

**Birch Bay Village Community
Club
RESERVES TOWNHALL MEETING**

August 27, 2024

Agenda

- Introductions
- FY 2025 Reserve Overview
 - General Reserves
 - Roads & Drainage Reserves
 - Marina Reserves
- 5 year Reserve Estimates
- Impact to Dues
- Next Steps & Timing

Important Meeting Dates

- **Today, August 27th** – Reserve Town Hall Review
- **Wednesday September 4th, @ 5pm** – Budget Town Hall
- **Tentative Wednesday September 11th** – Board workshop, budget will be primary discussion
- **Ongoing additional committee input and sub-committee work in preparation for final budget**
- **Thursday, September 19th, 4:30pm** – Final Board review and recommendation for 2025 dues

Important Meeting Dates

- **Week of September 20th** – Budget Packets are prepared for on-line voting (and mailed as necessary)
- **Voting takes place via on-line, drop off box and postal mail**
- **Friday, November 1st 7p.m.** – Annual Budget Meeting

The Reserve Process

- Review Reserve Study, obtain feedback from department managers, discussion with consultant.
- Prepare Reserve Study funding recommendations vs current funding levels....
- Town Hall to review 2025 Reserve Study
- Board to take input, to include in 2025 recommended dues

2025

Reserve Budget

- Provides funding for capital (assets) acquisitions, major repairs, replacements and special one-time projects

Differs from Operating Budget :

- Projects can run beyond the end of the fiscal year
- Fluctuate greatly from year to year
- Also provides reserve funds for future capital projects

Impacts to Reserves

- **Capital Projects and Aging Infrastructure**– Many members in Birch Bay Village understand that when you get older you spend much more time and money on your health than you did when you were younger. Birch Bay Village is no different. The development just turned 50 years old and it requires more maintenance effort and capital investment than when it was brand new. This increased level of effort requires more funding, staff, and outsourcing than doing nothing.
- **Deferred Maintenance** – Costs do not go away but tend to accumulate or “stack” into future years. Costs tend to be greater and responsibility is shifted from current owners to future owners.

What is a Reserve Study?

What is a Reserve Study?

- Mandated by Washington State Law to Identify:
 - **Community Assets** - (What the Community owns and is responsible to maintain)
 - **Useful Lives** - (How much longer will they last)
 - **Unit Cost** - How much does it cost in current dollars to replace
 - **Percentage of Funding** (How much money on hand to replace)

What is the Purpose of a Reserve Study ?

- To set the periodic reserve assessment to ensure funding of reserve expenses over 30 years
- Disclosure document that informs current owners and future buyers of the condition of the community's assets and their funding
- Must be provided to owners, but not mandatory to fund at levels recommended
- As importantly....a reserve study it is not a detailed project list, but a long term funding plan. Projects may not happen exactly as scheduled

Reserve Study Update

Level 2 Reserve Study Updates: July 2024 for 2025

Divided into 3 asset categories:

- **General Assets** – Equipment, vehicles, courts, buildings, parks, pools
- **Roads & Drainage** – asphalt and drainage systems
- **Marina** – Docks, ramps, fuel dock, dredging, bank stabilization

2025 Reserve Study - General

Beginning Fund Balance (January 1, 2025)	\$1,061,435
Fully Funded Balance	2,602,289
Annual Contribution	147,541
Fully Funded Contribution	395,000
Reserve Study Recommended Baseline	277,393
Board Proposed Funding 2025	277,393
Current/Lot/Year	131/yr
Increase (decrease) per Lot	115/yr
2025 General Reserve/Lot/Year	\$246/yr

Upcoming General Reserve Spend

Maintenance & Greens Equipment - 2025	\$259,000
Building Refurbishment & Repair - 2025	314,000
Vehicle Replacements - 2025	92,000
Park and Recreation Area Replacements - 2025	137,000
Building Replacement Fund - 2025	120,000
Vehicle Replacements - 2026	70,000
Maintenance & Greens Equipment - 2026	39,000
Building Refurbishment & Repair - 2026	74,000
Pool Interior Paint - 2026	\$168,000

The board, management and staff will continue to reevaluate the remaining useful life of many of the items listed to be replaced in the reserve study. This will only defer the cost to future years and not eliminate the obligation to fund.

2025 Reserve Study – Roads & Drainage

Beginning Fund Balance (January 1, 2025)	\$1,408,600
Fully Funded Balance	2,625,998
Annual Contribution	295,810
Fully Funded Contribution	295,810
Reserve Study Recommended Baseline	278,184
Board Proposed Reserve Funding 2025	278,184
Current/Lot/Year	262
Increase (decrease) per Lot	(15)
2025 General Reserve/Lot/Year	\$247/yr

Upcoming Roads & Drainage Spend

Culvert Replacements & Repair 2025	\$333,833
Asphalt Paving & Crack Seal - 2025	15,000
Asphalt Paving & Crack Seal - 2026	609,250
Beaver Pond Splash Pad	105,000
Culvert Replacements & Repair 2027	581,834
Asphalt Paving & Crack Seal - 2027	16,537

The board, management and staff will be reevaluating the paving and culvert replacement schedule. This will only defer the cost to future years and not eliminate the obligation to fund.

2025 Reserve Study - Marina

Beginning Fund Balance (Jan. 1, 2025)	\$(128,331)
Fully Funded Balance	3,615,550
Annual Contribution	425,236
Fully Funded Contribution	2,650,000
Reserve Study Recommended Baseline	870,595
Board Proposed Funding 2025 (Combo HOA, Marina Users, Private Dock Owners)	548,000
Current/Lot/Year	0
Increase (decrease) per Lot	25

Upcoming Marina Spend

Marina Engineering & Permitting - 2025	\$167,000
Marina Engineering & Permitting cont. - 2026	96,000
Piling Replacements (end piles) - 2027	221,000
Dredging - 2028	255,000
Harbor Bank Reinforcement - 2029	2,431,000
Fuel Dock Replacement - 2029	182,000
Piling Replacements - 2029	400,000
Launch Concrete Ramp - 2029	61,000

The board, management and staff will be reviewing other major Marina infrastructure projects over the next year to better refine projection of Marina expenses over the next 5 years.

5 yr. Reserve Estimates

General Reserve Fund	2025	2026	2027	2028	2029
General Fund					
Ending balances per estimates at current funding per study	\$289,870	\$98,713	\$(114,019)	\$(198,298)	\$(388,475)
Adjusted per dues impact		20%	20%	20%	20%
Adjusted ending balance at base-line funding	129,852	155,822	186,987	244,384	269,261
Estimated Yr End Balance	\$419,722	\$384,387	\$358,642	\$498,748	\$577,832

5 yr. Reserve Estimates

R&D Reserve Fund	2025	2026	2027	2028	2029
Roads & Drainage Fund					
Ending balances per estimates at current funding per study	\$1,391,161	\$1,013,434	\$760,649	\$411,448	\$766,927
Adjusted per dues impact		0%	0%	0%	0%
Adjusted ending balance at base-line funding	(17,626)	(17,626)	(17,626)	(17,626)	(17,626)
Estimated Yr End Balance	\$1,373,535	\$978,182	\$707,771	\$340,944	\$678,797

5 yr. Reserve Estimates

Marina Reserve Fund	2025	2026	2027	2028	2029
Marina Fund					
Ending balances per estimates at current funding per study	\$(69,762)	\$287,848	\$776,533	\$1,040,740	\$(1,516,398)
Adjusted per dues impact		20%	20%	20%	20%
Estimated Yr End Balance	\$53,202	\$558,369	\$1,224,122	\$1,700,811	\$(601,349)

5 yr. Reserve Estimates

	2025	2026	2027	2028	2029
Recommended Total Reserves	\$1,103,777	\$1,389,530	\$1,735,959	\$2,155,199	\$2,661,813
Per Lot 2025 Equal	\$979	\$1,232	\$1,539	\$1,911	\$2,360
	27.1%	25.9%	24.9%	24.2%	23.5%
Per Lot 2025 Minus Marina Plus \$25	\$518	\$651	\$813	\$1,010	\$1,248

Questions and Comments on the Reserves?