



OPEN MEETING

BUBGET OPEN MEETING OF THE UNITED LAGUNA WOODS MUTUAL BOARD OF DIRECTORS A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

Friday, June 4, 2021- 9:30 a.m.

VIRTUAL MEETING

**Laguna Woods Village Community Center, 24351 El Toro Road,
Laguna Woods, California**

NOTICE OF MEETING AND AGENDA

The purpose of this meeting is to review the budget for the United Mutual Board Meeting in accordance with *Civil Code §4930* and was hereby noticed in accordance with *Civil Code §4920*

- 1. Call to Order / Establish Quorum – Sue Margolis, President**
- 2. Acknowledge Media**
- 3. Approval of Agenda**
- 4. Report of Chair**
- 5. Open Forum (Three Minutes per Speaker) - *At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The Board reserves the right to limit the total amount of time allotted for the Open Forum. Members can join the Zoom Meeting by clicking on the link <https://us06web.zoom.us/j/84048008864> or call (669) 900-6833 or email meeting@vmsinc.org to request to speak.***
- 6. Department Head Update**
- 7. New Business**
 - a. Review Maintenance Service Levels – 2022 Proposed Business Plan
 - b. Review Reserve Expenditures Plan – 2022 Proposed Business Plan
- 8. Director's Comments**
- 9. Adjournment**



STAFF REPORT

DATE: June 4, 2021
FOR: Board of Directors
SUBJECT: Proposed 2022 Business Plan – Version 1

RECOMMENDATION

Staff recommends that Board review the proposed 2022 service levels and provide direction for change or revision.

DISCUSSION

On June 4, 2021 the Board will meet to review all components of the proposed operating and reserve expenditure budgets. A brief narrative for each of the budgetary line items is listed in order of appearance and changes resulting from the meeting will be incorporated into future versions of the 2022 business plan. Managers responsible for the programs will be in attendance and available to answer questions at the meeting.

FINANCIAL ANALYSIS

In this version of the 2022 Business Plan, the operating portion of the M&C programs budget total \$4,008,299 for general maintenance services such as, plumbing, damage restoration, and carpentry (Attachment 1). This proposal reflects an increase of \$76,723 or 2% when compared to the current year budget. These programs are funded from the Operating Fund and will require an increase in the assessment of \$1.01 per manor per month as presented.

In this version of the 2022 Business Plan, the operating portion of the General Services budget totals \$1,100,036 for general maintenance services such as: concrete, janitorial, and gutter cleaning (Attachment 1). This proposal reflects an increase of \$37,919 or 4% when compared to the current year budget. These programs are funded from the Operating Fund and will require an increase in the assessment of \$0.50 per manor per month as presented.

The planned reserve expenditures for M&C totals \$11,830,253, a decrease of (\$1,449,221) or (11%) (Attachment 2). A total of 27 reserve components cover large repair, remediation, or replacement programs such as painting, building structures, and appliance and fixtures. A decrease in planned reserve expenditures may impact the assessment. All reserve components will be evaluated within a 30-year reserves plan and presented for Board consideration at the July 15, 2021 business planning meeting.

The planned reserve expenditures for General Services totals \$101,909, a decrease of (\$9,104) or (8%) (Attachment 2). A total of 3 reserve components covers programs such as prior to paint, paving, and exterior walls. A decrease in planned reserve expenditures may

impact the assessment. All reserve components will be evaluated within a 30-year reserves plan and presented for Board consideration at the July 15, 2021 business planning meeting.

Prepared By: Jose Campos, Financial Services Manager

Reviewed By: Steve Hormuth, Interim Finance Director

Attachments

ATT1 – Maintenance Expenditures by Program with Narratives

ATT2 – Reserve Expenditures by Program with Narratives

**UNITED LAGUNA WOODS MUTUAL
Proposed 2022 RESERVES PLAN
Programs Report**

DESCRIPTION	2018		2019		2020		2021		2022		ASSESSMENT	
	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	BUDGET	BUDGET	INCREASE/(DECREASE)	%	
OPERATING FUND - MAINTENANCE & CONSTRUCTION												
1 PLUMBING SERVICE		\$1,546,049	\$1,674,053	\$1,678,492	\$1,157,218	\$1,216,125	\$58,907	5%				
2 DAMAGE RESTORATION		0	0	0	750,051	750,051	0	0%				
3 CARPENTRY SERVICE		602,580	188,134	472,259	535,154	569,757	34,603	6%				
4 ELECTRICAL SERVICE		279,917	315,789	314,055	413,911	370,673	(43,238)	(10%)				
5 INTERIOR PREVENTIVE MAINTENANCE		325,221	345,817	264,354	350,791	376,127	25,336	7%				
6 APPLIANCE REPAIRS		334,729	316,893	263,734	320,663	329,287	8,624	3%				
7 PEST CONTROL		123,057	176,611	79,544	200,000	186,500	(13,500)	(7%)				
8 COUNTERTOP/FLOOR/TILE REPAIRS		159,360	164,092	104,693	120,807	127,374	6,567	5%				
9 FIRE PROTECTION		19,891	11,819	11,603	32,981	32,405	(576)	(2%)				
10 ENERGY PROGRAM		33,439	28,285	18,020	25,000	25,000	0	0%				
11 MISCELLANEOUS REPAIRS BY OUTSIDE SERVICES		16,125	27,017	21,389	25,000	25,000	0	0%				
12 GUTTER CLEANING		133,645	140,566	30,596	0	0	0	0%				
13 BALCONY/BREEZEWAY RESURFACING		131,853	0	0	0	0	0	0%				
14 BUILDING REHAB/DRY ROT		43,115	0	0	0	0	0	0%				
15 PAINT-TOUCHUP		186,228	0	0	0	0	0	0%				
16 ROOF REPAIR		146,113	0	0	0	0	0	0%				
TOTAL		\$4,081,320	\$3,389,076	\$3,258,737	\$3,931,576	\$4,008,299	\$76,723	2%				

Line 2 includes damage restoration cleanup costs moved from contingency in 2021.

Line 12 was moved to General Services in 2020.

Lines 13-16 were moved to reserves in 2019.

OPERATING FUND - GENERAL SERVICES

17 CONCRETE SERVICE	\$491,793	\$437,408	\$372,289	\$386,661	\$402,541	\$15,880	4%
18 JANITORIAL SERVICE	370,083	318,622	437,293	359,689	369,743	10,054	3%
19 GUTTER CLEANING	24,669	66,425	146,092	195,013	186,079	(8,934)	(5%)
20 WELDING	120,028	71,405	63,817	105,144	114,127	8,983	9%
21 TRAFFIC CONTROL	19,606	8,821	8,778	15,610	27,546	11,936	76%
22 PAVING MAINTENANCE & REPAIRS	69,408	0	0	0	0	0	0%
TOTAL	\$1,095,587	\$902,681	\$1,028,269	\$1,062,117	\$1,100,036	\$37,919	4%

Line 22 was moved to reserves in 2019.

OPERATING FUND - LANDSCAPE SERVICES

23 LANDSCAPE ADMINISTRATION	\$80,126	\$126,159	\$121,344	\$234,842	\$241,714	\$6,872	3%
24 NURSERY & COMPOSTING	189,754	185,790	211,268	187,358	187,651	293	0%
25 GROUNDS MAINTENANCE	2,198,830	2,282,873	2,585,229	2,742,171	2,761,007	18,836	(4%)
26 IRRIGATION	678,226	612,789	784,777	761,282	819,151	57,869	8%
27 SMALL EQUIPMENT REPAIR	188,412	188,316	190,463	208,891	209,650	759	0%
28 PEST CONTROL	191,790	219,894	229,312	225,820	274,544	48,724	22%
29 TREE MAINTENANCE	2,358	(24,714)	5,504	0	0	0	0%
TOTAL	\$3,529,496	\$3,591,107	\$4,127,897	\$4,360,364	\$4,493,717	\$133,353	0%

2022 OPERATING EXPENDITURES MAINTENANCE & CONSTRUCTION

General Maintenance includes the inspection, maintenance and repair of buildings including, but not limited to, manor interiors, building exteriors, carports, laundries, balconies, railings, stairs, and concrete and asphalt surfaces. Services are provided as planned programs as well as in response to service requests.

1) Plumbing Service

\$1,216,125

Routine and emergency services include but are not limited to the following:

- Sink stoppages
- Basin stoppages
- Tub stoppages
- Main line stoppages
- In-wall leaks
- Faucet leaks
- Toilet leaks
- Water heater leaks
- Sink leaks
- Faucet repair
- Toilet repairs
- Shower valve repair

Plumbing Repairs

Main service categories include leak investigation, clearing of stoppages, remedial work related to plumbing leaks, and component repairs (faucets, toilets, garbage disposals, etc.). Beginning in 2014, plumbing technicians began to perform drywall and stucco cuts to expedite repairs. The technicians are certified to handle the removal and abatement of drywall. This allows for a single visit by one division to a manor for the cutout and repair process. Service levels for this category are based on historical averages of hours, materials, and outside services.

2) Damage Restoration

\$750,051

Plumbing Leaks

This line item funds restoration (dry down, environmental testing, abatement & misc. repairs) of units due to plumbing leaks from the under-slab, in-wall, supply line, drain line, toilet base, loose plumbing connections, tub/shower fixtures, angle stops, under fixture pipes, dishwashers, water heaters, garbage disposals, faucets, and toilet tanks, that may cause damage to Mutual property and will need repairs. If replacements are needed, those items will be funded from the Replacement/Reserve fund.

Moisture Intrusion staff coordinate repairs and restoration with in-house staff and outside contractors to minimize the inconvenience to members.

Plumbing Stoppages

This line item funds restoration (dry down, environmental testing, abatement & misc. repairs) of units due to plumbing stoppages from main lines, internal lines, toilets, sink/basins, and multi-fixture stoppages, that may cause damage to Mutual property and

will need repairs. If replacements are needed, those items will be funded from the Replacement/Reserve fund.

Moisture Intrusion staff coordinate repairs and restoration with in-house staff and outside contractors to minimize the inconvenience to members.

Miscellaneous

This line item funds restoration (dry down, environmental testing, abatement & misc. repairs) of units with miscellaneous moisture intrusion from tub/shower enclosures, cracked tile, missing grout, humidity, irrigation, loose sink/countertop connections, common area washing machines, foundations, window condensation, and mold, that may cause damage to Mutual property and will need repairs. If replacements are needed, those items will be funded from the Replacement/Reserve fund.

Moisture Intrusion staff coordinate repairs and restoration with in-house staff and outside contractors to minimize the inconvenience to members.

Rain Leaks

This line item funds restoration (dry down, environmental testing, abatement & misc. repairs) of units due to roof leaks, deteriorated roof membranes, roof flashing/connections, windows, stucco walls atrium back-ups, gutter systems, rain flooding, and common area skylights, that may cause damage to Mutual property and will need repairs. If replacements are needed, those items will be funded from the Replacement/Reserve fund.

Moisture Intrusion staff coordinate repairs and restoration with in-house staff and outside contractors to minimize the inconvenience to members.

Damage Restoration Services

This line item funds the emergency repairs due to damage from structure fires and vehicle accidents.

If replacements are needed, those items will be funded from the Replacement/Reserve fund.

Funding levels for this category are based on historic averages.

Part of this expenditure is reimbursed to the Mutual through hearings that review the circumstances of the moisture intrusion event in order to determine if the member should be held responsible for costs associated with the restoration.

3) Carpentry Service**\$569,757**

Carpentry and carpentry-related service work is provided on the Mutual's buildings, carports, and laundries, such as:

- Interior/exterior entry door repair
- Repair/replace entry locks
- Re-key locks
- Support scaffolding
- Window repair
- Building cracks and stucco repair
- Door/window re-screening
- Weather stripping
- In-wall animal removal
- Insect screen install/repair
- Mailbox door and lock repair
- Wardrobe closet door repair
- Board-up windows/shore up sites
- Sliding glass door repairs
- Carport repair
- Patio gate repair
- Drywall/texture repair
- Acoustic ceiling repair
- Carport cabinet repair
- Cabinet repair/modification for appliances
- Baseboard repair/replacement
- Bath accessory repair/replacement
- Skylight repair
- Medicine cabinet repair
- Patio door lock repair

The budget for this item is essential to maintain the expected service level and to complete all necessary maintenance concerns requested by residents for the services described above, in a timely manner. Included is non-paint related scaffolding work, where staff who are properly trained in setup of scaffolding and operating man-lift equipment perform that work on an as-needed basis for work functions such as prior-to-paint dry rot repairs, decking installation, and other miscellaneous needs.

4) Electrical Service**\$370,673**

This item includes maintenance, repair and replacement of all lighting and electrical systems and fixtures, including:

- Doorbells / Thermostats
- Light fixtures / Heaters / Fans
- Electrical service panels
- Street / Carport / Walkway lighting
- Interior bulb / Ballast replacement
- Electrical outlets
- Low voltage lighting systems
- Walkway lighting installations
- Underground wiring
- Relamping of exterior fixtures

This item also includes funding for load calculations on electrical service panels by a certified electrical engineer prior to any additional walkway light installations, as required to comply with permit requirements by the City of Laguna Woods. City permit fees are also included in this item. The service level for this category is based on historical averages of hours and materials.

5) Interior Preventive Maintenance**\$376,127**

(A) Manor Preventive Maintenance Program

The Interior Preventive Maintenance crew moves through the Mutual's manors on an approximate 3-year schedule. The following general items are addressed:

- Inventory appliances and note any alterations
- Change exhaust fan filters
- Caulk sinks, basins, tub/shower enclosures, and tub/shower tile
- Lubricate and adjust window and sliding glass door rollers
- Remove, clean, lubricate, and reinstall bathroom exhaust fan
- Remove dust from the coils behind and beneath refrigerators
- Tighten and adjust closet door rollers
- Perform leak testing on toilets using blue tablets
- Inspect sink, toilet, and basin risers for leaks
- Inspect and test all valves and supply lines for signs of deterioration
- Report any service needs

(B) Laundry Preventive Maintenance Program

Implemented in 2011, this proactive program includes activities such as cleaning behind and under laundry equipment, replacing the dryer vent tubes and addressing or reporting other maintenance requirements on a semi-annual basis for each of the Mutual's 175 laundry rooms.

6) Appliance Repairs**\$329,287**

This item includes repairs to the Mutual's manor and laundry room appliances. In each category, both historical averages of labor, materials and outside services as well as recent trends in service requirements are used as a budgetary basis.

(A) Oven Repair

Door gaskets, thermostats, control panels, and heating elements are examples of oven components that require repair or replacement. These parts are repaired or replaced as required for proper operation. Many service calls are for calibration of the thermostat.

(B) Dishwasher Repair

Heating elements, pumps, baskets, and door seals are examples of dishwasher components that require repair or replacement. These parts are repaired or replaced as required for proper operation.

(C) Refrigerator Repair

Door seals, shelving, thermostats, and compressors are examples of refrigerator components that require repair or replacement. These parts are repaired or replaced as required for proper operation.

(D) Range/Cook Top Repair

Heating elements and electrical connections are examples of range/cook top components that require repair or replacement. These parts are repaired or replaced as required for proper operation.

(E) Laundry Washer/Dryer Repair

Washers: Repairs to washing machines often result from the high volume of usage experienced by the units. Frequent washing machine service calls include reports of water not draining, washtubs not spinning, and non-operation of the machine. Repairs or replacements are undertaken as required for proper operation.

Dryers: Repairs to dryers often result from the high volume of usage experienced by the units. Heating elements, thermostats, and control switches are typical dryer components that require repair or replacement. These parts are repaired or replaced as required for proper operation.

7) Pest Control**\$186,500**

A licensed pest control contractor provides the Mutual with pest control services for termite eradication and bee removal services.

The budget is typically developed based on historical trends and the existence of termites as identified by the Mutual's pest control contractor. A staff inspector and a representative of the contractor conduct inspections in response to all reported evidence of live termites and upon request at the time a manor is resold. Based on the results of those inspections, a list of buildings requiring fumigation is compiled. Whenever possible, localized treatments of the infested areas will be performed for dry wood termites to minimize the fumigation requirements. Subterranean termites are also treated at the localized point of infestation.

The buildings listed for fumigation typically are scheduled for the following fiscal year and worked into the budget. Fumigation costs are based on a pre-determined contract value per building type. The current contract is with Newport Exterminating.

The projected costs are budgeted in four categories, Local Pest Control Treatments; Fumigation - Tenting; Fumigation - Landscaping (for plant removal); and Fumigation - Lodging. Although not required by the Davis-Stirling Act, Mutual policy is to provide lodging for two nights while the whole structure fumigation is in process.

The lodging budget is based on the number of units contained in each of the buildings to be fumigated and a contract in place with a local hotel.

The budget for whole structure tenting is based on a weighted average of each building type with costs applied to those buildings based on a pre-determined contract value per building type. This approach is used to determine budgetary estimates for the Business Plan, as the full list of actual buildings that will require treatment are often not known until after the preparation of a given year's Business Plan.

8) Countertop/Floor/Tile Repairs

\$127,374

This item includes minor repairs to kitchen and bathroom countertops, kitchen and bathroom vinyl floors, bath shower and tub wall surround tiles, and shower floor tiles.

In 2013, due to increasing need for replacement of bathtub and shower wall tile surrounds, major tile repairs and replacements were moved to the Replacement Fund, resulting in the tile-related scope of this item including only re-grouting of tiled shower walls and floors and minor tile repairs (i.e. those that do not involve complete replacement of tub/shower surrounds or shower floors).

Labor and materials for the in-house repair of shower and tub glass enclosures is based on historical averages.

Outside contractors perform repairs to chipped bathtubs and as-needed glazing of bathtubs and shower wall tiles which are needed for color matching when new tiles do not match the color of existing tiles.

9) Fire Protection

\$32,405

(A) Smoke Detector Service

Effective 2021, the majority of the budget for smoke detector repairs/replacements was moved from the Security Department to the M&C Department.

(B) Fire Extinguisher Service

This service, provided through an outside contractor, covers the required annual inspection, maintenance, repair and replacement of the 1,024 fire extinguishers located throughout the Mutual. Specifics of the service include (1) annual inspection; (2) tear down and rebuilding when required; (3) hydrostatic testing when required; (4) proper tagging of extinguishers to indicate date of service and certification; (5) replacement of irreparable or missing extinguishers and extinguishers that must be replaced in accordance with Fire Authority regulations, and (6) repair of extinguisher cabinets.

(C) Chimney Cleaning

This contingency budget includes chimney cleanings and removal of ashes from ash pits at the contract pricing for that service.

10) Energy Program**\$25,000**

This item provides Operation & Maintenance (O&M) to the Mutual's photovoltaic systems as described below:

- Remote monitoring and diagnostics
- Monthly kilowatt production reports
- Monitor overall system performance and production
- Product warranty administration
- Inverter inspections and preventative maintenance
- Thermal imaging and thermal reporting
- Communication system inspection
- IV curve trace testing
- Array, balance of systems inspection
- Module and solar site visual inspection 2x per year
- Report shading of PV panels
- Preventative maintenance service reports
- PV panel cleaning 2x per year
- Annual system performance report summary
- Power quality analysis and reporting
- Warranty management & service logs of maintenance

11) Miscellaneous Repairs by Outside Services**\$25,000**

This funding is used to address items that are typically repaired by outside contractors. This item also includes funding for other repairs that do not fit into one of the categories below.

As these items are emergent in nature, budgets are based on historical averages, trends and on planned program scopes of work.

(A) Glass / Broken Window

This item includes the replacement of broken glass, glazing strips, handles and locks on windows and sliding glass doors. When frames and tracks become worn, damaged or separate from the glass, replacement of the window in its entirety with a retrofit or new construction type window is required. Replacements are performed out of the Window Replacement line item of the Reserve Expenditures - Replacement Fund section of the Business Plan.

(B) Sliding Glass Door Track

This item covers the bottom track of the sliding glass doors. Generally, there are two reasons for replacing these tracks. Through normal use, the weight of the dual-pane glass door wears down the door rollers and wears down the guiding fin. Over time the door will no longer stay in the track. Deterioration of the track due to moisture also necessitates its replacement. Placement of a plastic plate between the track and the stucco serves to mitigate potential deterioration of the new track.

(C) Weather Stripping Replacement

Replacement of weather stripping through outside services is limited to the occasions when the particular type of weather stripping requires glass removal or other special circumstances.

(D) Phone Line Repairs

This item covers repairs associated with the Mutual's responsibility for providing a working telephone line to each manor.

(E) Lead Paint Testing

In 2010, new EPA regulations went into effect requiring special procedures and handling when performing Renovation, Repair and Painting (RRP) of building components where lead based paint is present. The presence of lead paint must be determined before proceeding with work that qualifies under the regulations. Determination of the presence of lead paint must be performed by a Certified Lead Inspector/Risk Assessor. This budget is included to pay for the costs of lead testing performed by a Certified Lead Inspector/Risk Assessor on projects that will be completed by an outside service.

**Item 12 was moved from Maintenance and Construction to General Services.
Items 13 through 16 were moved from Operating to Reserves.**

OPERATING EXPENDITURES GENERAL SERVICES

This section covers the inspection, maintenance and repair of structures including, but not limited to, manor interiors, building exteriors, carports, laundries, balconies, railings and stairs. Primarily these maintenance items are in response to resident service requests, although many items are planned program work.

17) Concrete Service

\$402,541

Services provided include the repair or replacement of all concrete slabs, walkways and driveways. Concrete repairs include crack filling and grinding-down of walkways that have created a tripping hazard. Replacement of concrete occurs when lifting exceeds grinding capability. Repairs to block trash enclosures or laundry room walls are also addressed under this budget item. The budget for this item is developed based on historical averages and recent trends.

18) Janitorial Service

\$369,743

Services provided in this category include scheduled janitorial services for breezeways and common areas of multi-story buildings, free-standing laundry buildings, miscellaneous janitorial services in Mutual common areas, and carport cleanings based on the following established service levels:

<u>Description</u>	<u>Quantity</u>	<u>Times/Year</u>	<u>Hours/Visit</u>
● Free-Standing Laundry Rooms	175	13	1.40
● Restrooms at Free-Standing Laundry Rooms	40	52	0.25
● Multi-Story Building Breezeways	375	10	1.00
● Carport Stall Cleanings	6,514	03	N/A

19) Gutter Cleaning

\$186,079

This item provides for the cleaning of building and carport rain gutters to ensure their proper function and drainage.

The budget includes funding for an outside service to clean the gutters of multi-story buildings once during the fourth quarter of the year. Additionally, single story homes and carports will utilize in-house labor throughout the year and on an as-requested basis.

The leaf/debris removal program was implemented to remove built-up debris, mostly leaves and pine needles, from the roofs and patio covers prior to the winter season. This preventive measure serves to reduce the potential for water backups on roofs during the rainy season.

The scope of the leaf/debris removal program also includes buildings with sloped roofs that are subject to leaf/debris accumulation; therefore an additional 558 buildings are part of this program. The leaf/debris removal program is coordinated with the gutter cleaning program to increase the efficiency of this work.

20) Welding

\$114,127

Welding services include the repair/replacement of railings, gates, fences, and steel step rails. Budgeting is based on historical averages and trends for hours and materials, and includes lead testing and abatement, required due to EPA lead handling regulations.

In 2013, the Board chose to include Stair Tread Replacements in this line item, to address the increase of stair tread deterioration within the Mutual. This work is completed in response to service ticket requests placed by residents or staff.

Where possible, the existing stair treads from runs completely replaced are salvaged for use as replacement treads on an individual basis.

21) Traffic Control

\$27,546

This item addresses the installation and maintenance of devices required to facilitate traffic safety and circulation throughout the Community. This includes: parking lot and street striping, replacement of directional and vehicular control signage, and curb painting. The budget is developed based on historical averages and recent trends. The 2022 budget includes funding to repaint red and yellow curbs on a 5-year cycle or approximately 5,000 lineal feet.

**UNITED LAGUNA WOODS MUTUAL
Proposed 2022 RESERVES PLAN
Programs Report**

DESCRIPTION	2018 ACTUALS	2019 ACTUALS	2020 ACTUALS	2021 BUDGET	2022 BUDGET	ASSESSMENT INCREASE/(DECREASE) \$	%
RESERVE FUND - MAINTENANCE & CONSTRUCTION							
30 BUILDING STRUCTURES	\$450,881	\$600,963	\$1,235,622	\$1,548,984	\$1,492,517	(\$56,467)	(4%)
31 CDS SIGNAGE	0	0	29,078	0	0	\$0	0%
32 ELECTRICAL SYSTEMS	391,326	447,860	319,500	459,495	660,595	\$201,100	44%
33 EXTERIOR WALKWAY LIGHTING	42,568	36,202	7,671	100,391	75,595	(\$24,796)	(25%)
34 FOUNDATIONS	9,540	41,608	0	43,836	43,436	(\$400)	(1%)
35 GUTTER REPLACEMENT	32,607	67,711	83,051	102,215	126,805	\$24,590	24%
36 PAINT - EXTERIOR	1,962,079	1,920,691	1,224,288	2,018,293	1,739,355	(\$278,938)	(14%)
37 PLUMBING	0	0	0	635,618	646,853	\$11,235	2%
38 PRIOR TO PAINT	727,998	938,463	776,863	1,081,894	881,427	(\$200,467)	(19%)
39 PAVING	223,490	392,760	368,865	483,596	389,319	(\$94,277)	(19%)
40 ROOFS	1,197,055	814,112	927,506	1,011,445	1,020,439	\$8,994	1%
41 WALLS	0	151,736	24,600	35,000	35,000	\$0	0%
42 WASTE LINE REMEDIATION	1,890,122	2,126,216	1,349,975	2,300,000	1,300,000	(\$1,000,000)	(43%)
43 WATER LINE - COPPER PIPE REMEDIATION	225,632	245,552	169,746	200,000	100,000	(\$100,000)	(50%)
44 WINDOW/SLIDING SCREEN DOOR OTHER SUPPL. APPROPRIATIONS	140,117 0	60,896 915,107	71,372 6,389	123,735 0	133,809 0	\$10,074 \$0	8% 0%
APPLIANCE AND FIXTURES:							
45 COOKTOPS	57,585	106,637	55,479	71,716	70,455	(\$1,261)	(2%)
46 DISHWASHERS	107,052	93,094	52,993	89,051	97,554	\$8,503	10%
47 FIXTURES - BASINS/FAUCETS/SINKS/TOILETS	300,042	255,597	133,986	229,253	232,355	\$3,102	1%
48 GARBAGE DISPOSALS	159,923	110,654	74,176	114,730	117,669	\$2,939	3%
49 HOODS	26,507	21,474	10,264	36,299	40,017	\$3,718	10%
50 KITCHEN/BATH COUNTERS, FLOORS, MISC.	1,114,485	992,888	550,095	1,364,445	1,363,879	(\$566)	(0%)
51 OVENS	95,335	130,533	98,684	111,716	134,138	\$22,422	20%
52 RANGES	4,392	10,628	4,474	12,799	12,619	(\$180)	(1%)
53 REFRIGERATORS	167,413	185,323	97,109	229,892	223,885	(\$6,007)	(3%)
54 WATER HEATERS & PERMITS	1,042,161	1,205,084	282,448	748,075	762,895	\$14,820	2%
55 DRYERS - LAUNDRY	0	3,551	1,152	35,872	38,249	\$2,377	7%
56 WASHING MACHINES - LAUNDRY	1,858	2,717	64,094	91,124	91,388	\$264	0%
TOTAL APPLIANCE AND FIXTURES	\$3,076,755	\$3,118,181	\$1,424,955	\$3,134,972	\$3,185,103	\$50,131	2%
TOTAL	\$10,370,168	\$11,878,056	\$8,019,480	\$13,279,474	\$11,830,253	(\$1,449,221)	(11%)

Line 30 includes major damage restoration construction costs moved from contingency in 2021.

Lines 30, 36, 38, 39, and 40 include major repairs moved from operations in 2019.

Line 37 was moved from operations in 2021.

**UNITED LAGUNA WOODS MUTUAL
Proposed 2022 RESERVES PLAN
Programs Report**

DESCRIPTION	2018	2019	2020	2021	2022	ASSESSMENT INCREASE/(DECREASE) %
	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	

RESERVE FUND - GENERAL SERVICES

57	PRIOR TO PAINT - WELDING	\$0	\$0	\$9,546	\$9,415	(1%)
58	PAVING	0	33,890	71,067	62,094	(13%)
59	WALLS	140,900	0	30,400	30,400	0%
	TOTAL	\$144,578	\$33,890	\$111,013	\$101,909	(8%)

Line 58 includes major repairs moved from operations in 2019.

RESERVE FUND - LANDSCAPE SERVICES

60	LANDSCAPE RENOVATION	\$87,667	\$104,142	\$168,591	\$111,927	(34%)
61	IMPROVEMENT & RESTORATION	0	0	316,330	373,294	18%
62	TREE MAINTENANCE	416,257	1,118,879	933,558	947,796	2%
	TOTAL	\$503,924	\$1,223,021	\$1,418,479	\$1,433,017	1%

CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION

63	MOISTURE INTRUSION - RAIN LEAKS	\$78,401	\$464,866	\$264,914	\$0	0%
64	MOISTURE INTRUSION - PLUMBING LEAKS	867,771	1,381,962	797,699	0	0%
65	MOISTURE INTRUSION - PLUMBING STOPPAGES	356,680	409,223	257,338	0	0%
66	MOISTURE INTRUSION - MISCELLANEOUS	140,546	250,780	185,784	0	0%
67	DAMAGE RESTORATION SERVICES	5,496	207,991	25,645	0	0%
	TOTAL	\$1,448,894	\$2,814,606	\$1,531,381	\$0	0%

Lines 63-67: funding for damage restoration cleanup was moved to operations and damage restoration construction was moved to reserves in 2021.

2022 RESERVE EXPENDITURES MAINTENANCE & CONSTRUCTION

This section covers the inspection, maintenance and repair of structures including, but not limited to, manor interiors, building exteriors, carports, and laundry rooms. These maintenance items are in response to resident service requests, and planned program work.

30) Building Structures

\$1,492,517

Building Structures (Projects): This reserve component is designed to address building structures that are exhibiting deterioration and funding will be utilized on a contingency basis. It is assumed that full replacement of this component would never be required. The unit cost is a contingency estimate for a typical building structure repair.

Building Structures (Maint Ops/Carpentry): This reserve component is designed to address building structures that are exhibiting deterioration and to eradicate dry rot through a systematic and proactive approach utilizing an aggressive inspection process designed to address all buildings in United to include both architectural and structural components through outside services and in-house staff.

This includes but is not limited to balcony replacements, trellis structure replacements, beam replacements, walkway replacements, bridge replacements, interior doors, exterior doors, corbel end removals, cannon and peeler post removals/replacements, stucco, drywall systems, lead and asbestos testing and abatement cost, associated engineering cost and City building permit application and inspection fees.

Replacements are qualified and generated on both a reactive and a proactive basis (Non-Program and Program).

Building Rehab/Dry Rot (General Maintenance): Dry rot is reported by residents, contractors and staff working in the Community. Additionally, staff top coats elevated deck surfaces on a mid-cycle program. When the crews review the existing condition of deck surfaces, in some cases dry rot is found, necessitating repairs. The dry rot crew completes the work as part of the overall Building Rehab/Dry Rot line item.

Smoke Alarm Installation (Maintenance Services): Smoke detectors are to be replaced every 10 years. No budget needed until 2023.

Funding for all building structure expenditures is based on the historical replacement quantities, anticipated useful life, and current estimated cost of materials and labor adjusted for inflation, as well as prior year actuals.

As part of the 2022 building structure repairs, staff will proactively assess buildings for drainage issues that could lead to building settlement. Staff will identify areas that are displaying drainage issues and implement the necessary modifications.

On programs such as decking topcoat and prior-to-paint, staff no longer allows the “patch and paint” practices, which has resulted in a reduction in dry rot repairs. Staff now replaces compromised wooden sections with properly primed and painted materials, resulting in a higher life expectancy.

Damage Restoration Services

This reserve component is for reconstruction of manors/buildings resulting from rain leaks, plumbing leaks, plumbing stoppages, and other moisture intrusion events. During the 2021 Business Planning Meeting, the Board asked that all costs related to the reconstruction or replacement of mutual owned components, be moved from the Contingency Fund to the Replacement/Reserve Fund. It should be noted that restoration costs exceeding \$25K will be submitted to the Mutual’s insurance carrier.

Balcony Inspections

Senate Bill 326 states that a statistically significant sample of all of the mutual’s exterior elevated elements is to be inspected once every 9 years. VMS will be contracting with a licensed structural engineer or architect to inspect a percentage of the Mutual’s exterior elevated elements, for which the mutual has maintenance or repair responsibility. The first inspection shall be completed by January 1, 2025, and then every nine years thereafter in coordination with the reserve study inspection pursuant to Section 5550. A report will be generated from the inspections and shall include detailed information on the condition of each inspected element; expected future performance; remaining useful life; and any repair/replacement recommendations.

31) CDS Signage

\$0

The cul-de-sac signage project was completed in 2020.

32) Electrical Systems

\$660,595

Electrical Upgrades: This reserve component is designed to address upgrades to the electrical systems in the Mutual’s buildings, on a contingency basis.

Pushmatic Panel Upgrades: The City of Laguna Woods no longer allows staff to install new 110-volt receptacle outlets in panels without arc-fault protection, citing the 2013 California Electrical Code 210.12. Knowing that critical repairs could no longer take place when needed, the Board took a proactive approach to replace the 2750 Pushmatic electrical panels over a phased period of time.

Alternate Heat Source Installation: United is responsible for providing a heat source in the bedroom and living/dining room areas of its manors. At the time of original construction, the provided heat source was in-ceiling radiant heat systems. If an original in-ceiling radiant heat system fails or requires replacement as the result of some maintenance activity, the Mutual must provide a replacement heat source. The Mutual replaces failed heat systems with an appropriate and cost effective type unit for the room being heated. Typically that is a wall heater in the bedrooms and a through the wall heat

pump in the living/dining rooms. The type of unit used is contingent on several factors, the most important being the BTUs required to heat the area being heated.

This is contingency funding that will replace up to 3 heat pumps and 3 wall heaters per year.

33) Exterior Walkway Lighting \$75,595

This budget funds as-needed consultant services for exterior lighting projects, as well as the maintenance or upgrade to the Mutual's walkway lighting system, including the addition of new lights. Funding assumes a contingency for the installation of 18 new walkway light fixtures per year.

34) Foundations \$43,436

This reserve component is designed to address building foundations that are exhibiting deterioration. It is assumed that full replacement of this component would never be required.

This program assumes that 0.6% or 7 buildings would require repair every year.

Staff will proactively assess buildings for drainage issues that could lead to undermining of building foundations which may cause differential settlement and other damage. Staff will identify areas with drainage deficiencies and implement corrective action if contingency funding from this program is available.

35) Gutter Replacement \$126,805

Gutter Repairs: The existing gutter systems are constructed of galvanized metal pieces joined together in ten-foot-long sections or less. Typically, original gutter systems corrode at the joints and fail, which result in leaks. The funding for this work is reactive and based on resident requests.

Gutter Replacement:

This reserve item is designed to address the replacement of the original rain gutters, and downspout systems on all of the Mutual's buildings that are no longer repairable.

New Gutter Installation:

Starting in 2020, \$50,000 was added to the budget for new gutter installations in order to address drainage issues and to prevent foundation erosion.

36) Paint – Exterior \$1,739,355

After the 2021 Business Planning Meeting, the Mutual elected to change the exterior paint program from a 10-year to a 15-year paint cycle for the 15,741,601 square feet of exterior

building surfaces. All exterior components of each building are now to be painted every 15 years. The building components painted include the body, (stucco and/or siding) and the trim (fascia boards, beams, overhangs, doors, closed soffits and structural and ornamental metal surfaces).

Deck topcoat resurfacing, replacement of Reflective address building numbers, lead testing and Lead RRP (Renovation, Repair and Painting) activities are performed in conjunction with the exterior paint program.

Funding also includes interior and exterior touch-up painting which was moved from Operating to Reserves in 2019.

Planned expenditures are based on the square footage for the number of buildings planned for 2022 with a 15-year exterior paint cycle in place.

37) Plumbing Replacement

\$646,853

This reserve component will address routine and emergency plumbing component replacements.

During the 2021 Business Planning Meeting, the Mutual elected to move plumbing replacements and major plumbing repair work performed by in-house staff and outside services from the Operating Fund to the Replacement/Reserve Fund.

Services will include but are not limited to the following:

- Valve Replacements
- Hose Bib Replacements
- In-wall leaks
- Underground Leaks
- Under slab Leaks
- Shower mix-it valve replacements
- Tub Spout Replacements
- Building service valve replacements

Underground leaks are addressed through outside services due to CAL OSHA shoring requirements and asbestos cement pipe (Transite) repair and abatement issues.

38) Prior to Paint

\$881,427

PTP: The reserve component for prior to paint repairs will prepare building surfaces for painting and includes repair and mitigation of dry rot, balcony and breezeway decking repairs performed every 15 years in conjunction with the exterior paint program.

Top Coat Resurfacing: The reserve component is designed to provide a waterproof topcoat sealant to the elevated balcony and breezeway deck surfaces and

inspections/repairs of the deck structures every 7.5 years, which is mid-way between the 15-year exterior paint cycle.

Planned expenditures are based on the square footage of the number of buildings planned for that fiscal year.

Funding also includes costs related to asbestos and lead testing with the abatement of dry rotted components.

39) Paving

\$389,319

Parkway Concrete: Each year staff inspects the Mutual sidewalks to receive paving work for potential tripping hazards, and areas are identified for replacement. This helps to eliminate the long waiting periods for concrete repairs that are addressed by the General Services Department. Staff also identifies all damaged drainage gutters in the area and includes their replacement cost in this budget item. This program works in conjunction with the current paving program.

Asphalt Repairs: As part of the Mutual's asphalt repaving program, each year all asphalt pavement in the community is inspected and rated for wear. When the pavement rating justifies replacement, the work is budgeted for the upcoming year. For the purpose of reserve planning, an estimated life of 25 years is used.

Seal Coat: The application of a seal coat over asphalt is necessary to extend the useful life of pavement. Asphalt receives a seal coat 5 years after paving and also on a continuous 7-year cycle thereafter. This type of preventive maintenance is considered the most efficient and cost-effective method of extending the serviceable life of asphalt paving.

40) Roofs

\$1,020,439

Funding is provided to identify and replace roof systems which have reached their serviceable life prior to failure. Three roof systems are maintained and replaced in the Mutual with this budget item; Built-up roofs (BUR), Composition Shingle Roofs; and Tile Roofs.

In 2019, preventive and emergency roof repairs were moved from operating to reserves.

Roofs - Built-Up (BUR): All roofs 15 years of age and older are visually inspected and a query of all reported rain leaks for the subject buildings is generated. After this information has been documented, the roofs are ranked and the roofs with the worst overall performance are slated for replacement. Therefore, not all roofs are replaced upon expiration of their anticipated 16-year serviceable life. To eliminate spikes in future year expenditures staff has leveled out the roofing replacement square footage over the next 10 years. Starting in 2009 all BUR roofs are re-roofed with PVC Cool Roofs. The new PVC roofs have a serviceable life of 25 years.

Roofs - Comp Shingle: The Composition Shingle Replacement Program was designed to replace roof systems that have reached their serviceable life prior to failure. The next composition shingle roof replacements will take place in the year 2023.

Roofs - Tile: Beginning with the 2004 Business Plan, the board elected to initiate the Capistrano Tile Replacement program to address premature failure of Capistrano tile roofs that were originally constructed with plywood sheathing. Inspections of buildings constructed with plywood confirmed that the organic felt underlayment had significantly deteriorated and was causing a significant number of leaks into the manors.

The Capistrano Tile Roof program was completed over a 12 year period and completed 278 buildings and has an estimated life of 40 years. Capistrano Tile roofs are not due for replacement until 2044.

41) Walls

\$35,000

Funding is provided to upgrade the security and aesthetics of the Mutual's perimeter walls by replacing existing barbed wire with shepherd's crook. In 2017, Conditional Use Permit-1135 was approved by the City of Laguna Woods for the installation of Shepherd's Crook.

300 linear feet of wall and security fencing replacement and vegetation removal is scheduled for 2022.

42) Waste Line Remediation

\$1,300,000

In 2006, the Board established a reserve line item for waste lines. The program provides for the evaluation of waste lines and the implementation of an epoxy-lining program to extend the life of the existing waste pipes and reduce the leaks and back-ups associated with an aging waste system.

This program uses a combination of a reactive and proactive approach for the repair of waste lines. Reactively staff addresses backups as they arise and proactively all waste pipes in the surrounding units are epoxy lined.

Beginning in 2020, the Board increased funding for this program to \$2,300,000 and it is predicated on a program horizon of nine years. In 2022, funding decreased to \$1,300,000 which will change the length of the program.

This program will fully epoxy-line all waste pipes (interior and exterior pipes) in the Mutual.

43) Water Line – Copper Pipe Remediation**\$100,000**

This budget item funds the epoxy lining of failed copper water supply lines in the Mutual. Buildings are selected as candidates for epoxy-lining based on a leak criteria and the frequency of leaks in a given building. Staff tracks leaks associated with the copper lines, and criteria-based calculations are made to identify the candidate building.

The program is reactive as well as proactive. When a manor meets the epoxy-lining criteria, the entire building where the manor is located is epoxy-lined.

44) Windows/Sliding Screen Door**\$133,809**

Resolution U-01-09 (2/17/01) sets forth the following regarding the Mutual's Window Replacement Policy: "Windows will not be replaced at the expense of United Laguna Woods Mutual for any reason other than structural or mechanical malfunction and/or failure of the windows. Residents are free to replace windows at their own expense, following established procedures."

This reserve component funds the replacement of windows and sliding screen doors in need of replacement due to structural or mechanical malfunction. Residents are also free to replace windows at their own expense, following established procedures.

45) Cooktops**\$70,455**

With the exception of rings, pans, and burners, it is often more cost effective to replace an older unit than it is to repair it. Following current direction from the Board, cooktops 20 years and older will be replaced at the request of the Mutual member. Although actual replacements are made on a reactive basis, the reserves plan is based on replacement at the end of the 20 year estimated life for each appliance.

Funding is also included for disbursements to residents who furnish their own cooktops.

46) Dishwashers**\$97,554**

Dishwashers are typically replaced due to rusting of the metal tubs and doors. New units are made using fiberglass tubs and have a longer serviceable life. Following current direction from the board, a dishwasher 12 years and older will be replaced at the request of the Mutual member.

Funding is also included for disbursements to residents who furnish their own dishwashers.

47) Fixtures – Basins/Faucets/Sinks/Toilets**\$232,355**

Bathroom Basins: Bathroom basins are replaced for several reasons, most commonly due to rusting and normal wear and tear. The old basins are cast iron, whereas the new basins are porcelain. Costs for standard basins are an average based on type (over counter/under counter) with varying prices for types and colors. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 30-year useful life, current estimated cost of materials and labor plus inflation.

Toilets: Toilets are replaced for many reasons, such as cracks in the bowl and/or tank, and various non-functioning components. The Mutual standard replacement includes 14" round and 18" elongated toilets which vary in cost. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 30-year useful life, current estimated cost of materials and labor plus inflation.

Kitchen Sinks: Kitchen sinks are replaced due to normal wear and tear resultant from everyday use and due to chipping and flaking of the enamel finish (often due to corrosion). Approved standard kitchen sinks are now stainless steel (single or double). All vary in costs based on size and color. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 30-year useful life, current estimated cost of materials and labor plus inflation.

Faucets: Faucets are replaced due to normal wear and tear. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 30-year useful life, current estimated cost of materials and labor plus inflation.

48) Garbage Disposals**\$117,669**

Garbage disposals are typically replaced due to age and wear. The serviceable life of a garbage disposal is currently 12 years. The plumbing division follows a reactive replacement policy, replacing the units only upon non-reparability. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 12-year useful life, current estimated cost of materials and labor plus inflation.

Garbage disposals are also changed when a countertop is replaced along with the sink and faucet as a proactive measure to prevent leaks.

49) Hoods**\$40,017**

Hoods are comprised of an exhaust fan and light fixture and work in conjunction with the ranges/cooktops. This reserve component funds the replacement of hoods which are generally replaced in conjunction with the cooktop for functionality reasons (some are connected to the control panel for the range) and occasionally to standardize the appearance (so that the cooktop and hood match).

Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 20-year useful life, current estimated cost of materials and labor plus inflation.

Funding is also included for disbursements to residents who furnish their own hoods.

50) Kitchen/Bath Counters, Floors, Misc.

\$1,363,879

This reserve component funds the replacement of kitchen and bath countertops, shower pans, bathtub and shower surround tile, vinyl flooring, shower and tub enclosures, and mirrors.

These components are reviewed and qualified for replacement in response to resident requests and during resale inspections. Replacements are made on a reactive basis and reserves are based on replacement at the end of the estimated life.

This budget also includes provision for abatement of lead and asbestos containing materials associated with vinyl and tile replacement.

Kitchen Counters: Countertops are replaced due to worn laminate surfaces, swelling of wood substructure, and laminate separation from wood substructure. Countertops in manors are reviewed and qualified for replacement in response to resident requests and during resale inspections. The scope of work includes the replacement of countertop, the garbage disposal, and the sink along with the faucet. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 30-year useful life, current estimated cost of materials and labor plus inflation.

Bath Counters: Countertops are replaced due to worn laminate surfaces, swelling of wood substructure, and laminate separation from wood substructure. Countertops in manors are reviewed and qualified for replacement in response to resident requests and during resale inspections. The scope of work includes the replacement countertop, the basin, along with the faucet. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 20-year useful life, current estimated cost of materials and labor plus inflation.

Laundry Counters: Countertops are replaced due to worn laminate surfaces, swelling of wood substructure, and laminate separation from wood substructure. Countertops are currently replaced as-needed. The number of countertops range from 1 to 4 per laundry room. The replacements of the countertop will include the sink and faucet.

Kitchen Floors: Vinyl floors are replaced due to normal wear and tear, non-repairable curling, discoloration from the subsurface, or areas on the floor that are worn through the surface. Floors in manors are reviewed and qualified for replacement in response to resident requests and during resale inspections. The scope of work includes, disconnect and relocate appliances, abatement of the existing flooring materials, asbestos clearance, and installation of the new vinyl flooring along with cove base and the re-installation of the appliance. Although actual replacements are made on a reactive basis, the reserves

plan is based on replacement at the end of the 25-year estimated life. This program assumes that only 50% of the planned units would require replacement annually.

Bath Floors: Vinyl floors are replaced due to normal wear and tear, non-repairable curling, discoloration from the subsurface, or areas on the floor that are worn through the surface. Floors in manors are reviewed and qualified for replacement in response to resident requests and during resale inspections. The scope of work includes removal of the toilet(s), abatement of the existing flooring material, asbestos clearance, and installation of new vinyl flooring along with cove base and re-installation of the toilet(s). Although actual replacements are made on a reactive basis, the reserves plan is based on replacement at the end of the 25-year estimated life.

Bath Mirrors: Bathroom mirrors are reviewed and qualified for replacement in response to resident requests and during resale inspections. The primary reason mirrors are replaced is de-silvering around the mirrors edges and/or when the mirror detaches from the wall or breaks. Although actual replacements are made on a reactive basis, the reserves plan is based on replacement at the end of the 30-year estimated life.

Bath Shower/Tub Enclosures: Shower and tub enclosures in manors are reviewed and qualified for replacement in response to resident requests and during resale inspections. Tub enclosures are replaced for several reasons. The glass shatters from tension on the frame or from closing the door too hard. The frames of these enclosures rust, develop hard water deposits, and develop scaling. These factors may compromise the integrity of the enclosure, causing leaks to form in the corners. The life of these enclosures varies dependent upon resident care and cleaning methods and is estimated at 25 years.

Bath Tile Replacements: Bathtub and shower surround tiles are replaced due to settlement cracking, loose wall tiles and moisture damage behind the tiles.

This budget also includes provision for abatement of lead and asbestos containing materials associated with tile replacement, as the glazing on the shower tiles has been found to contain lead and the backing board on the shower walls has been found to contain asbestos. Each of those materials must be removed following appropriate abatement practices.

51) Ovens

\$134,138

The ovens within the Mutual include both standard ovens and self-cleaning ovens. Following current direction from the board, an oven 20 years and older will be replaced at the request of the Mutual member. Although actual replacements are made on a reactive basis, the reserves plan is based on replacement at the end of the estimated life for each appliance.

Funding is also included for disbursements to residents who furnish their own ovens.

52) Ranges**\$12,619**

With the exception of rings, pans, and burners, it is often more cost effective to replace an older unit than it is to repair. Following current direction from the board, ranges 20 years and older will be replaced at the request of the Mutual member.

Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 20-year useful life, current estimated cost of materials and labor plus inflation.

Funding is also included for disbursements to residents who furnish their own ranges.

53) Refrigerators**\$223,885**

Refrigerators are replaced upon age (if requested) or inability to repair. Following current direction from the board, a refrigerator 20 years and older will be replaced at the request of the Mutual member. Although actual replacements are made on a reactive basis, planned expenditures are based on the anticipated 20-year useful life, current estimated cost of materials and labor plus inflation.

Funding is also included for disbursements to residents who furnish their own ranges.

54) Water Heaters & Permits**\$762,895**

Residential Water Heaters: Reserves for water heaters are based on an estimated life of 10 years. The Mutual currently replaces water heaters on a proactive basis, replacing units during their tenth year in service.

Planned expenditures are based on the anticipated useful life and current estimated cost of materials and labor plus inflation.

Laundry Water Heaters: There are 175 20-gallon, high efficiency water heaters in the Mutual's laundry rooms and were last replaced in 2016. The Mutual currently replaces water heaters on a proactive basis, replacing units during their tenth year in service, which will start in 2026.

There is a small budget as a contingency for failures. The manufacturer's warranty doesn't cover labor and miscellaneous parts.

55) Dryers - Laundry**\$38,249**

Funding in this component is used to replace laundry room dryers upon failure or non-reparability. These industrially-used units suffer wear and tear primarily to the heating elements, thermostats and control panels.

56) Washing Machines - Laundry

\$91,388

Funding in this component is used to replace washing machines in laundry rooms upon failure or non-reparability, on a reactive basis. Washers are currently replaced with a front-loading machine.

RESERVE EXPENDITURES GENERAL SERVICES

This section covers the inspection, maintenance and repair of structures including, but not limited to, manor interiors, building exteriors, carports, laundries, balconies, railings and stairs. Primarily these maintenance items are in response to resident service requests, although many items are planned program work.

57) Prior to Paint – Welding

\$9,415

Beginning in 2021, the Mutual began a 15-year full exterior paint program. This budget item includes a contingency for railing welding repairs on the buildings scheduled for the 2022 exterior paint program.

58) Paving

\$62,094

General Maintenance & Street Repairs; Asphalt Repairs, Main Line Repair, Crack Filling: Funding for asphalt and concrete in General Services addresses the reactive component of roadway and sidewalk repairs. Areas are addressed throughout the year as they are identified to eliminate the liability associated with the long waiting required with the annual proactive program. All street asphalt is also inspected and minor repairs and crack filling work is performed when needed to keep the roadways safe.

Sweeping: Funding for street and CDS sweeping on an as needed basis based on routine inspections to ensure necessary cleanliness and upkeep of the pavement area.

59) Walls

\$30,400

This is a contingency for both perimeter and common wall replacements.

Funding is provided in this item to address common area walls, as well as the Mutual's perimeter walls. A contingency amount is included to address the repair or replacement of damaged common walls. This program assumes that an average of 1% of the walls would require repair every year.

In 2021 funding for Lines 63 through 67 of the Contingency Fund were equally split and added to the Operating and Replacement/Reserve Funds.