

# 256

Jarvis Street

MTCC 600

## NOTICE TO OWNERS

### 2018 MAINTENANCE FEES

December 28, 2017

The Board of Directors has approved the 2018 Operating Budget for MTCC #600. Maintenance Fees **will increase by \$10 per month** for the coming year. This is a 1.0% increase, and represents an average annual increase of 1.2% over the last six years.

The 2018 rates are as follows:

<b>Residential Units</b>	<b>\$1,050.00 per month</b>
Commercial Unit	\$1,190.00 per month

#### Setting the 2018 Maintenance Fee

Great care has been taken to make the increase in maintenance fees as low as possible, while still ensuring our building's security, equipment and operations are not limited in any way. 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 1.0%, less than the rate of inflation. The net cost of the increase is \$10 per month, or \$120 per year.

The table at the right shows the historical increase in fees over the last twelve years. Although there has been variability in the increases over the years, the effective compounded annual increase is less than 2.4% over the period.

Our objective is to keep annual fee increases 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%
2016	\$1,020.00	\$25.00	2.5%
2017	\$1,040.00	\$20.00	2.0%
<b>2018</b>	<b>\$1,050.00</b>	<b>\$10.00</b>	<b>1.0%</b>

**2017 Anticipated Expenditures versus 2017 Budget**

We are currently anticipating being under our 2017 budget by approximately \$55,000, dependent on the final utility and other bills for the year.

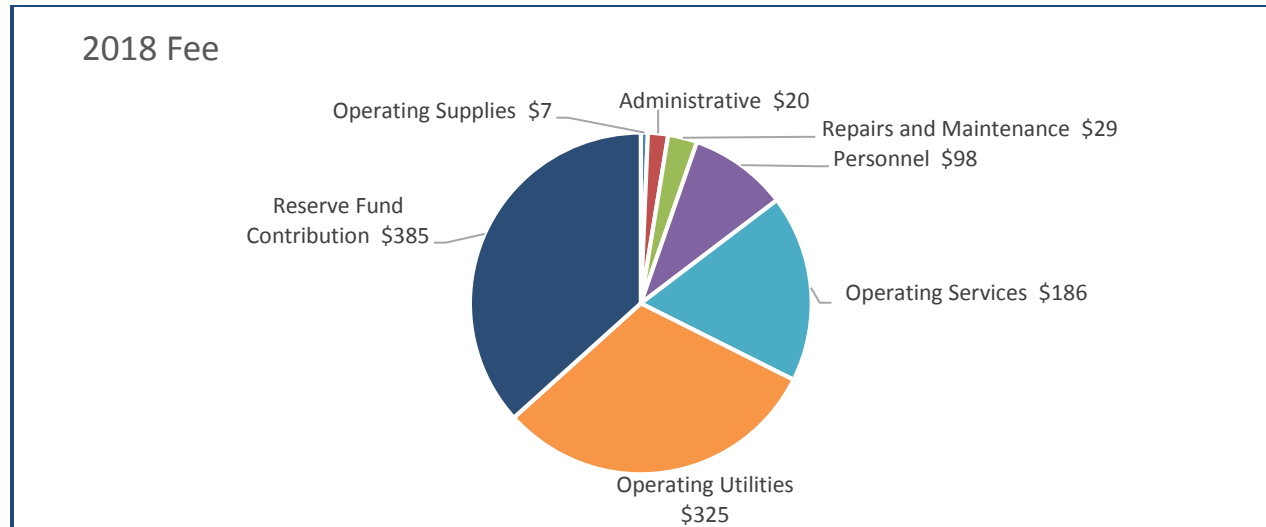
The more significant variances against budget are as follows:

- Fire safety costs in 2017 are below budget, and below 2016 actual experience. In 2016 there were a number of significant repairs that were needed to the sprinkler pipes. We increased the 2017 budget as a precautionary measure in case additional repairs were required; however, the repair costs were lower in 2017 than 2016 and we have adjusted the 2018 budget to reflect the average experience over the last few years.
- HVAC costs are higher than budgeted primarily due to repairs related to the intermittent shutdown of boilers during the year.
- Electricity costs are down significantly from budget. We were expecting price increases larger than realized.
- Gas costs are also much lower than budgeted. In preparing the 2017 budget, there was much uncertainty as to the price of gas. Costs in 2017 were higher than 2016, but still lower than the budgeted amount.
- Water, sewer and garbage costs were over budget. The increase in rates was higher than anticipated during the 2017 budget exercise.
- Repairs and maintenance costs are under budget. This account is difficult to estimate during budgeting because most of the expenditure is from unexpected repairs. However, by continuing regular maintenance of our systems, these repairs are happening less frequently.

With the savings this year, we anticipate closing 2017 with an accumulated Operating surplus of \$180,000.

### Components of the 2018 Fee

A significant portion of the maintenance fees, over one-third, goes towards the contribution to the Reserve Fund. As required by the tri-annual Reserve Fund Study prepared last year, the contribution for 2017 is up 5% from 2016 – from \$242,435 to \$254,557.



Utilities are another significant cost at 31%, 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 85% of your monthly fee.

### Budget for 2018

The effect of the budget change from 2017 to 2018 on how your monthly fee is spent is shown in the chart below.

The changes in budget for 2018 versus 2017 reflect our experience with actual costs in 2017. Utilities costs were down significantly from budget, but we are still budgeting increases in 2017. We are making allowances for both an increase in usage and in rates in 2018.

<b>2017 Monthly Fee Budget Components</b>			
	2018	2017	Change
Operating Supplies	\$ 7	\$ 8	\$ (1)
Administrative	20	24	\$ (4)
Repairs and Maintenance	29	33	\$ (4)
Personnel	98	93	\$ 5
Operating Services	186	179	\$ 7
Operating Utilities	325	337	\$ (12)
Reserve Fund Contribution	385	366	\$ 19
<b>Total Monthly Fee</b>	<b>\$ 1,050</b>	<b>\$ 1,040</b>	<b>\$ 10</b>

Repairs and maintenance costs are also decreasing in budget, though we are still above what we actually spent in 2017. We are expecting savings in administrative costs and operating supplies to continue, though we are allowing an increase in operating services (such as elevator, fire safety, and security costs) as we do not yet have confirmation of all contract price increases for these services.

For the reserve fund contribution, the \$19, or 5%, increase is required under the Reserve Fund Study completed last year. The Reserve Fund ensures we have sufficient funds on hand to replace or perform maintenance on the mechanical and other assets of the building, as well as the building itself, when required. Since our increase in fees of \$10 is only one-half of the \$19 increase per month in the reserve fund, we are expecting overall savings in other areas of the budget to offset the increase. Our experience in actual costs in 2017 lead us to believe that decreasing the budgets in other areas in 2018 compared to 2017 budgets is reasonable.

### Reserve Fund Expenditures

The reserve fund expenditures are not part of the annual operating budget. These projects are treated separately and are initiated when needed.

However, the projects completed under the reserve fund can have an impact on the service costs and repairs and maintenance activities.

For example, the recent completion of the elevator project means that our annual maintenance contract fee was cut in half. This is one of the reasons we are able to keep control over our costs. Future projects will continue to save ongoing costs.

*Reserve Fund projects to be undertaken will continue to both enhance our building and common areas, as well as decrease ongoing repair and maintenance costs.*

### 2018 Operating Budget

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.

A detailed description of our Operating Budget is attached, showing each item of the 2017 Forecast and 2018 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, 2018, payable to MTCC #600 and deliver them to the Office – Suite 2C, no later than Monday, January 8<sup>th</sup>, 2018.**

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 end of the month. 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

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## MTCC 600

## 2018 Operating Budget

	2017			2018		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
<b>INCOME</b>						
Maintenance Fees	688,140	688,140	-	<b>694,680</b>	6,540	6,540
Other Income	1,500	1,400	100	<b>1,500</b>	-	100
<b>TOTAL INCOME</b>	<b>689,640</b>	<b>689,540</b>	<b>100</b>	<b>696,180</b>	<b>6,540</b>	<b>6,640</b>
<b>OPERATING EXPENDITURES</b>						
<b>Administrative</b>						
Audit	4,520	4,520	-	<b>4,520</b>	-	-
Bank Charges	1,400	1,400	-	<b>1,400</b>	-	-
Legal	-	1,000	1,000	<b>1,000</b>	(1,000)	-
Office	2,676	3,800	1,124	<b>3,500</b>	(824)	300
Professional Fees	2,622	5,000	2,378	<b>3,000</b>	(378)	2,000
<b>Total Administrative</b>	<b>11,218</b>	<b>15,720</b>	<b>4,502</b>	<b>13,420</b>	<b>(2,202)</b>	<b>2,300</b>
<b>Personnel</b>						
Regular Wages	48,511	46,000	(2,511)	<b>48,700</b>	(189)	(2,700)
El Expense	1,171	1,300	129	<b>1,205</b>	(34)	95
CPP Expense	2,564	2,285	(279)	<b>2,595</b>	(31)	(310)
WSIB	1,534	1,800	266	<b>1,678</b>	(144)	122
Third Party Wages	6,400	7,450	1,050	<b>7,450</b>	(1,050)	-
Telephone / Internet	3,014	3,000	(14)	<b>3,000</b>	14	-
<b>Total Personnel</b>	<b>63,194</b>	<b>61,835</b>	<b>(1,359)</b>	<b>64,628</b>	<b>(1,434)</b>	<b>(2,793)</b>
<b>Operating Services</b>						
Cleaning Services (Exterior)	6,693	4,900	(1,793)	<b>7,000</b>	(307)	(2,100)
Cleaning Services (Interior)	6,352	4,900	(1,452)	<b>6,500</b>	(148)	(1,600)
Compactor	244	800	556	<b>500</b>	(256)	300
Elevators	12,711	14,000	1,289	<b>13,000</b>	(289)	1,000
Fire Safety	8,603	12,000	3,397	<b>12,000</b>	(3,397)	-
Grounds	-	1,000	1,000	<b>-</b>	-	1,000
HVAC	41,950	37,500	(4,450)	<b>41,000</b>	950	(3,500)
Insurance	18,746	20,000	1,254	<b>20,000</b>	(1,254)	-
Pest Control	610	800	190	<b>650</b>	(40)	150
Property Taxes	2,867	3,000	133	<b>3,000</b>	(133)	-
Security	18,139	20,500	2,361	<b>20,000</b>	(1,861)	500
<b>Total Operating Services</b>	<b>116,915</b>	<b>119,400</b>	<b>2,485</b>	<b>123,650</b>	<b>(6,735)</b>	<b>(4,250)</b>

**2018 Operating Budget***Continued*

	2017			2018		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
<b>Operating Supplies</b>						
Cleaning Supplies	1,953	1,200	(753)	<b>1,500</b>	453	(300)
Grounds Supplies	1,038	1,250	212	<b>1,250</b>	(212)	-
Lighting Supplies	45	500	455	<b>200</b>	(155)	300
Recreational Supplies	1,627	2,000	373	<b>2,000</b>	(373)	-
Total Operating Supplies	<u>4,663</u>	<u>4,950</u>	<u>287</u>	<u><b>4,950</b></u>	<u>(287)</u>	<u>-</u>
<b>Utilities</b>						
Cable TV	37,336	37,500	164	<b>39,375</b>	(2,039)	(1,875)
Diesel Fuel and Equipment	-	700	700	<b>500</b>	(500)	200
Electricity	64,622	100,000	35,378	<b>85,000</b>	(20,378)	15,000
Gas	32,705	45,000	12,295	<b>40,000</b>	(7,295)	5,000
Water & Sewer	47,105	40,000	(7,105)	<b>50,000</b>	(2,895)	(10,000)
Total Utilities	<u>181,768</u>	<u>223,200</u>	<u>41,432</u>	<u><b>214,875</b></u>	<u>(33,107)</u>	<u>8,325</u>
<b>Repairs &amp; Maintenance</b>						
Electrical Repair	-	2,000	2,000	<b>2,000</b>	(2,000)	-
Mechanical Repair	-	1,000	1,000	<b>1,000</b>	(1,000)	-
Plumbing Repair	6,282	5,000	(1,282)	<b>5,600</b>	682	(600)
Recreational Repair	2,558	1,000	(1,558)	<b>1,500</b>	1,058	(500)
General & Misc. (Exterior)	1,789	8,000	6,211	<b>5,000</b>	(3,211)	3,000
Repair & Misc. (Interior)	3,249	5,000	1,751	<b>5,000</b>	(1,751)	-
Total Repairs & Maintenance	<u>13,878</u>	<u>22,000</u>	<u>8,122</u>	<u><b>20,100</b></u>	<u>(6,222)</u>	<u>1,900</u>
 TOTAL OPERATING COSTS	 391,636	 447,105	 55,469	 <b>441,623</b>	 (49,987)	 5,482
 OPERATING SURPLUS	 298,004	 242,435	 55,569	 <b>254,557</b>	 (43,447)	 12,122
 <b>Additions and Improvements</b>	 -	 -	 -	 -	 -	 -
 <b>Reserve Fund Contributions</b>						
Current Year Contribution	242,435	242,435	-	<b>254,557</b>	(12,122)	(12,122)
Special Reserve Fund Contribution	-	-	-	-	-	-
Total Reserve Fund Contributions	<u>242,435</u>	<u>242,435</u>	<u>-</u>	<u><b>254,557</b></u>	<u>(12,122)</u>	<u>(12,122)</u>
 <b>NET OPERATING INCOME (LOSS)</b>	 <u>55,569</u>	 <u>-</u>	 <u>55,569</u>	 <u>-</u>	 <u>(55,569)</u>	 <u>-</u>