Structural Integrity Reserve Study

Prepared for:

South Seas North Condominium Apartments of Marco Island, Inc.

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Part I Executive Summary

General Description

South Seas North Condominium is a 7-story mid-rise residential building constructed in 1978. The building has a central common area serviced by two elevators and two enclosed stairwells. The structural system is a reinforced concrete and concrete block superstructure with reinforced concrete floor slabs. The foundation system is a combination of piles and grade beams.

Purpose and Scope

The purpose of this engagement is to provide a Structural Integrity Reserve Study (SIRS) budget for the South Seas North Condominium Apartments of Marco Island, Inc. for the period 2025-2034. A new SIRS will be required in 2035 along with the 2035 Phase One Inspection.

Structural Integrity Reserve Study

A Structural Integrity Reserve Study (SIRS) includes both a Physical Analysis and a Financial Analysis of the Association's common elements.

The required elements under SIRS are:

- Roof
- Structure
- Windows & Doors
- Fire safety System
- Electrical System
- Plumbing System
- Exterior Paint & Waterproofing

Physical Analysis Summary

Overall, the SIRS elements of South Seas North Condominium Apartments of Marco Island are in fair condition for a marine-area building constructed in 1978. However, there are items at or near the end of their physical lives, specifically the Fire Pump and Electrical Breaker Panel 1. In addition, the spalling concrete on the South Elevation should be repaired in the next 6 month, as should the fire doors which do not close properly. The building should be painted in 2025.

Financial Analysis

The major elements of the Financial Analysis are:

- Interest income at 3.0 % /year
- Inflation at 3.0 % per year

An opening 1/1/2025 SIRS reserve balance of $450,000 is needed to cover $440,000 in expenses forecast for 2025. This opening balance results in SIRS owner's contribution of $101,501 in 2025 and $94,217 in 2026.

The scheduled expenses are totaled-per-year, and their payment drives a contribution schedule shown below. The SIRS ten-years of collections & expenditures are summarized as a SIRS budget below:

Year	Owner Contribution	Exenditures
Opening	$450,000	
2025	$101,501	$440,000
2026	$94,217	$17,510
2027	$82,054	$0
2028	$80,608	$0
2029	$80,701	$0
2030	$83,521	$214,466
2031	$81,612	$0
2032	$82,009	$0
2033	$83,077	$76,006
2034	$83,634	$65,239

Part II Physical Analysis

Roof - 2021 - 2040

Asset ID		6,000 sq ft	@ $15.00
		Asset Actual Cost	$90,000.00
		Percent Replacement	100%
Category	Roofing	Future Cost	$140,217.07
Placed in Service	January 2021	Assigned Reserves	*none*
Useful Life	20		
Replacement Year	2040	Annual Assessment	$6,300.35
Remaining Life	15	Interest Contribution	$189.01
		Reserve Allocation	$6,489.36

The roof system is a modified bitumen system installed at all areas in 2021 except for the East wing, which is in good condition. The façade tile was replaced in 2023. The façade roof is supported by a wood truss system in good condition. The wood truss system is double strapped to the structural system.

Roof - East Wing - 2032

		4,000 sq ft	@ $15.00
Asset ID		Asset Actual Cost	$60,000.00
		Percent Replacement	100%
Category	Roofing	Future Cost	$73,792.43
Placed in Service	January 2013	Assigned Reserves	*none*
Useful Life	20		
Replacement Year	2032	Annual Assessment	$8,161.90
Remaining Life	7	Interest Contribution	$244.86
		Reserve Allocation	$8,406.76

The roof system is a modified bitumen system installed at all areas in 2021 except for the East wing, which is in good condition. The façade tile was replaced in in 2023. The façade roof is supported by a wood truss system in good condition. The wood truss system is double strapped to the structural system.

Roofing - Total Current Cost	**$150,000**
Assigned Reserves	**$0**
Fully Funded Reserves	**$61,500**

Exterior Painting - 2025

		1 system	@ $325,000.00
Asset ID		Asset Actual Cost	$325,000.00
		Percent Replacement	100%
Category	Painting	Future Cost	$325,000.00
Placed in Service	January 2015	Assigned Reserves	$325,000.00
Useful Life	10		
Replacement Year	2025	Annual Assessment	$31,996.53
Remaining Life	0	Interest Contribution	$959.90
		Reserve Allocation	$32,956.43

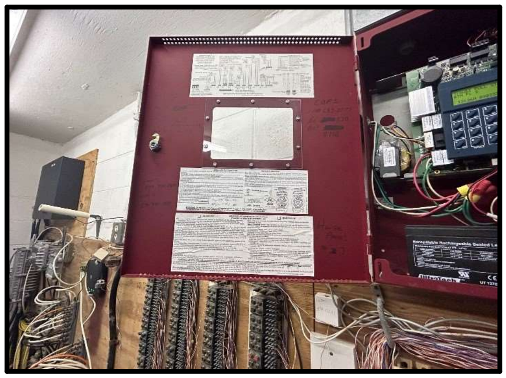
The last Painting of the building was completed in 2015.
It is showing streaking in places. Repainting should be scheduled for 2025.

Pricing is based on the 2015 repainting updated for inflation.

Painting - Total Current Cost	**$325,000**
Assigned Reserves	**$325,000**
Fully Funded Reserves	**$325,000**

Fire Protection - 2010 Panel System - 2044

		1 Panel	@ $70,000.00
Asset ID		Asset Actual Cost	$70,000.00
		Percent Replacement	100%
Category	Fire Protection	Future Cost	$122,745.42
Placed in Service	January 2010	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2044	Annual Assessment	$4,073.34
Remaining Life	19	Interest Contribution	$122.20
		Reserve Allocation	$4,195.54



The fire alarm system is a Honeywell Fire Lite System. There are two systems. One is from 2010 and another is newer and appears to be from 2023. Both are in good condition and each has a life cycle of 35 years.

Fire Protection - 2023 Panel System - 2057

		1 Panel	@ $70,000.00
Asset ID		Asset Actual Cost	$70,000.00
		Percent Replacement	100%
Category	Fire Protection	Future Cost	$180,255.79
Placed in Service	January 2023	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2057	Annual Assessment	$2,850.16
Remaining Life	32	Interest Contribution	$85.50
		Reserve Allocation	$2,935.66

The fire alarm system is a Honeywell Fire Lite System. There are two systems. One is from 2010 and another is newer and appears to be from 2023. Both are in good condition and each has a life cycle of 35 years.

Fire Protection - Fire Pump & Piping - 2025

		1 Unit	@ $72,000.00
Asset ID		Asset Actual Cost	$72,000.00
		Percent Replacement	100%
Category	Fire Protection	Future Cost	$72,000.00
Placed in Service	January 1978	Assigned Reserves	$72,000.00
Useful Life	40		
Replacement Year	2025	Annual Assessment	$2,581.88
Remaining Life	0	Interest Contribution	$77.46
		Reserve Allocation	$2,659.34

The fire pump is a Cummins diesel pump and is overdue to be replaced. A newer pump of the same type would have a cost of $60,000 with $12,000 installation added.

There is an emergency generator on site that may be able to support an electric fire pump. An electric pump would reduce the cost. However, the generator must be able to support the fire pump as well as the other backup loads.

The Association should require that after any changes to the fire pump system, that the contractor prove the new system will meet the code required flow rate at the roof of the building.

The fire piping is standpipes only in the stairwells. The pipe is in good condition.

Fire Protection - Total Current Cost	**$212,000**
Assigned Reserves	**$72,000**
Fully Funded Reserves	**$110,000**

Plumbing - Domestic water jockey pumps - 2025

		2 each	@ $8,500.00
Asset ID		Asset Actual Cost	$17,000.00
		Percent Replacement	100%
Category	Plumbing	Future Cost	$17,000.00
Placed in Service	January 2026	Assigned Reserves	$17,000.00
Useful Life	25		
Replacement Year	2025	Annual Assessment	$811.35
Remaining Life	0	Interest Contribution	$24.34
		Reserve Allocation	$835.69

The Domestic jockey pumps are in poor condition and will need replacement in the near future. These will have a cost of about $8,500 each. The copper pipe to the pumps is showing severe electrolysis. This is due to copper being installed against black or cast iron pipe without the use of dielectric fittings.

Plumbing - Sanitary Stacks - 2029

		20 Stacks	@ $9,250.00
Asset ID		Asset Actual Cost	$185,000.00
		Percent Replacement	100%
Category	Plumbing	Future Cost	$208,219.13
Placed in Service	January 1978	Assigned Reserves	$6,000.00
Useful Life	40		
Adjustment	12	Annual Assessment	$41,600.85
Replacement Year	2029	Interest Contribution	$1,428.03
Remaining Life	4	Reserve Allocation	$43,028.87

All the sanitary stacks are cast iron and nearing the end of their service life and would need to be relined. There are 20 stacks in the building.

This is a reserve to reline the stacks in the next 5 years.

Plumbing - Total Current Cost	**$202,000**
Assigned Reserves	**$23,000**
Fully Funded Reserves	**$187,769**

Structure - 10-Year Reserve - 2033

		1 system	@ $50,000.00
Asset ID		Asset Actual Cost	$50,000.00
		Percent Replacement	100%
Category	Structure	Future Cost	$63,338.50
Placed in Service	January 2024	Assigned Reserves	*none*
Useful Life	10		
Replacement Year	2033	Annual Assessment	$6,017.07
Remaining Life	8	Interest Contribution	$180.51
		Reserve Allocation	$6,197.59

Minor concrete restoration repairs were completed in 2023 based on recommendations by De Stefano Engineering Group. Based on our observations and this history a structural reserve of $50,000 is appropriate, to be scheduled with the 2034 paint cycle.

Structure - 2025 Repairs - 2025

Asset ID		1 system	@ $20,000.00
		Asset Actual Cost	$20,000.00
		Percent Replacement	100%
Category	Structure	Future Cost	$20,000.00
Placed in Service	July 2024	Assigned Reserves	$20,000.00
Useful Life	1		
Replacement Year	2025	*No Future Assessments*	
Remaining Life	0		

The South elevation cracking / spauling should be repaired in the next 6 months (by January 2025) at an estimated cost of $20,000. Please note that this repair will require a building permit from the City of Marco Island.

Structure - Total Current Cost	**$70,000**
Assigned Reserves	**$20,000**
Fully Funded Reserves	**$30,000**

Windows & Doors - 2025

Asset ID		1 system	@ $10,000.00
		Asset Actual Cost	$10,000.00
		Percent Replacement	100%
Category	Windows & Doors	Future Cost	$10,000.00
Placed in Service	January 2025	Assigned Reserves	$10,000.00
Useful Life	1		
Replacement Year	2025	*No Future Assessments*	
Remaining Life	0		


New hurricane rated doors and windows were installed in 2022 and 2023.
Stairwell fire doors are rusting and are not properly closing, total of 14 doors.
This is a $10,000 allowance to repair the Stairwell fire doors by January 2025.

Windows & Doors - Total Current Cost	**$10,000**
Assigned Reserves	**$10,000**
Fully Funded Reserves	**$10,000**

Electrical - Panel 1 - 2054

		1 System	@ $13,000.00
Asset ID		Asset Actual Cost	$13,000.00
		Percent Replacement	100%
Category	Electrical	Future Cost	$30,635.35
Placed in Service	January 2025	Assigned Reserves	*none*
Useful Life	30		
Replacement Year	2054	Annual Assessment	$562.77
Remaining Life	29	Interest Contribution	$16.88
		Reserve Allocation	$579.65


The original Electrical service equipment is all by Federal Pacific.
Federal Pacific Circuit Breakers and Breaker Panels are noted to be a problematic fire hazard.
In the photo on the right, note what appears to be soot on the door opposite the large main breaker.

We recommend the Federal Pacific breaker panel be replaced, not the switch gear, only the circuit breaker panels.

Specifically - The House main *Panel 1* has been quoted replacement at a cost of $13,000 and should be replaced ASAP.

We also recommended an electrician conduct a video thermal inspection of all the electrical equipment and address any problems found.

Parts are available to address any problems with the switchgear if needed.
And, be aware the replacement of all the main switchgear breakers would be approximately $130,000.

This is a budget to replace Panel 1 in January 2025.

Electrical - Total Current Cost	**$13,000**
Assigned Reserves	**$0**
Fully Funded Reserves	**$433**

Detail Report Summary

Grand Total

Assigned Reserves	$450,000.00
Annual Contribution	$104,956.20
Annual Interest	$3,328.69
Annual Allocation	$108,284.89

South Seas North Condominium Apartments of Marco Island, Inc.
Asset Index

Total Funded Assets	12
Total Unfunded Assets	0
Total Assets	12

Part III Financial Analysis

South Seas North Condominium Apartments of Marco Island, Inc.
Marco Island, FL
Fully Funded Cash Flow Funding Model Summary

Report Date	July 29, 2024
Account Number	24024.03
Budget Year Beginning	July 1, 2025
Budget Year Ending	June 30, 2026

Report Parameters

Inflation	3.00%
Interest Rate on Reserve Deposit	3.00%
2025 Beginning Balance	$450,000

Component Funding Model

Component Funding Model Summary of Calculations

Required Annual Contribution	$104,956.20
Average Net Annual Interest Earned	$3,328.69
Total Annual Allocation to Reserves	$108,284.89

South Seas North Condominium Apartments of Marco Island, Inc.
Fully Funded Cash Flow Model Funding Model Projection

Beginning Balance: $450,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	982,000	104,956	3,329	444,000	114,285	346,259	33%
2026	980,560	99,852	6,424		220,561	415,496	53%
2027	1,009,977	82,488	9,091		312,141	488,575	64%
2028	1,040,276	80,587	11,782		404,510	565,666	72%
2029	1,071,484	84,088	8,411	208,219	288,789	433,713	67%
2030	1,103,629	81,886	11,120		381,795	514,235	74%
2031	1,136,738	81,989	13,914		477,698	599,197	80%
2032	1,170,840	82,553	14,594	73,792	501,052	612,787	82%
2033	1,205,965	83,092	15,624	63,339	536,430	639,702	84%
2034	1,242,144	83,554	18,600		638,583	734,876	87%

South Seas North Condominium Apartments of Marco Island, Inc.
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2025	
Painting	
Exterior Painting	325,000
Fire Protection	
Fire Protection - Fire Pump & Piping	72,000
Plumbing	
Plumbing - Domestic water jockey pumps	17,000
Structure	
Structure - 2025 Repairs	20,000
Windows & Doors	
Windows & Doors	10,000
Total for 2025	**$444,000**
No Replacement in 2026	
No Replacement in 2027	
No Replacement in 2028	
Replacement Year 2029	
Plumbing	
Plumbing - Sanitary Stacks	208,219
Total for 2029	**$208,219**
No Replacement in 2030	
No Replacement in 2031	
Replacement Year 2032	
Roofing	
Roof - East Wing	73,792
Total for 2032	**$73,792**
Replacement Year 2033	
Structure	
Structure - 10-Year Reserve	63,339
Total for 2033	**$63,339**