

# Reserve Analysis Report

## Surfside III COA

600 Sunfish Way  
Port Hueneme, CA 93041

### Level III Study without Site Inspection

Fiscal Year End Date: December 31, 2024



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## Preface

A reserve study is a detailed report that assists common interest developments (CID) in planning for long-term common area repair and replacement expenses. These common areas differ for every development. They can include streets, roofs, recreational facilities and many other items.

A reserve study estimates the costs of common area repairs and replacements over a 30 year period. Each component is given a useful life, remaining life, and estimated cost. A reserve study then calculates the funds necessary to cover these expenses by creating funding plans.

### **The Big Picture - What are the significant figures to look at in the report?**

- **The Component List** – What are our reserve components and when will they need maintenance

Every reserve study must start with a list of the components. The component summary contains the list of all the components, their useful and remaining lives, and their estimated costs. These numbers are the building blocks for most of the figures in the study.

- **Percent Funded** - What is our current financial standing

Probably the most important number in a reserve study is percent funded. It's almost like a credit score for an association. It tells them the current strength of their reserve fund.

Over 70% = Well Funded    Between 30-70% = Fairly Funded    Below 30% = Poorly Funded

The lower your percent funded the higher the risk of a special assessment. A low percent funded also increases the likelihood of deferred maintenance which can cause declining property values.

- **Funding Plans** - How much do we need to save for the future

The next important part of the study is the theoretical 30 year funding plans. The study contains 3 funding plans. It projects what the percent funded will be over the next 30 years if the CID follows each of these plans.

Current Funding Plan – This plan is based on what the association is currently contributing to its reserve fund. This information is supplied by the board or management

Recommended Funding Plan – This is McCaffery's recommendation, if a CID follows the recommended plan they should end up well funded and near the 100% funded level.

5% Threshold Funding Plan - The threshold funding plan is a 30 year cash flow plan that calculates the minimum amount a CID should contribute so their reserve balance won't fall below 5% funded and cause the need for a special assessment. The percent funded will at some point fall into poorly funded levels but will never drop below 5%. If a CID has a funding plan that is below this threshold plan they should also plan on a future special assessment and/or a deferred maintenance. (Following this plan does carry higher risk of a special assessment if a component fails early or costs more than expected)

# Executive Summary

## Surfside III COA

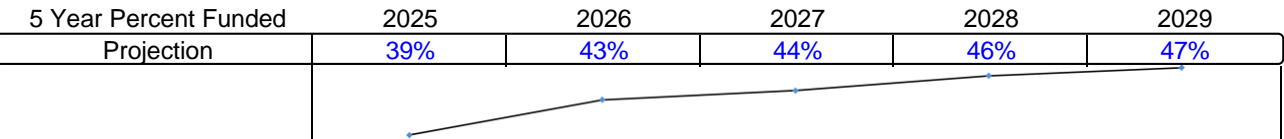
This is a Homeowners Association with 309 Condominium Units.

The common area components include: asphalt, pool, and building exterior.

This is a level III annual update, the last site inspection was performed in 2022

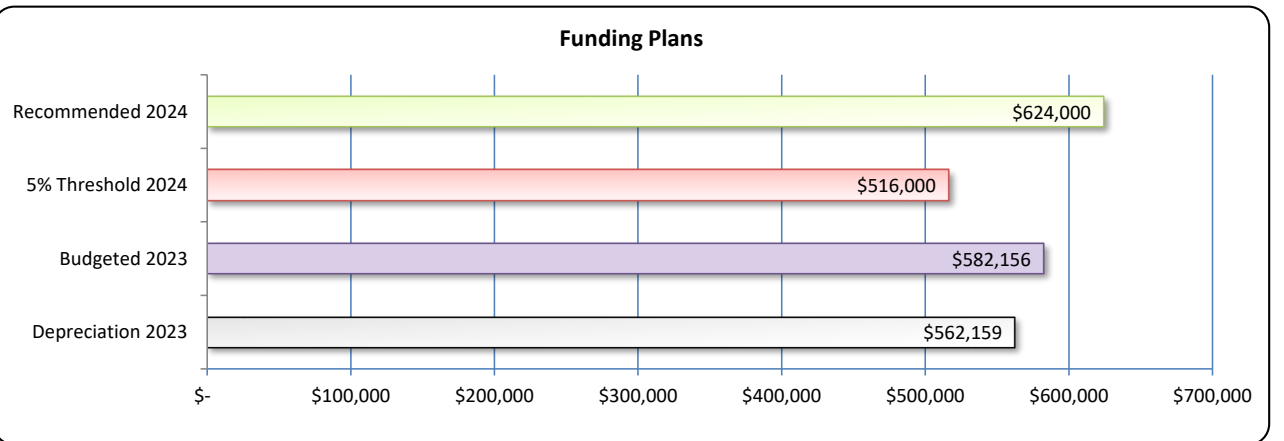
### Reserve Fund Balance at Fiscal Year End

Fully Funded Reserve Balance	\$ 5,695,492
Projected Balance December 31, 2024	\$ 2,000,116
Under Funded (Deficiency in Reserve Funding)	\$ 3,695,376
Deficiency in Reserve Funding Per Unit	\$ 11,959.15
<b>Percent Funded</b>	<b>35.1%</b>



### Funding Plans

	Annually	Monthly	Per Unit Monthly
Depreciation of Components in 2024	\$ 562,159	\$ 46,847	\$ 151.61
Budgeted Reserve Contribution 2024	\$ 582,156	\$ 48,513	\$ 157.00
5% Threshold Reserve Contribution for 2025	\$ 516,000	\$ 43,000	\$ 139.16
<b>Recommended Reserve Contribution for 2025</b>	<b>\$ 624,000</b>	<b>\$ 52,000</b>	<b>\$ 168.28</b>





**Component Summary**  
Surfside III COA

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Roofing</b>							
Carports (Metal Roof) - Replacement	20	Allowance	30	4	\$ 1,185	\$ 23,690	1
Carports (Metal Roof) - Replacement	20	Allowance	30	10	\$ 1,185	\$ 23,690	1
Carports (Metal Roof) - Replacement	20	Allowance	30	13	\$ 1,185	\$ 23,690	1
Carports (Metal Roof) - Replacement	20	Allowance	30	16	\$ 1,185	\$ 23,690	1
Carports (Metal Roof) - Replacement	20	Allowance	30	19	\$ 1,185	\$ 23,690	1
Carports (Metal Roof) - Replacement	20	Allowance	30	22	\$ 1,185	\$ 23,690	1
Carports (Metal Roof) - Replacement	138	Allowance	30	25	\$ 1,185	\$ 163,461	1
Comp Shingle - Replace Condo(Ph. 1)	29000	SF	25	8	\$ 7.73	\$ 224,025	1
Comp Shingle - Replace Condo(Ph. 2)	29000	SF	25	9	\$ 7.73	\$ 224,025	1
Comp Shingle - Replace Condo(Ph. 3)	29000	SF	25	10	\$ 7.73	\$ 224,025	1
Comp Shingle - Replace Condo(Ph. 4)	27650	SF	25	11	\$ 7.73	\$ 213,596	1
Tile Roof (Clubhouse)	8000	SF	30	24	\$ 8.12	\$ 64,927	1
Flat Roof (Clubhouse)	5100	SF	20	4	\$ 7.73	\$ 39,398	1
Townhome Roofs Including Garage	10	Allowance	20	8	\$ 7,313	\$ 73,130	1
Townhome Roofs Including Garage	10	Allowance	20	9	\$ 7,313	\$ 73,130	1
Townhome Roofs Including Garage	10	Allowance	20	10	\$ 7,313	\$ 73,130	1
Townhome Roofs Including Garage	10	Allowance	20	11	\$ 7,313	\$ 73,130	1
Townhome Roofs Including Garage	11	Allowance	20	12	\$ 7,313	\$ 80,443	1
Gutters & Downspouts - Repair	1	Allowance	20	4	\$ 18,300	\$ 18,300	1
						\$ 1,686,860	
<b>Painting</b>							
Exterior Stucco - Partial (A)	12	Each	12	11	\$ 2,369	\$ 28,428	1
Exterior Stucco - Partial (A)	54	Each	12	0	\$ 2,369	\$ 127,926	1
Exterior Stucco - Partial (B)	66	Each	12	2	\$ 2,369	\$ 156,354	1
Exterior Stucco - Partial (C)	66	Each	12	4	\$ 2,369	\$ 156,354	1
Exterior Stucco - Partial (D)	66	Each	12	6	\$ 2,369	\$ 156,354	1
Exterior Surfaces - High Fascia	8	Each	5	0	\$ 5,797	\$ 46,374	1
Exterior Stucco - Townhome	12	Allowance	12	0	\$ 3,502	\$ 42,024	1
Exterior Stucco - Townhome	12	Allowance	12	2	\$ 3,502	\$ 42,024	1
Exterior Stucco - Townhome	12	Allowance	12	4	\$ 3,502	\$ 42,024	1
Exterior Stucco - Townhome	15	Allowance	12	6	\$ 3,502	\$ 52,530	1
Condo Building Rails	2	Each	8	6	\$ 46,350	\$ 92,700	1
Condo Building Rails	2	Each	8	6	\$ 46,350	\$ 92,700	1
Condo Building Rails	2	Each	8	6	\$ 46,350	\$ 92,700	1
Condo Building Rails	2	Each	8	6	\$ 46,350	\$ 92,700	1
Town Home Rails	20	Each	8	6	\$ 1,030	\$ 20,600	1
Town Home Rails	20	Each	8	6	\$ 1,030	\$ 20,600	1
Town Home Rails	11	Each	8	6	\$ 1,391	\$ 15,299	1
Clubhouse Exterior	1	Each	12	10	\$ 47,000	\$ 47,000	1
Clubhouse Interior	1	Each	12	2	\$ 50,000	\$ 50,000	1
Carport Supports	23	Each	12	3	\$ 5,000	\$ 115,000	1
Metal Fences	2	Each	8	7	\$ 11,845	\$ 23,690	1
						\$ 1,513,381	
<b>Asphalt</b>							
Concrete Repairs	1	Allowance	25	0	\$ 4,614	\$ 4,614	1
Overlay & Replace (Parking Areas)	35000	SF	25	18	\$ 4.85	\$ 169,750	1
Overlay & Replace (Streets)	125000	SF	25	17	\$ 4.85	\$ 606,250	1
Seal Coat/Repair/Restripe	160000	SF	3	2	\$ 0.32	\$ 50,923	1
						\$ 831,538	
<b>Fencing/Rails</b>							
Metal Fence/Railings - Repair	1	Allowance	20	6	\$ 11,592	\$ 11,592	1
Surfside Drive Fence	1	Allowance	20	12	\$ 34,777	\$ 34,777	1
Beach Fence	1	Allowance	25	15	\$ 87,418	\$ 87,418	1
Townhome Fences	1	Allowance	25	17	\$ 64,919	\$ 64,919	1
Trash Enclosures - Replace	11	Each	30	13	\$ 7,649	\$ 84,140	1
Vehicle Gates	3	Each	30	9	\$ 8,114	\$ 24,341	1
						\$ 307,188	

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Decks &amp; Landings</b>							
Balcony Inspection/Repairs	1	Allowance	9	6	\$ 54,636	\$ 54,636	1
Balcony Beams/Posts	2	Allowance	10	4	\$ 20,000	\$ 40,000	1
Balcony Beams/Posts	2	Allowance	10	6	\$ 20,000	\$ 40,000	1
Balcony Beams/Posts	2	Allowance	10	9	\$ 20,000	\$ 40,000	1
Balcony Beams/Posts	2	Allowance	10	10	\$ 20,000	\$ 40,000	1
Balcony Decks - Repair/Reseal	2	Each	10	2	\$ 12,000	\$ 24,000	1
Balcony Decks - Repair/Reseal	2	Each	10	3	\$ 12,000	\$ 24,000	1
Balcony Decks - Repair/Reseal	2	Each	10	4	\$ 12,000	\$ 24,000	1
Balcony Decks - Repair/Reseal	2	Each	10	5	\$ 12,000	\$ 24,000	1
Stairs/Landings- Repair/Reseal	2	Each	10	10	\$ 4,000	\$ 8,000	1
Stairs/Landings- Repair/Reseal	2	Each	10	10	\$ 4,000	\$ 8,000	1
Stairs/Landings- Repair/Reseal	2	Each	10	10	\$ 4,000	\$ 8,000	1
Stairs/Landings- Repair/Reseal	2	Each	10	10	\$ 4,000	\$ 8,000	1
Walkways - Repair/Reseal	2	Each	10	10	\$ 12,000	\$ 24,000	1
Walkways - Repair/Reseal	2	Each	10	10	\$ 12,000	\$ 24,000	1
Walkways - Repair/Reseal	2	Each	10	10	\$ 12,000	\$ 24,000	1
Walkways - Repair/Reseal	2	Each	10	10	\$ 12,000	\$ 24,000	1
						\$ 438,636	
<b>Clubhouse</b>							
Furnishings	1	Allowance	20	1	\$ 5,797	\$ 5,797	1
Carpet	650	SY	15	2	\$ 23.18	\$ 15,067	1
Office Equipment (Partial Replace)	1	Allowance	6	2	\$ 3,478	\$ 3,478	1
Bathrooms - Refurbish	2	Each	25	24	\$ 8,700	\$ 17,400	1
Copier	1	Each	15	2	\$ 5,797	\$ 5,797	1
Tile Flooring - Repair/Replace	1	Allowance	20	1	\$ 6,954	\$ 6,954	1
Game Tables	3	Each	10	2	\$ 4,637	\$ 13,912	1
Exercise Equipment	4	Each	10	4	\$ 4,057	\$ 16,228	1
Kitchen Area - Refurbish	1	Allowance	20	7	\$ 13,911	\$ 13,911	1
Gym Flooring - Replace	1	Allowance	18	6	\$ 4,057	\$ 4,057	1
						\$ 102,599	
<b>Pool &amp; Spa Area</b>							
Pool Bathrooms - Refurbish	2	Each	20	19	\$ 6,376	\$ 12,752	1
Pool Resurface	1352	LF	25	20	\$ 21	\$ 28,212	1
Pool Hardware	1	Allowance	25	20	\$ 11,592	\$ 11,592	1
Spa	1	Each	10	2	\$ 11,592	\$ 11,592	1
						\$ 64,149	
<b>Common Areas</b>							
Recreation and Outdoor Furnishings	1	Allowance	22	21	\$ 4,637	\$ 4,637	1
Recreation and Outdoor Furnishings	1	Allowance	22	5	\$ 4,637	\$ 4,637	1
Recreation and Outdoor Furnishings	1	Allowance	22	9	\$ 4,637	\$ 4,637	1
Recreation and Outdoor Furnishings	1	Allowance	22	15	\$ 4,637	\$ 4,637	1
						\$ 18,549	
<b>Mechanical/Electrical</b>							
Electrical Box Replacement Condos	33	each	25	1	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	33	each	25	2	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	33	each	25	3	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	33	each	25	4	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	33	each	25	5	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	33	each	25	6	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	33	each	25	7	\$ 950	\$ 31,350	1
Electrical Box Replacement Condos	27	each	25	8	\$ 950	\$ 25,650	1
Electrical Box Replacement Condos	5	each	25	25	\$ 950	\$ 4,750	1
Elevators - Modernization	8	Each	25	9	\$ 90,000	\$ 720,000	1
Fire Control Panels	40	Each	18	17	\$ 825	\$ 33,000	3
						\$ 1,002,850	

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Plumbing</b>							
Sewer Main Lines - Partial Replace	1	Allowance	40	5	\$ 191,226	\$ 191,226	1
Sewer Main Lines - Partial Replace	1	Allowance	40	7	\$ 191,226	\$ 191,226	1
Sewer Main Lines - Partial Replace	2	Allowance	40	12	\$ 191,226	\$ 382,452	1
Sewer Main Lines - Partial Replace	2	Allowance	40	14	\$ 191,226	\$ 382,452	1
Sewer Main Lines - Partial Replace	2	Allowance	40	15	\$ 191,226	\$ 382,452	1
Town Home Water Line Re-Pipe	2	Allowance	30	3	\$ 13,250	\$ 26,500	1
Town Home Water Line Re-Pipe	2	Allowance	30	3	\$ 13,250	\$ 26,500	1
Town Home Water Line Re-Pipe	2	Allowance	30	4	\$ 13,250	\$ 26,500	1
Town Home Water Line Re-Pipe	2	Allowance	30	6	\$ 13,250	\$ 26,500	1
Town Home Water Line Re-Pipe	2	Allowance	30	8	\$ 13,250	\$ 26,500	1
Town Home Water Line Re-Pipe	10	Allowance	30	10	\$ 13,250	\$ 132,500	1
Town Home Water Line Re-Pipe	10	Allowance	30	14	\$ 13,250	\$ 132,500	1
Town Home Water Line Re-Pipe	16	Allowance	30	19	\$ 13,250	\$ 212,000	1
Town Home Water Line Re-Pipe	5	Allowance	30	30	\$ 13,250	\$ 66,250	1
Condo Building Water Line Re-Pipe	2	Allowance	30	9	\$ 200,000	\$ 400,000	1
Condo Building Water Line Re-Pipe	2	Allowance	30	15	\$ 200,000	\$ 400,000	1
Condo Building Water Line Re-Pipe	2	Allowance	30	20	\$ 200,000	\$ 400,000	1
Condo Building Water Line Re-Pipe	2	Allowance	30	25	\$ 200,000	\$ 400,000	1
						\$ 3,805,558	
<b>Water Heaters</b>							
Water Heaters - Replace	2	Each	10	2	\$ 10,300	\$ 20,600	1
Water Heaters - Replace	2	Each	10	3	\$ 10,300	\$ 20,600	1
Water Heaters - Replace	12	Each	10	9	\$ 10,300	\$ 123,600	1
						\$ 164,800	
<b>Landscaping</b>							
Irrigation Replacement	1	Allowance	12	5	\$ 22,300	\$ 22,300	1
						\$ 22,300	
<b>Lighting</b>							
Campus Lighting - Replace	1	Allowance	25	20	\$ 91,000	\$ 91,000	1
Hallway Lighting - Replace	1	Allowance	25	14	\$ 35,000	\$ 35,000	1
Main Electrical Junction Box	1	Allowance	30	3	\$ 69,556	\$ 69,556	1
						\$ 195,556	
<b>Miscellaneous</b>							
Bridge - Repair	1	Allowance	30	27	\$ 210,000	\$ 210,000	1
Concrete Walkways - Repair	1	Allowance	10	1	\$ 22,510	\$ 22,510	1
Directional Signage	1	Allowance	18	13	\$ 2,897	\$ 2,897	1
Intercom (Gate)	1	Each	12	9	\$ 6,376	\$ 6,376	1
Mailbox Kiosks	20	Each	20	15	\$ 1,970	\$ 39,402	1
Monument Sign	1	Each	20	3	\$ 3,478	\$ 3,478	1
Utility Doors	1	Allowance	30	22	\$ 212,349	\$ 212,349	1
						\$ 497,012	
<b>Contingency</b>							
5%							1
<b>TOTALS</b>						<b>\$10,650,975</b>	

Notes: Any other items not listed are included in operating budget.

**Assessment and Reserve Funding Disclosure Summary**  
Surfside III COA

(1) The current regular assessment per ownership interest per month is:

\$ 522.00 per month for the year ending 12/31/24

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: As of 7/10/2024

Date Assessment is Due	Amount per unit	Purpose of Assessment
Total:		

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes  No

**Note:** This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Not Applicable

**Note:** This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(5) All major components appropriate for reserve funding are included in the reserve study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the estimated amount required in the reserve fund at the end of the current fiscal year is:

\$ 5,695,492

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 12/31/2024 the projected reserve fund cash balance at the end of the current fiscal year is: \$ 2,000,116 resulting in the reserves being 35% funded at this date.



(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the projected required amount in reserves, projected reserve fund cash balance and projected percent funded for each of the next 5 years is:

Year	Amt Required	Proj. Balance	% Funded
2025	\$ 6,206,436	\$ 2,408,800	39%
2026	\$ 6,914,822	\$ 2,993,932	43%
2027	\$ 7,248,813	\$ 3,223,993	44%
2028	\$ 7,724,386	\$ 3,581,198	46%
2029	\$ 8,099,199	\$ 3,839,508	47%

For more detail see attached theoretical 30 year funding plans.

**Note:** This calculation assumes the association will raise their reserve contribution 3% per year over the next 30 years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate was : 1.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was: 3.00% per year

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

The Preparer of this form will be indemnified and held harmless against all losses, claims, action, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been provided to Preparer by others and relied upon by Preparer which may result from any improper use or reliance on this disclosure.