



Building Condition Assessment & Reserve Fund Study (BCA & RFS) Tips for Reviewing your Draft Report

The Agency has developed these guidelines to help your co-op understand the content of your draft Building Condition Assessment & Reserve Fund Study (BCA & RFS). Unless you understand the draft, you can't review it properly to ensure that the final report is as accurate as possible.

Here is some background information on BCAs to orient you to your report and how it is structured. Your report will follow the ASTM 2018-08 Standard; Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process.

While not all reports are set up in the same way, yours should include all the components listed below.

What is a BCA & RFS?

Prepared by a qualified engineering firm, the BCA & RFS are actually two separate reports; the information in the BCA is essential for creating the reserve fund forecast (RFS).

Your BCA is an assessment of your co-op's building(s) and site elements. A professional engineer reviews and assesses the condition of building exteriors, landscaping pavement and interior common areas, as well as about 10 per cent of unit interiors.

Each building and site component is evaluated on its current condition, along with any observations and recommendations for repair and/or replacement, including budget estimates.

In the RFS, year-by-year replacement costs for capital repairs and replacements are laid out, along with the annual contribution to the reserve fund needed to pay for them. The RFS usually includes two or three different funding scenarios. Each scenario notes the co-op's starting reserve fund balance and yearly contribution to the reserve. An inflation factor is also used to project future costs, and an interest factor determines the rate of return on investments. Some reports will also note professional fees where engineering and/or project management is recommended and may advise a contingency allowance. Sales taxes may be shown separately or included in the base costs.

Overview of What's in your Building Condition Assessment (BCA)

The BCA report has two main sections: the "narrative" section of the report and the "tables" section. Some firms include the tables within the RFS section.

The narrative section of the report typically includes the following:

Introduction

- purpose of the assessment
- scope of work
- description of the property
- any health and safety concerns observed

Methodology

- general method used to conduct the survey
- unit interiors surveyed
- information and documentation received code compliance and limitations
- definition of condition ratings and priority ratings, including definition of terms

Executive Summary

- summary of findings
- items that require immediate attention health and safety concerns

Building Condition Assessment (the most important section of the report)

- observations, recommendations and general comments on all components and systems surveyed
- photographs
- priority and condition rating
- budgetary replacement cost
- quantity of component
- service life of each component

Tables

- capital-expenditure spreadsheet for the study period (usually 20, 30 or 40 years)
- capital items for each year
- inflation factor used to determine future costs
- may include professional fees where engineering and/or project management is recommended
- may note a contingency allowance
- may show sales taxes separately (or may include them in the base costs) may include component inventory list

Limitations and Reference Information

This section outlines any limitations in preparing the report (that is, what your report doesn't include). The section may also list additional resources and general information.

Overview of your Reserve Fund Study (RFS)

The RFS generally includes a short narrative section, as well as tables. The narrative section summarizes the projected capital costs in your BCA and describes different funding scenarios, based on the co-op's current reserve-fund balance and annual contributions. The reserve fund tables provide two or three funding options, usually along with tables. One approach provided is the status-quo scenario, along with several funding options.

Tips for Reviewing your Draft

1. We suggest you follow these steps in the order shown.
2. Read the full report and tables to get a feeling for the report format.
3. Verify that the unit count and housing type is correct in the introduction and summary. Ensure that the information your co-op provided to the consultant is noted in the report, usually within the methodology section.
4. Verify that all capital items were surveyed and listed.
5. Verify that maintenance items have not been included (i.e. annual cleaning of gutters). Typically, items valued at less than \$2,000 would be considered maintenance.
6. Review the assessment of each capital item in the BCA and ensure that the following have been considered:
 - previous repairs and/or replacements
 - accurate quantities
 - replacement costs seem appropriate
 - scheduling of the item to be replaced seems reasonable, based on the item's expected life and the co-op's needs
7. Ensure that the capital-expenditure spreadsheet does not include building components that
8. the co-op doesn't have (for example, an elevator in a walk-up apartment building). If components, such as hot-water heaters, are leased or rented, ensure this is noted.
9. Verify that the reserve-fund balance and yearly contribution amount towards the reserve are accurate in both the narrative and tables in the RFS.
10. 10. If the status-quo reserve-fund table shows a deficit in the fund before the end of the co-op's
11. operating agreement, ask the consultant to consider deferring some items or replacing items over a longer period (for example, upgrading kitchens over time).

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