Depreciation & Reserve Fund Study Consultation Appraisal Report

Covering the Property Located At:

Strata Plan VIS 1166

3215 / 3225 Alder Street
Victoria BC, V8X 1P3

as of fiscal year start date: January 1, 2020

Bell Real Estate Consultants Ltd.
2871 Meridian Avenue
Victoria BC, V9B 0V2
www.bell-appraisals.ca
bell.appraisals.consulting@gmail.com
250-514-3486

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January 23, 2020

Strata Plan VIS 1166,
3215 & 3225 Alder Street
Victoria BC, V8X 1P3

Attn: Owners of Strata Plan VIS 1166

Pursuant to your request and our subsequent agreement, Bell Real Estate Consultants Ltd. has prepared the included Depreciation and Reserve Fund Study Consultation Appraisal Report.

This Depreciation and Reserve Fund Study Consultation Appraisal Report includes reserve fund concepts, methodology, financial analysis, and conclusions. It provides current and future replacement reserve estimates and recommends reserve fund actions. This Depreciation and Reserve Fund Study Consultation Appraisal Report is a complex document and should be reviewed in detail.

We appreciate the opportunity to perform this Depreciation and Reserve Fund Study Consultation Appraisal Report for you and if you have any questions, or require any further information, please do not hesitate to contact the appraiser. We look forward to providing you with a complete review and updating of the reserve fund of your corporation, as required in the future.

Yours very truly,

Keith Bell, DAR, DRP

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Summary of Facts and Conclusions

This summary is provided as a quick reference of pertinent facts and estimates of this reserve fund study. The client and readers are advised to refer to the full text of this reserve fund study in detail.

Contact: **Tara Paddon - Pemberton Holmes Property Management**

Client: **Owners of Strata Plan VIS 1166**

Date of Study: **Fiscal Year Start Date: January 1, 2020**

Property: **Strata Plan VIS 1166,**
3215 & 3225 Alder Street
Victoria BC, V8X 1P3

Number of Units: **60**

Real Property Type: Multi-Building Strata Condominium Development

Improvement Description:

The subject site is developed with two, 3.5 storey condominium buildings on concrete slab foundation and with wood siding and a mixed torch-on and composite shingle roof.

The first building, 3215 Alder Street, was constructed in circa 1981 and develops an overall area of 28,726 Square Feet between common areas and 33 strata condominium units. This building offers common areas of hallways, lobby, laundry room, mechanical room, storage room with individual lockers, and a guest suite that was not available for viewing (however consultant is advised that the guest suite offers a living area, kitchen, four-piece bathroom, and 2 x bedrooms). Interior finishes are average quality and flooring is carpet and vinyl.

The building has a "Dover" three-stop hydraulic elevator (BC License # 08693) with a 13 passenger / 2,100-pound capacity. The entire building is heated by electric baseboard and hot water is common, supplied by two "John Wood Signature" 420 Litre hot water tanks. Windows and sliding doors throughout the building are currently being upgraded to vinyl thermopane. Main power is supplied by a "Sylvania" 1,200 Amp switch and there are 2 x 600-amp switches, 5 x 200-amp switches, a 100-amp switch, and 33 BC Hydro meters. The building also has an "Edwards 2200" fire protection system. Being a 3.5 storey building the top floor is loft spaces for third floor units. Upper floor units have large balconies while ground floor units have concrete patio areas.

3225 Alder Street is the same design as 3215 Alder Street and also has wood siding and a mixed torch-on / composite shingle roof. This building offers 27 units also with top floor units have upper level lofts.

As with 3215 Alder Street, this building has common areas of lobby, hallways and stairwells, storage room with individual lockers, laundry room, and guest room. Common area finishes in this building are carpet and vinyl.

3225 Alder Street also has a "Dover" three-stop elevator (BC License # 08694) with a 2,100 pound / 13-person capacity. This building has an “A.O. Smith” common hot water tank as well as an older “John Wood” common hot water tank. The electrical room has the “Sylvania” 1,200-amp main switch, 2 x 600-amp switches, a 200-amp switch, and 6 x 100-amp switches along with 27 x BC Hydro meters. This building also has a fire protection system in place.

The subject site has numerous improvements including asphalt paving, concrete paving, exterior light standards, concrete curbing, wood fencing, and exterior wood stairs. There is also an underground sprinkler system as well as a detached carport structure. Finally, there is also a detached common building with wood siding and a mixed torch-on and composite shingle roof. The common building has a layout of entry, 2 x three-piece bathrooms / change rooms with showers, meeting room with small kitchenette, and a cedar sauna. Flooring in the common building is carpet and vinyl. The kitchenette has a sink and a 174-litre electric hot water tank.

Please note that the Strata Corporation is responsible for all common areas and improvements as listed in the Component Analysis Breakdown however in some cases improvements may be owner responsibility and / or the Strata Corporation may have elected to fund future cost requirements from sources other than the Contingency Reserve Fund. In these instances, funding may not be accumulating within the Contingency Reserve Fund and reader is advised to review this document in full to ascertain and understand future funding requirements.

The project, when constructed, is assumed to have been constructed in accordance with applicable building codes, fire codes, city bylaws, and construction practices in existence at that time. The quality of construction, materials, and workmanship is considered to be good.

Summary of Facts and Conclusions:

A reserve fund analysis was performed for **Strata Plan VIS 1166**, ("property") located at **3215 & 3225 Alder Street, Victoria BC, V8X 1P3**. The property has **60** units. The reserve study is for the fiscal year starting **January 1, 2020**, and ending **December 31, 2020**.

As of **January 1, 2020**, the estimated reserve fund balance is **$181,530.72**. With an annual compounded inflation rate of **2.75%** the future estimated replacement cost of all considered components is **$4,670,725.83**.

There are numerous methods used to analyze reserve fund status and to determine an appropriate level of funding in order to be adequate.

Calculations and projections are based upon the following financial assumptions:

Annual Contribution Increase - 5.00% **OR** 7.50% **OR** 10.00%
Interest Earned - 2.10**%**
Taxes on Interest Earned - 0.00%
Inflation on Reserve Items - 2.75%

Funding Models - Summary

Plan A - $2,916.67 Per Month Year One Increased @ 5.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$2,916.67** per month to the Contingency Reserve Fund and then further increases this amount by **5.00%** each year thereafter.

Plan A:

Beginning Balance	**$181,530.72**
Annual Assessment Year 1	**$35,000.00**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$2,916.67**
Annual Increase	**5.00%**

Analysis:

This plan assumes that the strata corporation contributes $2,916.67 per month to the Contingency Reserve Fund in the first year and then increases this amount by 5.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2034 - $550,000.00 **2039 - $225,000.00** **2044 - $250,000.00**

Please be advised that the timing or amount of any estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Plan B - $2,916.67 Per Month Year One Increased @ 7.50% Each Year Thereafter

This plan assumes the strata corporation contributes **$2,916.67** per month to the Contingency Reserve Fund and then further increases this amount by **7.50%** each year thereafter.

Plan B:

Beginning Balance	**$181,530.72**
Annual Assessment Year 1	**$35,000.00**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$2,916.67**
Annual Increase	**7.50%**

Analysis:

This plan assumes that the strata corporation contributes $2,916.67 per month to the Contingency Reserve Fund in the first year and then increases this amount by 7.50% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2034 - $325,000.00

Please be advised that the timing or amount of any estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Plan C - $2,916.67 Per Month Year One Increased @ 10.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$2,916.67** per month to the Contingency Reserve Fund and then further increases this amount by **10.00%** each year thereafter.

Plan C:

Beginning Balance	**$181,530.72**
Annual Assessment Year 1	**$35,000.00**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$2,916.67**
Annual Increase	**10.00%**

Analysis:

This plan assumes that the strata corporation contributes $2,916.67 per month to the Contingency Reserve Fund in the first year and then increases this amount by 10.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2034 - $75,000.00

Please be advised that the timing or amount of any estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

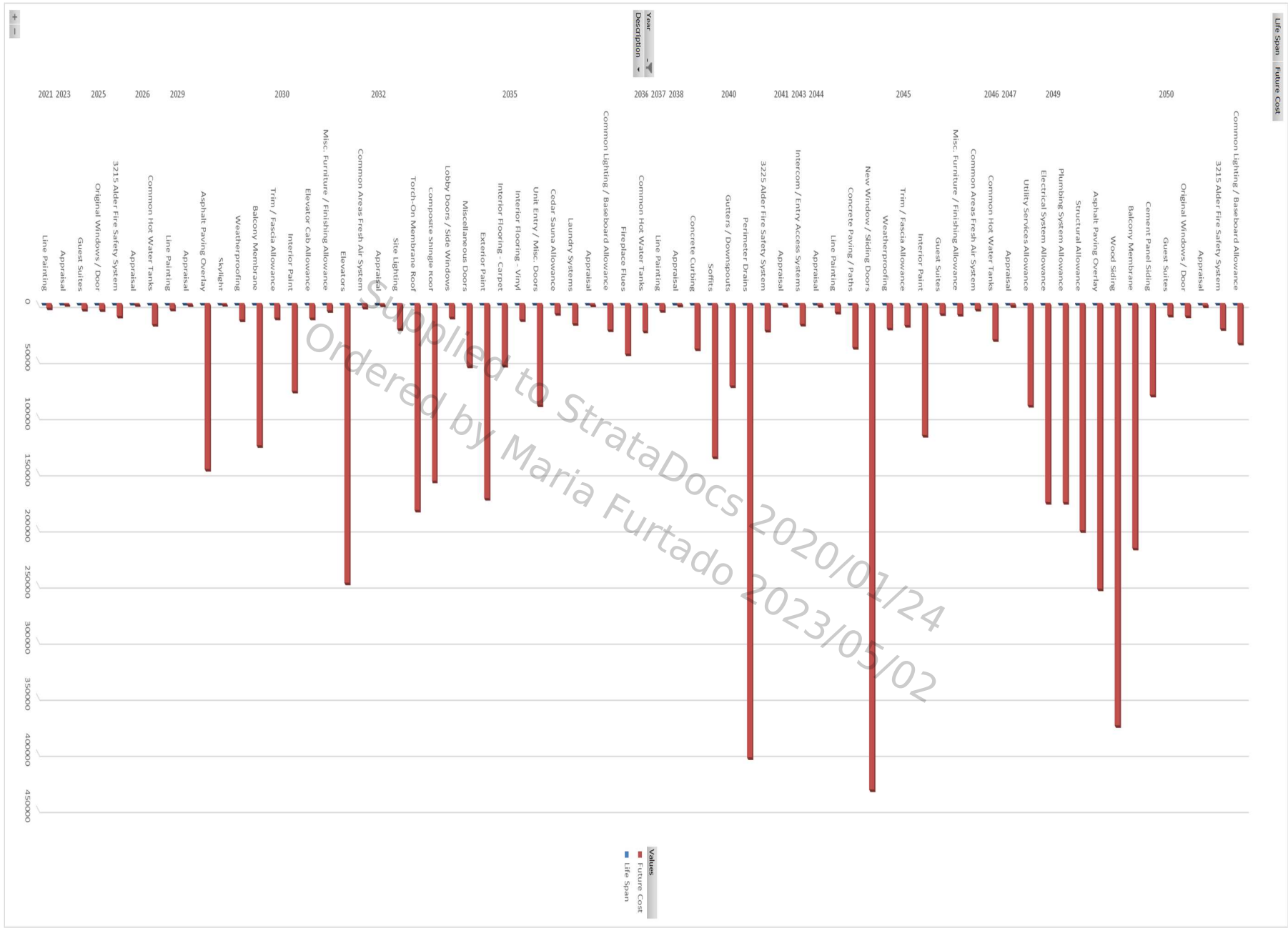
Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Estimated Annual Expenditures Breakdown

Year	Description	Life Span	Future Cost
2021	Line Painting	8	$4,161.38
2021 Total		**8**	**$4,161.38**
2023	Appraisal	3	$1,084.79
2023 Total		**3**	**$1,084.79**
2025	Guest Suites	25	$5,388.51
	Original Windows / Door	25	$5,729.23
	3215 Alder Fire Safety System	25	$11,452.73
2025 Total		**25**	**$22,570.47**
2026	Appraisal	3	$1,176.77
	Common Hot Water Tanks	10	$18,828.29
2026 Total		**7**	**$20,005.06**
2029	Line Painting	8	$5,170.01
	Appraisal	3	$1,276.55
2029 Total		**6**	**$6,446.56**
2030	Asphalt Paving Overlay	20	$147,947.68
	Skylight	25	$1,049.32
	Weatherproofing	15	$14,756.07
	Balcony Membrane	20	$126,820.26
	Trim / Fascia Allowance	15	$13,116.51
	Interior Paint	15	$78,330.16
	Elevator Cab Allowance	25	$13,116.51
	Misc. Furniture / Finishing Allowance	15	$6,558.26
	Elevators	25	$249,213.70
	Common Areas Fresh Air System	15	$3,541.46
2030 Total		**19**	**$654,449.92**
2032	Appraisal	3	$1,384.78
2032 Total		**3**	**$1,384.78**
2035	Site Lighting	25	$22,532.98
	Torch-On Membrane Roof	25	$184,396.80
	Composite Shingle Roof	25	$158,331.77
	Lobby Doors / Side Windows	35	$12,393.14
	Miscellaneous Doors	30	$55,881.80
	Exterior Paint	20	$173,832.21
	Interior Flooring - Carpet	20	$55,209.57
	Interior Flooring - Vinyl	20	$14,624.21
	Unit Entry / Misc. Doors	30	$90,469.93
	Cedar Sauna Allowance	25	$9,013.19
	Laundry Systems	20	$18,026.39
	Appraisal	3	$1,502.20
	Common Lighting / Baseboard Allowance	15	$23,659.63
	Fireplace Flues	30	$45,065.97

2035 Total		**23**	**$864,939.80**
2036	Common Hot Water Tanks	10	$24,696.15
2036 Total		**10**	**$24,696.15**
2037	Line Painting	8	$6,423.12
2037 Total		**8**	**$6,423.12**
2038	Appraisal	3	$1,629.57
2038 Total		**3**	**$1,629.57**
2040	Concrete Curbing	40	$40,602.11
	Soffits	30	$136,860.08
	Gutters / Downspouts	30	$73,526.81
	Perimeter Drains	45	$404,877.02
	3225 Alder Fire Safety System	25	$24,086.00
2040 Total		**34**	**$679,952.03**
2041	Appraisal	3	$1,767.74
2041 Total		**3**	**$1,767.74**
2043	Intercom / Entry Access Systems	25	$18,663.03
2043 Total		**25**	**$18,663.03**
2044	Appraisal	3	$1,917.63
2044 Total		**3**	**$1,917.63**
2045	Line Painting	8	$7,979.96
	Concrete Paving / Paths	40	$39,308.70
	New Window / Sliding Doors	25	$433,479.38
	Weatherproofing	15	$22,166.56
	Trim / Fascia Allowance	15	$19,703.61
	Interior Paint	15	$117,667.49
	Guest Suites	25	$9,270.55
	Misc. Furniture / Finishing Allowance	15	$9,851.80
	Common Areas Fresh Air System	15	$5,319.97
2045 Total		**19**	**$664,748.02**
2046	Common Hot Water Tanks	10	$32,392.73
2046 Total		**10**	**$32,392.73**
2047	Appraisal	3	$2,080.22
2047 Total		**3**	**$2,080.22**
2049	Utility Services Allowance	60	$90,922.93
	Electrical System Allowance	60	$177,385.37
	Plumbing System Allowance	60	$177,385.37
	Structural Allowance	60	$202,547.30
2049 Total		**60**	**$648,240.97**

2050	Asphalt Paving Overlay	20	$254,533.39
	Wood Siding	40	$376,310.90
	Balcony Membrane	20	$218,185.18
	Cement Panel Siding	40	$81,872.33
	Guest Suites	25	$10,617.31
	Original Windows / Door	25	$11,288.65
	Appraisal	3	$2,256.60
	3215 Alder Fire Safety System	25	$22,566.02
	Common Lighting / Baseboard Allowance	15	$35,541.48
2050 Total		**24**	**$1,013,171.86**
Grand Total		**22**	**$4,670,725.83**



Part 1 ~ Depreciation & Reserve Fund Study Consultation Appraisal Report

Date: **January 23, 2020**

Client: **Owners of Strata Plan VIS 1166**
3215 & 3225 Alder Street
Victoria BC, V8X 1P3

Effective date: **Fiscal Year Start Date: January 1, 2020**

File # **VIS1166-2020-DR**

Pursuant to your request and our subsequent agreement, we have prepared the included Depreciation and Reserve Fund Study report.

This depreciation and reserve fund study report includes reserve fund concepts, methodology, financial analysis, and conclusions. It provides current and future replacement reserve estimates and recommends reserve fund actions. This depreciation and reserve fund study report is a complex document and should be reviewed in detail.

We appreciate the opportunity to perform this depreciation and reserve fund study for you and if you have any questions, or require any further information, please do not hesitate to contact the appraiser. We look forward to providing you with a complete review and updating of the reserve fund of your corporation, as required in the future.

The purpose of this consultation appraisal and consultation appraisal report is to undertake and report a depreciation study of the improvements, as specified in this report, and to provide a reserve fund plan for the function of compliance with the British Columbia Strata Property Amendment Act 2009.

The appraiser has personally viewed the common areas of the subject improvements and site on **March 14, 2019**. The appraiser has gathered and analyzed all the data deemed necessary from this viewing, from the supplied strata plans and documents, from the representative of the subject strata council, and from other available, appropriate, and applicable sources. The appraiser has further completed a depreciation analysis and a reserve fund analysis.

The interior of the individual strata units was not viewed by the appraiser, unless otherwise stated in this report.

This consultation appraisal and this consultation appraisal report have been completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). **THIS REPORT CONTAINS AND IS SUBJECT TO**: Specific terminology descriptions, appraiser certifications, conditions, and special limitations which affect the stated opinions of value, the use, and the intended user of the report. **PLEASE CAREFULLY READ, AND PAY PARTICULAR ATTENTION TO** all of these descriptions, appraiser certifications, conditions, and special limitations.

Yours truly;

1.1 Intended User:

This report has been completed for the exclusive use of the Strata Council of **Strata Plan VIS 1166**. No other party may rely on the report without specific written approval of Council. Any party who does not comply with the procedure to become entitled to rely on this report shall not be entitled to rely on any aspect of it and should proceed at their own risk. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part. (SEE SPECIAL LIMITATIONS AND CERTIFICATIONS)

1.2 Scope of Work:

The appraiser has personally viewed the common areas of the subject improvements and site on **March 14, 2019**. The appraiser has gathered and analyzed all the data deemed necessary from this viewing, from the supplied Strata plans and documents, from the representative of the subject Strata Council, and from other available, appropriate, and applicable sources. The appraiser has further completed a depreciation study analysis and a reserve fund analysis.

The viewing of the improvements and site included:

a) A visual only sampling and surface review of the complex.
b) None of the components were dismantled and no invasive testing was conducted.
c) No technical audits or condition surveys were conducted.
d) The interior of the units was not viewed by the appraiser, unless otherwise stated in this report.
e) An examination of the following documents was made (if applicable):
    - the condominium plan which was provided by the Land Titles Office or the client
    - the condominium bylaws for the property which were provided by the client
    - the maintenance contracts for the property which were provided by the client
f) Information sources include the following, unless otherwise indicted in the report:
    - the client
    - maps and or plans provided by third parties
    - reserve fund planner information files and computer records
    - Marshall & Swift Commercial Building Valuation Manual
    - R.S. Means Repair and Remodelling Cost Data
    - quotations from contractors, fabricators, and suppliers.

Site measurements have been provided by site survey, strata plans, or B.C. Online, as applicable. Building measurements were taken from plans as indicted in the report and / or by the reserve fund planner on Inspection Date.

1.3 Highest & Best Use Analysis:

A focal point in the analysis and appraisal of site or land, is the determination of the highest and best use. The relationship between USE and VALUE has been expressed by the Supreme Court of the United States of America in these words:

"... the value of the property results from the use to which it is put, and varies with the profitableness of that use, present and prospective, actual and anticipated. There is no pecuniary value outside of that which results from such use. The amount and profitable character of such use determines the value and, if property is taxed at its actual cash value, it is taxed upon something which is created by the uses to which it is put."

THE CANADIAN NATIONAL ASSOCIATION OF REAL ESTATE APPRAISERS and the NATIONAL ASSOCIATION OF INDEPENDENT FEE APPRAISERS define that:

"... highest and best use is the use of the land which, at the time of the appraisal, is legal and which will yield the highest net return in the foreseeable future. The assumption that the property will be put to its highest and best use is the basis for valuation."

* It is stated that the highest and best use is that use which is:

1. The most profitable use for the total property, land and improvements as a whole (physically possible)
2. The use or uses are legally permitted (legally permissible)
3. In any location a most profitable use (financially feasible)
4. A use for which there is demand (reasonably probable)

As the purpose of this consultation appraisal assignment is to provide a depreciation study and a reserve fund plan, the highest and best use is considered to be the present use.

* (Principles of Real Estate Appraising, Calvin W. Moye IFAS, Canadian Edition)

1.4 Purpose of Reserve Fund Study

This Reserve Fund Study is a financial document the purpose of which is to provide cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and to estimate the funding required for such major repairs and replacement in accordance with the provisions of Section 94 Strata Property Amendment Act 2009 & Regulation 43/2000.

This report presents the findings of the Reserve Fund Study, the qualifications of the analyst as well as a physical inventory of common property and assessment of the present condition and estimated life expectancy. Three funding models are provided and a Reserve Fund Plan is recommended. This plan must be approved by the Strata Corporation.

1.5 Strata Property Amendment Act 2009 – Depreciation Report

Section 6.2

(1) For the purpose of section 94 of the Act, a depreciation report must include the following:

- **(a)** a physical component inventory and evaluation that complies with subsection (2);
- **(b)** a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;
- **(c)** a financial forecasting section that complies with subsection (3);
- **(d)** the name of the person from whom the depreciation report was obtained and a description of
  - **(i)** that person's qualifications,
  - **(ii)** the error and omissions insurance, if any, carried by that person, and
  - **(iii)** the relationship between that person and the strata corporation;
- **(e)** the date of the report;
- **(f)** any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.

(2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must

- **(a)** be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
- **(b)** include a description and estimated service life over 30 years of those items that comprise of common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:
  - **(i)** the building's structure
  - **(ii)** the building's exterior, including roofs, roof decks, doors, windows and skylights;
  - **(iii)** the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
  - **(iv)** common amenities and facilities;
  - **(v)** parking facilities and roadways;
  - **(vi)** utilities, including water and sewage
  - **(vii)** landscaping, including paths, sidewalks, fencing and irrigation;
  - **(viii)** interior finishes, including floor covering and furnishings;
  - **(ix)** green building components;
  - **(x)** balconies and patios, and
- **(c)** identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.

(3) For the purposes of subsection (1)(c), the financial forecasting section must include

(a) the anticipated maintenance, repair and replacement costs for the common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2)(b),

(b) a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a).

(c) a description of how the contingency reserve fund is currently being funded,

(d) the current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund, and

(e) at least 3 cash-flow funding models for the contingency reserve fund relating to the maintenance, repair and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2)(b).

(4) For the purposes of subsection (3)(e), the cash-flow funding models may include any one or more of the following:

(a) balances of, contributions to and withdrawals from the contingency reserve fund;

(b) special levies;

(c) borrowings.

(5) If a strata corporation contributes to the contingency reserve fund based on a depreciation report, the contributions in respect of an item become part of the contingency reserve fund and may be spent for any purpose permitted under section 96 of the Act.

(6) For the purposes of section 94 (1) of the Act, "qualified person" means any person who has the knowledge and expertise to understand the individual components, scope and complexity of the strata corporation's common property, common assets and those parts of a strata lot or limited property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner and to prepare a depreciation report that complies with subsections (1) to (4).

(7) The following periods are prescribed

(a) for the purposes of section 94(2)(b) of the Act, 3 years:

(b) for the purposes of section 94(2)(c) of the Act, 18 months;

(c) for the purposes of section 94 (3)(a) of the Act, the one-year period immediately preceding the date on or before which the depreciation report is required to be obtained.

A strata corporation is prescribed for the purposes of section 94 (3)(b) of the Act if and for so long as there are fewer than 5 strata lots in the strata plan.

Part 2 ~ Methodology

2.1 Reserve Fund Study

Reserve funding is the provision of funds for the repair and replacement of building components and improvements and common elements over time to ensure funds are adequate for all future capital expenditures as they are required.

The Reserve Study is made up of two parts, *1) the information about the physical status and repair/replacement cost of the major common area components the Corporation (Corp.) is obligated to maintain (Physical Analysis*) and *2), the evaluation and analysis of the Corp.'s reserve balance, income and expenses (Financial Analysis).*

The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates.

The Financial Analysis is made up of a determination of the strata's current Reserve Fund Status (measured in cash or as percent funded) and a recommendation for an appropriate Reserve Fund Contribution rate (Funding Plan)

A 30-year cash flow projection is developed indicating the timing of contributions and expenditures taking inflation and interest earned into account. This will provide council with the ability to plan for large expenditures and maximize returns on invested funds.

Owners must continuously contribute their equitable share toward major repairs and replacements of the major components of the Corporation. These contributions should be consistent over time increasing by the long-term rate of inflation. A Reserve Fund Study is a financial document, which provides the basis for funding major repairs and replacement of the common elements and assets of the corporation.

This Reserve Fund Study comprises the following elements:

COMPONENT INVENTORY: The task of identifying and quantifying reserve Components. This task can be accomplished through on-site visual observations, review of the Corp.'s design and organizational documents, a review of established Corp. precedents, and discussion with appropriate Corp. representative(s).

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

LIFE SPAN AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and repair or Replacement Costs for the Reserve Components.

FUNDING PLAN: A strata Corp.'s plan to provide contributions to a reserve fund to offset anticipated expenditures from that fund.

The Reserve Fund Study is a practical guide to assist the Strata Council to plan budgets and maintenance programs.

2.2 Reserve Fund Planning Standards

The Canadian National Association of Real Estate Appraisers, (CNAREA) has established Reserve Fund Planning Standards utilized by Designated Reserve Planner, (DRP) members that exceed the regulatory requirements and are now recognized and emulated across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

2.3 Reserve Fund Projection Factors

In our opinion, the notion of an “assumed” annual inflation rate and an “assumed” interest rate in the Regulation is not realistic, as assumptions are personal perceptions or judgments, and therefore, subjective.

What is required is an objective basis for any estimates of inflation factors and interest rates. Inflation factors and interest rates must be derived from an economic analysis of the marketplace.

The estimated inflation factor and the selected interest rate are powerful factors in projecting reserve fund contributions and requirements. They can vary dramatically over time and must be periodically reviewed to ensure their relevance and accuracy.

Although the Regulations require a reserve fund plan to be projected over a period of at least 30 consecutive years, a long-term horizon in every respect, reserve fund projection factors can only be based on short-term economic conditions because of their volatility over time.

The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process, as mandated by the Regulations.

Inflation Factors

Inflation measurement in reserve fund projections must be based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures the cost of a basket of consumer goods, not construction costs.

The most widely recognized construction cost services providing periodic cost indices are R.S. Means and Marshall & Swift / Boeckh.

Marshall & Swift / Boeckh (MSB) Time-Location Multiplier

Marshall & Swift publishes its Time-Location Multipliers quarterly for principle Canadian cities (markets).

“These multipliers are computer-compiled by combining currently researched wage rates and material prices with “weighted schedules” that specify how much of each basic cost is in the models.”

Each building has its own unique combination of basic costs. Marshall & Swift uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types.

We have adopted the median rate of **2.75%** for annual inflation in calculating the future replacement costs hereinafter.

Interest Rates

Investment income can be a significant and increasing source of revenue for reserve funds, and therefore, it is imperative that reserve funds are continuously and prudently invested.

Reserve fund investments must be directly or indirectly guaranteed by governments. Bank deposits and various investment instruments are insured by the Canada Deposit Insurance Corporation up to a maximum of $100,000, covering principle and interest.

The ability of strata corporations to earn the highest rate of interest available in the marketplace, given the restricted conditions of investments, depends on the expertise of financial management and the amount of available funds for investment.

Therefore, the reserve fund planner must consider management policies, the historical investment performance and the size of the reserve fund available for investment.

In selecting an appropriate interest rate for reserve fund investments for a particular condominium corporation, the balance of the reserve fund is the most critical consideration as it dictates investment options and their corresponding interest rates.

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GIC's) to money market instruments and government bonds.

Prudent reserve fund investment requires that investments are reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed.

Some management firms use their “purchasing power” by directing business to a particular financial institution to negotiate favorable interest rates for all their clients. This approach may benefit the smaller corporations and is an important consideration when selecting an appropriate interest rate.

The calculations and the reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

Considering the investment opportunities available in the subject instance, and a recommended management policy of investing in secured guaranteed investments, we have selected a **2.10%** interest rate in calculating the future investment performance of the Corporation’s reserve fund.

2.4 General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings as they age and their components deteriorate. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years. It is important to note that the timing of such expenditures a distance in the future will likely not occur as indicted in the report but rather a contingency reserve for the eventual repair or replacement.

Information sources include the following, unless otherwise indicted in the report:

-the Client;
-maps and/or plans provided by third parties;
-Reserve Fund Planner information files and computer records;
-Marshall & Swift/Boeckh Commercial Building Valuation System;
-R.S. Means Repair and Remodelling Cost Data;
-quotations from contractors, fabricators and suppliers.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were not provided for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

While useful as an overall indication of the construction inflation trend in North America these rates are too broadly based, and as such, they do not accurately reflect the inflationary impact on local construction costs.

Part 3 ~ Property Information

3.1 Property Description

The following reserve fund study was performed for **Strata Plan VIS 1166,** ("property") located at **3215 / 3225 Alder Street, Victoria BC, V8X 1P3**. The property has **60** units. The reserve study is for the fiscal year starting **January 1, 2020**, and ending **December 31, 2020**.

The subject site is developed with two, 3.5 storey condominium buildings on concrete slab foundation and with wood siding and a mixed torch-on and composite shingle roof.

The first building, 3215 Alder Street, was constructed in circa 1981 and develops an overall area of 28,726 Square Feet between common areas and 33 strata condominium units. This building offers common areas of hallways, lobby, laundry room, mechanical room, storage room with individual lockers, and a guest suite that was not available for viewing (however consultant is advised that the guest suite offers a living area, kitchen, four-piece bathroom, and 2 x bedrooms). Interior finishes are average quality and flooring is carpet and vinyl.

The building has a "Dover" three-stop hydraulic elevator (BC License # 08693) with a 13 passenger / 2,100-pound capacity. The entire building is heated by electric baseboard and hot water is common, supplied by two "John Wood Signature" 420 Litre hot water tanks. Windows and sliding doors throughout the building are currently being upgraded to vinyl thermopane. Main power is supplied by a "Sylvania" 1,200 Amp switch and there are 2 x 600-amp switches, 5 x 200-amp switches, a 100-amp switch, and 33 BC Hydro meters. The building also has an "Edwards 2200" fire protection system. Being a 3.5 storey building the top floor is loft spaces for third floor units. Upper floor units have large balconies while ground floor units have concrete patio areas.

3225 Alder Street is the same design as 3215 Alder Street and also has wood siding and a mixed torch-on / composite shingle roof. This building offers 27 units also with top floor units have upper level lofts.

As with 3215 Alder Street, this building has common areas of lobby, hallways and stairwells, storage room with individual lockers, laundry room, and guest room. Common area finishes in this building are carpet and vinyl.

3225 Alder Street also has a "Dover" three-stop elevator (BC License # 08694) with a 2,100 pound / 13-person capacity. This building has an “A.O. Smith” common hot water tank as well as an older “John Wood” common hot water tank. The electrical room has the “Sylvania” 1,200-amp main switch, 2 x 600-amp switches, a 200-amp switch, and 6 x 100-amp switches along with 27 x BC Hydro meters. This building also has a fire protection system in place.

The subject site has numerous improvements including asphalt paving, concrete paving, exterior light standards, concrete curbing, wood fencing, and exterior wood stairs. There is also an underground sprinkler system as well as a detached carport structure. Finally, there is also a detached common building with wood siding and a mixed torch-on and composite shingle roof. The common building has a layout of entry, 2 x three-piece bathrooms / change rooms with showers, meeting room with small kitchenette, and a cedar sauna. Flooring in the common building is carpet and vinyl. The kitchenette has a sink and a 174-litre electric hot water tank.

Please note that the Strata Corporation is responsible for all common areas and improvements as listed in the Component Analysis Breakdown however in some cases improvements may be owner responsibility and / or the Strata Corporation may have elected to fund future cost requirements from sources other than the Contingency Reserve Fund. In these instances, funding may not be accumulating within the Contingency Reserve Fund and reader is advised to review this document in full to ascertain and understand future funding requirements.

The project, when constructed, is assumed to have been constructed in accordance with applicable building codes, fire codes, city bylaws, and construction practices in existence at that time. The quality of construction, materials, and workmanship is considered to be good.

3.2 Building / Strata Plans

The following plans were examined in the performance of the reserve fund study:

Strata Plans provided by the strata corporation.
Building Plans provided by the strata corporation.
Strata Meeting minutes & financial statements provided by the strata corporation.
Marshall & Swift Replacement Cost manual

Plans were used for quantifying building components and other improvements as well as on site measurements. The buildings and site improvements were visited on Sample Date. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

Part 4 ~ Reserve Component Analysis & Estimated Costs

4.1 Property Inspection

The property was visited for the purposes of preparing this report on **March 14, 2019**, by Keith Bell, Designated Reserve Planner (DRP).

4.2 Reserve Fund Studies

There was no previous reserve fund study provided.

4.3 Component Classification

Reserve Fund Components are classified in terms of building groups such as interior finishes, exterior enclosure, site improvements, mechanical, electrical, amenities, and roofing.

Each component is reviewed in detail in the item parameters schedule.

4.4 Life Span Analysis

Every building is unique. The need for maintenance, repairs and asset renewals varies depending on many factors including quality of construction, design details, exposure conditions and the standard of care given by the owners and management team.

Many buildings follow a similar pattern as they pass through different stages of their life cycle. Five general life cycle stages have been identified.

Stage 1 (Under 2 years) - The assets are new and largely covered under warranties. Focus is on maintenance, cleaning and inspections.

Stage 2 (2-16 years) - Owners are fully responsible for the assets. Reserves are set aside for repairs and replacements and a long-range plan is established. Some small renewal projects are addressed.

Stage 3 (17-29 years) - Owners may find that the maintenance budgets established may not be adequate to address the impending replacements as required and there is a noticeable increase in the number of capital renewal projects.

Stage 4 (30-49 years) - The largest and most expensive renewals generally take place during this 4th life cycle stage. Owners and management are now dealing with assets of varying ages as some have been replaced. The task of tracking these assets becomes very important.

Stage 5 (50 plus years) - All major assets have likely been through one renewal cycle. This stage is essentially a return to stage 2. Owners prepare for the next cycle of renewals as the building embarks upon the next 50 years of operations.

Each reserve component has been analyzed in terms of life cycle condition and expected remaining useful life. The life span analysis considers the following factors:

- Type of Component
- Utilization
- Material
- Workmanship
- Quality
- Exposure to Weather Conditions
- Functional Obsolescence
- Environmental Factors
- Regular Maintenance
- Preventive Maintenance
- Observed Condition

The critical aspect in a Life Span Analysis is the observed condition of each reserve component, which includes and is based upon:

- Actual age of the component
- Maintenance of the component
- Observed deficiencies of the component
- Repair and replacement experience
- Probability of hidden conditions

The Life Span Analysis culminates in component life span estimates, as follows:

Normal Life Span

Each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

Observed Condition Analysis

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. The validity of this analysis depends on the experience, training, education, and professional designation of the reserve fund planner or analyst, as this is a subjective estimate rather than an objective assessment.

Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve component is determined by subtracting the observed condition estimate from the normal life span estimate. This does not mean that reserve expenditures should only be made at the end of the remaining life. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A life span analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund planner. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

4.5 Current Cost Estimates

Reserve fund component assessments and current cost estimates are based on our investigation, observation, analysis and experience in performing reserve fund studies.

Cost data have been calculated using construction cost services, including Marshall & Swift/Boeckh Commercial Building Valuation System, and / or the Means Repair & Remodeling Cost Data, modified as to time, location and quality of construction. We also verified some estimates by seeking quotations from contractors, fabricators and suppliers. Moreover, we have used our own computer programs and extensive cost compilations and databases.

All costs are strictly estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required.

The following factors have been considered in calculating the Repair and Replacement Costs Estimates:

Quality of Construction

Replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit.

The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints.

Cost estimates take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

Demolition and Disposal Costs

The estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further increase disposal costs.

Goods & Services Sales Tax

The Goods & Services Sales Tax ("GST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

Contingency Reserves

It is frequently impossible to forecast the incidence of repairs or replacements of various reserve components, particularly, major components, such as road pavement, sewer and water systems. Therefore, reserve estimates are of a contingency nature, and as such, they are subject to changing conditions and repair experience over time.

4.6 Reserve Component Descriptions and Analyses

See Attached – Component Analysis Breakdown - which lists each reserve fund components and provides the following information:

- Description
- Reserve Fund expenditure history
- Potential Deterioration
- Life Span Analysis
- Current Repair or Replacement Costs
- Financial Analysis

Part 5~ Reserve Fund Component Estimates

5.1 Financial Analysis and Funding Models

The Reserve Fund Study details the physical aspects of the various reserve components, including the life span analysis, current condition and the cost estimates. The cost estimates are pursuant to prudent reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

The Strata Council has to ensure its ability to maintain the assets for which it is obligated. The contributions to the Reserve Fund should be evenly distributed among past, present and future owners. A decision by Council to adopt a Funding Plan which would disproportionately burden future owners in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future owners. The Council is responsible to the community (Strata) as a whole. Funding repairs and replacements is much less financially straining when funds are accumulated over time and earned interest as part of that contribution.

When funds are not available options include acquire a Loan, pass a Special Assessment or simply defer the required repair or replacement. All of these options can create an environment of declining property values due to an expanding list of deferred maintenance items. This in turn can seriously impact owners/sellers and potential purchasers by making it difficult to obtain financing from lenders. Increasingly lenders are requesting a copy of the most recent Reserve Fund Study before granting loans to purchasers, owners or the Strata Corporation itself. The status of the Strata Corporation's reserve balance or fund status (measured in cash or percent funded) to determine a recommendation for the appropriate reserve contribution rate in the future known as the Reserve Fund Plan.

Each reserve, which includes the funds and the items, has a certain profile or character. This profile is based upon the reserve history, how the current funds were derived (contributions made, interest earned, expenditures, etc.), the individual items accuracy (tracking, cost, months until replacement) and whether inflation and investment have been considered in determining contribution amounts and future replacement costs. All of these items affect the profile of the reserves, and the affect can be positive or negative depending on how the items have been treated in the past. The final concerns in determining the reserve profile are; if the reserve funds as of the analysis date are too high or too low, and the materiality and timing of the projected expenditures. The ideal situation is not to contribute more funds than necessary, but have a planned schedule of contribution which will provide for sufficient funds when necessary over the life of the project.

Optimizing the Analysis Results:

Once it has been determined what factors will be used for inflation, investment, taxes, cost of living increases and contingencies, a 30-year cash flow would be run. One of two scenarios will become apparent upon reviewing the cash flow:

- Positive Reserve Funds (positive fund balances are projected for the whole analysis period) Which could mean that the beginning reserve fund balance might be too high, and / or materiality of expenditures in the immediate years are projected too low. This assumes that year end reserve funds for the analysis period are material (probably more than 10,000 at end of any year).
- Negative Reserve Funds (negative fund balances are projected during the analysis period). Which could mean that the beginning reserve fund balance might be too low, and or materiality of expenditures in the immediate years are projected too high.

FUNDING PRINCIPLES:

Sufficient funds when required.
Stable contribution rate over the years.
Evenly distributed contributions over the years.
Fiscally responsible

5.2 Schedule Reserve Fund Component Estimates

The following Schedule of Reserve Fund Component Estimates shows detailed computations for the various reserve items using the projection factors explained in Section 2.4 of this Report:

Long-term inflation rate: **2.75%**
Long-term interest rate: **2.10%**

5.3 Summary of Reserve Fund Analysis

The Reserve Fund position and estimated requirements of **Strata Plan VIS 1166**, are as follows:

Significant Reserve Fund Estimates:

Future Cost of Replacements	$4,670,725.83
Current Fund Balance	$181,530.72

Part 6 ~ Analysis of Reserve Fund Operations

6.1 Corporation's Financial Statements

Information available indicates that there will be a transfer of **$0.00** from the operating fund during the current year.

Adequacy of Reserve Fund

Adequacy of Reserve Fund may be defined as the reserve fund balance together with regular contributions and investment income, which constitutes sufficient cash resources available for all possible and potential reserve fund expenditures, required repairing or replacing common elements or assets of the corporation when needed.

The most direct and stringent measure of the adequacy of reserve fund is the reserve fund deficiency analysis, whereby the actual closing reserve fund balance is compared with the currently required reserve fund balance, as estimated by a competent reserve fund planner.

Any significant difference between the actual reserve fund balance and the required reserve fund balance will show the amount of a reserve fund surplus or reserve fund deficiency (shortfall).

A reserve fund surplus, particularly when such surplus is increased by excessive reserve fund contributions, means that unit owners have contributed too much to the reserve fund, a situation which should be corrected to eliminate such reserve fund surplus.

A reserve fund deficit or shortfall indicates that unit owners have not contributed enough to the reserve fund, causing the discrepancy between a fully funded reserve fund and the actual reserve fund balance.

The adequacy of a reserve fund does not require the test of an estimated fully funded reserve fund. The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies.

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the reserve fund is adequate or not. It should also be noted that as the property ages the risk of failure of the components as well as the super structure increases and as such the ending balance of the reserves available should also increase over time. Remaining Economic Life may also have to be considered in older properties however is beyond the scope of this report.

Part 7 ~ Reserve Fund Management – 30 Year Projections

7.1 30 Year Projected Cash Flow and Deficiency/Surplus Analysis

The Reserve Fund - Projected Cash Flow and Deficiency Analysis presents a 30-year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail, which conforms to financial statement presentation of reserve fund operations.

Beginning Balance

This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned.

Contributions

These are the regular reserve fund contributions and special assessments.

Interest Earned

This is the interest income based on 0.00% of the opening balance.

Opening Cash Funds

These represent the total cash resources available in any fiscal year and include the current year's cash flow.

Expenditures

These are annual expenditures listed in the categories established by the Reserve Fund Study. Records or ledger accounts of these expenditure categories should be kept showing reserve fund allocations and charges in a chronological order for control and reference.

Ending Balance

This is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Part 8 ~ Conclusions

FUNDING MODELS

Three funding models have been prepared using the cash flow method.

8.1 Plan A - $2,916.67 Per Month Year One Increased @ 5.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$2,916.67** per month to the Contingency Reserve Fund and then further increases this amount by **5.00%** each year thereafter.

Plan A:

Beginning Balance	**$181,530.72**
Annual Assessment Year 1	**$35,000.00**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$2,916.67**
Annual Increase	**5.00%**

Analysis:

This plan assumes that the strata corporation contributes $2,916.67 per month to the Contingency Reserve Fund in the first year and then increases this amount by 5.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2034 - $550,000.00 **2039 - $225,000.00** **2044 - $250,000.00**

Please be advised that the timing or amount of any estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

30-Year Annual Cash Flow Forecast

Plan A: $2916.67 Per Month Year One Increased @ 5% Each Year Thereafter

Annual Cash Flow Analysis

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
1 1/2020	$181,530.72	$35,000.04	$3,812.15	$0.00	$220,342.91
2 1/2021	$220,342.91	$36,750.04	$4,627.20	$4,161.38	$257,558.77
3 1/2022	$257,558.77	$38,587.54	$5,408.73	$0.00	$301,555.05
4 1/2023	$301,555.05	$40,516.92	$6,332.66	$1,084.79	$347,319.84
5 1/2024	$347,319.84	$42,542.77	$7,293.72	$0.00	$397,156.32
6 1/2025	$397,156.32	$44,669.91	$8,340.28	$22,570.47	$427,596.04
7 1/2026	$427,596.04	$46,903.40	$8,979.52	$20,005.06	$463,473.89
8 1/2027	$463,473.89	$49,248.57	$9,732.95	$0.00	$522,455.42
9 1/2028	$522,455.42	$51,711.00	$10,971.56	$0.00	$585,137.98
10 1/2029	$585,137.98	$54,296.55	$12,287.90	$6,446.56	$645,275.87
11 1/2030	$645,275.87	$57,011.38	$13,550.79	$654,449.92	$61,388.12
12 1/2031	$61,388.12	$59,861.95	$1,289.15	$0.00	$122,539.21
13 1/2032	$122,539.21	$62,855.04	$2,573.32	$1,384.78	$186,582.80
14 1/2033	$186,582.80	$65,997.80	$3,918.24	$0.00	$256,498.83
15 1/2034	$256,498.83	$619,297.69	$5,386.48	$0.00	$881,182.99
16 1/2035	$881,182.99	$72,762.57	$18,504.84	$864,939.80	$107,510.60
17 1/2036	$107,510.60	$76,400.70	$2,257.72	$24,696.15	$161,472.87
18 1/2037	$161,472.87	$80,220.73	$3,390.93	$6,423.12	$238,661.41
19 1/2038	$238,661.41	$84,231.77	$5,011.89	$1,629.57	$326,275.50
20 1/2039	$326,275.50	$313,443.36	$6,851.79	$0.00	$646,570.65
21 1/2040	$646,570.65	$92,865.53	$13,577.98	$679,952.03	$73,062.13
22 1/2041	$73,062.13	$97,508.80	$1,534.30	$1,767.74	$170,337.50
23 1/2042	$170,337.50	$102,384.24	$3,577.09	$0.00	$276,298.83
24 1/2043	$276,298.83	$107,503.45	$5,802.28	$18,663.03	$370,941.53
25 1/2044	$370,941.53	$362,878.63	$7,789.77	$1,917.63	$739,692.30
26 1/2045	$739,692.30	$118,522.56	$15,533.54	$664,748.02	$209,000.38
27 1/2046	$209,000.38	$124,448.69	$4,389.01	$32,392.73	$305,445.34
28 1/2047	$305,445.34	$130,671.12	$6,414.35	$2,080.22	$440,450.59
29 1/2048	$440,450.59	$137,204.68	$9,249.46	$0.00	$586,904.73
30 1/2049	$586,904.73	$144,064.91	$12,325.00	$648,240.97	$95,053.68

8.2 Plan B - $2,916.67 Per Month Year One Increased @ 7.50% Each Year Thereafter

This plan assumes the strata corporation contributes **$2,916.67** per month to the Contingency Reserve Fund and then further increases this amount by **7.50%** each year thereafter.

Plan B:

Beginning Balance	**$181,530.72**
Annual Assessment Year 1	**$35,000.00**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$2,916.67**
Annual Increase	**7.50%**

Analysis:

This plan assumes that the strata corporation contributes $2,916.67 per month to the Contingency Reserve Fund in the first year and then increases this amount by 7.50% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2034 - $325,000.00

Please be advised that the timing or amount of any estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

30-Year Annual Cash Flow Forecast

Plan B: $2916.67 Per Month Year One Increased @ 7.5% Each Year Thereafter

Annual Cash Flow Analysis

Period		Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
1	1/2020	$181,530.72	$35,000.04	$3,812.15	$0.00	$220,342.91
2	1/2021	$220,342.91	$37,625.04	$4,627.20	$4,161.38	$258,433.77
3	1/2022	$258,433.77	$40,446.92	$5,427.11	$0.00	$304,307.80
4	1/2023	$304,307.80	$43,480.44	$6,390.46	$1,084.79	$353,093.92
5	1/2024	$353,093.92	$46,741.47	$7,414.97	$0.00	$407,250.36
6	1/2025	$407,250.36	$50,247.08	$8,552.26	$22,570.47	$443,479.23
7	1/2026	$443,479.23	$54,015.62	$9,313.06	$20,005.06	$486,802.85
8	1/2027	$486,802.85	$58,066.79	$10,222.86	$0.00	$555,092.49
9	1/2028	$555,092.49	$62,421.80	$11,656.94	$0.00	$629,171.23
10	1/2029	$629,171.23	$67,103.43	$13,212.60	$6,446.56	$703,040.70
11	1/2030	$703,040.70	$72,136.19	$14,763.85	$654,449.92	$135,490.82
12	1/2031	$135,490.82	$77,546.40	$2,845.31	$0.00	$215,882.53
13	1/2032	$215,882.53	$83,362.38	$4,533.53	$1,384.78	$302,393.66
14	1/2033	$302,393.66	$89,614.56	$6,350.27	$0.00	$398,358.49
15	1/2034	$398,358.49	$421,335.65	$8,365.53	$0.00	$828,059.67
16	1/2035	$828,059.67	$103,560.83	$17,389.25	$864,939.80	$84,069.94
17	1/2036	$84,069.94	$111,327.89	$1,765.47	$24,696.15	$172,467.15
18	1/2037	$172,467.15	$119,677.48	$3,621.81	$6,423.12	$289,343.32
19	1/2038	$289,343.32	$128,653.29	$6,076.21	$1,629.57	$422,443.25
20	1/2039	$422,443.25	$138,302.29	$8,871.31	$0.00	$569,616.84
21	1/2040	$569,616.84	$148,674.96	$11,961.95	$679,952.03	$50,301.73
22	1/2041	$50,301.73	$159,825.58	$1,056.34	$1,767.74	$209,415.91
23	1/2042	$209,415.91	$171,812.50	$4,397.73	$0.00	$385,626.14
24	1/2043	$385,626.14	$184,698.44	$8,098.15	$18,663.03	$559,759.70
25	1/2044	$559,759.70	$198,550.82	$11,754.95	$1,917.63	$768,147.84
26	1/2045	$768,147.84	$213,442.13	$16,131.10	$664,748.02	$332,973.06
27	1/2046	$332,973.06	$229,450.29	$6,992.43	$32,392.73	$537,023.05
28	1/2047	$537,023.05	$246,659.06	$11,277.48	$2,080.22	$792,879.38
29	1/2048	$792,879.38	$265,158.49	$16,650.47	$0.00	$1,074,688.33
30	1/2049	$1,074,688.33	$285,045.38	$22,568.46	$648,240.97	$734,061.20

8.3 Plan C - $2,916.67 Per Month Year One Increased @ 10.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$2,916.67** per month to the Contingency Reserve Fund and then further increases this amount by **10.00%** each year thereafter.

Plan C:

Beginning Balance	**$181,530.72**
Annual Assessment Year 1	**$35,000.00**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$2,916.67**
Annual Increase	**10.00%**

Analysis:

This plan assumes that the strata corporation contributes $2,916.67 per month to the Contingency Reserve Fund in the first year and then increases this amount by 10.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2034 - $75,000.00

Please be advised that the timing or amount of any estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

30-Year Annual Cash Flow Forecast

Plan C: $2916.67 Per Month Year One Increased @ 10% Each Year Thereafter

Annual Cash Flow Analysis

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
1 1/2020	$181,530.72	$35,000.04	$3,812.15	$0.00	$220,342.91
2 1/2021	$220,342.91	$38,500.04	$4,627.20	$4,161.38	$259,308.78
3 1/2022	$259,308.78	$42,350.05	$5,445.48	$0.00	$307,104.31
4 1/2023	$307,104.31	$46,585.05	$6,449.19	$1,084.79	$359,053.76
5 1/2024	$359,053.76	$51,243.56	$7,540.13	$0.00	$417,837.45
6 1/2025	$417,837.45	$56,367.91	$8,774.59	$22,570.47	$460,409.48
7 1/2026	$460,409.48	$62,004.71	$9,668.60	$20,005.06	$512,077.72
8 1/2027	$512,077.72	$68,205.18	$10,753.63	$0.00	$591,036.53
9 1/2028	$591,036.53	$75,025.69	$12,411.77	$0.00	$678,473.99
10 1/2029	$678,473.99	$82,528.26	$14,247.95	$6,446.56	$768,803.65
11 1/2030	$768,803.65	$90,781.09	$16,144.88	$654,449.92	$221,279.69
12 1/2031	$221,279.69	$99,859.20	$4,646.87	$0.00	$325,785.76
13 1/2032	$325,785.76	$109,845.12	$6,841.50	$1,384.78	$441,087.60
14 1/2033	$441,087.60	$120,829.63	$9,262.84	$0.00	$571,180.07
15 1/2034	$571,180.07	$207,912.59	$11,994.78	$0.00	$791,087.45
16 1/2035	$791,087.45	$146,203.85	$16,612.84	$864,939.80	$88,964.34
17 1/2036	$88,964.34	$160,824.24	$1,868.25	$24,696.15	$226,960.67
18 1/2037	$226,960.67	$176,906.66	$4,766.17	$6,423.12	$402,210.39
19 1/2038	$402,210.39	$194,597.33	$8,446.42	$1,629.57	$603,624.57
20 1/2039	$603,624.57	$214,057.06	$12,676.12	$0.00	$830,357.74
21 1/2040	$830,357.74	$235,462.77	$17,437.51	$679,952.03	$403,306.00
22 1/2041	$403,306.00	$259,009.04	$8,469.43	$1,767.74	$669,016.73
23 1/2042	$669,016.73	$284,909.95	$14,049.35	$0.00	$967,976.03
24 1/2043	$967,976.03	$313,400.94	$20,327.50	$18,663.03	$1,283,041.44
25 1/2044	$1,283,041.44	$344,741.04	$26,943.87	$1,917.63	$1,652,808.72
26 1/2045	$1,652,808.72	$379,215.14	$34,708.98	$664,748.02	$1,401,984.83
27 1/2046	$1,401,984.83	$417,136.66	$29,441.68	$32,392.73	$1,816,170.43
28 1/2047	$1,816,170.43	$458,850.32	$38,139.58	$2,080.22	$2,311,080.11
29 1/2048	$2,311,080.11	$504,735.35	$48,532.68	$0.00	$2,864,348.14
30 1/2049	$2,864,348.14	$555,208.89	$60,151.31	$648,240.97	$2,831,467.38

Part 9 – Component Analysis Breakdown

Component Analysis Breakdown – Site Improvements

Asphalt Paving Overlay

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Asphalt Paving Overlay	20	10	$4.25	26540	2030	$112,795	$147,948

Comments

This component considers asphalt paving at the subject property and allows for an overlay application of 2" thick asphalt overlay and a reseal application every 20 years, with the first occurrence in 10 years, if required.

Life Span Estimates:

Estimated Effective Life Span **20 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of paving. It can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size. If paving is not sealed to prevent moisture penetration the compound may crack and deteriorate.

Deficiency Analysis:

Asphalt paving shows to be in generally average condition however some cracks were noted in locations. These should be filled / repaired to prevent further deterioration.




Concrete Curbing

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Concrete Curbing	40	20	$23.60	1000	2040	$23,600	$40,602

Comments

This component considers the +/- 1,000 Lineal Feet of concrete curbing located at the subject property.

Life Span Estimates:

Estimated Effective Life Span	**40 Years**
Estimated Effective Age	**20 Years**
Estimated Remaining Life Span	**20 Years**

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of paving. It can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size. If paving is not sealed to prevent moisture penetration the compound may crack and deteriorate.

Deficiency Analysis:

Concrete curbing shows to be in generally average condition however some cracks were noted in locations. These should be filled / repaired to prevent further deterioration.

Parking Spot Line Painting

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Line Painting	8	7	$50.00	81	2021	$4,050	$4,161

Comments

This component considers an allowance of $50.00 per parking spot / line painting application, every 8 years with the first occurrence in 2021 fiscal year. The subject property has a total of 81 painted parking spaces.

Life Span Estimates:

Estimated Effective Life Span **8 Years**
Estimated Effective Age **7 Years**
Estimated Remaining Life Span **1 Year**

Potential Deterioration:

Over time parking spaces will become faded and require repainting, both to delineate parking spaces but as well for aesthetic purposes.

Deficiency Analysis:

Parking lot line painting has faded and would benefit from repainting.

Concrete Paving / Pathways

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Concrete Paving / Paths	40	15	$6.65	3000	2045	$19,950	$39,309

Comments

This component considers concrete paving at the subject property developing +/- 3,000 Square Feet, and includes pathways and unit patios.

Life Span Estimates:

Estimated Effective Life Span **40 Years**
Estimated Effective Age **15 Years**
Estimated Remaining Life Span **25 Years**

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of paving. It can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size. If paving is not sealed to prevent moisture penetration the compound may crack and deteriorate. Sealing of concrete helps resist water, abrasives, stains, and dirt. Routine maintenance and sealing of paving is an operating budget item and is therefore excluded from the scope of this analysis.

Deficiency Analysis:

Concrete paving in various locations is showing deterioration including settled areas, upheaved areas, etc. These locations can be a tripping / fall hazard and should be repaired. In addition, any deteriorating areas should be repaired as needed.



Wood Fencing

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Wood Fencing	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Comments

This component considers wood fencing located at the subject property, developing an area of +/- 215 Square Feet. Strata advises that, due to the minimal amount of wood fencing, all future costs associated with this component will be paid for from operating budget and not Contingency Reserve Fund. This component is for information only

Life Span Estimates:

Estimated Effective Life Span	**Not Applicable**
Estimated Effective Age	**Not Applicable**
Estimated Remaining Life Span	**Not Applicable**

Potential Deterioration:

Untreated wood fencing, when exposed to elements, will deteriorate and rot over time. Untreated wood needs to be protected with a resistant paint or stain. Maintenance must be done periodically to ensure that rot and deterioration does not take hold. Resistant woods such as cedar are more expensive but may have a longer estimated life span.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Please see comments above.

Wood Fence Paint

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Wood Fence Paint	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Comments

This component considers an allowance for two coats of paint / stain on both sides of all wood fencing applicable to the subject property. Strata advises that, due to the minimal amount of wood fencing, all future costs associated with this component will be paid for from operating budget and not Contingency Reserve Fund. This component is for information only

Life Span Estimates:

Estimated Effective Life Span **Not Applicable**
Estimated Effective Age **Not Applicable**
Estimated Remaining Life Span **Not Applicable**

Potential Deterioration:

Paint and stain will become faded with exposure to sun and rain and may chip or crack, exposing the material below. If deteriorated the paint will not perform its function of protecting the material below from deterioration.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Soft Landscaping / Underground Sprinkler System

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Sprinkler / Landscape	5	3	$5,000.00	1	2022	$5,000	$5,279

Comments

This component considers an allowance for maintenance / upkeep of all soft landscaping and the underground sprinkler system located at the subject property.

Most landscape and sprinkler maintenance are considered as an operating budget item due to its frequency however occasionally larger projects may need to be undertaken (tree pruning, etc.). Having said this, strata has advised that all landscape and sprinkler system projects / maintenance / repairs / upgrades will be funded from sources other than the CRF. As such, this component is for information only.

Life Span Estimates:

Estimated Effective Life Span	**Not Applicable**
Estimated Effective Age	**Not Applicable**
Estimated Remaining Life Span	**Not Applicable**

Potential Deterioration:

If not maintained landscaping may lose its visual appeal / aesthetic. Plants and trees can become diseased. Underground sprinkler systems require twice-annual maintenance and periodic repair to continue proper operation.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.






Site Lighting

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Site Lighting	25	10	$15,000.00	1	2035	$15,000	$22,533

Comments

This component considers the 3 x single LED light posts in the parking lot, the 2 x double LED light posts, and the 4 x pathway decorative light posts at the subject property.

Life Span Estimates:

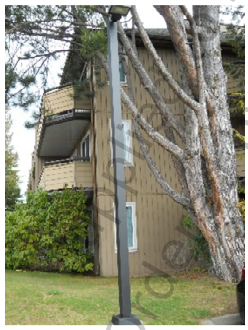
Estimated Effective Life Span **25 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Exterior light standards require a weather-resistant paint to reduce metal components exposure to the elements. Similar to metal fencing, if left exposed the metal components may rust and deteriorate.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Records indicate that site lighting was part of an LED lighting upgrade for the entire building at a cost of +/- $9,600.00 for all lighting.



Utility Services Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services Allowance	38	31	$25.00	1656	2049	$41,400	$90,923

Comments

This component considers utility services including water, power, storm water, and sewer management, as measured above-ground only from Alder Street to both residential buildings as well as the common building, also storm water lines along the common parking area. As the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of these components, a "Maintenance Only" allowance of $25.00 / Lineal Foot has been applied to this component for periodic maintenance / repairs to these systems.
Please note that as the estimated life span of this component has been adjusted to currently fall at the end of the 30-year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is well within the 30-year forecast period and any unforeseen expenses may require funding from other sources.
Please also note that if any unanticipated repairs exceed any accumulated funds then additional funding may be required from other sources.

Life Span Estimates:

Estimated Effective Life Span **60 Years**
Estimated Effective Age **38 Years**
Estimated Remaining Life Span **30 Years – See Above**

Potential Deterioration:

Piping can settle causing breakage at weak points such as joints. Sewers are susceptible to tree root invasions. The most invasive trees are those with long root systems such as weeping willows. Curb stops can malfunction and require replacement.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems are expected to have a lengthy life expectancy although it is reasonable to assume that repairs will be required throughout the life span of this component. Please see comments above.

Component Analysis Breakdown – Exteriors

Torch-On Membrane Roofing

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Torch-On Membrane Roof	25	10	$14.15	8675	2035	$122,751	$184,397

Comments

This component considers torch-on membrane roofing at both subject property residential buildings, the detached common building, and the detached carport structure, +/- 8,675 Square Feet for all buildings.

Strata records indicate that 3225 Alder Street was substantially rebuilt in circa 2001 after a significant fire, this analysis uses this date as the install date for the roofing on this building.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

The life span of a built-up roofing is somewhere between 20-30 years, depending on the quality of the materials and the climate in the region. Deterioration is caused by water and cold temperatures and sun exposure. Extreme heating and cooling will eventually cause shrinkage which each roofing system handles differently.

Deficiency Analysis:

The roof of the residential buildings were not available for inspection so this analysis has utilized satellite imaging from 2017 (Capital Regional District GIS System). This analysis assumes the roofing on the two residential buildings to be in average condition, commensurate for their estimated effective ages. Please note that both torch-on membrane roofing and composite shingle roofing have been estimated / timed for replacement at the same time on both buildings in order to achieve economies of scale.

Composite Shingle Roofing

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Composite Shingle Roof	25	10	$8.50	12400	2035	$105,400	$158,332

Comments

This component considers torch-on membrane roofing at both subject property residential buildings and the detached common building, +/- 12,400 Square Feet for all buildings.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

The protective nature of composite shingles primarily comes from the long-chain petroleum hydrocarbons. Over time in the hot sun, these oils soften and when rain falls the oils are gradually washed out of the shingles. During rain, more water is channeled along eaves and complex rooflines, and these are subsequently more prone to erosion than other areas. Eventually the loss of the oils causes composite shingle fibers to shrink, exposing the nail heads under the shingles. Once the nail heads are exposed, water running down the roof can seep into the building around the nail shank, resulting in rotting of underlying roof building materials and causing moisture damage to ceilings and paint inside. In addition, high winds can lift and / or damage shingles, requiring these to be replaced.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation however sections of the roof require de-mossing. Please note that both torch-on membrane roofing and composite shingle roofing have been estimated / timed for replacement at the same time on both buildings in order to achieve economies of scale.






Skylight

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Skylight	25	15	$800.00	1	2030	$800	$1,049

Comments

This component considers the single 2’ x 4’ skylight located at the detached common building.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **15 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

The most significant issue is poorly constructed or installed skylights may have leaking problems and single pane skylights may leek with condensation. Using skylights with at least two panes and a heat reflecting coating will increase their energy efficiency. Infiltration or air leakage reduces the building envelope's ability to maintain the conditioned interior environment from the changing exterior environment causing the heating and cooling systems to work harder. Radiation or solar gain is a buildup of heat due to the solar rays penetrating the glass surface and heating objects in the room which radiate into the room temperature. Moisture can build up on the glass surfaces and can freeze causing additional stresses and damage to the assembly. Further, mold can develop creating unhealthy air quality issues.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Aluminum Soffits

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Soffits	30	10	$9.25	8600	2040	$79,550	$136,860

Comments

This component considers the aluminum soffits located beneath all balconies, residential building roof lines, and the detached common building roof line.

Life Span Estimates:

Estimated Effective Life Span **30 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **20 Years**

Potential Deterioration:

The soffit is more vulnerable to weather damage than any other part of a building. Wet material rots, and a soffit can be repeatedly soaked by water from torn shingles, damaged or rusted flashing, ice dams, or poorly functioning gutters.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Wood Siding

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Wood Siding	40	10	$8.80	18950	2050	$166,760	$376,311

Comments

This component considers wood siding at the subject residential buildings, balcony privacy partitions, and at the detached common building.

Life Span Estimates:

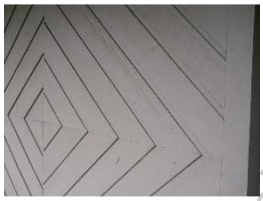
Estimated Effective Life Span	**40 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**30 Years**

Potential Deterioration:

While wood siding does have a potential long life, if not property sealed with a sealant or paint it may experience some warpage and / or shrinkage. Cedar siding is naturally resistant however will still require sealing / painting. Cedar siding may also exhibit stains and bleeding if not properly sealed.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.



Cement Panel Balcony Railings

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Cement Panel Siding	40	10	$6.45	5625	2050	$36,281	$81,872

Comments

This component considers the cement panel balcony railings located at the residential buildings upper floor units. Cement panel siding is an engineered, non-wood exterior siding product that is produced from a fibrous cement material that resists weather, water, insect and fire damage.

Life Span Estimates:

Estimated Effective Life Span	**40 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**30 Years**

Potential Deterioration:

If not installed with sufficient clearances or if cement panel is improperly attached, damage may not be covered by warranty, and siding could be subject to premature damage and deterioration.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Trim / Fascia Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Trim / Fascia Allowance	15	5	$10,000.00	1	2030	$10,000	$13,117

Comments

This component considers an allowance of $10,000.00 every 15 years with the first occurrence in 10 years if required, for the maintenance and unanticipated replacement of trim / fascia materials. Much of the trim, specifically around doors and windows, is new; installed at the same time as the new windows and sliding doors.

Please note, however, that should funding requirements for this component exceed this allowance, funding may be required from other sources.

Life Span Estimates:

Estimated Effective Life Span **15 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Trim and fascia are usually constructed of “combface” finished wood (however may also be constructed of cement panel materials) and provide an appealing look to areas where two dissimilar components meet, used to hide transition locations. As with any exterior siding material the component requires a protective coat of paint or stain to assist in maintaining the life span of the component.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation however paint touch-up and finishing at ends would be beneficial. This is considered under the exterior paint component.



Exterior Paint

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Exterior Paint	20	5	$3.98	29075	2035	$115,719	$173,832

Comments

This component considers an allowance for two coats of exterior paint / stain on all exterior siding surfaces including cement panel and wood siding, trim and fascia, exterior access doors, etc.

This component considers both residential buildings, the detached common building, and the detached carport structure.

Life Span Estimates:

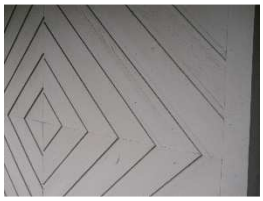
Estimated Effective Life Span **20 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Deterioration of exterior paint / stain is predominantly from age and exposure to the elements however this component may require earlier attention / maintenance if not properly applied during previous applications. UV and water are key contributors to the breakdown of this component.

Deficiency Analysis:

Exterior paint generally shows to be in average condition however locations throughout all buildings would benefit from touch-up and isolated locations of finish painting. Strata notes dated December 16, 2019 indicate that window trims were painted in late 2019 at a cost of $13,335.00.






Window / Sliding Door Assemblies

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
New Window / Sliding Doors	25	0	$220,000.00	1	2045	$220,000	$433,479
Original Windows	25	20	$43.50	115	2025	$5,003	$5,729

Comments

This component considers both the new vinyl windows and sliding doors installed in 2019 as well as the metal double pane windows and sliding doors which are original to the building. Strata advises that the new windows and sliding doors were installed at a cost of +/- $220,000.00

Life Span Estimates:

Estimated Effective Life Span	**25 Years**
Estimated Effective Age	**0 / 20 Years**
Estimated Remaining Life Span	**25 / 5 Years**

Potential Deterioration:

The most significant issue is seal breakage in double pane windows. Frames which open are subject to wear and tear on the mechanisms. The type of mechanism and frequency of use will be contributing factors in the component's life expectancy. The frame itself is subject to different types of deterioration based on the type of material used. Cladding can become dislodged, panes may be cracked, require painting and maintenance when if deferred may lead to mould infestation, water damage and damage to the underlying superstructure. Replacement of the windows can increase street appeal as well as increased efficiency minimizing heat loss and solar gain. Infiltration or air leakage reduces the building envelope's ability to maintain the conditioned interior environment from the changing exterior environment causing the heating and cooling systems to work harder. Radiation or solar gain is a build-up of heat due to the solar rays penetrating the glass surface and heating objects in the room which radiate into the room temperature. Moisture can build up on the glass surfaces and can freeze causing additional stresses and damage to the assembly. Further mold can develop creating unhealthy air quality issues.

Deficiency Analysis:

New windows and sliding doors are assumed to be in very good condition while the original metal double pane windows should be replaced within the next few years.



Lobby Doors / Side Windows

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Lobby Doors / Side Windows	35	20	$2,750.00	3	2035	$8,250	$12,393

Comments

This component considers the commercial aluminum double pane storefront entry lobby door and side windows located at the subject property, one each at 3215 Alder Street and 3225 Alder Street. It also includes the single commercial entry door and side windows accessing the detached common building.

Life Span Estimates:

Estimated Effective Life Span **35 Years**
Estimated Effective Age **20 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Regular maintenance of doors and hardware is required throughout the life of the subject complex with the associated costs to be covered from the operating budget and therefore, outside the scope of this report.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Miscellaneous Fire-Resistant Access Doors

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Miscellaneous Doors	30	15	$1,200.00	31	2035	$37,200	$55,882

Comments

This component considers assorted fire-resistant access doors located throughout the subject property including both the interior and exterior of both residential buildings as well as the detached carport structure.

Life Span Estimates:

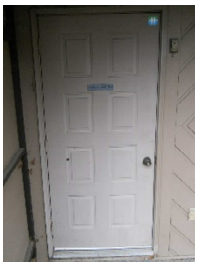
Estimated Effective Life Span	**30 Years**
Estimated Effective Age	**15 Years**
Estimated Remaining Life Span	**15 Years**

Potential Deterioration:

Regular maintenance of doors and hardware is required throughout the life of the subject complex with the associated costs to be covered from the operating budget and therefore, outside the scope of this report.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.




Caulking / Weatherproofing

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Weatherproofing	15	5	$50.00	225	2030	$11,250	$14,756

Comments

Caulking is the application of a flexible material which will seal gaps between dissimilar materials and allow for expansion and contraction while sealing out the outside elements like water, rain and hot or cold temperatures. Caulking is applied around windows, exterior doors, roof flashing, roof-top equipment, parapet walls etc. Also includes weather stripping around moving components such as windows and doors.

An allowance of $50.00 per window and door (along with a slight overage allowance) has been allocated to this component for the professional application of caulking / weatherproofing every 15 years, with the first occurrence in 10 years.

Life Span Estimates:

Estimated Effective Life Span	**15 Years**
Estimated Effective Age	**5 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Caulking relies on a flexible seal in order to fill gaps and remain in place. Over time caulking breaks down and becomes hard leading to cracking and shrinkage. Weatherstripping also requires flexibility to maintain a seal over time, repeated compression leads to an inability to retain shape. The product may also simply tear off.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Balcony Membrane

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Balcony Membrane	20	10	$16.25	5950	2030	$96,688	$126,820

Comments

This component considers the balcony vinyl membrane located at both of the subject buildings.

Life Span Estimates:

Estimated Effective Life Span **20 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Water staining on balcony surface may reduce the life of the balcony membrane. In order to extend the life span of the vinyl surfaces these surfaces should be cleaned on a regular basis using an appropriate cleaning compound. Penetrations (posts, beams, etc.) through the vinyl membrane must be sealed and inspected on a regular basis to ensure that water is not penetrating beneath the vinyl membrane. An effective rainscreen strategy is contingent on a continuous moisture barrier to the exterior to deflect the majority of rainwater.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Component Analysis Breakdown – Interior Finish & Amenities

Interior Flooring - Carpet

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Interior Flooring - Carpet	20	5	$6.10	6025	2035	$36,753	$55,210

Comments

This component considers wall-to-wall carpeting in both residential buildings as well as in the detached common building, +/- 6,025 Square Feet in total.

Life Span Estimates:

Estimated Effective Life Span **20 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Carpet wears over time from traffic, spills and other soiling. Carpets must be cleaned on a regular basis. Tiles, hardwoods, laminates, etc. should be cleaned on a regular basis. Ultimately aesthetics are the key factor in the decision to change this component and a desire to modernize.

Deficiency Analysis:

Most carpeting shows to be in average / good condition however carpet located in 3225 Alder Street shows as dirty and would benefit from attention / cleaning.




Interior Flooring - Vinyl

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Interior Flooring - Vinyl	20	5	$8.60	1132	2035	$9,735	$14,624

Comments

This component considers vinyl flooring located in both building laundry rooms as well as a small amount in the detached common building, total area +/- 1,132 Square Feet.

Life Span Estimates:

Estimated Effective Life Span **20 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Carpet wears over time from traffic, spills and other soiling. Carpets must be cleaned on a regular basis. Tiles, hardwoods, laminates, etc. should be cleaned on a regular basis. Ultimately aesthetics are the key factor in the decision to change this component and a desire to modernize.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.



Interior Unit Entry Doors

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Unit Entry / Misc. Doors	30	15	$825.00	73	2035	$60,225	$90,470

Comments

This component considers interior unit entry and miscellaneous entry doors located in both residential buildings as well as the detached common building.

Life Span Estimates:

Estimated Effective Life Span	**30 Years**
Estimated Effective Age	**15 Years**
Estimated Remaining Life Span	**15 Years**

Potential Deterioration:

Regular maintenance of doors and hardware is required throughout the life of the subject complex with the associated costs to be covered from the operating budget and therefore, outside the scope of this report.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Interior Paint

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Interior Paint	15	5	$1.75	34125	2030	$59,719	$78,330

Comments

This component considers an allowance of two coats of paint on all interior common area wall and ceiling surfaces as well as painting of all interior doors.

Life Span Estimates:

Estimated Effective Life Span **15 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Frequency of painting will need adjustment according to both wear as well as owner desire to update appearance and the condition of these areas. It will depend on regular maintenance and level of usage.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Guest Suites

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Guest Suite	25	0	$4,705.00	1	2045	$4,705	$9,271
Guest Suite	25	20	$4,705.00	1	2025	$4,705	$5,389

Comments

This component considers a refurbishment allowance for the guest suites at the subject property, one in each residential building. Neither suite was available for viewing however strata representative advises that one of the guest suites was recently refurbished at a cost of $4,702.57. This allowance has been used as the benchmark cost for this component and it is assumed that the other suite will be refurbished in +/- 5 years.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **20 / 0 Years**
Estimated Remaining Life Span **5 / 25 Years**

Potential Deterioration:

Frequency of refurbishment will need adjustment according to both wear as well as owner desire to update appearance and the condition of these areas. It will depend on regular maintenance and level of usage.

Deficiency Analysis:

Please see comments above.

Elevator Cab Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Elevator Cab Allowance	25	15	$5,000.00	2	2030	$10,000	$13,117

Comments

This component considers an allowance of $5,000.00 per elevator (one in 3215 Alder Street, the other in 3225 Alder Street) for the eventual refurbishment of the interior cab finish. Current interior finish shows as panel walls with vinyl flooring.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **15 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Frequency of refurbishment will need adjustment according to both wear as well as owner desire to update appearance and the condition of these areas. It will depend on regular maintenance and level of usage.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Miscellaneous Furniture / Finishing Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Misc. Furniture / Finishing Allowance	15	5	$5,000.00	1	2030	$5,000	$6,558

Comments

This component considers an allowance of $5,000.00 every 15 years, with the first occurrence in 10 years if needed, for the replacement of common area chattels including furniture, hot water tank, common bathroom plumbing fixtures, wall hangings, etc.

Life Span Estimates:

Estimated Effective Life Span **15 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Furniture may have a long-estimated life span due to minimal use however may become outdated and wish to be replaced for aesthetic purposes. Plumbing fixtures (toilet, sink) should have a long-estimated life span but may require replacement unexpectedly. Hot water tanks have a +/- 10-year life span however may fail prematurely.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.




Cedar Sauna

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Cedar Sauna Allowance	25	10	$6,000.00	1	2035	$6,000	$9,013

Comments

This component considers an allowance for the eventual replacement of the rock heater in the cedar sauna as well as re-staining of the sauna itself. This component is located in the detached building however is reported as not seeing extensive use, as such this allowance includes maintenance / replacement in 15 years, if needed.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Over time the cedar stain will fade / deteriorate, allowing moisture to penetrate the wood. The rock heater will eventually fail.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Laundry Systems

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Laundry Systems	20	5	$3,000.00	4	2035	$12,000	$18,026

Comments

This component considers the washing machines and dryers located in each residential building common laundry room. Located in 3215 Alder Street are 2 x “Speedqueen” commercial washing machines and dryers and 2 x “Amana” washing machines & dryers. Located in 3225 Alder Street are 2 x “Speedqueen” commercial washing machines and 2 x “Kenmore” commercial dryers. A total of 4 x commercial washing machines and 4 x commercial dryers between both residential buildings.

Life Span Estimates:

Estimated Effective Life Span **20 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **15 Years**

Potential Deterioration:

Deterioration and / or damage can be caused by lack of maintenance and cleaning as well as overloading of machines. Moving parts (belts, pulleys, etc.) will fail over time and are often more expensive to repair than replace. An ongoing maintenance program should be adhered to in order to maintain the estimated life span / remaining life span.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.




Component Analysis Breakdown – Systems

Gutters & Downspouts

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Gutters / Downspouts	30	10	$13.15	3250	2040	$42,738	$73,527

Comments

This component considers the gutters and downspouts system running along the roofline, balcony, and top floor perimeter of both residential buildings and the roof line of the detached common building, +/- 3,250 Lineal Feet. Gutters and downspouts remove water from the roof component and allow it to flow through the gutters and downspouts to underground systems where it enters the storm water system.

Life Span Estimates:

Estimated Effective Life Span **30 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **20 Years**

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of gutters and downspouts. They require regular cleaning as part of an annual maintenance program as well as ensuring that the pitch is adequate to maximize water removal. If the gutters are not properly cleaned rust can accumulate, which will speed up deterioration.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.



Perimeter Drains

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Perimeter Drains	45	25	$72.50	3246	2040	$235,335	$404,877

Comments

This component considers the subject property perimeter drain system which runs along the foundation perimeter of both residential buildings and the detached common building, and is designed to remove water from the foundation area.

Life Span Estimates:

Estimated Effective Life Span	**45 Years**
Estimated Effective Age	**25 Years**
Estimated Remaining Life Span	**20 Years**

Potential Deterioration:

Perimeter drains can become clogged or broken over time allowing ground water to pool and accumulate at the foundation of a building. This can create hydrostatic pressure which can force water into the foundation, causing damage and deterioration.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. If not done recently, the perimeter drain system should be inspected with a camera system and then every 5 – 10 years to ensure the lines are not damaged or obstructed.

This analysis assumes that the system is operating as designed and intended. Please see comments above.



Intercom / Entry Access Systems

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Intercom / Entry Access Systems	25	2	$5,000.00	2	2043	$10,000	$18,663

Comments

This component considers the new intercom / entry access systems located at each of the residential buildings. Strata records show that they were installed in July 2017 at a cost of $9,582.34.

Life Span Estimates:

Estimated Effective Life Span	**25 Years**
Estimated Effective Age	**2 Years**
Estimated Remaining Life Span	**23 Years**

Potential Deterioration:

Over time the system can deteriorate and fail or new technologies or security concerns may become a reason to upgrade parts or all of the system.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Elevator(s)

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Elevators	25	15	$95,000.00	2	2030	$190,000	$249,214

Comments

This component considers the original solid-state three-stop hydraulic elevators located in each of the subject residential buildings.

Life Span Estimates:

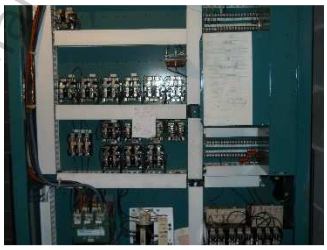
Estimated Effective Life Span **25 Years**
Estimated Effective Age **15 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

A good ongoing maintenance program should be adhered to however these components are subject to electrical and mechanical failures. As the equipment ages these failures will become more frequent.

Deficiency Analysis:

These are the original elevator components and replacement parts are not readily available due to elevator technology improving. Once replacement parts are unavailable the elevators will be required to be updated to current systems.



Fire Safety System

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
3225 Alder	25	5	$14,000.00	1	2040	$14,000	$24,086
3215 Alder	25	20	$10,000.00	1	2025	$10,000	$11,453

Comments

This component considers the older 3-zone fire safety system located in 3215 Alder Street and the newer 7-zone system located in 3225 Alder Street, including annunciator panels, pulls, bells, emergency lights, etc.

Life Span Estimates:

Estimated Effective Life Span	**25 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**15 Years**

Potential Deterioration:

There are many legislated requirements to ensure equipment is operational but longevity of equipment life primarily relies on a quality preventative maintenance routine to be followed.

As the systems ages and codes change systems become outdated. Mechanical and electrical failures of switches and devices such as heat and smoke detectors. Dust and construction damage are also circumstances that cause premature deterioration and failure.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation however the 3-zone system may require updating within a few years.






Fresh Air System

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Common Areas Fresh Air System	15	5	$1,350.00	2	2030	$2,700	$3,541

Comments

This component considers the rooftop fresh-air circulation system located on the roof of each residential building. Neither building rooftop was available for access so this analysis assumes that each system utilizes the typical 1/4 horsepower belt-driven motor located in a squirrel cage, designed to provide positive pressure air circulation throughout common areas of the subject building including lobby and hallways.

Life Span Estimates:

Estimated Effective Life Span **15 Years**
Estimated Effective Age **5 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

The motor should be inspected and maintained at least annually or as required, oiled and bearings tightened as needed. Filters should be replaced every few months.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Please see comments above.

Common Lighting / Baseboards Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Common Lighting / Baseboard Allowance	15	0	$150.00	105	2035	$15,750	$23,660

Comments

This component considers a 15-year ongoing replacement / maintenance only allowance of $150.00 per fixture (with the first occurrence in 15 years if required) for the infrequent replacement of common lighting fixtures and electric baseboard heaters, including wall and ceiling mounted fixtures. Strata advises that interior lighting in both buildings were upgraded to LED at a cost of $9,571.72. Exterior lighting is still primarily original.

Life Span Estimates:

Estimated Effective Life Span	**15 Years**
Estimated Effective Age	**0 Years**
Estimated Remaining Life Span	**15 Years**

Potential Deterioration:

Lighting is a long-lived item that is not expected to deteriorate significantly if maintained. Exterior lights may require more regular maintenance due to exposure to the elements. More frequent replacement may be desirable for aesthetic purposes. Light bulbs will require more frequent replacement and are considered an annual maintenance item, therefore excluded from this analysis.

Deficiency Analysis:

Please see comments above.






Electrical System Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Electrical System Allowance	60	38	$1.50	53846	2050	$80,769	$177,385

Comments

As failures are impossible to anticipate, this component considers an allowance of $1.50 / Square Foot of building(s) area for unanticipated maintenance / repairs to the building(s) electrical system.

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Please note that as the estimated life span of this component has been adjusted to currently fall at the end of the 30-year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is well within the 30-year forecast period and any unforeseen expenses prior to this may require funding from other sources.

Please also note that if any unanticipated repairs exceed any accumulated funds then additional funding may be required from other sources.

Life Span Estimates:

Estimated Effective Life Span **60 Years**
Estimated Effective Age **38 Years**
Estimated Remaining Life Span **30 Years – See Above**

Potential Deterioration:

Very little deterioration is expected to this system however unanticipated failures may occur. As the system ages failures / repairs may be required more frequently.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Please see comments above.




Interior Plumbing / Sprinkler Lines / Heads

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Plumbing System Allowance	60	38	$1.50	53846	2050	$80,769	$177,385

Comments

As failures are impossible to anticipate, this component considers an allowance of $1.50 / Square Foot of building(s) area for unanticipated maintenance / repairs to interior plumbing lines and wet fire suppressant sprinkler lines & heads.
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Please note that as the estimated life span of this component has been adjusted to currently fall at the end of the 30-year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is well within the 30-year forecast period and any unforeseen expenses prior to this may require funding from other sources.

Please also note that if any unanticipated repairs exceed any accumulated funds then additional funding may be required from other sources.

Life Span Estimates:

Estimated Effective Life Span **60 Years**
Estimated Effective Age **38 Years**
Estimated Remaining Life Span **30 Years – See Above**

Potential Deterioration:

Very little deterioration is expected to this system however unanticipated failures may occur. As the system ages failures / repairs may be required more frequently.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems should be inspected regularly as per any bylaw or safety requirements and repaired / upgraded as needed and advised by professionals within each discipline. Please see comments above.

Hot Water Tanks

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Common Hot Water Tanks	10	4	$8,000.00	2	2026	$16,000	$18,828

Comments

This component considers the common hot water tanks at each building. Strata records indicate the system at 3225 Alder Street was last replaced in 2016 at a cost of $7,187.25.

Life Span Estimates:

Estimated Effective Life Span	**10 Years**
Estimated Effective Age	**4 Years**
Estimated Remaining Life Span	**6 Years**

Potential Deterioration:

Hot water tanks have a +/- 10 year life span, based on usage, quality of tank, quality of water, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Component Analysis Breakdown – Structure & Miscellaneous

Structural Allowance

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Structural Allowance	60	38	$1.50	61484	2050	$92,226	$208,117

Comments

This component considers the structure of both residential buildings & balconies, the detached common building, and the detached carport structure. As the structure of the buildings are expected to last the lifetime of the buildings, this component considers a "maintenance only" allowance of $1.50 / Square Foot of building area(s) for periodic / unanticipated maintenance / repairs.

Please note that as the estimated life span of this component has been adjusted to currently fall at the end of the 30-year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is well within the 30-year forecast period and any unforeseen expenses prior to this may require funding from other sources.

Please also note that if any unanticipated repairs exceed any accumulated funds then additional funding may be required from other sources.

Life Span Estimates:

Estimated Effective Life Span **60 Years**
Estimated Effective Age **38 Years**
Estimated Remaining Life Span **30 Years – See Above**

Potential Deterioration:

Most structural components of the subject building(s) are protected from exposure by exterior cladding / siding. Exposed portions including stairways / balconies may experience faster deterioration due to that exposure. However, should balconies / entry stairways experience faster deterioration and / or require attention / repair sooner, it is assumed that funds accumulating within the CRF will be available for repair.

Please note, however, that if any unanticipated repairs exceed any accumulated funds then additional funding may be required from other sources.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Please see comments above.

Fireplace Exhaust Flues

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Fireplace Flues	30	15	$500.00	60	2035	$30,000	$45,066

Comments

This component considers each unit fireplace exhaust flue.

Life Span Estimates:

Estimated Effective Life Span	**30 Years**
Estimated Effective Age	**15 Years**
Estimated Remaining Life Span	**15 Years**

Potential Deterioration:

Over time the flues will become clogged, rust, otherwise deteriorate and should be either replaced or decommissioned.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Depreciation Report Update

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Depreciation Report	3	0	$3,872.00	1	2023	$3,872	$4,200

Comments

This component considers an allowance for the completion of a Replacement Cost New appraisal completed be Bell Real Estate Consultants every three years.

Life Span Estimates:

Estimated Effective Life Span **3 Years**
Estimated Effective Age **0 Years**
Estimated Remaining Life Span **3 Years**

Potential Deterioration:

Not Applicable.

Deficiency Analysis:

Not Applicable.

Replacement Cost New Appraisal

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Appraisal	3	0	$1,000.00	1	2023	$1,000	$1,085

Comments

This component considers an allowance for the completion a Replacement Cost New Appraisal every three years, completed by Bell Real Estate Consultants Ltd.

Life Span Estimates:

Estimated Effective Life Span **3 Years**
Estimated Effective Age **0 Years**
Estimated Remaining Life Span **3 Years**

Potential Deterioration:

Not Applicable.

Deficiency Analysis:

Not Applicable.

Part 10 ~ Qualifications and Insurance

Member:

Canadian National Association of Real Estate Appraisers (CNAREA)
Professional Designation, DAR (Designated Appraiser Residential)
Professional Designation, DRP (Designated Reserve Planner)
Appraisal Institute of Canada, CRA (Canadian Residential Appraiser) - Past Member

Education:

Appraisal Institute of Canada / University of British Columbia
Canadian Uniform Standards of Appraisal Practice
We Value Canada Workshop
Communication/Business Writing Course - Thompson Rivers University
BUSI 100 - Micro Foundations of Real Estate Economics
BUSI 101 - Capital Markets and Real Estate
BUSI 111 - BC Real Property Law and Real Estate Ethics
BUSI 330 - Foundations of Real Estate Appraisal
BUSI 344 - Statistical and Computer Applications in Valuation
BUSI 400 - Residential Property Analysis
BUSI 443 - Foundations of Real Property Assessment and Mass Appraisal
AIC 399 - Single-Family Guided Case Study
Applied Experience Program

Canadian National Association of Real Estate Appraisers - DAR Designation
#1.5 C Introduction to Income Property Appraising
#1.8 Appraisal Practice Procedures
#4.3A Sales Comparison Adjustment Methods
#4.3R Residential Appraisal Report Writing
#5.0A Professional Standards Review (USPAP)
#6.5 Appraiser Ethics
#6.7 The Cost Approach for Residential Properties

Canadian National Association of Real Estate Appraisers - DRP Designation
#3.0 Principles of Reserve Fund Planning
#3.1 Reserve Fund Physical Analysis
#3.2 Reserve Fund Financial Analysis
#4.3 Reserve Fund Report Writing
#5.0 DRP Professional Standards

Professional Experience:
Appraiser and Property Valuation Expert since September 2005, completing thousands of appraisal assignments including single-family residential, acreage properties, rural properties (including acreage), waterfront properties, condominium and town homes, duplex and multi-family properties, vacant land, revenue properties, foreclosures, depreciation reports, and replacement cost new insurance reports.

Professional Liability (Errors and Omissions insurance)
$2,000,000 professional liability insurance provided by Lloyd's of London

Part 11 ~ Certification & Statement of Limiting Conditions

This appraisal consultation report has been prepared for the exclusive and sole use and benefit of **Strata Plan VIS 1166,** (hereinafter referred to as the client). Any use of the report by anyone other than the client or for any purpose or function other than the original intent, invalidates the findings and voids all results and/or conclusions.

CERTIFICATION: The appraiser certifies and agrees that:

1. The appraiser has no present or contemplated future interest in the real property appraised, and that neither the employment to make the appraisal nor the compensation for it is contingent upon the appraised value of the property.

2. The appraiser has no personal interest in, or bias with, respect to the subject matter of the appraisal report or in the owners of the subject property. The opinion(s) of value in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the real property appraised, or upon the race, color, or national origin of the present or future owners or occupants of the properties in the vicinity of the property appraised.

3. The appraiser has personally viewed the subject improvements. To the best of the appraiser's knowledge and belief, all related statements and information in this report are true and correct, and the appraiser has not knowingly withheld and significant information.

4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned, affecting the analysis, opinions, and conclusions contained in the report).

5. All conclusions and opinions concerning the real property that are set forth in this appraisal report were prepared by the appraiser whose signature appears on the appraisal report, unless otherwise indicated. No change of any item in the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any unauthorized change.

6. The appraiser assumes no responsibility for matters of a legal nature affecting the real property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The real property is appraised as though under responsible ownership.

7. Any sketch in the report may show approximate dimensions and is to assist the reader in visualizing the real property. The appraiser has made no survey of the real property.

8. The appraiser is not required to give testimony in court because of having made the appraisal with reference to the real property in question, unless arrangements have been previously made therefore.

9. If indicated in this report, any distribution of the valuation in the report, between land and improvements applies only under the existing program of utilization. If included in this report any separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

10. The appraiser assumes that there are no hidden or unapparent conditions of the real property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

11. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the appraiser.

12. Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraiser is affiliated.

13. Neither all, nor any part of, the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client specified in the report without the previous expressed written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the expressed written consent and approval of the appraiser.

All analysis, opinions, and conclusions were developed, and this appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice. (USPAP)

The statement of facts in this appraisal report are true and correct.

The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraiser's personal, impartial, and unbiased professional analysis, opinions, conclusions, and recommendations.

Unless otherwise specified in this appraisal report, the appraiser has no present or prospective interest in the property that is the subject of this report and has no personal interest with respect to the parties involved.

Unless otherwise specified in this report, the appraiser has performed no services, as an appraiser on in any other capacity, regarding the property that is the subject of this report within a three-year period immediately preceding acceptance of this assignment.

The appraiser has no bias with respect to the property that is the subject of this appraisal report or to the parties involved with this assignment.

The appraiser's engagement in this appraisal consulting assignment was not contingent upon developing or reporting predetermined results.

The appraiser's compensation for completing this appraisal consulting assignment is not contingent upon the development or reporting of a predetermined value or direction in value or result that favors the case of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.

As specified in this appraisal consulting report, the appraiser has or has not made a personal viewing of the property that is the subject of this appraisal report.

Unless otherwise stated in this appraisal consulting report, no other person provided significant professional assistance to the person who has signed this appraisal report.

During the viewing of the subject property included in this appraisal consulting report, the existence of potentially hazardous materials used in the site preparation, construction, and or maintenance of the improvements, or the existence of toxic waste which may or may not be present, was not observed by the appraiser. However, the appraiser is not qualified in any way through education or experience, to detect such substances, the presence of which could affect the value of the subject property. **The appraiser is not a building inspector.** The client is urged to retain the services of an expert in this field if such a determination is desired.

SPECIAL LIMITATIONS

It is assumed that the utilization of the subject land and any improvements thereon, are within the boundaries of the subject property lines of the described property and that there is no encroachment or trespass, unless otherwise stated in the appraisal report.

It is assumed that all required licenses, consents, or any required legislative or administrative authority from any local, State/Provincial, Federal, or private entity or organization, have been acquired and or renewed for any use which the value estimate in the appraisal report is based.

No investigation has been undertaken with the local zoning office, the fire department, the building inspectors, the health department, or any other municipal or government regulatory agencies. It is assumed that the subject property is in full compliance with all applicable current government codes, regulations, bylaws, and legislation. If the subject property does not comply, in any respect, the data, analyses, and conclusions stated in this report may require adjustment. The determination of such compliance is beyond the scope of this report and would require further investigations by appropriate qualified experts.

This report is based upon the assumption that the existing service providers for natural gas, electrical power, cable television, and telephone are responsible for the maintenance, repair, and replacement of their respective infrastructures on the condominium property.

It is assumed that any lease encumbrances pertaining to the subject property, are legally binding contracts between the lessee and the lessor and that all information transmitted to the appraiser concerning these lease contracts is accurate and correct.

Although this appraisal consultation report may contain information concerning the physical improvements being appraised, including their adequacy, and or condition, it should be understood that this information is only for use as a general guide in the valuation of the subject property and is not to be construed as a complete or detailed physical report. The observed condition of the roof, exterior walls, foundation, interior walls, floors, heating system, plumbing, insulation, electrical system, and any other of the mechanical system or physical component of the improvements, is based solely on a viewing level consistent with normal appraisal procedures and practice only. **The appraiser is not a building inspector.** The improvements were not checked for current building code violations unless otherwise noted in the appraisal report. If such an inspection is required, the client is advised to retain the services of an expert in this field. Any architectural, structural, mechanical, electrical, or other plans and specifications of the subject improvements, that were considered by the appraiser in the valuation assignment, are assumed to be correct. In addition, all improvements are assumed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted. No legal surveys, soil, air, or water quality tests, building code reviews, technical audits, condition surveys, engineering investigations, environmental investigations, detailed quantity surveys have been made and therefore no responsibility is assumed for these matters.

No responsibility is assumed for any inherent, latent, or hidden defects, damages, or conditions of the property. The subject valuation analysis assumes that the structural components within the improvements will last the physical life of the improvements unless otherwise specified in this report. The replacement of such components was not accounted for in the valuation analysis.

The appraiser reserves the right, at his or her sole discretion, at any time, to alter statements, analysis, conclusions, or any estimates contained in this report if the appraiser becomes aware of facts pertinent to the valuation process which were unknown to the appraiser at the time this report was prepared.

The reserve fund estimates contained in this report should be reviewed on a regular basis, particularly in the context of repairs and problem investigations including but not limited to, water damage, building envelope failures, structural problems, cracks in the walls and foundations, post tension construction concerns, waterproofing membranes, and environmental issues.

Reserve fund estimates are subjective and are based on the appraiser's understanding of the life cycle of building components and personal experience. The level of maintenance for any component addressed in this report may alter the estimated remaining life of that component. A detailed review should be made prior to considering any major repair or replacement. The client must understand and accept that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies if, as, and when they might arise. Industry costs of labour and materials are dependent upon competition, supply, and demand cycles. The cost projections stated in this report are approximate, using the most accurate costs ascertained at the time any particular component is to be actually replaced. The client should adopt a long-term policy regarding reserve fund allocations.

If within the condominium complex, certain components require replacement within the parameters of the reserve fund study, it is assumed that all such components will be replaced or repaired with components that are similar in design, quality, and with appropriate workmanship and materials.

Any architectural, structural, mechanical, electrical, or other plans and specifications of the subject improvements, that were considered by the appraiser in the valuation assignment, are assumed to be correct. In addition, all improvements are assumed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

I declare that I am a licensed member in good standing of the Canadian National Association of Real Estate Appraisers **(Member # 1268-19)** and hold the professional designations of Designated Appraiser Residential (DAR) and Designated Reserve Planner (DRP). The Canadian national Association of Real Estate Appraisers is a professional appraisal association, requiring that designated members adhere to a continuing education program. I am presently in compliance with that program and have completed all present requirements and regulations.

General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings as they age and their components deteriorate. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years. It is important to note that the timing of such expenditures a distance in the future will likely not occur as indicted in the report but rather a contingency reserve for the eventual repair or replacement.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.
The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were not provided for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

Date: January 23, 2020

Appraiser: 

Keith Bell, DRP, DAR
Bell Real Estate Consultants Ltd.