



**SPECIAL MEETING OF THE MAINTENANCE AND CONSTRUCTION COMMITTEE
2020 BUSINESS PLAN**

**Friday, May 31, 2019 – 9:30 A.M.
Laguna Woods Village Community Center Board Room
24351 El Toro Road**

NOTICE and AGENDA

This Meeting May Be Recorded

1. Call to Order
2. Acknowledgement of Media
3. Approval of Agenda
4. Chair's Remarks
5. Member Comments - *(Items Not on the Agenda)*
6. Department Head Update

Items for Discussion and Consideration:

7. Review Maintenance Service Levels
2020 Proposed Business Plan, *Version B*
8. Review Reserve Expenditures Plan
2020 Proposed Business Plan, *Version B*

Concluding Business:

9. Committee Member Comments
10. Date of Next Meeting – June 26, 2019
11. Adjournment

Carl Randazzo, Chair
Ernesto Munoz, Staff Officer
Telephone: 949-268-2281



STAFF REPORT

DATE: May 31, 2019
FOR: Maintenance and Construction Committee
SUBJECT: Proposed 2020 Business Plan – Version B

RECOMMENDATION

Staff recommends that committee members review the proposed 2020 service levels and provide direction for change or revision.

DISCUSSION

On May 31, 2019 the Maintenance and Construction Committee 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 2020 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 2020 Business Plan, the operating portion of the M&C budget totals \$5,094,846 for general maintenance services such as plumbing, carpentry, and electrical (Attachment 1). This proposal reflects an increase of \$909,061 or 22% when compared to the current year budget. These programs are funded from the Operating Fund and will require an increase in the assessment of \$11.98 per manor per month as presented.

The planned reserve expenditures total \$12,679,042, a decrease of (\$499,222) or (4%) (Attachment 2). A total of 27 reserve components cover large repair, remediation, or replacement programs such as painting, dry rot, and paving. All reserve components will be evaluated within a 30-year reserves plan and presented for Board consideration at the July 11, 2019 business planning meeting.

Prepared By: Ernesto Munoz, Maintenance & Construction Director

Reviewed By: Betty Parker, Chief Financial Officer

Attachments

ATT1 – Maintenance Expenditures by Program with Narratives

ATT2 – Reserve Expenditures by Program with Narratives

**UNITED LAGUNA WOODS MUTUAL
2020 BUSINESS PLAN
Maintenance Expenditures by Program**

DESCRIPTION	2016	2017	2018	2019	2020	INCREASE/(DECREASE)	
	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	\$	%
OPERATING FUND							
1 PLUMBING SERVICE	\$1,203,640	\$1,386,190	\$1,546,049	\$1,239,218	\$1,804,798	\$565,580	46%
2 CARPENTRY SERVICE	465,818	631,345	602,580	483,906	507,830	23,924	5%
3 ELECTRICAL SERVICE	296,655	297,572	279,917	411,587	447,588	36,001	9%
4 CONCRETE REPAIR/REPLACEMENT	248,400	385,931	491,793	369,203	371,628	2,425	1%
5 JANITORIAL SERVICE	202,548	243,623	370,083	369,615	399,249	29,634	8%
6 INTERIOR PREVENTIVE MAINTENANCE	311,148	300,972	325,221	347,649	394,403	46,754	13%
7 APPLIANCE REPAIRS	344,118	340,302	334,729	306,455	367,240	60,785	20%
8 GUTTER CLEANING	170,982	182,962	158,314	174,032	192,642	18,610	11%
9 PEST CONTROL	48,228	75,577	123,057	148,987	300,980	151,993	102%
10 COUNTERTOP/FLOOR/TILE REPAIRS	120,576	120,770	159,360	146,872	130,980	(15,892)	(11%)
11 WELDING	92,419	57,120	120,028	83,626	100,860	17,235	21%
12 ENERGY PROGRAM	0	32,725	33,439	50,000	25,000	(25,000)	(50%)
13 MISCELLANEOUS REPAIRS BY OUTSIDE SERVICES	71,097	19,056	16,125	25,000	25,000	0	0%
14 TRAFFIC CONTROL	8,891	12,040	19,606	16,935	14,946	(1,989)	(12%)
15 FIRE PROTECTION	7,364	8,873	19,891	12,700	11,700	(1,000)	(8%)
16 BALCONY/BREEZEWAY RESURFACING	177,630	295,054	131,853	0	0	0	0%
17 BUILDING REHAB/DRY ROT	68,641	84,844	43,115	0	0	0	0%
18 PAINT-TOUCHUP	148,975	186,571	186,228	0	0	0	0%
19 ROOF REPAIR	107,714	162,439	146,113	0	0	0	0%
20 PAVING MAINTENANCE & REPAIRS	47,417	46,950	69,408	0	0	0	0%
TOTAL MAINTENANCE	\$4,142,263	\$4,870,916	\$5,176,908	\$4,185,785	\$5,094,846	\$909,061	22%

Lines 16-20 were moved into reserves in 2019.

Maintenance Expenditures by Program Operating Fund

These budgets cover 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 \$ 1,804,798

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/replacement
- ◆ toilet repairs
- ◆ shower valve repair/replacement
- ◆ underground/slab leaks
- ◆ building service valve replacements

Plumbing Repairs

Main service categories include leak investigation, clearing of stoppages, remedial work related to plumbing leaks (in-wall, under-slab, underground, etc.), and component repairs (faucets, toilets, garbage disposals, etc.). Beginning in 2014, plumbing technicians began to perform drywall and stucco cuts to expedite repairs to in-wall leaks and pipe re-routes. The technicians are certified to handle the removal and abatement of drywall. This allows for a single visit by one department 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.

Underground leaks are addressed through outside services due to CALOSHA shoring requirements and asbestos cement pipe (Transite) repair and abatement issues. A contingency amount is included for this service.

However, the amount shown on the expenditure report will be reduced by \$155,000 due to funding for leak investigations now being included in the General Plumbing Service appropriation. This change will be reflected in the next version of the budget.

The overall increase in the 2020 budget accounts for the growing number of calls for service in the community to mitigate back-ups. In addition, the cost for outside contractors to handle plumbing emergencies has increased due to the changes in after-hours security protocol.

In 2018, Plumbing received 13,276 calls for service. It is assumed that the occurrence of stoppages will begin to trend down as the waste lining program progresses through the community.

2) Carpentry Service \$ 507,830

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 other department work functions such as prior-to-paint dry rot repairs, decking installation, and other miscellaneous needs.

The slight increase to the purposed 2020 budget in this expenditure item is attributed to repairs and rescreening of window screens throughout the Mutual.

3) Electrical Service \$ 447,588

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

- Door bells / 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.

4) Concrete Repair & Replacement \$ 371,628

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.

5) Janitorial Service \$ 399,249

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	6514	03	7/per day

6) Interior Preventive Maintenance \$ 394,403

(A) Manor Preventive Maintenance Program

The Interior Preventive Maintenance crew moves through the Mutual's manors on an approximate 3 year schedule, covering approximately 2,530 manors per year. The following general items are addressed:

- * 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

(B) Laundry Preventive Maintenance Program

Implemented in 2011, this proactive program includes activities such as cleaning behind and under laundry equipment, cleaning or 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.

The slight increase in the proposed 2020 expenditure is related to the inspection and testing of all sink, basin and toilet angle stops/valves.

7) Appliance Repairs \$ 367,240

This item includes repairs to the Mutual's in-manor and laundry 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.

This increase is reflective of the rising cost of parts and the number of calls for service. In 2018, staff responded to 3,417 calls for service.

(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.

8) Gutter Cleaning **\$ 192,642**

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 one, two story and 3 story buildings once during the fourth quarter of the year, as well as providing hours for cleaning gutters on an as-requested basis throughout the year using in-house labor.

The leaf/debris removal program was implemented to remove built-up debris, mostly leaves and pine needles, from the flat roofs prior to the winter season. This preventive measure serves to reduce the potential for water backups on flat roofs during the rainy season, 307 buildings with flat roofs are included in this program.

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.

9) Pest Control \$ 300,980

A licensed pest control contractor provides the Mutual with pest control services for termite eradication and bee removal services. The budget is 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 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 three categories, Fumigation – Tenting; Local Treatments; and Fumigation – Motel (Lodging) Costs. Lodging costs include costs related to providing temporary housing to residents displaced from buildings being fumigated. Although not required by law, Mutual policy is to provide lodging for two nights while the fumigation is in process. The lodging budget is based on the number of manors contained in each of the buildings to be fumigated and a contract in place with a local hotel. The current contract is with the Ayres Hotel.

Projected funding for 2020 includes fumigation of buildings that may be identified during 2019. The budget for fumigation (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.

The 2020 budget for local treatments has increased due to the escalation of necessary bee and wasp removal services which were transferred from General Services - Landscaping to the Maintenance and Construction Department in 2019.

The 2020 budget for tenting has increased in part due to the plant removal services which will be transferred from General Services - Landscaping to the Maintenance and Construction Department in 2020.

10) Countertop/Floor/Tile Repairs \$ 130,980

This item includes 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.

The decrease in the proposed 2020 expenditures is due to a reduced number of expected bath enclosure repairs.

11) Welding \$ 100,860

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.

12) Energy Program \$ 25,000

This item provides Operation & Maintenance (O&M) to the Mutual's solar 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

The reduction in the proposed 2020 budget is due to the cancellation of the Management Contract with JCI.

13) Miscellaneous Repairs by Outside Services \$ 25,000

Budgeting for the following repairs not completed by in-house crews is based on historical averages and trends in the types of service required.

(A) Glass Tub Enclosures

This item addresses repairs to glass tub enclosures (when possible). Non-reparable enclosures are replaced through the Appliance & Fixture Replacements category of the Reserve Expenditures - Replacement Fund section of the Business Plan.

(B) Glass Shower Enclosures

This item addresses repairs to glass shower enclosures (when possible). Non-reparable enclosures are replaced through the Appliance & Fixture Replacements category of the Reserve Expenditures - Replacement Fund section of the Business Plan.

(C) 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.

(D) 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.

(E) 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.

(F) Phone Line Repairs

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

(G) 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 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.

(H) Miscellaneous

This item includes repairs through outside services that do not fit into one of the above categories.

14) Traffic Control \$ 14,946

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.

15) Fire Protection \$ 11,700**(A) Smoke Detector Service**

This service, provided by the Security Division, includes repairs and replacement of smoke detectors and batteries. The 2020 budget for this item is based on historical averages.

The 2020 expenditure for this item was not input on time and is not included in amount shown on the expenditure report. However, it will remain the same as the adopted 2019 budget.

The amount shown on the expenditure report will be adjusted in the next version of the budget.

(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 ten chimney cleanings and removal of ashes from ash pits at the contract pricing for that service.

**UNITED LAGUNA WOODS MUTUAL
2020 RESERVES PLAN
Reserve Expenditures by Program**

DESCRIPTION	2016 ACTUALS	2017 ACTUALS	2018 ACTUALS	2019 BUDGET	2020 BUDGET	INCREASE/(DECREASE) \$	%
RESERVE FUND							
1 BUILDING STRUCTURES	\$417,044	\$550,274	\$450,881	\$898,320	\$669,098	(\$229,221)	(26%)
2 ELECTRICAL SYSTEMS	215,209	415,152	391,326	458,610	459,495	885	0%
3 EXTERIOR WALKWAY LIGHTING	13,708	25,816	42,568	60,691	75,223	14,532	24%
4 FOUNDATIONS	0	10,396	9,540	43,836	43,836	0	0%
5 GUTTER REPLACEMENT	43,889	44,926	32,607	47,383	98,044	50,661	107%
6 LANDSCAPE RENOVATION	248,032	262,629	87,667	350,000	451,495	101,495	29%
7 PAINT - EXTERIOR	1,973,387	1,783,176	1,962,079	1,823,867	1,827,068	3,202	0%
8 PRIOR TO PAINT	995,384	796,926	731,676	987,116	1,007,954	20,838	2%
9 PAVING	118,142	140,802	223,490	512,560	464,832	(47,727)	(9%)
10 ROOFS	944,670	966,357	1,197,055	753,209	930,804	177,595	24%
11 TREE MAINTENANCE	880,681	587,110	416,257	1,232,529	863,648	(368,881)	(30%)
12 WALL REPLACEMENT	1,925	14,205	140,900	180,365	195,365	15,000	8%
13 WASTE LINE REMEDIATION	872,545	1,067,364	1,890,122	2,100,000	2,300,000	200,000	10%
14 WATER LINE - COPPER PIPE REMEDIATION	0	0	225,632	250,000	300,000	50,000	20%
15 WINDOW/SLIDING SCREEN DOOR	34,058	74,238	140,117	86,676	119,266	32,591	38%
OTHER SUPPL. APPROPRIATIONS	526	2,792	0	0	0	0	0%
APPLIANCE AND FIXTURES:							
16 COOKTOPS	65,659	79,079	57,585	70,999	95,825	24,825	35%
17 DISHWASHERS	76,586	103,150	107,052	85,280	150,062	64,782	76%
18 FIXTURES - BASINS/FAUCETS/SINKS/TOILETS	526,855	325,963	300,042	317,250	238,580	(78,670)	(25%)
19 GARBAGE DISPOSALS	92,755	100,858	159,923	115,257	125,450	10,194	9%
20 HOODS	36,976	38,629	26,507	35,574	46,853	11,279	32%
21 KITCHEN/BATH COUNTERS, FLOORS, MISC.	986,927	958,559	1,114,485	1,228,721	1,401,329	172,608	14%
22 OVENS	95,420	132,318	95,335	110,999	214,825	103,825	94%
23 RANGES	36,936	8,756	4,392	25,000	12,412	(12,587)	(50%)
24 REFRIGERATORS	198,378	267,847	167,413	227,359	308,834	81,475	36%
25 WATER HEATERS & PERMITS	79,769	90,493	1,042,161	1,133,990	152,330	(981,660)	(87%)
26 DRYERS - LAUNDRY	21,982	3,282	0	13,474	35,707	22,233	165%
27 WASHING MACHINES - LAUNDRY	55,944	7,882	1,858	29,200	90,705	61,505	211%
RESALE INSPECTION REPLACEMENTS	(4,012)	0	0	0	0	0	0%
TOTAL APPLIANCE AND FIXTURES	\$2,270,174	\$2,116,816	\$3,076,754	\$3,393,103	\$2,872,912	(\$520,191)	(15%)
TOTAL RESERVE FUND	\$9,029,374	\$8,858,979	\$11,018,670	\$13,178,267	\$12,679,042	(\$499,222)	(4%)

Lines 1, 7, 8,9 and 10 include major repairs moved from operations in 2019.

Lines 7 and 8 were moved from operating into reserves in 2016.

Line 13, Waste Line Remediation: Board authorized an early release of \$200,000 from the adopted 2019 Business Plan for additional work in 2018.

Reserve Expenditures by Program Reserves Fund

1)	Building Structures	\$ 669,098
-----------	----------------------------	-------------------

Building Structures (Projects): This reserve component is designed to address building structures that are exhibiting deterioration and 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 Mutual to include both architectural and structural components through outside services and staff labor hours and material costs. 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 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: Dry rot is reported by residents, contractors and staff working in the Community. Additionally, the decking crews address re-surfacing of deck surfaces on a 4-year 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 2020 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.

The decrease in the proposed 2020 budget for this line item is due to the significant upgrades in methodology in dry rot remediation.

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

2) Electrical Systems**\$ 459,495**

Electrical Upgrades: This reserve component is designed to address upgrades to the electrical systems in the Mutuals buildings. Presently, United Laguna Woods Mutual has a reserve program for electrical systems on a contingency basis.

Pushmatic Panel Upgrades: The new program assumes 2,750 electrical panels will be replaced over a 10 year period.

The 2020 budget includes funding for the installation of approximately 275 electric panels.

Alternate Heat Source Installation: United Mutual 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 BTU's required to heat the area being heated.

This is a reactive program to replace 3 heat pumps and 3 wall heaters per year.

3) Exterior Walkway Lighting**\$ 75,223**

This budget funds as-needed consultant services for exterior lighting projects, and the maintenance and upgrade of the Mutual's walkway lighting system, including the addition of new lights. Funding assumes a contingency for the installation of 36 new fixtures per year.

The M&C Committee has expressed an interest in the possibility of increasing the funding to improve walkway lighting.

Staff reviewed the analysis that was prepared in 2010 for exterior lighting and concluded the report is now outdated and is not a current representation of available technology and pricing, as advancements in lighting have been significant in the last decade. Additionally, since the inception of the walkway lighting program, staff has added approximately 95 new walkway lights throughout the Mutual.

History: The United Board replaced the existing pagoda lights with LED bulbs within the entire community in 2015. The Board approved a supplemental appropriation to complete this walkway lighting project.

The Board may increase their budget allocation by an additional \$100,000 to be used towards improving the efficiency of the existing walkway lighting system, as may be recommended by United's lighting consultant.

The proposed lighting budget will not be increased for the current programs unless directed by the Board. (Please note that the increased amount shown on the expenditure report is in error and will be reduced to zero in the next version of the proposed budget unless otherwise directed by the Board.)

4) Foundations \$ 43,836

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

This program assumes that .6% or 7 buildings would require repair every year.

As part of the 2020 funding for foundations, 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.

5) Gutter Replacement \$ 98,044

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

Gutter Replacement: This reserve item is designed to address the replacement of failing, original rain gutters, and downspout systems on all of the Mutual's buildings. The 2020 budget allows for gutter replacement on up to 17 buildings.

New Gutter Installation: Starting in 2020, \$50,000 has been added to the budget for new gutter installations in order to address drainage issues and to prevent foundation erosion.

6) Landscape Renovation \$ 451,495

Landscape renovation programs are designed to address specific areas of concern as determined by each mutual and funded through the Replacement/Reserve Funds. Each program requires varying levels of time and materials, depending upon the site(s) and project(s) selected to be completed each year.

For 2020, the United Landscape Committee recommended \$100,000 for Slope Maintenance, \$35,000 for Turf Reduction, and \$250,000 for Landscape Renovation.

7) Paint - Exterior \$ 1,827,068

The Mutual's Exterior Paint Program is based on a 10-year full painting cycle. The 2020 Program includes 1,541,329 square feet of buildings. The work entails painting of all exterior building components, including stucco or siding, and the trim (fascia boards, beams, overhangs, doors, closed soffits, structural and ornamental metal surfaces). This budget items also include deck top coating, replacement of building number signs, and lead testing. Funding also includes interior and exterior touch-up painting which was moved from Operating to Reserves in 2019.

Planned expenditures are based on the 10-year full paint cycle exterior paint program which is based on the square footage and the number of buildings planned for 2020.

8) Prior to Paint**\$ 1,007,954**

The Mutual has a 10-year full exterior paint program. This budget item includes funding to aggressively address dry rot encountered during the preparation of the building prior to painting as well as dry rot found in the Mutual's decks. Railing welding repairs are also part of this program.

The 2020 budget increase for the planned expenditures is based on the square footage and the number of buildings planned for full cycle exterior paint, including the costs related to asbestos and lead testing with abatement of dry rotted components.

9) Paving**\$ 464,832**

Parkway Concrete: Each year staff inspects the Mutual sidewalks to receive paving work for potential tripping hazards and areas are identified for replacement to eliminate the long waiting periods required with the current reactive program. 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: Each year all asphalt pavements 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. Asphalt maintenance consists of pavement repair and replacement of failed sections and the application of seal coatings to extend the life of the asset.

Seal Coat: The application of a slurry seal coat over asphalt is recommended to extend its useful life. This procedure can eliminate most minor defects in paving, such as raveling or block cracking, before the oxidation process accelerates water intrusion into the structural base. Asphalt within the Mutual receives a seal coat 5 years after paving and also on a continuous 5-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.

The scope of work for 2020 includes all those asphalt areas last paved or sealed in 2015 (507,536 square feet).

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.

The decrease in the planned expenditures for asphalt and concrete is due to a reduction in the amount of square footage requiring asphalt paving work in 2020.

The decrease in the planned expenditures for sweeping and crack filling is due to a review of actual expenditures in previous years.

10) Roofs**\$ 930,804**

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 being 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.

The increase in the 2020 budget is due to some of the building styles (Barcelona) inspected and identified for roof replacements, which require a significant amount of substrate modifications to mitigate water from ponding and allowing for adequate roof drainage to occur. The original construction did not include proper roof sloping to adequately drain the water to the intended drainage openings on the perimeter of the buildings. The work includes removing the existing roof material and installing crickets framed with wood and plywood sheathing.

11) Tree Maintenance**\$ 863,648**

In 2019, the Landscape Committee approved a five-year tree trimming schedule based upon species. Tree Maintenance crews, supplemented by contractors, will trim trees based upon the trimming needs of each species. All trees will be trimmed within five years, some as often as every two, with their canopies being reduced by 25 percent.

For 2020, the United Landscape Committee recommended \$825,000 for Tree Trimming.

12) Wall Replacement	\$ 195,365
-----------------------------	-------------------

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.

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

The slight increase in funding accounts for material cost increases for the 1,475 linear feet of wall and security fencing replacement scheduled for 2020 and to accommodate for the additional cost related to vegetation removal.

13) Waste Line Remediation	\$ 2,300,000
-----------------------------------	---------------------

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 backups 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.

During the 2019 business planning meeting, the Board increased funding for this program to \$2,300,000. However, upon adoption of the budget, staff received permission to receive an early release of funds and used \$200,000 of the 2019 budgeted funds to complete additional buildings in the 2018 program year.

Proposed funding for 2020 remains the same as 2019 and is predicated on a program horizon of nine years.

This program is anticipated to fully epoxy-line all waste pipes (interior and exterior pipes) in the Mutual by 2029.

14) Water Line – Copper Pipe Remediation	\$ 300,000
---	-------------------

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.

The proposed copper pipe remediation budget will not be increased for the current programs in place. The amount shown on the expenditure report will be reduced in the next version of the

budget. The decrease in the 2020 budget is due to less buildings being qualified for epoxy lining.

The 2020 program includes funding for the lining of approximately 30 manors.

15) Windows/Sliding Screen Doors \$ 119,266

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.

Planned expenditures are based on estimated quantities of qualified replacements. Staff estimates an increase based on the number of windows and sliding screen doors replaced in 2018 as well as current expenditure trends.

16) Cooktops \$ 95,825

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.

The 2020 budget increase is due to the expectation of replacing 117 cooktops in 2020.

Funding of \$18,000 is also included for disbursements for residents who furnish their own cooktops.

17) Dishwashers \$ 150,062

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.

Planned expenditures are based on the replacement of 103 dishwashers in 2019 and 128 per year thereafter, contingent on unit failures. Based on the history we are expecting to see a higher number of replacements for 2020.

Funding of \$14,000 is also included for disbursements for residents who furnish their own dishwashers.

18) Fixtures – Basins/Faucets/Sinks/Toilets**\$ 238,580**

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, the reserves plan is based on replacement at the end of the 30 year estimated life for each appliance.

Toilets: Toilets are replaced for many reasons, such as cracks in the bowl and/or tank, and various non-functioning components. Acid washing of toilets is performed to remove the hard water deposits. The Mutual standard replacement includes 14" round and 18" elongated toilets which vary in cost. Planned expenditures are based on the anticipated 30 year useful life and current estimated cost of materials and labor plus inflation.

Sinks: 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 sinks include white single and double also available in almond color. All vary in costs based on size and color. 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 for each appliance.

Faucets: Faucets are replaced due to normal wear and tear. 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 for each appliance.

The overall decrease in planned expenditures for 2020 is based on the reduced number of bathroom sinks and kitchen & bathroom faucets requiring replacement.

19) Garbage Disposals**\$ 125,450**

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, the reserves plan is based on replacement at the end of the estimated life for each appliance.

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

The increase in planned expenditures are based on the replacement of 389 garbage disposals by Plumbing and 63 garbage disposals replaced in conjunction with new kitchen countertops.

20) Hoods**\$ 46,853**

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). A hood 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.

The increase in planned expenditures is based on an estimated 109 hoods requiring replacement in 2020.

Funding of \$5,000 is also included for disbursements for residents who furnish their own hoods.

21) Kitchen/Bath Counters, Floors, Misc.	\$ 1,401,329
---	---------------------

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; the reserves plan is 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, the reserves plan is based on replacement at the end of the 30 year estimated life.

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, the reserves plan is based on replacement at the end of the 30 year estimated life.

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 in each laundry room ranges 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 re-install appliances. 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 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.

The increase is primarily based on additional abatement costs. Vinyl flooring allows for a maximum of 3 layers to be installed before complete removal with testing and abatement are required. It is estimated that a large number of kitchen and bathroom floors have reached their service life, which have the maximum allowed number of layers, and will require abatement in 2020.

Additionally the increase accounts for kitchen countertop replacements and an estimated 95 bath tile and replacement projects that will require testing and abatement in 2020.

22) Ovens \$ 214,825

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.

The increase in planned expenditures is based on 162 ovens requiring replacement in 2020.

Funding of \$32,000 is also included for disbursements for residents who furnish their own ovens.

23) Ranges \$ 12,412

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, the reserves plan is based on replacement at the end of the estimated life for each appliance. A range 20 years and older will be replaced at the request of the Mutual member.

The decrease in planned expenditures is based on 10 ranges requiring replacement in 2020.

Funding of \$3,000 is also included for disbursements for residents who furnish their own ranges.

24) Refrigerators \$ 308,834

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, the reserves plan is based on replacement at the end of the estimated life for each appliance. Also many refrigerators are replaced on a pro-rated basis when a resident requests replacement prior to the end of the 20 year expected life.

Planned expenditures are based on 253 refrigerators requiring replacement in 2020.

Funding of \$51,000 is also included for disbursements for residents who furnish their own refrigerator.

25) Water Heaters & Permits \$ 152,330

Residential Water Heaters: There are 6,323 manor water heaters in the Mutual. 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.

The budget decrease is predicated on staff's completion of the backlog of the water heater replacement program in 2019.

Laundry Water Heaters: There were 344 laundry water heaters in the Mutual in 2016 when the existing 50 gallon water heaters were replaced with 172 - 20 gallon, high efficiency Rheem units. Next replacements start in the year 2026.

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

26) Dryers - Laundry \$ 35,707

Funding in this component is used to replace laundry room dryers upon failure or non-reparability. The current replacement policy is reactive. Staff is in the process of reducing dryer inventory to 2 dryers per laundry room based on utilization. This is implemented as existing units fail. Currently there are 88 machines that are past their useful life and have a high probability of failure.

The increase in planned expenditures allow for up to 53 dryers to be replaced as needed in 2020.

27) Washing Machines - Laundry \$ 90,705

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. Inventory is in the process of being reduced to 3 washers per laundry room, as units fail. Currently there are 118 machines that are past their useful life and have a high probability of failure.

The increase in planned expenditures allow for up to 46 washing machines to be replaced as needed in 2020.

Other Reserve Components**Carport Renovation \$0**

This program was aimed at modernizing the Mutual's carports. All of the Mutual's metal carports were refaced with lap siding manufactured by James Hardie that came with a 25-year materials warranty. The renovation program began in 1997 and was completed in 2007.

Next renovations are due in the year 2032.

Energy Projects \$ 0

This budget item will fund the services of an energy consultant to advance energy initiatives in the Mutual and to execute energy related projects on an as-needed basis.

This is a new reserve component line item. Current work performed by the Mutual's energy consultant was funded from a Supplemental Appropriation received in 2018.

Funding for this line item will be added in the next version of the budget.

Solar Panels - Replacement \$ 0

The Mutual's Photovoltaic System received Permission to Operate (PTO) in 2017. Based on warranty, programmatic replacement isn't scheduled until 2032.

Vertical Lifts \$0

The Lift program consists of Wheelchair Lifts installed at 2-story buildings. The resident(s) of

the building request and pay for the initial installation of the Lift, and after a certificate of occupancy is received from the State of California; ULWM assumes ownership of the unit. All maintenance, inspections and certifications are performed by ULWM on a pre-determined schedule and repairs are performed as mechanical malfunctions arise.

Estimated Life = 20 Years. Planned expenditures are based on the historical replacement quantities, anticipated useful life, and current estimated cost plus inflation.