

October 17, 2012

NOTICE TO: The Owners, Strata Plan LMS – 712

FROM: Strata Council, Strata Plan LMS-712

SUBJECT: Interim Report on the 2012 Phase 2 Renewals and Maintenance Project

This memo summarizes the funding, costs and other issues related to the 2012 Phase 2 Renewals and Maintenance Project. The actual and forecasted cost information in this memo is based on financial reports prepared by RDH Engineering up to October 1, 2012.

The project has remained on budget and on time including the additional work that was required for the Beach Tower balconies. Also, there was additional work required on some of the east and west balconies of Beach Tower due to improper installation of the urethane. The costs related to the removal and the proper installation of the urethane on the east and west balconies were borne by the contractor because this was on a fixed contract basis. There was no additional cost to the strata.

Work continues on the upper balconies of Beach Tower and on the California walkways. It is anticipated that this work will be completed in this month, weather permitting.

Project Funding

The project was funded by the December 13, 2011 levy of \$1,988,000 approved by the owners. In addition, \$140,000 was earmarked from the Structural Fund to cover the cost of replacing failed IGU's, (foggy windows).

As of October 1, 2012 the RDH financial report indicates that virtually all of the \$1,988,000 has been utilized to complete the 2012 project, including the IGU's. For practical reasons, some of the cost of the IGU replacements will have to be charged against the Structural Fund because we have not yet collected 100% of the special levy of \$1,988,000 from owners and there may also be other unanticipated costs associated with the continuing work on the California walkways.

The Initial Plan For the 2012 Project

The original estimated cost for the project as presented to owners included:

- Beach Tower, south elevation balcony renewal, fireplace exhaust vent replacement, water shedding improvements for door & window assemblies and re-alignment and improved interface detailing with new vent hoods - \$1,164,000 (including scaffolding, general conditions, engineering, contingency and HST).
- Beach Tower, east and west elevation balcony renewal and water shedding improvements-sealant and silicone strips - \$514,000 (including swing stage, general conditions, engineering, contingency and HST).

- Ocean Tower, east and west – metal panels (water shedding improvements) and re-alignment of metal panel exhaust vents with improved interface detailing and new vent hoods - \$311,000 (including swing stage, general conditions, engineering, contingency and HST).

Based on the original estimates of the above-noted project components, the overall contingency was \$150,000. These monies were fully utilized during completion of the project as the scope of work increased.

Also, in addition to the main project, \$140,000 of funding was set aside in the Structural Fund for the replacement of IGU's on Seabreeze that could not be completed in Phase 1 and for replacement of additional IGU's that were reported to strata council in February 2012.

The Post-Bid Budget and Contingency

The various components of the project were put out to tender. The bids were reviewed and contracts awarded. Due to a low bid from one of the contractors for part of the balcony work, the post-bid budget showed an increase in the contingency from the original \$150,000 to \$372,500. As the 2012 Phase 2 work progressed, the contingency amount fluctuated. It was determined that approximately \$412,000 could be utilized to fund the additional work required on the balconies and to add projects from the waiting list. It is important to maximize the work being done while the construction management is in place.

Changes Were Made to the Proposed Work

Beach Tower south balconies

- The original plan was to apply urethane over the existing balcony tiles. This proved to be unsatisfactory as the tiles were de-laminating. It was decided to remove the existing tiles before applying the urethane.
- The balcony railing assemblies were failing due to water ingress and frost expansion. It was decided that the railings needed to be replaced as they were structurally unsound.
- Finishing touches were undertaken while the scaffolding was in place. The balcony soffits (ceilings) were painted and vents were replaced.

Beach Tower east and west parapet balconies

- Similar to the south balconies, the original plan was to apply urethane over the existing balcony tiles. This proved to be unsatisfactory as the tiles were de-laminating. It was decided to remove the existing tiles before applying the urethane.
- Finishing touches were undertaken to re-paint the balcony railings and paint the soffits.

Increase In The Balcony Scope Of Work and Additional Projects Added

As mentioned above, there was \$412,000 utilized from the post-bid contingency and savings in various areas of the project to cover the following costs and additional projects:

- South balconies on Beach Tower - removal of tiles, soffit painting, re-sloping, new guardrails, new vents , rebar repair and additional clean up- \$228,000
- East and west balconies on Beach Tower – removal of tiles, re-sloping, painting guardrails and additional clean up –\$110,000
- California walkways – glass block and drainage and wall rebuilding- \$48,000
- Other projects of less than \$10,000 each - \$26,000

Allocation Of The 2012 Project Funds

The breakdown of the total costs including 12% HST, construction management and engineering is as follows:

Site expenses (Note 1)	\$ 87,700
Scaffolding and swing stage	268,200
Demolition (balcony surfaces)	41,700
Balcony renewal – Beach	1,061,700
Sealant and panel renewal-Ocean	312,900
Replacement of IGU's	158,300
California walkway	<u>48,000</u>
Total costs (Note 2)	\$1,987,500

Note 1 – Site costs include insurance, street and building permits, temporary toilets, power, water and phone for the site office, site clean-up of approximately \$30,000, equipment rentals and storage.

Note 2 – the Total Costs are based on information up to October 1, 2012. There will be small revisions to the amounts when final invoices are received.

Replacement of IGU's

Windows were replaced in the townhouses on Seabreeze and in all other locations where the failed IGU's had been reported to strata by February 2012.

Conclusion

As stated throughout the year in the minutes, the 2012 Phase 2 project is on budget and it is anticipated that it will be completed this month (weather permitting) as planned.

Council looks forward to your support of the 2013 Phase 3 special levy to be voted on by owners at the November 7, 2012 Special General Meeting. Please plan to attend the meeting at 7 p.m. in Ocean Tower or forward your signed proxy to the strata agent at Vancouver Condominium Services or to a strata council member. A proxy was included in the special resolution package that was mailed to owners.