



Sonnenberg & Company, CPAs
A Professional Corporation

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Leonard C. Sonnenberg, CPA

**Mesa View
Homeowners Association #2
RESERVE STUDY
June 30, 2022**





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Reserve Study Executive Summary

Association Name: Mesa View Homeowners Association #2
Location: 8550 Lynx Rd., San Diego, CA
No. of Units: 440 **Built:** 1975 **Fiscal Year Ending:** June 30, 2022
Level of Study: Level II: Update with On-Site Inspection **Date of Physical Inspection:** March 22, 2022

CURRENT FISCAL YEAR END SUMMARY OF RESERVE COMPONENTS

(See Reserve Analysis Worksheet, pg. 5, for breakdown of all components individual lives, current costs, and projected future replacement costs)

Reserve Component Groups	Estimated Useful Life	Estimated Remaining Life	Estimated Replacement Cost	Annual Funding Requirement	Accumulated Funding Requirement	Allocation of Fund Balance	Percent of Fund Balance
ROOFING - POOL BUILDING	35 - 35	11 - 11	\$ 5,520	\$ 158	\$ 3,785	\$ 2,364	2.7%
PAINTING	6 - 20	1 - 19	15,461	2,317	8,424	5,261	6.0%
FENCE/GATES	12 - 25	6 - 20	58,750	3,176	23,814	14,873	17.1%
PAVED SURFACES	7 - 15	3 - 15	50,000	3,714	2,857	1,784	2.1%
POOLS	4 - 30	2 - 28	108,643	7,224	27,827	17,380	20.0%
SHADE STRUCTURES	20 - 25	16 - 21	59,650	2,458	9,830	6,139	7.1%
LANDSCAPING/IRRIGATION	4 - 25	2 - 4	38,000	3,828	26,489	16,544	19.0%
LIGHTING/ELECTRICAL	12 - 20	1 - 16	7,560	438	5,052	3,155	3.6%
MISCELLANEOUS	18 - 30	1 - 21	36,500	1,421	24,628	15,382	17.7%
CONTINGENCY (5%)			19,004	1,237	6,635	4,144	4.8%
TOTALS			\$ 399,088	\$ 25,970	\$ 139,342	\$ 87,027	

CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 20,000
Reserve Fund Balance as of: December 31, 2021	\$ 97,027
Anticipated Funding to Year End (full reserve allocation is funded at the fiscal year-end)	20,000
To Be Transferred to Reserve by Year End	15,000
Anticipated Expenditures to Year End	(45,000)
Cash Projected at Year End June 30, 2022	\$ 87,027
Accumulated Funding Requirement (Fully Funded)	\$ 139,342
Percentage Funded at the end of this Fiscal Year	62.5%
Accumulated Deficiency for Current Fiscal Year	\$ 52,315 Per Unit \$ 119
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	YES

RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2023

	per unit per month	per year
funding options assume a 3% increase, unless otherwise noted		
Annual Requirement Funding:	\$ 5.07	\$ 26,749
Current Budgeted Funding:	3.90	20,600
Recommended Funding:	3.90	20,600
Special Assessment/s Recommended?		NO
For funding option details please see Reserve Study Summary page 2		

We present this summary of the repair and replacement funding program of the Association as of June 30, 2022, and the related reserve funding projection for the 30-year period from 2022 to 2052, based on information provided by management and based upon the consultant's estimates of the most probable reserve component replacement costs, conditions, and lives. The annual requirement is based on the cost of each component divided by its total useful life. The accumulated requirement is the annual requirement multiplied by the number of years each component has been in service. The difference between accumulated requirement total and the actual cash balance may indicate a deficit which would be expressed in the percentage funded.

The above information is a condensed summary of the reserve study, in compliance with CA Civil Codes 5300, 5550, and 5600, and is intended to be included in the annual budget package to be provided to owners not less than 30 nor more than 90 days prior to the Association fiscal year end. CACC 5550 requires an on-site inspection every 3 years, and the study to be reviewed annually. Assumptions have been made about costs, conditions, and future events that may occur. Some of these assumptions may not materialize; and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and lives may vary from this report and the variations may be material.

The compilation of this reserve funding analysis and projection is based on representations of management and the consultant's estimates. We have not audited or reviewed the accompanying analysis and projections and, accordingly, do not express an opinion or any other form of assurance on them. We assume no responsibility to update this report for events occurring after the date of issuance of this report.

Ronald C. Sonnenberg

April 8, 2022

Sonnenberg & Company, CPAs

**Mesa View Homeowners Association #2
Level II: Update with On-Site Inspection
June 30, 2022**

Inflation and Interest Earned on Reserves:

As an industry standard, provision has been made in the funding projections for inflation, computed at three percent (3%), and an assumed 1% net interest on the reserve balance has been added to the reserve funds. As costs increase in the future, the annual reserve reports should be revised accordingly.

Reserve Calculations:

Based on estimated current replacement costs of \$399,088 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$25,970.

The accumulated funding requirement is calculated to be \$139,342.

As of June 30, 2022, the Association may have \$87,027 in accounts designated as reserve funds.

Therefore, a deficit of \$52,315 has been calculated, with a funding percentage of 62.5%. A portion of the annual reserve requirement may be provided for in the operating budget.

Industry Standard Measure of Funding Strength:

0% - 30% = WEAK At this level of funding, Special Assessments and deferred maintenance are likely.

31% - 70% = FAIR At this level of funding Special Assessment and deferred maintenance are less likely, but could still pose a concern. Efforts should be taken to increase to a healthier level of funding.

>70% = STRONG At this level of funding the Association should be well covered, with hopefully no need for deferred maintenance or Special Assessments.

Funding Calculations:

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible for determining the optimum funding program. We have calculated three options:

Option 1: Annual Requirement Funding: This option assumes that the Association will maintain the annual funding requirement as calculated on page 5, without regard to any funding deficiency.

Currently the annual requirement allocation is \$26,749 or \$5 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

Reserves could be at the Fair level of funding in FY 2022/23, and could reach the Strong level of funding by FY 2026/27.

Overfunding of the reserves could occur beginning FY 2037/38.

Option 2: Current Funding: The current budgeted funding level is projected over the 30-year period, including 3% inflation annual increase, as compared to option 1 and 3.

Currently, with the 3% increase, \$20,600 or \$4 per unit per month will be allocated to reserves next fiscal year.

Reserves are currently at the Fair level of funding.

Deficits could occur beginning FY 2042/43.

Option 3: Recommended Funding: This option is intended to calculate the amount of funding that would be the most sufficient for the Association over the next 30 years. The Current Budgeted Funding, and the Annual Requirement Funding are both taken into consideration while creating a Recommended Funding that is hopefully achievable by the Association. The 3% inflation annual increase is assumed, unless otherwise noted.

Recommended funding is, \$20,600 or \$4 per unit per month.

To avoid future deficits, and to bring the reserves into the Strong level of funding, the Regular Reserve Allocation could be increased 10% annually in FY's 2029/30 through 2035/36.

To then avoid overfunding the reserves, the Regular Reserve Allocation could be decreased in FY 2037/38 to equal \$35,000.

The reserves could maintain the current Fair level of funding, and could reach the Strong level of funding by FY 2035/36.



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Leonard C. Sonnenberg, CPA

April 8, 2022

**Mesa View
Homeowners Association #2
Reserve Study Report
June 30, 2022**

Board of Directors and Owners:

We have compiled the accompanying Reserve Study Report of the Mesa View Homeowners Association #2 as of June 30, 2022, the reserve funding projections for the thirty-year period from 2022 through 2052, and the related Reserve Study Summary Sheet and the Assessment and Reserve Funding Disclosure Summary for distribution to owners.

Our report is based on information provided by management and an independent consultant's judgment and estimates, based on circumstances at the time of the inspection, of the most probable reserve component replacement costs, normal and remaining useful lives as described in the accompanying consultant's report.

Assumptions have been made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material.

This report is designed to help your Association comply with California Civil Code 5300 and should not be used for any other purpose. This study is required to be updated and distributed to each owner-member within 90 days (and not less than 30 days) prior to the beginning of each fiscal year along with the operating budget and a statement regarding assessment collection policies.

We have not audited or reviewed the accompanying analysis and projection and, accordingly, do not express an opinion or any form of assurance on them. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in blue ink, reading 'Leonard C. Sonnenberg'.

Sonnenberg & Company, CPAs

(source key: C = Consultant; M = Management/Board of Directors; V = Vendor; A = Actual Cost)

COMPONENT	Units Measured	Unit Cost	Srce	Cond	Current Replcmt Cost	Estimated Life: Usfl	Rmg	Inspection Notes	Annual Funding Reqrmt	Accumltd Funding Reqrmt	Cash In Reserves	Deficit	2022	2023	2024	2025	2026	
													2023	2024	2025	2026	2027	
<p>General note for FY '22: Due to the worldwide effects from the recent pandemic, shipping, supply, and labor costs have skyrocketed. In some cases as high as 250-300%. There are some components listed within this study with replacement costs much higher than originally anticipated. Costs are predicted to recede eventually (over a period of 1-2 years at earliest), but they will never settle at the original anticipated rate. Not all components were affected.</p>													1	2	3	4	5	
ROOFING - POOL BUILDING	Replacement cost includes partial sheathing replacement & Re-use of original tiles																	
Tile Underlayment	690	sf	8.00	C/B	F	\$ 5,520	35	11	Installing a drip edge may allow longer useful life of perimeter sheathing	158	3,785	2,364	(1,421)					
Subtotal						\$ 5,520												
PAINTING																		
Exterior Wood - Paint	Total			C/B	G	\$ 2,150	6	5	FY '21: Benches painted	358	358	224	(135)				2,408	
Lanai - Paint/Stain	Total			C/B/A	F	7,000	6	2		1,167	4,667	2,915	(1,752)	7,210				
Interior Surfaces (Restrooms) - Paint	160	sf	Total	C/B	G	400	10	9		40	40	25	(15)					
Stucco (Pool Bldg Exterior) - Paint	870	sf	Total	C/B	G	2,000	20	19		100	100	62	(38)					
Wood Fence @ Pool/Park - Paint	No intentions of painting wood fencing (per B)																	
Wrought Iron Pool Fence & Gates -	2,114	sf	1.85	C/B	P	3,911	6	1	Treat any corrosion and prime surfaces prior to	652	3,259	2,035	(1,224)	3,911				
Subtotal						\$ 15,461												
FENCE/GATES																		
Electronic Card Reader/Gate Opener System	Total			C/B	n/a	\$ 12,500	15	15	New system to be installed by FYE '22	833	-	-	-					
Panic Hardware @ Pool Gates	2	ea	2,000.00	C/B	n/a	4,000	20	20	New system to be installed by FYE '22	200	-	-	-					
Security Camera System	Total			B/C	G	9,000	12	12		750	-	-	-					
Wood Fence - 6ft	175	lf	36.00	C/B	P-F	6,300	20	6	A couple fractured posts	315	4,410	2,754	(1,656)					
Metal Pool Fence - 7ft	302	lf	75.00	C/B	F	22,650	25	7	Main posts overall Fair; Some picket bases failed	906	16,308	10,185	(6,123)					
Metal Pedestrian Gates	2	ea	2,150.00	C/B	F	4,300	25	7	New panic bars to be installed by FYE '22	172	3,096	1,934	(1,162)					
Subtotal						\$ 58,750												
PAVED SURFACES																		
Concrete Paving	Allowance			C/B	F	\$ 5,000	7	3		714	2,857	1,784	(1,073)		5,300			
Pool Concrete Deck - Repair	Total			B/C	n/a	45,000	15	15	Surface Top Coat being applied at time of inspection	3,000	-	-	-					
Subtotal						\$ 50,000												
POOLS	All Pool Equipment (Motors, Filters, Heaters, Etc.) located inside in a clean location, away from direct weather exposure																	
Chlorinator System Automated - Large Pool	2	ea	3,250.00	C/B	F	\$ 6,500	10	2		650	5,200	3,248	(1,952)	6,695				
Chlorinator System Automated - Wade Pool	1	ea	3,250.00	C/B	F	3,250	10	5		325	1,625	1,015	(610)				3,640	
Coping Tiles - Large Pool	241	lf	34.00	C/B	G	8,194	30	28	Coping to have Elastomeric type top-coat applied at time of Deck Top-Coat application	273	546	341	(205)					
Coping Tiles - Wade Pool	82	lf	34.00	C/B	G	2,788	30	28	Coping to have Elastomeric type top-coat applied at time of Deck Top-Coat application	93	186	116	(70)					
Decoseal Joint Caulk - Large Pool	241	lf	7.00	C/B/A	n/a	1,687	4	4	Caulking temporarily removed for Concrete Deck Top-Coat application	422	-	-	-				1,839	
Decoseal Joint Caulk - Wade Pool	82	lf	7.00	C/B/A	n/a	574	4	4	Caulking temporarily removed for Concrete Deck Top-Coat application	144	-	-	-				626	
Decoseal Joint Caulk - Concrete Decking	150	lf	7.00	C/B	n/a	1,050	4	4	Caulking temporarily removed for Concrete Deck Top-Coat application	263	-	-	-				1,145	
Filter - Large Pool	2	ea	1,500.00	C/B	F	3,000	18	3	Older filters holding up well; Life extended	167	2,500	1,561	(939)		3,180			
Filter - Large Pool	2	ea	1,500.00	C/B	F-G	3,000	15	8		200	1,400	874	(526)					
Filter - Wade Pool	1	ea	1,300.00	C/B	F	1,300	18	3	Life extended	72	1,083	677	(407)		1,378			
Pump/Motor - Variable Motors	3	ea	2,200.00	C/B	F-G	6,600	12	4		550	4,400	2,748	(1,652)				7,194	
Pump/Motor - One Speed Motor	1	ea	1,200.00	C/B	F	1,200	10	2		120	960	600	(360)	1,236				
Resurface/Retile - Large Pool	Total			C/B/A	G	46,000	20	18		2,300	4,600	2,873	(1,727)					

Consultant's Report:

(source key: C = Consultant; M = Management/Board of Directors; V = Vendor; A = Actual Cost)

COMPONENT	Units Measured	Unit Cost	Srce	Cond	Current Replcmt Cost	Estimated Life: Usfl	Rmg	Inspection Notes	Annual Funding	Accumlt'd Funding	Cash In	Deficit	2022	2023	2024	2025	2026	
									Reqmnt	Reqmnt	Reserves		2023	2024	2025	2026	2027	
Resurface/Retile - Wade Pool	Total		C/B/A	G	3,900	20	18		195	390	244	(146)	1	2	3	4	5	
Solar Heater	Total		C/B	n/a	15,250	15	11	Panels located on top of large wood lanai	1,017	4,067	2,540	(1,527)						
Large Pool Peripherals (Code Compliance, Handrails, Lights, Skimmers, Etc.)	Allowance		C/B/A	n/a	2,900	10	8		290	580	362	(218)						
Small Pool Peripherals (Code Compliance, Handrails, Lights, Skimmers, Etc.)	Allowance		C/B/A	n/a	1,450	10	8		145	290	181	(109)						
Subtotal					\$ 108,643													
SHADE STRUCTURES																		
Lanai (Wood) - Major Repair/Replace	Total		C/B/A	G	\$ 52,500	25	21	No issues noted on underside of beams, or timbers	2,100	8,400	5,246	(3,154)						
Wading Pool Shade Structure (Steel & Fabric)	Total		C/B/A	G	7,150	20	16	Could not view close due to work on deck happening below shade structure	358	1,430	893	(537)						
Subtotal					\$ 59,650													
LANDSCAPING/IRRIGATION																		
Backflow Valve	1 ea	2,500.00	C/B	F	\$ 2,500	25	3		100	2,200	1,374	(826)					2,650	
Irrigation Control Valves	Allowance		C/B	n/a	1,000	10	2		100	800	500	(300)		1,030				
Landscaping/Irrigation Renovation	Allowance		C/B	n/a	30,000	10	3		3,000	21,000	13,116	(7,884)					31,800	
Irrigation Timers	Allowance		C/B	n/a	1,000	10	4		100	600	375	(225)					1,090	
Tree Trim	Allowance		C/B	n/a	1,000	4	2		250	500	312	(188)		1,030				
Tree Removal/Replacement	Allowance		C/B	n/a	2,500	9	4	Currently 3 trees on lot	278	1,389	867	(521)					2,725	
Subtotal					\$ 38,000													
LIGHTING/ELECTRICAL																		
Note: Corrosion occurring at base plates of Post Lights; HOA considering full post/lamp replacement as needed																		
Post Lights	8 ea	Allowance	C/B	P-F	\$ 5,000	20	1	Repairs to, or replacement, as needed	250	4,750	2,967	(1,783)	5,000					
Lanai Lighting	4 ea	190.00	C/B	G	760	20	16		38	152	95	(57)						
Misc. Lighting & Electrical	Allowance		C/B	n/a	1,800	12	11	FY '21: Electrical Panel upgraded; 3 Security Lights upgraded to LED; Total Cost not reported	150	150	94	(56)						
Subtotal					\$ 7,560													
MISCELLANEOUS																		
Ceramic Tile Shower	1 ea	Total	C/B	G	\$ 4,000	30	21		133	1,200	749	(451)						
Restroom Remodel	2 ea	Total	C/B	G	10,000	30	21	Clean & functional	333	3,000	1,874	(1,126)						
Storage Shed	Total		C/B	F	3,500	25	7		140	2,520	1,574	(946)						
Water Heater	1 ea	2,500.00	C/B	F	2,500	18	3	Older, operational; Life extended (minor usage of WH)	139	2,083	1,301	(782)					2,650	
Misc Plumbing	Allowance		C	n/a	15,000	25	1		600	14,400	8,994	(5,406)	15,000					
Benches, Custom	3 ea	Allowance	C/B	P-F	1,500	20	1	Bench at entrance needs repair on support posts; Lanai benches appear Fair overall (covered at time of inspection)	75	1,425	890	(535)	1,500					
Subtotal					\$ 36,500													
CONTINGENCY (5%)																		
					19,004			Unforeseen exp & cost overrun	1,237	6,635	4,144	(2,491)	1,271	860	2,348	731	302	
TOTALS					\$ 399,088				25,970	139,342	87,027	(52,315)	26,681	18,061	49,306	15,349	6,350	

Accumulated Funding Requirement ->

139,342

138,631

147,319

125,541

138,499

161,236

! Repair/replacement deferred by Board of Directors

**Mesa View Homeowners Association #2
440 Units; Built 1975**

**Major Repairs and Replacements Funding Requirements
Following Six to Thirty Year Projection**

COMPONENT	Estimated		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2046	2051
	Usfl/Remg	Life	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2047	2052
Resurface/Retile - Wade Pool	20	18	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
Solar Heater	15	11						19,825							5,889				
Large Pool Peripherals (Code Compliance,	10	8			3,509										4,379				
Small Pool Peripherals (Code Compliance,	10	8			1,755										2,190				
SHADE STRUCTURES																			
Lanai (Wood) - Major Repair/Replace	25	21																	
Wading Pool Shade Structure (Steel & Fabr	20	16											10,368						
LANDSCAPING/IRRIGATION																			
Backflow Valve	25	3																	
Irrigation Control Valves	10	2						1,330											
Landscaping/Irrigation Renovation	10	3							40,800										
Irrigation Timers	10	4									1,390								
Tree Trim	4	2	1,150				1,270				1,390				1,510				1,870
Tree Removal/Replacement	9	4								3,400									
LIGHTING/ELECTRICAL																			
Post Lights	20	1																	
Lanai Lighting	20	16											1,102						
Misc. Lighting & Electrical	12	11					2,340												
MISCELLANEOUS																			
Ceramic Tile Shower	30	21																	
Restroom Remodel	30	21																	
Storage Shed	25	7		4,130															
Water Heater	18	3																	
Misc Plumbing	25	1																	
Benches, Custom	20	1																	
CONTINGENCY (5%)			420	2,027	1,068	25	381	1,607	1,397	2,476	626	4,313	1,292	529	4,171	486	1,123	616	5,470
TOTALS			8,815	42,573	22,438	521	8,001	33,743	29,342	51,995	13,136	90,578	27,132	11,111	87,599	10,205	23,592	12,933	114,865

Accumulated Funding Requirement ->

182,286 170,358 179,343 211,025 236,006 236,024 241,223 224,547 247,510 193,809 204,333 231,658 183,274 213,063 230,244 181,022 161,673

30-Year Cash Projections:

Fiscal Year Ended ----->	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2041	2046	2051
Number of Years----->	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2042	2047	2052
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20	25	30

Option 1 - Annual Requirement Funding: Reserves could be at the Fair level of funding in FY 2022/23, and could reach the Strong level of funding by FY 2026/27. Overfunding of the reserves could occur beginning FY 2037/38.

Reserve Allocation - Unit/Mth Beginning Cash	5.07 87027	5.22	5.37	5.54	5.70	5.87	6.05	6.23	6.42	6.61	6.81	7.01	7.22	7.44	7.66	8.88	10.30	11.94
Annual Funding w/3% incrs (includes 3% annual increase)	26749	27552	28378	29229	30106	31010	31940	32898	33885	34902	35949	37027	38138	39282	40460	46905	54375	63036
Net Interest On Balance (1%)	870	880	983	784	931	1177	1411	1319	1437	1785	2072	2114	2212	2096	2378	2368	2212	3709
Annual Disbursements	26681	18061	49306	15349	6350	8815	42573	22438	521	8001	33743	29342	51995	13136	90578	23592	12933	114865
Ending Cash Reserve - Option 1	87965	98335	78391	93055	117742	141114	131892	143671	178472	207157	211434	221234	209589	237832	190092	262440	264880	322756

Option 2 - Current Budgeted Funding: Reserves are currently at the Fair level of funding. Deficits could occur beginning FY 2042/43.

Reserve Allocation - Unit/Mth Beginning Cash	3.90 87027	4.02	4.14	4.26	4.39	4.52	4.66	4.80	4.94	5.09	5.24	5.40	5.56	5.73	5.90	6.84	7.93	9.19
Current Funding w/3% incrs (includes 3% annual increase)	20600	21218	21855	22510	23185	23881	24597	25335	26095	26878	27685	28515	29371	30252	31159	36122	41876	48545
Net Interest On Balance (1%)	870	818	858	592	670	845	1004	834	871	1136	1336	1289	1293	1080	1262	691	0	574
Annual Disbursements	26681	18061	49306	15349	6350	8815	42573	22438	521	8001	33743	29342	51995	13136	90578	23592	12933	114865
Ending Cash Reserve - Option 2	81816	85791	59198	66951	84456	100366	83394	87125	113571	133584	128862	129324	107993	126189	68032	82295	15912	(8372)

Option 3 - Recommended Funding: To avoid future deficits, and to bring the reserves into the Strong level of funding, the Regular Reserve Allocation could be increased 10% annually in FY's 2029/30 through 2035/36. To then avoid overfunding the reserves, the Regular Reserve Allocation could be decreased in FY 2037/38 to equal \$35,000. The reserves could maintain the current Fair level of funding, and could reach the Strong level of funding by FY 2035/36.

Reserve Allocation - Unit/Mth Beginning Cash	3.90 87027	4.02	4.14	4.26	4.39	4.52	4.66	5.12	5.64	6.20	6.82	7.50	8.25	9.08	9.35	7.46	8.65	10.03
Recommended Funding (inclds 3% annl incrs unless noted)	20600	21218	21855	22510	23185	23881	24597	27057	29763	32739	36013	39614	43576	47934	49372	39393	45667	52941
Net Interest On Balance (1%)	870	818	858	592	670	845	1004	834	888	1190	1449	1486	1604	1536	1899	1673	1076	2043
Annual Disbursements	26681	18061	49306	15349	6350	8815	42573	22438	521	8001	33743	29342	51995	13136	90578	23592	12933	114865
Ending Cash Reserve - Option 3	81816	85791	59198	66951	84456	100366	83394	88847	118978	144906	148625	160384	153569	189903	150595	184799	141395	144418

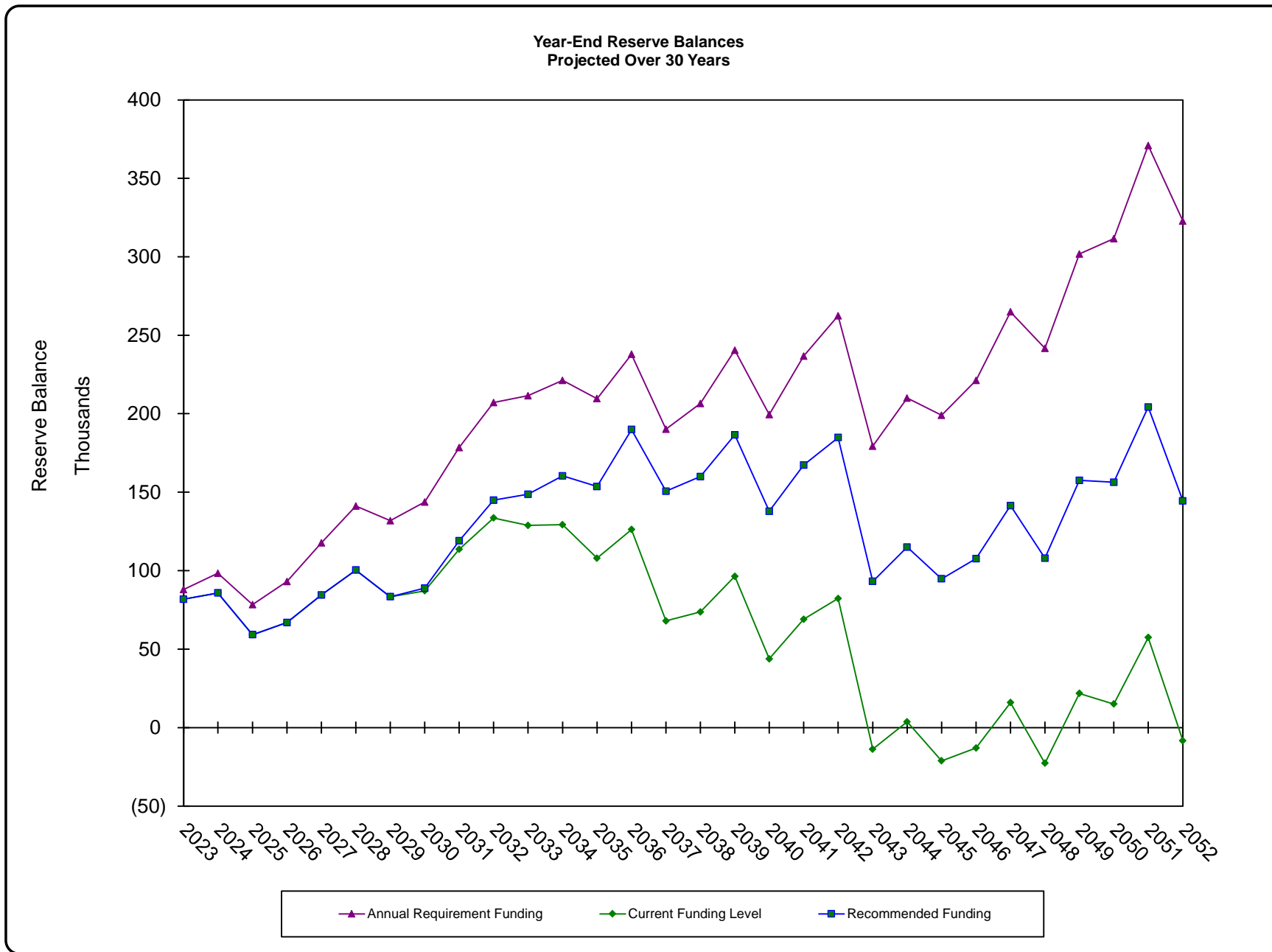
Projected Total Replacement Cost - 941848
Projected Funding to Cost Ratio - 15%

Percent of Accumulated Reserve Requirement Funded: 62.5%

Cash at End of Fiscal Year:

Cash at December 31, 2021	97,027
Monthly Allocations through Year End	20,000
To Be Transferred to Reserve by Year End	15,000
Anticipated Expenditures through Year End	(45,000)

Cash Projected at Year End June 30, 2022 87,027



Mesa View Homeowners Association #2

Notes and Assumptions

June 30, 2022

Note A Key to Reserve Funding Program:

These definitions correspond to the column headings on the Major Repair and Replacement Funding

Consultant's Estimate Section, page 5:

Component - Each major repair or replacement item considered by the Board of Directors and Consultant to require reserve funding.

Units Measured - The quantity in terms of area or item count as determined by actual measure, bids/invoices, DRE budget or other sources.

Unit Cost - The current replacement cost per unit of measure.

Source - Indicates where data was derived. C = Consultant's database/previous study; M = Management or Board of Directors information; V = Vendor (pool/landscape/roofer/elevator/etc) information; A = Actual cost; NA = No Access or data Not Available.

Condition - The physical condition from the consultant's visual inspection and other sources. Code: N = New or nearly new, G = Good, F = Fair, P = Poor condition, needs to be replaced soon.

Current Replacement Cost - The present cost of repairing or replacing the reserve components as estimated by the independent consultant or current bids/invoices. However, replacement costs will inevitably increase.

Estimated Useful Life - The estimated life of reserve components when they were new, and prior to any aging process.

Estimated Remaining Life - The remaining useful life for reserve components. As per CC 5550 only components with remaining lives of 30 years or less are included here. Repair, replacement or refurbishment will be necessary at the end of the component's remaining life.

Funding Projection Section - pages 5-6:

Annual Funding Requirement - This is the amount that should be set aside annually, exclusive of any reserve deficit or inflation, and is the method established by CC 5550 This requirement is computed by dividing the current replacement cost by the estimated useful life.

Accumulated Funding Requirement - This is the amount of reserve savings which should be on hand, according to the consultant's current replacement cost estimates, as of the date of this reserve report. This amount is computed by multiplying the difference between the estimated useful and remaining life times the annual reserve requirement.

Mesa View Homeowners Association #2

Notes and Assumptions

June 30, 2022

Funding Projection Section - pages 5-6 (continued):

Cash in Reserves - The amount of actual reserve savings on hand that have been accumulated for replacement of reserve components.

Deficit - That amount which is computed by subtracting the accumulated reserve requirement from the amount of cash on hand. This is the combined shortage, if any, of reserve savings for all of the reserve components. The opposite would be a Surplus.

Cost Projections by Year - The amounts of the estimated future replacement cost cash expenditures projected for each year. Some major repair expenditures may be spread over two or three years. Five years disbursements are shown on page 5 and the following 25 years are shown on pages 6.

30-year Cash Projections, page 7:

With every funding plan the projections start with the current reserve cash balance, and include the annual disbursements as projected on pages 5 through 6. All funding amounts are increased for inflation at three percent (3%) per year.

Option 1 - Annual Funding - This funding plan is to set aside the specific minimum amount of reserves required by CC 5550. These annual amounts are computed on page 5 and inserted as annual contributions to the reserves into the cash projections (adjusted for inflation). Any funding deficit is not considered in this method.

Option 2 - Current Budgeted Funding - As a comparison to Options 1 and 3, this option represents the *current* reserve budget projected over thirty years using an inflation factor of three percent (3%) per year.

Option 3 - Recommended Funding - This funding goal is to keep the year-end balance above zero during the 30-year cash projection while maintaining a reasonable contribution rate. First this funding option is calculated so that there is no deficit in the projected 30-year reserve balance. Then to create sufficient funding for the Association over the next 30 years, contributions in years 2 through 30 may be raised or lowered, and/or special assessments may be levied.



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**MESA VIEW HOMEOWNERS ASSOCIATION #2
RESERVE STUDY INSPECTION
CONSULTANT'S REPORT**

Inspection Date: March 22, 2022

Location: San Diego, CA

Age of Project: Built 1975

Units: 440

Amenities: Pool/Wading Pool, Green Belt/Landscaping, Restrooms/Shower

Management/Association Representative: Brendan Duggan (Treas.), Deb McManus (VP)

ASSUMPTIONS AND DATA USED IN THE REPORT

The Association has the responsibility to maintain the common areas defined by the CC&R's, which may include: roofing; painting; paving; fences; recreational facilities; mechanical equipment, landscaping/irrigation and common area lighting.

Repair and replacement estimates may be based on, but not limited to, current costs from estimating manuals (RS Means Building Construction Cost Data), previous experience, vendors and on-file invoices in our data base. All costs are modified by location, quantity and quality. It is important that these modifying factors be reviewed annually and the reserve projections adjusted to meet changing conditions. Costs are also based on replacement with similar materials. Associations may choose to upgrade components at a cost higher than that projected by this report.

Normal useful lives are based on warranties, information provided by the California Department of Real Estate, and the consultant's historical experience. Both useful and remaining lives are based on site location (ocean proximity, higher UV factors in the desert, air born pollution in some urban zones) and quality of materials and installation. Frequency of usage (foot traffic on carpeting, automatic vehicular gate motors, etc.) is considered. Actual remaining lives may vary due to factors such as: Deferred maintenance; Regular maintenance; Outside factors (landscaping/irrigation/vandalism/etc.); And environment, among other factors.

The Source Code on the worksheets indicates how the main assumptions for each component were determined. (C) indicates that all data came from the consultant's database and estimating books; (M) indicates that most or all of the data came from the Association's Community Manager or members of the Board of Directors (or representatives appointed by the Board to assist with the Reserve Study); (V) refers to information received from vendors, such as pool/spa, landscape, and elevator maintenance company representatives. (A) indicates that costs (and sometimes remaining lives based on warranties) were derived from actual cost invoices or bids.

All descriptions of current conditions and anticipated life expectancies are based upon the assumptions that (1) the project will continue to receive regular preventative maintenance by qualified contractors, and (2) unseen or catastrophic events do not intervene in the interim. All reasonable efforts have been made to provide reliable information in this report.

Events subsequent to the date of this report are not provided for; and the consultant takes no responsibility for subsequent updating of this report.

This Reserve Study, and Consultants Report, are for **budgeting purposes only**, and are **not to be considered the equivalent of a safety inspection**.

FOR SPECIFIC NOTES ON INDIVIDUAL COMPONENTS, PLEASE REFER TO THE INSPECTION REPORT WORKSHEETS AT THE END OF THIS REPORT.

Reserve Study Disclosures, per National Reserve Study Standards of the Community Associations Institute:

- I am not involved with any person(s) involved in management or ownership of this Association which would create actual or perceived conflicts of interest.
- The inspection consisted of a brief, representative visual examination of the accessible major reserve components in order to determine quantities and relative condition. No destructive testing was performed.
- In addition to my personal inspection, this report also relies on information supplied by the Association's Community Manager, Board of Directors, service vendors and repair/replacement publications.
- Inaccessible systems such as plumbing, underground electrical, and storm drain lines will not be included in the inspection. Based on factors such as the age of the project and any reported problems and/or replacements, such systems may or may not be included in the reserve funding study.
- Information provided to me about current or pending reserve projects is considered reliable; my inspection is not to be considered as a project audit and/or quality inspection.
- The data and conclusions in this report are valid as of the study's completion date. Components which will not undergo major repair or replacement within thirty (30) years from the study date are generally considered to be "life of the project" (i.e., beyond reasonable projections) and may not be included. These items normally include building superstructures and foundations, most concrete surfaces, sewer/storm drains, and water main delivery systems.

Bruce Stone
Reserve Inspector

April 8, 2022

MAINTENANCE RECOMMENDATIONS

ROOFS

Perform the following procedures every spring and fall:

- Clean roofs, storm drains and catch basins of debris. If trees are overhanging the roofs, have them trimmed prior to debris removal.
- Inspect all roof penetrations, including water heater exhausts and plumbing vents, for cracks in the sealant and patch as necessary with *flexible* roof mastic.
- Tile Roofs: Inspect the tile roofs for any damaged or missing tiles and have a qualified roofer replace them as necessary. The tiles themselves will normally last the life of the project; however, the roofing felt underlayment materials (which form the actual waterproofing membrane) have a normal life expectancy of 30+ years. Replacement of this type of roof usually consists of removing all the tile and underlayment, installing new felt underlayment and re-installing the original tiles, with costs including an allowance for breakage.
- The installation of bird stops at tile roof edges is suggested to keep wild animals from nesting under roof tiles and compromising the roofing system.

PAINTING

- All painted surfaces should be inspected every spring (prior to the more destructive sunlight of summer).
- Stucco: Cracking, fading, erosion from irrigation, and discoloration indicate need for painting, fog-coating, or re-stuccoing. Of these alternatives, fog-coating (water and color coat) is the most economical but has the shortest life. However, its advantage is that the stucco remains porous (breathable). Acrylic or elastomeric paint creates a barrier that may retain moisture, ultimately causing a failure of the stucco surface. Re-stuccoing, the “gold” treatment, is considerably more expensive but creates an “as-new” stucco surface.
- Wood: Flaking, fading and warping/delamination (plywood) are indications that painting is needed. Areas which are sufficiently deteriorated, especially due to wet/dry rot or insect damage, should be replaced prior to painting. Any earth-to-wood contact should be avoided to lessen the occurrence of insect damage and wet rot.
- Wrought Iron: All corroded areas should be wire brushed or machine-ground, with badly corroded areas replaced with new welded sections. Prime with a zinc oxide primer or other suitable anti-corrosive primer before painting.
- All signs of deterioration should be touched up as needed in order to ensure the longest possible life between repaints and to prevent deterioration of underlying surfaces. South and West facing surfaces usually require more frequent maintenance due to their increased exposure to sunlight UV rays. Whereas North facing elevations tend to need stain abatement more often as they do not receive nearly as much sun exposure.
- Adequate preparation is vital to the quality and longevity of a repaint. This includes removal of loose paint and substrates; adequate caulking at window/door frames and minor cracks, sanding of rough areas and use of the appropriate specified primer on all raw, patched, and stained surfaces.
- Apply quality brands, following manufacturer’s specifications, on all painted surfaces.
- All vegetation should be kept cleared away from the building exteriors.

FENCES, RAILINGS, GATES, RETAINING WALLS

- Inspect all fences and gates annually (summer).
- Loose posts, especially at gates, should be repaired or replaced immediately.
- Wrought Iron/Metal Tubular fences, gates and railings have a useful life of 15 to 30 years, depending on product quality, maintenance, and location. Replacement is most often due to corrosion at bases from landscape irrigation overspray and overgrowth of vegetation, or ocean air at coastal locations. Inspect the base of fence posts for signs of corrosion or deterioration, usually due to standing water. This may be lessened by wire-brushing the corroded areas, applying a zinc primer, and applying concrete epoxy to sunken areas giving slope away from the post base.
- Ensure that irrigation sprinklers are positioned and angled away from fences and remove dirt and vegetation from bottom rails of fences. Any areas of corrosion should be wire-brushed, primed and touch-up as needed to extend the life of the fencing.
- Paint or seal all fences according to the recommended schedule in this report.
- If efflorescence (calciferous mineral deposits) or wet areas are apparent on the exposed faces of masonry retaining walls, it may be a sign of inadequate or missing waterproof application on the buried side. Although short-term effects are minor, long-term effects include weakening of the reinforcement metal and grout in the wall, with subsequent bowing and retaining wall failure. Mitigation may be as simple as reduction of irrigation water, or as costly as excavation of the soil and re-waterproofing of the back side of the wall.
- It is recommended that as it becomes necessary to replace deck guardrails with current local building codes being followed. Currently all residential guardrail caps must be at least 36 inches higher than the nearest walking/standing surface, with no opening greater than 4 inches.

POOL AND/OR SPA, AND THEIR EQUIPMENT

- Inspect all pool/spa interior surfaces monthly. Inspect deck caulking and expansion joints every spring and fall. Resurfacing of the pool/spa liners is normally done on a 7 to 15 year cycle, depending upon the materials used.
- Any cracks that are noted in the pool/spa liners, border tile or border coping, as well as cracks in the concrete decking, should be repaired promptly. Water intrusion into the soil underneath the pool/spa, or decking may cause subsidence and should be avoided.
- Deteriorated caulking (most notably between the coping tiles and decking) should be removed and replaced as soon as possible. The ceramic inner border tiles at the pool/spa have a 10 to 20 year normal life. The concrete coping tiles have a 30 year normal lifespan, with repairs done as needed from the operating budget in the interim.
- Water loss above normal evaporative loss should be investigated to minimize water intrusion into the underlying soil. If the pool/spa skimmers are two-piece models with neoprene ring fittings, they may need to be replaced with one-piece skimmers. If the cause of leaks is not apparent, consult with a leak detection firm as soon as possible.
- The pool/spa heaters should be inspected for corrosion, especially at all gas and water fittings. If the pool/spa heater is turned off during part of the year, it is very important to have a complete inspection done by a qualified professional prior to re-lighting it. Pool/spa heaters, filters, motors and pumps generally have an expected life of 6 to 13 years, depending upon quality of equipment and maintenance.
- Any debris and stored items should be kept well clear of the pool/spa heaters; and every effort should be made to provide a clean and dry equipment area.
- The pool/spa area chairs, tables and chaise lounges have a 5 to 10 year lifespan, depending upon pool/spa chemical damage and vandalism. Repairs and refurbishing may be done in the meantime, including re-powder coating frames and re-strapping.

Noted Codes to Consider with Regards to Maintaining Your Pool/Spa Requirements:

- **California Health and Safety Code 115923**

An enclosure shall have all of the following characteristics:

- (a) Any access gates through the enclosure **open away** from the swimming pool and are **self-closing with a self-latching device** placed no lower than 60 inches above the ground.*
- (b) A minimum height of 60 inches (5').*
- (c) A **maximum vertical clearance** from the ground to the bottom of the enclosure of two inches.*
- (d) Gaps or voids, if any, do not allow passage of a sphere equal to or greater than four inches in diameter.*
- (e) An outside surface free of protrusions, cavities, or other physical characteristics that would serve as handholds or footholds that could enable a child below the age of five years to climb over.*

- **§8003. Federal swimming pool and spa drain cover standard (Virginia Graeme Baker Pool and Spa Safety Act)**

- (a) Consumer product safety rule

The requirements described in subsection (b) shall be treated as a consumer product safety rule issued by the Consumer Product Safety Commission under the Consumer Product Safety Act (15 U.S.C. 2051 et seq.).

- (b) Drain cover standard

Effective 1 year after December 19, 2007, each swimming pool or spa drain cover manufactured, distributed, or entered into commerce in the United States shall conform to the entrapment protection standards of the ASME/ANSI A112.19.8 performance standard, or any successor standard regulating such swimming pool or drain cover. If a successor standard is proposed, the American Society of Mechanical Engineers shall notify the Commission of the proposed revision. If the Commission determines that the proposed revision is in the public interest, it shall incorporate the revision into the standard after providing 30 days notice to the public.

- (c) Public pools

- (1) Required equipment

- (A) In general

Beginning 1 year after December 19, 2007—

each public pool and spa in the United States shall be equipped with anti-entrapment devices or systems that comply with the ASME/ANSI A112.19.8 performance standard, or any successor standard; and

each public pool and spa in the United States with a single main drain other than an unblockable drain shall be equipped, at a minimum, with 1 or more of the following devices or systems designed to prevent entrapment by pool or spa drains that meets the requirements of subparagraph (B):

- (I) Safety vacuum release system

A safety vacuum release system which ceases operation of the pump, reverses the circulation flow, or otherwise provides a vacuum release at a suction outlet when a blockage is detected, that has been tested by an independent third party and found to conform to ASME/ANSI standard A112.19.17 or ASTM standard F2387.

- (II) Suction-limiting vent system

A suction-limiting vent system with a tamper-resistant atmospheric opening.

- (III) Gravity drainage system

A gravity drainage system that utilizes a collector tank.

(IV) Automatic pump shut-off system

An automatic pump shut-off system.

(V) Drain disablement

A device or system that disables the drain.

(VI) Other systems

Any other system determined by the Commission to be equally effective as, or better than, the systems described in subclauses (I) through (V) of this clause at preventing or eliminating the risk of injury or death associated with pool drainage systems.

(B) Applicable standards

Any device or system described in subparagraph (A)(ii) shall meet the requirements of any ASME/ANSI or ASTM performance standard if there is such a standard for such a device or system, or any applicable consumer product safety standard.

LANDSCAPE

- Timer clocks and control valves should be checked monthly for efficient operation. The irrigation control timer clocks throughout the project generally have a normal life of 10 to 15 years. The control valves are normally rebuilt as needed from the maintenance operating budget due to the sporadic replacement cycle.
- Trees should be reviewed with the landscaper two times per year for insect problems, need for pruning, and root problems including pavement uplift and horizontal growth through lawn areas. Tree trimming above the contracted maintenance height, as well as removals due to pavement damage and building proximity, may be done on a recommended 2 to 4 year cycle. As the trees grow to maturity, the reserve or operating cost should be increased proportionately.
- Planters will often need to be re-waterproofed over a 15 to 30 year period due to movement and root growth which compromises the interior waterproofing membrane. This is an expensive task involving removal of plants and soil and the old membrane material (usually fiberglass or felt matting embedded in bitumen or epoxy), repair/replacement of retaining walls, and application of a new waterproofing system.
- Plants and supplies are normally replaced as needed from the maintenance operating budget. Area renovation (new shrubs, new planting configurations, more drought-resistant plantings) may be reviewed annually.

LIGHTING

- Fixtures should be inspected each time bulbs are replaced and no less than once a year. Ground-mounted fixtures should be inspected for corrosion and sprinkler heads in the area should be adjusted to avoid direct spray on the fixtures. Post-mounted fixtures should be inspected for post deterioration. A qualified electrician should perform all electrical repairs.

TERMITE TREATMENTS

Responsibility for termite treatments may be ambiguous; however, California Civil Code 1364 (b) states that:

- (1) In a community apartment project, condominium project, or stock cooperative, as defined in Section 1351, unless otherwise provided in the declaration (CC&Rs), the association is responsible for the repair and maintenance of the common area occasioned by the presence of wood-destroying pests or organisms.
- (2) In a planned development, unless a different maintenance scheme is provided in the declaration, each owner of a separate interest is responsible for the repair and maintenance of that separate interest as may be occasioned by the presence of wood-destroying pests or organisms.

California Civil Code 1364 (c) states that "the cost of temporary relocation during the repair and maintenance of the area within the responsibility of the association shall be borne by the owner of the separate interest affected."

Although the IRS prefers that termite treatments and other pest control costs be considered as operating budget allocations rather than reserves, the high cost of tenting is best considered as either a reserve component or a special assessment. Subsequent spot treatments and maintenance contracts may then be included in the operating budget.

CONTINGENCY RESERVE

- In order to protect the Association against unforeseen, hidden or higher-than projected costs, a contingency equal to 3% (newer projects) to 5% (older projects) of the total annual allocation is recommended by the California Department of Real Estate.

MAJOR PLUMBING/STRUCTURAL REPLACEMENTS

- As residential projects age, components which would earlier have been considered "Life of the Project" (i.e., having a remaining life of greater than 30 years) begin to show signs of deterioration. Such components include, but are not limited to, plumbing, underground electrical, storm drain lines, and wood siding and framing. Inclusion of such items is contingent on the maintenance responsibilities of the Association as outlined in its CC&R's. Since most such components are not accessible to visual inspection, and no defined scope of work is available, we recommend an allowance that may be modified as needed in future studies to fund specific projects.
- Most water delivery and waste line plumbing systems have a very long life (40 to 75 years) and are not considered as normal reserve replacement items. However, if the Association has a history of pinhole leaks, soil electrolysis problems, or pressure blowouts, it may be advisable to include some form of reserve allocation if repairs cannot be regularly scheduled through the operating budget. Since it is difficult to accurately determine costs, extent of damage, and best procedures for replacement at each Association, we recommend consultation with a qualified plumbing contractor or mechanical engineer.