



Reserve Study for

**Orchard Valley West Homeowners Association
Fruita, CO**

November 17, 2022



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Prepared by Global Solution Partners
Orchard Valley West Homeowners Association Reserve Study

November 17, 2022

Ms. Christine Sartoris
Community Association Manager
Monument Management
PO Box 509
Fruita, CO 81521

Dear Ms. Sartoris,

Global Solution Partners is pleased to present to you and the Orchard Valley West Homeowners Association the requested Reserve Study. We believe that you will find this reserve funding study to be thorough and complete. After you have had an opportunity to review the report, please do not hesitate to contact us. We are always happy to answer any questions you may have.

Property Description

Orchard Valley West is a single-family home community located in Fruita, CO. The community is comprised of 137 homes and is approximately 24 years old. Some of the common assets include the pump house, playground, and entrance monument. The community appeared to be in good condition for its age.

Executive Financial Summary

Based on the information collected during the Reserve Study process, the recommended reserve fund contribution for 2023 is \$3,700. The annual contribution recommendations have been set to meet future expenses while avoiding special assessments and minimizing dues increases. The recommended contributions increase annually by 4.00% in an effort to have today's homeowners and future homeowners share a fair and equitable portion of the financial obligations to maintain the community.

Most association board members find the [Cash Flow Analysis](#) table and the [Projected Reserve Contributions](#) table to be helpful overviews of the study. The cash flow table shows the recommended annual reserve payments by year for the entire 30-year study period. The Projected Reserve Contributions table breaks down the annual contribution based on the number of unit owners in the community and shows how much they will individually be contributing to the reserves on a monthly and annual basis.

It is important to realize that this study is a snapshot based on current conditions and circumstances which no doubt will change. With this in mind, it is essential to have the study updated periodically to maintain its relevance.

COVID-19 Labor and Materials Costs

Due to the COVID-19 global pandemic, labor and material costs have increased significantly since the beginning of the pandemic; projections made in this report reflect the best information available for today's costs. Labor and material costs will continue to be evaluated by Global Solution Partners and will be reviewed in future updates.

Date of Site Visit

The site visit for Orchard Valley West Homeowners Association was conducted by Mr. Abele of Global Solution Partners on November 08, 2022. Mr. Abele was met on site by Mr. Ken Kreie, who provided pertinent information used in this report.

Property Observations

- Per information provided by the client, the association intends to remove the current pump house and storage unit to be replaced them with one unit to house the pump components and general storage. Global Solution Partners has provided an allowance for removal and replacement.
- Per information provided by the client, the Association is responsible for the irrigation pipeline that runs from the headgate to each lot. Global Solution Partners has provided an allowance for the maintenance and equipment refurbishment/replacement of the irrigation system.

Depth of Study

A site visit was made to verify the existing condition as it relates to the average life expectancies of the various reserve study components and to verify component quantities. In-place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take-offs or determine directly the quantities of various components. Photographs were taken of the site improvements.

Summary of Financial Assumptions

The below table contains a partial summary of information including desired study start date, number of dues-paying members, and beginning reserve fund balance, provided by the client or client's representative for the Orchard Valley West Homeowners Association reserve funding study.

Reserve Study by Calendar Year Starting	January 1, 2023
Reserve Funding Study Length	30 years
Number of Dues Paying Members	137
Reserve Balance as of January 1, 2023	\$41,106.00
Annual Inflation Rate	2.41%
Interest Rate on Reserve Funds	0.50%

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Dues Change Period	1 year
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Recommended Payment Schedule

The below table contains Global Solution Partners' recommended schedule of reserve fund contribution payments for the next five years. See the [Projected Reserve Contributions](#) table later in this report for the full 30 years. Failure to follow the proposed schedule of payments may result in inadequate reserve funds and require the use of Special Assessments in the future. The recommended reserve fund contributions have been set to meet future capital expenses while avoiding special assessments and minimizing dues increases.

Calendar Year	Member Monthly Reserve Payment	Monthly Reserve Payment	Annual Reserve Payment	Proposed Reserve Balance
2023	\$2.25	\$308	\$3,700	\$34,450
2024	\$2.34	\$321	\$3,848	\$38,418
2025	\$2.43	\$333	\$4,002	\$42,555
2026	\$2.53	\$347	\$4,162	\$30,900
2027	\$2.63	\$361	\$4,328	\$35,337

Reserve Study Assumptions

The below-listed assumptions are implicit in this reserve study:

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

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the Association are closely tied. Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the Association. Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the Association.

Inflation Estimate

An annual inflation multiplier of 2.41% has been applied to all future expenses within the 30-year study period. This annual inflation rate was obtained by averaging the previous 30-years' rates as published by the U.S. Bureau of Labor Statistics.

Initial Reserves

Initial reserves for this Reserve Study were projected by the client to be \$41,106.00 on January 1, 2023. An interest rate of 0.50% per year has been factored into this Reserve Study. The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

Financial Condition of Association

It is recommended that the association adjust its reserve fund contributions to align with the [Cash Flow Analysis](#) and [Projected Reserve Contributions](#) tables contained in this study.

Special Assessments

Special Assessments have not been factored into this Reserve Study.

Reserve Funding Goal

The reserve fund goal is to maintain a reserve account balance that meets or exceeds the annual cash flow requirement for the maintenance or replacement of all community reserve items.

Study Method

Every reserve item has been given an estimated remaining useful life, an estimated useful life when new, a present cost, and an estimated future cost based on inflation. The present costs of the reserve items in this report have been estimated using a variety of sources including professional cost estimating resources, actual costs provided by the client, our proprietary database, and the knowledge and experience of our Reserve Analysts. Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end-of-period payment method. Interest earned, if applicable, on accumulated reserve funds and taxes on the reserve interest are also calculated. As you review this report, you may find the specifics e.g. quantities, costs, life expectancies, etc. of each reserve item in the [Reserve Study Expense Item Listing](#) table. We hope that you will appreciate the level of detail that is used in developing your customized funding plan.

Global Solution Partners has estimated future projected expenses for Orchard Valley West Homeowners Association based upon the preservation of existing components within the community that the association is responsible for maintaining. The reserve study is limited in scope to those expense items listed in the [Reserve Study Expense Item Listing](#) table. Expense items that have an expected life of more than 30 years may not be included in this reserve study unless payment for these items overlaps the 30-year reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the included reserve funding study, it is our professional opinion that the annual reserve fund contributions recommended in the Annual Reserve Payment column of the [Cash Flow Analysis](#) table and subsequent breakdown of those contributions as member monthly fees shown in the [Projected Reserve Contributions](#) table will realize this goal.

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In the process of developing the study, Global Solution Partners gathered specific information about the property by conducting a site visit and performing research through various sources. Additionally, information e.g. current reserve fund balances, number of dues-paying members, desired start date, pertinent maintenance history, etc. were obtained directly from the client and/or the client's representative. Global Solution Partners relies on such information provided by the client and assumes it to be complete and accurate. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, the client or client's representative provided to Global Solution Partners the client's best-estimate age of that item. If the client or client's representative was unable to provide an estimate of a Reserve Item's age, Global Solution Partners made its own estimate of the age of the Reserve Item based on visual observation. The Reserve Study is created for the association's use and is a reflection of information gathered by and provided to Global Solution Partners.

This information is not for the purpose of performing an audit, historical records, quality, or forensic analyses. Any on-site evaluation is not considered to be a project audit, quality inspection, or engineering study.

Keeping Your Reserve Study Current

Global Solution Partners believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years.

This reserve study should be updated when any of the following occur:

- At least once a year
- At changes in interest rates
- At changes in inflation rates
- At changes in the number of dues-paying members
- Before starting new improvements
- Before making changes to the property
- After a flood or fire
- After the change of ownership or management
- After Annexation or Incorporation

Items Beyond the Scope of This Report

- Building or land appraisals for any purpose
- State or local zoning ordinance violations
- Building code violations
- Soils conditions, soils contamination or geological stability of site
- Engineering analysis or structural stability of the site
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon
- Water quality or other environmental hazards
- Invasions by termites and any or all other destroying organisms or insects
- Damage or destruction due to birds, bats, or animals to buildings or site
- This study is not a pest inspection
- Adequacy or efficiency of any system or component on site
- Specifically excluded reserve items

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- Septic systems and septic tanks
- Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items
- Items concealed by signs, carpets, or other things
- Missing or omitted information not supplied by the client for purposes of reserve study preparation
- Hidden improvements such as sewer, water, and electrical lines, or other buried or concealed items
- A Property Condition Assessment or other specialty or comprehensive inspection
- A roof inspection

Governing Documents

The CCRs (conditions, covenants, and restrictions) governing documents were provided and reviewed as part of this study to assist in determining what parties are responsible for various assets within the community.

Items Considered to be Long-Lived

Items considered to be long-lived are intentionally not included in this study. Long-lived items are typically those items that have a useful life expectancy beyond the current study period. The following items have been identified as long-lived and therefore are not included in this study:

- Building structures

Although the concrete surfaces could be considered to be Long-Lived, a repair and maintenance allowance has been factored into this analysis. Routine maintenance of these items will not only enhance the look of the community but may also extend the design life of these items.

Items Considered to be Operational

Items considered to be typically included in the operational budget are intentionally not included in this study. Operational budget items typically include routine maintenance and lower-cost items. The following items have been identified as operational budget items and therefore are not included in this study:

- General landscaping
- General community signage
- Low-voltage landscape lighting
- Basketball hoop and backboard

Items Maintained by Others

Items maintained by other entities or individuals i.e. municipalities, individual dwelling unit owners, other associations, utility companies, etc... are intentionally not included in this study. The following items have been identified as being maintained by others and therefore are not included in this study:

- Single-family homes and their lots
- Rear yard fences
- Asphalt streets and the associated concrete flatwork
- Street lights
- Mailboxes

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- Fire hydrants on site
- Water supply system
- Sewer system
- Transformers on site

Statement of Qualifications

Global Solution Partners is a professional firm in the business of preparing Reserve Studies and other related property services for resorts, hotels, and community associations. We are familiar with construction practices, construction costs, and contracting practices. Our staff members have vast experience in property due diligence and hold many certifications and licenses including but not limited to; contracting, engineering, roofing, code inspection, real estate, project management, home inspection, and pest control.

Conflict of Interest

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

Global Solution Partners would like to thank the Orchard Valley West Homeowners Association for the opportunity to be of service in the preparation of this Reserve Study. If you have any questions, please don't hesitate to contact us.

Prepared by

Vince Carter
Project Manager
Global Solution Partners

Community Photos



Basketball Court



Playground Slide



Storage Shed



Storage Shed



Playground Swings



Playground Bench

Reserve Item Categories

Site Elements



Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Entrance and monuments refurbishment community entrance	\$7,076.47	10 Yrs	25 Yrs	2033	\$8,979.26	Y
Irrigation system pumps & controls replacement allowance in pump house	\$21,229.41	6 Yrs	12 Yrs	2029	\$24,490.19	Y
Storage house removal/replacement allowance	\$10,500.00	0 Yrs	15 Yrs	2023	\$10,500.00	Y

Recreational Facilities



Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Basketball court concrete refurbish	\$14,865.00	3 Yrs	27 Yrs	2026	\$15,965.85	Y
Children's Playground Equipment Replacement	\$14,152.94	8 Yrs	20 Yrs	2031	\$17,123.23	Y
Metal benches replacement at playground	\$566.12	8 Yrs	20 Yrs	2031	\$684.93	Y
Metal picnic table replacement at playground	\$1,309.15	8 Yrs	25 Yrs	2031	\$1,583.90	Y

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Funding Reserve Analysis

Reserve Item Listing

Category	Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Estimated Remaining Life When New	Year	Estimated Future Cost	Straight Line Payment
Recreational Facilities	Basketball court concrete refurbish	\$9.91 sqft	1,500 sqft	\$14,865	3 Yrs	27 Yrs	2026	\$15,966	\$3,991
							2053	\$30,369	\$1,125
							2080	\$57,767	\$2,140
Recreational Facilities	Children's Playground Equipment Replacement	\$14152.94 ea	1 ea	\$14,153	8 Yrs	20 Yrs	2031	\$17,123	\$1,903
							2051	\$27,570	\$1,378
							2071	\$44,389	\$2,219
Recreational Facilities	Metal benches replacement at playground	\$566.12 ea	1 ea	\$566	8 Yrs	20 Yrs	2031	\$0,685	\$076
							2051	\$1,103	\$055
							2071	\$1,776	\$089
Recreational Facilities	Metal picnic table replacement at playground	\$1309.15 ea	1 ea	\$1,309	8 Yrs	25 Yrs	2031	\$1,584	\$176
							2056	\$2,873	\$115
							2081	\$5,210	\$208
Site Elements	Entrance and monuments refurbishment community entrance	\$7076.47 lump sum	1 lump sum	\$7,076	10 Yrs	25 Yrs	2033	\$8,979	\$816
							2058	\$16,285	\$651
							2083	\$29,536	\$1,181
Site Elements	Irrigation system pumps & controls replacement allowance in pump house	\$21229.41 lump sum	1 lump sum	\$21,229	6 Yrs	12 Yrs	2029	\$24,490	\$3,499
							2041	\$32,591	\$2,716
							2053	\$43,372	\$3,614
Site Elements	Storage house removal/replacement allowance	\$10500.00 lump sum	1 lump sum	\$10,500	0 Yrs	15 Yrs	2023	\$10,500	\$10,500
							2038	\$15,008	\$1,001
							2053	\$21,452	\$1,430

Note for communities using straight line funding: Straight Line Annual Payments do not include earned interest, tax adjustments, or payments made with initial reserves.

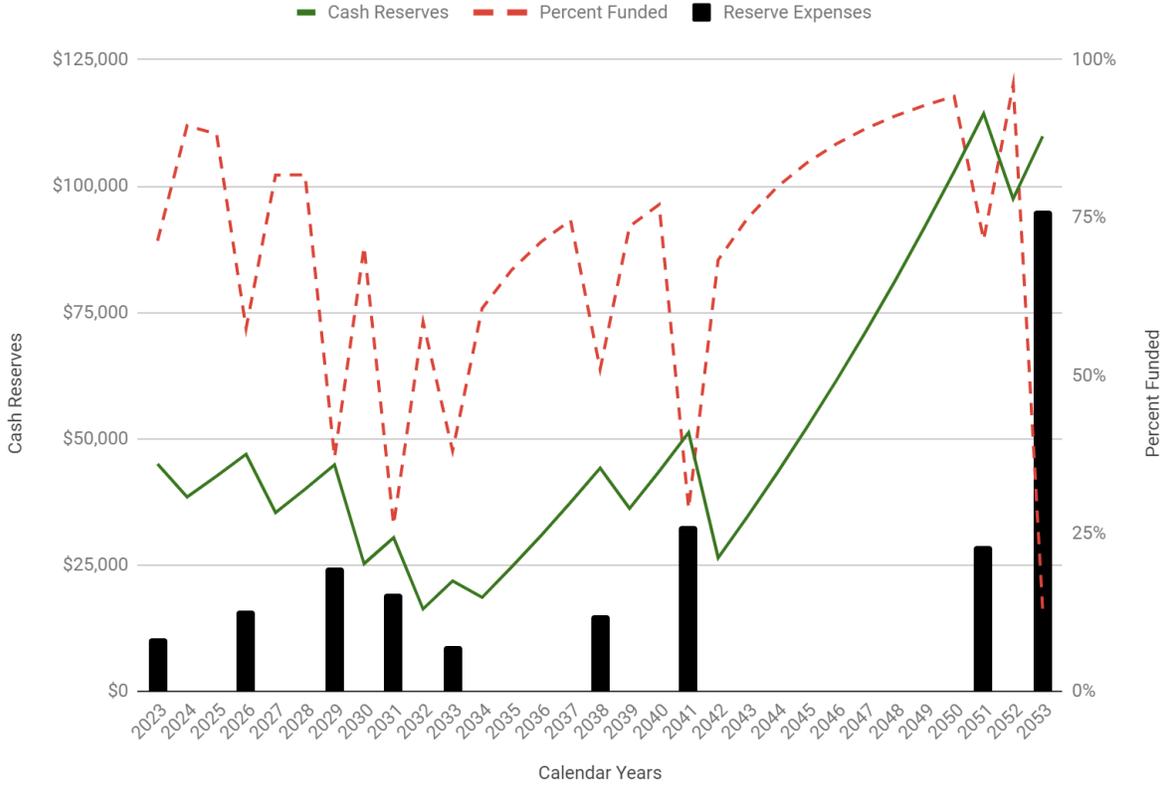
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Funding Reserve Analysis

Cash Flow Analysis

Calendar Year	Annual Reserve Payment	Annual Interest	Annual Expenses	Annual Income Tax on Interest	Net Reserve Funds
2023	\$3,700	\$206	\$10,500	\$62	\$34,450
2024	\$3,848	\$172		\$52	\$38,418
2025	\$4,002	\$192		\$58	\$42,555
2026	\$4,162	\$213	\$15,966	\$64	\$30,900
2027	\$4,328	\$154		\$46	\$35,337
2028	\$4,502	\$177		\$53	\$39,962
2029	\$4,682	\$200	\$24,490	\$60	\$20,293
2030	\$4,869	\$101		\$30	\$25,233
2031	\$5,064	\$126	\$19,392	\$38	\$10,993
2032	\$5,266	\$55		\$16	\$16,298
2033	\$5,477	\$81	\$8,979	\$24	\$12,853
2034	\$5,696	\$64		\$19	\$18,594
2035	\$5,924	\$93		\$28	\$24,582
2036	\$6,161	\$123		\$37	\$30,829
2037	\$6,407	\$154		\$46	\$37,344
2038	\$6,663	\$187	\$15,008	\$56	\$29,130
2039	\$6,930	\$146		\$44	\$36,162
2040	\$7,207	\$181		\$54	\$43,496
2041	\$7,496	\$217	\$32,591	\$65	\$18,553
2042	\$7,795	\$93		\$28	\$26,413
2043	\$8,107	\$132		\$40	\$34,613
2044	\$8,431	\$173		\$52	\$43,165
2045	\$8,769	\$216		\$65	\$52,085
2046	\$9,119	\$260		\$78	\$61,387
2047	\$9,484	\$307		\$92	\$71,086
2048	\$9,864	\$355		\$107	\$81,198
2049	\$10,258	\$406		\$122	\$91,741
2050	\$10,668	\$459		\$138	\$102,730
2051	\$11,095	\$514	\$28,673	\$154	\$85,512
2052	\$11,539	\$428		\$128	\$97,351
2053	\$12,001	\$487	\$95,193	\$146	\$14,499
Totals	\$219,515	\$6,672	\$250,792	\$2,002	

Cash Flow by Calendar Year

The following chart shows that the reserve account balance meets or exceeds the annual cash flow requirement for the maintenance or replacement of all community reserve items.



Projected Reserve Contributions

Calendar Year	Member Monthly Reserve Payment	Member Annual Reserve Payment	Monthly Reserve Payment	Annual Reserve Payment
2023	\$2.25	\$27.01	\$308.33	\$3,700.00
2024	\$2.34	\$28.09	\$320.67	\$3,848.00
2025	\$2.43	\$29.21	\$333.49	\$4,001.92
2026	\$2.53	\$30.38	\$346.83	\$4,162.00
2027	\$2.63	\$31.59	\$360.71	\$4,328.48
2028	\$2.74	\$32.86	\$375.13	\$4,501.62
2029	\$2.85	\$34.17	\$390.14	\$4,681.68
2030	\$2.96	\$35.54	\$405.75	\$4,868.95
2031	\$3.08	\$36.96	\$421.98	\$5,063.71
2032	\$3.20	\$38.44	\$438.85	\$5,266.25
2033	\$3.33	\$39.98	\$456.41	\$5,476.90
2034	\$3.46	\$41.58	\$474.67	\$5,695.98
2035	\$3.60	\$43.24	\$493.65	\$5,923.82
2036	\$3.75	\$44.97	\$513.40	\$6,160.77
2037	\$3.90	\$46.77	\$533.93	\$6,407.20
2038	\$4.05	\$48.64	\$555.29	\$6,663.49
2039	\$4.22	\$50.58	\$577.50	\$6,930.03
2040	\$4.38	\$52.61	\$600.60	\$7,207.23
2041	\$4.56	\$54.71	\$624.63	\$7,495.52
2042	\$4.74	\$56.90	\$649.61	\$7,795.34
2043	\$4.93	\$59.18	\$675.60	\$8,107.16
2044	\$5.13	\$61.54	\$702.62	\$8,431.44
2045	\$5.33	\$64.01	\$730.72	\$8,768.70
2046	\$5.55	\$66.57	\$759.95	\$9,119.45
2047	\$5.77	\$69.23	\$790.35	\$9,484.23
2048	\$6.00	\$72.00	\$821.97	\$9,863.59
2049	\$6.24	\$74.88	\$854.84	\$10,258.14
2050	\$6.49	\$77.87	\$889.04	\$10,668.46
2051	\$6.75	\$80.99	\$924.60	\$11,095.20
2052	\$7.02	\$84.23	\$961.58	\$11,539.01
2053	\$7.30	\$87.60	\$1,000.05	\$12,000.57

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Funding Reserve Analysis

Annual Expenses

Year	Category	Reserve Item	Cost
2023	Site Elements	Storage house removal/replacement allowance	\$10,500
Total for 2023:			\$10,500
2024		No reserve items for this year.	\$0
Total for 2024:			\$0
2025		No reserve items for this year.	\$0
Total for 2025:			\$0
2026	Recreational Facilities	Basketball court concrete refurbish	\$15,966
Total for 2026:			\$15,966
2027		No reserve items for this year.	\$0
Total for 2027:			\$0
2028		No reserve items for this year.	\$0
Total for 2028:			\$0
2029	Site Elements	Irrigation system pumps & controls replacement allowance in pump house	\$24,490
Total for 2029:			\$24,490
2030		No reserve items for this year.	\$0
Total for 2030:			\$0
2031	Recreational Facilities	Children's Playground Equipment Replacement	\$17,123
2031	Recreational Facilities	Metal picnic table replacement at playground	\$1,584
2031	Recreational Facilities	Metal benches replacement at playground	\$685
Total for 2031:			\$19,392
2032		No reserve items for this year.	\$0
Total for 2032:			\$0
2033	Site Elements	Entrance and monuments refurbishment community entrance	\$8,979
Total for 2033:			\$8,979
2034		No reserve items for this year.	\$0
Total for 2034:			\$0
2035		No reserve items for this year.	\$0
Total for 2035:			\$0
2036		No reserve items for this year.	\$0
Total for 2036:			\$0
2037		No reserve items for this year.	\$0
Total for 2037:			\$0

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Funding Reserve Analysis

Annual Expenses

Year	Category	Reserve Item	Cost
2038	Site Elements	Storage house removal/replacement allowance	\$15,008
Total for 2038:			\$15,008
2039		No reserve items for this year.	\$0
Total for 2039:			\$0
2040		No reserve items for this year.	\$0
Total for 2040:			\$0
2041	Site Elements	Irrigation system pumps & controls replacement allowance in pump house	\$32,591
Total for 2041:			\$32,591
2042		No reserve items for this year.	\$0
Total for 2042:			\$0
2043		No reserve items for this year.	\$0
Total for 2043:			\$0
2044		No reserve items for this year.	\$0
Total for 2044:			\$0
2045		No reserve items for this year.	\$0
Total for 2045:			\$0
2046		No reserve items for this year.	\$0
Total for 2046:			\$0
2047		No reserve items for this year.	\$0
Total for 2047:			\$0
2048		No reserve items for this year.	\$0
Total for 2048:			\$0
2049		No reserve items for this year.	\$0
Total for 2049:			\$0
2050		No reserve items for this year.	\$0
Total for 2050:			\$0
2051	Recreational Facilities	Children's Playground Equipment Replacement	\$27,570
2051	Recreational Facilities	Metal benches replacement at playground	\$1,103
Total for 2051:			\$28,673
2052		No reserve items for this year.	\$0
Total for 2052:			\$0
2053	Site Elements	Irrigation system pumps & controls replacement allowance in pump house	\$43,372

Annual Expenses

Year	Category	Reserve Item	Cost
2053	Site Elements	Storage house removal/replacement allowance	\$21,452
2053	Recreational Facilities	Basketball court concrete refurbish	\$30,369
Total for 2053:			\$95,193