

Capital Reserve Study Executive Summary for Tuckahoe Recreation Club

1814 Great Falls St.
McLean, Virginia 22101

July 22, 2023



Phil Murray
General Manager
Tuckahoe Recreation Club
1814 Great Falls St.
McLean, Virginia 22101

Mr. Murray

Club Benchmarking would like to thank you for the opportunity to provide the Capital Reserve Study for Tuckahoe Recreation Club. We enclose the Executive Summary through email for your use. The Club has up to one fiscal quarter to review the Executive Summary and the Capital Asset Expenditure Plan. Please contact Club Benchmarking with any questions or comments you may have.

Sincerely,

Lew Rosenbloom

Lew Rosenbloom
Capital Asset Specialist

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Project Overview

Tuckahoe Recreation Club (the Club) is a private recreation Club located in McLean, Virginia. The member amenities include the Winter & Summer Bath Houses, Pools & Tennis Courts

Our analysis identifies over 180 individual assets which will require capital repair and/or replacement during the next 20 years. The Club has engaged Club Benchmarking to conduct the Obligatory Capital Study. This Summary contains the Capital Asset Expenditure Plan, summary narrative and Study criteria.

Capital Asset Expenditure Study

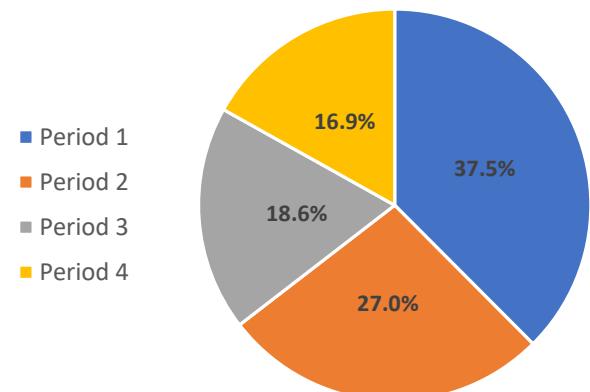
The Capital Asset Expenditure Plan identifies the necessary capital repair and replacement expenditures during the next 20 years for each of the Club assets. The Capital Asset Expenditure Study details the expenditures for each asset and the relative value of each Asset Group with the total anticipated expenditures during the next 20 years.

The estimated expenditures for the 20-year time frame of the study comprise approximately \$6,460,726 or an average annual expenditure of about \$323,036.

We identify the expenditures occurring in four Periods of five-year increments each. For example, Period One includes expenditures in 2024 through 2028. We depict the respective Period percentages of expenditures in the following table:

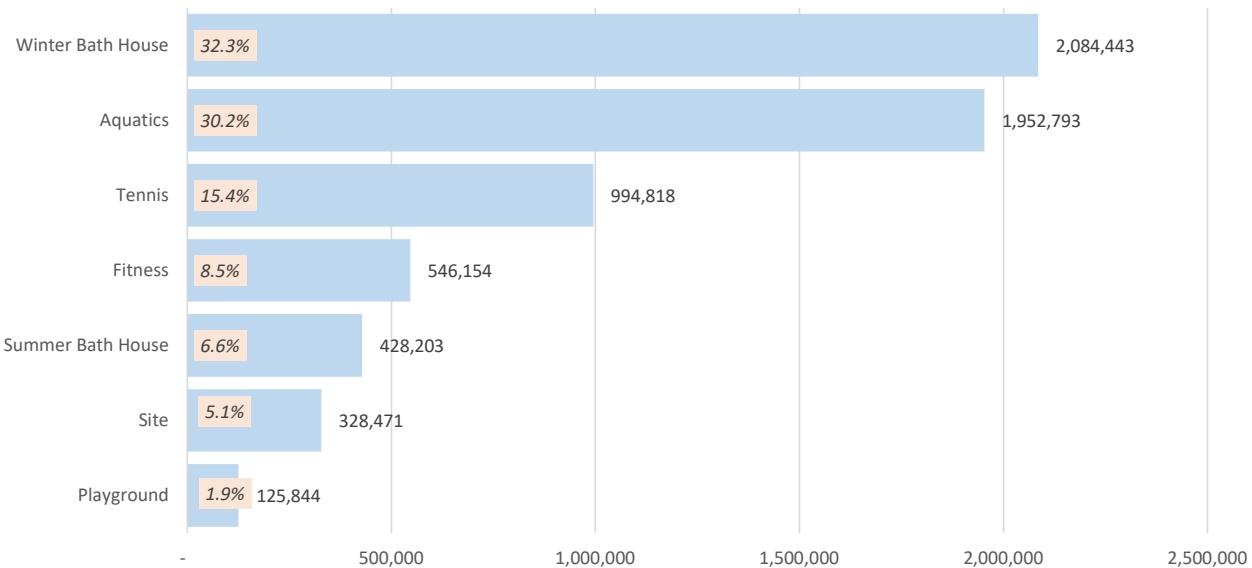
Period 1 is significantly higher due to deferred capital spending habits.

Period	Range	Amount	Percent
Period 1	2024 - 2028	\$ 2,424,488	37.5%
Period 2	2029 - 2033	\$ 1,744,896	27.0%
Period 3	2034 - 2038	\$ 1,200,324	18.6%
Period 4	2039 - 2043	\$ 1,091,018	16.9%
Total	Total	\$ 6,460,726	100.0%



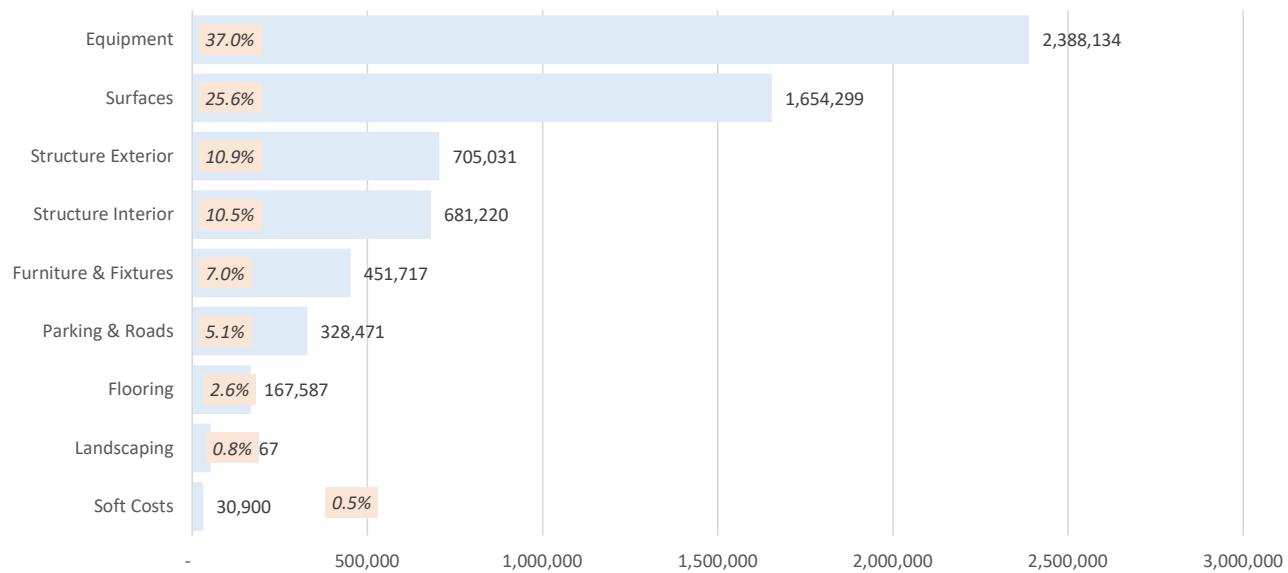
Capital Asset Expenditure Study (*continued*)

To manage the study Club Benchmarking has aggregated the assets of The Club into separate distinct Locations or Areas ("Area"). We have identified 7 Areas and created the chart below to show the relative value of the planned expenditures by Area. The "Winter Bath House" Area has the largest expenditure commitment at \$2,084,443 or 32.3% of the total expenditures, while "Playground" is smallest at \$125,844 or 1.9% of the total expenditures.



Capital Asset Expenditure Study (*continued*)

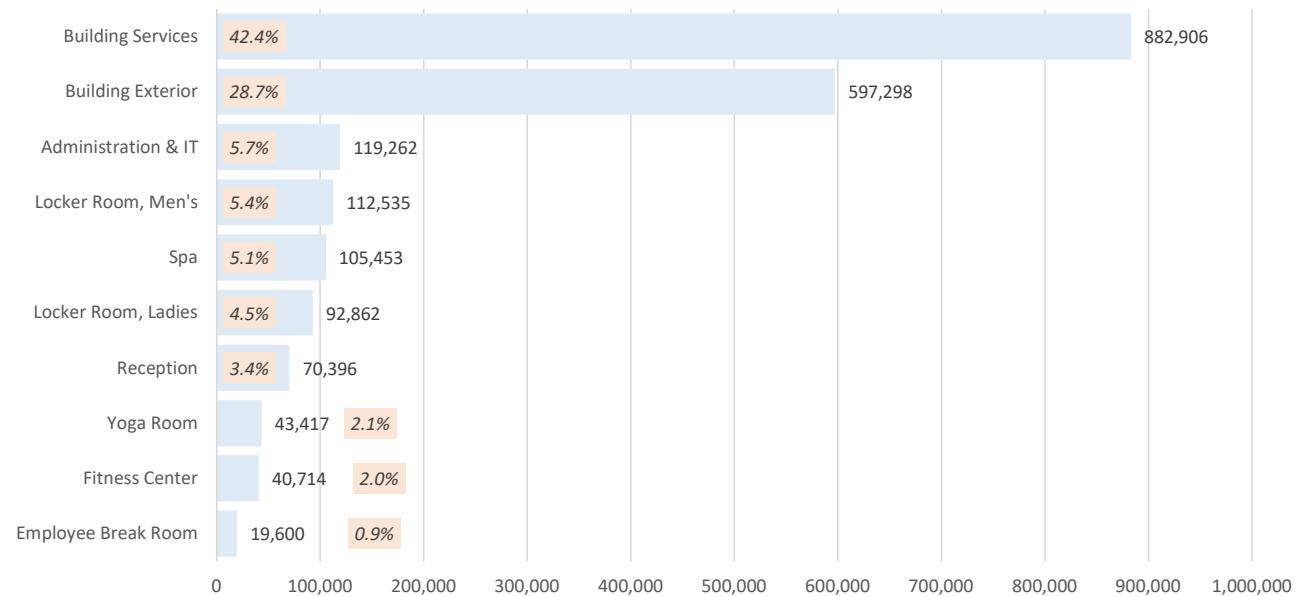
The study's Assets have also been aggregated into separate distinct Asset Types. We have identified 9 Asset Types and created the chart below to show the relative value of the planned expenditures by Type. Assets identified as "Equipment" have the largest expenditure commitment at \$2,388,134 or 37.0% of the total expenditures, while "Soft Costs" is smallest at \$30,900 or 0.5% of the total expenditures



Capital Asset Expenditure Study (*continued*)

As graphed on the previous page, the top 2 Area's were Winter Bath House and Aquatics. Below are charts for these areas to further break down the expenditures.

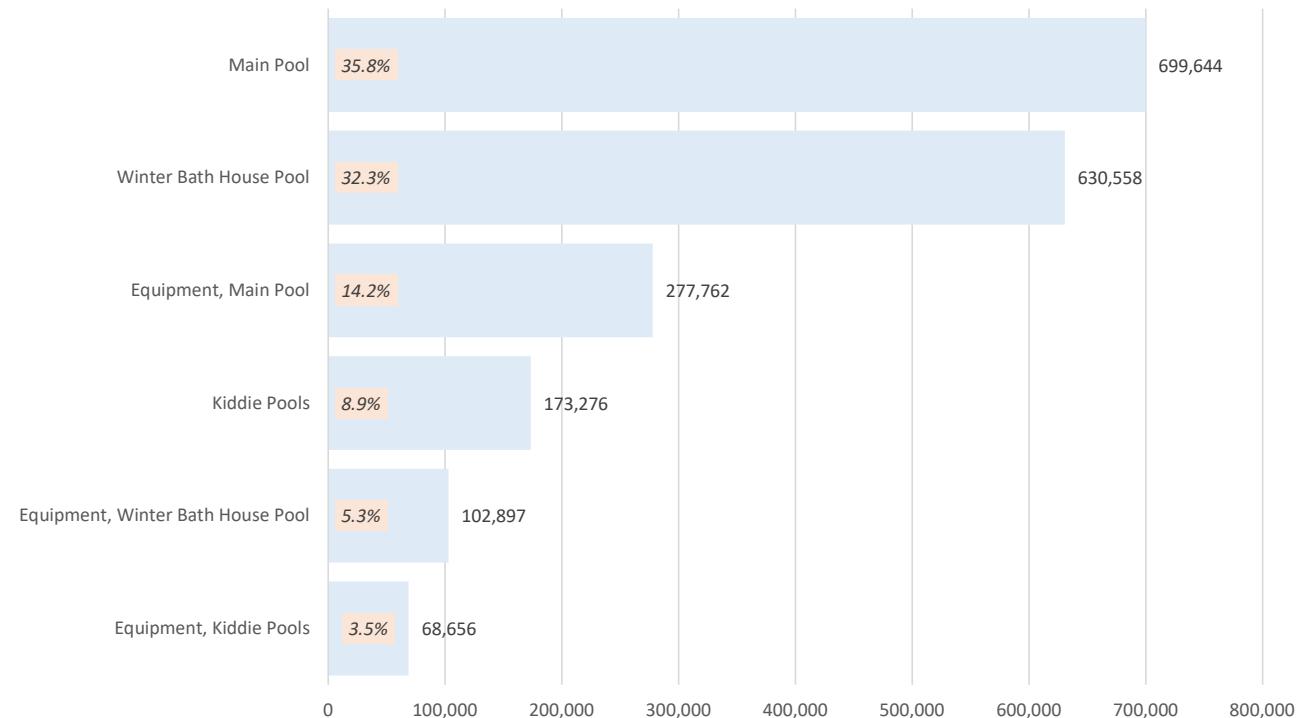
Winter Bath House



Capital Asset Expenditure Study (*continued*)

As graphed on the previous page, the top 2 Area's were Winter Bath House and Aquatics. Below are charts for these areas to further break down the expenditures.

Aquatics



Capital Asset Expenditure Study (*continued*)

For the Club, the analysis identifies the following five assets with the most significant expenditures during the next 20 years :

Identifies the following 5 areas with the most significant obligatory expenditures over the next 20 years

- \$701,719 – Replacement – All Tennis Courts and Multi Use Surfaces (Does not include ongoing resurfacing)
- \$436,063 – Winter Bath House Pool Deck, (Coping/Tile & Spa)
- \$545,900 – Replacement – Indoor Pool HVAC w/ analysis (Placeholder) Building Services
- \$428,203 – Summer Bath House (Exterior, HVAC, Grille Kitchen, Locker Rooms, Reception)
- \$561,084 – Winter Bath House (Roof, Windows, Doors)

Notes: Above costs do not include the 20% contingency or 6% sales tax

Capital Asset Expenditure Study (*continued*)

These five expenditures comprise \$2,672,969 or about 41.3% of the total anticipated expenditures for the 20-year timeframe of the Study.

The sheer number of replacement projects as shown in the Plan may not be physically or financially achievable in the specific year or timeframe shown in the Study. Therefore, Club management should closely parse the Plan's recommendations as to replacement priorities. The Club should prioritize those items needed for daily operations. Those more discretionary but desirable expenditures may have to set back.

Financial Criteria and Report Methodology

The Capital Asset Expenditure Plan identifies more than 180 individual assets for the Club with an anticipated capital repair and/or replacement expenditure of:

- A current replacement value of \$2,500 and greater and,
- A service life of three years and greater

Note: Certain assets could require complete replacement during the next 20 years due to their current age, expected industry service life, specific construction, material and current use. These "complete replacements" are not included in the Obligatory costs and can be significant.

Within the Club, these assets include:

- Building Electrical, Plumbing & HVAC Systems
- Building Foundations
- Wall & Roof Assemblies

The Club should fund any capital repairs or replacements with a current replacement value of \$2,500 or less and all operating budget expenditures from the annual Operating Budget.

Capital Asset Expenditure Study (*continued*)

Inflation

The Capital Management Plan incorporates an annual rate of inflation for construction materials and labor costs of Three percent (3.0%) throughout the time frame of this Study. The use of an inflationary model "conservatively" compares the present value and future value of replacement costs over the timeframe of the Study. This could risk that the Club budget less than ideal contributions and maintain sufficient ongoing fund balances.

Cost Estimation Criteria

The Capital Asset Expenditure Plan estimates of capital repair and replacement expenditures for buildings are generated primarily from RS Means CostworksTM database (www.rsmeansonline.com).

This data base is the nationally recognized standard for historical and current new construction and replacement costs for labor and materials. We factor this data base to The Club's USPS zip code of 22101 to ensure the most accurate conditions for local labor and material calculations. We also utilize our professional nationwide experience and data base with similar private City and Country Clubs.

On Site Inspection Methodology

A representative of Club Benchmarking conducted the on-site inspection of the Club for the purposes of this analysis. The methodology includes:

- Personal interviews with the General Manager and other key Executive Staff to determine the histories of replacements and current functional condition of the Club Assets
- Review of the available financial information for the Club
- Visual and non-invasive inspection and quantification of the Club assets

Capital Asset Expenditure Study

The Capital Asset Expenditure Plan depicts the results of our on-site, visual inspection of the numerous Club Assets for known histories of repair and replacement, existing operational conditions, remaining service life and recommended year(s) of replacement(s). The spreadsheets organize the Assets in logical Groups for easier reference, i.e. buildings, courts, Member Recreation, etc. This spreadsheet allows The Club to evaluate the relative value of each Group's expenditures to the overall anticipated expenditures of the entire Plan.

Capital Asset Expenditure Study (*continued*)

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The Club management, Finance Committee and Long-Range Planning Committee may therefore independently and internally evaluate the anticipated expenditures for each Group against historical or recent income generation. This evaluation may determine the need for the possible renovation, expansion or elimination of an Asset or Asset Group to meet Member expectations and most economically manage Club operations.

Budgetary Contingency and Sales Tax

The Study includes an annual budgetary discretionary allowance and local and state sales taxes. The purpose of the contingency is to accommodate either discretionary or necessary variances in the estimated capital repair and/or replacement expenditures contained within the Capital Asset Expenditure Plan.

We suggest that The Club include an annual budgetary contingency equivalent to Twenty percent (20.0%) of the estimated annual expenditures starting in 2024. The recommended contingency comprises about \$1,292,145 of the total anticipated expenditures during the next 20 years. The Study also includes the combined current Local and State sales taxes of 6.0%

Thank you again for the opportunity to work with you and your staff to create the Obligatory Capital Study for Tuckahoe Recreation Club. Please contact Club Benchmarking at any time with any questions or comments you may have.

Sincerely,

Lew Rosenbloom
Capital Asset Specialist
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