

REPORT OF THE ROOF REPLACEMENT STUDY

FOR

BOBCAT TRAIL VILLA HOA

February 2019

1 INTRODUCTION

The Villas of Bobcat Trail are composed of 28 buildings, including a Clubhouse, 26 buildings of 4 units each and one building of 6 units for a total of 110 homes. See figure 1 in appendix.

The Villa HOA has had a reserve fund for the replacement of the Villa Roofs and the Clubhouse Roof since 2012. The estimate generated at that time was based on a total cost of \$1,200,000 for the total replacement with a life expectancy of 40 years on the roof. This estimate was to be reviewed every 5 years and adjustments made as required along the way.

The reserve fund at the end of 2018 stands at \$261,238. The remaining life of the roof is less than one half of the life expectancy of 40 years. There remains at this point, from the start of 2019 some 19 years left to 2037.

2 BACKGROUND

2.1 EXISTING RESERVE

When this reserve was started in 2012, it had been understood that the amount set aside every year would not be used for any other purpose other than the roof replacement at the end of its life. Every year the HOA Board budgeted for roof repairs and it seems that in many years, possibly every year, the budget of roof repairs was exceeded and paid out of the reserves. There was a misunderstanding, in that it was initially thought that the repairs not only stopped the leaks but added to the life of the roofs. Unfortunately that is not the case, as the life of the roof is based on the viability of the clay tile and the repairs were of the waterproofing felts under the tiles.

Every year the budget for the next year was struck using the difference in dollars between the actual amount in reserve and the amount of \$1,200,000 cost divided by the remaining years of expected life (a straight line projection).

2.2 INVESTED RESERVE FUNDS

The existing reserve fund was to have been invested and the interest from this investment is to be added to this reserve. That generated interest goes a long way to mitigate the expected inflation costs of the future construction. We do not know at this time whether the interest was added to the reserve or if was placed in general revenues or simply reinvested.

3 ROOF STUDY COMMITTEE

Recently the Board questioned the estimate for the roof replacement and decided that a study to review the costs and life expectancy should be done. A few resident owners volunteered to work on this project. The group is comprised of Betty Ann Copley Harris, HOA Board member, Marge Alden, HOA Finance Committee, Sue Mason, George Baillie and Gilles Leduc. Keith Tracy, Chairman of the Villa HOA, has been copied on the information acquired to date.

4 REPLACEMENT COST OF ROOFS

4.1 ROOF AREAS

All the different types of buildings (see figure 3 in appendix) were measured and the areas of the roofs were calculated, allowing for the 5"/12" slope of the roofs. All these areas are summarized on Table 1 in the Appendix. The total area is calculated to be about 286,800 sq ft.

4.2 ESTIMATED COSTING OF THE REPLACEMENT OF THE ROOFS

The detailed costing is shown on Table 2 in the Appendix.

5 ASSESSMENT OF THE COST FOR THE RESERVE

5.1 CALCULATIONS AND IMPACT ON THE MONTHLY HOA FEE

Examples of how to spread the cost per year and per month for each of the 110 Villas is on Table 3 in the Appendix. There a variety of ways to levy funds for this reserve. A special assessment is one and a straight line projection is another, but the maybe the fairest is an increase every year that is compounded on the previous year. It is important to note that these costs should be reviewed every five years or less to permit adjustments if need be and alleviate the need for a special assessment in the future.

6. MAINTENANCE COST OF ROOFS

6.1 REPAIRS TO ROOFS IN PREVIOUS YEARS

The repairs to roofs have been extensive. Figure 2 in the Appendix shows the roofs that been repaired once by one dot and those that have had more than one repair are identified by two dots. It is difficult to quantify the costs for years prior to 2017 but we have the total costs for 2017 and 2018. They are \$31,486 and \$31,462.00 respectively.

6.2 BUDGET FOR REPAIRS TO ROOFS

The budget for roof repairs should be separate from this Roof Replacement Reserve Fund. It should not be funded from the Reserves but rather from the maintenance budget. We suggest that a budget of \$32,000 be used for this maintenance in 2019. The total cost of repairs in 2019 should also be used to forecast the 2020 budget. It is noted that the budget for 2018 was only \$24,500 and for 2019 is \$25,000.

7 RECOMMENDATIONS

The recommendation of the committee to the Villa HOA Board is to implement the reserve using the recommended option on Table 3 and to also increase the budget for the roof repairs so that no funds are taken out of the reserves to do the yearly maintenance.

APPENDICES