

**Townhouse Roof Replacement Project
Information Session – February 24, 2024
Highlights and Question and Answers**

Summary of Information Session:

- TH Roofs are original and nearing end of their useful lives.
- Roof replacements are improvements to common property, the cost of which are shared 31.5% to Condos and 68.5% to Townhouses.
- A two-year project time frame is recommended.
- Tender prices range from \$4.2 Million to \$5.1 million.
- Mack Kirk is the preferred contractor at a cost of \$4.331,000.
- The total project cost is **estimated** to be \$5,133,000 when project management and a construction contingency are added.
- The Contingency Reserve Fund (CRF) is not sufficient to pay for the project.
- It is recommended to fund the project 50% from the CRF and 50% from owners.
- The owner portion will be in the form of a special levy.
- For Condo owners the special levy will range from \$3,327 to \$7,012.
- For Townhouse owners the special levy will range from \$6,804 to \$8,427.
- Levies are proposed to be done in two equal payments 50% in 2024 and the other 50% in 2025.

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1. Do you have a rough estimate of the costs for each of the future other major projects that you need the contingency fund for?

Answer:

There are estimates for all of the projects except for the EV infrastructure as that is a new requirement. However, the estimates are now three years old. The next depreciation report which is due this year will provide updated estimates.

2. Are we thinking of 1 payment/year or maybe 2 for the levy?

Answer:

Council is proposing to divide the special assessment into two annual payments.

3. How much longer will the maintenance work extend the life of the condo roofs?

Answer:

The roofing consultant advised that the useful lives of the Condo roofs could be extended by investing in some initial maintenance. The cost in the current fiscal year is about \$20,000. Annual inspections would be required to identify any further problem areas which would be addressed at that time. It is not possible to give an accurate estimate of the remaining life of the Condo Roofs.

4. How does a levy work for payment?

Answer:

Levy payments are be made by authorized debit as is the case for the monthly strata fees or by cheque or money order.

5. Why are we doing this in two years and not over a longer time?

Answer:

It is the Consultant's opinion that majority of the roofs in need of replacement. We are still seeing failures in the newest roofs in addition to some of the older roofs. By doing the roofs over two years we are trading off a lower price today versus a higher price in the future. Extending the project over a longer period of time increases the risk of further price increases and labour shortages as construction activity increases to address the housing shortage. Deferring the work over a longer time may also make it more difficult to get insurance coverage for water damage.

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6. If this is passed at the AGM when would the work actually start? Being on the west side of the clubhouse when would I expect my roof to be replaced?

Answer:

The project is divided into two phases with those townhouses east of the clubhouse being addressed in the first phase. Also included in the first phase are those townhouses whose roofs are currently covered in tarps. Townhouses west of the clubhouse will be addressed in the second phase. If a particular block experiences leaks before it's scheduled time, an assessment will be made to determine whether that block moves up in the order of priority. The start date will depend on passing the resolution, reviewing and signing a contract and the time it takes the contractor to mobilize.

7. Is it a separate contractor for the gutters?

Answer:

Council initially reported that Mac Kirk would be doing it in house. However, on further investigation it has been determined that none of the contractors do gutters in house. This is the only instance where work is contracted out. The work on the gutters will be subject to the same scrutiny by the inspector.

8. What happens if you sell during the levy process?

Answer:

The seller must pay the part of the special levy that is payable before the date of conveyance. The buyer is responsible for the instalments due after the date of conveyance.

9. What about the extras – skylights, vents, chimneys, upgraded shingles?

Answer:

The detailed specifications that were issued in the tender include requirements to replace all skylights, vents, chimney tops and any rotted fascia and roof sheeting. The shingles selected are comparable to those recently installed on blocks 101 to 104 and 197 to 202.

10. What kind of Warranty will there be?

Answer:

There is a 5-year labour warranty from the contractor and a 40-year warranty from the manufacturer on materials. The manufacturer's warranty is non-prorated over the first 15 years.

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11. Is there a performance bond?

Answer:

In our specifications we dictate crew size which helps with the schedule of the project. A bid bond or a performance bond just ends up costing the owners more money. Using contractors that have been around for a long period of time tell us that they are not likely to become insolvent. The payment schedule dictates that the contractor isn't overpaid providing further protection to the owners.

12. What happens if the roofing company goes bankrupt?

Answer:

The contractors who were invited to bid on the project all have good track records. The contractor who was selected has been in the roofing business since 1908. This reduces the risk that a contractor could go bankrupt.

13. What is the cost over 5 years?

Answer:

It is very difficult to estimate the cost over five years as contractors are not prepared to quote prices that far into the future. This is due to unexpected price increases and supply shortages.

14. When is the plan for the condo replacement? Will we be doing another Levy? Or how do we plan for paying for this?

Answer:

The plan for the condo roof replacements will depend on the results of annual inspections going forward. The replacement will very likely happen in the next five years. The requirement for a levy will depend on the contract price at that time, as well as the value of the CRF relative to the cost.

15. What happens to left over funds from levy?

Answer:

If there is a surplus at the end of the project it can either be paid out to owners based on unit entitlement (provided the \$100 minimum per unit is met) or retained in the CRF to fund future projects. Council's preference would be to keep a surplus in the CRF. This will depend on how the resolution presented to the Owners is worded. If the money to be paid to the contractor is first to come from the Levy funds then there will most likely be no money returned as the levy fund will be exhausted.

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16. What was the Levy back in the day for the Condo building envelope?

Answer:

The total levy for the Condo building envelope project was around \$9 Million. The individual owner levy would depend on the application of the unit entitlement formula.

17. Could we hire two companies at the same time?

Answer:

There is a practical limit to the number of workers that can efficiently work on the site at the same time. Going with two contractors would also result in a higher overall costs as the contractors would be getting a smaller piece of the work. This can also create confusion for warranty work in the future and a more difficult task to organize dealing with multiple parties and would most likely increase the cost of our project manager to oversee the project as this creates more work for them. This also requires the Strata Corporation to become the General Contractor for the overall project, meaning we are liable for the two companies on our property at the same time.

18. Of the identified leaks, how many were flat roofs? Does keeping the workers who clean the gutters off the roof with her large boots help us at all?

Answer:

The majority of the leaks occurring to date have been in the flat roofs. Occasional access to the roofs is not detrimental to the condition of the roofs.

19. How will we address the extras?

Answer:

Change orders will be issued for any extra work. This will most likely result from the discovery of rotten fascia or roof sheeting. In the tendering process each contractor provided their respective material prices and labour rates for extras. Chelsea Gardens will be charged for time and materials plus a 20% profit margin. This formula is standard practice in the industry.

20. Along with the new roofs, will the rain gutters be replaced, what quality and will the cost be included?

Answer:

The gutter and downspout replacements are identified as a separate component of the contract. The specifications are the same as those used for the TH roofs that were competed last year.

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21. What is the amount required in the CRF at any time?

Answer:

As of November, 2023, there is no specified balance that a strata should have in their CRF. The only legislated requirement is that on an annual basis the strata must contribute an amount equal to 10% of its operating budget. Over time Council should be targeting to have a balance that can cover a reasonable portion of expected future projects. Council must always take a long-term view that balances the need to have a generous CRF to the owners' ability to pay higher monthly strata fees.

22. What happens if the project goes over significantly?

Answer:

If the cost of the project were to significantly exceed the initial estimate Council would have to consider using more of the CRF, taking out a loan or another special levy. However, due to the relatively short project time frame, the reliance on a project manager and the construction contingency included in the estimate Council believes it has minimized the risk of a material overage.

23. Should there be two contingencies or an escalation clause.

Answer:

The contractors' bids were based on maintaining their labour costs over the two-year time frame. Contractors are not prepared to fix the price of materials beyond one year given the recent history of significant price increases from suppliers. The construction contingency is intended to cover the projected price increase in year two.

24. What assurance do we have that the contractor will not quit before the work is completed?

Answer:

The contractor has been in business for a long time. The contractor also has their own reputation to protect which could negatively impact their ability to win future work.

25. What happens if this does not pass? What are the options?

Answer:

If the resolution does not pass the options are:

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- 1) Re-assess the input from the AGM and schedule an SGM with a new option for the Owners to vote on, however, this means that we would have to pay to have another tendering process, rental of another venue to have the meeting, risk of increased prices from the bids and chances of the preferred bids crews will no longer be available forcing us to go with an alternate company.
- 2) Re-assess again and determine that the full project will not be an option and host an SGM to pass a resolution to spend a yet to be determined amount to replace priority roofs. which will still require us to go through new bidding process as the cost of this work is still extensive.

26. How long would the work take each year? Time frame?

Answer:

This would be determined when selecting the contractor for the job and lined out in the CCDC contract that is signed. We anticipate approving the company to start May or June. The first phase should be completed in five to six months.

27. Should we have options to consider at the AGM.

Answer:

Council believes the most cost-effective approach is to complete the project over a two-year period, use approximately \$2.6 million from the CRF and fund the balance through a special levy.

28. Does this affect mortgages.

Answer:

Deferring the replacement of a failed roof can effect the Strata or property owner to obtaining insurance therefore, this can effect mortgages as mortgage brokers want to protect their investment. If no insurance can be obtained no one will be able to obtain a mortgage.

29. Why did we stop the clubhouse roofs from being completed?

Answer:

An inspection of the east side clubhouse roof indicated that this section was in relatively good shape and only required several repairs. These repairs were carried out last year. The roof will be inspected on a regular basis for any further signs of deterioration.

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30. What is the price for the condo roof replacements?

Answer:

In the 2021 depreciation report it was estimated that the condo roof replacement would cost about \$1.5 million. It is anticipated the actual price will be higher due to the rapid increase in the cost of roofing materials over the past three years. A new depreciation report will be prepared in 2024 which will include a revised estimate.

31. Why don't we do condos at the same time?

Answer:

If Council included the condo roofs at this time then the levy would increase by a material amount. Council's objective was to minimize the levy to the extent possible and to carry out preventive maintenance on the Condo roofs so that the CRF could increase over time to offset some of the cost.

32. Can we restrict how many proxies an individual can hold?

Answer:

No, there are no restrictions under the Act as to how many proxies a person may hold at a meeting.

33. How will Proxies work this year?

Answer:

In previous years we have used a directed proxy to give direction to the proxy holder. However, this has created confusion and assumptions that proxy holders have altered proxy directions which is not true. We will be reverting back to a traditional proxy that is simply just providing the vote to the proxy holder, and they may take the direction from the person that provided the proxy to them. However, there is no obligation of the proxy holder to vote as the direction provided.

34. Will there be multiple resolution options presented to the Owners?

Answer:

There is a large risk in providing multiple options for this type of resolution as it could mean that all resolutions fail. Therefore, the Council will be providing the best possible option, in the best interest of the Strata Corporation.