STRATA DEPRECIATION REPORTS for Bare-Land STRATAS

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BASIC QUESTIONS

- Q1 – What’s a “Bare-Land Strata”?
- Q2 – What Infrastructure do we own?
- Q3 – What’s Infrastructure worth?
- Q4 - Why do I need a Depreciation Report?
- Q5 - What does it look like?
- Q6 – What’s the scope of work?
Q1 – What’s a Bare-Land Strata?

- In its basic form, a Bare-Land Strata is similar to a subdivision.
- A standard “Fee Simple” subdivision has public roads.
- With a Bare-Land Strata Subdivision you own the roads.
A Bare-Land Strata subdivision has private roads held as common property.
Typical Road Cross-section for a Bare-Land Strata Subdivision

Infrastructure within the road is also held as common property
Private Road is common property. Duplex buildings are on strata lots.

Roadway and infrastructure behind the gate is common property.
Q2 –What Infrastructure do you own?

The Strata owns the same infrastructure that is typically owned by the municipality:

- Roads, Sidewalks and Boulevards
- Water works
- Sewer works
- Drainage works
- Streetlights
Maybe your road looks like this

Or..............................................
maybe it looks like this

Alligator cracking due to base failure
Roads, Sidewalks and Boulevards

Roads are more than just a bit of blacktop.................
Excavation to subgrade

Road alignment is stripped and excavated to subgrade. Poor materials may need to be removed by over excavation to provide a suitable foundation.
Sub base course

Excavation is followed by placement of coarse pit-run gravel
Base Course

Crushed gravel base course – this road design included cast-in-place concrete curbs
As a final step we “paint it black”

Hot mix asphalt placement. Compaction to get required density
Waterworks can include supply, treatment works, storage, distribution lines and fire hydrants

Does your waterworks system look like this?..............Or...........................
......or does it look like this.......  
I doubt the 45 gallon drum meets code........
Mainline valves provide system control

Valves need regular “exercise”
And here is the hydrant

Note that the hydrant is tied back to the main
Hydrants need annual maintenance

Worker flushing the system
Your sewer collection system is a network of consists of pipes and manholes
Sewer works

Sewer works can include a collection system, Lift stations, Forcemains, a treatment plant, and disposal fields
Drainage works

The top end of your drainage works may be an innocuous little grate on the side of the road – but there’s way more to it……
Catchbasins connect to storm sewers

This large diameter storm sewer probably drains an area of several acres
Storm sewers collect runoff through a network of services and cb leads
Depending on the area, storm sewers can get quite large

I once lived in an apartment about this size............
Streetlights

Don’t be scared to change this bulb........
And, don’t forget about your landscaping too.......... 

Kinda like kids, low capital cost, but can be high maintenance..........
Q3 – What is your infrastructure worth?

- Typical Costs to build 100 metres of local road plus infrastructure:
  - Pavement structure and curbs $40,000
  - Water lines $22,500
  - Sewer lines $18,500
  - Drainage works $34,000
  - Streetlights $7,000
  - 100 metres of road with infrastructure is worth $122,000, or $1,220 per meter!
Q4 – Why do I need a Strata Depreciation Report?

- A Strata Depreciation Report is an Infrastructure Management Tool.
Q4 – Why do I need one?

- Reason 1 - They’re a good tool to manage your Common Property Assets
  - Provides you with a comprehensive list of Repair and Maintenance work
  - Provides you a Budget for that work
  - Provides you a Schedule for when that work needs to be done

A well managed Depreciation Report should save you money!
Q4 – Why do I need one?

- **Reason 2 – Consumer Protection**
  - Depreciation Reports are a concise and a reliable source of information.
  - This information is useful for both strata owners and prospective buyers (Form B).

*Depreciation Reports allow owners and purchasers to make informed decisions.*
Q4 – Why do I need one?

Reason 3 – It’s **THE LAW**

- The Strata Property Act requires all Strata Corporations to have a Depreciation Report by December 14, 2013
- This requirement can be waived by the Strata Corporation based on a vote that passes with a 75% majority yearly

**BC has been late to adopt – This has been a requirement in Alberta and Ontario for several years**
Q5 - What does it look like?

- A Strata Depreciation Report has three main sections:
  - A *Physical Inventory* of all common property and assets
  - Anticipated *Maintenance, Repairs and Replacement Costs* over a 30-year program
  - At least 3 cash flow funding models for your *Contingency Reserve Fund*
Q5 – What does it look like?

Section 1 - Physical Inventory

- First we need to compile a list of your common property assets from strata documents and other records
- These assets are inspected to assess current condition and identify any maintenance requirements
- Information is documented in tables and with photos
Q5 – What does it look like?

Section 2 – Maintenance, Repairs and Replacement Costs

- The cost to maintain and repair is based on the age and condition of your assets
- The cost to replace should be based on typical market conditions
- Reports are updated every 3 years to reflect current condition and costs
Section 3 - Contingency Reserve Fund

- Your CRF must have a minimum balance of 25% of your operating fund for the year.
- How do you want to fund maintenance, repairs and replacement? Through savings, borrowing, or special levies?
- Saving are generated through annual strata fees.
Q6 – What’s the Scope of Work?

- The Work program has 4 Main Components
  - Data Acquisition
  - Site Inspection
  - Draft Report
  - Client Review and Final Report
Q6 – What work gets done?

➢ Task 1 - Data Acquisition
  • Strata records
  • Strata plan and bylaws
  • As-built drawings
  • Maintenance records
  • Interviews

*Compile a comprehensive list of Common Property Assets*
Q6 – What work gets done?

- **Task 2 - Site Inspection**
  - Site reconnaissance to confirm recorded common property assets
  - Visual inspection to determine general condition
  - Compile a photographic record to document current condition
  - Talk to representatives and flag areas of concern
Q6 – What work gets done?

- **Task 3 - Draft Report**
  - Summary of infrastructure
  - Document condition assessment
  - Map and photos
  - Recommended maintenance, repair and replacement program
  - Cost estimates and cash flow models
Q6 – What work gets done?

- **Task 4 - Client Review and Final Report**
  - Present report to the strata corporation for review
  - Edit as warranted and issue a final report
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Asset Life Cycle

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<thead>
<tr>
<th>Condition Index</th>
<th>Age (%)</th>
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<tr>
<td>Excellent 100</td>
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<td>Poor 20</td>
<td>60</td>
</tr>
<tr>
<td>Very Poor 0</td>
<td>80</td>
</tr>
<tr>
<td>Failed 0</td>
<td>100</td>
</tr>
</tbody>
</table>

$1.00 invested here can avoid $5.00 worth of repairs here.