

# 256

Jarvis Street

MTCC 600

## NOTICE TO OWNERS

### 2016 MAINTENANCE FEES

December 3, 2015

The Board of Directors has approved the 2016 Operating Budget for MTCC #600. Maintenance Fees **will increase by \$25 per month** for the coming year (\$30 for the commercial unit). This is a 2.5% increase, and since there was no increase last year, it's a 1.25% average per year increase over the last 2 years.

The 2016 rates will therefore be as follows:

<b>Residential Units</b>	<b>\$1,020.00 per month</b>
Commercial Unit	\$1,165.00 per month

#### Setting the 2016 Maintenance Fee

Over the last few years we have been able to maintain nominal increases. This year we have been able to continue this goal with an increase of 2.5%, roughly the rate of inflation. The net cost of the increase is \$25 per month, which over the year equates to only one month's payment under the 2015 special assessment, which has now ended.

The table at the right shows the historical increase in fees over the last ten years. Although there has been variability in the increases over the years, the effective compounded annual increase is less than 2.5% over the period.

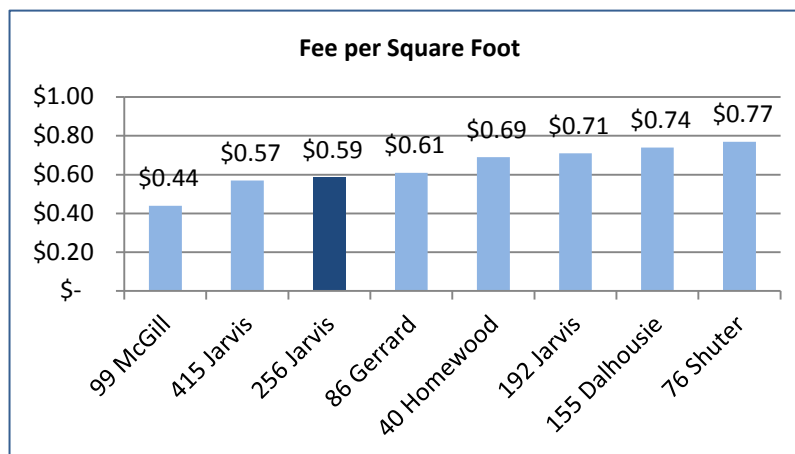
Our objective is to keep annual increases in the fees in line with the rate of inflation, while still maintaining the quality of the building you have come to expect.

YEAR	MONTHLY FEE	INCREASE	
		\$	%
2006	\$795.00		
2007	\$850.00	\$55.00	6.9%
2008	\$885.00	\$35.00	4.1%
2009	\$895.00	\$10.00	1.1%
2010	\$895.00	None	0.0%
2011	\$955.00	\$60.00	6.7%
2012	\$980.00	\$25.00	2.6%
2013	\$990.00	\$10.00	1.0%
2014	\$995.00	\$ 5.00	0.5%
2015	\$995.00	None	0.0%
<b>2016</b>	<b>\$1,020.00</b>	<b>\$25.00</b>	<b>2.5%</b>

### How Does Our Fee Compare?

Many owners have probably heard comments from family and friends about how high our monthly fees seem to be. However, we know that our units are unusually large. In order to truly assess the size of our fee, we need to compare it on a per square foot basis.

The table to the right shows maintenance fees for a number of complexes in our immediate neighbourhood. They were calculated from the stated fee and square footage of units recently listed for sale.



The buildings are of various sizes, ages, and types. However, it is clear that our fees are low in comparison to others nearby. In fact, from the sample, only two are lower than ours – 99 McGill is new construction and 415 Jarvis is a townhouse complex. Of course the amenities offered will not be the same in all buildings – larger buildings can spread the cost of operating expensive facilities like a pool over a much larger number of suites. However, given our size and the quality of our new recreation centre, along with upgrades to the elevators and other common areas, we believe our monthly fee is of good value.

### 2015 Anticipated Expenditures versus 2015 Budget

We are currently anticipating being under our 2015 budget by approximately \$19,000, dependent on the final utility bills for the year. Although some costs were over budget, these were offset because of savings against budget in repairs and maintenance.

The more significant variances against budget are as follows:

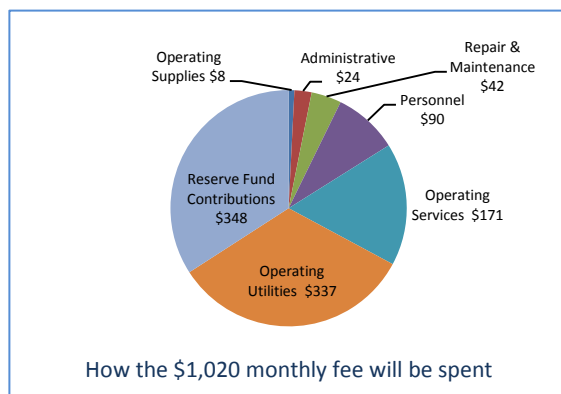
- Professional fees are lower than expected. As this is primarily an allowance for unplanned requirements, it is difficult to accurately budget. These are generally for payment of professionals to advise us in assessing repair needs.
- Personnel costs are over budget because of the use of an external cleaner for the new recreation centre.
- Elevator costs are higher because our budget was based on the elevator project beginning in January 2015, thereby halving our monthly maintenance fee. But, because of the delayed start, we saw only a portion of the expected savings. However, this overrun was offset by saving in other service costs, such as security and groundskeeping.

- Electricity costs are higher than budgeted because of higher than anticipated usage, and a slightly higher cost for the electricity than anticipated. On the other hand, expected increases in water rates did not materialize, thereby offering us some savings.
- Plumbing repairs are much lower than budgeted, primarily because actual costs usually relate to unexpected repairs. During the year, no significant repairs were required. Prior to the Riser project undertaken a few years ago, there were regular repairs required to fix pinhole leaks in the risers. The investment in this project has led to savings in these repairs.
- Similarly, general repairs and miscellaneous for both the exterior and the interior of the building are allowances for unplanned items. No significant items were undertaken during the year.

Utility costs remain a difficult expense to accurately predict as they are dependent on sometimes volatile electricity and natural gas prices, as well as usage level which vary depending on weather patterns.

Similarly, repair costs other than routine maintenance are usually unexpected and unplanned.

### Components of the 2016 Fee



A significant portion of the maintenance fees, approximately one-third, goes towards the contribution to the Reserve Fund. As required by the tri-annual Reserve Fund Study prepared in November 2012, the contribution for 2015 is up 4% from 2014 – from \$222,009 to \$230,890.

The 2015 study is currently underway by our engineer and the results will be distributed after the Board has reviewed and approved the report.

Utilities are another significant cost, while operating services, such as HVAC, security, and elevator contracts account for another 17% of costs. In total, the reserve fund, utilities and fixed maintenance contracts account for over 80% of your monthly fee.

## Budget for 2016

The effect of the budget change from 2015 to 2016 on how your monthly fee is spent is shown in the chart below.

<b>2016 Monthly Fee Budget</b>			
	<b>2016</b>	<b>2015</b>	<b>Change</b>
Operating Supplies	\$ 8	\$ 8	\$ -
Administrative	24	24	-
Repairs and Maintenance	42	53	(11)
Personnel	90	94	(4)
Operating Services	171	170	1
Operating Utilities	337	310	27
Reserve Fund Contribution	348	336	12
<b>Total Monthly Fee</b>	<b>\$ 1,020</b>	<b>\$ 995</b>	<b>\$ 25</b>

Supplies and administrative costs are unchanged, while there is some savings in personnel and related costs. We are allocating less money to repairs and maintenance, though this is still more than we have actually spent the last few years.

The big change is in utilities where we expect to spend an additional \$27 per unit per month versus the

current year's budget. This is based on our experience of being over budget on these costs in 2015.

The extra \$12 per month per unit is the contribution required under the 2012 Reserve Fund Study. As mentioned earlier, this is currently being updated, but will not have an effect on our 2016 contribution.

The components of the budget are as follows:

- Administrative costs are budgeted in line with last year's budget. Although little was spent in 2015, professional fees are being maintained at \$5,000 to cover possible engineer or other fees to assess the scope of possible repairs.
- Personnel costs (which also include office communication) are budgeted to decrease from our 2015 costs because of an overlap of building manager while Gordon was being trained.
- In operating services, most items are being budgeted to allow for modest inflationary increases. However, a significant decrease is being budgeted in elevators because the new maintenance contract associated with the refurbished elevators is down about 50% from the monthly fee of our old elevators.
- Operating supplies are being budgeted slightly above 2014. However, this is a small part of the overall operating costs.
- Utilities costs are a significant portion of the operating costs at 33% of the total expenditures, yet are the most volatile and difficult to budget. Overall we have budgeted a 4.5% increase in costs. This is in response to well publicized warnings of rate increases from Toronto Hydro and Toronto City Water.

- The repairs and maintenance budget has decreased from the 2015 budget to be more in line with actual experience over the last two years. The items budgeted in this section are largely allowances for items that are unexpected. Spending in 2016 is expected to be greater than in 2015 in order to address some persistent maintenance issues we have experienced. Now that the elevator and other projects are nearing completion, more time will be devoted to determining the cause of water penetration into the building, notably in the garage and in some suites, and ensuring we have a generator available for use during power outages.

Professional advice is being sought on addressing these issues and developing an action plan. Until the assessments are completed, we do not know the potential cost, or whether they can be repaired out of the reserve fund.

*2016 will see an increased focus on investigating, assessing, and repairing it issues such as water penetration.*

*Maintenance will remain a core activity during the year.*

- There is a budget line for additions and improvements, which are above regular maintenance and outside of the reserve fund. An example of this is new equipment bought in 2014 for the rec centre. In 2015 we did not undertake any such projects, and we are not currently planning to undertake such projects in 2016.
- The reserve fund contribution is set at a 4% increase over 2015, as required by the reserve fund study performed in November 2012. The next study is currently underway.

Overall, the budget is prepared to ensure that not only known expenditures are budgeted but that there is also a reasonable allowance for unexpected occurrences. However, although the budget is reasonable and attainable, there are no significant cushions for very large unexpected events.

A detailed description of our Operating Budget is attached, showing each item of the 2015 Forecast and 2016 Budget.

### Payment of Maintenance Fees

**Please provide post-dated cheques for the year dated the 1<sup>st</sup> of each month commencing January 1, 2016, payable to MTCC #600 and deliver them to the Office – Suite 2C, no later than Wednesday, December 16<sup>th</sup>, 2015.**

**For those of you who are on the Pre-Authorized Payment Program (which is the majority of the building), no action is required.**

If you wish to be on the Pre-Authorized Payment Program, please place a void cheque in an envelope to the attention of Alan Gracan, and place it in the office mail box before the December 16<sup>th</sup> deadline in order to start on January 1<sup>st</sup>. However, you can switch to the automatic program at any time.



Alan Gracan, CPA, CA  
Secretary-Treasurer  
On Behalf of the Board of Directors, MTCC 600

Phone – (416) 591-0651  
Email – [alan.gracan@sympatico.ca](mailto:alan.gracan@sympatico.ca)

**MTCC 600****2016 Operating Budget**

	2015			2016		
	Forecast	Budget	Variance	2016 Initial Proposed	Variance to Forecast	Variance to Budget
<b>INCOME</b>						
Maintenance Fees	658,380	658,380	-	674,940	16,560	16,560
FOB / Security Card Fees	200	200	-	200	-	-
Status Certificate Fees	200	200	-	200	-	-
Moving Fees	450	300	150	300	(150)	-
Lease Income	400	400	-	400	-	-
Interest on Fees	-	-	-	-	-	-
Other Income	1,000	-	1,000	1,000	-	1,000
<b>TOTAL INCOME</b>	<b>660,630</b>	<b>659,480</b>	<b>1,150</b>	<b>677,040</b>	<b>16,410</b>	<b>17,560</b>
<b>OEPRATING EXPENDITURES</b>						
<b>Administrative</b>						
Audit	4,520	4,746	226	4,700	(180)	46
Bank Charges	1,254	1,100	(154)	1,200	54	(100)
Legal	389	1,500	1,111	1,000	(611)	500
Office	4,109	3,750	(359)	3,800	309	(50)
Professional Fees	259	5,000	4,741	5,000	(4,741)	-
<b>Total Administrative</b>	<b>10,530</b>	<b>16,096</b>	<b>5,566</b>	<b>15,700</b>	<b>(5,170)</b>	<b>396</b>
<b>Personnel</b>						
Regular Wages	44,141	42,840	(1,301)	45,000	(859)	(2,160)
Weekend Relief	3,000	4,160	1,160	-	3,000	4,160
EI Expense	1,536	1,300	(236)	1,400	136	(100)
CPP Expense	2,717	2,480	(237)	2,550	167	(70)
WSIB	1,674	1,870	196	1,800	(126)	70
Third Party Relief Wages	8,820	7,160	(1,660)	6,400	2,420	760
EHT Expense	-	-	-	-	-	-
Telephone / Internet	2,708	2,600	(108)	2,760	(52)	(160)
<b>Total Personnel</b>	<b>64,596</b>	<b>62,410</b>	<b>(2,186)</b>	<b>59,910</b>	<b>4,686</b>	<b>2,500</b>
<b>Operating Services</b>						
Cleaning Services (Exterior)	5,903	3,400	(2,503)	5,000	903	(1,600)
Cleaning Services (Interior)	5,138	5,350	212	5,350	(212)	-
Compactor	1,289	2,000	711	2,000	(711)	-
Elevators	21,168	13,240	(7,928)	13,500	7,668	(260)
Fire Safety	9,157	10,600	1,443	10,000	(843)	600
Grounds	-	2,000	2,000	2,000	(2,000)	-
HVAC	35,812	34,600	(1,212)	35,620	192	(1,020)
Insurance	17,554	18,500	946	18,500	(946)	-
Laundry	-	-	-	-	-	-
Pest Control	611	800	190	800	(190)	-
Property Taxes	2,879	3,100	221	3,000	(121)	100
Security	16,854	19,000	2,146	18,050	(1,196)	950
<b>Total Operating Services</b>	<b>116,365</b>	<b>112,590</b>	<b>(3,775)</b>	<b>113,820</b>	<b>2,545</b>	<b>(1,230)</b>

**2016 Operating Budget***Continued*

	2015			2016		
	Forecast	Budget	Variance	2016 Initial Proposed	Variance to Forecast	Variance to Budget
<b>Operating Supplies</b>						
Cleaning Supplies	1,733	1,600	(133)	1,600	133	-
Grounds Supplies	1,219	1,500	281	1,500	(281)	-
Lighting Supplies	650	500	(150)	500	150	-
Recreational Supplies	1,129	2,000	871	1,500	(371)	500
Total Operating Supplies	4,730	5,600	870	5,100	(370)	500
<b>Utilities</b>						
Cable TV	35,273	36,580	1,307	37,000	(1,727)	(420)
Diesel Fuel and Equipment	896	2,100	1,205	2,000	(1,105)	100
Electricity	95,336	82,000	(13,336)	99,120	(3,784)	(17,120)
Gas	49,466	48,000	(1,466)	51,500	(2,034)	(3,500)
Water & Sewer	32,891	37,095	4,204	34,000	(1,109)	3,095
Total Utilities	213,861	205,775	(8,086)	223,620	(9,759)	(17,845)
<b>Repairs &amp; Maintenance</b>						
Electrical Repair	458	2,000	1,542	2,000	(1,542)	-
Mechanical Repair	-	1,000	1,000	1,000	(1,000)	-
Plumbing Repair	4,487	13,000	8,513	8,000	(3,513)	5,000
Recreational Repair	440	1,000	560	1,000	(560)	-
General & Misc. (Exterior)	2,022	9,000	6,978	8,000	(5,978)	1,000
Repair & Misc. (Interior)	1,964	9,000	7,036	8,000	(6,036)	1,000
Total Repairs & Maintenance	9,372	35,000	25,628	28,000	(18,628)	7,000
<b>TOTAL OPERATING COSTS</b>	<b>419,455</b>	<b>437,471</b>	<b>18,016</b>	<b>446,150</b>	<b>(26,695)</b>	<b>(8,679)</b>
<b>OPERATING SURPLUS</b>	<b>241,175</b>	<b>222,009</b>	<b>19,166</b>	<b>230,890</b>	<b>(10,285)</b>	<b>8,881</b>
<b>Additions and Improvements</b>	-	-	-	-	-	-
<b>Reserve Fund Contributions</b>						
Current Year Contribution	222,009	222,009	-	230,890	(8,881)	(8,881)
Special Reserve Fund Contribution	-	-	-	-	-	-
Total Reserve Fund Contributions	222,009	222,009	-	230,890	(8,881)	(8,881)
<b>NET OPERATING INCOME (LOSS)</b>	<b>19,166</b>	<b>-</b>	<b>19,166</b>	<b>-</b>	<b>(19,166)</b>	<b>-</b>