often beyond 75 years. However, not all components will fail simultaneously. The Board reports that Ocean Park South replaced three panels. The Association should budget for partial replacement of the electrical systems beginning by 2033 and every 10 years thereafter.



Figure 1 – Main Electric Panel



Figure 2 – Office Electric Panel

11. Plumbing System

The Association is responsible for the building's internal common plumbing system that includes water supply, waste and vent piping. Plumbing systems comprising cast iron have a long useful life. However, plumbing systems are failing as infrastructure ages. Previous repairs are noted in Buildings G and F. Communities often fail to account for the plumbing system because it is out of sight. Potential mold and/or other damage may occur if leaks are left unrepaired.

Due to the concealed nature of the plumbing systems, the condition and exact locations of the piping was not determined. The Association should perform a detailed analysis of the plumbing systems to assist in future reserve planning and contract with a pipe restoration specialist to have the pipe interiors camera-scoped to provide pipe quantities, locations, and conditions.

The highest risk items are water heater failures, HVAC condensation drain backups, refrigerator/freezer lines, bathtub drains and toilet seals. Although the water heaters and

refrigerator/freezer lines are the responsibility of the owners to maintain, the Association should inform owners that they should include shut off valves and the water heaters have a useful life of 10 years and should be seated in a tray. Water lines should be off if units that are vacant for 30 or more days.

The common plumbing systems are reported in fair to poor overall condition. Previous repairs are noted. The Association should anticipate periodic repairs as needed and inspect the plumbing system annually. Ocean Park South should budget for partial plumbing system renovations as depicted in **Appendix A**. The following table depicts what has been done and what is anticipated to be done in the near term.

Year	Location and Cost	
1966	Building E Sewer \$60,000	2025
2021	Main Sewer Line \$20,000	Beyond the Next 30 Years
2022	Building F Sewer \$63,000	Beyond the Next 30 Years
2022	Building G Sewer \$54,500	Beyond the Next 30 Years
Varies	Sewer Stacks	Throughout the
1966	Water	2041

The Association may find value in the use of in-place pipe restoration technology such as pipe relining. In-place pipe restoration technology involves camera-scoping, cleaning, and preparing of the pipe interiors followed by installation of a pressurized liquid epoxy which hardens to become structural in nature. This can be a more efficient and cost-effective option in that the need for opening wall cavities in both common areas and unit interiors can be greatly minimized. Pipe lining causes the least amount of disruption to the unit owners.

Updates to this reserve study will consider the timing of future replacements, based on the history of leaks and on information derived from invasive inspections by plumbing contractors. All plumbing systems serving individual unit owners are the responsibility of the individual unit owner.



Figure 1 – Previous Repairs Building E



Figure 2 - Previous Repairs Building E

Pool Components

12. Deck, Pavers

The pool deck comprises 2,045 square feet of pavers. This quantity includes the siting area. The pavers are in good overall condition at varying ages. Pool deck pavers have a useful life from 20- to 30-years with the benefit of periodic maintenance. Periodic maintenance includes resetting as needed and an application of sand between the pavers followed by a sealer application every three years. Ocean Park South should budget for replacement of the pavers by 2034. Interim repairs should be funded through the operating budget as needed.

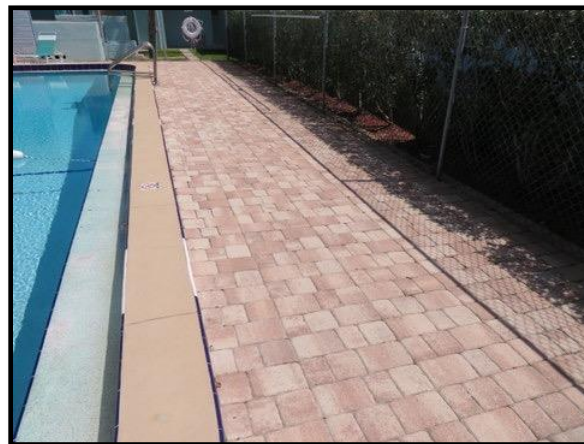


Figure 1

13. Pool Finish

The Association maintains approximately 945 square feet of horizontal pool finish. The pool finish is in fair to good condition at an age of six years. The pool finish has a useful life from 10- to 15-years. Ocean Park South should budget for resurfacing of the pool finish by 2032 and again by 2047. Typically, minor upgrades will be needed to bring the pool up to current code. An allowance for replacement of the waterline tile is included in the estimate of cost. Potential repairs to the underlying pool structure may raise the estimate of cost.

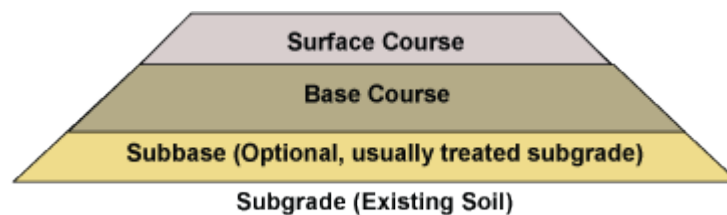


Figure 1

Property Site Components

14. Asphalt Pavement, Mill and Overlay

The Association maintains approximately 3,190 square yards of asphalt streets and parking areas. The asphalt pavement is original and in fair overall condition. Asphalt pavement comprises multiple layers. Typically, the top layer or surface course deteriorates over time and can be milled or removed and overlaid or replaced. The following diagram depicts typical pavement layers.



A mill and overlay is a method of repaving of the surface course where cracked, worn and failed pavement is mechanically removed or milled. A new layer of asphalt is overlaid atop the remaining sound pavement. Milled pavement removes part of the existing pavement and permits the overlay to match the elevation of areas such as adjacent catch basins, curbs and gutters. The milled pavement should be properly bonded to the new overlayment. Overlayment thicknesses range from one to two inches. Variable thicknesses are often necessary for proper drainage.

A combination of area patching, crack repair and milling should occur before the overlayment. Areas that exhibit potholes, alligator cracks and areas of pavement that are deteriorated from vehicle fluids should all be repaired prior to overlayment. Area patching may require total replacement of isolated areas of pavement. The base course for residential subdivision roadways designed for light traffic is often six inches thick. The paving contractor should seal all cracks. Crack repair minimizes the chance of underlying cracks coming through the overlayment.

The useful life of the asphalt pavement surface course is from 15- to 25-years. Ocean Park South should budget for a mill and overlay of the pavement by 2028. The Association should retain an engineer for quality control.



Figure 1 – Significant Cracks



Figure 2 - Significant Cracks

15. Mailboxes

Ocean Park South maintains the mailboxes for each resident. The mailboxes are in fair overall condition at an unknown age. Metal mailboxes have a useful life of up to 25 years. The Association should budget for replacements in 2024. The Association should verify new mailboxes meet the specifications of the United States Postal Service.



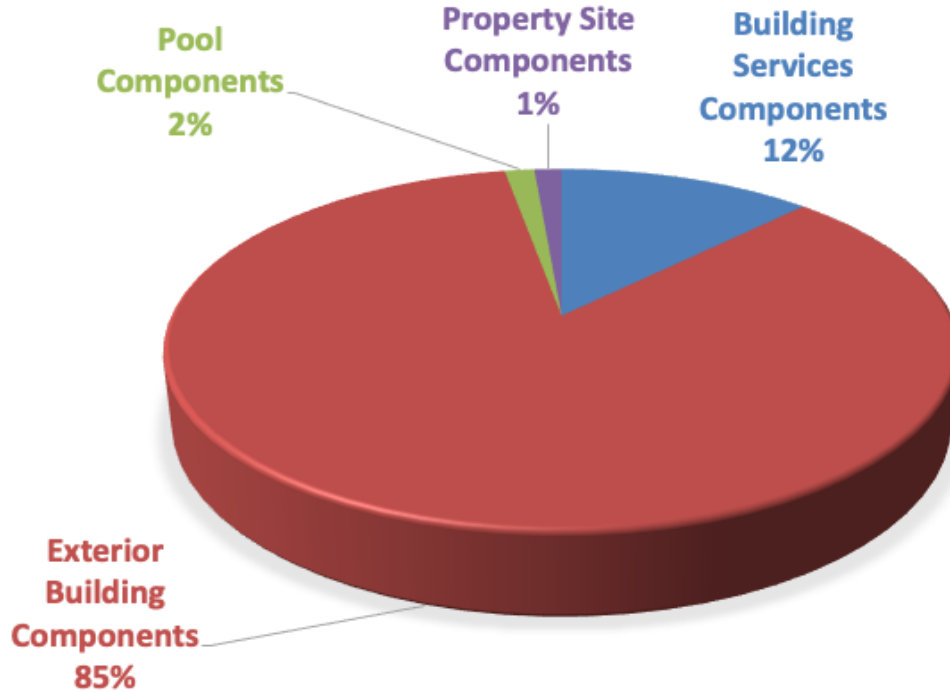
Figure 1

Condition Model

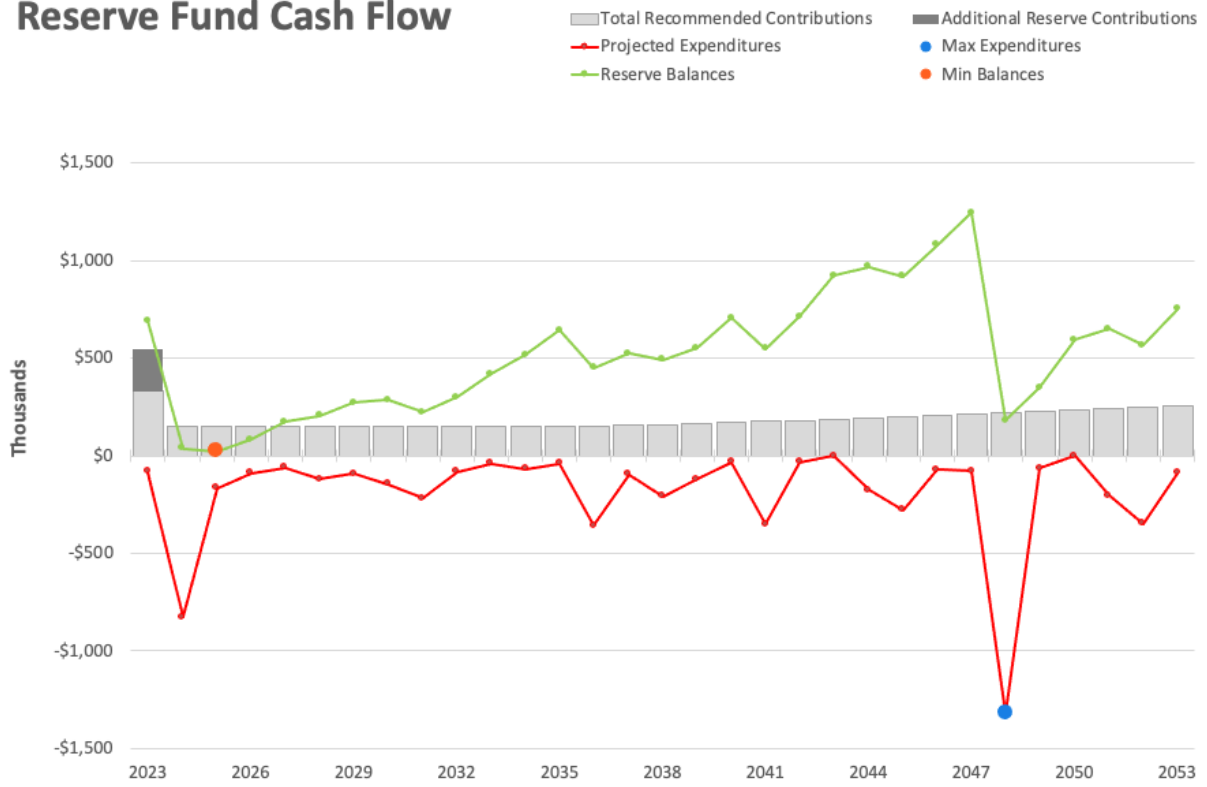
Component Type	Component Name	Condition	Urgency	1st Year of Replacement
Exterior Building	Balcony Replacements, Phased	5	⚠	2023
Exterior Building	Gutters and Downspouts	7	✅	2035
Exterior Building	Light Fixtures	6	✅	2031
Exterior Building	Paint Finish Applications, Phase 1	4	❌	2024
Exterior Building	Paint Finish Applications, Phase 2	5	⚠	2025
Exterior Building	Paint Finish Applications, Phase 3	6	✅	2026
Exterior Building	Paint Finish Applications, Phase 4	10	✅	2023
Exterior Building	Paint Finish Applications, Lower Walkways and Stairs	4	⚠	2024
Exterior Building	Railings, Phased	5	⚠	2024
Exterior Building	Restoration Projects	4	❌	2024
Exterior Building	Roofs, Flat, Coatings	3	❌	2036
Exterior Building	Roofs, Flat, Remove and Recoat	3	❌	2024
Exterior Building	Skylights	4	⚠	2024
Exterior Building	Windows, Common	3	⚠	2024
Building Services	Electrical Systems	6	✅	2032
Building Services	Plumbing System, Sewer, Building E	3	❌	2025
Building Services	Plumbing System, Sewer Stacks, 1 Units, Upper Floors, Phased	4	⚠	2025
Building Services	Plumbing System, Sewer Stacks, 1 Units, Lower Floors, Phased	4	⚠	2025
Building Services	Plumbing System, Sewer Stacks, 2 Units, Lower Floors, Phased	4	⚠	2025
Building Services	Plumbing System, Sewer Stacks, 2 Units, Upper Floors, Phased	4	⚠	2025
Building Services	Plumbing System, Water	6	✅	2041
Pool	Deck, Pavers	7	✅	2034
Pool	Pool Finish	6	✅	2032
Property Site	Asphalt Pavement, Repaving	3	⚠	2028
Property Site	Mailboxes	4	⚠	2024

Expenditure Chart and Funding Graph

EXPENDITURES BY CATEGORY (YEARS 0 THROUGH 30)



Reserve Fund Cash Flow



Terms and Definitions

Adequate Reserves - A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements - Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (also known as pooling) - A method of calculating Reserve contributions 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 expenditures until the desired Funding Goal is achieved.

Common Area - The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Component - An individual line item in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) The need and schedule for this project can be reasonably anticipated, 3) The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.

Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through onsite visual observations, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate representative(s) of the association.

Component Method (also known as Straight Line) - A method of developing a reserve funding plan where the total funding is based on the sum of funding for individual components.

Condition Assessment - The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age - The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age since some components age irregularly. Used primarily in computations.

Financial Analysis - The portion of a reserve study in which the current status of the reserves (measured as cash or percent funded) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded - 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

Fully Funded Balance (FFB) - 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. This number is calculated for each component, and then summed for an association total.

Fund Status - The status of the reserve fund reported in terms of cash or percent funded.

Funding Goals - The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding - Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, and it is not recommended as a long-term solution/plan. Baseline funding may lead to project delays, the need for a special assessment, and/or a line of credit for the community to fund needed repairs and replacement of major components.

Threshold Funding - Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “fully funded” with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as investment risk tolerance, community age, building type, components that are not readily inspected, and components with a remaining useful life of more than 30 years.

Fully Funding - Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. Fully funded is when the actual or projected reserve balance is equal to the fully funded balance.

It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan - An Association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles - A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

- Sufficient funds when required.
- Stable funding rate over the years.
- Equitable funding rate over the years.
- Fiscally responsible.

Initial Year - The first fiscal year in the financial analysis or funding plan.

Life Estimates - The task of estimating useful life and remaining useful life of the reserve components.

Life Cycle Cost - The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance - Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of “replacement” but may pass the defining test of a reserve component and be appropriate for reserve funding. Maintenance types are categorized below:

Preventive Maintenance - Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance - Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance. This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance - Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced. Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.

Percent Funded - The ratio, at a particular point in time clearly identified as either the beginning or end of the association’s fiscal year, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association’s reserve fund size, it should be viewed in the context of how it is changing due to the association’s reserve funding plan, in light of the association’s risk tolerance and is not by itself a measure of “adequacy.”

Periodic Structural Inspection - Structural system inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation - The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Preventive Maintenance Schedule - A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL) - Also referred to as “remaining life” (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life. Replacement Cost: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).

Reserve Balance - Actual or projected funds, clearly identified as existing either at the beginning or end of the association’s fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study - A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider - An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist. (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm - A company that prepares reserve studies as one of its primary business activities.

Responsible Charge - A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals’ performing services that directly and materially affect the quality and competence of services rendered by the Reserve Specialist. A Reserve Specialist shall maintain such records as are reasonably necessary to establish that the Reserve Specialist exercised regular and effective supervision of a reserve study of which he or she was in responsible charge. A Reserve Specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review; and
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

Site Visit - A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment - A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System - The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Useful Life (UL) - The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance.

Best practice is that a component's Useful Life should reflect the actual preventive maintenance being performed (or not performed).

Valuation Estimates - The task of estimating the current repair or replacement costs for the reserve components.

Disclosures and Limitations

No destructive testing was performed. Latent defects in design or construction are excluded from this report. There are no material issues to our knowledge that have not been disclosed to the client that would affect the integrity of this Reserve Study report. Custom Reserves has no interests with the client other than this Reserve Study. The Reserve Specialist or other reserve study provider for this project has no familial or marital relationship with the client, no ownership interest in the client, and no ongoing business relationship with the client.

Clear recommendations appear within the reserve study where the association has been advised to retain outside expertise to supplement the evaluation of the Reserve Specialist.

Component quantities and estimates of costs indicated in this Report were developed by Custom Reserves unless otherwise noted in our “Condition Assessment” comments. The sources for the costs outlined in the study include experience and historical information. This report should be used for budget and planning purposes only. The Reserve Specialist shall incur no civil liability for performing the physical or financial portions of a reserve study performed in accordance with these standards.

Inspection and Report Credentials

PAUL GRIFONI – Senior Engineer, Licensed Home Inspector

EDUCATION - University of Massachusetts - Bachelor of Science in Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Professional Reserve Analyst (PRA)
Association of Professional Reserve Analysts

Reserve Specialist (RS)
Community Associations Institute

