

SOMERSET VILLAGE

HOA RESERVE STUDY



Beginning Period: January 1, 2023
Ending: December 31, 2052

Prepared By:



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1.0 Executive Summary

1.1 Overview

Somerset Village was visited by consultants from YKL on September 8th, 2022. Rich Wells, from Total Property Management, provided information as to which assets were to be included as part of the reserve analysis. At the time of the site visit a physical assessment of major community components was completed and components were quantified, logged, and photographed. Somerset Village is a 201-unit townhome community. The property includes private lanes, landscaped common area, and playgrounds. The community consists of three phases. Phase I was started in 2003, Phase II was started in 2005, and Phase III was started in 2007. Roads for Phases I and II were completed at the same time and originally consisted of 2-inches of asphalt, while Phase III roads were completed later and consisted of 3-inches of asphalt.

1.2 Major Expenditure Milestones

The major future expense for the community is private road maintenance. In 2028 roads are scheduled for 2" HMA overlay. This assumes a useful life of 20 years, starting in 2008. Second to asphalt overlay in expense is slurry seal. This is scheduled to occur in 2023, 2033, 2038 and 2043. The light posts, mailboxes, and gates are scheduled to be replaced in 2023. This schedule is recommended by the manufacturer. It is possible their useful life will extend beyond 2023. Concrete repair allowance is scheduled for 2025 and every 5 years thereafter. An allowance was made for concrete repairs based on the condition of the concrete observed during the site visit. These milestones drive the financial analysis and are the major dates for expenditures from the fund. These components are the most expensive to replace, and as such, should be maintained in a manner that ensures full useful life from the components. Premature wear and failure will add a significant burden to the HOA finances.

1.3 Reserve Account Savings Recommendations

A savings plan is recommended based on a high estimate of component costs. The current reserve balance as of October 2022 is \$159,494. It is recommended that the HOA budget be modified to include **\$30/unit per month charge in 2023. The rate increases annually at a rate of 1% through 2053.** A lower amount was calculated assuming lower replacement costs and is shown in Section 5.0, summary and recommendations. If the reserve fund does not meet the minimum

expenditures needed, then a situation will arise where special assessments, deferred maintenance, and lower property values are inevitable.

Table 1.1 – Summary of initial conditions, assumptions, and recommendations.

Description	Value
Current Reserve Account Balance	\$159,494
Assumed Earned Interest	0.9%
Assumed Rate of Inflation	3.5%
Recommended Unit Contribution to Reserve Account for 2023	\$30.00
Annual Rate of Unit Contribution Increase 2024-2053	1%

YKL was instructed that Somerset Village requires individual unit owners to maintain the exterior of their own buildings. This includes but is not limited to painting, repair of stucco and other exterior surfaces or structural/aesthetic members, and reroofing. By eliminating these maintenance costs from responsibility of the HOA, the demand on the reserve account is significantly reduced. It should be noted the painting and re-roofing costs generally drive the reserve study.

2.0 Purpose of Reserve Study

This reserve study has been prepared to provide guidance necessary to adequately prepare the Home Owners Association (HOA) to meet financial obligations associated with maintenance, repair, and replacement of common area components. Ideally, these financial obligations are met using resources that have been set aside as part of a reserve fund. Following the recommendations of the reserve study will help prevent a financial assessment of unit owners beyond the required HOA fees. The HOA board has fiduciary duty to manage and plan for these obligations while also balancing HOA membership fees and long-term property value. The reserve study helps facilitate this responsibility.

Many states have laws that require HOA's perform reserve studies. Utah Legislative bill SB278, passed March 2010, amended the Condominium Ownership Act (Utah Code 57-8-7.5) and the

Community Association Act (Utah Code 57-8a-211) to require the following within the state of Utah:

- Conduct a reserve analysis every six years.

(2) (a) (i) ... cause a reserve analysis to be conducted no less frequently than every six years ..

- Conduct a reserve analysis before July 1, 2012.

(2) (a) (ii) ..if no reserve analysis has been conducted since March 1,2008, cause a reserve analysis to be conducted before July 1,2012...

- Update a reserve analysis every three years.

(2) (b) ...update a previously conducted reserve analysis no less frequently than every three years.

In addition to the legal requirements, a properly prepared reserve study will benefit the community by aiding property management and boards in making budget and reserve account decisions based on solid analysis and information. It has been found that in-house reserve calculations done by the developer may not accurately reflect any changes that may have taken place during construction. These have generally been found to be inadequate, and have, at times, resulted in untimely assessments of unit owners.

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 payment on demand as a special assessment the unit owner's share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

The Board should be careful about deviating from reserve study recommendations. A reserve study recommends a funding plan that steers the HOA away from special assessments. If the board decides to fund reserves less than recommended, the risk of special assessments grows.

If a special assessment is called for, due to underfunding, a case could be made that the board did not fulfill its fiduciary duty and be held personally liable. Just as importantly, past owners who have sold will not have paid their fair share. Unless there is a compelling reason to deviate, the board should follow the recommendations of this study.

This reserve study was based on an evaluation of the HOA's repair and replacement obligations of existing components. Determination of costs and timing of repairs/replacements along with determination of available reserve capital form the base line for projected future costs.

These components are assessed by means of a physical analysis (Section 3.0) and funding analysis (Section 4.0). The physical analysis consists of a site visit to observe the existing condition of the HOA common components. A list of pertinent components was compiled and assessed according to age and condition, as discussed hereafter. Based on this assessment, it is possible to estimate the replacement costs.

According to the association funding goals, and the existing financial store, contributions are recommended such that the reserve account can be fully funded. The account is considered "fully funded" when all financial obligations can be met, without forcing an assessment on unit owners.

3.0 Physical Analysis

3.1 Site Visit

Somerset Village was visited by consultants from YKL on September 8th, 2022. Rich Wells, from Total Property Management, provided information as to which assets were to be included as part of the reserve analysis. At the time of the site visit a physical assessment of major community components was completed, and components were quantified and logged. Also, photographs depicting current the condition of these items were taken. These photographs are included in Section 10 for reference.

3.2 Component Criteria

The components assessed in this study must meet four general criteria. First, the components must be under the jurisdiction of the HOA – or common property. Second, the component must meet a minimum cost threshold. Costs required for small, regular maintenance on a daily, weekly, or monthly basis, is assumed to be met with funds set aside for routine property care; the HOA operating account. Third, the component must have limited lifecycle. This study forecasts expenses over 30 years, thus lifecycles estimated beyond the study period would be excluded. Finally, the component must have predictable life duration. Damage to components associated with settlement, fire, earthquakes, flooding, or misuse is not considered predictable, or measurable. Generally a cost for repair of this type of damage is covered by an insurance policy.

3.3 Determining Useful Life and Remaining Useful Life of Assets

The projected useful life of a component is determined by manufacturers' recommendations, current age and condition, and our experience with the item. Generally the manufacturer of a product will provide guidelines for its estimated functional duration. In order to provide a meaningful estimate of remaining useful life of an asset, it is crucial to know its age. Construction of Somerset Village was started in 2003, which is the commencement year of the analysis for all community components other than asphalt roadways. Provided the 1-inch asphalt overlay for Phase I and II roads is scheduled for September 2010, the commencement year for asphalt roadways in the analysis is 2007. Given the recent construction completion we have assumed that the existing components are all original. During the site visit each component was observed and assessed. This assessment provides us with the ability to modify the manufacturers' useful life recommendation to reflect current conditions. Some components may have experienced overuse, requiring a reduction in the useful life, while others may have been underused, allowing an increase in their life. Thus, the actual age of the item may or may not represent its current condition. It is important to recognize the determination of useful life and remaining useful life is subjective.

Where a component necessitates specialized services beyond the expertise of the preparers of this report, including items that are not easily observable, is encountered, the appropriate service provider, familiar with such items, was contacted to supplement this study with accurate and representative information.

3.4 Estimating Replacement Costs of Assets

Determining the replacement cost of assets accurately is accomplished in several ways. The current cost associated with repairing or replacing an asset can be found from local vendors, manufacturers, or contractors. Also, comparisons can be made to other common interest developments of similar size and geographic location. Finally, estimates can be made using resources prepared in collaborative effort by construction industry professionals.

Once the current repair or replacement cost of each asset is finalized, it must be adjusted for future costs. Future costs incorporate inflation, account for some market variability, and represent the anticipated cost of the asset at the end of its useful life when it is scheduled for repair or replacement.

3.5 Maintenance Assumptions

Based on the site visit, the preparers of this report have made every effort to account for the current condition, and projected future condition of the subject components. However, we must assume the components will be properly maintained and cared for as per manufacturer's recommendations.

4.0 Funding Analysis

4.1 Funding Goals

Ultimately, the funding goals must be derived by the board elected by the HOA members. It is likely that full funding of the reserve account will require several years. This report documents the current projected reserve status over the next 30 years, as well as the projected reserve status over the next 30 years for minimum and maximum recommended funding option.

4.2 Reserve Fund Income

Income for the reserve fund is a function of monthly HOA fees paid by unit owners as well as interest paid on the account balance. The funding analysis was performed using both the present HOA fee rates, and recommended HOA fee rates, with associated after-tax interest income. The post-tax interest rate used for the analysis was 0.9%. Additionally, a rate of 3.5% was used to account for inflation in the high-cost scenario; a rate of 2.5% was used in the low cost scenario. As of October 2022, the Reserve Account had a balance of \$159,494.

4.3 Projected Expenditures and Reserve Fund Needs

Projected expenditures and reserve fund needs are included in Table 4.1, which tabulates the estimated expenditures per component per life cycle. The total anticipated expenditure per component over the study period has also been included. For components that have multiple recurrences over the study period the component life cycle is multiplied by the anticipated number of recurrences.

Table 4.1 – List of components and corresponding data used in the analysis.

Component Name	Useful Life	Year New	Remaining Life	Low Cost (\$)	High Cost (\$)	Unit	Quantity	Recur
Asphalt - 2" Mill & Overlay	20	2008	6	1.75	2.50	sf	130,158	2
Asphalt - Slurry Seal	5	2018	1	0.30	0.40	sf	130,158	4
Concrete Repair/Replace	5	2020	3	5,000	7,000	Ls	1	6
Decorative Pavers	10	2017	5	7,200	9,600	Ls	1	3
Mailboxes	25	2007	10	1,200	1,500	Ea	12	1
Sign Replacement	5	2018	1	2,000	2,500	Ls	1	6
Playground Equipment	20	2012	10	5,000	6,250	Ea	4	1
Playground Ground Cover	5	2017	0	1.50	2.00	sf	3,490	6
Outdoor Furniture	20	2012	10	666.67	820.00	Ea	15	1
Streetlights	20	2005	3	410.00	560.00	Ea	20	2
Rubber Speed Bumps	10	2016	4	300.00	400.00	Ea	6	3
Automated Gates	15	2012	5	9,000	10,000	Ea	2	2
Pavilion Exterior Paint	10	2017	5	3.50	5.00	sf	2100	3
Pavilion/Gate House Shingles	30	2005	13	3.50	5.50	sf	1,800	1
Concrete Post/Panel Wall	10	2017	5	5,000	8,000	Ls	1	3

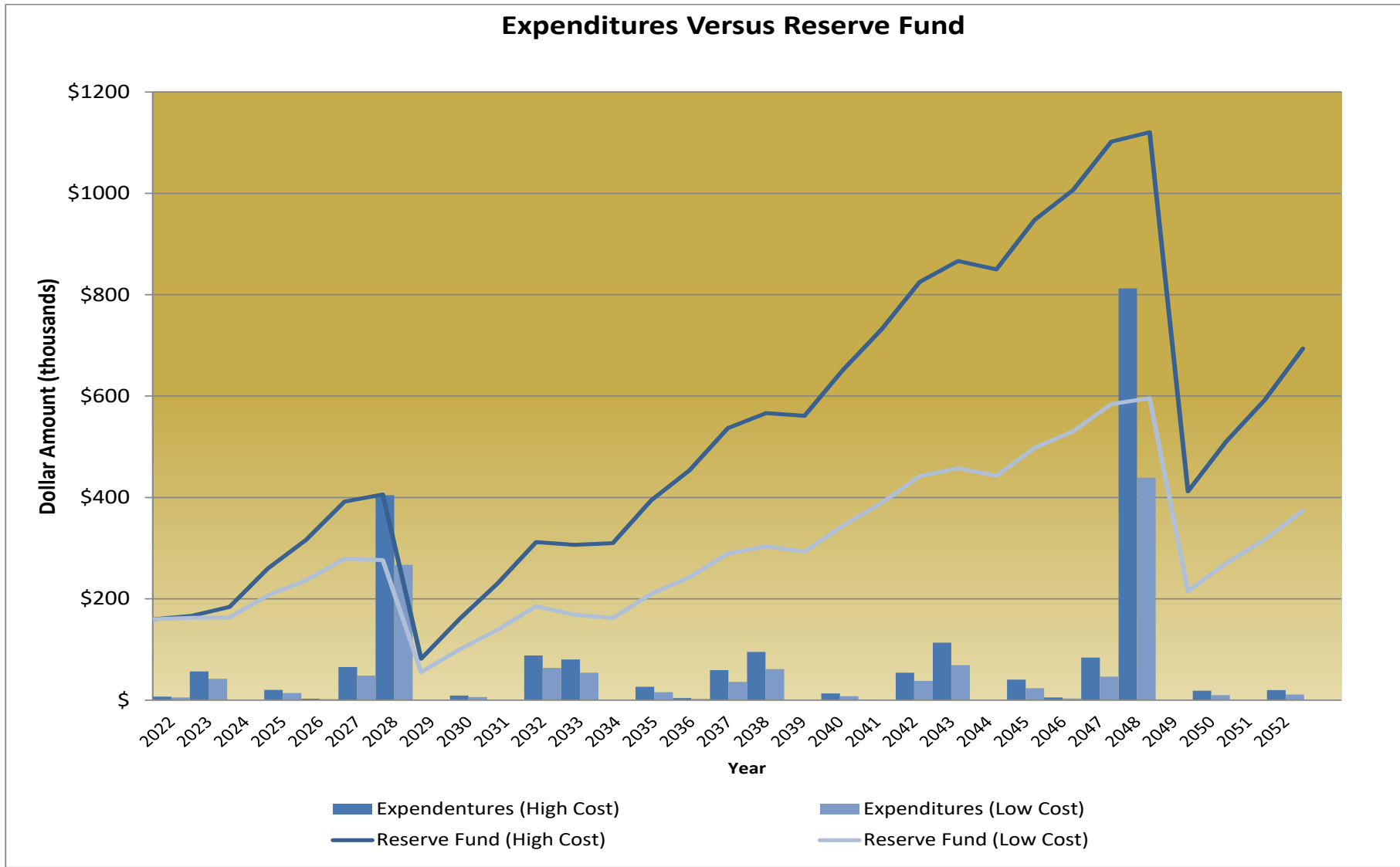
*Year New does not always indicate true year built, but instead projected aging due to existing conditions. This is estimated in the field by evaluating the existing conditions of a component, then predicting the remaining life span of the component. The “year new” date is then back calculated based on typical life spans. Poor maintenance, rigorous use, and improper installation techniques can significantly reduce a components life span. Surface Concrete and Concrete Post/Panel Wall are allowances for cracks, faulting, and spot repairs. It is not expected that the entire wall nor community concrete will need to be replaced as a whole in a single event.

Table 4.2 – Component cost per recurrence and the total for the study period; includes anticipated expenditure years.

Component Name	Low Cost/Recurrence (\$)	Total Low Cost/Study (\$)	High Cost/Recurrence (\$)	Total High Cost/Study (\$)	Expenditure Years*			
Asphalt - 2" Mill & Overlay	227,777	455,553	325,395	650,790	2028	2048		
Asphalt - Slurry Seal	39,047	156,190	52,063	208,253	2023	2033	2038	2043
Concrete Repair/Replace	5,000	30,000	7,000	42,000	2025	2030	2035	2040
Decorative Pavers	7,200	21,600	9,600	28,800	2027	2037	2047	
Mailboxes	14,400	14,400	18,000	18,000	2032			
Sign Replacement	2,000	12,000	2,500	15,000	2023	2028	2033	2038
Playground Equipment	20,000	20,000	25,000	25,000	2032			
Playground Ground Cover	5,235	31,410	6,980	41,880	2022	2027	2032	2037
Outdoor Furniture	10,000	10,000	12,300	12,300	2032			
Streetlights	8,200	16,400	11,200	22,400	2025	2045		
Rubber Speed Bumps	1,800	5,400	2,400	7,200	2026	2036	2046	
Automated Gates	18,000	36,000	20,000	40,000	2027	2042		
Pavilion Exterior Paint	7,350	22,050	10,500	31,500	2027	2037	2047	
Pavilion/Gate House Shingles	6,300	6,300	9,900	9,900	2035			
Concrete Post/Panel Wall	5,000	15,000	8,000	24,000	2027	2037	2047	

*Components with less than 8-year maintenance cycles will have more than four occurrences over the 30-year study period. This has been included in the total component costs. Slurry Seal is skipped in 2028 and 2048, due to programmed 2" asphalt mill and overlay.

Figure 4.3.1 - Graphical representation of expenditures over the thirty-year reserve study period. Expenditures vs. reserve fund balance for high and low component costs. The light and dark blue bar columns represent anticipated expenditures based on the lowest cost scenario, and the highest cost scenario. The corresponding light and dark blue lines indicate the reserve fund balance for the low and high funding, according to the allotments recommended in section 5.2.



5.0 Summary and Recommendations

5.1 Current Reserve Fund Status

At the time of this report, the balance in the reserve account for Somerset Village HOA is \$159,494. This is reflected in Figure 5.1.1, which demonstrates the current projected reserve fund versus low and high expenditures, assuming a contribution of \$14.00 per unit per month with no annual increases. It is important to note that in 2028, when a 2” mill and overlay for the private road network is scheduled, the reserve fund will be depleted. Either a special assessment will be required, or the infrastructure will continue to age without needed maintenance. At only \$14 per unit per month, the community can float expenses for 5 more years, but then will be in a deficit that will require increases or special assessments. The community is in a position now to build the reserve account and avoid these scenarios.

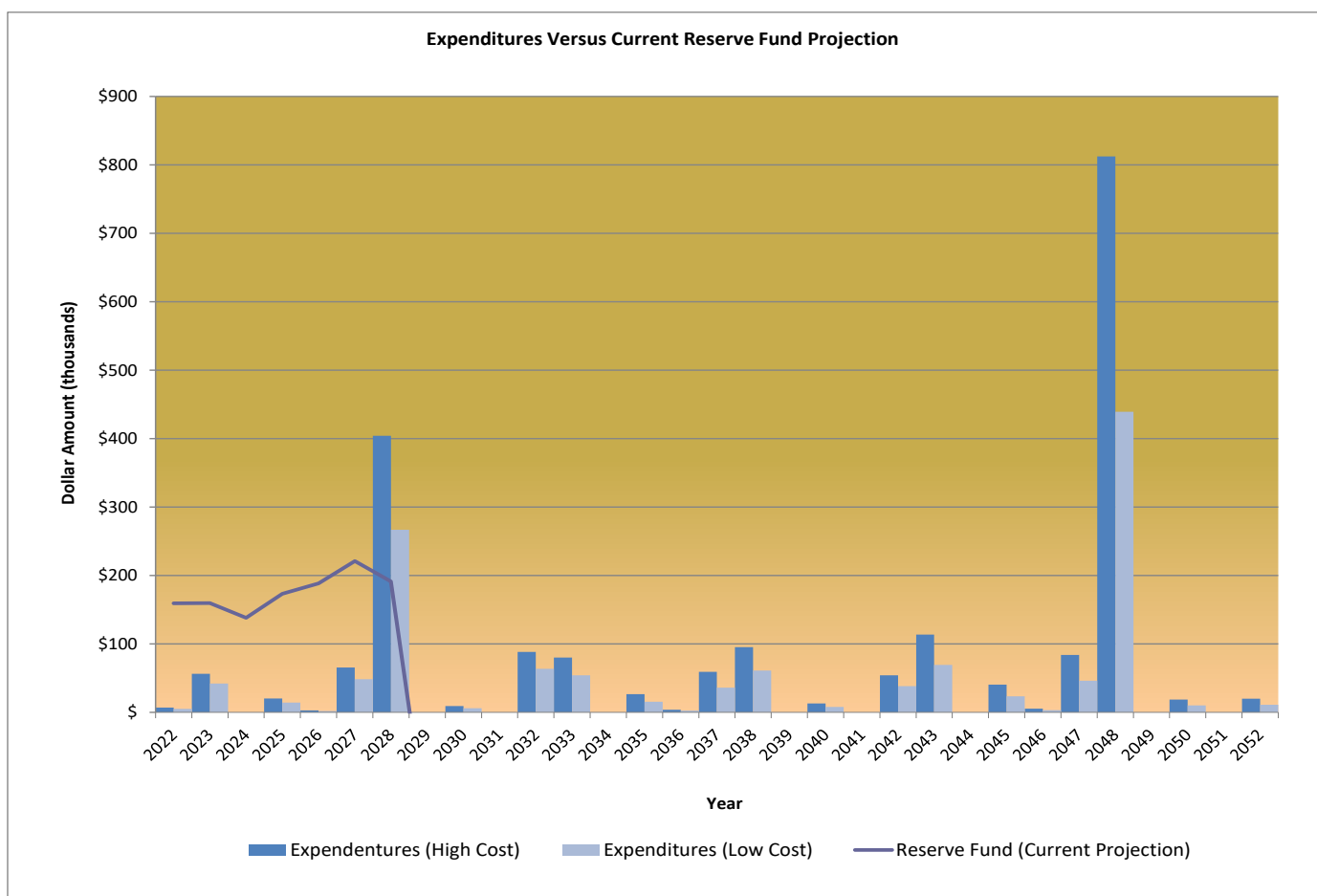


Figure 5.1.1 - Expenditures versus current reserve fund projection.

5.2 Recommended Funding Adjustments

The reserve fund balances shown in Figure 4.3.1 are achieved by adhering to the following recommended monthly unit costs:

Table 5.1 – Recommended monthly unit deposit for low and high component replacement and repair costs.

Year	Monthly Unit Deposit (low)	Monthly Unit Deposit (high)
2023	\$17.00	\$30.00
2024-2053	1.0% Increase	1.0% Increase

Table 5.1 tabulates the recommended monthly unit contributions to the reserve fund. Future increases account for material cost and monetary inflation. The low-cost recommendation starts at \$17 per unit monthly for 2023 and increases 1.0% a year. The high-cost recommendation, and the preferred findings of this report, starts at \$30 per unit monthly for 2023. Between 2024 and 2053 an annual increase of 1% is recommended. It is assumed that this study will be updated at a minimum of every three to six years, so actual inflation rates can be recalculated.

It should be noted that the capital demand on the reserve fund represents the *future dollar* cost. To put this in perspective, a dollar in 1992 is equal to \$1.98 today, or today's dollar equals 51 cents in terms of 1992 currency. Therefore, while the recommended values 20 to 30 years out may seem unreasonably high, it is prudent to keep in mind that the contribution in *present dollar* value is likely close to 50 percent of the tabulated value.

6.0 Statement of Limitations

Every effort has been made to correctly predict component expenses over the analysis period, according to the reliability and accuracy of the information provided by manufactures, vendors, and contractors; however, due to the unique unpredictable nature of the future economic climate, the projected values and recommendations included in this study are strictly estimated representations of the true values. The more distant the year, the lower the probability the values are accurate. The model is sensitive to input expenses – especially when project over 30 years – thus, depending on the economic climate, the recommended required HOA fees may need to be adjusted up or down.

Somerset Village is unique in relation to other comparable communities given the HOA is not responsible for maintenance, interior or exterior, of individual units. Therefore, this report does not incorporate the costs associated with painting, repair of stucco or other structural/aesthetic members, re-roofing, or any other unit repair/maintenance work.

The more often this report is updated, the better the fund/expense balance is met. In order to provide the greatest balance between meeting the expense demands of the association, and reducing the required monthly HOA fees, we recommend updating this report every year. If this is not possible, an update of this report should be done *at least* every 6 years. YKL Consulting is happy to provide updates of this report, upon request, for a reduced fee.

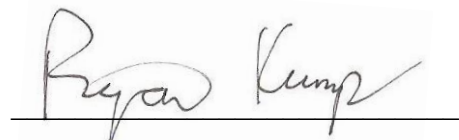
YKL Consulting has relied on Somerset HOA Board to disclose current pertinent financial status of the association. Assumptions regarding interest earned and inflation have been made according to the current financial situation. Component and material quantities were determined by observation during the site visit by YKL associates, as noted in the photographic inventory. Inspection during the site visit was strictly for budgetary purposes. Intrusive or damaging tests were not performed.

YKL Consulting has no present or prospective interest in the property that is the subject of this reserve study, and has no personal interest or bias with respect to the parties involved. The

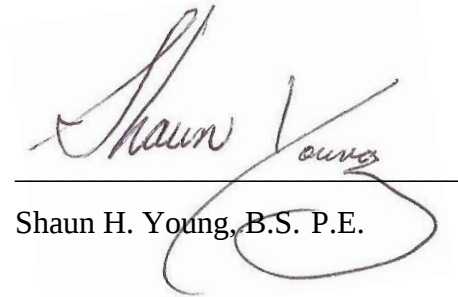
preparers also have no bias with respect to the property that is the subject in this report or to the parties involved with the contract realizing this assignment.

We appreciate the opportunity to be of service to Somerset Home Owners Association. Please do not hesitate to contact us with questions regarding the content of this report, or regarding other services we provide.

Best Regards,

A handwritten signature in dark ink, reading "Ryan Kump", written over a horizontal line.

Ryan C. Kump, M.E. P.E.

A handwritten signature in dark ink, reading "Shaun Young", written over a horizontal line. The signature is stylized with a large loop at the end.

Shaun H. Young, B.S. P.E.

7.0 Author Credentials

Shaun H. Young BS, P.E.:

Shaun graduated from the University of Utah with a bachelor's degree in Civil Engineering. He works for a local commercial and residential land development firm since graduation. His main areas of expertise are in site design, hydraulic analysis, hydrology, traffic analysis, government entitlements, site development cost estimates, land surveying, and project management. Shaun is the current past-president for the board of directors for his HOA; which consists of 228 residential units.

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Ryan C. Kump, ME, P.E.:

A 2005 University of Utah master's degree graduate in Civil Engineering, Ryan has worked as a professional engineer for over nine years. His in-depth experience with city codes and regulations gives him insight as to public vs. private property rights and responsibilities. He has managed multi-million dollar construction projects and understands the costs and needs of infrastructure, particularly as it applies to roadways and utilities. Ryan has also served as HOA Board President of The Heights at Quarry Bend community.

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8.0 Appendix A – Terms and Definitions¹

Component – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component Inventory – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each

¹ Definitions documented by the National Reserve Study Association

component, and then summed together for an association total. $FFB = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

Replacement Cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

9.0 Appendix B – Tabulated Inventory

	Category	Component Number	Component Name
1	Drive Materials	1001	Asphalt - 2" Mill and Overlay
2	Drive Materials	1002	Asphalt - Slurry Seal
3	Drive Materials	1003	Concrete - Repair/Replace
4	Drive Materials	1004	Decorative Pavers
5	Common Development Items	2001	Mailboxes
6	Common Development Items	2002	Signs
7	Common Development Items	2003	Vinyl Fencing
8	Common Development Items	2004	Concrete Post & Panel Fencing
9	Common Development Items	2005	Playground Equipment
10	Common Development Items	2006	Playground Ground Cover
11	Common Development Items	2007	Outdoor Furniture
12	Common Development Items	2008	Streetlights
13	Common Development Items	2009	Speed Bump
14	Common Development Items	2010	Automated Gates
15	Common Development Items	2011	Retaining Wall
16	Common Development Items	2012	Landscaping & Irrigation
17	Common Development Items	2013	Decorative Feature
18	Building Exterior	3001	Exterior Paint
19	Building Exterior	3002	Exterior Stucco
20	Building Exterior	3003	Asphalt Shingle Roofing

10.0 Appendix C - Photographic Inventory

Component Name: 2" Asphalt Mill & Overlay
 Component Number: Drive Materials 1001

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 20 years
 Average Age of Component: 15 years
 Remaining Component Life: 5 years

Component Cost

High Replacement Cost: \$ 325,395
 Low Replacement Cost: \$ 227,777

Quantity Breakdown

Item	Quantity	Unit
Somerset Village Way	31,798	SF
Somerset Village Drive	44,070	SF
S 2970 E	15,240	SF
S 3150 E	7,200	SF
S 2910 E	14,300	SF
S 2860 E	17,550	SF
Total	130,158	SF

General Description

The AASHTO Pavement Design Guide recommends asphalt paving receive immediate rehabilitation when signs of alligator cracking or longitudinal cracks wider than ¼ inch are present. An asphalt overlay is recommended every 15 to 20 years. The overlay will add new structure to the road and fix any pot holes or structural defects that may develop over time. Without an overlay, the road base beneath the paving could deteriorate leading to a complete asphalt replacement.

Areas that show signs of sinking can often be attributed to base course failure. These areas should be repaired prior to a new overlay.

Special Notes, Comments, and Considerations

Component Name: Asphalt Slurry Seal
 Component Number: Drive Materials 1002

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 5 years
 Average Age of Component: 4 years
 Remaining Component Life: 1 years

Component Cost

High Replacement Cost: \$ 52,063
 Low Replacement Cost: \$ 39,047

Quantity Breakdown

Item	Quantity	Unit
Somerset Village Way	31,798	SF
Somerset Village Drive	44,070	SF
S 2970 E	15,240	SF
S 3150 E	7,200	SF
S 2910 E	14,300	SF
S 2860 E	17,550	SF
Total	130,158	SF

General Description

A crack and slurry seal is recommended every 5 years. Slurry seal will help protect the asphalt from degradation by sealing cracks, preventing water seepage and damage. It also rejuvenates the surface and renews the oils, keeping the asphalt from becoming overly brittle.

There are 3 types of slurry seal. For parking lot applications or areas of low vehicular volumes a Type 1 or Type 2 slurry is recommended. A Type 1 slurry utilizes the smallest aggregate size and is good to fill in crack and voids. Type 2 uses a larger aggregate. The larger aggregate could possibly be loosened by vehicles making turns at lower speeds. Type 3 slurry should not be used in this development as it is intended for roadways with high volumes moving in a straight line.

Special Notes, Comments, and Considerations

Component Name: Concrete Repair/Replace
 Component Number: Drive Materials 1003

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Recurrent Allowance, Every: 5 years
 Beginning Year 2025

Component Cost

High Replacement Cost: \$ 7,000
 Low Replacement Cost: \$ 5,000

Quantity Breakdown

Item	Quantity	Unit
Concrete Repair	1	Lump Sum

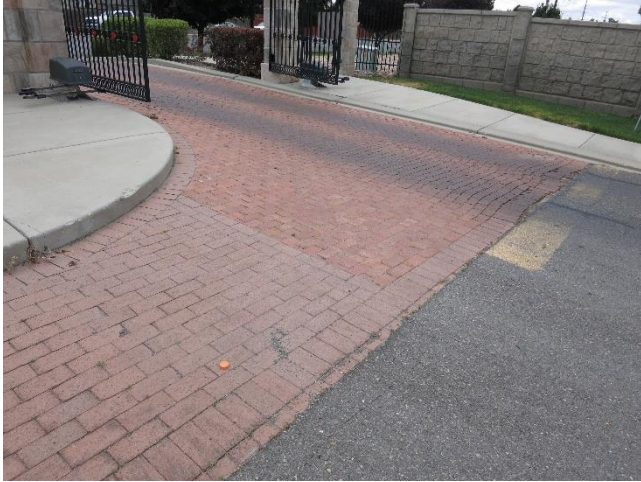
General Description

The American Public Works Association (Utah Chapter) recommends concrete panels to be repaired and or replaced when there are 3 or more cracks that extend the full depth of the slab or if there is spalling that covers more than 25% of the panel. Protruding edges should be ground down to prevent further damage and to prevent any safety hazards.

Special Notes, Comments, and Considerations

Component Name: Decorative Pavers
 Component Number: Drive Materials 1004

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Recurrent Allowance, Every: 10 years
 Beginning Year 2027

Component Cost

High Replacement Cost: \$ 9,600
 Low Replacement Cost: \$ 7,200

Quantity Breakdown

Item	Quantity	Unit
Paver Repair	1	Lump Sum

General Description

Decorative brick pavers were observed at each entrance and for sidewalks near the decorative community feature. Although the pavers are considered durable materials the underlying base course can settle resulting in shifting and rutting. When this occurs, the pavers should be removed, and the underlying base course be replaced and properly compacted. Undamaged pavers may be reused. This is less likely to occur in the sidewalk and areas that receive light traffic. An allowance has been provided for paver repair.

Special Notes, Comments, and Considerations

Component Name: Mailboxes
 Component Number: Common Development 2001

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 25 years
 Age of Component: 15 years
 Remaining Component Life: 10 years

Quantity Breakdown

Type	Quantity	Units
Mailbox Pedestal Cluster	12	Each

Component Cost

High Replacement Cost: \$ 18,000
 Low Replacement Cost: \$ 14,400

General Description

The community uses pedestal cluster mailboxes. The post office should be notified when replacement is needed to verify if there are any shared costs. This report assumes that the post office will not maintain the mailbox clusters. The mailboxes were observed to be in working condition with minimal damage; excepting the HOA drop off box.

Special Notes, Comments, and Considerations

Component Name: Sign Replacement
 Component Number: Common Development 2002

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Sign Allowance 5 years
 Beginning Year 2023

Component Cost

High Repair Cost: \$ 2,500
 Low Repair Cost: \$ 2,000

Quantity Breakdown

Name	Quantity	Unit
Sign Replacement	1	Lump Sum

General Description

Multiple private signs were observed throughout the community. Signs that are faded and hard to read should be replaced when necessary. An allowance has been provided to repair faded or damaged signs.

Special Notes, Comments, and Considerations

Component Name: Vinyl Fencing
 Component Number: Common Development 2003

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: N/A years
 Average Age of Component: N/A years
 Remaining Component Life: N/A years

Quantity Breakdown

Item	Quantity	Unit
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Component Cost

High Repair Cost: \$ N/A
 Low Repair Cost: \$ N/A

General Description

The HOA is responsible for maintain the perimeter fencing of the development. Any fencing used to partition the backyards of the homes are the responsibility of the homeowner to maintain.

Adjacent property owners should be contacted prior to fence replacement to determine if shared costs is applicable. This report assumes the vinyl fencing partitions are the sole responsibility of the homeowner to replace.

Special Notes, Comments, and Considerations

Component Name: Concrete Post & Panel Fencing
 Component Number: Common Development 2004

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 75 years
 Average Age of Component: 25 years
 Remaining Component Life: 50 years

Quantity Breakdown

Name	Quantity	Unit
Repair Allowance 10-year starting in 2027	1	LS

Component Cost

High Repair Cost: \$ 8,000
 Low Repair Cost: \$ 5,000

General Description

Concrete post and panel fencing is considered to be of a durable material and has a useful life extending beyond the range of this report. Damaged fencing should be repaired from the annual maintenance budget. An allowance has been allotted every 10 years for spot repairs of deteriorated panels and columns. This is usually due to unusual water and salt exposure.

Special Notes, Comments, and Considerations

Component Name: Playground Equipment
 Component Number: Common Development 2005

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 20 years
 Average Age of Component: 10 years
 Remaining Component Life: 10 years

Component Cost

High Repair Cost: \$ 25,000
 Low Repair Cost: \$ 20,000

Quantity Breakdown

Name	Quantity	Unit
Playground Structures	2	Each
Swing Set	1	Each
Basketball Hoop	1	Each

General Description

Playground structures should be routinely inspected by the HOA to identify any safety hazards. Damaged playground equipment should immediately be replaced or removed.

Special Notes, Comments, and Considerations

Component Name: Playground Ground Cover
 Component Number: Common Development 2006

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 5 years
 Average Age of Component: 5 years
 Remaining Component Life: 0 years

Quantity Breakdown

Name	Quantity	Unit
Ground cover	3,490	SF

Component Cost

High Repair Cost: \$ 6,980
 Low Repair Cost: \$ 5,235

General Description

Playground covering consisted of wood mulch. Playground covering should meet the minimum specified depth recommended by the manufacturer.

Special Notes, Comments, and Considerations

Component Name: Outdoor Furniture
 Component Number: Common Development 2007

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 20 years
 Average Age of Component: 10 years
 Remaining Component Life: 10 years

Quantity Breakdown

Name	Quantity	Unit
Benches	6	Each
Trash Bins	3	Each
Picnic Tables	6	Each

Component Cost

High Repair Cost: \$ 12,300
 Low Repair Cost: \$ 10,000

General Description

Outdoor furniture was observed throughout the community. The benches are constructed from metal and composite materials. The composites will degrade over time and can either be repaired or replaced.

Special Notes, Comments, and Considerations

Component Name: Streetlights
 Component Number: Common Development 2008

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 20 years
 Average Age of Component: 17 years
 Remaining Component Life: 3 years

Component Cost

High Repair Cost: \$ 11,200
 Low Repair Cost: \$ 8,200

Quantity Breakdown

Name	Quantity	Unit
Streetlights	12	Each
Entryway Light Fixtures	8	Each

General Description

Streetlight poles have a useful life extending beyond the range of this report. The LED heads typically have a useful life of approximately 20 years. The streetlights appeared to match the standard city streetlight. It is recommended that the city be notified prior to replacement to verify any shared costs.

Decorative light fixtures were observed at each entryway.

Special Notes, Comments, and Considerations

Component Name: Speed Bumps
 Component Number: Common Development 2009

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 10 years
 Average Age of Component: 6 years
 Remaining Component Life: 4 years

Quantity Breakdown

Name	Quantity	Unit
6' Rubber Speed Bumps	6	Each

Component Cost

High Repair Cost: \$ 2,400
 Low Repair Cost: \$ 1,800

General Description

Special Notes, Comments, and Considerations

Component Name: Automated Gates
 Component Number: Common Development 2010

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 15 years
 Average Age of Component: 10 years
 Remaining Component Life: 5 years

Quantity Breakdown

Name	Quantity	Unit
Gate Motors	8	Each
Security Panel	2	Each

Component Cost

High Repair Cost: \$ 20,000
 Low Repair Cost: \$ 18,000

General Description

The two entries into the community are secured with motorized gates.

Special Notes, Comments, and Considerations

Component Name: Retaining Wall
 Component Number: Common Development 2011

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: N/A years
 Average Age of Component: N/A years
 Remaining Component Life: N/A years

Quantity Breakdown

Name	Quantity	Unit
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Component Cost

High Repair Cost: \$ N/A
 Low Repair Cost: \$ N/A

General Description

A modular block retaining wall was observed within the community. The blocks are considered a durable material with a useful life extending beyond the range of this report.

Special Notes, Comments, and Considerations

Component Name: Landscape & Irrigation
 Component Number: Common Development 2012

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Reoccurring Allowance: N/A years
 Beginning Year

Quantity Breakdown

Name	Quantity	Unit
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Component Cost

High Replacement Cost: \$ N/A
 Low Replacement Cost: \$

General Description

Landscaping and irrigation are typically not included in this report. Damaged irrigation sprinkler heads, valves, piping, wiring, and drip systems should be repaired as needed and expensed from the annual maintenance budget.

Special Notes, Comments, and Considerations

Component Name: Decorative Feature
 Component Number: Common Development 2013

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: N/A years
 Average Age of Component: N/A years
 Remaining Component Life: N/A years

Quantity Breakdown

Name	Quantity	Unit
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Component Cost

High Repair Cost: \$ N/A
 Low Repair Cost: \$ N/A

General Description

A decorative concrete feature was observed within the community. The feature is constructed from materials that have a useful life extending beyond the range of this report.

Special Notes, Comments, and Considerations

Component Name: Exterior Paint
 Component Number: Building Exterior 3001

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 10 years
 Average Age of Component: 5 years
 Remaining Component Life: 5 years

Quantity Breakdown

Name	Quantity	Unit
Exterior Paint	2,100	SF

Component Cost

High Repair Cost: \$ 10,500
 Low Repair Cost: \$ 7,350

General Description

A community pavilion will require routine paint maintenance to prolong the life of the structure. The paintable surfaces were observed to be primarily covered with less exposure to the elements.

Special Notes, Comments, and Considerations

Component Name: Exterior Stucco
 Component Number: Building Exterior 3002

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: N/A years
 Average Age of Component: N/A years
 Remaining Component Life: N/A years

Quantity Breakdown

Name	Quantity	Unit
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Component Cost

High Repair Cost: \$ N/A
 Low Repair Cost: \$ N/A

General Description

The common pavilion and gate houses were observed to be treated with stucco or other synthetic materials. This material has a useful life extending beyond the range of this report. Cracked or damaged stucco should be repaired and expensed from the annual maintenance budget.

Special Notes, Comments, and Considerations

Component Name: Asphalt Shingles
 Component Number: Building Exterior 3003

Date of Photograph: Friday, August 5, 2022
 Photograph By: Shaun Young



Component Duration

Component Life Expectancy: 30 years
 Average Age of Component: 20 years
 Remaining Component Life: 10 years

Quantity Breakdown

Name	Quantity	Unit
Pavilion	1,400	Sq. Ft.
Gate Houses	400	Sq. Ft.

Component Cost

High Repair Cost: \$ 9,900
 Low Repair Cost: \$ 6,300

General Description

Special Notes, Comments, and Considerations