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Jarvis Street

MTCC 600

NOTICE TO OWNERS

2023 MAINTENANCE FEES

December 20, 2022

The Board of Directors has approved the 2023 Operating Budget for MTCC No. 600. Maintenance Fees **will increase by \$60 per month** for the coming year. This is a 5.2% increase.

The 2023 rates are as follows:

Residential Units	\$1,215.00 per month
Commercial Unit	\$1,340.00 per month

Setting the 2023 Maintenance Fee

Our objective is to set the maintenance fee at a level that maintains the operations of the building at low cost. For several years in the last decade 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 \$60 per month, or \$720 per year.

The table at the right shows the historical increase in fees since 2014. The increases up to 2021 have been very low, because of lower inflation rates. Since then

Average Increase

1 year	5.2%
5 year	3.0%
10 year	2.1%
20 year	3.3%

the increases have been largely due to required increases in the reserve fund contribution. Although

this year's 5.2% increase is higher than the past, it is still much lower than the inflation rate of approximately 9%. The table to the left summarizes the average increases over various periods.

YEAR	MONTHLY FEE	INCREASE	
		\$	%
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%
2023	\$1,215.00	\$60.00	5.2%

2022 Anticipated Expenditures versus 2022 Budget

We are currently anticipating being over our 2022 budget by approximately \$3,000, 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 0.3% 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 \$5,100 overall. Legal and professional fees were higher primarily because of the one-time declaration amendment of the unit shares and advice regarding the window project financing and disclosure in status certificates and because of extra testing required on the roof anchors to be used by the window contractor.
- Personnel expense are \$5,600 under budget because Gordon took limited vacation during the year so there was the savings for a replacement.
- Operating services are over budget by \$4,500. Fire Safety was considerably overbudget by nearly \$20,000. Unusual items included repairs resulting from the annual fire inspection, repairing a pump and sprinkler heads, replacing a leaking standpipe, and required upgrades to the fire panel communication system. Although some maintenance issues in the building can be deferred, items related to the fire alarm and sprinkler system are dealt with immediately.

Fortunately, there were savings in many of the other categories. Both exterior and interior cleaning services are under budget because carpet cleaning, window cleaning, and garage power washing were put on hold during the window replacement project. (Note that snow clearing has been moved from Cleaning Services to Grounds, explaining the higher than budgeted costs.) Other categories are below budget because of the normal year to year variance in repairs.

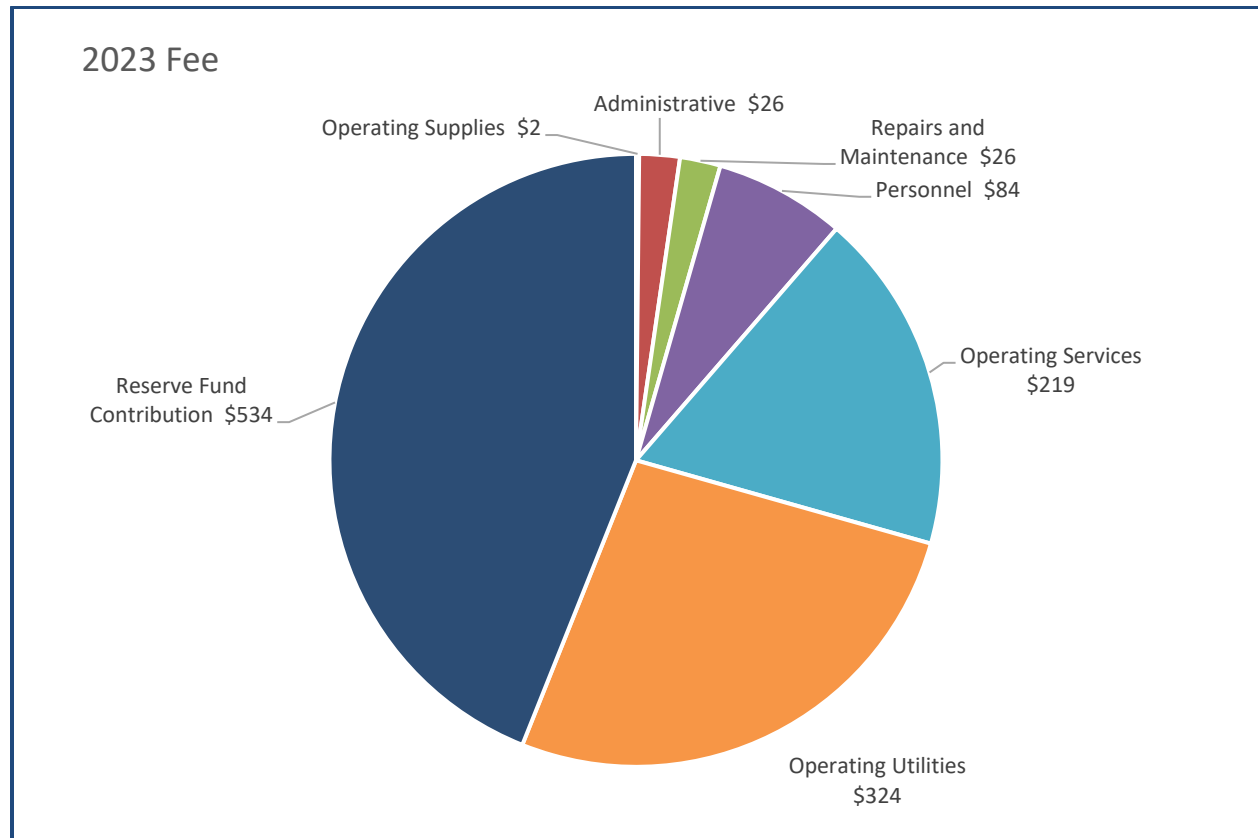
- Overall Operating Supplies are only \$160 over budget.
- Operating Utilities is the category where we usually have our largest variance, due to the high costs and difficulty in budgeting these items. However, this year we are only \$2,500 under budget for all services combined. As expected, gas is well over budget at about 33%. Fuel costs have been a significant component of the increase in the Consumer Price Index (CPI): although overall inflation has increased 8 to 9% over the last year (depending on the period being looked at) fuel costs have increased by over 12%.

Offsetting the gas increase we had savings in other expenses. Both electricity and water and sewer charges had increased costs less than anticipated.

- Repairs and maintenance costs are \$3,800 under budget in total. These accounts are difficult to estimate during budgeting because most of the expenditure is from unexpected repairs. Although there were savings in some categories, plumbing repairs were more than \$10,000 over budget because several cast iron waste pipes were leaking and needed replacement. We will need to replace more pipes when supply becomes available.

Components of the 2023 Fee

A significant portion of the maintenance fees, 44%, goes towards the contribution to the Reserve Fund. As required by the tri-annual Reserve Fund Study prepared in 2019, the contribution for 2023 is \$353,346, an 8% increase over 2022.



Utilities are another significant cost at 27%, while operating services, such as HVAC, security, and elevator contracts account for another 18% of costs. It is relevant and significant to note that, in total, the reserve fund contribution, utilities and fixed maintenance contracts account for 89% of our monthly fee.

Budget for 2023

The effect of the budget change from 2022 to 2023 on how your monthly fee is spent is shown in the chart to the right. The changes in budget for 2023 versus 2022 reflect our experience with actual costs in 2022. Therefore, there is some shifting of costs between categories.

<u>2023 Monthly Fee Budget Components</u>			
	2023	2022	Change
Operating Supplies	\$ 2	\$ 3	\$ (1)
Administrative	26	21	\$ 5
Repairs and Maintenance	26	26	\$ -
Personnel	84	90	\$ (6)
Operating Services	219	212	\$ 7
Operating Utilities	324	308	\$ 16
Reserve Fund Contribution	534	495	\$ 39
Total Monthly Fee	\$1,215	\$1,155	\$ 60

We are increasing the operating services budget, which includes cleaning, elevators, fire safety, HVAC and security as compared to the 2022 budget to reflect increased interior and exterior cleaning costs that were put on hold during Covid and the window project.

We have budgeted a large increase in operating utilities to allow for further increases in the costs of natural gas and electricity.

For the reserve fund contribution, the \$39, 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. The next study is due by the end of the year, and annual increases may be larger than the current increase.

Television and Internet Service

This is the first year that owners are receiving the full benefit of the Bell TV and internet service. Our five-year contract with Rogers for provision of television services expired late in 2021; at that time both Rogers and Bell were competing to offer bulk deals to condominiums.

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 new deal with Bell allows us to get both services for less than what we were 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 previously. In addition, Greg was able to negotiate free services for the recreation centre as well as some free internet lines to support our existing security communication infrastructure. This will help reduce costs for the corporation. 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.

2023 Operating Budget

Overall, the budget is prepared to allow for a significant increase in gas and electricity, returns to our past regular cleaning patterns, and allows for moderate unexpected repairs and maintenance.

A detailed description of our Operating Budget is attached, showing each item of the 2022 Forecast, 2022 Budget and 2023 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 unexpected special assessment. Although the project was disruptive to owners, the contractors worked quickly and professionally and the interior work is complete.

In addition to new higher efficiency windows, owners can be assured that the joints of the wall to the floor slabs are secure and the fire stops between floors is up to current coded.

In addition, the building has been mostly repainted and new front lights installed. The painting will be completed after the winter weather.

The Board will work with our engineers in developing the next Reserve Fund Study to identify, prioritize, and cost upcoming projects. It is expected that improvements to the front façade, including replacing the planter box and hardscape will be at the top of our list.

The window replacement project was the only significant project in 2022.

Projects in the coming years will be communicated once the board has received and approved the new Reserve Fund Study

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 January 2.

For the few of you still paying by cheque, please provide post-dated cheques for the year dated the 1st of each month commencing January 1, 2023, payable to MTCC #600 and deliver them to the Office – Suite 2C, by Thursday, December 29, 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 deliver it to the office as soon as possible. You can switch to the automatic program at any time during the year.

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

2023 Operating Budget

	2022			2023		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
INCOME						
Maintenance Fees	763,740	763,740	-	763,740	-	-
Other Income	4,394	1,500	2,894	1,500	(2,894)	-
TOTAL INCOME	768,134	765,240	2,894	765,240	(2,894)	-
OPERATING EXPENDITURES						
Administrative						
Audit	5,876	6,000	124	6,200	(324)	(200)
Bank Charges	716	720	4	720	(4)	-
Legal	5,530	1,500	(4,030)	1,500	4,030	-
Office	5,695	5,700	5	5,700	(5)	-
Professional Fees	2,571	1,385	(1,186)	3,500	(929)	(2,115)
Total Administrative	20,388	15,305	(5,083)	17,620	2,768	(2,315)
Personnel						
Regular Wages and OT	47,844	44,700	(3,144)	44,700	3,144	-
El Expense	1,334	1,450	116	1,525	(191)	(75)
CPP Expense	3,500	2,900	(600)	2,700	800	200
WSIB	1,213	1,200	(13)	1,464	(251)	(264)
Third Party Wages	-	8,000	8,000	2,000	(2,000)	6,000
Telephone / Internet	374	1,600	1,226	-	374	1,600
Total Personnel	54,265	59,850	5,585	52,389	1,876	7,461
Operating Services						
Cleaning Services (Exterior)	-	10,700	10,700	8,000	(8,000)	2,700
Cleaning Services (Interior)	1,145	3,500	2,355	3,500	(2,355)	-
Compactor	-	750	750	500	(500)	250
Elevators	13,822	14,500	678	14,500	(678)	-
Fire Safety	27,485	8,000	(19,485)	8,000	19,485	-
Grounds	5,084	550	(4,534)	8,500	(3,416)	(7,950)
HVAC	39,628	40,000	372	43,000	(3,372)	(3,000)
Insurance	31,633	32,000	367	32,000	(367)	-
Pest Control	966	1,200	234	1,300	(334)	(100)
Property Taxes	2,895	3,000	105	3,000	(105)	-
Security	22,064	26,000	3,936	23,000	(936)	3,000
Total Operating Services	144,722	140,200	(4,522)	145,300	(578)	(5,100)

2023 Operating Budget*Continued*

	2022			2023		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
Operating Supplies						
Cleaning Supplies	677	500	(177)	500	177	-
Grounds Supplies	308	750	442	400	(92)	350
Lighting Supplies	67	100	33	100	(33)	-
Recreational Supplies	964	500	(464)	500	464	-
Total Operating Supplies	2,016	1,850	(166)	1,500	516	350
Utilities						
Cable TV	33,683	33,720	37	33,720	(37)	-
Diesel Fuel and Equipment	2,858	1,500	(1,358)	2,000	858	(500)
Electricity	65,424	74,000	8,576	72,050	(6,626)	1,950
Gas	39,877	29,000	(10,877)	44,000	(4,123)	(15,000)
Water & Sewer	51,670	57,600	5,930	54,600	(2,930)	3,000
Garbage	7,306	7,500	194	7,875	(569)	(375)
Total Utilities	200,818	203,320	2,502	214,245	(13,427)	(10,925)
Repairs & Maintenance						
Electrical Repair	-	2,000	2,000	1,000	(1,000)	1,000
Mechanical Repair	350	3,000	2,650	3,000	(2,650)	-
Plumbing Repair	14,519	4,043	(10,476)	5,000	9,519	(957)
Recreational Repair	-	1,500	1,500	1,500	(1,500)	-
General & Misc. (Exterior)	1,388	3,000	1,612	3,000	(1,612)	-
Repair & Misc. (Interior)	5,161	4,000	(1,161)	4,000	1,161	-
Total Repairs & Maintenance	21,418	17,543	(3,875)	17,500	3,918	43
TOTAL OPERATING COSTS	443,626	438,068	(5,558)	451,554	(7,928)	(13,486)
OPERATING SURPLUS	324,508	327,172	(2,664)	353,346	28,838	26,174
Additions and Improvements	-	-	-	-	-	-
Reserve Fund Contributions						
Current Year Contribution	327,172	327,172	-	353,346	(26,174)	(26,174)
Total Reserve Fund Contributions	327,172	327,172	-	353,346	(26,174)	(26,174)
NET OPERATING INCOME (LOSS)	(2,664)	-	(2,664)	-	2,664	-