

# 256

Jarvis Street

MTCC 600

## NOTICE TO OWNERS

### 2022 MAINTENANCE FEES

December 29, 2022

The Board of Directors has approved the 2022 Operating Budget for MTCC No. 600. Maintenance Fees **will increase by \$35 per month** for the coming year. This is a 3.1% increase and represents an average annual increase of 3.5% over the last 20 years, and 2.2% over the last 10 years.

The 2022 rates are as follows:

<b>Residential Units</b>	<b>\$1,155.00 per month</b>
Commercial Unit	\$1,275.00 per month

#### Setting the 2022 Maintenance Fee

Our objective is to set the maintenance fee at a level that maintains the operations of the building at low cost. Over the last several years we have been able to maintain nominal increases. This year we must increase the fee at a higher rate than the average. Unfortunately, we have limited or no control over most of the costs, including utilities and service contracts, and the required contribution to the reserve fund. The net cost of the increase is \$35 per month, or \$420 per year.

The table at the right shows the historical increase in fees since 2007. Although there has been variability in the increases over the years, the effective compounded annual increase is less than 2.4% over the period.

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%
2018	\$1,050.00	\$10.00	1.0%
2019	\$1,060.00	\$10.00	1.0%
2020	\$1,080.00	\$20.00	1.9%
2021	\$1,120.00	\$40.00	3.7%
2022	\$1,155.00	\$35.00	3.1%

### **2021 Anticipated Expenditures versus 2021 Budget**

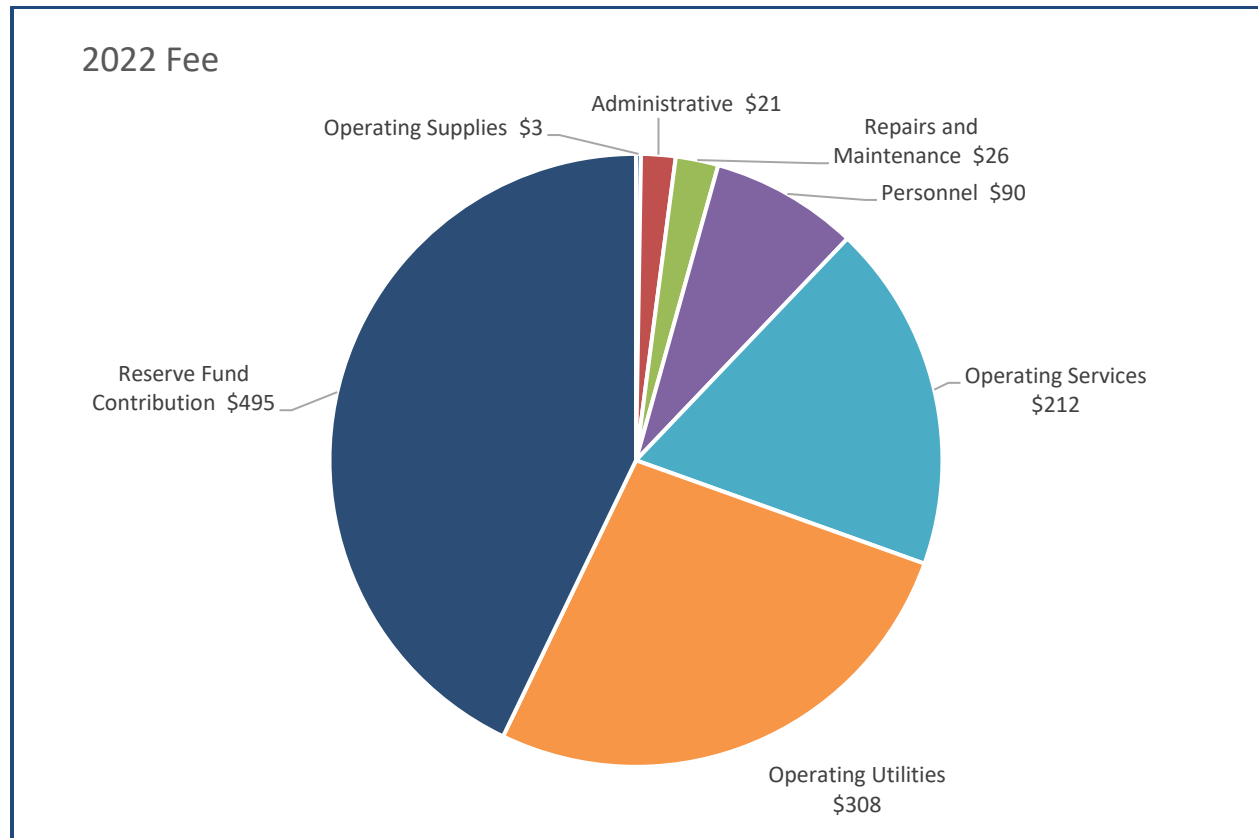
We are currently anticipating being over our 2021 budget by approximately \$5,000, dependent on the final utility and other bills for the year. Although it is disappointing to not be in a surplus position, this is only 0.7% of the total annual budget. Further, we have a substantial accumulated surplus from prior years to cover this shortfall.

The variances against budget are as follows:

- Administrative costs are over budget by \$8,200 overall, for several reasons. Legal fees were higher than expected from higher than anticipated use; audit fee was higher than budgeted (recall that we changed auditors partly because our prior auditors felt they could not profitably do the work); professional fees were higher because we needed to perform an insurance appraisal and have extra inspections of the roof anchors; finally we gave a retirement gift to Alex Lefter for almost 20 years of service to the building, its owners and residents. These are all irregular items that occurred in one year.
- Personnel expense are \$2,700 under budget. This is primarily from savings in cleaning of the recreation centre, because it was closed most of the year.
- Operating services are over budget by \$12,750. Contributing to this were extra fire safety costs due to repairs to our fire system, and dealing with issues related to our emergency generator, which is now fully operational.
- Overall Operating supplies are \$1,800 over budget, primarily from reopening the recreation centre, and cost increases to television and internet costs.
- Operating Utilities is the category where we usually have our largest variance, due to the high costs and difficulty in budgeting these items. However, this year we are only \$1,000 over budget for all services combined. Gas, water and sewer, and garbage were over budget, but fortunately electricity usage was down and offset these extra costs.
- Repairs and maintenance costs are \$14,000 under budget in total. These accounts are difficult to estimate during budgeting because most of the expenditures are from unexpected repairs. All categories were under budget because there were no significant repairs required in any area.

### Components of the 2022 Fee

A significant portion of the maintenance fees, 43%, goes towards the contribution to the Reserve Fund. As required by the tri-annual Reserve Fund Study prepared in 2019, the contribution for 2022 is \$327,172, an 8% increase over 2021.



Utilities are another significant cost at 27%, while operating services, such as HVAC, security, and elevator contracts account for another 18% of costs. In total, the reserve fund, utilities and fixed maintenance contracts account for 88% of your monthly fee.

## Budget for 2022

The effect of the budget change from 2021 to 2022 on how your monthly fee is spent is shown in the chart to the right. The changes in budget for 2022 versus 2021 reflect our experience with actual costs in 2021. Therefore, there is some shifting of costs between categories.

2022 Monthly Fee Budget Components			
	2022	2021	Change
Operating Supplies	\$ 3	\$ 5	\$ (2)
Administrative	21	20	\$ 1
Repairs and Maintenance	26	34	\$ (8)
Personnel	90	94	\$ (4)
Operating Services	212	202	\$ 10
Operating Utilities	308	307	\$ 1
Reserve Fund Contribution	495	458	\$ 37
<b>Total Monthly Fee</b>	<b>\$1,155</b>	<b>\$1,120</b>	<b>\$ 35</b>

We are increasing the operating services budget, which includes cleaning, elevators, fire safety, HVAC and security as compared to the 2021 budget to reflect our actual experience in 2021. With expected continued relaxation of Covid restrictions, we expect carpet and garage cleaning, and fan coil maintenance to return to normal levels.

We have not budgeted a large shift in funding of utilities. We hope that increases will be modest and savings in electricity will continue.

For the reserve fund contribution, the \$34, or 8%, increase is required under the Reserve Fund Study completed in 2019. We are following the funding plan in the current study, which calls for an annual 8% increase for the next couple years. However, the next study due by May 2022 may call for increases higher than those presently anticipated.

## Television and Internet Service

It isn't often we have the opportunity to reduce costs for a service or introduce a new service. However, this year we are able to do both. Our five-year contract with Rogers for provision of television services expired. When we signed that agreement we specifically asked Bell for options and were told they were not doing bulk deals. But now, both Rogers and Bell are offering bulk deals on internet service as well as television.

*The new internet and television service deal with Bell not only saves the Corporation money, but allows individual owners to save money by eliminating duplicate services they have been paying themselves.*

The best part was that we could get both services for less than what we have been paying Rogers for television alone (which already was a good deal at over 50% off the regular rates). With this new deal, we are getting the fastest internet speed available, a good television package, and two digital boxes for \$46 per month, plus tax – a substantial discount on services that retail over \$200. We had been paying over \$50 for TV only. In addition, we were able to negotiate free services for the recreation centre as well as some free internet lines to support our existing security communication infrastructure. As well, for those who wish have a home

phone line, there are substantial discounts available to bring the cost down to about \$15 per month. The deal is for five years with no price increases during the term.

We see this as a good deal for owners not only because of the additional service, but because anyone who has been paying for Bell internet or TV previously, or used another supplier and switched to Bell, will see personal savings in excess of the increase in the monthly maintenance fee.

### 2022 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 2021 Forecast, 2021 Budget and 2022 Budget.

### 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.

Owners are well aware of the significant issues related to the window replacement project, and the expected associated costs. These costs are not reflected in the attached budget. The window replacement project is the only significant project planned for 2022.

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The Board will work with our engineers in developing the next Reserve Fund Study due by May 2022 to identify, prioritize, and cost upcoming projects.

### Payment of Maintenance Fees

Most of you are on the Pre-Authorized Payment Program, and the monthly fee withdrawn from your account will be automatically updated and withdrawn on Tuesday January 4, 2022.

For the two of you still paying by cheque, please provide post-dated cheques for the year dated the 1<sup>st</sup> of each month commencing January 1, 2022, payable to MTCC #600 and deliver them to the Office – Suite 2C, by Monday, January 3rd, 2022.

If you are not on the Pre-Authorized Payment Program and wish to join, please place a void cheque in an envelope to the attention of Greg Geralde, and place it in the office as soon as possible. You can switch to the automatic program at any time.

A handwritten signature in blue ink, appearing to read "Alan Gracan", is shown within a light gray rectangular box.

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

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**MTCC 600****2022 Operating Budget**

	2021			2022		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
<b>INCOME</b>						
Maintenance Fees	740,580	740,580	-	<b>763,740</b>	23,160	23,160
Other Income	1,750	1,500	250	<b>1,500</b>	(250)	-
<b>TOTAL INCOME</b>	<b>742,330</b>	<b>742,080</b>	<b>250</b>	<b>765,240</b>	<b>22,910</b>	<b>23,160</b>
<b>OPERATING EXPENDITURES</b>						
<b>Administrative</b>						
Audit	5,876	4,850	(1,026)	<b>6,000</b>	(124)	(1,150)
Bank Charges	685	900	215	<b>720</b>	(35)	180
Legal	4,729	3,000	(1,729)	<b>1,500</b>	3,229	1,500
Office	7,627	4,000	(3,627)	<b>5,700</b>	1,927	(1,700)
Professional Fees	3,531	1,500	(2,031)	<b>1,385</b>	2,146	115
<b>Total Administrative</b>	<b>22,449</b>	<b>14,250</b>	<b>(8,199)</b>	<b>15,305</b>	<b>7,144</b>	<b>(1,055)</b>
<b>Personnel</b>						
Regular Wages	49,850	48,700	(1,150)	<b>44,700</b>	5,150	4,000
El Expense	1,352	1,450	98	<b>1,450</b>	(98)	-
CPP Expense	3,128	2,900	(228)	<b>2,900</b>	228	-
WSIB	655	1,200	545	<b>1,200</b>	(545)	-
Third Party Wages	2,550	6,150	3,600	<b>8,000</b>	(5,450)	(1,850)
Telephone / Internet	1,742	1,600	(142)	<b>1,600</b>	142	-
<b>Total Personnel</b>	<b>59,277</b>	<b>62,000</b>	<b>2,723</b>	<b>59,850</b>	<b>(573)</b>	<b>2,150</b>
<b>Operating Services</b>						
Cleaning Services (Exterior)	6,111	12,000	5,889	<b>10,700</b>	(4,589)	1,300
Cleaning Services (Interior)	8,238	3,500	(4,738)	<b>3,500</b>	4,738	-
Compactor	-	750	750	<b>750</b>	(750)	-
Elevators	15,538	16,000	462	<b>14,500</b>	1,038	1,500
Fire Safety	19,005	8,000	(11,005)	<b>8,000</b>	11,005	-
Grounds	3,078	-	(3,078)	<b>550</b>	2,528	(550)
HVAC	36,255	40,000	3,745	<b>40,000</b>	(3,745)	-
Insurance	29,735	28,000	(1,735)	<b>32,000</b>	(2,265)	(4,000)
Pest Control	1,210	800	(410)	<b>1,200</b>	10	(400)
Property Taxes	2,890	3,000	110	<b>3,000</b>	(110)	-
Security	24,740	22,000	(2,740)	<b>26,000</b>	(1,260)	(4,000)
<b>Total Operating Services</b>	<b>146,801</b>	<b>134,050</b>	<b>(12,751)</b>	<b>140,200</b>	<b>6,601</b>	<b>(6,150)</b>

**2022 Operating Budget***Continued*

	2020			2021		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
<b>Operating Supplies</b>						
Cleaning Supplies	547	500	(47)	500	47	-
Grounds Supplies	857	500	(357)	750	107	(250)
Lighting Supplies	212	100	(112)	100	112	-
Recreational Supplies	3,511	2,200	(1,311)	500	3,011	1,700
Total Operating Supplies	5,127	3,300	(1,827)	1,850	3,277	1,450
<b>Utilities</b>						
Cable TV	40,868	42,000	1,132	33,720	7,148	8,280
Diesel Fuel and Equipment	2,449	500	(1,949)	1,500	949	(1,000)
Electricity	69,601	81,000	11,399	74,000	(4,399)	7,000
Gas	27,491	25,500	(1,991)	29,000	(1,509)	(3,500)
Water & Sewer	54,514	48,000	(6,514)	57,600	(3,086)	(9,600)
Garbage	7,012	6,000	(1,012)	7,500	(488)	(1,500)
Total Utilities	201,936	203,000	1,064	203,320	(1,384)	(320)
<b>Repairs &amp; Maintenance</b>						
Electrical Repair	582	2,000	1,418	2,000	(1,418)	-
Mechanical Repair	15	3,000	2,985	3,000	(2,985)	-
Plumbing Repair	3,004	5,043	2,039	4,043	(1,039)	1,000
Recreational Repair	1,695	1,500	(195)	1,500	195	-
General & Misc. (Exterior)	1,205	6,000	4,795	3,000	(1,795)	3,000
Repair & Misc. (Interior)	2,172	5,000	2,828	4,000	(1,828)	1,000
Total Repairs & Maintenance	8,673	22,543	13,870	17,543	(8,870)	5,000
<b>TOTAL OPERATING COSTS</b>	444,263	439,143	(5,120)	438,068	6,195	1,075
<b>OPERATING SURPLUS</b>	298,067	302,937	(4,870)	327,172	29,105	24,235
<b>Additions and Improvements</b>	-	-	-	-	-	-
<b>Reserve Fund Contributions</b>						
Current Year Contribution	302,937	302,937	-	327,172	(24,235)	(24,235)
Special Reserve Fund Contribu	-	-	-	-	-	-
Total Reserve Fund Contributions	302,937	302,937	-	327,172	(24,235)	(24,235)
<b>NET OPERATING INCOME (LOSS)</b>	(4,870)	-	(4,870)	-	4,870	-