

256

Jarvis Street

MTCC 600

NOTICE TO OWNERS

2025 MAINTENANCE FEES

December 24, 2024

The Board of Directors has approved the 2025 Operating Budget for MTCC No. 600. Maintenance Fees **will increase by \$115 per month** for the coming year. This is an 8.8% increase.

The 2025 rates are as follows:

Residential Units	\$1,415.00 per month
Commercial Unit	\$1,560.00 per month

Setting the 2025 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, costs in the last two years have increased 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 \$115 per month, or \$1,380 per year. This is an increase of 8.8% over last year’s rate.

Average Increase	
1 year	8.8%
5 year	4.2%
10 year	3.6%
20 year	3.2%

fees since 2016. The increases up to 2020 have been very low, because of lower inflation rates. Since then the increases have been largely due to required increases in the reserve fund contribution.

YEAR	MONTHLY FEE	INCREASE	
		\$	%
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%
2025	\$1,415.00	\$115.00	8.8%

2024 Anticipated Expenditures versus 2024 Budget

We are currently anticipating we will have exceeded our 2024 budgeted costs by approximately \$37,000, 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 to cover this shortfall.

The variances against budget are as follows:

- Administrative costs are slightly over budget. Included in these costs are engineer inspections for the roof anchors and some subsequent repairs.
- Personnel expense are \$4,400 over budget. Labour costs were higher than budgeted.
- Operating services are under budget by \$5,400. The single item that contributes the most to this is property taxes on the office and building manager suite. Our lawyer identified that we should not pay tax on those areas and successfully had the tax reversed, which resulted in us getting a refund from the city. The better news is that this saving will now continue into the future. Other items were below budget except fire safety, which includes some repairs to the fire system that were the result of the annual inspection.
- Operating Supplies are essentially on budget.
- Operating Utilities is the category where we usually have our largest variances, due to the high costs and difficulty in budgeting these items. This year is no different. Overall, the costs are \$24,000 over budget.

The Emergency Generator costs are over by \$6,300 because of a mandated five-year inspection and some necessary repairs. These costs are not expected to repeat in the next few years. Electricity costs are also over by \$7,900; because our air conditioning is electricity intensive, weather has a large impact on costs, in addition to electricity rates.

Gas is slightly under budget; again, weather has a large impact because our heating is by gas. However, the increasing carbon tax also has an upward pressure on our costs.

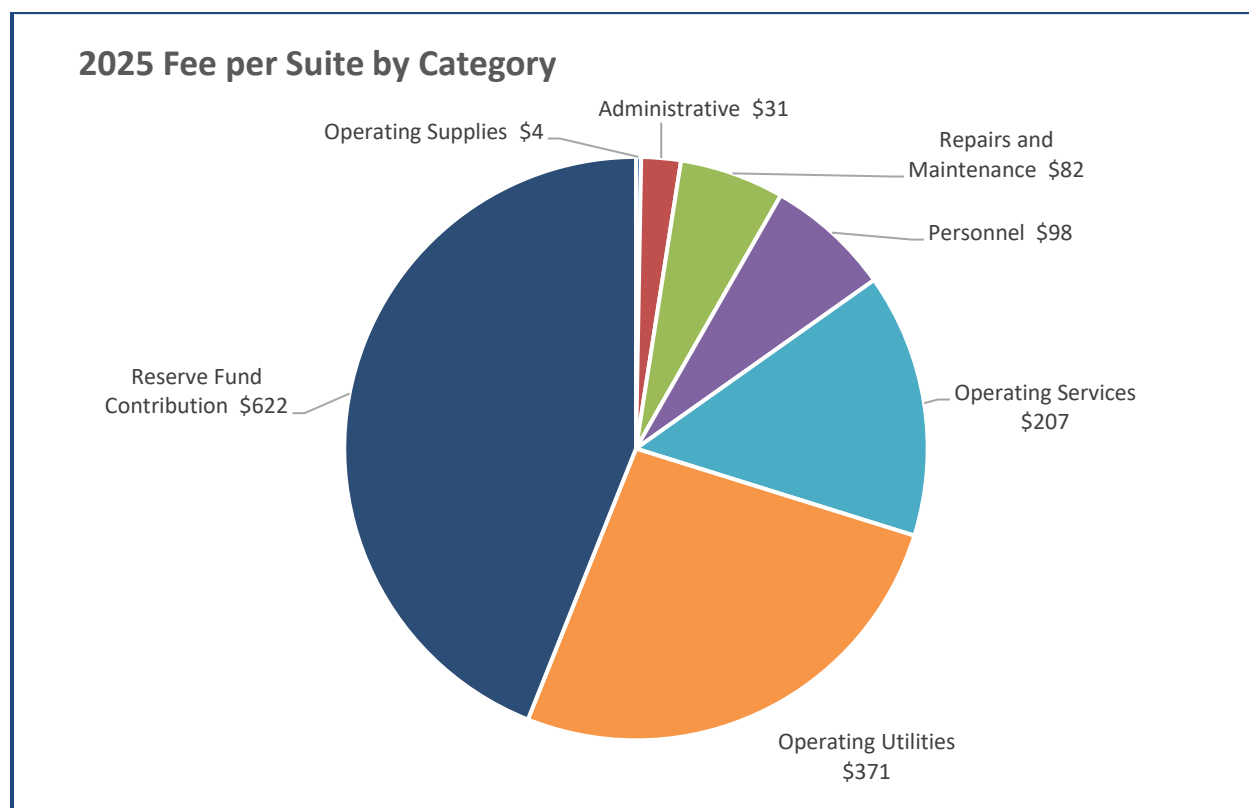
Water and sewer are significantly over budget; our water usage has increased substantially over 2023, at about 30%. We have contacted the city because this is unexplainable. There are issues with the city owned water meters, but they deny there is a problem with ours, and they suggest that the increase is due to leaks in our system or leaking toilets/faucets. We will continue to try to find a cause.

- Repairs and maintenance costs are \$12,000 over budget in total. These accounts are difficult to estimate during budgeting because most of the expenditures are from unexpected repairs. There are not significant individual costs leading to this variance. However, some of the irregular items are repairs to the pilasters in the hallways, repair to the side lobby door, previously unbilled

amounts relating to 2023 for the smartphone access to the entry system, and installing additional security cameras at the back of the building.

Components of the 2025 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 2025 is \$412,143 an 8% increase over 2024.



Utilities are another significant cost at 26%, while operating services, such as HVAC, security, and elevator contracts account for another 15% of costs. It is relevant and significant to note that, in total, the reserve fund contribution, utilities and fixed maintenance contracts account for 85% of our monthly fee, or \$1,200 of the \$1,415. There is little to no discretion in these costs.

Budget for 2025

The effect of the budget change from 2024 to 2025 on how your monthly fee is spent is shown in the chart to the right. The budget for 2025 reflects our experience with actual costs in 2024. Therefore, there is some shifting of costs between categories.

2024 Monthly Fee Budget Components			
	2025 Budget	2024 Budget	Change
Operating Supplies	\$ 4	\$ 3	\$ 1
Administrative	31	27	\$ 4
Repairs and Maintenance	82	34	\$ 48
Personnel	98	88	\$ 10
Operating Services	207	243	\$ (36)
Operating Utilities	371	329	\$ 42
Reserve Fund Contribution	622	576	\$ 46
Total Monthly Fee	\$1,415	\$1,300	\$ 115

We are increasing repairs and maintenance costs by \$48 per month versus the 2024 budget, primarily because of how our auditors classify Security costs; in 2024 they were in operating services, which explains the \$36 decrease in that category. In addition, 2024 costs were higher than budgeted for repairs. We have found this trend to be true the last few years as the building ages.

Operating utilities is increasing by \$42 versus 2024 budget because these costs were higher in 2024 than budgeted (particularly electricity and water/sewer and this is expected to continue).

For the reserve fund contribution, the \$46, 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)				
	2025 Budget	2024 Budget	Change	
			\$	%
Reserve Fund Contribution	622	576	46	8.0%
Operating expenses	793	724	69	9.5%
Total Monthly Fee	1,415	1,300	115	8.8%

reserve fund, we can see that the increase in operating expense component is 9.5%, while the increase in the required reserve fund contribution is 8.0%. These two increases combined give the overall fee increase of 8.8%.

2025 Operating Budget

Overall, the budget is prepared in a way to minimize increases to the owners. These increases are from either price increases or allowances for repairs. We continue to be a self-managed building and benefit from the significant time and effort made by our volunteer Board of Directors in order to avoid external management costs.

A detailed description of our Operating Budget is attached, showing each item of the 2024 Forecast, 2024 Budget and 2025 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 in 2022/23 was a trying experience for all because of the concealed damage requiring repairs.

The boiler replacement completed in late 2023 and early 2024 was completely budgeted in the reserve fund, as was the replacement of the make-up air unit completed late this year.

We do not currently foresee any projects in the next year or two which are not completely funded within the reserve fund.

As projects are contemplated, owners will be advised.

The window replacement project in 2022 and 2023 required significant special assessments from owners because of unknown concealed damage to walls and floor plates.

We do not currently anticipate any upcoming projects requiring special assessments.

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, 2025, payable to MTCC #600 and deliver them to the Office – Suite 2C, December 31, 2024.

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 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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	2024			2025		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
INCOME						
Maintenance Fees	859,560	859,560	-	935,640	76,080	76,080
Other Income	950	1,500	(550)	1,000	50	(500)
TOTAL INCOME	860,510	861,060	(550)	936,640	76,130	75,580
OEPRATING EXPENDITURES						
Administrative						
Audit	6,136	6,200	64	6,320	(184)	(120)
Bank Charges	716	720	4	720	(4)	-
Legal	1,122	1,500	378	900	222	600
Office	5,249	6,606	1,357	4,017	1,232	2,589
Professional Fees	6,545	3,000	(3,545)	8,800	(2,255)	(5,800)
Total Administrative	19,768	18,026	(1,742)	20,757	(989)	(2,731)
Personnel						
Regular Wages and OT	54,736	48,200	(6,536)	55,690	(954)	(7,490)
El Expense	1,594	1,500	(94)	1,500	94	-
CPP Expense	4,038	3,600	(438)	3,650	388	(50)
WSIB	1,090	1,600	510	1,200	(110)	400
Third Party Wages	320	2,400	2,080	1,600	(1,280)	800
Parking	1,000	1,000	-	1,000	-	-
Total Personnel	62,778	58,300	(4,478)	64,640	(1,862)	(6,340)
Operating Services						
Cleaning Services (Exterior)	5,695	5,500	(195)	6,000	(305)	(500)
Cleaning Services (Interior)	4,722	4,600	(122)	5,480	(758)	(880)
Compactor	-	500	500	500	(500)	-
Elevators	15,610	15,600	(10)	16,100	(490)	(500)
Fire Safety	13,829	10,000	(3,829)	14,000	(171)	(4,000)
Grounds	8,306	11,000	2,694	8,500	(194)	2,500
HVAC	43,862	45,500	1,638	45,300	(1,438)	200
Insurance	38,292	39,500	1,208	39,900	(1,608)	(400)
Pest Control	1,003	1,200	197	1,200	(197)	-
Property Taxes	-	3,300	3,300	-	-	3,300
Total Operating Services	131,319	136,700	5,381	136,980	(5,661)	(280)

2025 Operating Budget

Continued

	2024			2025		
	Forecast	Budget	Variance	BUDGET	Variance to Forecast	Variance to Budget
Operating Supplies						
Cleaning Supplies	1,015	600	(415)	1,000	15	(400)
Grounds Supplies	1,325	600	(725)	1,200	125	(600)
Lighting Supplies	15	500	485	200	(185)	300
Recreational Supplies	-	500	500	200	(200)	300
Total Operating Supplies	2,355	2,200	(155)	2,600	(245)	(400)
Utilities						
Cable TV	33,683	33,720	37	33,720	(37)	-
Diesel Fuel and Equipment	8,853	2,500	(6,353)	4,000	4,853	(1,500)
Electricity	76,825	69,000	(7,825)	80,000	(3,175)	(11,000)
Gas	44,588	46,200	1,612	47,000	(2,412)	(800)
Water & Sewer	70,813	57,500	(13,313)	73,000	(2,187)	(15,500)
Garbage	7,268	8,800	1,532	8,000	(732)	800
Total Utilities	242,030	217,720	(24,310)	245,720	(3,690)	(28,000)
Repairs & Maintenance						
Electrical Repair	-	1,000	1,000	1,000	(1,000)	-
Mechanical Repair	-	1,500	1,500	1,200	(1,200)	300
Plumbing Repair	7,533	4,000	(3,533)	3,500	4,033	500
Recreational Repair	902	3,000	2,098	1,000	(98)	2,000
General & Misc. (Exterior)	5,674	5,000	(674)	5,500	174	(500)
Repair & Misc. (Interior)	13,202	8,000	(5,202)	12,000	1,202	(4,000)
Security	31,209	24,000	(7,209)	30,000	1,209	(6,000)
Total Repairs & Maintenance	58,520	46,500	(12,020)	54,200	4,320	(7,700)
TOTAL OPERATING COSTS	516,770	479,446	(37,324)	524,897	(8,127)	(45,451)
OPERATING SURPLUS	344,140	381,614	(37,474)	412,143	68,003	30,529
Reserve Fund Contributions						
Current Year Contribution	381,614	381,614	-	412,143	(30,529)	(30,529)
Total Reserve Fund Contributions	381,614	381,614	-	412,143	(30,529)	(30,529)
NET OPERATING INCOME (LOSS)	 (37,474)	-	(37,474)	-	37,474	-