TOWNHOUSE ROOF REPLACEMENT

OWNER INFORMATION SESSION
FEBRUARY 24, 2024

Why now?

- TH Roofs are original and nearing end of useful lives.
- Identified in depreciation reports, latest July 6, 2021.
- Council has addressed 40 TH leaks in past five years.
- Cost to complete increasing greater than inflation and much greater than originally anticipated,
  - *Material prices up over 60% over last three years,*
  - *A further 11% expected this year.*
- Deferral could affect insurability for Chelsea and individual owners.

How does this impact me?

- Roof replacements are improvements to common property.
- In Chelsea Gardens common expenses are shared based on unit entitlement.
- Common expenses are shared 31.5% to Condos and 68.5% to Townhouses.

Progress to Date

- Four TH blocks completed to date consisting of 22 units,
  - *2022 – units 217 to 222*
  - *2023 – units 101 to 104, 163 to 168, 197 to 202.*
- Three different contractors to date.
- Total cost $520,000 or about $24,000 per unit.
- Remainder to complete,
  - *41 TH blocks consisting of 212 units.*

TH Roof Replacement Tender

- Council formed Roofing Committee April 2023.
- Council hired independent consultant to work with Roofing Committee.
- Phoenix Roof Consultants prepared specifications and tender package for all TH remaining units.
- Tender issued January 23, 2024 to seven contractors.
- Tender closed February 6, 2024, extended to the 13th.

Why hire a Project Manager?

- Council members are not roofing experts.
- Ensures project is properly managed to minimize delays.
- Ensures work is completed to the highest standard.
- Provides a single point of contact for concerns.
- On site everyday to observe progress.

Project timeframe

- Two year project recommended.
- Benefits of shorter timeframe:
  - *Lower cost*
  - *Better estimates (lower contingency)*
  - *Disruptions limited to short period.*
- Original plan over five years at estimated cost of $5,940,000.
  - *Excludes contingency and project management*

Tender Results

Contractors
Adanac
Broadway
Cambie
Crown
Flynn
Mack Kirk
Roy Dennis

Bid Prices:

From: $4,190,000
To: $5,080,000

Recommended Contractor:

Mack Kirk $4,331,000

Estimated Cost (including GST)

Contractor price	$	4,331,000
Project management and site inspection (6%)		260,000
Contingency (12.5%)		542,000
Total Project Cost	$	5,133,000

Financing Options

- Contingency Reserve Fund (CRF)
    - *Projected to be $3.5 million end of February, 2024*
- Combination of CRF and:
    - *Bank Loan, <u>or</u>*
    - *Special Levy*
- Note: A bank loan is considered a common expense that is shared by all strata lots. We cannot have a bank loan **and** a special levy.

Contingency Fund Considerations

- Insufficient balance for 100% internal funding.
- Need reserve for other major projects
  - *EV Charging Infrastructure*
  - *Condo roof replacement*
  - *Condo elevators and boilers*
  - *TH and Condo domestic water*
  - *Condo basement membrane*
  - *Roadway pavement*
  - *Others?*
- Prudent course of action is not to use all available funds.

Cost to Owners

Total project cost	$ 5,133,000
Contribution from Contingency Reserve Fund	(2,575,000)
Cost to Owners	$ 2,558,000

Condos – 31.5%, Townhouses – 68.5%

Bank Loan Considerations

- Current interest rates between 7% and 7.5%.
- Total cost to borrow at 7.25%
  - *5 year amortization; $3.057,000, 10 year; $3,519,000.*
- Repayments become part of operating expenses.
- Recovered through increased strata fees based on unit entitlement.
- Estimated increase in monthly fees
  - *5 year amortization; low of $66 to high of $168*
  - *10 year amortization; low of $39 to high of $99.*
- Lenders may require other similar projects be included.

Bank Loan Considerations

Total Repayments per Unit

	5 Year Amortization		10 Year Amortization	
	Low	**High**	**Low**	**High**
Condo	$ 3,975	$ 8,378	$ 4,577	$ 9,362
Townhouse	$ 8,133	$ 10,072	$ 9,647	$11,594

Special Levy Considerations

- Lower cost per unit.
- Allocated based on unit entitlement.
- Could be split over two years to match project time frame.
- Additional property management fee to administer levy,
  - *$15 per unit per payment.*

Special Levy per Unit

	Low	High
Condo	$ 3,327	$ 7,012
Townhouse	$ 6,804	$ 8,427

Condos – 31.5%, Townhouses – 68.5%

Next Steps

- Resolution at AGM to proceed with the project
  - *Council proposal to proceed*
- Resolution at AGM to determine how project is financed
  - *Council proposal to bring forward Special Levy split over two years*

TOWNHOUSE ROOF REPLACEMENT

OWNER INFORMATION SESSION
FEBRUARY 24, 2024