

# St. Monica's Reserve Study November 2025

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## **1. Executive Summary**

This 2025 property reserve estimate is based upon our past experience, our best estimate of reserve items and their likely future cost for replacement, their useful life, and an artful projection of their remaining life.

We have included tables with lists of reserve items for the church. The church property includes the church and the parish hall buildings.

The major costs we see are costs associated with the parking lot for the church property over the next several years.

Our reserve group is composed of Tom Cote, Matt Devlin, Melanie Rose, Ed Strong, Ralph Pike, Jim Sarconi and Bruce Allan. Our collective experience and church property knowledge are reflected in this report.

If there are any questions, please contact Bruce Allan at [bhallan46@gmail.com](mailto:bhallan46@gmail.com).

## **2. Introduction**

A reserve program is the art of anticipating and preparing for major common area repair and replacement expenses. We are making projections of expenses for the future based upon the aging facilities and anticipated life expectancy.

This reserve program is of two parts: the physical analysis and the financial analysis. The physical analysis contains the information about the current condition and repair or replacement cost of the major common area components. The financial analysis contains a recommended funding to offset the anticipated reserve expenses.

The reserve expenses will encompass the total Church property.

### **2a. Methodology**

The physical analysis is conducted first and is an on-site inspection of our facilities' common areas from which we create a list of items to be included in the reserve list.

As a group, we review all items to determine i) current condition, ii) remaining useful life, iii) where possible, the initial cost of the item, and iv) the future replacement cost for each item.

### **Which Physical Assets are covered by Reserves?**

Reserve expenses are the larger, infrequent expenses that require significant advance planning. Operating expenses are those ongoing daily, weekly, or monthly expenses that occur and recur throughout the year. Small surprises are typically handled as maintenance contingencies, while the larger ones may be covered by insurance or require emergency funding.

A national-standard four-part test exists to determine expense items should be funded through reserves:

1. It must be a common area maintenance responsibility
2. The item must have limited life
3. The limited life must be predictable, and
4. The item must be above a minimum threshold cost.

### **How are Useful Life and Remaining Useful Life Established?**

Useful life is usually established by experience with the component, adjusted by assumptions for quality, rate of wear and tear, expected normal maintenance, and weather exposure. The experience we draw upon is our reserve group and some outside expertise where available or needed.

### **How are Cost Estimates Established?**

The best way to obtain an accurate cost for an item is for it to be repaired or replaced, providing a benchmark for current cost estimates. Absent that information, an estimate based upon recent experience is used. If necessary, we seek to obtain a vendor estimate.

## **3. Site Inspection**

The reserve group members were involved on occasion to i) determine the approach for the compilation of a reserve dollar amount, ii) determine the items to be included for the reserve \$\$\$, and iii) develop the replacement cost estimates or the necessary cost estimate for repairs so as to prolong the item's useful life.

We reviewed the church exterior, and the church interior. Our reserve group is very familiar with the church, with all of us involved in some fashion with the property maintenance, and the church facilities.

The church property overall is in decent condition.

#### 4. Projected Reserves Church and Parish Hall

The most significant items which will likely require funds are the parking lot, the fire alarm system and the roof for the Church. A portion of the parking lot requiring repaving now has a cost is \$50,000 based upon a recent estimate. The church roof cost projecting ahead 45 years places this cost at \$134,100. The parish hall roof cost projecting ahead 29 years is \$235,300. This assumes the roof life is 60 years. Consequently, these very large expenditures stand out and dominate the dollar demands in our property reserve.

The current fire alarm system is well beyond its useful life. It does work but should it fail, the system cannot likely be fixed. A replacement system is estimated to cost \$100,000.

The next significant property reserve expense is the HVAC plant. While we have a good HVAC situation currently, the 8 of the 10 units are projected to require replacement relatively close together and are costly. The good news is that we have a reasonable period of time to plan and build the reserve.

A need for the HVAC is the requirement for an annual maintenance contract which includes replacement of the filters on a regular basis.





## 4b. Church, Parish Hall, and School Property Reserve Budget

	<u>2026</u>	<u>2027</u>	<u>2028</u>
<b>Church</b>	<b>\$54,420</b>	<b>\$35,420</b>	<b>\$35,420</b>
<b>Parish Hall and School</b>	<b>\$224,502</b>	<b>\$40,502</b>	<b>\$40,502</b>
<b>Total</b>	<b>\$278,922</b>	<b>\$75,922</b>	<b>\$75,922</b>

### Assumptions\*

The dollar amounts above are absent the costs identified in (1), and (2) in Tables A and B, respectively,

Those paving and fire alarm costs are on us right now and so there is no opportunity to build any reserve.

The only decision before us is to delay the property paving and fire alarm improvements, or proceed. The subsequent years' reserve allocation would increase to address the deferred paving and fire alarm costs should we not proceed with them now.

## 5. Overall Recommendations

This Property Reserve Report needs to be presented to the vestry, reviewed as to the amount of risk is necessary for our physical plant, and agree on the funding vehicles required to maintain the Church property satisfactorily.