

RESERVE STUDY SUMMARY

Update with No Site-Visit/Off-Site Review

Wood Ranch OWNERS ASSOCIATION

Prepared
September 5, 2024

for
Fiscal Year 2025



John D. Beatty & Company

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Reserve Study Summary

This report documents the results of an Update with No Site-Visit/Off-Site Review performed by John D. Beatty & Company for the following Single Family Home Community:

Wood Ranch Owners Association

Danville, California

It provides an analysis of the repair and replacement requirements for the association's major components and recommends a funding plan to meet those obligations. This study was performed in compliance with California Civil Code sections 4178, 5300, 5550, 5560 & 5565. The intent of this legislation is to insure that the association maintains a plan to meet all future obligations for major component maintenance. The essential elements of this legislation are:

- 1 . Identification of the major components which the association is obligated to maintain
- 2 . Current estimate of the useful life of each component
- 3 . Current estimate of the remaining life of each component
- 4 . Current estimate of the replacement cost of each component
- 5 . Current estimate of the total annual contribution necessary to maintain the major components
- 6 . Current estimate of the amount of cash reserves necessary to maintain the major components
- 7 . Disclosure of the current amount of accumulated cash reserves actually funded
- 8 . Disclosure of the percentage of reserves actually funded
- 9 . Disclosure of any determined or anticipated special assessments
- 10 . A general statement of methodology

SCOPE

This study is aligned with the association's fiscal year and establishes January 1, 2025 through December 31, 2034 as the period of time for which reserve expenditures and reserve fund balances are projected.

METHODOLOGY

A cash flow methodology was used to determine the annual reserve contribution. The underlying premise of this reserve funding approach is to establish a contribution level that will allow the association to maintain a positive balance in the reserve fund while meeting all anticipated maintenance obligations. The cash flow method allows the association to achieve this goal without the unnecessary overfunding of reserves. Also, as the interest earned on the reserve fund will not totally offset inflation, projections were made using the current inflation factor and an average interest rate on fully insured certificates of deposit.

In preparing this study, a comprehensive list of major components was developed and information was compiled on the type, number, age and cost of each of these components. In gathering this data, certain assumptions were 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. All life expectancies were based on reasonable industry experience for equipment and material and, unless specifically noted, all components were in a reasonable and ordinary condition.

No inspection was conducted of the major components. Information utilized to update the reserve study was obtained from management and the association's records. Prior quantities delineated on the previous reserve study with inspection are assumed to be accurate. The condition of components in the previous reserve study with inspection was based on a reasonable sample. It is assumed that all components are to be reasonably maintained for the remainder of their life expectancy.

For a component to be included in this study, the following criteria must be met:

- 1 . The maintenance of the component is the responsibility of the association;
- 2 . The maintenance of the component is not included in the annual operating budget;
- 3 . The estimated useful life of the component is greater than one year; and
- 4 . The estimated remaining life of the component is less than 30 years.

This study is intended to reflect the estimated replacement cost of the components and is not intended to project the actual cost of the work when performed. This limitation is necessary, as it is virtually impossible to predict with any degree of certainty the myriad factors that will impact costs at a future date. Because of this qualification, it is necessary for the results of this study to be reviewed annually to reflect any meaningful changes in use or significant increases in labor and/or materials costs.

The funding for this study has a threshold margin of 15%. This means that the projected ending balance for each fiscal year is at least 15% of the projected expenditures for the same year. This margin provides a contingency for any unforeseen or out of the ordinary repair or replacement expense. Additionally, it can be used in subsequent years as a source of funds for reallocation of the life cycles should the aging of any components be abnormally accelerated.

FINDINGS

The findings of this study indicate that it will be necessary to adjust the annual reserve contribution as indicated on pages 6-8 of this report in order to meet projected expenditures and keep pace with inflation. These findings are based on the following:

- | | | | |
|-----|---|----|---------|
| 1 . | Projected reserve fund balance as of January 1, 2025 | \$ | 440,000 |
| 2 . | Reserve contribution for fiscal year 2024 | \$ | 234,353 |
| 3 . | Reserve contribution for fiscal year 2025 | \$ | 239,040 |
| 4 . | Assumed annual inflation rate | | 3.0% |
| 5 . | All "after tax" interest earned on reserve fund investments will be retained in the reserve fund. | | |

DISCLOSURES

John D. Beatty & Company (JDB) verifies herein that any financial or other interests, whether adverse or otherwise, which consultant may have or propose to have in any company, organization, individual, asset or activity has no bearing on the subject matter of this reserve study. Except for the compensation payable to JDB neither JDB nor any of JDB's agents, employees or affiliates shall benefit from our preparation of this reserve study.

This plan provides adequate funds to meet projected expenditures without relying on a special assessments or increases in regular assessments that require a vote of the membership. Based on the assumption that the association will fund reserves in accordance with this plan, which includes those increases indicated above, the percent funded was calculated in the following manner:

<u>Accumulated Cash Reserves (Numerator)</u>	
Projected reserve fund balance as of January 1, 2025	\$ 440,000
<u>Accrued Liability (Denominator)</u>	
Estimate of the amount of cash necessary to repair, replace, restore or maintain the association's major components as of January 1, 2025	\$ 1,313,465
Percent Funded	33%

This Reserve Study was reviewed and approved by the Association's Board of Directors.

Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BUILDING EXTERIORS:															
1 - Exterior Door Replace		7,234	25	20											
2 - Exterior Door Replace		14,468	25	20											
3 - Exterior Door Replace		1,277	25	2				1,315							
4 - Exterior Door Restroom Repl		2,957	25	2				3,045							
5 - Window Replace		2,016	35	8									2,479		
6 - Wood Siding Paint		5,803	7	2				5,977						7,351	
7 - Wood Siding Repairs	30%	6,009	7	2				6,189						7,612	
BUILDING INTERIORS:															
8 - Clubhouse Paint		5,150	7	3				5,463							6,719
9 - Interior Door Replace		2,419	25	3				2,566							
10 - Interior Door Replace		2,688	25	3				2,852							
11 - Restrooms Refurbish		82,400	30	3				87,418							
12 - Shower Tile Replace		4,120	30	3				4,371							
13 - Window Covering Replace		403	12	3				428							
14 - Wall & Ceiling Paint		7,245	10	3				7,686							
FENCING, WALLS & ARBORS:															
15 - Chain Link Repair		4,525	15	2				4,661							
16 - Entry Sign Repair		6,180	15	2				6,365							
17 - Metal Picket Paint @ Pool		9,270	7	2				9,548						11,743	
18 - Metal Picket Repair @ Pool	25%	7,232	14	2				7,449							
19 - Metal Picket Replace @ Pool		28,930	21	2				29,797							
20 - Wood Split Rail Repair	10%	762	7	2				785						965	
21 - Wood Split Rail Replace		7,620	21	9										9,653	
22 - Wood Arbor Paint		21,953	7	6						25,450					
23 - Wood Arbor Repair	30%	75,995	7	6						88,098					
24 - Wood Arbor Replace		253,315	30	6						293,662					
25 - Wood Walls @ Pool Paint		5,795	7	2				5,968						7,340	
26 - Wood Walls @ Pool Repair	30%	6,180	14	2				6,366							
27 - Wood Walls @ Pool Replace		20,601	28	12											
28 - Wood Retaining Wall Replace		13,911	18	2				14,328							
29 - Wood Pony Wall Repr/Repl	10%	647	5	2				667				773			
30 - Wood Pony Wall Replace		6,472	25	20											
FLOOR COVERINGS:															
31 - Clubhouse Wilsonart Flr Repl		15,187	15	4					16,595						
32 - Tile Flooring Replace		3,090	18	7								3,690			
33 - Restroom Flooring															
FURNISHINGS & APPLIANCES:															
34 - Clubhouse Appliances		10,300	15	2				10,609							
35 - Clubhouse Cabinetry & Counters		20,600	15	2				21,218							
36 - Clubhouse Furnishings		14,442	10	2				14,876							
37 - Pool Patio Furnishings		60,000	10	2				61,800							

Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
LANDSCAPING:															
38 - Irrigation Backflow Devices	20%	3,564	5	2			3,671					4,256			
39 - Irrigation Timer Replace	33%	3,059	5	2			3,151					3,653			
40 - Irrigation Timer Replace	33%	3,059	5	2			3,151					3,653			
41 - Irrigation Valve Replace	10%	5,389	2	2			5,551		5,889		6,248		6,628		7,032
42 - Irrigation - Moderization		7,725	1	1	7,725	7,957	8,195	8,441	8,695	8,955		9,224	9,501	9,786	10,079
43 - Mulch Replace-Common Area		26,663	5	2		27,463						31,837			
44 - Open Space Landslide Repair		257,500	15	14											
45 - Plant Stock Replenishment		9,581	5	2			9,868					11,440			
LIGHT FIXTURES:															
46 - Bollard Lights Fixture Replace		7,725	20	2			7,957								
47 - Building Light Ext (ceiling) Repl		2,012	20	2			2,072								
48 - Building Light Ext (mount) Repl		623	20	2			642								
49 - Building Light Ext (mount) Repl		312	20	6							361				
50 - Building Light Ext Repl		234	20	2			241								
51 - Building Light Int Repl-Restroom		479	25	9										607	
52 - Building Lights Interior		5,030	25	2			5,181								
53 - Can Light Replace		686	20	2			706								
54 - Pole Light Wood Fixture Replace		5,150	20	1	5,150										
55 - Pole Light Metal Fixture Replace		479	20	2			493								
56 - Pole LightWood Fixture Replace		5,150	20	1	5,150										
57 - Spot Light Replace		1,391	20	2			1,433								
MECHANICAL SYSTEMS HVAC & WATER:															
58 - Air Condensing Unit		12,209	15	2			12,575								
59 - Forced Air Furnace		4,311	15	2			4,441								
60 - Water Heater Replace		4,120	15	2			4,244								
PAVED SURFACES:															
61 - Asphalt Remove & Replace		51,515	15	11											
62 - Asphalt Sealcoat & Repair		8,225	5	3				8,726				10,116			
63 - Concrete Walkway Repairs		7,725	5	3				8,195				9,501			
64 - Pool Deck Repr/Repl															
65 - Pool Deck Replace		185,421	20	4					202,614						
66 - Tennis Court Colorcoat		18,683	5	3				19,821				22,978			
67 - Tennis Ct Resurf/Repr/Repl		103,000	30	3				109,273							
68 - V-Ditch Minor Repair		6,334	10	3				6,720							
69 - V-Ditch Major Repair		253,354	20	10											330,570
RECREATION FACILITIES:															
70 - Bark Replace - Tot Lot		4,637	3	1	4,637				5,067			5,537			6,050
71 - BBQ Replace		3,090	20	3				3,278							
72 - Composite Bench Replace		3,225	25	21											
73 - Metal Benches & Tables Paint		4,790	7	2			4,934							6,068	
74 - Metal Bench (no back) Repl		5,107	25	2			5,260								
75 - Metal Bench Replace		3,225	25	2			3,322								
76 - Metal Picnic Tables Replace		4,291	25	2			4,420								
77 - Pool Drinking Fountain Replace		4,124	15	2			4,244								

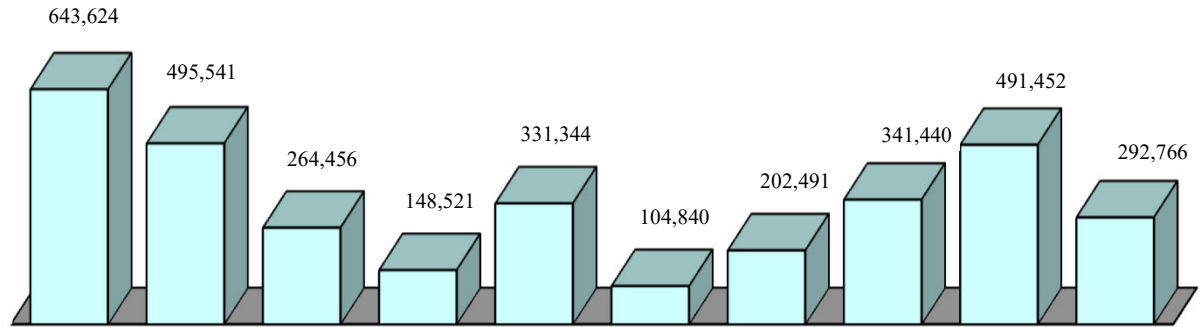
Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
RECREATION FACILITIES Cont'd:															
78 - Tennis Ct - Windscreen Repl		15,450	20	7								18,448			
79 - Tennis Court Net Replace		3,090	6	2			3,183						3,800		
80 - Tot Lot Structure		103,000	20	4					112,551						
81 - Swing Set Replace		30,900	20	10											40,317
RECREATION FACILITIES - POOL:															
82 - Chlorinator Replace		927	5	3				983					1,140		
83 - Control Panel Replace		2,033	15	3				2,157							
84 - Filter Replace		11,406	8	3				12,101							
85 - Heater Replace		12,731	12	3				13,506							
86 - Pump Replace		5,703	8	3				6,050							
87 - Resurface Interior		77,253	12	3				81,958							
88 - Tile & Coping Replace		15,456	12	3				16,397							
89 - Solar Panel Replace		10,347	12	3				10,977							
90 - Solar Panel Replace		3,449	12	3				3,659							
91 - Solar Panel Replace		7,535	12	7							8,997				
RECREATION FACILITIES - SPA:															
92 - Chlorinator Replace		927	5	3				983					1,140		
93 - Filter Replace		3,564	8	3				3,781							
94 - Heater Replace		11,252	12	10											14,681
95 - Pump Replace		2,852	8	3				3,025							
96 - Resurface Interior		15,328	12	3				16,261							
97 - Tile & Coping Replace		2,688	12	3				2,851							
ROOFING SYSTEM:															
98 - Gutters & Downspouts		7,725	25	2				7,957							
99 - Roof Inspection & Repairs		1,626	5	2				1,674				1,941			
100 - Tile Shingles Replace		25,757	40	2				26,530							
OTHER:															
101 - Bike Rack Paint		299	7	2				308							379
102 - Bike Rack Replace		4,120	20	4						4,502					
103 - Dog Station Replace		5,150	12	2				5,305							
104 - Flag Pole & Assembly		4,651	20	3					4,934						
105 - Video Surveillance Camera Repl		9,274	8	3					9,839						
106 - Video Surveillance DVR Repl		1,739	8	3					1,845						
107 - X-mas Lights Repair/Replace		1,344	1	1		1,344	1,384	1,426	1,469	1,513	1,558	1,605	1,653	1,702	1,754
108 - Reserve Study Update						NOTE: Funding is addressed via the association's operating budget.									
109 - Reserve Study Update Inspection						NOTE: Funding is addressed via the association's operating budget.									
UNSCHEDULED.....	5%	11,952	1	1		11,952	12,191	12,435	12,684	10,147	10,401	10,661	10,927	11,200	11,480
TOTAL EXPENDITURES		2,179,916				35,958	392,473	480,162	369,812	20,354	434,732	115,714	79,863	74,409	428,683

Funding Plan

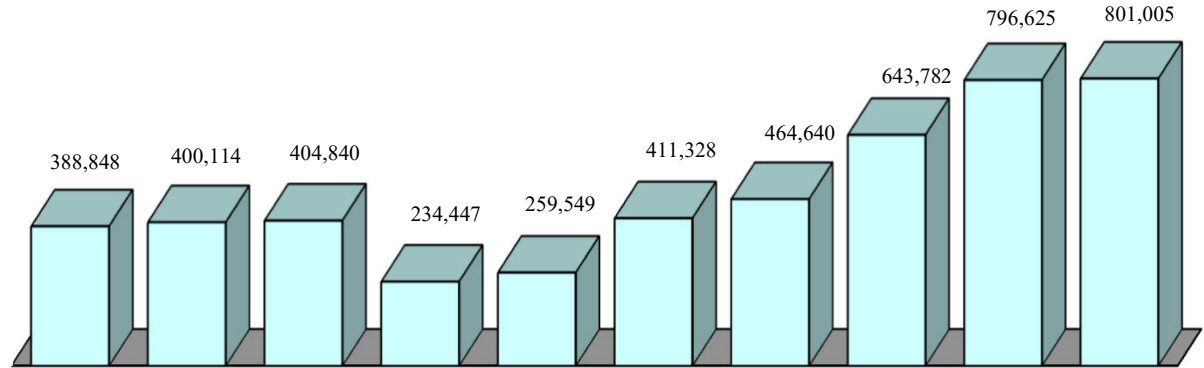
Projected Cash Balance



Fiscal Year		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Jan 1		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Dec 31		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BEGINNING BALANCE		440,000	643,624	495,541	264,456	148,521	331,344	104,840	202,491	341,440	491,452
EXPENDITURES (inflated \$)	3.0%	35,958	392,473	480,162	369,812	20,354	434,732	115,714	79,863	74,409	428,683
RESERVE CONTRIBUTION		239,040	243,821	248,697	253,671	202,937	208,010	213,211	218,541	224,004	229,605
Per Unit Per Month (431 units)		46.22	47.14	48.09	49.05	39.24	40.22	41.22	42.25	43.31	44.39
Percentage Increase to Reserves		2.0	2.0	2.0	2.0	(20.0)	2.5	2.5	2.5	2.5	2.5
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	542	569	380	206	240	218	154	272	416	392
ENDING BALANCE		643,624	495,541	264,456	148,521	331,344	104,840	202,491	341,440	491,452	292,766

Funding Plan

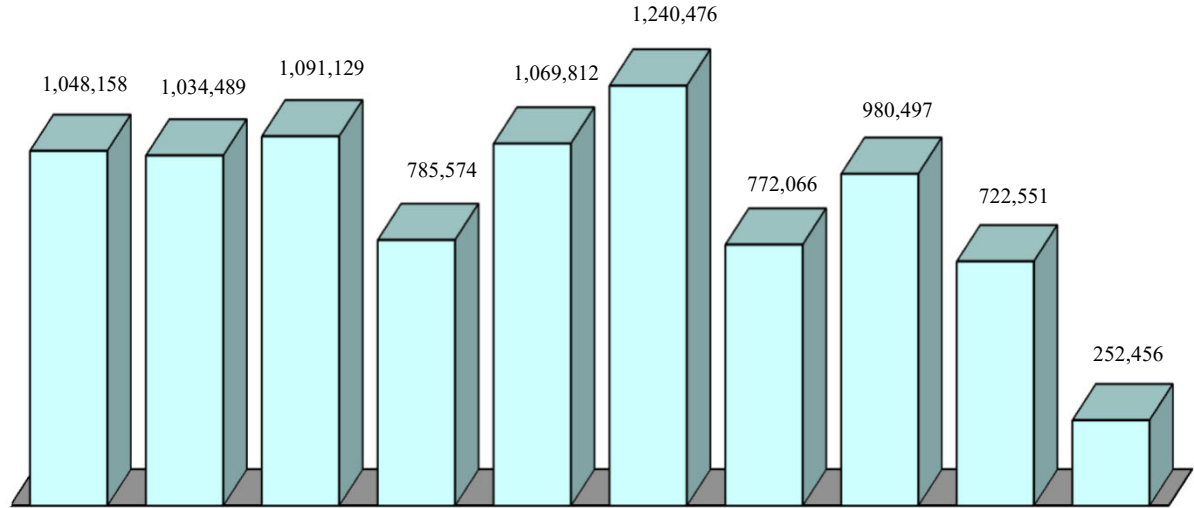
Projected Cash Balance



Fiscal Year	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Jan 1	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
Dec 31	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
BEGINNING BALANCE	292,766	388,848	400,114	404,840	234,447	259,549	411,328	464,640	643,782	796,625	
EXPENDITURES (inflated \$)	3.0%	139,603	230,356	242,936	424,153	234,922	114,957	220,319	101,573	135,181	291,049
RESERVE CONTRIBUTION	235,345	241,228	247,259	253,440	259,776	266,401	273,194	280,160	287,305	294,631	
Per Unit Per Month (431 units)	45.50	46.64	47.81	49.00	50.23	51.51	52.82	54.17	55.55	56.97	
Percentage Increase to Reserves	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6	
SPECIAL ASSESSMENT(S) or LOAN	0	0	0	0	0	0	0	0	0	0	
INTEREST	0.1%	341	394	402	319	247	335	438	554	720	798
ENDING BALANCE	388,848	400,114	404,840	234,447	259,549	411,328	464,640	643,782	796,625	801,005	

Funding Plan

Projected Cash Balance



Fiscal Year		(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Jan 1		2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Dec 31		2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
BEGINNING BALANCE		801,005	1,048,158	1,034,489	1,091,129	785,574	1,069,812	1,240,476	772,066	980,497	722,551
EXPENDITURES (inflated \$)	3.0%	55,915	324,559	262,172	632,345	50,851	173,173	820,837	152,828	628,369	849,578
RESERVE CONTRIBUTION		302,144	309,849	317,750	325,852	334,162	342,683	351,421	360,382	369,572	378,996
Per Unit Per Month (431 units)		58.42	59.91	61.44	63.00	64.61	66.26	67.95	69.68	71.46	73.28
Percentage Increase to Reserves		2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	924	1,041	1,062	938	927	1,155	1,006	876	851	487
ENDING BALANCE		1,048,158	1,034,489	1,091,129	785,574	1,069,812	1,240,476	772,066	980,497	722,551	252,456

Assessment and Reserve Funding Disclosure Summary For Fiscal Year January 1, 2025 - December 31, 2025

This Summary contains information about the Association's assessments and the status of the reserve fund. The Association may periodically update or supplement the information in this Summary. Please contact the Association to determine if a more recently prepared Summary or supplement is available.

- (1) The current **regular** assessment per ownership interest is \$ 430.00 per quarter.

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this unit may be found on the Variable Assessment Report (provided by an association representative.)

- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the Board and/or Members:

Date Assessment will be due:	Amount per ownership interest per month (if assessments are variable, see note immediately below):	Purpose of the assessment:

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this unit may be found on the Variable Assessment Report (provided by an association representative.)

- (3) Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes If the Special Assessment in Note (2) is collected No

- (4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
	\$
	Total:

- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is **\$1,446,075**, based in whole or in part on the last reserve study or update, prepared by John D. Beatty & Company. The projected reserve fund cash balance at the end of the current fiscal year is **\$643,624**, resulting in reserves being **45%** funded at this date (and an average per-unit deficit of **\$1,862**). If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$643,624** (which is based on the projected ending balance figure(s) provided by the association representative. See "Methodology" on Page 1.)
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is **(listed in the table below)**, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is **(listed in the table below)**, leaving the reserve at **(listed in the table below)** percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be **(listed in the table below)**, leaving the reserves at **(listed in the table below)** percent funded.

Assessment and Reserve Funding Disclosure Summary

For Fiscal Year January 1, 2025 - December 31, 2025

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance	Percent Funded
2	\$ 1,227,228	\$ 495,541	40%
3	\$ 925,900	\$ 264,456	29%
4	\$ 740,288	\$ 148,521	20%
5	\$ 909,659	\$ 331,344	36%
6	\$ 670,344	\$ 104,840	16%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs per year are shown on the Funding Plan.

This Summary was authorized by the Association based on the information available in the Association's most recent reserve study or annual update dated as of **September 5, 2024**. This summary supercedes all earlier issued versions.

NOTE: The remainder of Civil Code Section 5570 is not part of the required Assessment and Reserve Funding Disclosure Summary Form, but is included here because the information is needed to properly complete the form.



John D. Beatty
President

For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
- (3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.