

Proposed 2015 EFAC Budget (Fee Schedule)

Common Pier Fees

Common Fees	
Director Liability Insurance	\$850.00
Easement Insurance (50% of policy cost)	\$522.50
5 th Director Fee	\$4800.00
Legal defense Fund Fee	\$8100.00
Link Accounting Fee	\$150.00
Collection Fee	\$1000.00
Total Common Fees	\$15,422.50

Pier Spaces on Community Pier	24
Offshore Pier Owners	63
Onshore Pier Owners	93
Total	180 pier assignments
Common Fees (\$15422.50 /180)	\$85.66 per owner

Community Pier Fees

Community Pier Fees	
Installation/Remove	\$2500.00
Pier Maintenance	\$1000.00
Comm Pier Insurance (50% of policy cost)	\$522.50
Total	\$4,022.05

Pier Spaces on Community Pier	24
Community Pier Fees (\$4,022.50/24)	\$167.60
Common Fees (\$15422.50 /180)	\$85.66
Total Per Community Pier Spot Owner	\$253.26

Total Funds to be collected by EFAC (2015)

Type	Number	Fee	Total
Community Pier	24	\$253.66	\$6,078.24
Off Shore	63	\$85.66	\$5,396.58
On Shore	93	\$85.66	\$7,966.38
Total	180		\$19,441.20

Assumptions and Discussion Points for this Proposal

There are several aspects of this document that I believe we should discuss. These include assumptions around the number of owners and piers, the type of expenses, and the cost of the expenses. Using 6.17.13 Shoreline document (from trial) and Community assignments from EFAC website we have a pretty accurate count of the number of piers.

Assumptions

Number of Owners

- a. Community pier spaces = 24 (includes vacancies)
- b. Offshore piers = 63
This number includes all assigned piers.
- c. On shore owners = 93 includes all owners but does not include all piers.
- d. There are onshore owners with multiple piers Some have multiple properties and some do not. NOTE: I used the 6.17.13 document to determine this number. We really need to verify that this list is correct and to determine the correct number of piers in Epworth Forest. Additionally we need to have a conversation on how to address this situation.

Presser R	2
Presser J.R.	3
Mishler Family Trust	2
McLaughlin	2
Schlagenhauf	2

Horcher	2
Nelson	3
Kado	4
Doles	2
Perrich	2
Shin	2
Brown	2
Wilson	2

Note: We need to walk Eagle Point to determine correct number of piers including channel piers.

Type of Expenses

Common fees for all owners include:

- Director Liability Insurance
- 5th Director fee
- Legal fees
- Link Accounting fee
- Collection fee

Community Pier owners will pay additional for:

- Installation/ removal fee
- Maintenance
- Community pier Liability Insurance
- Common fee

Cost of the Expenses

- Neutral Director may need increased frequency of meetings in first year so number was doubled to 24 hours.
- The easement/Community pier liability insurance quote of \$1045 was bundled, so we don't know how much is for easement vs Community Pier. Preliminary assumption is 50-50 for budgeting purposes.
- We need to build up a notable legal defense fund that will serve as a major deterrent to people initiating legal action against EFAC in the first place. So instead of just collecting/adding fees we should set a goal of establishing a legal defense reserve fund of \$25,000 over 3 years. This would amount to about \$45/member for the legal defense fund. We should NOT assume that: 1) EFAC will always win, 2) Defense fees will be awarded to the PAC in all instances, 3) EFAC initiated actions will go as hoped each time, and 4) the attorney will wait for payment until the end of a legal action when fee liability is assigned. Additionally we may have to pay retainer fees. Also if there is litigation, it will more likely to occur in the coming years than in subsequent ones.
- Collection fees. As there are threats from onshore owners not to pay fees, we need to set aside funds for collection fees. Minimum of \$1000. Of course these funds will be repaid to us.
- The calculated common fee of \$85.66 would be a nearly 50% reduction as compared to last year's fee of \$166.
- As we implement our new fees, we could consider informing members that there is a goal to drop pier fees even further in 2018, as long as litigation expenses are low.