JRS ENGINEERING
BUILDING ENVELOPE CONSULTANTS

Proposal: VRP12555

October 24, 2012

The Owners, Strata Plan VR 1980 – Windermere
c/o Stratawest Management Ltd.
#202 – 224 West Esplanade
North Vancouver, BC V7M 1A4

E-mail: LMacSeafraidh@stratawest.com

Attention: Ms. Linda MacSeafraidh, Property Manager

Dear Madam:

Re: Strata Plan VR 1980 – Windermere
Indian River Crescent, North Vancouver, BC
- Contingency Reserve Fund Study/Depreciation Report

Further to your email dated October 22, 2012, we are pleased to submit our proposal to provide a Depreciation Report for The Windermere located at Indian River Crescent, North Vancouver, BC. We understand that the residential complex was built in 1988 and is comprised of a total of 44 townhouse units. The Windermere does not include any shared amenities, elevators, or underground parking.

It is our understanding that the Owners wish to procure a Depreciation Report to assist in allocating the anticipated maintenance and capital expenditures associated with all major building components. Per the Strata Property Regulation, these building components will include, but are not limited to, the building structure, envelope components, mechanical/electrical systems, interiors and site services existing on all common property and shared facilities.

JRS Engineering Ltd. (JRS) has provided professional consulting services for a variety of successful capital asset assessment projects, which consist of, but are not limited to, building assessments, warranty reviews and maintenance manuals. Due to the technical aspects of providing Depreciation Reports, our engineering firm is well positioned to perform this work. Furthermore, JRS was the first and is currently the only engineering firm in BC that has completed the Certified Reserve Planner Program with the Real Estate Institute of Canada (REIC). Our document review, site visit, financial analysis and reporting methods are consistent with nation-wide standards and guidelines provided by the REIC.

Per the Strata Property Regulation, we are required to state our relationship with the Strata Corporation. JRS staff who will create the Depreciation Report do not serve on the Strata Council, nor do we have a conflicting relationship with the Strata Corporation or Property Management Company. JRS is committed to providing a Depreciation Report independently and objectively without any other motive or compensation other than the fee outlined in this proposal.

JRS ENGINEERING AND DEPRECIATION REPORTS

Company Background

JRS Engineering Ltd. (JRS) was established in 1998 to provide building envelope engineering and roof consulting services. We provide services in the Lower Mainland, Sea-to-Sky corridor, Calgary areas and Seattle areas, as well as throughout Canada and the United States.

The principals and senior professionals at JRS have significant building envelope consulting experience with respect to new construction, remediation, investigation and assessment, failure analysis, design, third party review, project management and field services.

Our reputation is built on a foundation of solid practical experience in building/facility consulting and a diverse group of skilled professionals able to meet the demands of various projects. JRS builds on this foundation by being involved and taking part in various levels of professional development. This consists of taking courses, attending seminars, holding memberships and volunteering as committee/board members in many organizations, which can be viewed on our website.

Our clients include strata councils, co-op boards, facility/property/asset managers, engineers/consultants, contractors, developers, governments, and many more. JRS has valuable insight into the needs of each type of client, and has developed the skills required to meet their performance and budgetary expectations.

Introduction to Depreciation Reports

The terms *Contingency Reserve Fund Study* and *Depreciation Report* have been used interchangeably. The former is typically used across Canada and the latter is the terminology of choice in BC. For reporting purposes, the term *Depreciation Report* will be used in this proposal. It should be noted that a Depreciation Report is not a technical report, but more of a financial report, containing technical descriptions and predictions, in order to aid in the prudent fiscal management of the Owners' contingency reserve fund. The Depreciation Report is a financial plan that consists of the identification, description, quantification and analysis of reserve components; then providing cost estimate and life cycle analysis, projecting future repair or replacement costs and estimating the necessary reserve fund requirements. These reports must be performed by qualified personnel with the requisite training and background.

Why Choose An Engineering Firm? While a Depreciation Report is not specifically a technical report, there are numerous technical aspects to performing the study, such as, equipment descriptions, associated effective ages and remaining service lives, basic understanding of current building codes, providing perspective on low and high priority repairs, basic understanding of construction and remedial process, as well as general knowledge of building systems and how they interact with each other.

Why Choose A Building Envelope Firm? The building envelope is arguably the largest building system category in the Depreciation Report and a majority of the capital planning costs. When providing estimate costs, our firm has a historical database of actual replacement costs – not estimates, not contractor bids, but actual costs spent on targeted and full scale replacements. Furthermore, we can delineate certain building components into sub-components. For example, some Reserve Planners will lump balconies into one line item; whereas, we can break it down to individual components, such as, floor

membrane, guardrails, structural slab/framing, as needed, since some will require replacement at different times.

Why Choose JRS? We have differentiated ourselves among other Engineering firms in numerous ways. JRS is the only engineering firm in BC who has a Professional Engineer that is also a Certified Reserve Planner (CRP). We have the highest percentage of roofing professionals, which include registered roof observers, RCABC roof inspectors and one of the only three registered roof consultants in BC as well as a Certified Horticulture Technologist. All of our technical staff have fall protection training, along with training in rope access, allowing exterior review of high-rise towers without the requirement of a swing stage. Lastly, in preparing your Depreciation Report, we will be intimately familiar with the renewal and maintenance requirements of your building, which will allow us to provide more value and effectiveness in future projects, whether it be in design, detailed technical review, leak investigations, or project management and construction review. We want to build a long lasting, one-stop-shop consulting service for all your building maintenance needs.

PROJECT EXPERIENCE

Pilot House - Vancouver



JRS was retained by the Owners to complete a Depreciation Report on all building systems as required by the Strata Property Regulation. The property contained four different types of wall cladding, four different roof conditions and a maintained pond/water feature, complete with live ducks. This was a team effort including appraisers, engineers and maintenance contractors, which was facilitated by REIC and coordinated by JRS. The site review, building cost/life cycle assessment, financial analysis and reporting will set a standard for Reserve Planning in BC.

Cedar Mill - Vancouver



JRS has consulted to this Co-op Board for many years with regards to structure and building envelope (new roofs, walls, balcony decks and sliding doors). Therefore, it was much easier to create a Capital Reserve Plan for this residential complex, which included extensive landscaping, playground and phased interior renewals.

Deercrest Estates – Coquitlam



JRS provided a Depreciation Report for this large townhouse complex, which included 71 buildings and 158 strata lots. The residential complex had a clubhouse, complete with fitness, games and meeting rooms, as well as an outdoor pool and hot tub. The landscaping was significant with slanted hard and softscaping over approximately 19.4 acres of land.

PROPOSAL OF SERVICES

SERVICES

JRS will provide the following services:

- **Pre Site Visit** – We will review all pertinent technical, financial and legal documentation pertinent to the Depreciation Report. This will allow our team to familiarize ourselves with the building and locate components susceptible to premature failure prior to conducting our visual site review. We assume that the Owners or Owners' representatives will provide us with these documents (via email or courier). If the Owners do not have plans/drawings, JRS can obtain whatever drawings exist from the City of North Vancouver at an hourly rate. A letter of approval is required from the Owners.
- **During Site Visit** - Our team will perform a complete visual review of the building components from accessible locations. This on-site review will include interviews with the resident caretaker, building manager, maintenance staff Owners and/or Owners' representatives. We will include in our assessment all the building systems and assets required by the Strata Property Act, which generally consist of structure, envelope, mechanical and electrical systems, interior finishes and furnishings and exterior site components (limited to strata-owned and commonly-shared property).
- **Post Site Visit** – Provide a comprehensive report. The intention is to itemize the building components, describe the overall conditions, estimate remaining service lives as well as replacement costs, and identify any areas that require a more detailed review by technical professionals as required. This information will be summarized in a financial spreadsheet with at least three (3) cash flow funding models, allowing the Owners to plan for CRF expenditures and help determine future CRF contributions.

REPORT

The report will include the following:

- An executive summary of the Depreciation Report.
- Terms of Reference and Introduction to Depreciation Reports.
- Technical Inventory – Itemized list of building components with associated descriptions, conditions, estimated remaining service lives and replacement costs in present dollar values. This summary will include annotated photographs and will be based on building documents, visual site review(s) and interviews with building owners and/or representatives.
- Financial Analysis - Financial spreadsheets that include the list of building components, remaining service lives, maintenance and/or replacement costs (taking into consideration interest and inflation), and suggested annual contributions with three (3) cash flow funding models.
- Recommendations and adequacy of Contingency Reserve Fund

The report is intended to provide a basic roadmap over the next 30 years for the Owners to plan for expected maintenance and capital expenditures associated with the building. JRS can meet with the Owners during or at the end of the analysis to confirm funding models and/or discuss any upcoming repairs, as required. We will provide the Owners with one (1) full colour copy of the final report and an electronic version for duplication.

PROPOSED FEE

Depreciation Report **($7,150 + applicable taxes)**

In order to provide a more technically accurate report, we may use specialized contractors to supplement our review (included in fee). There are no other extra/hidden fees or disbursements – the fee is all inclusive. When possible, we will use contractors already on contract with the Strata Corporation to take advantage of information sharing.

Based on our current workload, we would be able to perform the site visit approximately **2 to 3 weeks** subsequent to receiving your drawings and building documents.

The proposed fee is subject to our standard terms and conditions and valid 90 days from issuance.

OPTIONAL SERVICES

Warranty Reviews

Prior to the end of the Contractor's 2-year Labour and Materials Warranty or 5/10-year Building Envelope/Water Ingress Warranty, JRS will visit the site to identify any outstanding deficiencies or warranty items and review any issues reported to us for the contractor's corrective action.

Building Envelope Maintenance Manual

A maintenance manual produced by JRS contains and describes all significant building envelope components in detail and includes life expectancies, inspection procedures and checklists and maintenance schedules.

Please contact us for further costing. If JRS performs the Depreciation Report at the same time as a Warranty Review and/or Building Envelope Maintenance Manual, we will offer a total cost reduction.

CLOSURE

In accordance with Part 17 of the Bylaws of the Association of Professional Engineers and Geoscientists of BC, we are pleased to advise you that JRS Engineering Ltd. maintains professional liability insurance, which includes errors and omissions.

Thank you for the opportunity to provide this proposal. If needed, we can provide references and proof of insurance upon request. If you have any questions, please contact the undersigned at your earliest convenience.

Sincerely,

JRS ENGINEERING LTD.
Per:

Wesley Narciso, P.Eng., CRP, LEED AP
Project Engineer