

13Y213-021A

February 13, 2014

The Owners, Strata Plan VR 788
251 West 4th Street
North Vancouver, BC V7M 1H8

Attn: Ms. Jean Sammel, Strata Council Member

E-mail: jeansammel@gmail.com

Dear Council,

**Re: Britannia Place - 251 West 4th Street, North Vancouver, BC
2014 Depreciation Report**

Please find enclosed a copy of our Depreciation Report for your Strata. New Strata Property Act Regulations came into effect on December 13, 2011, which govern requirements for depreciation reports.

HALSALL AND DEPRECIATION REPORTS

As per the Strata Property Act Regulations, we confirm our qualifications as follows:

- ▶ Halsall is a firm of engineers and consultants who has prepared Depreciation type reports across the Country since the early '90s; our Team is familiar with all building systems, their failure mechanisms and required maintenance, repair and replacement needs; and we have completed over 200 such reports in BC for Stratas since 2004. The authors of this report (Kevin Guenette and Kevin Grasty) have collectively in excess of 15 years' experience in delivering such reports.
- ▶ Halsall carries \$2,000,000 in errors and omissions insurance.
- ▶ At the time of writing this report, no employee of Halsall carries any ownership in Britannia Place, thereby solely providing independent 3rd party consulting services to the Strata.

REPORT REVISIONS

This final report incorporates the changes requested by the Council during our meeting with Council members on January 21, 2014, and a subsequent conversation on February 12, 2014.

FUNDING PLAN

Our analysis is summarized on the Reserve Fund Expenditure and Cash Flow tables within the Financial Analysis section of this report. Funding scenarios have been provided to give you the range of options available for funding future capital expenses. We have found that an increase over current contribution levels is required in order to reduce, or prevent, special levies. The Council could select from one of these options, or suggest an alternate cash flow plan that better suits their needs.

Our financial analysis is based on the following contingency reserve fund information provided by the Council:

- ▶ *Contingency Reserve Fund Balance:* We have used a Contingency Reserve Fund (CRF) starting balance for the 2014 fiscal year of \$480,154 (including CRF, Special Projects CRF, and Building Upgrade Levy Fund), based on the consolidated year end statement from the 2013 financial year.
- ▶ *Contingency Reserve Fund Contributions:* For the financial analysis, we have used an annual contribution of \$58,000 for the 2014 fiscal year based on the 2014 financial statements indicating an \$8,000 contribution to the CRF and an additional \$50,000 contribution into a special projects CRF.

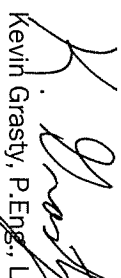
Should there be any questions, please feel free to contact us at (604) 924-5575.

Yours very truly,

HALSALL ASSOCIATES

A Parsons Brinckerhoff Company


Kevin Guenette, B.A.Sc (Eng.)
Project Associate


Kevin Grasty, P.Eng., LEED AP
Project Principal

Attachments: 2014 Depreciation Report

13Y213-021A.let02.Draft Report Submittal Letter.docx





2014 DEPRECIATION REPORT FOR

Britannia Place
251 West 4th Street
North Vancouver, V7M 1H8

February 13, 2014

Prepared For:

The Owners, Strata Plan VR 788
251 West 4th Street
North Vancouver, BC V7M 1H8
Contact: Jean Sammel, Strata Council
Representative

Prepared By:

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Project Number: 13Y213-021A



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General Description

The facilities at your Strata include a three-storey lowrise building with 44 residential suites, constructed over a single-storey underground parking garage. Amenities include common corridors and lobby, common laundry, bike and storage rooms and an elevator. The complex was constructed in approximately 1979.

We understand there are no shared facilities or cost sharing agreements in place with any adjacent properties.

The fiscal year end for the Strata is March 31. (i.e., the 2014 fiscal year started April 1, 2013, and ends March 31, 2014).

Financial Analysis

A well planned Depreciation Report requires that contributions to the Contingency Reserve Fund be calculated on the basis of expected repair, or replacement costs and life expectancies of the common assets. The attached Projected Expenditure Table summarizes the timing and costs of the projects included in this report.

The *Strata Property Act* establishes regulations for minimum contributions into the Contingency Reserve Fund based on the operating fund. We have provided a range of funding options for your consideration and presume you will decide whether or not to adopt one of the scenarios presented, or set out another funding plan that better suits your needs.

We have included the following funding scenarios for consideration:

- Scenario 1 shows the special levies that would be required each year if you continue to contribute at your current contribution level. This benefits existing owners to the detriment of future owners.
- Scenario 2 shows the ideal contribution level that would be required so that all expenses are paid evenly by all owners regardless whether they own a unit early or late in the life of the building. This scenario shows the contribution level required so that it increases annually at a rate of inflation, and no special levies are required.
- Scenario 3 shows another approach to reaching the “ideal,” inflation-matched contribution level shown in Scenario 2, but rather than achieving this level in one year, the necessary increase is phased-in over several years. This benefits existing owners to the detriment of future owners. However, it also gives current unit owners time to react to the increase, rather than taking the increase all in one year. Many find this disclosure more reasonable than imposing a sudden increase.



Britannia Place, 251 West 4th Street, North Vancouver, V7M 1H8, Canada

Projected Expenditures

Item	Description	Class	Status	Present Cost	First Occur.	Cycle	No. Occur.	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	STRUCTURE																					
1.2.1	Balcony Condition Survey	3	Forecasted	\$6,300	2016	10				\$6,555											\$7,990	
1.2.2	Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 1	3	Forecasted	\$84,220	2017	20					\$89,375											
1.2.3	Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 2	3	Forecasted	\$48,566	2027	20																\$62,825
1.2.4	Repair Concrete Balconies	3	Forecasted	\$10,415	2015	20			\$10,623													
1.2.5	Replace Balcony Guards - Phase 1	3	Forecasted	\$37,492	2017	40					\$39,787											
1.2.6	Replace Balcony Guards - Phase 2	3	Forecasted	\$39,228	2027	40																\$50,746
1.3.1	Re-Waterproof Garage Roof Deck	3	Forecasted	\$333,183	2024	40												\$406,148				
2	BUILDING ENVELOPE																					
2.1.1	Wall Condition Evaluation	3	Forecasted	\$7,350	2018	10						\$7,956										\$9,698
2.1.2	Repair Stucco Walls	3	Forecasted	\$25,000	2018	3	4					\$27,061			\$28,717			\$30,475				\$32,340
2.1.3	Replace Stucco Cladding	3	Forecasted	\$858,270	2026	40																\$1,088,494
2.1.4	Replace Soffits and Fascia	3	Forecasted	\$25,304	2026	40																\$32,092
2.1.5	Repair Stucco Walls - Future Occurance	3	Forecasted	\$86,625	2048	40																
2.2.1	Replace Windows and Sliding Doors	3	Forecasted	\$183,128	2019	45							\$202,188									
2.3.1	Replace Skylights	3	Forecasted	\$33,075	2021	40									\$37,993							
2.3.2	Replace Frosted Wire-glass Canopies	3	Forecasted	\$4,370	2021	35									\$5,020							
2.5.1	Replace Flat Roofing	3	Forecasted	\$126,017	2018	25						\$136,405										
2.6.1	Replace Sloped Roofing	3	Forecasted	\$43,973	2018	20						\$47,598										
2.6.2	Replace Eavestroughs and Downspouts	3	Forecasted	\$2,291	2038	40																
3	FIRE SAFETY																					
3.1.1	Replace Fire Alarm Panel	3	Forecasted	\$19,686	2033	20																
3.1.2	Replace Fire Alarm System Wiring and Devices	3	Forecasted	\$158,812	2073	60																
3.2.1	Suppression Systems Repair Allowance	3	Forecasted	\$4,200	2018	10						\$4,546										\$5,542
4	FINISHES, FURNITURE AND EQUIPMENT																					
4.1.1	Refresh Lobby	3	Forecasted	\$4,500	2025	15																\$5,595
4.2.1	Repaint Corridors	3	Forecasted	\$10,000	2028	16																\$13,195
4.2.2	Repaint Suite Door Trim	3	Forecasted	\$8,085	2015	8			\$8,247							\$9,662						
4.2.3	Replace Carpet in Corridors and Stairwells	3	Forecasted	\$27,657	2015	16			\$28,210													
4.3.1	Refurbish Elevator Cabs	3	Forecasted	\$15,000	2019	25							\$16,561									
4.4.1	Refurbish Laundry Room	3	Forecasted	\$6,562	2022	20										\$7,688						
5	SITE																					
5.2.1	Concrete Repair Allowance	3	Forecasted	\$10,000	2018	10						\$10,824										\$13,195
5.3.1	Site Services - Repair Allowance	3	Forecasted	\$5,000	2018	10						\$5,412										\$6,597
6	HVAC																					
6.1.1	Replace Make-up Air Units	3	Forecasted	\$3,780	2018	25						\$4,092										
6.2.1	Replace Garage Exhaust Fans	3	Forecasted	\$7,350	2036	30																
7	PLUMBING																					
7.1.1	Replace Domestic Hot Water Storage Tanks	3	Forecasted	\$9,647	2019	15							\$10,651									
7.1.2	Replace Domestic Water Boiler	3	Forecasted	\$43,312	2031	25																

Britannia Place, 251 West 4th Street, North Vancouver, V7M 1H8, Canada

Projected Expenditures

Item	Description	Class	Status	Present Cost	First Occur.	Cycle	No. Occur.	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
7	PLUMBING																					
7.2.1	Current Replacement of Domestic Water Piping System	3	Forecasted	\$335,000	2014	99	1	\$335,000														
7.2.2	Replace Hot and Cold Water Supply Piping and Valves	3	Forecasted	\$213,193	2049	35																
7.2.3	Replace Hot Water Re-Circ. Piping and Valves	3	Forecasted	\$109,185	2049	35																
8	ELECTRICAL																					
8.1.1	Replace Main Disconnect Switch	3	Forecasted	\$60,984	2024	45												\$74,339				
8.1.2	Replace Disconnect Switches	3	Forecasted	\$18,112	2024	45												\$22,078				
8.1.3	Electrical Distribution System Repair Allowance	3	Forecasted	\$7,219	2019	4	20						\$7,970				\$8,627				\$9,339	
8.2.1	Replace Parking Garage Lighting	3	Forecasted	\$12,920	2028	25																\$17,048
9	CONVEYANCE																					
9.1.1	Modernize Hydraulic Elevator	3	Forecasted	\$76,808	2019	25							\$84,802									
9.1.2	Replace Hydraulic Cylinder	3	Forecasted	\$57,750	2019	50							\$63,761									
10	MISCELLANEOUS																					
10.1.1	Replace Enterphone System	3	Forecasted	\$6,300	2021	15									\$7,237							
10.2.1	Contingency Allowance	3	Forecasted	\$1,050	2015	1		\$1,071	\$1,092	\$1,114	\$1,137	\$1,159	\$1,182	\$1,206	\$1,230	\$1,255	\$1,280	\$1,306	\$1,332	\$1,358	\$1,385	
10.3.1	Initial Depreciation Report	3	Forecasted	\$7,612	2014	99	1	\$7,612														
10.3.2	Depreciation Report Update	3	Forecasted	\$5,344	2017	3				\$5,671			\$6,018			\$6,387				\$6,777		
Total Projected Expenditures								\$342,612	\$48,151	\$7,647	\$135,947	\$245,030	\$387,093	\$7,201	\$80,173	\$8,919	\$25,931	\$534,321	\$6,901	\$1,136,685	\$156,608	\$66,660

Britannia Place, 251 West 4th Street, North Vancouver, V7M 1H8, Canada

Projected Expenditures

Item	Description	Class	Status	Present Cost	First Occur.	Cycle	No. Occur.	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
1	STRUCTURE																					
1.2.1	Balcony Condition Survey	3	Forecasted	\$6,300	2016	10									\$9,740							
1.2.2	Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 1	3	Forecasted	\$84,220	2017	20										\$132,806						
1.2.3	Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 2	3	Forecasted	\$48,566	2027	20																
1.2.4	Repair Concrete Balconies	3	Forecasted	\$10,415	2015	20								\$15,786								
1.2.5	Replace Balcony Guards - Phase 1	3	Forecasted	\$37,492	2017	40																
1.2.6	Replace Balcony Guards - Phase 2	3	Forecasted	\$39,228	2027	40																
1.3.1	Re-Waterproof Garage Roof Deck	3	Forecasted	\$333,183	2024	40																
2	BUILDING ENVELOPE																					
2.1.1	Wall Condition Evaluation	3	Forecasted	\$7,350	2018	10											\$11,822					
2.1.2	Repair Stucco Walls	3	Forecasted	\$25,000	2018	3	4															
2.1.3	Replace Stucco Cladding	3	Forecasted	\$858,270	2026	40																
2.1.4	Replace Soffits and Fascia	3	Forecasted	\$25,304	2026	40																
2.1.5	Repair Stucco Walls - Future Occurance	3	Forecasted	\$86,625	2048	40																
2.2.1	Replace Windows and Sliding Doors	3	Forecasted	\$183,128	2019	45																
2.3.1	Replace Skylights	3	Forecasted	\$33,075	2021	40																
2.3.2	Replace Frosted Wire-glass Canopies	3	Forecasted	\$4,370	2021	35																
2.5.1	Replace Flat Roofing	3	Forecasted	\$126,017	2018	25																\$223,787
2.6.1	Replace Sloped Roofing	3	Forecasted	\$43,973	2018	20											\$70,728					
2.6.2	Replace Eavestroughs and Downspouts	3	Forecasted	\$2,291	2038	40											\$3,685					
3	FIRE SAFETY																					
3.1.1	Replace Fire Alarm Panel	3	Forecasted	\$19,686	2033	20					\$28,679											
3.1.2	Replace Fire Alarm System Wiring and Devices	3	Forecasted	\$158,812	2073	60																
3.2.1	Suppression Systems Repair Allowance	3	Forecasted	\$4,200	2018	10											\$6,755					
4	FINISHES, FURNITURE AND EQUIPMENT																					
4.1.1	Refresh Lobby	3	Forecasted	\$4,500	2025	15															\$7,530	
4.2.1	Repaint Corridors	3	Forecasted	\$10,000	2028	16																
4.2.2	Repaint Suite Door Trim	3	Forecasted	\$8,085	2015	8				\$11,321							\$13,264					
4.2.3	Replace Carpet in Corridors and Stairwells	3	Forecasted	\$27,657	2015	16				\$38,726												
4.3.1	Refurbish Elevator Cabs	3	Forecasted	\$15,000	2019	25																
4.4.1	Refurbish Laundry Room	3	Forecasted	\$6,562	2022	20															\$11,425	
5	SITE																					
5.2.1	Concrete Repair Allowance	3	Forecasted	\$10,000	2018	10											\$16,084					
5.3.1	Site Services - Repair Allowance	3	Forecasted	\$5,000	2018	10											\$8,042					
6	HVAC																					
6.1.1	Replace Make-up Air Units	3	Forecasted	\$3,780	2018	25																\$6,713
6.2.1	Replace Garage Exhaust Fans	3	Forecasted	\$7,350	2036	30									\$11,363							
7	PLUMBING																					
7.1.1	Replace Domestic Hot Water Storage Tanks	3	Forecasted	\$9,647	2019	15							\$14,335									
7.1.2	Replace Domestic Water Boiler	3	Forecasted	\$43,312	2031	25				\$60,647												

Britannia Place, 251 West 4th Street, North Vancouver, V7M 1H8, Canada

Projected Expenditures

Item	Description	Class	Status	Present Cost	First Occur.	Cycle	No. Occur.	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
7	PLUMBING																					
7.2.1	Current Replacement of Domestic Water Piping System	3	Forecasted	\$335,000	2014	99	1															
7.2.2	Replace Hot and Cold Water Supply Piping and Valves	3	Forecasted	\$213,193	2049	35																
7.2.3	Replace Hot Water Re-Circ. Piping and Valves	3	Forecasted	\$109,185	2049	35																
8	ELECTRICAL																					
8.1.1	Replace Main Disconnect Switch	3	Forecasted	\$60,984	2024	45																
8.1.2	Replace Disconnect Switches	3	Forecasted	\$18,112	2024	45																
8.1.3	Electrical Distribution System Repair Allowance	3	Forecasted	\$7,219	2019	4	20			\$10,108				\$10,942				\$11,844				\$12,820
8.2.1	Replace Parking Garage Lighting	3	Forecasted	\$12,920	2028	25																
9	CONVEYANCE																					
9.1.1	Modernize Hydraulic Elevator	3	Forecasted	\$76,808	2019	25																
9.1.2	Replace Hydraulic Cylinder	3	Forecasted	\$57,750	2019	50																
10	MISCELLANEOUS																					
10.1.1	Replace Enterphone System	3	Forecasted	\$6,300	2021	15									\$9,740							
10.2.1	Contingency Allowance	3	Forecasted	\$1,050	2015	1		\$1,413	\$1,441	\$1,470	\$1,500	\$1,530	\$1,560	\$1,591	\$1,623	\$1,656	\$1,689	\$1,723	\$1,757	\$1,792	\$1,828	\$1,865
10.3.1	Initial Depreciation Report	3	Forecasted	\$7,612	2014	99	1															
10.3.2	Depreciation Report Update	3	Forecasted	\$5,344	2017	3		\$7,192			\$7,633			\$8,100			\$8,595			\$9,122		
Total Projected Expenditures								\$8,605	\$1,441	\$122,273	\$9,132	\$30,208	\$15,895	\$36,418	\$32,466	\$134,462	\$127,401	\$26,630	\$9,287	\$10,914	\$13,253	\$245,184

Scenario 1 - Funding by Current Contributions - with Special Levy

Assumptions:

Opening Balance of the Reserve Fund:	\$480,154	Interest Rate Earned:	3%
Current Annual Contribution:	\$58,000	Expenditure Inflation Rate:	2%
Minimum Reserve Fund Balance:	\$50,000	Minimum Balance Inflation Rate:	2%
First Critical Year:	N/A	Number of Units:	44
Second Critical Year:	N/A	Fiscal Year End:	Mar 31

Results:

Year	Opening Balance	Recommended Annual Contributions		Estimated Inflation Adjusted Expenditure	Estimated Interest Earned	Recommended Annual Contribution Increase			Closing Balance
		Base	Other			Amount	Percentage (%)	per Unit per Month	
2014	\$480,154	\$58,000		\$342,612	\$10,135	\$1,160	2	\$2.20	\$205,677
2015	\$205,677	\$59,160		\$48,151	\$6,335	\$1,183	2	\$2.24	\$223,022
2016	\$223,022	\$60,343		\$7,647	\$7,481	\$1,207	2	\$2.29	\$283,199
2017	\$283,199	\$61,550		\$135,947	\$7,380	\$1,231	2	\$2.33	\$216,182
2018	\$216,182	\$62,781	\$16,437	\$245,030	\$3,752	\$1,256	2	\$2.38	\$54,122
2019	\$54,122	\$64,037	\$324,139	\$387,093	\$0	\$1,281	2	\$2.43	\$55,204
2020	\$55,204	\$65,317		\$7,201	\$2,528	\$1,306	2	\$2.47	\$115,848
2021	\$115,848	\$66,624		\$80,173	\$3,272	\$1,332	2	\$2.52	\$105,571
2022	\$105,571	\$67,956		\$8,919	\$4,053	\$1,359	2	\$2.57	\$168,661
2023	\$168,661	\$69,315		\$25,931	\$5,711	\$1,386	2	\$2.62	\$217,756
2024	\$217,756	\$70,702	\$306,813	\$534,321	\$0	\$1,414	2	\$2.68	\$60,950
2025	\$60,950	\$72,116		\$6,901	\$2,807	\$1,442	2	\$2.73	\$128,971
2026	\$128,971	\$73,558	\$997,568	\$1,136,685	\$0	\$1,471	2	\$2.79	\$63,412
2027	\$63,412	\$75,029	\$82,168	\$156,608	\$679	\$1,501	2	\$2.84	\$64,680
2028	\$64,680	\$76,530		\$66,660	\$2,088	\$1,531	2	\$2.90	\$76,639
2029	\$76,639	\$78,060		\$8,605	\$3,341	\$1,561	2	\$2.96	\$149,435
2030	\$149,435	\$79,622		\$1,441	\$5,656	\$1,592	2	\$3.02	\$233,271
2031	\$233,271	\$81,214		\$122,273	\$6,382	\$1,624	2	\$3.08	\$198,594
2032	\$198,594	\$82,838		\$9,132	\$7,063	\$1,657	2	\$3.14	\$279,364
2033	\$279,364	\$84,495		\$30,208	\$9,195	\$1,690	2	\$3.20	\$342,846
2034	\$342,846	\$86,185		\$15,895	\$11,340	\$1,724	2	\$3.27	\$424,476
2035	\$424,476	\$87,909		\$36,418	\$13,507	\$1,758	2	\$3.33	\$489,473
2036	\$489,473	\$89,667		\$32,466	\$15,542	\$1,793	2	\$3.40	\$562,217
2037	\$562,217	\$91,460		\$134,462	\$16,221	\$1,829	2	\$3.46	\$535,436
2038	\$535,436	\$93,289		\$127,401	\$15,551	\$1,866	2	\$3.53	\$516,876
2039	\$516,876	\$95,155		\$26,830	\$16,531	\$1,903	2	\$3.60	\$601,732
2040	\$601,732	\$97,058		\$9,287	\$19,369	\$1,941	2	\$3.68	\$708,872
2041	\$708,872	\$98,999		\$10,914	\$22,587	\$1,980	2	\$3.75	\$819,545
2042	\$819,545	\$100,979		\$13,253	\$25,902	\$2,020	2	\$3.83	\$933,173
2043	\$933,173	\$102,999		\$245,184	\$25,862				\$816,851

Description:

This scenario shows the special levies that would be required each year (see "other" contribution column) if you continue to contribute at your current contribution level.



Scenario 2 - Inflation Matched

Assumptions:

Opening Balance of the Reserve Fund: **\$480,154** Interest Rate Earned: **3%**
 Current Annual Contribution: **\$58,000** Expenditure Inflation Rate: **2%**
 Minimum Reserve Fund Balance: **\$50,000** Minimum Balance Inflation Rate: **2%**
 First Critical Year: **2026** Number of Units: **44**
 Second Critical Year: **2027** Fiscal Year End: **Mar 31**

Results:

Year	Opening Balance	Recommended Annual Contributions		Estimated Adjusted Expenditure	Estimated Interest Earned	Recommended Annual Contribution Increase			Closing Balance
		Base	Other			Amount	Percentage (%)	per Unit per Month	
2014	\$480,154	\$58,000		\$342,612	\$10,135				\$205,677
2015	\$205,677	\$169,180		\$48,151	\$7,986	\$111,180	191.7	\$210.57	\$334,692
2016	\$334,692	\$172,564		\$7,647	\$12,515	\$3,384	2	\$6.41	\$512,124
2017	\$512,124	\$176,015		\$135,947	\$15,965	\$3,451	2	\$6.54	\$568,157
2018	\$568,157	\$179,535		\$245,030	\$16,062	\$3,520	2	\$6.67	\$518,724
2019	\$518,724	\$183,126		\$387,093	\$12,502	\$3,591	2	\$6.80	\$327,260
2020	\$327,260	\$186,789		\$7,201	\$12,512	\$3,663	2	\$6.94	\$519,359
2021	\$519,359	\$190,524		\$80,173	\$17,236	\$3,736	2	\$7.08	\$646,946
2022	\$646,946	\$194,335		\$8,919	\$22,190	\$3,810	2	\$7.22	\$854,552
2023	\$854,552	\$198,222		\$25,931	\$28,221	\$3,887	2	\$7.36	\$1,055,064
2024	\$1,055,064	\$202,186		\$534,321	\$26,670	\$3,964	2	\$7.51	\$749,598
2025	\$749,598	\$206,230		\$6,901	\$25,478	\$4,044	2	\$7.66	\$974,405
2026	\$974,405	\$210,354		\$1,136,685	\$15,337	\$4,125	2	\$7.81	\$63,412
2027	\$63,412	\$155,984		\$156,608	\$1,893	-\$54,371	-25.8	-\$102.98	\$64,680
2028	\$64,680	\$103,993		\$66,660	\$2,500	-\$51,990	-33.3	-\$98.47	\$104,514
2029	\$104,514	\$106,073		\$8,605	\$4,597	\$2,080	2	\$3.94	\$206,580
2030	\$206,580	\$108,195		\$1,441	\$7,799	\$2,121	2	\$4.02	\$321,132
2031	\$321,132	\$110,359		\$122,273	\$9,455	\$2,164	2	\$4.10	\$318,673
2032	\$318,673	\$112,566		\$9,132	\$11,112	\$2,207	2	\$4.18	\$433,219
2033	\$433,219	\$114,817		\$30,208	\$14,266	\$2,251	2	\$4.26	\$532,094
2034	\$532,094	\$117,113		\$15,895	\$17,481	\$2,296	2	\$4.35	\$650,793
2035	\$650,793	\$119,456		\$36,418	\$20,769	\$2,342	2	\$4.44	\$754,600
2036	\$754,600	\$121,845		\$32,466	\$23,979	\$2,389	2	\$4.52	\$867,958
2037	\$867,958	\$124,282		\$134,462	\$25,886	\$2,437	2	\$4.62	\$883,664
2038	\$883,664	\$126,767		\$127,401	\$26,500	\$2,486	2	\$4.71	\$909,530
2039	\$909,530	\$129,303		\$26,830	\$28,823	\$2,535	2	\$4.80	\$1,040,826
2040	\$1,040,826	\$131,889		\$9,287	\$33,064	\$2,586	2	\$4.90	\$1,196,492
2041	\$1,196,492	\$134,527		\$10,914	\$37,749	\$2,638	2	\$5.00	\$1,357,853
2042	\$1,357,853	\$137,217		\$13,253	\$42,595	\$2,691	2	\$5.10	\$1,524,413
2043	\$1,524,413	\$139,961		\$245,184	\$44,154	\$2,744	2	\$5.20	\$1,463,344

Description:

This scenario shows the one-time increase required so that future annual increases simply keep pace with inflation.



Scenario 3 - Increase Phased-in

Assumptions:

Opening Balance of the Reserve Fund: **\$480,154** Interest Rate Earned: **3%**
 Current Annual Contribution: **\$58,000** Expenditure Inflation Rate: **2%**
 Minimum Reserve Fund Balance: **\$50,000** Minimum Balance Inflation Rate: **2%**
 First Critical Year: **2026** Number of Units: **44**
 Second Critical Year: **2027** Fiscal Year End: **Mar 31**

Results:

Year	Opening Balance	Recommended Annual Contributions		Estimated Inflation Adjusted Expenditure	Estimated Interest Earned	Recommended Annual Contribution Increase		Closing Balance
		Base	Other			Amount	Percentage (%)	
2014	\$480,154	\$58,000		\$342,612	\$10,135			\$205,677
2015	\$205,677	\$81,459		\$48,151	\$6,670	\$23,459	40.4	\$245,656
2016	\$245,656	\$105,388		\$7,647	\$8,836	\$23,928	29.4	\$352,232
2017	\$352,232	\$129,795		\$135,947	\$10,475	\$24,407	23.2	\$356,555
2018	\$356,555	\$154,690		\$245,030	\$9,342	\$24,895	19.2	\$275,556
2019	\$275,556	\$180,083		\$387,093	\$5,162	\$25,393	16.4	\$48,09
2020	\$73,707	\$205,984		\$7,201	\$5,193	\$25,901	14.4	\$49,05
2021	\$277,683	\$232,403		\$80,173	\$10,614	\$26,419	12.8	\$50,04
2022	\$440,527	\$237,051		\$8,919	\$16,638	\$4,648	2	\$685,297
2023	\$685,297	\$241,792		\$25,931	\$23,797	\$4,741	2	\$8,98
2024	\$924,954	\$246,628		\$534,321	\$23,433	\$4,836	2	\$9,16
2025	\$660,694	\$251,560		\$6,901	\$23,491	\$4,933	2	\$9,34
2026	\$928,844	\$256,591		\$1,136,685	\$14,664	\$5,031	2	\$9,53
2027	\$63,415	\$155,981		\$156,608	\$1,893	-\$100,611	-39.2	-\$190,55
2028	\$64,680	\$103,993		\$66,660	\$2,500	-\$51,988	-33.3	-\$98,46
2029	\$104,514	\$106,073		\$8,605	\$4,597	\$2,080	2	\$3,94
2030	\$206,580	\$108,195		\$1,441	\$7,799	\$2,121	2	\$4,02
2031	\$321,133	\$110,359		\$122,273	\$9,455	\$2,164	2	\$4,10
2032	\$318,673	\$112,566		\$9,132	\$11,112	\$2,207	2	\$4,18
2033	\$433,219	\$114,817		\$30,208	\$14,266	\$2,251	2	\$4,26
2034	\$532,094	\$117,113		\$15,895	\$17,481	\$2,296	2	\$4,35
2035	\$650,793	\$119,456		\$36,418	\$20,769	\$2,342	2	\$4,44
2036	\$754,600	\$121,845		\$32,466	\$23,979	\$2,389	2	\$4,52
2037	\$867,958	\$124,282		\$134,462	\$25,886	\$2,437	2	\$4,62
2038	\$883,664	\$126,767		\$127,401	\$26,500	\$2,486	2	\$4,71
2039	\$909,531	\$129,303		\$26,830	\$28,823	\$2,535	2	\$4,80
2040	\$1,040,826	\$131,889		\$9,287	\$33,064	\$2,586	2	\$4,90
2041	\$1,196,492	\$134,527		\$10,914	\$37,749	\$2,638	2	\$5,00
2042	\$1,357,854	\$137,217		\$13,253	\$42,595	\$2,691	2	\$5,10
2043	\$1,524,413	\$139,961		\$245,184	\$44,154	\$2,744	2	\$5,20

Description:

This scenario shows the total required contribution increase uniformly phased in over several years by applying lump sum annual increases, escalated by inflation. Phasing in a required increase results in higher future contributions than those calculated in an inflation-matched scenario.



Reserve Fund Items

The registered Strata Plan includes site and floor layouts, and schedules, which define the boundaries of units and common assets of the property. Patios and balconies are not included within the Strata Lot boundaries. There is no description of Strata Lot boundaries with respect to floors, roofs, windows, cladding systems, mechanical or electrical systems, or chimneys.

The *Strata Property Act* states that unless otherwise shown on the Strata Plan, if a Strata lot is separated from another Strata lot, the common property, or another parcel of land by a wall, floor or ceiling, the boundary of the Strata lot is midway between the surface of the structural portion of the wall, floor or ceiling that faces the lot, and the surface of the structural portion of the wall, floor or ceiling that faces the other Strata lot, the common property or another parcel of land. The Act also has easement provisions, reciprocally in favour of each Strata lot and common Strata property, in relation to services such as mechanical and electrical equipment.

Legal interpretations of the repair and maintenance obligations of the Strata Corporation as noted in the Statutes (*Condominium Act, Strata Property Act*) have generally stated that any component which plays an integral part in the performance, of say, the exterior wall, is generally the responsibility of the Strata Corporation (as opposed to an individual owner) to maintain, repair and replace.

The Strata may wish to have this reviewed by their solicitor for the appropriateness of our determinations, and our understanding of the unit boundaries and the responsibility thereof. These assumptions define the expenses included in the study.

Our interpretation of the Strata Plan and Bylaws and how we understand the Strata to be operating is that the following building components are the common elements which must be addressed as part of this study:

- Structural frame
- Balconies and patios;
- Roofs and terraces;
- Exterior cladding, windows and doors;
- Interior finishes in common areas;
- Site finishes; and
- Common mechanical and electrical facilities.

We understand that components, which are not common elements and are the responsibility of the individual owners include:

- Interior suite finishes; and
- Suite-specific plumbing and electrical fixtures and associated piping and wiring.

The following sections summarize our opinion of budgets for Reserve Fund projects related to these components. Expenditures that are expected to be managed as part of normal operations are not shown. The budgets assume a prudent level of ongoing maintenance. Dollars shown are inflated and include contingencies (typically 5 to 15%) and allowances for design/project management (5 to 15%), where relevant. GST (5%) has been included.

The assumptions we have made about hidden conditions, predicting technical performance, and ongoing maintenance needs for the common elements are described in the "Repair and Replacement Rationale" document which can be found at www.halsall.com/rfs [password: RFSdocs]. Limitations, Halsall's Professional Liability Insurance Certificate, and the concepts and definitions that have been used in calculating the required contributions to the Reserve Fund can also be found here.



Section 92 of the *Strata Property Act* states that the operating fund is “for common expenses that usually occur either once a year or more often than once a year” and that the contingency reserve fund is “for common expense that usually occur less often than once a year or that do not usually occur”. The Depreciation Report should not duplicate the operating budget expenditures. We typically use a threshold of \$2,500 to decide which items have a dedicated line item in the study and include a contingency to cover the items, which cost less.

Operating expenditures should be carefully monitored. Conditions that require increasing expenditure may indicate problems that should be dealt with differently than how we have assumed. Further evaluation may be appropriate to determine if a more comprehensive repair or replacement program should be added to the Depreciation Report, or if programs already planned should be advanced. These types of changes would be reflected in updates.



1. STRUCTURE

1.1 Structural Frame

Description:

The building is a wood-framed structure with a thin concrete topping over plywood sheathing on the wood framed floors, supported by below-grade cast-in-place concrete walls and a cast-in-place concrete ground floor slab. According to the drawings, the footing is concrete pad and strip. The roofs have engineered wood roof trusses with plywood roof sheathing.

The above grade portions of the basement walls are cast-in-place concrete. Moisture protection on the exterior side of the foundation walls is unknown.

The structural frame is generally protected from weather. No capital projects are expected for sheltered structural components. The exposed balconies and parking garage structure are discussed in other sections of this report.

This building is located in an area with a relatively high risk of strong seismic activity. We have not completed a structural analysis to confirm whether the building meets current earthquake resistance requirements.

Upgrading to meet current Code requirements is not mandatory, so we have not included a budget for any structural retrofits. However, retrofits could be required if a major renovation is carried out in the future.



1.2 Balconies

Description:

Balconies on the first floor at the South elevation are concrete extensions of the floor slab. All other balconies are wood framed. Refer to the 'Garage Roof Deck' section for further discussions on the first floor wood decking at the east and west sides of the building and the first floor patios for the north elevation.

There are also some rooftop terraces, typically consisting of wood decking and aluminum guards. Refer to the 'Flat Roofing' section for further discussion on the rooftop terraces.

The concrete balconies are not waterproofed, with the exception of one balcony. The original finish for the wood-framed balconies consists of a fiberglass membrane, however, many of these have been replaced with vinyl waterproofing membranes. A list of the changes is included in the 'Repair History' section below.

Balcony guards consist of prefabricated aluminum rails. They are anchored into the walls of the building and into the top surface of the balcony.

Repair History:

2006: Recoated balcony waterproofing at units 204, 205, 214, and 310, \$2,395.60, as per invoice by Comproof.

2008: Replaced fiberglass balcony waterproofing membranes with vinyl waterproofing membranes for the two northwest and four southeast corner balconies, \$23,815.84, as per invoice by Pacific Rim Sundecks.

2009: Replaced fiberglass balcony waterproofing membrane with vinyl waterproofing membrane for suite 315, \$3,524.33, as per invoice by Pacific Rim Sundecks.

2010: Replaced fiberglass balcony waterproofing membrane with vinyl waterproofing membrane at units 204 and 304, \$4,329.36, as per invoice by Pacific Rim Sundecks.

2013: Leak investigation and repairs to suite 111 including waterproofing the concrete balcony, \$4,057.34, as per invoice by Proactive.

Dates Unknown: Replaced fibreglass balcony waterproofing with vinyl waterproofing at two additional balconies (in addition to those listed above), based on site review.

Project Name	Present Cost	InfraRed Cost	First Occur	Cycle	# Occurrences	Cl	Status
1.2.1 Balcony Condition Survey	\$6,300	\$6,555	2016	10 yrs	recurring	3	Forecasted
<p>Project Notes: We noted some of the guardrail anchor penetrations needed recaulking at the post baseplates and handrails. We recommend that this be done out of the operating budget soon. Improperly sealed penetrations on a wood balcony pose the risk of water ingress which can affect the structural stability of a wood balcony system.</p> <p>This item allows for periodic balcony condition evaluations to confirm the scope of work and budget for planned balcony repairs. The budget includes an allowance to remove sample areas of soffit/cladding to review the condition of the concealed structure.</p>							
1.2.2 Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 1	\$84,220	\$89,375	2017	20 yrs	recurring	3	Forecasted

Project Notes:

This item allows for periodic repairs to the balconies including the installation of vinyl waterproofing membranes to extend the service life of the balconies. Since some balconies have already had their waterproofing membranes replaced we have budgeted for replacement in two phases. This phase, phase one, includes all of the balconies which have not yet had their waterproofing membranes replaced.



1.2.3 Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 2	\$48,566	\$62,825	2027	20 yrs	recurring	3	Forecasted
<p>Project Notes: This item allows for periodic repairs to the balconies including the installation of vinyl waterproofing membranes to extend the service life of the balconies. Since some balconies have already had their waterproofing membranes replaced we have budgetted for replacement in two phases. This phase, phase two, includes all of the balconies which, as of 2013, have had their original fiberglass waterproofing membranes replaced with vinyl waterproofing membranes.</p>							
1.2.4 Repair Concrete Balconies	\$10,415	\$10,623	2015	20 yrs	recurring	3	Forecasted
<p>Project Notes: The concrete balconies at the south elevation have concrete deterioration at the slab edge. This item allows for concrete repairs to the slab edges. We recommend that this be done in the near term as this poses a risk of loose concrete falling from balcony edges, particularly at the balcony directly above the parking garage entrance ramp.</p>							
1.2.5 Replace Balcony Guards - Phase 1	\$37,492	\$39,787	2017	40 yrs	recurring	3	Forecasted
<p>Project Notes: The top mounted configuration of the balcony guards increases the risk of water ingress at the anchor penetrations which can result in deterioration of the wood structure. We recommend replacing the guards with a face mounted configuration. This item allows for replacement of the balcony guards. We have budgetted for replacement in two phases. This phase (phase 1) allows for replacement of 19 out of 30 wood balconies. This project is timed to occur with the balcony waterproofing membrane replacement projects in order to minimize access costs. If the projects are completed separately, additional access costs will apply.</p>							
1.2.6 Replace Balcony Guards - Phase 2	\$39,228	\$50,746	2027	40 yrs	recurring	3	Forecasted
<p>Project Notes: The top mounted configuration of the balcony guards increases the risk of water ingress at the anchor penetrations which can result in deterioration of the wood structure. We recommend replacing the guards with a face mounted configuration. This item allows for replacement of the balcony guards. We have budgetted for replacement in two phases. This phase (phase 2) allows for replacement of 11 out of 30 wood balconies and all of the concrete balconies at the first floor on the south elevation. This project is timed to occur with the balcony waterproofing membrane replacement projects in order to minimize access costs. If the projects are completed separately, additional access costs will apply.</p>							



1.3 Garage Roof Deck

Description:

There is a single-level underground parking garage. A concrete pad located at the southwest corner of the site provides access into the garage from the laneway. Refer to the 'Paving' section for discussion on the concrete paving on grade.

The garage slab-on-grade and foundation walls are not expected to require significant repairs. Periodic leak repairs of foundation walls or local slab-on-grade concrete repairs are assumed to be completed as-needed, paid for out of the operating budget.

The garage extends beyond the footprint of the building creating a buried roof deck. There is a rubberized asphaltic waterproofing membrane on the garage roof deck. This is covered with soft landscaping on the north side and wood decking adjacent to the building on the north, east and west sides of the complex. It is also covered by a tiled entrance lobby.

Repair History:

2004 (est.): Upturn waterproofing repair at base of wall along north elevation at east end of building (as reported by Council).

2011: Waterproofed garage roof deck at base of east and west wall upturn in conjunction with stucco wall repairs to address water ingress concerns, by Proactive under direction of Halsall, \$31,604.37, as per invoices.

2013: Waterproofed garage roof deck at base of wall outside suite 114 to address water ingress concerns, ongoing at time of our review and paid for out of operating budget (as reported by Council).

Condition:

Where exposed above grade, the waterproofing membrane protecting the garage roof deck has peeled away in several areas. No excavations were made to examine the general condition of the waterproofing membrane on the garage roof deck, so the sub-grade condition of the waterproofing membrane is unknown. Where locally visible, the membrane is brittle and appears to be nearing the end of its service life. Portions of stucco at the base of the north wall are stained and the adjacent areas of exposed roof deck waterproofing appear to be in poor condition. We understand that this Strata has had prior issues with water ingress as a result of deterioration of the waterproofing membrane at the wall upturns on the east and west sides of the building, as well as locally along the north wall.

Council advised that they intend on replacing the deteriorated waterproofing upturn detail along the north wall of the building in two or three phases between 2014 and 2016. The cost of this work has been estimated by a local contractor, Proactive, at about \$15,000 in 2014 and an additional \$30,000 spread out over 2015 and 2016. Council advised that this work would be paid for out of the operating budget, therefore we have not included a budget for this project in this report. We assume similar isolated leakage related repairs will be undertaken as needed, and paid for out of the operating budget.

Project Name	Present Cost	Inflated Cost	First Occur.	Cycle	# Occurrences	CI	Status
1.3.1 Re-Waterproof Garage Roof Deck	\$333,183	\$406,148	2024	40 yrs	recurring	3	Forecasted

Project Notes:

Aside from past leakage problems at the roof deck upturns at the base of the building walls, there are very few reports of evidence of leakage through the garage roof deck into the parking garage.

This item allows for eventually rewaterproofing the garage roof deck. The budget includes concrete repairs, local leak repairs, drain repairs, excavating the site, installing a new membrane, and reinstating the fill and surface finishes such as decking and soft landscaping (grass, flower beds, planters, etc...).



9
4
9

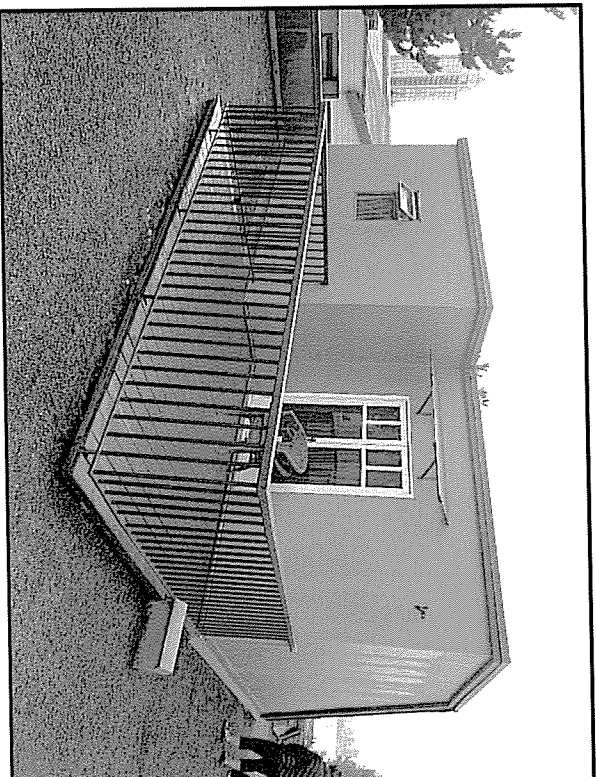


Photo No. 13: Rooftop terrace



Photo No. 14: Electrical room



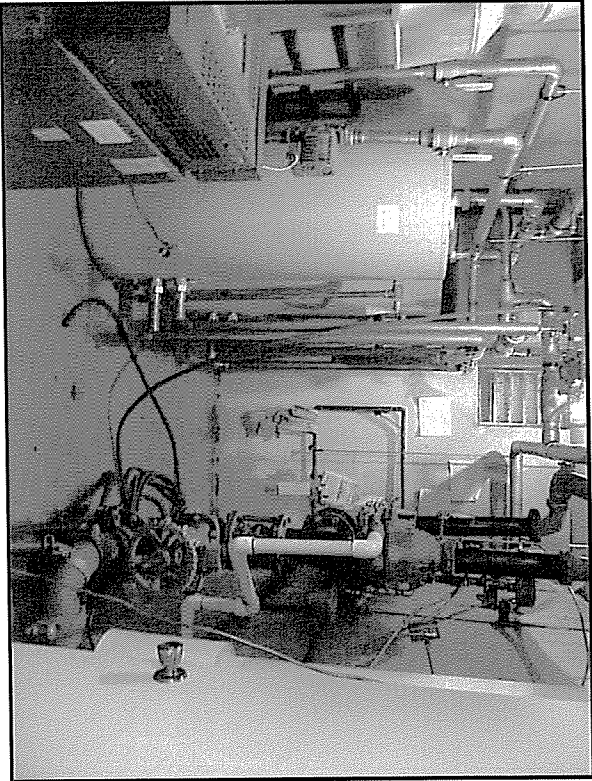


Photo No. 15: Mechanical room

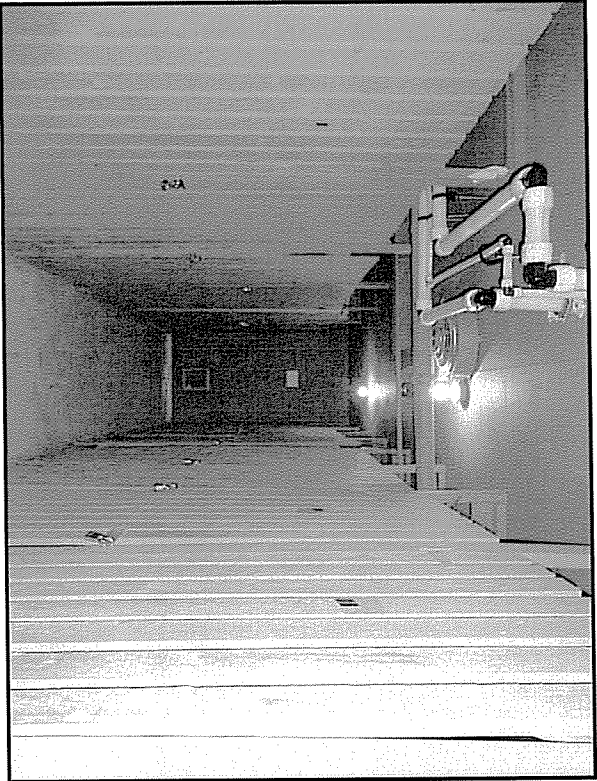


Photo No. 16: Storage lockers



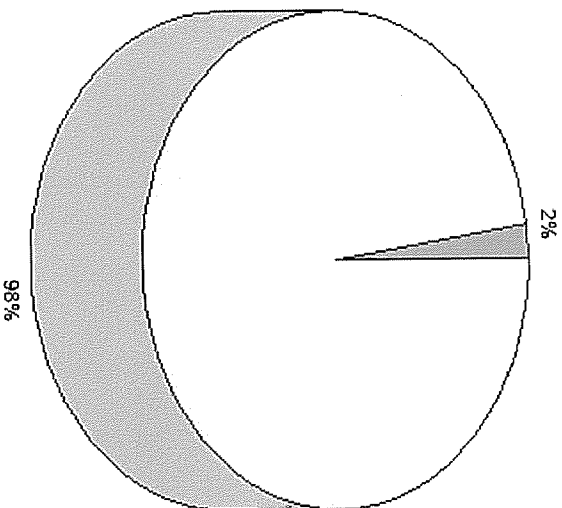


Photo No. 17: Parking garage



2014 - Total Annual Expenditures by System

Generated on 2/13/2014



PLUMBING

MISCELLANEOUS

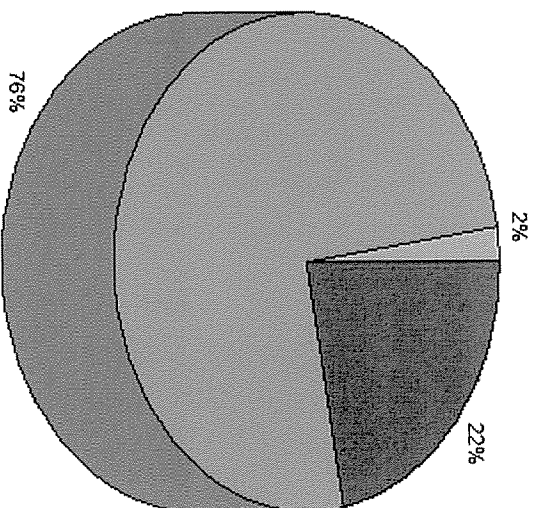
Projects for 2014, listed by System

PLUMBING		Forecasted	
Current Replacement of Domestic Water Piping System			\$335,000
MISCELLANEOUS		Forecasted	
Initial Depreciation Report			\$7,612
		TOTAL:	\$342,612



2015 - Total Annual Expenditures by System

Generated on 2/13/2014



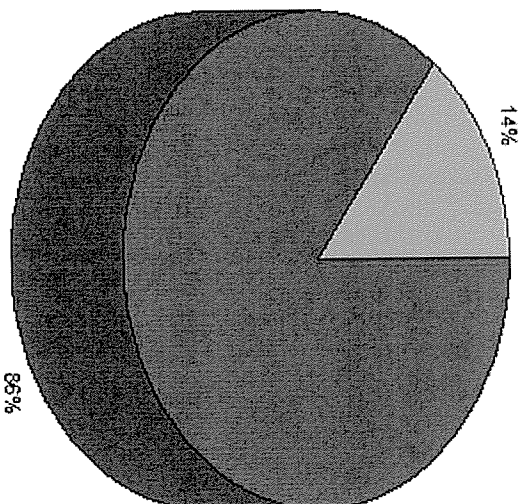
- STRUCTURE
- MISCELLANEOUS
- FINISHES, FURNITURE AND EQUIPMENT

Projects for 2015 listed by System		
STRUCTURE		
Repair Concrete Balconies	Forecasted	\$10,623
FINISHES, FURNITURE AND EQUIPMENT		
Repaint Suite Door Trim	Forecasted	\$8,247
Replace Carpet In Corridors and Stairwells	Forecasted	\$28,210
MISCELLANEOUS		
Contingency Allowance	Forecasted	\$1,071
TOTAL:		\$48,151



2016 - Total Annual Expenditures by System

Generated on 2/13/2014

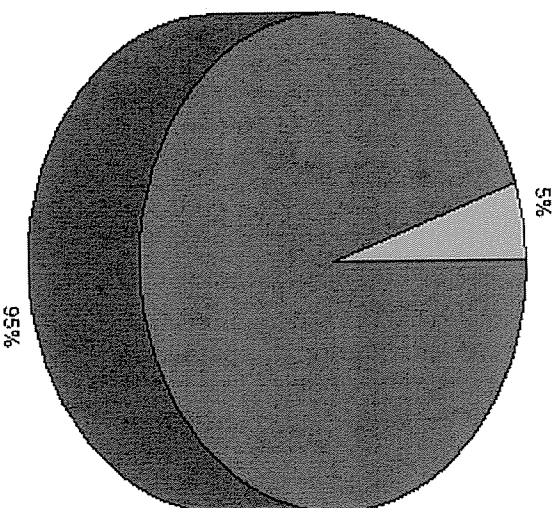


Projects for 2016 listed by System	
STRUCTURE	
Balcony Condition Survey	Forecasted \$6,555
MISCELLANEOUS	
Contingency Allowance	Forecasted \$1,092
TOTAL:	\$7,647



2017 - Total Annual Expenditures by System

Generated on 2/13/2014



■ STRUCTURE

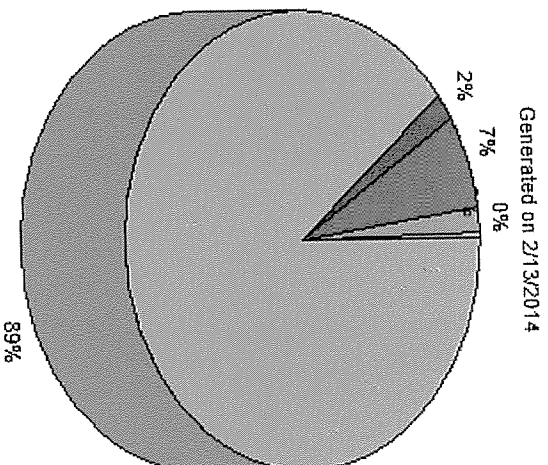
■ MISCELLANEOUS

Projects for 2017 listed by System

System	Project Name	Forecasted	Forecasted	TOTAL
STRUCTURE	Repair Wood-framed Balconies and Replace Waterproofing Membrane - Phase 1	Forecasted		\$89,375
	Replace Balcony Guards - Phase 1	Forecasted		\$39,787
			Forecasted	\$1,114
MISCELLANEOUS	Contingency Allowance		Forecasted	\$5,671
	Depreciation Report Update		TOTAL:	\$135,947



2018 - Total Annual Expenditures by System



<input checked="" type="checkbox"/> BUILDING ENVELOPE	<input checked="" type="checkbox"/> FIRE SAFETY	<input checked="" type="checkbox"/> SITE
<input type="checkbox"/> HVAC	<input type="checkbox"/> MISCELLANEOUS	

Projects for 2018 listed by System		
BUILDING ENVELOPE		
Wall Condition Evaluation	Forecasted	\$7,956
Repair Stucco Walls	Forecasted	\$27,061
Replace Flat Roofing	Forecasted	\$136,405
Replace Sloped Roofing	Forecasted	\$47,598
FIRE SAFETY		
Suppression Systems Repair Allowance	Forecasted	\$4,546
SITE		
Concrete Repair Allowance	Forecasted	\$10,824
Site Services - Repair Allowance	Forecasted	\$5,412
HVAC		
Replace Make-up Air Units	Forecasted	\$4,092
MISCELLANEOUS		
Contingency Allowance	Forecasted	\$1,137
TOTAL:		\$245,031

