

# SAVING FOR A RAINY DAY – REALLY!



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One of our clients is a large (200+) housing development on the outskirts of a major metropolitan area in a western state. They are nestled up against some scenic hills. We have prepared Reserve Study updates for this Association for a number of years, but the Manager came to us this year with a special project, which turned out to have an interesting back story.

Apparently the Association has been in a legal dispute with their Developer, the City, and the County over ownership and maintenance responsibility for the large drainage basins located above and below the community. The drainage basins catch significant storm-water runoff, minimizing the exposure of the Association (and other developments downstream!) to the water and debris involved in flash flooding. To be clear, these are not swimming pool size drainage basins- entire movie “Westerns” could be shot in these huge flat areas!



The Association was developed over several years, approximately 2001-2003. The Developer had built the homes according to the City building standards, but the adjacent open space belonged to the County. Since the County had no building standards relating to drainage basins, the Developer installed what he thought were appropriate flash flood protection measures in the county-owned open space. The Association presumed the drainage basins were County responsibility.

In 2004 there was a series of significant rainstorms, causing the drainage basins to fill to overflowing and become significantly clogged with silt and debris. Imagine the Association’s surprise when the County asked the Board to submit a plan and schedule to return the drainage basins to pre-storm condition! Faced with the prospect of being responsible to maintain County land, improved by a third party (the Developer), for expenses that were never disclosed in the original Association budget, the Association filed a lawsuit.

After many years, the litigation was finally resolved. The Developer is now responsible for all drainage basin expenses through the year 2024, after which the Association will take over maintenance responsibility. The Association plans to “watch & learn” from the Developer’s experience over the next 12 years with respect to the costs of “normal” annual debris cleanup and, thanks to one or more major rainstorms, the frequency and cost of major repair projects.

We were hired by the Association to prepare a separate Reserve Study for the drainage basins. Since the past is the best predictor of the future, this forward-thinking Association now has 12 years to build up its own drainage basin Reserve Fund. This is one association that is truly “saving for a rainy day”!