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Jarvis Street

MTCC 600

NOTICE TO OWNERS

2023 MAINTENANCE FEES

December 22, 2023

The Board of Directors has approved the 2023 Operating Budget for MTCC No. 600. Maintenance Fees will increase by \$85 per month for the coming year. This is a 7.0% increase.

The 2024 rates are as follows:

Residential Units	\$1,300.00 per month
Commercial Unit	\$1,430.00 per month

Setting the 2024 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. However, the last two years we have had to increase costs at a higher rate. 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 \$85 per month, or \$1,020 per year. This is an increase of 7.0% over last year’s rate.

The table at the right shows the historical increase in fees since 2015. The increases up to 2021 have been very low, because of lower inflation rates. Since then

Average Increase	
1 year	7.0%
5 year	4.2%
10 year	2.7%
20 year	3.4%

the increases have been largely due to required increases in the reserve

fund contribution. Although the month over month inflation rate in Canada has been decreasing, and last month was just over 9%, inflation in 2022 was 8.1%. However, much of our overall cost increase is due to contributions to the reserve fund and repairs to the building.

YEAR	MONTHLY FEE	INCREASE	
		\$	%
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%
2024	\$1,300.00	\$85.00	7.0%

2023 Anticipated Expenditures versus 2023 Budget

We are currently anticipating being over our 2023 budget by approximately \$23,000, dependent on the final utility and other bills for the year. Although it is disappointing to have a deficit, we fortunately have a substantial accumulated surplus from prior years, adequate to cover this shortfall.

The variances against budget are as follows:

- Administrative costs are slightly under budget. Costs were as anticipated.
- Personnel expense are \$3,000 under budget. This was for a variety of reasons, including overtime related to the window project, and an error in budgeting CPP expense.
- Operating services are over budget by \$12,000. The biggest culprit here is a huge increase in our insurance premium, which was about 18% higher than 2022, and \$5,000 over budget as we were expecting a more moderate increase. Grounds cost includes our snow removal contract, and those costs are over budget because of the timing of billing from our contractor over the two seasons. Fire Safety and HVAC costs were a bit higher than anticipated because of system repairs. Pest control is over budget because of the unexpected pharaoh ant problem that had to be dealt with.
- Operating Supplies are over budget by \$1,600, primarily because of needed replacement of some light fixtures in the guest parking area.
- 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 \$2,600 under budget for all services combined. The biggest savings in in electricity. It is difficult to anticipate the rate increases and the variable usage.

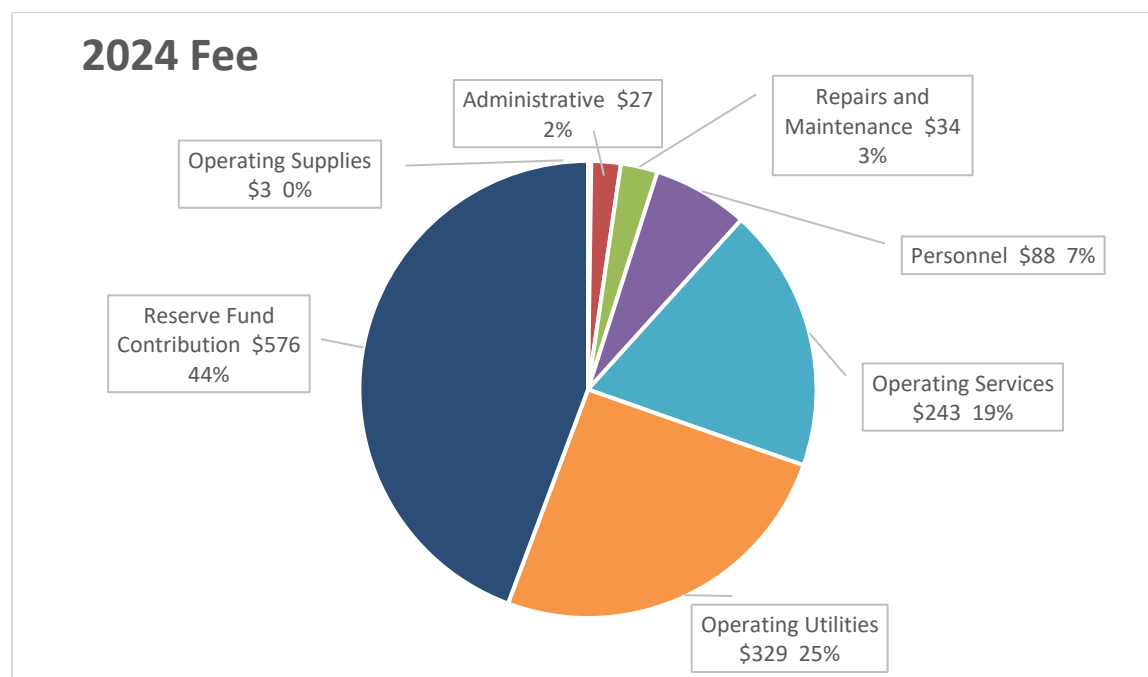
The city utilities (water & sewer and garbage) are over budget due to higher increases. Potential increases in these costs in 2024 are concerning because of the indicated change in philosophy of the new mayor.

- Repairs and maintenance costs are \$8,000 over budget in total. These accounts are difficult to estimate during budgeting because most of the expenditure is from unexpected repairs. Contributing to the costs were dealing with the fallen ceiling in the sauna, repairs to gym equipment, repair to the gym roof, and repairs to the handicap access door system to the P1 elevator.

Unfortunately, as the building ages, these types of repairs will continue.

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 Reserve Fund Study, the contribution for 2024 is \$81,614, an 8% increase over 2023.



Utilities are another significant cost at 25%, while operating services, such as HVAC, security, and elevator contracts account for another 19% 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. There is little to no discretion in these costs.

Budget for 2024

The effect of the budget change from 2023 to 2024 on how your monthly fee is spent is shown in the chart to the right. The changes in budget for 2024 versus 2023 reflect our experience with actual costs in 2023. Therefore, there is some shifting of costs between categories.

2024 Monthly Fee Budget Components			
	2024	2023	Change
Operating Supplies	\$ 3	\$ 2	\$ 1
Administrative	27	26	\$ 1
Repairs and Maintenance	34	26	\$ 8
Personnel	88	84	\$ 4
Operating Services	243	219	\$ 24
Operating Utilities	329	324	\$ 5
Reserve Fund Contribution	576	534	\$ 42
Total Monthly Fee	\$1,300	\$1,215	\$ 85

We are increasing the operating services budget, which includes cleaning, elevators, fire safety, HVAC and security as compared to the 2023 budget primarily to reflect the increased building insurance premium.

The increases in repairs and maintenance costs and in operating utilities reflect the increases in these costs over the last couple years, particularly the unknowns related to gas and electricity and the city services (water, sewer and garbage).

For the reserve fund contribution, the \$42, or 8%, increase is required under the Reserve Fund Study. We are following the funding plan in the current study, which calls for an annual 8% increase.

By separating the operating expense component of the monthly fee from the required contribution to the

Reserve vs Operating (monthly fee)				
	2024 Budget	2023 Budget	Change	
			\$	%
Reserve Fund Contribution	576	534	42	8.0%
Operating expenses	724	681	43	6.3%
Total Monthly Fee	1,300	1,215	85	7.0%

reserve fund, we can see that the increase in operating expense component is 6.3%, while the increase in the required reserve fund contribution is 8.0%. These two increases

combined give the overall fee increase of 7.0%.

2024 Operating Budget

Overall, the budget is prepared to allow for moderate increases in expenditures. These increases are from either price increases, or allowances for repairs. No new services or costs have been planned.

Despite the maintenance fee increasing 7.0%, our budgeted costs in 2024 are only 4.0% higher than our actual costs in 2023. Higher than expected costs in 2023 have given us a larger cost base to budget against.

A detailed description of our Operating Budget is attached, showing each item of the 2023 Forecast, 2023 Budget and 2024 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.

The window replacement project (and related concrete repairs and other work) are completed. The Board was pleased with our contractors and hope work was completed with minimal disruption to owners.

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.

We also had to deal with the unexpected early replacement of our domestic hot water boilers. With the completion of that project, the Board will prioritize future projects. Owners will be informed of those plans.

The window replacement project was the only significant project in 2022 and 2023.

The Board will be assessing and prioritizing future reserve fund projects

Payment of Maintenance Fees

All but one residential owner is on the Pre-Authorized Payment Program so for the vast majority, there is no action you need to take since the updated monthly fee will be withdrawn from your account on January 2.

For the one remaining owner still paying by cheque, please provide 12 post-dated cheques for the year dated the 1st of each month commencing January 1, 2024, payable to MTCC #600 and deliver them to the Office – Suite 2C, by Friday, December 29, 2022.

A handwritten signature in blue ink, appearing to read "Alan Gracan", is displayed on a light gray rectangular background.

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

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MTCC 600

2024 Operating Budget

	2023			2024		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
INCOME						
Maintenance Fees	803,400	803,400	-	859,560	56,160	56,160
Other Income	1,250	1,500	(250)	1,500	250	-
TOTAL INCOME	804,650	804,900	(250)	861,060	56,410	56,160
OEPRATING EXPENDITURES						
Administrative						
Audit	5,989	6,200	211	6,200	(211)	-
Bank Charges	731	720	(11)	720	11	-
Legal	1,477	1,500	23	1,500	(23)	-
Office	6,528	5,700	(828)	6,606	(78)	(906)
Professional Fees	2,554	3,500	946	3,000	(446)	500
Total Administrative	17,279	17,620	341	18,026	(747)	(406)
Personnel						
Regular Wages and OT	48,416	47,700	(716)	48,200	216	(500)
EI Expense	1,491	1,525	34	1,500	(9)	25
CPP Expense	3,678	2,700	(978)	3,600	78	(900)
WSIB	1,620	1,464	(156)	1,600	20	(136)
Third Party Wages	2,240	2,000	(240)	2,400	(160)	(400)
Parking	1,000	-	(1,000)	1,000	-	(1,000)
Total Personnel	58,445	55,389	(3,056)	58,300	145	(2,911)
Operating Services						
Cleaning Services (Exterior)	5,356	8,000	2,644	5,500	(144)	2,500
Cleaning Services (Interior)	4,591	3,500	(1,091)	4,600	(9)	(1,100)
Compactor	695	500	(195)	500	195	-
Elevators	14,934	14,500	(434)	15,600	(666)	(1,100)
Fire Safety	10,063	8,000	(2,063)	10,000	63	(2,000)
Grounds	10,969	8,500	(2,469)	11,000	(31)	(2,500)
HVAC	44,188	43,000	(1,188)	45,500	(1,312)	(2,500)
Insurance	37,230	32,000	(5,230)	39,500	(2,270)	(7,500)
Pest Control	3,047	1,300	(1,747)	1,200	1,847	100
Property Taxes	3,152	3,000	(152)	3,300	(148)	(300)
Security	23,470	23,000	(470)	24,000	(530)	(1,000)
Total Operating Services	157,695	145,300	(12,395)	160,700	(3,005)	(15,400)

2024 Operating Budget

Continued

	2023			2024		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
Operating Supplies						
Cleaning Supplies	953	500	(453)	600	353	(100)
Grounds Supplies	826	400	(426)	600	226	(200)
Lighting Supplies	1,257	100	(1,157)	500	757	(400)
Recreational Supplies	156	500	344	500	(344)	-
Total Operating Supplies	3,192	1,500	(1,692)	2,200	992	(700)
Utilities						
Cable TV	33,683	33,720	37	33,720	(37)	-
Diesel Fuel and Equipment	3,333	2,000	(1,333)	2,500	833	(500)
Electricity	66,124	72,050	5,926	69,000	(2,876)	3,050
Gas	44,286	44,000	(286)	46,200	(1,914)	(2,200)
Water & Sewer	55,736	54,600	(1,136)	57,500	(1,764)	(2,900)
Garbage	8,459	7,875	(584)	8,800	(341)	(925)
Total Utilities	211,621	214,245	2,624	217,720	(6,099)	(3,475)
Repairs & Maintenance						
Electrical Repair	1,285	1,000	(285)	1,000	285	-
Mechanical Repair	525	3,000	2,475	1,500	(975)	1,500
Plumbing Repair	3,950	5,000	1,050	4,000	(50)	1,000
Recreational Repair	5,257	1,500	(3,757)	3,000	2,257	(1,500)
General & Misc. (Exterior)	5,281	3,000	(2,281)	5,000	281	(2,000)
Repair & Misc. (Interior)	9,777	4,000	(5,777)	8,000	1,777	(4,000)
Total Repairs & Maintenance	26,075	17,500	(8,575)	22,500	3,575	(5,000)
TOTAL OPERATING COSTS	474,307	451,554	(22,753)	479,446	(5,139)	(27,892)
OPERATING SURPLUS	330,343	353,346	(23,003)	381,614	51,271	28,268
Additions and Improvements	-	-	-	-	-	-
Reserve Fund Contributions						
Current Year Contribution	353,346	353,346	-	381,614	(28,268)	(28,268)
Total Reserve Fund Contributions	353,346	353,346	-	381,614	(28,268)	(28,268)
NET OPERATING INCOME (LOSS)	(23,003)	-	(23,003)	-	23,003	-