



# Scholls Pointe

2022 Special Assessment  
Cost Comparison Analysis

# Assumptions

- Costs based on bids current as of July 2022.
- Material costs are increasing and all numbers are subject to escalation with inflation
- Long-term projections are estimated at only 5% inflation. Last year construction costs rose over 10%, with one firm reporting 18% increases. This means the long-term (2 years or more) projections may be too low.
- Monthly cost estimates on loans are based on a 5.035% interest rate using an online mortgage calculator and are provided for estimation purposes only.
- None of the qualified, multi-family general contractors contacted in the Portland area are willing to quote, estimate a lifespan, warranty, or perform a roof overlay. The figure provided was a “ballpark” estimate but the contractor that provided the number is unwilling to perform the construction.
- Payment amounts include \$10 monthly administration fee for AMS to individually administer loan accounts

# Board Steps

- The Board has delayed taking action due to requests from owners to consider more options.
- Additional options were quoted. This includes a “ballpark estimate” for a roof overlay, although the contractor that provided it is unwilling to perform the work.
- Delaying the roof is an option that has been discussed thoroughly with West Coast Forensics.
- Estimated cost projections, based on available information, have been prepared to share with owners and are in the following slides.
- It is critical to note that the time to take these steps has already resulted in an estimated \$1,360 increase in each owner’s assessment. In combination with rising interest rates, if financed, this is approximately \$14/month, or \$2,520 over the life of the loan.

# Simplified Comparison\*

• Option 1 (full project)	\$42,473	\$347/monthly
• Option 2 (delay roof 2 years)	\$43,418	\$552/mo/2yrs then \$308/monthly
• Option 3 (overlay 2 yrs, then full) <i>(cost estimate only—no quote secured for overlay)</i>	\$53,267	\$546/mo/7yrs then \$308/monthly

\*Based on current (July 2022) estimates, a 15-year loan, and available information. For Options 2 and 3, this presumes only 5% inflation on construction, which is a significant *underestimate* based on the current climate. **Projections are prior to costs incurred due to owner-requested delays.**

	Option 1: Full Project	Option 2: Delay Roof, Replace in two years	Option 3: Delay Roof, Overlay in two years, replace in seven years
Assessment(s)	\$42,473	1: \$37,559 2: \$5,859 Total: \$43,418	1: \$37,559 2: \$2,741 3: \$12,967 Total: \$53,267
Monthly assessment (if loan option selected)	\$347 (15-yr)	\$308 (15-yr)	\$308 (15-yr)
Monthly dues increase to cover reserve shortfall (just for roof)	N/A	\$244/month for two years	\$238/month for seven years
Loan option	Full amount	\$37,559 only	\$37,559 only
Monthly assessments	\$347	\$552 for 2 years, then \$308	\$546 for 7 years, then \$308

Projections are prior to costs incurred due to owner-requested delays.

# Cost of Delay

- Each additional four-week delay on starting costs 3% escalation from the quote.
- Based on Charter's initial bid, the first estimated increase will represent an additional \$1,360 assessment amount ***per owner***.
- This will continue to compound.
- Delaying and getting new bids will exacerbate this and potentially rule out our current bidders from submitting again.
- Interest rates have already risen which will have a greater impact on those owners who must finance the assessment.

# Additional Information


- The board has reviewed multiple options, each with pros and cons. The project as proposed represents both the lowest cost and best value over time.
- The board does not have additional information that homeowners do not have access to; the only difference is the board received partial information just a few weeks prior to it being distributed to the rest of the homeowners and were briefed at that time. They were held to confidentiality during that period due to the bidding process.
- No one, including AMS, lawyers, or West Coast Forensics receives a “cut” of the costs. There are contracted rates (hourly, monthly) that must be paid to receive services. Nowhere is there a percentage of construction costs that is paid to administrative, legal, or consulting staff.
- Managing a construction project of this size and nature is complex; securing expert services saves significant time and money through efficiency and knowledge to prevent issues and resolve any that do arise.
- Board members are volunteers, pay 100% of the same dues that all other SPCA homeowners pay, and receive zero compensation.

# Option 1: Complete Project \$4,350,000

(inclusive of construction, contingency, construction management and all associated costs)

- Total project cost per unit: \$42,473
- Monthly assessment (15-year loan): \$347
- Monthly assessment (20-year loan): \$292
- 10-year warranty on roof
- Roof cost \$857,000
- Assumes \$400,000 in reserves allocated to the roof would be used

Projections are prior to costs incurred due to owner-requested delays.



## Option 2: Delay Roof \$3,493,000

(inclusive of construction, contingency, construction management and all associated costs)

- Assessment of \$37,559
- Monthly payment (15-year loan): \$308
- Monthly payment (20-year loan): \$259
- Will require addressing the roof in 2-3 years and continue to perform emergency repairs (draining reserves)


Projections are prior to costs incurred due to owner-requested delays.



Overlay roof in  
two years  
\$654,885  
(NOT inclusive of  
additional construction  
management costs,  
mobilization, or any other  
related expenses)

- Assessment: \$2,741 OR immediate dues increase of \$114/month JUST to cover overlay costs
- Unlikely to qualify for a loan option
- We have been unable to obtain a lifespan estimate for an overlay. A generous guess would be 5 years additional life. Emergency repairs will need to be conducted during this time at additional cost and will include interior damage. No warranty.
- Complete tear-off and replacement would need to be funded and scheduled in approximately 5 years if not sooner.
- This is over 2/3 the cost of a replacement roof with a roughly 1/4 lifespan.

Projections are prior to costs incurred due to owner-requested delays.




Replace roof in  
two years  
\$944,843  
(NOT inclusive of  
additional construction  
management costs,  
mobilization, or any other  
related expenses)

- Assessment: \$5,859
- Unlikely to qualify for a loan option
- Immediate dues increase of \$244/month JUST to cover replacement costs
- 10-year warranty

Projections are prior to costs incurred due to owner-requested delays.





Overlay roof in two  
years (\$654,885),  
replace roof five  
years later  
(\$1,205,885)  
Total: \$1,860,770  
(NOT inclusive of additional  
construction management  
costs, mobilization, or any  
other related expenses)

- Assessment at overlay: \$2,741
  - Same issue with no contractors willing to perform overlay
  - Assessment at replace: \$12,967
  - Immediate dues increase of \$238/month (for seven years) just for roof replacement
  - 10-year warranty after replacement
  - No loan option
  - Emergency repairs would increase costs and decrease any reserves available
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