

**KALA POINT OWNERS' ASSOCIATION
RESERVE STUDY
2020-2050**

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INTRODUCTION

Kala Point Owners' Association (KPOA) is responsible for the maintenance, preservation, and control of all common areas and elements owned by the Association.

KPOA was incorporated under the provision of the Washington Non-Profit Corporation Act (RCW 24.03) in October 1975. Kala Point has been developed in multiple phases over many years. The initial phases and the Declaration of Covenants, Conditions and Restrictions (CC&Rs) were first recorded in June 1978. Subsequent amendments to the CC&Rs were made in 1984, 1994, 2005, 2006, 2007, 2011 and 2018.

The Washington State Legislature adopted RCW 64.38 that addresses, among other things, reserve fund planning for Homeowner Associations, effective January 2012. KPOA is subject to RCW 64.38.

A copy of RCW 64.38 is attached as reference.

KPOA has significant common elements to include; approximately one million square feet of roadways, a clubhouse, swimming pool, Jacuzzi, sauna, a marina, play grounds and picnic areas, four tennis courts, three Pickleball Courts, an administration building, a guard house, mail box kiosks and several large pieces of maintenance equipment, as well as many other miscellaneous common elements.

KPOA funds, through homeowner assessments, all Administrative, Management, Accounting and Maintenance expenses of the assets owned in common by KPOA.

KPOA has assessed its ownership for Reserve Revenues for the funding of major repairs or replacement of common elements, supplemental to the funding of Operating and Maintenance expenses.

KPOA has chosen to comply with Washington State RCW 64.38.005-090 and conduct a "Reserve Study" (the Study). This Study has been prepared with the assistance of Michael Derrig and Associates, LLC (MDA), a firm whose principals are suitably qualified by knowledge, skill, and experience to prepare a reserve study.

EXECUTIVE SUMMARY

This Study was approved by the Board of Directors of KPOA on November 12, 2019 and meets the requirements of RCW 64.38.

The Study includes a Full Reserve Funding Analysis and Plan.

The Study projects a 100% fully funded Reserve Account from 2020-2050.

There are currently no Special Assessments planned to fund the Reserve Account.

The Study is based on what KPOA believes to be reasonable assumptions and cost estimates. However, the Study is primarily a budgetary planning tool and is not intended to be nor can it be relied upon to be 100% accurate. Please refer to the Study Commentary below on pages 5-6 and the disclosure statement required in RCW 64.38 on page 14 of the Study.

STUDY COMMENTARY

The Study has been prepared pursuant to a Consulting Agreement executed between Michael Derrig and Associates, LLC (MDA) and KPOA in July 2019.

The Study is based, in part, on information provided MDA by KPOA to include; detailed specifications of all itemized components such as square feet, lineal feet, repair, maintenance and replacement history of components including the most recent expense detail, equipment specifications and maintenance schedules.

The Study reflects 2019 estimated costs, referenced as "current cost estimates".

Michael Warren, owner of Warren Enterprises, Inc., a local, licensed, bonded, and insured general contractor, was contracted in 2013 by MDA to conduct visual inspections and evaluations of current conditions of all building components. Warren Enterprises provided updated replacement cost estimates for many of the non-roadway and machinery components in 2017. Current Cost estimates are based on actual costs of component replacements over the past three years, estimates adjusted by inflation or current bids.

Craig Vig, Project Manager of Lakeside Industries, Inc., the largest roadway maintenance contractor in the region, reviewed the roadway inspection process employed by KPOA for many years, confirming the adequacy of the process. Current Cost estimates for all roadway components are based on 2019 actual costs.

All current cost estimates are based on replacing components "in kind" relative to size, quality, appearance, etc. Building and safety code requirement costs are included in the current cost estimates.

Several factors will influence the actual long-term expense of maintenance, repairs, and replacements of components and therefore the Reserve Fund Balance. For example, RCW 64.38.070 (g) requires the Study include annual calculations over the thirty-year Study period for interest income on the Reserve Fund Balance and inflation expense for repair or replacement of components. A small variance in either interest income or future inflation from these calculations used in the Study could significantly impact the Reserve Fund balance. Interest income and inflation calculations should be evaluated annually and the Study revised accordingly.

Revised and/or additional building codes, safety codes, insurance company mandates, energy efficiency requirements or options, new building and equipment technology, ownership demographic changes and many other factors will influence how KPOA will replace existing components in the future. The Study is administered by the Board of Directors and must be updated annually to provide the intended budget planning benefits.

Many factors will influence the actual useful life of each component, none more so than maintenance. KPOA has an excellent and well documented history of Preventive Maintenance Practices. A copy of the current Preventive Maintenance Practices schedule is attached to the Study.

MDA recommends that at least every three years an independent licensed contractor and/or a licensed building inspector be retained by KPOA to oversee staff inspections or independently provide inspections for all building and marina components. The cost for retaining an independent contractor or inspector is not included in the Study.

DEFINITION OF TERMS AND STUDY REQUIREMENTS

RCW 64.38 is attached to the Study in its entirety. Below are selected and specific definitions of the terms and the requirements of the Study that are useful to understanding the significance of the Study.

RCW 64.38.010 Definitions

(2) " 'Baseline funding plan' means establishing a reserve funding goal of maintaining a reserve account balance above zero dollars throughout the thirty-year study period described under RCW 64.38.065"

(4) " 'Common areas' means property owned, or otherwise maintained, repaired or administered by the association"

(6) " 'Contribution rate' means, in a reserve study as described in RCW 64.38.380 the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment"

(14) " 'Remaining useful life' means the estimated time, in years, before a reserve component will require major maintenance, repair, or replacement to perform its intended function"

(15) " 'Replacement cost' means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition"

(16) " 'Reserve component' means a common element whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget"

(20) " 'Useful life' means the estimated time, between years, that major maintenance, repair, or replacement is estimated to occur"

RCW 64.38.065 (1) Reserve account and Study

"An Association is encouraged to establish a reserve account with a financial institution to fund major maintenance, repair, and replacement of common elements, including limited common elements that will require maintenance, repair or replacement within thirty years. If the association establishes a reserve account, the account must be in the name of the association. The board of directors is responsible for administering the reserve account".

RCW 64.38.070 Reserve Study-Requirements

(1) "A reserve study as described in RCW 64.38.065 is supplemental to the association's operating and maintenance budget. In preparing a reserve study, the association shall estimate the anticipated major maintenance, repair and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget"

(2) "A reserve study must include":

(a) "A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the association, not including the reserve account, for major maintenance, repair or replacement. If any 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 major maintenance, repair or replacement costs for each reserve component"

(b) "The date of the study, and a statement that the study meets the requirements of this section"

(c) "The following level of reserve study performed" (i) "Full reserve study funding analysis and plan"

(d) "The associations reserve account balance"

(e) "The percentage of the fully funded balance that the reserve account is funded"

((f) " Special assessments already implemented or planned"

(g) " Interest and inflation assumptions"

(h) " Current reserve account contribution rates for a fully funded plan and baseline funding plan"

(i) "A recommended reserve account contribution rate, a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional"

(j) "A projected reserve account balance for thirty years and a funding plan to pay for projected costs from that reserve account balance without reliance on future unplanned special assessments"

STUDY COMPONENTS

The Study incorporates the analysis of over 140 individual components. The components are identified and organized based on component similarities such as; forty specific roadway component sections, eight individual roof and skylight sections, seven major pool repairs and related equipment components, marina components, building exteriors, interior building finishes, fourteen individual office and maintenance equipment components, etc.

Components may change over time.

Each individual component has an estimated useful life, an estimated remaining useful life and a current estimated replacement cost. The estimated useful life, estimated remaining useful life and current estimated replacement costs are predominately based on actual historical useful life and current replacement costs or current estimates from contractors and suppliers.

A detailed list of the components, the useful life, the remaining useful life, the anticipated year of repair or replacement and the current cost estimates is attached.

COMPONENT COST ESTIMATES & REMAINING USEFUL LIFE

Listed below by component categories are the basis for current year repair and replacement cost estimates and remaining useful life. Estimated remaining useful life is predicated on Best Preventative Maintenance Practices as previously defined.

Roadways

Lakeside Industries current cost estimates for small roadway patchwork is \$7.10 per square foot. Lakeside Industries current cost estimates for Road Overlay work under 18,000 square feet, primarily small cul-de-sacs, is \$2.83 per square foot. The current cost estimates for roadway overlays in excess of 18,000 square feet is \$2.51 per square foot.

The estimated useful life of each defined roadway has been determined by visual site inspections and documented in the roadway inspection report attached.

Roof Replacement

The current cost estimates to replace the existing Decra roofing on the Club House and the Administration Building is \$28,200 for the Club House and \$22,700 for the Administration Building. The current cost estimates are based on prior estimates provided by JMS Roofing plus inflation.

The useful life of each roof component is estimated to be forty years from the date of last installation. Decra roofing is warranted for fifty years by the manufacturer.

Pool Equipment and Re-Plastering

The pools were plastered in 2019 and certain major heating equipment has been replaced in the past three years. Current cost estimates are based on the actual costs of these repairs plus inflation.

The remaining useful life is estimated on actual useful life and visual inspections to include those itemized in the Preventative Maintenance Practices.

Tennis and Pickle Ball Court Resurfacing

KPOA's recent expense history and recent bids/estimates from contractors are the basis for the current cost estimates for the resurfacing of the tennis and pickle courts.

The Reserve Study allows for an eight-year resurfacing cycle of all courts.

The remaining useful life was estimated following a visual site inspection and utilizing the Preventative Maintenance Practices.

Clubhouse Finishes and Equipment Replacement

The cost estimates for the replacement of all interior finishes to include carpeting, benches, cabinetry, furnishings and ceramic tile are heavily influenced by the quality of the finishes and furnishings. The 2020 estimates have been provided by KPOA.

The remaining useful life is estimated by the use of industry standards.

Mechanical Equipment Replacement

Cost estimates to replace mechanical equipment to include heaters, heat pumps and air conditioning systems have been obtained from contractors. These estimates have been adjusted for inflation.

An independent Heating and Cooling System contractor inspects and services the major mechanical systems annually and provides input as to their remaining useful life.

The remaining useful life is based on manufactures recommendations.

Maintenance Equipment Replacement

KPOA owns significant major maintenance equipment as defined in the Preventative Maintenance Practices, attached. Current cost estimates to replace maintenance equipment are calculated by using direct quotes from manufacturers or dealers.

The remaining useful life was calculated by utilizing manufacturer's estimates and by periodic inspections of the equipment.

Clubhouse Deck Replacement

The current cost of deck replacements are based on current industry standards but may fluctuate based on the materials used for deck materials.

The remaining useful life is based on industry standards.

Fencing Replacement

Fencing replacement cost estimates are based on the actual costs of recent fencing replacements and adjusted for inflation.

The remaining useful life is based on industry standards.

Mail site Structures

Estimates to replace mail site structures were calculated using KPOA's recent expense history and adjusted for inflation.

The remaining useful life is based on manufacturer's recommendations.

Marina Facilities

The Marina dock floats were replaced in 2016 for a cost of \$45,000. The current cost estimates to replace the metal gangway and mooring buoys are based on 2013 estimates provided by Advanced Marine and Onshore Construction, LLC and adjusted for inflation. The current replacement cost estimate for the pier includes structural supports and permitting costs.

Wood Care Systems, Inc. estimated the remaining useful life of the wood pilings in 2013. The estimate was predicated on a 10-year inspection and treatment of the pilings from wood destroying organisms. Inspections and treatment began in 2013 and is included as a component in the Study and adjusted for inflation.

Administration Siding Replacement

Recent actual siding replacement costs are used in the Study and adjusted for inflation.

The remaining useful life is based on industry standards.

Club House Siding Replacement

Recent actual siding replacement costs are used in the Study and are adjusted for inflation.

The remaining useful life is based on industry standards.

ECONOMIC ASSUMPTIONS

The following economic assumptions were used in the development of the Study.

Reserve Account Balance

The January 1, 2020 Reserve Fund Balance is forecast by KPOA to be \$429,900

Percentage of Fully Funded Balance

The Study includes a 100% fully funded balance

Special Assessments Implemented or Planned

The Study includes no special assessments

Interest and Inflation Assumptions

Interest Income earned on Reserve Fund account balances is forecast to be 1.5% for the years 2020 through 2022 and 3% for the years 2023 through 2050

Annual inflation expense adjustments for the cost of repairs and replacements of Reserve Components is forecast to be 2.5% through the thirty-year Study period

Current Year and Recommended Reserve Account Contribution

Reserve account annual contributions are forecast to be \$170,000 for 2020 and annually increase by 2.5% through the thirty-year life of the Study

Projected Reserve Account Balance for Thirty Years

The projected Reserve Account Balance for thirty years is attached. The Study does not rely on special assessments to fund the projected costs for the repair or the replacement of any components.

The Study forecasts the lowest Reserve Fund Balance for the thirty-year life of the Study to be \$284,988 in 2021.

DISCLOSURE REQUIRED UNDER RCW 64.38.070 (3)

"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 certain 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".

ATTACHMENT A
RCW 64.38

RCW 64.38.005

Intent

The intent of this chapter is to provide consistent laws regarding the formation and legal administration of homeowners' associations.

RCW 64.38.065

Reserve account and study

(1) An association is encouraged to establish a reserve account with a financial institution to fund major maintenance, repair, and replacement of common elements, including limited common elements that will require major maintenance, repair, or replacement within thirty years. If the association establishes a reserve account, the account must be in the name of the association. The board of directors is responsible for administering the reserve account.

(2) Unless doing so would impose an unreasonable hardship, an association with significant assets shall prepare and update a reserve study, in accordance with the association's governing documents and this chapter. The initial reserve study must be based upon a visual site inspection conducted by a reserve study professional.

(3) Unless doing so would impose an unreasonable hardship, the association shall update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

(4) The decisions relating to the preparation and updating of a reserve study must be made by the board of directors in the exercise of the reasonable discretion of the board. The decisions must include whether a reserve study will be prepared or updated, and whether the assistance of a reserve study professional will be utilized.

RCW 64.38.070

Reserve study—Requirements

(1) A reserve study as described in RCW [64.38.065](#) is supplemental to the association's operating and maintenance budget. In preparing a reserve study, the association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget.

(2) A reserve study must include:

(a) A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the association, not including the reserve account, 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 major maintenance, repair, or replacement cost for each reserve component;

(b) The date of the study, and a statement that the study meets the requirements of this section;

(c) The following level of reserve study performed:

(i) Level I: Full reserve study funding analysis and plan;

(ii) Level II: Update with visual site inspection; or

(iii) Level III: Update with no visual site inspection;

(d) The association's reserve account balance;

(e) The percentage of the fully funded balance that the reserve account is funded;

- (f) Special assessments already implemented or planned;
 - (g) Interest and inflation assumptions;
 - (h) Current reserve account contribution rates for a full funding plan and baseline funding plan;
 - (i) A recommended reserve account contribution rate, a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional;
 - (j) A projected reserve account balance for thirty years and a funding plan to pay for projected costs from that reserve account balance without reliance on future unplanned special assessments; and
 - (k) A statement on whether the reserve study was prepared with the assistance of a reserve study professional.
- (3) A reserve study must also include the following disclosure: "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."

RCW 64.38.075

Reserve account—Withdrawals

An association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The board of directors shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be hand delivered or sent prepaid by first-class United States mail to the mailing address of each owner or to any other mailing address designated in writing by the owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four months would impose an unreasonable burden on the owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this section.

RCW 64.38.080

Reserve study—Demand for preparation and inclusion in budget

(1) When more than three years have passed since the date of the last reserve study prepared by a reserve study professional, the owners to which at least thirty-five percent of the votes are allocated may demand, in writing, to the association that the cost of a reserve study be included in the next budget and that the study be prepared by the end of that budget year. The written demand must refer to this section. The board of directors shall, upon receipt of the written demand, provide the owners who make the demand reasonable assurance that the board will include a reserve study in the next budget and, if the budget is not rejected by a majority of the owners, will arrange for the completion of a reserve study.

(2) If a written demand under this section is made and a reserve study is not timely prepared, a court may order specific performance and award reasonable attorneys' fees to the prevailing party in any legal action brought to enforce this section. An association may assert unreasonable hardship as an affirmative defense in any action brought against it under this section. Without limiting this affirmative defense, an unreasonable hardship exists where the cost of preparing a reserve study would exceed five percent of the association's annual budget.

(3) An owner's duty to pay for common expenses is not excused because of the association's failure to comply with this section or this chapter. A budget ratified by the owners is not invalidated because of the association's failure to comply with this section or this chapter.

RCW 64.38.085

Reserve account and study—Liability

Monetary damages or any other liability may not be awarded against or imposed upon the association, the officers or board of directors of the association, or those persons who may have provided advice or assistance to the association or its officers or directors, for failure to: Establish a reserve account; have a current reserve study prepared or updated in accordance with the requirements of this chapter; or make the reserve disclosures in accordance with this chapter.

RCW 64.38.090

Reserve study—Exemptions

An association is not required to follow the reserve study requirements under RCW [64.38.025](#) and RCW [64.38.065](#) through [64.38.085](#) if the cost of the reserve study exceeds five percent of the association's annual budget, the association does not have significant assets, or there are ten or fewer homes in the association.

ATTACHMENT B

KPOA PREVENTATIVE MAINTENANCE PRACTICES

Roadway Maintenance

Kala Point has roughly 7.5 miles of roads to maintain annually within the covered property. There are 23 Cul-de-sacs and 18 roads that require annual inspections, routine maintenance, and scheduled asphalt overlays.

The inspection process begins in April of each year and concludes in May. The General Manager and if available a member of the maintenance staff conducts the inspection. We look for degradation of the asphalt, light to heavy alligatoring, potholes, depressions, sod buildup, and weed control, and note these occurrences in KPOA's Road Inspection Report. Each road is then given a rating of .5 – 4.0 in increments of .5 (4.0 = excellent). The rating system helps determine the useful life and condition of the roads based on its location. Roads that are lesser traveled will have a longer useful life compared to Kala Point Dr. that has a useful life of 22 years before its next scheduled overlay.

The scheduled patchwork is identified with silver spray paint based on the above conditions. Lakeside Industries will perform this task by saw cutting around the bad areas, compacting the subgrade with crushed rock, applying new asphalt, and sealing the edges.

During a scheduled asphalt overlay, each affected driveway would be covered to avoid staining or damage. All intersections would be grounded down 1 ½ inches to transition the new asphalt with the old road surface. If needed, the shoulders would be graded back twelve inches to remove sod buildup and compacted with crushed rock to allow for proper water runoff. Each overlay has no less than 1 ½ inches of new asphalt applied to the surface.

The KPOA Maintenance Staff will conduct periodic road maintenance such as seal coating around water valves, existing patches, lineal or horizontal cracking, small potholes using cold-patch, and weed control.

Building/Roof Maintenance (Clubhouse and Administration Buildings)

The KPOA Maintenance Staff conducts monthly evaluations and routine maintenance of these buildings. The scope of work involves the following:

- Moss control, cleaning gutters, pressure washing, blowing roofs, check flashing around skylights, caulking around windows and trim boards, check vents for rodent intrusion, check crawl spaces for moisture related issues and rodents, and inspect chimney and flue. The perimeters of the buildings are inspected for debris along the foundation to prevent dry rot from forming.
- The two wooden decks located at the clubhouse are evaluated for loose decking/handrails, potential splinter hazards, and the supports below are carefully evaluated for potential movement. These are pressure washed annually and clear coated with Cabot stain every other year.
- The aggregate deck is pressure washed annually and sealed with Concrete Sealer.
- Port Angeles Pest Control is contracted to conduct monthly pest control for both for both the Administration/Clubhouse buildings during March – September of each year.
- Both building are scheduled to be painted every seven years. The clubhouse will be painted in 2021. The Administration is scheduled in 2022.

Heat Pump Maintenance

The clubhouse has five heat pumps. One Jandy Heat Pump and one 10-Ton Diakin Heat Pump are designated for the pool and Jacuzzi system, one Carrier Heat Pump and Backup system is designated for the clubhouse, and one Florida

Heat Pump located in the Pool Pump Room is designated for the locker rooms and hallway for humidity control. Dave's Heating & Cooling Service conducts the annual maintenance of these systems. Maintenance changes the filters for each of these systems as needed.

The Administration Build currently has five Cadet Heaters in various locations. These heaters are maintained and serviced by the KPOA Maintenance Staff.

Tennis Court Maintenance (The four Courts are on an eight-year Rotating cycle for Resurfacing)

Kala Point has four tennis courts, two are located off Sailview Drive, and two are located off Kala Heights Drive. The courts are inspected for debris, mold, moss, equipment/net replacement, and cracking. In addition, the courts are blown Bi-Weekly with a backpack blower and during the peak season are blown weekly as needed. Between May – June of each year the courts are pressure washed to remove mildew, moss, and pollen from the surface.

Pickleball Court Maintenance (The Three Courts are on an Eight-Year Cycle for Resurfacing)

Two pickleball courts are located off Sailview Drive below tennis courts 1-2. The third court is located off Pinecrest Drive near the water towers identified as the Sports Court. The courts are inspected for debris, mold, moss, equipment/net replacement, and cracking. In addition, the courts are blown Bi-Weekly with a backpack blower and during the peak season are blown weekly as needed. Between May – June of each year the courts are pressure washed to remove mildew, moss, and pollen from the surface.

Major Maintenance Equipment

KPOA has a variety of major equipment to perform the tasks needed for the upkeep of the Kala Point property and its amenities. The following equipment is located at the Kala Point Maintenance Facility.

1. Vermeer Chipper
2. ExMark Rider Mower
3. Toro Rider Mower
4. Skag Rider mower
5. One Honda Push mowers
6. Street Highway Sanding Unit
7. Myers Snow Plow
8. Bradco Sweeper Attachment
9. Rhino Flail Mower
10. New Holland tractor
11. 2003 Ford 250
12. 2003 Dodge 250
13. 2004 Ford 350
14. Artic Snowplow and Sanding Unit

The KPOA Maintenance Staff conducts monthly maintenance checks of the above assets to include but not limited to oil and filter changes, spark plugs, fuel filters, alternators, starters, wheel rotations, brake checks, cooling system, power steering units, and transmission checks. Certified technicians conduct all major repairs of the above assets.

Marina Maintenance

Floats

- The four floats are removed in late September early October. The reason for removing them is to avoid structural damage or loss due to severe windstorms. While the floats are dry-docked, the KPOA Maintenance Staff conducts the following routine maintenance of the floats.
 1. Prior to the maintenance beginning the floats are cleaned of sea life and noted of the thickness
 2. The floatation is inspected and replaced as needed
 3. All galvanized brackets are carefully inspected and if needed replaced annually
 4. The top decking is inspected and replaced if needed
 5. All bolts are inspected or replaced and tightened to specified specs
 6. The collar mounting brackets are inspected for wear and replaced as needed
 7. The floats are pressure washed to removed algae buildup for safety
 8. The floats are put back in the water April of each year

*** The floats were replaced in 2016 and given an estimated useful life of 25- Years**

Metal Pilings

Each year the pilings are inspected to assure that, the zinc anodes are in place at the bottom of the pilings. Each piling has one zinc anode attached to it to fight off corrosion from the salt. One anode can last up to three years before replacement.

Mooring Buoys

A certified diver inspects the mooring buoys, chain, and one-inch rebar affixed to a cement base (L4'xW4 x H4') roughly 65 – 70 feet below the surface. The following schedule is performed to assure the safety of the boats tying up to the buoys.

1. Two years – a certified diver will inspect the rebar and mounting brackets. The one-inch chain will be cleaned of sea life growth, and the buoys will be inspected for stability. KPOA Maintenance staff will oversee the work being done.
2. Seven years – KPOA will replace the two buoys, the one-inch galvanized chain, and all mounting hardware. A certified diver will conduct the replacement with oversight by KPOA Maintenance staff.

Pier/Gang Ramp

The pier and gang ramp are inspected monthly with repairs taking place as needed. Prior to the opening of the pier in April both structures are pressure washed for safety purposes. KPOA will have an independent contractor conduct a pole core testing of the creosote pilings to test for dry rot. This is a new preventative maintenance strategy per the Reserve Study requirements conducted in 2013. This new test will be performed every 10 years to assure the longevity of the pier.

Footbridge

KPOA Staff and volunteers put the footbridge in place in 2007. The KPOA Maintenance Staff conducts monthly maintenance checks of the mounting hardware, struts, decking, and handrails. The added handicap ramp is carefully inspected, as the plywood is standard $\frac{3}{4}$ inch.

* Including the monthly checks, all of the marina assets are inspected every Friday during April – October of each year.

Gazebo/Guard House/Mail Structures

Gazebo

The Gazebo is inspected every Friday for cleanliness and structural evaluations.

* The Gazebo Structure was rebuilt by KPOA volunteers in 2012

Guardhouse/Mail sites

The mail sites are inspected monthly. The KPOA Maintenance Staff checks the structure for rot, and termite damage. The roof is periodically pressure washed as needed and the structure stained every three to four years. The mailboxes are maintained as needed or requested by USPS. The solar lighting is inspected monthly for solar output and battery charge.

* The roofs have been replaced on the Sailview and Foxfield mail sites and stained in 2019.

Guard House

The guardhouse located at the entrance to Kala Point houses all the electronics for the entrance/exit gates, Tele-Entry system, and surveillance system. With the exception of minor adjustment to the gate systems and replacement of the battery backup system, Double D Electric conducts annual service to the system. The building is repainted every five years with stain. The Maintenance Staff replaced the shingles and repainted the structure in 2013.

**ATTACHMENT C
RESERVE FUND EXPENDITURES ALLOCATION**

Reserve Fund Expenditures Allocation

Cat	Category	2020-2050 Total Expenditure	Percent of Total	Timeshare Multiplier	Percent Share		Check
					Timeshare	LH&C	
1	Roads	\$3,608,007	50.05%	6.34%	3.18%	46.87%	\$3,608,007
2	Clubhouse	\$577,321	8.01%	25.00%	2.00%	6.01%	\$577,321
3	Pool/Spa	\$445,349	6.18%	45.00%	2.78%	3.40%	\$445,349
4	Beach	\$548,316	7.61%	25.00%	1.90%	5.70%	\$548,316
5	Admin	\$251,622	3.49%	6.34%	0.22%	3.27%	\$251,622
6	Equip	\$868,326	12.05%	6.34%	0.76%	11.28%	\$868,326
7	Other	\$909,917	12.62%	6.34%	0.80%	11.82%	\$909,917
Total		\$7,208,857	100.00%		11.65%	88.35%	\$7,208,857

ATTACHMENT D COMPONENT LIST

Asset	Useful Life	Remaining Life	Repl. Year	Current Cost	2020	2021	2022	2023	2024
Beginning. All inserts must be below here.									
Road Repair	2	-3	2017	27,118		28,491		29,933	
Alderwood Place	35	31	2051	22,337					
Baycliff Drive/ So KP to Pinecrest	30	16	2036	85,435					
Baycliff Drive/ Pinecrest to No KP	27	1	2021	79,075		83,078			
Baycliff Place	35	31	2051	14,815					
Belvedere Drive	35	16	2036	80,458					
Blenheim Place	35	31	2051	17,673					
Brookhaven Place	35	31	2051	12,429					
Buckhorn Place	35	29	2049	23,987					
Cedarview Drive	35	33	2053	115,460					
Cedarview Lane	30	25	2045	17,254					
Clubhouse Parking	35	31	2051	42,801					
Compton Place	35	18	2038	11,999					
Corbridge Place	35	31	2051	12,763					
Creekwood Place	35	29	2049	11,317					
Danbury Court	35	31	2051	12,169					
Dunraven Place	35	33	2053	17,393					
Fairbreeze Drive	35	19	2039	114,883					
Foxfield Drive	35	8	2028	145,982					
Grenville Court	35	11	2031	31,560					
Hemlock Court	35	25	2045	23,565					
Kala Pt. Dr./ Baycliff Intersection	22	9	2029	218,511					
Kala Pt. Dr./ Fairbreeze Dr. Inters	22	17	2037	177,138					
Kala Pt. Dr./Fairbreeze Int./ R.V. B	27	15	2035	71,106					
Kala Heights Drive - Paving	35	32	2052	81,291					
Nantucket Place	35	31	2051	23,217					
Oak Shore Court	35	6	2026	17,164					
Oak Shore Drive	35	6	2026	101,713					
Parkplace Court	35	31	2051	26,141					
Pinecrest Court	35	0	2020	20,744	21,262				
Pinecrest Drive	35	0	2020	212,095	217,397				
Pinewood Court	35	3	2023	16,655			18,384		
Saddletree Drive	35	18	2038	83,314					
Sailview Drive	30	14	2034	140,849					
Shorecrest Court	35	28	2048	33,946					
Shorecrest Place	35	25	2045	18,341					
Sulgrave Place	35	27	2047	23,599					
Terrace Drive	35	34	2054	111,509					
Trafalgar Drive	35	23	2043	83,580					
Wellington Court	35	30	2050	28,093					
Westridge Court	35	0	2020	20,549	21,062				
Windship Drive	35	4	2024	113,166					128,037
Roofs - Administration, Decra Shake	40	28	2048	22,689					
Roofs - Administration, Gutters/Dps	30	0	2020	3,335	3,418				
Roofs - Clubhouse, Decra Shake	40	13	2033	28,209					
Roofs - Clubhouse, Flat Roof, PVC	16	1	2021	3,007		3,159			

Roofs - Clubhouse, Gutters/Downspts	30	13	2033	3,149					
Roofs - Clubhouse, Skylights Mtg Rm	25	17	2037	5,314					
Roofs - Clubhouse, Skylights	25	17	2037	8,638					
Roofs - Clubhouse, Skylights	25	17	2037	4,494					
Pool - Blankets (Outdoor)	10	5	2025	3,936					
Pool - Blankets (Outdoor) - Reel	15	4	2024	4,155					4,701
Pool - Propane Boiler Heater, Pool	15	3	2023	12,500			13,798		
Pool - Electric Back-up Heaters, Pool	10	8	2028	5,741					
Pool - Electric Back-up Heaters, Spa	10	9	2029	3,955					
Pool - Furniture	10	6	2026	7,108					
Pool - Heating System	15	13	2033	14,117					
Pool/wading/Jacuzzi Replastering	12	12	2032	78,049					
Tennis Courts - Resurfacing 1,2	8	7	2027	13,071					
Pickleball Court - Resurfacing	5	0	2020	8,000	8,200				
Tennis Courts - Resurfacing 4 & 5	8	4	2024	12,197					13,800
Sports Court - Resurfacing	8	4	2024	6,451					7,299
CH - Benches, Shower Rooms	35	35	2055	4,210					
CH - Cabinets, Natural Wood, M.R./F.P	35	35	2055	5,814					
CH - Carpeting, Game Room	10	1	2021	2,753		2,893			
CH - Laminate Flooring, Meeting Room - 540 Sq. Ft.	12	9	2029	4,000					
CH - Ceiling, Fiberboard Panels	35	33	2053	9,125					
CH - Ceramic Tile, Entry	35	33	2053	7,621					
CH - Ceramic Tile, Showers (700 sf)	25	13	2033	19,463					
CH - Furnace, Florida Heat Pump	15	5	2025	14,304					
CH - Furniture, Main room	10	9	2029	5,501					
CH - Furniture, Fireplace Room	10	9	2029	6,037					
CH - Polaris Hot water Heater	16	2	2022	9,250			9,961		
CH - Restroom Partitions, Laminated	16	2	2022	6,150			6,623		
CH - Security Surveillance System	10	8	2028	5,041					
CH - Vinyl Sheet Flooring, Restrooms	15	5	2025	2,813					
CH - Waterline Replacement	35	35	2055	9,756					
CH - Window Coverings, Blinds	12	1	2021	2,930		3,079			
CH - Wood Flooring, Main Room	20	9	2029	6,086					
Sauna - Heater	15	11	2031	3,373					
Sauna - Wood Replacement	35	31	2051	13,996					
Admin - Carpeting	12	1	2021	6,250		6,566			
Admin - Computer System Replacement Schedule	7	7	2027	9,000					
Admin - All Counter, Reception/Office	35	31	2051	8,474					
Access - Entrance, DoorKing Access Phone	5	5	2025	8,750					
Access - Entrance, Electronic Card Reader	12	6	2026	15,855					
Access - Exit Vehicle Access Gate	15	15	2035	21,250					
Access - Entrance Vehicle Access Gate	15	15	2035	21,250					
Cassandra Cache - Storage	35	0	2020	17,750	18,194				
Cassandra Cache - WaterTank/Trailer (525 gal. 2 HP)	35	2	2022	11,575			12,465		
Gate - Security Surveillance System	10	0	2020	3,575	3,664				
Jacuzzi - Heat pump, Jandy 2.5 ton	15	8	2028	17,218					
Air Cond - Split System, CH 5 ton/Furnace 30Kw	15	11	2031	17,498					
Office - Copier, Cannon	10	1	2021	22,750		23,902			
Equipment - Brush Chipper, Vermeer	12	4	2024	13,282					15,027

Equipment - Bucket Attachment	20	12	2032	5,342					
Equipment - Flail Mower Attachment	10	5	2025	20,229					
Equipment - Riding Mower	7	5	2025	10,614					
Equipment - Sander, Artic	15	9	2029	9,294					
Equipment - Snow Plow, Artic	15	9	2029	8,255					
Equipment - Myers Snow Plow, Hydraulic Pump	5	0	2020	3,000	3,075				
Equipment - Sweeper Attachment	20	4	2024	11,481					12,990
Equipment - Tractor, New Holland	20	3	2023	56,039			61,857		
Equipment - Truck, Ford 350 4x4, 2004	10	4	2024	27,336					30,928
Equipment - Truck, Ford F-250 4x4	10	2	2022	28,696			30,902		
Equipment - Truck, Dodge 4x4, 2004	10	1	2021	27,857	29,267				
Deck - Replacement, Clubhouse	20	16	2036	31,414					
Doors - Pool, Sectional Glass/Mtl	25	18	2038	7,833					
Doors - Roll Up, Sectional Metal	25	17	2037	5,702					
Doors - Roll Up, Sectional Wood	25	9	2029	5,358					
Doors - Solid Core/Panel, Clubhouse	25	17	2037	7,272					
Beach Area - Playground Equipment	20	16	2036	17,260					
Fencing - Chain Link, RV Lot "B"	25	20	2040	25,559					
Fencing Chain Link, Sport Ct	35	32	2052	11,481					
Fencing - Chain Link, Tennis Courts	25	13	2033	19,409					
Fencing - Solid Board, Clubhouse, 304'	20	12	2032	10,335					
Fencing - Solid Board, Clubhouse, 146'	20	10	2030	6,154					
Fencing - Chain Link/Privacy/Gate*2, RV Lot "A"	35	33	2053	28,773					
Fencing - Solid Board, Tract C 430 LF	20	14	2034	12,575					
Fencing - Chain Link/Gate, Privacy, RV Lot "B"	35	31	2051	6,507					
Fencing - Chain Link, CH/Pool	25	14	2034	7,785					
Gravel Replacement - RV A	10	6	2026	6,457					
Gravel Replacement - RV B	10	9	2029	11,928					
Mail site Structures - Main Gate	30	16	2036	9,400					
Mail site Structures - Foxfield Dr.	30	21	2041	11,370					
Mail site Structures - Kala Heights	30	5	2025	14,417					
Mail site Structures - Sailview Dr.	30	1	2021	10,667	11,207				
Mail site Structures - Pinecrest I	30	25	2045	8,088					
Mail site Structures - Pinecrest II	30	23	2043	12,776					
Railing - Stair, Pipe, Clubhouse	35	35	2055	3,703					
Boat Ramp, Concrete - 50'	30	22	2042	20,917					
Bridge - Replacement, Beach	50	43	2063	38,892					
Dock - Replacement Four Floats	25	22	2042	47,838					
Dock - Metal Gangway Replacement	30	1	2021	9,600	10,086				
Dock - Pile Replacement (7), Galv. Floats	30	7	2027	76,541					
Moorings - Replacement Anchors	20	3	2023	8,201			9,052		
Pier - Replacement (1100 sf), 10 Pilings	40	13	2033	173,478					
Pier - Piling Inspection & Treatment	10	3	2023	6,561			7,242		
Admin Bldg. - Siding Replacement	40	36	2056	26,661					
Clubhouse - Siding Replacement	40	36	2056	34,052					
Building Replacement - Gazebo	40	33	2053	11,098					
Building Replacement - Guardhouse	45	41	2061	21,732					
			Total		296,274	201,278	59,952	140,265	212,782

**ATTACHMENT E
ROADWAY COMPONENT LIST**

Asset	Sq Ft.	Current Overlay Cost	Road Type	Current Year	Year Overlaid	Rating
Alderwood Place	7,893	\$22,337	Cul-de-sac	2019	1995	3
Baycliff Drive/ So KP to Pinecrest	34,038	\$85,435		2019	1997	3.5
Baycliff Drive/ Pinecrest to No KP	31,504	\$79,075		2019	1979	2.25
Baycliff Place	5,235	\$14,815	Cul-de-sac	2019	2008	4
Belvedere Drive	32,055	\$80,458		2019	1997	3
Blenheim Place	6,245	\$17,673	Cul-de-sac	2019	1999	4
Brookhaven Place	4,392	\$12,429	Cul-de-sac	2019	1999	3
Buckhorn Place	8,476	\$23,987	Cul-de-sac	2019	1995	3
Cedarview Drive	46,000	\$115,460		2019	2017	4
Cedarview Lane	6,874	\$17,254		2019	1984	2.75
Clubhouse Parking	15,124	\$42,801	Cul-de-sac	2019	2013	4
Compton Place	4,240	\$11,999	Cul-de-sac	2019	1995	3.5
Corbridge Place	4,510	\$12,763	Cul-de-sac	2019	2005	4
Creekwood Place	3,999	\$11,317	Cul-de-sac	2019	1999	3
Danbury Court	4,300	\$12,169	Cul-de-sac	2019	2009	4
Dunraven Place	6,146	\$17,393	Cul-de-sac	2019	1995	3
Fairbreeze Drive	45,770	\$114,883		2019	2010	3.5
Foxfield Drive	58,160	\$145,982		2019	1995	2.75/3
Grenville Ct.	11,152	\$31,560	Cul-de-sac	2019	1979	2.5

Hemlock Court	8,327	\$23,565	Cul-de-sac		2019	1988	3
Kala Pt. Dr./ Baycliff	87,056	\$218,511			2019	2006	3
Kala Pt. Dr./ Fairbreeze Dr. Intersection	76,032	\$190,840			2019	2014	4
Kala Pt. Dr./Fairbreeze Int./ R.V. B Storage Lot	28,329	\$71,106			2019	1997	3
Kala Heights Drive	32,387	\$81,291			2019	2016	4
Nantucket Place	8,204	\$23,217	Cul-de-sac		2019	2008	4
Oak Shore Court	6,065	\$17,164	Cul-de-sac		2019	1979	2.5
Oak Shore Drive	40,523	\$101,713			2019	1979	2.75
Parkplace Court	9,237	\$26,141	Cul-de-sac		2019	1988	4
Pinecrest Court	7,330	\$20,744	Cul-de-sac		2019	1980	2
Pinecrest Drive	84,500	\$212,095			2019	1979	2
Pinewood Court	5,885	\$16,655	Cul-de-sac		2019	1988	2.25
Saddletree Drive	33,193	\$83,314			2019	1995	3
Sailview Drive	56,115	\$140,849			2019	1993	3
Shorecrest Court	11,995	\$33,946	Cul-de-sac		2019	1997	3.5
Shorecrest Place	6,481	\$18,341	Cul-de-sac		2019	1980	3
Sulgrave Place	8,339	\$23,599	Cul-de-sac		2019	1995	3
Terrace Drive	44,426	\$111,509			2019	2018	2
Trafalgar Drive	33,299	\$83,580			2019	1999	3
Wellington Court	9,927	\$28,093	Cul-de-sac		2019	1999	4
Westridge Court	7,261	\$20,549	Cul-de-sac		2019	1979	2
Windship Drive	45,086	\$113,166			2019	1993	2.75

ATTACHMENT F
ACCOUNT BALANCE SUMMARY

		2020	2021	2022	2023	2024	2025	2026
Beginning Cash Balance		429,973	308,254	284,988	409,697	466,079	454,173	530,715
Interest Earned		4,555	4,212	6,055	13,575	13,228	15,458	16,548
Contribution Reserves		170,000	174,250	178,606	183,071	187,648	192,339	197,148
Annual Expenditure		296,274	201,728	59,952	140,265	212,782	131,255	176,278
End of Year Cash Balance	429,973	308,254	284,988	409,697	466,079	454,173	530,715	568,133

	2027	2028	2029	2030	2031	2032	2033	2034
Beginning Cash Balance	568,133	635,531	644,140	478,628	677,290	743,245	785,660	613,004
Interest Earned	18,511	18,761	13,941	19,727	21,648	22,883	17,854	17,013
Contribution Reserves	202,077	207,128	212,307	217,614	223,055	228,631	234,347	240,206
Annual Expenditure	153,190	217,280	391,760	38,679	178,748	209,099	424,857	286,104
End of Year Cash Balance	635,531	644,140	478,628	677,290	743,245	785,660	613,004	584,119

	2035	2036	2037	2038	2039	2040	2041	2042
Beginning Cash Balance	584,119	552,933	436,366	332,460	355,887	335,617	486,166	608,928
Interest Earned	16,105	12,710	9,683	10,366	9,775	14,160	17,736	21,889
Contribution Reserves	246,211	252,366	258,675	265,142	271,771	278,565	285,529	292,667
Annual Expenditure	293,501	381,643	372,264	252,081	301,816	142,176	180,503	171,964
End of Year Cash Bal.	552,933	436,366	332,460	355,887	335,617	486,166	608,928	751,520

	2043	2044	2045	2046	2047	2048	2049
Beginning Cash Balance	751,520	664,688	744,660	802,998	1,069,450	1,338,299	1,303,230
Interest Earned	19,360	21,689	23,388	31,149	38,980	37,958	43,497
Contribution Reserves	299,984	307,483	315,170	323,050	331,126	339,404	347,889
Annual Expenditure	406,176	249,200	280,220	87,747	101,257	412,431	201,216
End of Year Cash Balance	664,688	744,660	802,998	1,069,450	1,338,299	1,303,230	1,493,400

	2050
Beginning Cash Balance	1,493,400
Interest Earned	47,807
Contribution Reserves	356,586
Annual Expenditure	256,415
End of Year Cash Balance	1,641,378

Minimum End of Year Balance	284,988
Year of Minimum End of Year Balance	2021
Average Annual Expense	240,295
Next 3-Year Override Interest Rate	1.50%
Interest Rate	3.00%
CPI	2.50%