

Structural Integrity Reserve Study (SIRS).
(Fiscal Year: 2026)
Delkus Tower Condominium



Prepared for:
Delkus Tower Condominium

Prepared by:
Manuel Francis, PE

December 29, 2024

*Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024*

Dear Board of Directors Delkus Tower Condominium Association LLC:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a Structural Integrity Reserve Study of Delkus Tower Condominium Association LLC. in Miami Beach, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, December 15, 2024.

This Structural Integrity Reserve Study meets or exceeds all requirements set forth in Florida Statute 718.112 and the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a “Level I Full Reserve Study.”

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in a two-to-three year. We look forward to continuing to help Delkus Tower Condominium Association LLC, plan for a successful future. Our report includes an analysis of the items required by state legislation as well as the rest of your community’s reserve components, providing a complete understanding of the true cost of ownership.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on December 23, 2024, by

Francis Engineering & Construction



Francis, 2024.12.27
14:34:56
Manuel -05'00'

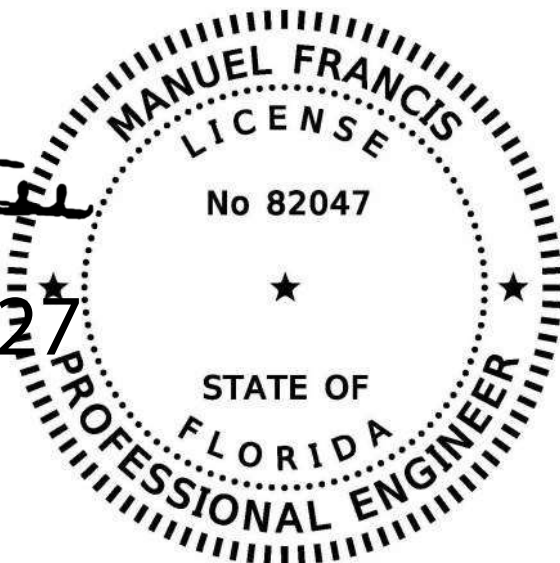


Table of Contents

Table of Contents

<i>1. INTRODUCTION.....</i>	<i>1</i>
1.1 Sources of Information	1
1.2 Component Notes.....	2
1.3 Key Terms.....	3
1.4 Components List	4
<i>2 Funding Methodologies.....</i>	<i>5</i>
Conventional Funding Plan (Straight Line Funding).....	5
Variable Funding Plan.....	5
<i>3 Structural Integrity Reserve Study – Funding Plans</i>	<i>6</i>
<i>4 Building Improvements Reserve Study – Funding Plans</i>	<i>6</i>
4.1 Conventional Cash Flow Method	7
<i>5 Discussion of Funding Plans</i>	<i>11</i>
5.1 Funding Recommendations	11
5.2 Limitations of a Structural Integrity Reserve Study	11
<i>6 Scope And Basis</i>	<i>12</i>
6.1 Objectives	12
6.2 Level of Service	13
6.3 Structural Integrity Reserve Study.....	13
<i>7 Full Reserve Study.....</i>	<i>14</i>
7.1 Opinions of Useful Life	14
7.2 Estimating	15
7.3 Information Provided.....	16
<i>8 Standards and Limitations</i>	<i>17</i>
<i>9 Conclusion.....</i>	<i>18</i>

Tables

Table 1-1: Components List.....4

Table 4-1: Project Expenditure Schedule Option 1 9

Table 4-2: Project Expenditure Schedule Option 2 10

Appendices

APPENDIX A: COMPONENT PHOTOGRAPHS

APPENDIX B: REFERENCES DOCUMENTS

1. INTRODUCTION

Client: Delkus Tower Condominium Association LLC

Location: Miami Beach, Florida

Property Basics: Delkus Tower Condominium Association LLC. The community consists of a six-story building, with thirty-two residential units and various amenities. The community was originally completed in 1981 and is located within Miami Beach, Florida. We understand that the Association is generally responsible for the infrastructure, building exteriors, roofing, exterior waterproofing, balconies, railings, communal area stairs, common corridors, elevators, parking areas, gates, interior amenities, site improvements, and common mechanical, electrical, plumbing, and fire protection systems.

We visited the property on December 15, 2024. During our site visit, we observed the communal areas of the property including the rooftop, common corridors, electrical rooms, mechanical rooms, parking areas, and other common components. The common components of the property were found to be in good condition and appropriately maintained.

1.1 Sources of Information

The following people provided information which may have been utilized in our study:

- Jose Talavera (Association Board Member)

The following documents were provided to us and reviewed:

- Reserve Study Questionnaire, completed by Jose Talavera
- Condominium documents, various dates
- Historical building drawings (received from building board member)
- 40 Year recertification report and invoicing

1.2 Component Notes

General notes, comments, assumptions, and recommendations are listed below. If there are any questions or if any of our assumptions are not accurate, please advise us so we can make appropriate changes.

- Miami-Dade County requires a recertification/milestone inspection to be performed periodically. The third inspection is typically required to be performed prior to the completion of the building's 50th year. This process involves a thorough structural evaluation and often results in some form of required structural repairs. Although future structural repairs are not predictable, we have included a reasonable allowance for structural repairs associated with the future building inspections.
- Our quantity estimations have been performed with the assistance of historical building drawings and the 40th year recertification report which may or may not be accurate. While we make every effort to be as accurate as possible, our cost and quantity estimates are to be considered preliminary and by no means a guarantee. We do not recommend using our estimates for future contractor bidding purposes.
- There are components which are excluded from this analysis as their remaining useful life is estimated to be longer than the study period and/or their useful life cannot be reasonably anticipated. Once the remaining useful life of these components is less than the study period, or their need for repair becomes evident, they should be added to the component list and funding analysis. These components include:
 - o The replacement of railings
 - o The repair and replacement of in-wall plumbing supply/waste piping
 - o Work related to underground/site drainage systems
 - o Electrical panels
 - o Paver and Front Vehicle Gate
 - o Pool
- Interior renovations and updates to the lobby, common rooms, furniture, etc. are typically performed for aesthetic purposes and the timing of such work is highly subjective. We have included anticipated dates for such work, as appropriate.
- As utilized within this report, the "Year" nomenclature is defined as follows:
 - o 2026 | Year 1 = fiscal year from January 1, 2026, through December 31, 2026
 - o 2027 | Year 2 = fiscal year from January 1, 2027, through December 31, 2027
 - o 2028 | Year 3 = fiscal year from January 1, 2028, through December 31, 2028, etc.

Sample component photos are included in Appendix A – Component Photographs.

1.3 Key Terms

Estimated Quantity: The estimated total quantity for a component, typically designated with one of the following units of measurement:

Allowance = a lump sum cost utilized when future expenditures are difficult to predict

Lot= a lump sum cost utilized for or group of items or related work package

EA = each LF = linear foot SF = square foot SQ = roofing square (100 square feet)

Current Cost: The estimated cost to perform the work, on a unit and/or total basis.

Useful Life (UL): The estimated time, in years, that a newly constructed/installed component can be expected to serve its intended function presuming proper construction, and proactive, planned, preventive maintenance.

Remaining Useful Life (RUL): The estimated time, in years, that an existing component can be expected to service its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have a remaining useful life of zero.

*Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024*

1.4 Components List

Table 1-1: Components List

#	Component description	Current Cost	Unit	Updated or replaced	
Building Structure					
101	Post Tension Cables	\$63,113		2021	
101-1	PT Lock-off and splice repair	\$59,400	27 unit @ \$2200 each		
101-2	PT cable	\$3,713	82.50 @ \$45 each		
102	Edge repair & PT Sandblasting	\$40,028		2021	
102-1	PT Sandblasting and patch repair	\$34,628	365 SF @ \$95 per unit (assuming 25% of repairs in 20 years)		
102-2	Edge repair	\$5,400	\$50 per LF (assuming 25% of repairs in 15 years)		
103	Stucco & Concrete prep via grinding	\$96,720		2021	
103-1	Stucco	\$84,150	4950 SF \$17 per SF		
103-2	Concrete prep via grinding to remove surface contaminants	\$9,266	890 LF @ \$10.50 per LF		
103-3	Windows Sealing	\$3,304	234 LF @ \$14 per LF		
104	Balcony	\$25,048		2021	
104-1	Flash parching	\$8,960	640 LF @ \$14 per LF		
104-2	Waterproofing (Balconies)	\$2,898	276 SF @ \$10.50 per SF		
104-3	Tile removal	\$3,429	762 SF @ \$4.50 per SF		
104-4	Balcony scupper repair	\$780	6.5 unit @ \$120 each		
104-5	Flash patching for leveling	\$8,981	641.5 SF @ \$14.0 per SF		
105	Columns, beams & slabs	\$50,373		2021	
105-1	Column repair	\$31,057	119.50 SF @ \$260 per SF		
105-2	Beam repair	\$1,716	6.60 unit @ \$260 each		
105-3	Slab repair (3")	\$9,800	122.50SF @ \$80 per SF		
105-4	Slab Repair Full Depth	\$7,800	30 SF @ \$260 per SF		
Building Others					
201	Painting Exterior	\$55,000		2024	
202	Painting Interior, Lobby renovation	\$20,000		2010	
203	Exteriors Windows and Doors (commune areas)	\$10,000	1 Front door, one office	1981	
Roofing					
301	Roof Replacement	\$160,000	8889 SF assumed \$18 per SF	2019	
Mechanical/Electrical/Plumbing					
401	Elevators	\$10,000	Interior reform	2007	
402	HVAC System	\$10,000	One unit	2022	
403	Fire	\$10,000			
403-1	Fire Sprinkler System	\$5,000		2021	
403-2	Fire Alarm System	\$5,000		2021	

2 Funding Methodologies

The Component Method is a reserve funding method which is based on the sum of funding for each individual component. This method utilized the fully funded balance as well as the annual contribution rate required to maintain the fully funded balance. The fully funded balance for each component is the direct proportion of the fraction of life “used up.” This value is calculated for each component, and then totaled to determine the fully funded balance for the reserve account. The Component Method is based on the current cost and condition of each component and therefore does not consider returns on investments, or the available excess cash flow that the reserve account may have at any given point.

Conventional Funding Plan (Straight Line Funding)

The Conventional Funding Plan (Straight Line Funding), adjusted annually to account for a 3% inflation rate, is a recommended method for reserve funding due to its simplicity and predictability. By maintaining consistent contributions over time, this approach ensures a steady accumulation of funds to meet future repair and replacement needs. Accounting for inflation helps mitigate the impact of rising costs, reducing the risk of cash flow shortages. This method provides communities with a balanced and proactive funding strategy, minimizing the likelihood of special assessments or borrowing, and supporting long-term sustainability of the community’s infrastructure.

Variable Funding Plan

The Variable Funding Plan, with contributions adjusted for years 1–5, a second adjustment for years 6–20, and an annual 3% inflation adjustment, remains the least desirable funding method due to its potential challenges and risks. While incorporating inflation and planned adjustments aims to address rising costs and evolving needs, this approach introduces financial instability over the long term. The reliance on variable contributions during different periods can lead to underfunding if projections are inaccurate, unanticipated expenses occur, or inflation exceeds the assumed rate.

This funding method complicates financial planning for the community, as uneven contributions can cause confusion and dissatisfaction among members. Additionally, the potential for reserve shortfalls during high-expense periods increases the likelihood of

*Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024*

deferred repairs, reliance on special assessments, or borrowing. While the Variable Funding Plan seeks to balance short- and long-term needs, it lacks the consistency and predictability needed to ensure the community's financial health, making it a less reliable and sustainable option compared to other funding method.

3 Structural Integrity Reserve Study – Funding Plans

A Structural Integrity Reserve Study only covers a portion of the Association components. Therefore, if one of Structural Integrity Reserve Study funding plans is followed, it will only be predictive if the future expenditures are limited to those presented in the component list for the Structural Integrity Reserve Study. For this Association, the following funding method/plan has been calculated, as summarized below:

The funding plans presented are created based upon the following assumptions:

Structural Integrity reserves, starting balance = **\$0**

4 Building Improvements Reserve Study – Funding Plans

Additional analysis has been performed for components not considered in the Structural Integrity Reserve Study (SIRS) analysis. The SIRS and Building Improvements Reserve Study collectively cover all Association components that meet the criteria. For the purposes of this analysis, Building Improvements refers to all Association components which are not considered components of a SIRS. For this Association, the following funding methods/plans have been calculated, as summarized below:

The funding plans presented are created based upon the following assumptions:

- Building Improvements reserves, starting balance = **\$0**

4.1 Conventional Cash Flow Method

Option 1 – Conventional Funding Plan (Straight Line Funding)

- From Year 1 (2026) to Year 20 (2045), annual reserve contributions are **\$63,638**.
- In Years 2+, reserve contributions are increased annually at the projected rate of inflation **(2.0%)**.

In this plan, the reserve balance remains positive (above zero) throughout the study period. This is the most conservative funding plan.

Under Option 1, each apartment in average would contribute a consistent monthly amount of approximately **\$146** from year 1 through the end of the reserve study period 2045. While straightforward, this approach does not offer the flexibility to adapt contributions over time.

Option 2 – Variable Funding Plan

- From Year 1 (2026) to Year 5 (2030), annual reserve contributions are **\$35,434**.
- From Year 6 (2031) to Year 20 (2045), annual reserve contributions are **\$74,873**.
- In Years 2+, reserve contributions are increased annually at the projected rate of inflation **(2.0%)**.

In this plan, the reserve balance remains positive (above zero) throughout the study period. This is the most aggressive funding plan and leaves no margin for changes in costs, inflation, condition, future discrepancies, etc., and results in a likely chance of unplanned special assessments in the future.

Option 2, the selected alternative, introduces a phased contribution structure. Each apartment in average will contribute an estimated monthly amount of **\$88** until the year 2030. Following this initial period, the contribution will increase to approximately **\$167** per month for the remainder of the study to year 2045. This gradual adjustment allows for more manageable contributions during the early years, while ensuring that the building's reserve fund is adequately replenished to address anticipated repair and replacement needs in the long term.

*Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024*

The Board's decision should reflect a balanced approach that prioritizes financial sustainability and minimizes the immediate financial burden on residents, while still meeting the building's reserve funding goals.

Note: A 2% inflation rate has been applied to projected future repairs, as requested by the Building Board.

Table 4-1: Project Expenditure Schedule Option 1

#	Component description	Year	1	2	3	4	5	6	7	8	9	10	11	12
		Current Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Building Structure														
101	Post Tension Cables	\$63,113												
102	Edge repair & PT Sandblasting	\$40,028					\$13,810							
103	Stucco & Concrete prep via grinding	\$96,720					\$33,371							
104	Balcony	\$25,048												
105	Columns, beams & slabs	\$50,373												
Building Others														
201	Painting Exterior	\$55,000					\$60,724							
202	Painting Interior, Lobby renovation	\$20,000					\$22,082							
203	Exteriors Windows and Doors(commun are	\$10,000					\$11,041							
Roofing														
301	Roof Replacement	\$160,000												
Mechanical/Electrical/Plumbing														
401	Elevators	\$10,000	\$10,000						\$11,487					
402	HVAC System	\$10,000							\$11,487					
403	Fire	\$10,000											\$12,434	
404	Electric system	\$12,500												
405	Pumblng and Piping repair	\$10,000					\$11,041							
Engineering Reports														
501	Recertification reports & permits	\$15,000						\$16,892						
Annual Spending			\$10,000	\$0	\$0	\$0	\$152,069	\$16,892	\$22,974	\$0	\$0	\$0	\$12,434	
Accumulated Funding			\$55,897	\$101,793	\$157,690	\$213,587	\$117,414	\$156,419	\$189,342	\$245,238	\$301,135	\$357,032	\$400,495	\$445,929

\$55,897	Annual Contribution
\$1,747	Average Annual Contribution per year per apartment
\$146	Average Contribution per month per apartment
2.00%	Is the assumed Inflation Rate for estimating Future Replacemen

Table 4-2: Project Expenditure Schedule Option 2

		Year	1	2	3	4	5	6	7	8	9	10	11
#	Component description	Current Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Building Structure													
101	Post Tension Cables	\$63,113											
102	Edge repair & PT Sandblasting	\$40,028					\$13,810						
103	Stucco & Concrete prep via grinding	\$96,720					\$33,371						
104	Balcony	\$25,048											
105	Columns, beams & slabs	\$50,373											
Building Others													
201	Painting Exterior	\$55,000					\$60,724						
202	Painting Interior, Lobby renovation	\$20,000					\$22,082						
203	Exteriors Windows and Doors(commun areas)	\$10,000					\$11,041						
Roofing													
301	Roof Replacement	\$160,000											
Mechanical/Electrical/Plumbing													
401	Elevators	\$10,000	\$10,000						\$11,487				
402	HVAC System	\$10,000							\$11,487				
403	Fire	\$10,000											\$12,434
404	Electric system	\$12,500											
405	Pumblng and Piping repair	\$10,000					\$11,041						
Engineering Reports													
501	Recertification reports & permits	\$15,000						\$16,892					
Annual Spending			\$10,000	\$0	\$0	\$0	\$152,069	\$16,892	\$22,974	\$0	\$0	\$0	\$12,434
Annual Accumulated Funding			\$33,914	\$57,828	\$91,741	\$125,655	\$7,500	\$54,665	\$95,749	\$159,807	\$223,864	\$287,922	\$339,546

\$33,914	Annual Contribution until 2030
\$1,060	Annual Contribution per year per appartment until 2030
\$88	Average Contribution per month per appartment
2.00%	Is the assumed Inflation Rate for estimating Future Replacement Cost.

\$64,058	Annual Contribution from 2030 until 2045
\$2,002	Annual Contribution per year per appartment from 2030 until 2045
\$167	Annual Contribution per month per appartment from 2030 until 2045

5 Discussion of Funding Plans

5.1 Funding Recommendations

The decision on how an association chooses to fund its reserves is entirely up to the association and typically determined by an elected Board of Directors. In determining how to proceed, an association should consider many factors.

One crucial factor is the association's willingness to accept future special assessments. If an association's top priority is to avoid special assessments, then they should consider a conservative plan that is regularly updated, such as a Full Funding Plan with annual updates. In this scenario, it is nearly a guarantee that no special assessments will be required. Alternatively, if an association is agreeable to special assessments, they could consider a Baseline Funding Plan with updates only every ten years. We do not recommend this approach.

Another essential element of reserve funding is maintaining an up-to-date reserve study. A detailed reserve study can often be updated for multiple years. A reserve study update is a simpler process than starting a full reserve study from scratch and can often be performed without the need for site visits and at a significantly lower cost.

We typically recommend that a moderate approach be considered for an association's reserve funding. A Threshold Funding Plan maintains an acceptable reserve balance throughout the study period without unnecessarily high reserve contribution rates. If updated at least every three years, a Threshold Funding Plan should be adequate to avoid special assessments in the future.

5.2 Limitations of a Structural Integrity Reserve Study

As described in the Florida Statutes, a Structural Integrity Reserve Study (SIRS) is intended to provide an analysis of reserve funding for components related to the structural integrity and safety of buildings three stories and higher. Fundamentally, a SIRS only covers a portion of total association components. However, association components which are not related to the structural integrity and safety of the building can be numerous and costly to maintain, repair, and replace.

Association components outside of the scope of a SIRS can include:

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium

December 2024

- Site improvements such as roadways, sidewalks, asphalt, fencing, irrigation systems, etc.
- Components not part of a building, such as pools, amenity decks, etc.
- Structures less than three stories in height
- Interiors amenities such as gyms.
- Electronic amenities such as security systems, access control systems, etc.
- Mechanical systems such as cooling towers, vehicle gates, etc.

Therefore, if the Association chooses to follow one of the SIRS funding plans for its reserve contributions, we recommend that expenditures from that reserve account be limited to those included in the SIRS component list and for other components which are directly related to the structural integrity and safety of the building. In this scenario, a separate reserve account could be maintained and utilized for other association expenditures not related to the structural integrity and safety of the building.

It is also important to note that a SIRS is not intended to be a thorough structural evaluation or assessment but rather a useful tool to assist an association in its financial planning. The need for future structural repairs is not typically predictable and therefore such repairs may not meet the requirements to be considered reserve components. The need for structural repairs should be evaluated, at a minimum, during county-required building recertification process (if applicable) or state-required Milestone Inspection process. A SIRS is not the equivalent of a building recertification or other Milestone Inspection and will not meet the need of a building recertification and/or Milestone Inspection that may be required in the future.

6 Scope And Basis

6.1 Objectives

The purpose of a reserve study is to conduct a reserve analysis for the Association which includes an evaluation of the current rate of contribution to the reserves, and, if necessary, suggestions to alternative funding strategies. This report is intended to be used as a tool by the Association for considering and managing its future financial obligations, determining appropriate reserve fund allocations, and informing the individual owners of the Association's required reserve expenditures and the resulting financial plan.

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium December 2024

For purposes of financial planning, Association expenses are typically divided into two categories:

- **Annual Operations:** Related to commonly held elements of real property and other assets. These expenses typically include annual operating expenditures, taxes, insurance, property management costs, and other service fees.
- **Reserve Expenditures:** Related to major periodic repairs and/or replacement of commonly held elements which meet the following criteria:
 - The Association has the obligation to maintain or replace the existing element.
 - The need and schedule for this project can be reasonably anticipated.
 - The total cost for the project is material to the Association, can be reasonably estimated, and includes all direct and related costs.

The focuses of our reserve analysis are long-term reserve expenditures, the funding plan, and ensuring adequate reserve balances. History demonstrates that, as time progresses, property conditions and management strategies will change. As a result, planned scopes of work may be altered or deferred, actual cost in the marketplace will vary from estimates, and actual rates of inflation and returns on investment will vary from projections. For these reasons, we concur with the CAI's guidelines and recommend that this reserve study be updated at least every three years.

The reserve expenditures included within the Structural Integrity Reserve Study differ from traditional reserve expenses and are described in the Florida Statutes.

6.2 Level of Service

This report contains two levels of analysis:

6.3 Structural Integrity Reserve Study

This analysis is consistent with the Florida Statutes section 718.112(2)(g)1, related to a Structural Integrity Reserve Study, which describes a reserve study encompassing "each building on the condominium property that is three stories or higher in height", which will include the components within the SIRS Study Area and SIRS Item List "as related to the structural integrity and safety of the building". Excerpts from the Florida Statutes are provided in Appendix B.

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium

December 2024

SIRS Study Area

The SIRS Study Area is limited to buildings three stories or higher and therefore excludes many common components which are not directly within (or affecting) buildings.

SIRS Item List

The SIRS Item List is consistent with the Florida Statutes section 718.112(2)(g)1 (a. through h.) which includes: the roof, structure, fireproofing and fire protection systems, plumbing, electrical systems, waterproofing and exterior painting, windows and exterior doors, and any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed above. The SIRS Item List is not inclusive of all Association items within the building and excludes Association items such as interior finishes, interior amenities, HVAC systems, elevators, and other related items not related to the structural integrity and safety of the building.

It is important to note that a Structural Integrity Reserve Study is not the equivalent of a building recertification or other Milestone Inspection and will not meet the need of a building recertification and/or Milestone Inspection that may be required in the future.

7 Full Reserve Study

The National Reserve Study Standards (NRSS) identifies four levels of service for Reserve Studies:

- I. Full
- II. Update, With Site Visit/On-Site Review
- III. Update, No Site Visit/Off-Site Review
- IV. Preliminary, Community Not Yet Constructed

All may be appropriate for a community, depending on the condition of the community and the phase of the planning cycle. The combination of the SIRS and Building Improvements Reserve Study is generally consistent with the NRSS Level I, Full Reserve Study.

7.1 Opinions of Useful Life

For components which require periodic reserve expenditures for their repairs or replacement, the frequency of work equals the typical, industry accepted expected useful life (UL) for the type of feature. Theoretically, the remaining useful life (RUL) of a component, prior to the next reserve

*Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024*

expenditure for its repair or replacement, is equal to the difference between its UL and its age: $RUL = UL - Age$.

In our experience, the effective age and actual RUL of an installed item can vary greatly from its actual age and calculated RUL. These variances depend on the quality of its original materials and workmanship, level of service, climatic exposure, and ongoing maintenance. As part of our analysis, we have determined our opinion of the UL and RUL of each common component based on our evaluation of its history and its existing condition.

In summary, we have based our opinion of the useful life, remained useful life, and expected frequency and schedule of repair for each common component on some or all of the following:

- Actual or assumed age.
- Observed existing condition.
- Association's maintenance history and plan.
- Fannie Mae – Estimated Useful Life Tables
- Marshall & Swift Valuation Service Expected Life Expectancies
- Our experience with actual performance of such components under similar service and exposure.

7.2 Estimating

In developing our estimate of reserve expenditures for most common components, we have estimated quantities of each item as well as unit costs for its repair or replacement. In some cases, it is more appropriate to estimate a lump sum cost for a required work package or 'lot'. In other cases, particularly when future expenditures are difficult to predict, it is more appropriate to allocate an allowance.

Unless directed to take a different approach, we assume that contract labor will perform the work and apply appropriate installer's mark-ups on supplied material and equipment. When required, our estimated costs consider demolition and disposal of existing materials as well as protection of other portions of the property. When appropriate for large reserve projects, we will also consider soft costs for design and project management, as well as typical general contractor's cost for general conditions, supervision, overhead and profit.

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium

December 2024

We have based our opinion of unit, lump sum, and allowance costs on some or all of the following:

- Records of previous expenses.
- Previously solicited Vendor quotations or Contractor proposals.
- Provided reserve budgets developed by others.
- Our project files on repairs and replacements at other properties.
- RSMeans Construction Cost Data.
- Marshall & Swift Valuation Service – Facility Cost Index.

The primary purpose of this reserve study is to aid in overall budget planning. While we make every effort to be accurate, our cost and quantity estimates are to be considered preliminary and by no means a guarantee. Annual reserve expenditure budgets have been calculated for all years during the study period by inflating the annual tallies of current dollar cost at a rate of inflation selected by the Association.

7.3 Information Provided

Our initial financial analysis was based on the current funding rate and future plans of the Association. We were provided with initial information on the reserves and its funding plan.

- Reserve Balance Provided: \$0
- Current Monthly Reserve Contribution: \$0
- Fiscal Year Starting Date: January 1, 2026
- For Designated Year: 2026
- Projected Reserve Balance on Starting Date: \$0
- Planned Increases: N/A
- Planned Special Assessments: N/A
- Projected Annual Return on Investment: N/A
- Projected Rate of Annual Inflation: 3.0%

Financial data, records of past expenses, and cost estimates provided by others have been taken in good faith and at face value. No audit or other verification has been performed.

8 Standards and Limitations

Francis Engineering and Construction shall perform duties to at least the professional standards consistent with a licensed, Professional Engineer, but does not guarantee or warrant that all adverse conditions concerning the property can be or will be discovered and included in the report. The photographs are an integral part of this report and must be included in any review.

This study is limited to the visual observations made during our inspection. We did not undertake any excavation, conduct any destructive or invasive testing, remove surface materials or finishes, or displace furnishings or equipment. The observations described in this study are valid on the dates of the investigation. Accordingly, we cannot comment on the condition of systems that we could not see, such as buried structures and utilities, nor are we responsible for conditions that could not be seen or were not within the scope of our services at the time of inspection. We did not perform any computations or other engineering analysis as part of this study, nor did we conduct a comprehensive code compliance investigation.

This information in this study is not to be considered a warranty of condition, quality, compliance, or cost. No warranty is implied. Financial data, records of past expenses, and cost estimates provided by others have been taken in good faith and at face value. No audit or other verification has been performed.

Reserve budgets are opinions of likely expense based on reasonable cost estimates. We have not obtained competitive quotations or estimates from contractors. Actual costs can vary significantly, based on the specific scope of work developed, availability of materials and qualified contractors, and many other variables. We cannot be responsible for variances.

Francis Engineering and Construction does not offer financial counseling services. Although reasonable rates of inflation and return on investment must be assumed to calculate projected balances, no one can accurately predict actual economic performance. Although reserve fund management and investment may be discussed during the course of the study, we do not purport to hold any special qualifications in this area. We recommend that the Association also seek other professional guidance before finalizing their current reserve fund planning activity. Depending on

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024

issues which may arise, an appropriate team of consultants to aid decision-making might include their property manager, accountant, financial counselor, and attorney.

Francis Engineering and Construction prepared this confidential report for the review and use of the Association. We do not intend any other individual or party to rely upon this study without our express written consent. If another individual or party relies on this study, they shall indemnify, defend and hold Francis Engineering and Construction, its subsidiaries, affiliates, officers, directors, members, shareholders, partners, agents, employees and such other parties in interest specified by Francis Engineering and Construction harmless for any damages, losses, or expenses they may incur as a result of its use. Any use or reliance of the report by an individual or party other than shall constitute acceptance of these terms and conditions.

9 Conclusion

The Board's decision should reflect a balanced approach that prioritizes financial sustainability and minimizes the immediate financial burden on residents, while still meeting the building's reserve funding goals. The board will have two options:

Option 1, each apartment in average would contribute a consistent monthly amount of approximately **\$146** from year 1 through the end of the reserve study period 2045.

\$55,897	Annual Contribution
\$1,747	Average Annual Contribution per year per apartment
\$146	Average Contribution per month per apartment
2.00%	Is the assumed Inflation Rate for estimating Future Replacement

Option 2, the selected alternative, introduces a phased contribution structure. Each apartment in average will contribute an estimated monthly amount of **\$88** until the year 2030. Following this initial period, the contribution will increase to approximately **\$167** per month for the remainder of the study to year 2045.

*Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024*

\$33,914	Annual Contribution until 2030
\$1,060	Annual Contribution per year per apartment until 2030
\$88	Average Contribution per month per apartment
2.00%	Is the assumed Inflation Rate for estimating Future Replacement Cost.

\$64,058	Annual Contribution from 2030 until 2045
\$2,002	Annual Contribution per year per apartment from 2030 until 2045
\$167	Annual Contribution per month per apartment from 2030 until 2045

To the best of our ability, we have attempted to work in the best interest of the Association and to aid the Board toward fulfillment of their fiduciary responsibilities and obligations to the individual Unit Owners who comprise the association's membership. In our professional opinion, and within the limitations disclosed elsewhere herein, all information contained herein is reliable and appropriate to guide the Board's deliberations and decision-making. We consider our report confidential and will not share its content with anyone but the Board without its knowledge and release.

Francis Engineering and Construction appreciates this opportunity to assist you in support of the financial planning for your community. We are pleased to present this report for the Board's consideration and use. Thank you.

Respectfully submitted,

APPENDIX A COMPONENT PHOTOGRAPHS



6725 Harding Ave

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Building entrance



Lobbying



Lobbying



Lobbying

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Trash room door



Paver. Building entrance



Paver. Building entrance

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Parking



Parking



Parking door



Electric room



Electric room

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Electric room



Electric room



Pool room



Pool pump

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Pool room



Trash room



Pool

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Pool



Paver

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Paver



Air condition



Air condition



Building

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Laundry



Laundry

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Catwalk



Catwalk



Roof



Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Roof

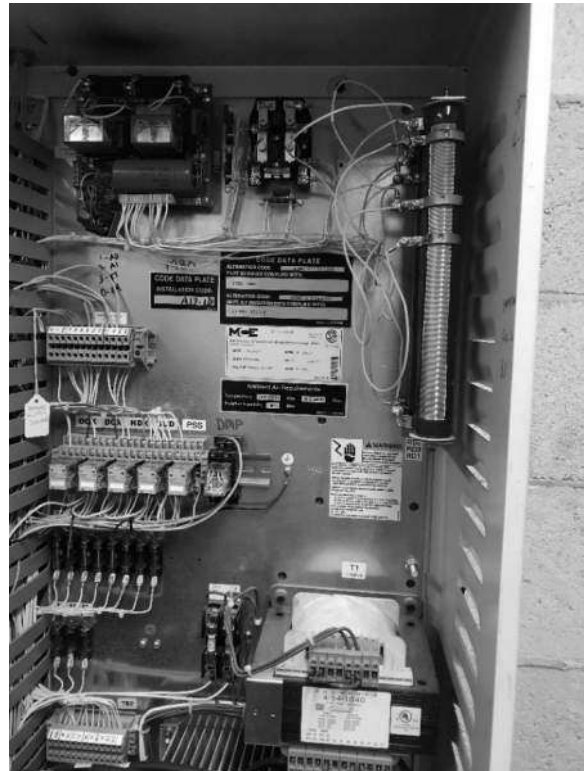


Roof

Structural Integrity Reserve Study (SIRS). Delkus Tower Condominium
December 2024



Balcony



Elevator



Elevator



Elevator

APPENDIX B REFERENCE DOCUMENTS

EXCERPTS FROM THE FLORIDA STATUTES

Section 718.112(2)(f): Annual Budget.-

1. The proposed annual budget of estimated revenues and expenses must be detailed and must show the amounts budgeted by accounts and expense classifications, including, at a minimum, any applicable expenses listed in s. 718.504(21). The board shall adopt the annual budget at least 14 days before the start of the association's fiscal year. In the event that the board fails to timely adopt the annual budget a second time, it is deemed a minor violation and the prior year's budget shall continue in effect until a new budget is adopted. A multicondominium association must adopt a separate budget of common expenses for each condominium the association operates and must adopt a separate budget of common expenses for the association. In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in s. 718.113(1), the budget or a schedule attached to it must show the amount budgeted for this maintenance. If, after turnover of control of the association to the unit owners, any of the expenses listed in s. 718.504(21) are not applicable, they do not need to be listed.

- 2a. In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000. The amount to be reserved must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. In a budget adopted by an association that is required to obtain a structural integrity reserve study, reserves must be maintained for the items identified in paragraph (g) for which the association is responsible pursuant to the declaration of condominium, and the reserve amount for such items must be based on the findings and recommendations of the association's most recent structural integrity reserve study. With respect to items for which an estimate of useful life is not readily ascertainable or with an estimated remaining useful life of greater than 25 years, an association is not required to reserve replacement costs for such items, but an association must reserve the amount of deferred maintenance expense, if any, which is recommended by the structural integrity reserve study for such items. The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. The members of a unit-owner-controlled association may determine, by a majority vote of the total voting interests of the association, to provide no reserves or less reserves than required by this subsection. For a budget adopted on or after December 31, 2024, the members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required by this subsection for items listed in paragraph (g), except that members of an association operating a multicondominium may determine to provide no reserves or less reserves than required by this subsection if an alternative funding method has been approved by the division.

- 2b. Before turnover of control of an association by a developer to unit owners other than a developer under s. 718.301, the developer-controlled association may not vote to waive the reserves or reduce funding of the reserves. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and no such result is achieved or a quorum is not attained, the reserves included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.
3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and may be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote of all the total voting interests of the association. Before turnover of control of an association by a developer to unit owners other than the developer pursuant to s. 718.301, the developer-controlled association may not vote to use reserves for purposes other than those for which they were intended. For a budget adopted on or after December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds, or any interest accruing thereon, for any other purpose other than the replacement or deferred maintenance costs of the components listed in paragraph (g).
4. The only voting interests that are eligible to vote on questions that involve waiving or reducing the funding of reserves, or using existing reserve funds for purposes other than purposes for which the reserves were intended, are the voting interests of the units subject to assessment to fund the reserves in question. Proxy questions relating to waiving or reducing the funding of reserves or using existing reserve funds for purposes other than purposes for which the reserves were intended must contain the following statement in capitalized, bold letters in a font size larger than any other used on the face of the proxy ballot: **WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.**

Section 718.112(2)(g): Structural Integrity Reserve Study–

1. A residential condominium association must have a structural integrity reserve study completed at least every 10 years after the condominium's creation for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code, which includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building:
 - a. Roof.
 - b. Structure, including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in s. 627.706.
 - c. Fireproofing and fire protection systems.
 - d. Plumbing.
 - e. Electrical systems.
 - f. Waterproofing and exterior painting.
 - g. Windows and exterior doors.
 - h. Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed in sub-subparagraphs a.-g., as determined by the visual inspection portion of the structural integrity reserve study.
2. A structural integrity reserve study is based on a visual inspection of the condominium property. A structural integrity reserve study may be performed by any person qualified to perform such study. However, the visual inspection portion of the structural integrity reserve study must be performed or verified by an engineer licensed under chapter 471, an architect licensed under chapter 481, or a person certified as a reserve specialist or professional reserve analyst by the Community Associations Institute or the Association of Professional Reserve Analysts.
3. At a minimum, a structural integrity reserve study must identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of each item of the condominium property being visually inspected, and provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of condominium property being visually inspected by the end of the estimated remaining useful life of the item. The structural integrity reserve study may recommend that reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost cannot be determined, or the study may recommend a deferred maintenance expense amount for such item. The structural integrity reserve study may recommend that reserves for replacement costs do not need to be maintained for any item with an estimated remaining useful life of greater than 25 years, but the study may recommend a deferred maintenance expense amount for such item.
4. This paragraph does not apply to buildings less than three stories in height; single-family, two-family, or three-family dwellings with three or fewer habitable stories above ground; any portion or component of a building that has not been submitted to the condominium form of ownership; or any portion or component of a building that is maintained by a party other than the association.

Reserve Study Standards[®]™

RSS - RS052023

Terms and Definitions

Adequate Reserves: A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements: Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (also known as pooling): A method of developing a reserve funding plan where funding of reserves is designed to offset the annual expenditures from the reserve fund.

To determine the selected funding plan, different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Common Area: The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Community Association: A nonprofit entity that exists to preserve the nature of the community and protect the value of the property owned by members. Membership in the community association is mandatory and automatic for all owners. All owners pay mandatory lien-based assessments that fund the operation of the association and maintain the common area or elements, as defined in the governing documents. The community association is served and lead by an elected board of trustees or directors.

Components: The individually listed projects within the physical analysis which are determined for inclusion using the process described within the component inventory. These components form the building blocks for the reserve study. **Components are selected to be included in the reserve study based on the following three-part test:**

1. The association has the obligation to maintain or replace the existing element.
2. The need and schedule for this project can be reasonably anticipated.
3. The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.

Component Inventory: The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of association precedents, and discussion with appropriate representative(s) of the association.

The Reserve Specialist, in coordination with the client, will determine the methodology for including these components in the study. Typical evaluation techniques for consideration include:

- Inclusion of long-life components with funding in the study.
- Addition of long-life components with funding at the time when they fall within the 30-year period from the date of study preparation.

- Identification of long-life components in the component inventory even when they are not yet being funded in the 30-year funding plan.

Component Method (also known as Straight Line): A method of developing a reserve funding plan where the total funding is based on the sum of funding for the individual components.

Condition Assessment: The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age: The difference between useful life and estimated remaining useful life. Not always equivalent to chronological age since some components age irregularly. Used primarily in computations.

Financial Analysis: The portion of a reserve study in which the current status of the reserves (measured as cash or percent funded) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded: 100 percent funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

Fully Funded Balance (FFB): An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost. This number is calculated for each component, and then summed for an association total.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

Example: For a component with a \$10,000 current replacement cost, a 10-year useful life, and effective age of 4 years, the fully funded balance would be \$4,000.

Fund Status: The status of the reserve fund reported in terms of cash or percent funded.

Funding Goals:

The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding

Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, **and it is not recommended** as a long-term solution/plan. Baseline funding may lead to project delays, the need for a special assessment, and/or a line of credit for the community to fund needed repairs and replacement of major components.

Threshold Funding

Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “fully funded” with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as

investment risk tolerance, community age, building type, components that are not readily inspected, and components with a remaining useful life of more than 30 years.

Full Funding

Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. Fully funded is when the actual or projected reserve balance is equal to the fully funded balance.

It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan: An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles: A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

- Sufficient funds when required.
- Stable funding rate over the years.
- Equitable funding rate over the years.
- Fiscally responsible.

Initial Year: The first fiscal year in the financial analysis or funding plan.

Life Estimates: The task of estimating useful life and remaining useful life of the reserve components.

Life Cycle Cost: The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance: Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of "replacement" but may pass the defining test of a reserve component and be appropriate for reserve funding. Maintenance types are categorized below:

Preventive Maintenance: Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance: Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance.

This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance: Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced.

Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.

Percent Funded: The ratio, at a particular point in time clearly identified as either the beginning or end of the association's fiscal year, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan, in light of the association's risk tolerance and is not by itself a measure of "adequacy."

Periodic Structural Inspection: Structural system inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Preventive Maintenance Schedule: A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL): Also referred to as "remaining life" (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life.

Replacement Cost: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).

Reserve Balance: Actual or projected funds, clearly identified as existing either at the beginning or end of the association's fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study: A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider: An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist® (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm: A company that prepares reserve studies as one of its primary business activities.

Responsible Charge: A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals' performing services that directly and materially affect the quality and competence of services rendered by the Reserve Specialist. A Reserve Specialist shall maintain such records as are reasonably necessary to establish that the Reserve Specialist exercised regular and effective supervision of a reserve study of which he or she was in responsible charge. A Reserve Specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review; and
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

Site Visit: A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment: A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System: The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Useful Life (UL): The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance.

Best practice is that a component's Useful Life should reflect the actual preventive maintenance being performed (or not performed).

Valuation Estimates: The task of estimating the current repair or replacement costs for the reserve components.