

**GREAT OAK SQUARE HOMEOWNERS' ASSOCIATION, Inc.**  
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**CAPITAL RESERVE STUDY**  
**DECEMBER 2014**

In 2014, the members of the Board of Directors of the Great Oak Square Homeowners' Association (GOSHA) conducted a study to estimate the remaining useful lives and the replacement costs of components of the common property areas maintained by GOSHA. Replacement costs were based on the estimated costs to repair or replace the various components.

A summary of the results of the study are in the chart below--

GOSHA Reserve Study Design -- 2014					
Category	Estimates Received From	Estimated Useful Life (2014 Study)	Estimated Cost of Replacement (2014 Study)	Current Budgeted Amount (2015 10-Year Budget)	Difference (2014 Cost Less Budgeted Amount)
Grounds Beautification	CLS Landscaping Services	N/A	\$0.00	\$13,358.00	(\$13,358.00)
Sidewalk Repairs		N/A		\$6,818.00	(\$6,818.00)
Sidewalk Replacement	FCC Renovation, LLC	>15 years		\$0.00	\$0.00
Fence Repairs		N/A	\$0.00	\$9,446.00	(\$9,446.00)
Fence Replacement	CJB Home Services	> 15 years	\$49,416.00	\$0.00	\$49,416.00
Roads (Resealing)		1-3 years	\$3,500.00	\$18,468.00	(\$14,968.00)
Roads (Repaving)	Berry Paving; Paveco	5 years	\$95,000.00	\$85,000.00	\$10,000.00
Erosion Control Projects	CLS Landscaping Services	N/A		\$38,847.00	(\$38,847.00)
<b>TOTALS</b>			\$147,916.00	\$171,937.00	\$ (24,021.00)

Grounds Beautification

Over the past several years, GOSHA has invested in planting of trees, shrubs, grass sod and seed, and other such items to maintain and improve the appearance of

the common property. Since these projects do not involve repair or replacement of existing structures and are based on aesthetic considerations, the Board did not attempt to obtain a professional estimate of the cost of such work or try to estimate the “useful life” of the existing grounds. The 10-year budget for 2015-2024 includes \$13,358.00 in spending for such grounds beautification projects, based on an analysis of recent past spending under this category and estimates from CLS Landscaping Services, GOSHA’s primary landscaping contractor.

#### Sidewalk Repairs and Replacement

According to FCC Renovation LLC, GOSHA sidewalks are currently in excellent shape, and should not need any replacement in the next 15 years or more. GOSHA has not, therefore, obtained an estimate of the cost of replacing all GOSHA sidewalks. The 2015-2024 10-year budget document includes \$6818.00 over the next 10 years to repair and replace sidewalk portions damaged due to weather and other factors, based on past GOSHA expenditures in this area, but does not include the cost of total replacement in light of the professional opinion that the useful life of the sidewalks is indefinite and well beyond the 10-year planning horizon.

#### Fence Repairs and Replacement

According to CJB Home Services, GOSHA fences are currently in excellent shape, and should not need any replacement in the next 15 years, or even longer, as long as the lower parts of the boards are not exposed to the ground or excess moisture. Indeed, both opinions suggest that the fences will last indefinitely with proper maintenance. The cost of replacing all GOSHA fences is estimated to be approximately \$49,416, based on a calculation of the cost of materials and labor of \$29 per linear foot multiplied by the 1704 linear feet of fencing in the community. This is the midpoint between estimates of \$28 per linear foot from Lowes and Home Depot, and \$30 per linear foot from CJB.

The 2015-2024 10-year budget document includes \$9446.00 over the next 10 years to repair and replace fence portions damaged due to weather and other factors, but does not include the cost of total replacement in light of the professional opinion that the useful life of the fences is indefinite.

#### Road Resealing and Restriping

Since the last complete repaving of GOSHA streets in 1991, the Association has resealed the existing streets four times: in 1996, 2001, 2008, and 2012. This process has extended the useful life of the streets without the need for much more expensive repaving. GOSHA has also paid to repaint the parking lines and curbs as part of the resealing work. As discussed in the next section, GOSHA obtained estimates that suggest that the useful life of GOSHA streets is about 5 years before the next repaving is necessary. Both of the professionals consulted about the need for repaving did not recommend another resealing prior to the end of that 5 year period. Nonetheless,

GOSHA has included \$18,468.00, the cost of another resealing project in the 10-year budget in the next 1-3 years, based on the cost of the last project. Of that total cost, \$3500.00 is budgeted for redoing the restriping/curb painting, as that work was not performed adequately as part of the resealing in 2012.

### Road Replacement

The Board obtained two estimates in 2014 of the cost of completing replacing (repaving) the three GOSHA streets, from Berry Paving and from Paveco. One estimate was for \$65,000 and the other was for \$125,000. The midpoint of those two estimates is \$95,000. GOSHA had previously obtained an estimate of \$85,000 in 2011 for the same project, which suggests the midpoint is a reasonable estimate for purposes of this study. The 10-Year budget includes an expenditure of \$85,000 in 2019 for this work. Both of the professionals suggested that 5 years would be a reasonable estimation of the remaining useful life of the GOSHA streets before repaving will be necessary.

### Erosion Control Projects

Over the past several years, GOSHA has invested in a number of constructed landscaping and drainage structures to address ongoing issues of poor drainage and eroding landscape in the common areas. Each year, GOSHA does a comprehensive inspection of the community with its contract landscaping company to identify necessary projects. GOSHA maintains a rolling list of all such identified potential projects, updating it as new work is identified and projects are completed.

These projects do not involve repair or replacement of existing structures and are identified based on professional observation of current conditions. Thus, the Board did not try to estimate the "useful life" of the existing "erosion control structures." The 10-year budget for 2015-2024 includes \$38,847.00 in spending for such erosion control projects, based on an analysis of recent past spending under this category, estimates from CLS Landscaping Services, and the current list of high or medium priority projects.

### Summary

Professional estimates of useful life for common property components suggest that \$147,916 must eventually be spent on repair/replacement projects, though a significant portion of that is for fence repairs which may not be necessary for 15+ years. GOSHA's 10-year budget for 2015-2024 plans for expenditures of \$171,937, leaving a capital reserve balance of \$42,626 at the end of the 10-year period without an increase in GOSHA dues. The 2014 reserve study thus demonstrates that GOSHA has adequate capital reserves for the 10-year period.

GOSHA's 10-year budget document includes an automatic adjustment of 2.5% each year for inflation, so the estimates of reserve study needs reflected in this document should remain valid for several years beyond 2015 absent a more significant increase in the inflation rate.