

Headline: Planning For The Future

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How does your strata corporation get the best value out of the information in your depreciation report? The depreciation report is in many ways the beginning of a basic operations plan to help your strata council and manager to understand your inventory of common property and common assets. Take a look at the major components and the operational assets and summarize them into a short planning schedule that your council can review annually. The list will include: Annual Maintenance and Inspections, Long Term Maintenance Schedules and Renewals.

Annual Maintenance is often related to long term projects; however, the implementation of annual maintenance schedules and inspections will provide better performance of your assets and a better understanding of how to prolong the life of major components, such as roofing, deck and balcony surfaces, exterior cladding, doors and windows and heating and ventilation equipment.

With the introduction of a majority vote to approve expenses from the Contingency Reserve Fund where recommended in the Depreciation Report, the strata corporation also has the ability to now plan for the funding requirements and prepare for the resolutions required in the notice packages to seek the approval of the owners at an annual or special general meeting. It is important that your strata council and manager have the authority they require to expend the funds for the renewals and projects, if approved by a majority vote. The particulars of the project should be included in the resolution to ensure your strata council can implement the scope of work required.

The following is a short summary of a depreciation report estimate for major components in a 51 unit - 4 floor wood construction building in Victoria that is 18 years old. The building has 1 elevator and an underground parking garage.

Depreciation Renewals Estimates

<i>Asset</i>	<i>Target Date</i>	<i>Projected Cost</i>
Roof	2020	\$ 178,000
Balconies	2018	163,000
Doors & Windows	2026	408,000
Siding upgrade	2038	561,000
Elevator	2021	56,000
Water piping	2027	382,500

Depreciation Long Term Maintenance

Yard Fencing	2015	\$ 30,600
Trim Painting	2014	15,000
Parking garage	2018	20,000
Fire System Upgrade	2020	10,000

Annual Budget - Maintenance & Inspections

Fire Safety System	\$ 1,800
Elevator Servicing	3,800
HVAC Service Contract	6,400
Roofing & Gutters	5,000
Deck membranes and drainage	3,000
Sewer/Drainage flushing	2,500
Sump pump servicing	500

The roof renewal projected for 2020 is a good example of planning. A detailed inspection is best undertaken in 2-3 years (2017), before the projected renewal date. This gives the strata corporation and owners time to plan for the funding, engage a professional to set up the scope of work and a bidding process, plan meetings to approve resolutions or special levies and address scheduling to ensure that the roofing project proceeds during good weather. This is an essential part of effective budget planning. Don't be a victim of costly unplanned disasters that may be 30-50% higher.