Townhouse Committee Report

We have the signed building permit for Bldg.3 stairs. The estimate for the wood construction portion of the stair project came in as expected. Approximately $150,000

However, the concrete/foundation bid came at nearly twice that of Build. 2. Building 2 cost was approximately $150,000. Building 3 cost is about $298,000. The increase is due to the configuration of stairs, which is different than Bldgs. 1 & 2 and requires more concrete steel and tie downs.

There are additional costs for electrical, lighting, plumbing, landscape (required by county), engineering oversight, construction management for Mike Saso and of course we need a contingency for unexpected items.

At the end of this fiscal year, our reserves will be $403,000. The amount needed at a minimum for the Building 3 stairs is $528,000. If we use every dollar from reserves (including next years monthly contributions of $15,000 each month) we run our reserves to a very low balance and part of the time will be at zero.

The demolition cost is about $30,000
The cost for the foundation is about $300,000

So while we have enough money to start the project, we would not have enough money to complete the project and pay for the construction ($120,000) until mid to late summer.

There is an additional problem. In the process of submitting permit requests for the Lot 59 deck repair, a possible problem with our Coastal Commission permit has come up. We are being advised to move forward asap by our County permit consultant and complete the project. Therefore we do not have the ability to delay in order to build up more funds.

In order to minimize the possibility of a problem, we have decided to suspend the permit process for the deck/balcony work until the stair project is complete or near completion.

**IF** we decide on a special assessment at this time, this would take a vote of townhouse owners. Here are the numbers – assuming NO additional reserve expenses arise:

- One time assessment of $10,000 of each owner would leave a reserve balance of $247,000 at the end of 2016

- One time assessment of $5000 of each owner would leave a reserve balance of $123,500 at the of 2016

- If there is no special assessment that would leave a reserve balance of $57,000 **at the end** of 2016.

We have scheduled a townhouse owner meeting for this very important decision on Tuesday, December 1 at 12:30 pm. At the DeCamara offices (address) also with a conference call in number of: (605) 475-4800, code is 1071491#. Please do your best to attend or call in.

We realize this is a very unpleasant surprise and appreciate your patience and understanding as we move through this decision process. Thank you.