



CCC542

June 2023 – Budget Supplement

The purpose of this budget supplement is to provide additional background information on the budget for the upcoming fiscal year May 1, 2023 to April 30, 2024.

Condominium fees increased by 3.5% as of May 1, 2023. The fees are impacted by two major factors: ongoing maintenance costs due to the age of the buildings and property and the inflationary factors to service provider costs and contracts.

Background

- The Corporation fiscal year is from May to April.
- The budget is for the period May 1, 2023 to April 30, 2024.

Fiscal year (Actual; Projected)	Budget	Actual	Assets	Fee increase
May 2019 to April 2020 A		\$957 (surplus)	\$ 85,224	4.5%
May 2020 to April 2021 A	\$6,033 (deficit)	\$17,484 (surplus)	\$102,708	3%
May 2021 to April 2022 A	\$1,895 (deficit)	\$10,745 (deficit)	\$ 91,963	4%
May 2022 to April 2023 P	\$7,367 (deficit)	\$9,643 (surplus)*	\$101,597*	5%
May 2023 to April 2024 P	\$16,879 (deficit)		\$ 84,718*	3.5%

*revised to recognize increase in snow overage charge since budget publication

- For the fiscal year ending April 30, 2023, it is anticipated there will be a surplus of approximately \$9,600 rather than the budgeted deficit of \$7,300. What are the main factors that affected the budget plan?
 - Cost savings (\$30,000): there were fewer required maintenance repairs than anticipated stemming from the annual inspection and any issues arising over the fiscal year;
 - Cost deferral (\$20,000): postponement of the tree maintenance due to the derecho wind storm on the May 2022 long weekend which reduced the availability of the arborists and tree technicians at Davey Tree as well as across the city.
 - Extra Cost (\$38,700): the Corporation incurred \$38,692.85 in snow overage charges. The snow removal contract includes the provision that should the snow/freezing rain accumulation exceed 254 cm, then an additional charge is applied for each additional cm. These types of terms and conditions are standard in snow removal contracts. A special assessment may be required to cover part of the snow overage charge. This will be determined once the annual property inspection has been completed and issues identified.
- The increase of 3.5% to the condominium fees as of May 1, 2023 is anticipated to generate a deficit of approximately \$16,871 at the end of the fiscal year on April 30, 2024 while still maintaining an adequate Asset surplus for the Corporation on an ongoing basis.
- The condominium fees for the May 2024 to April 2025 fiscal year will need to be set to cover regular costs and to maintain an operating account balance sufficient to cover unexpected maintenance and service expenses.

How are the condominium fees allocated?

The condominium fees are divided into two components:

1. The reserve fund contribution which is approximately 38% of the condominium fee.
2. The operating fund which is approximately 62% of the condominium fee.

RESERVE FUND

- The *Condominium Act* requires condominium corporations to have a reserve fund to ensure adequate funding for the major repair and replacement of common elements (for example, windows, garage doors, roofs, siding, front doors, site lighting, driveways and roadways).
- The Act also requires condominium corporations to have a reserve fund study undertaken every 3 years that includes both a physical analysis of building and site components (including an inventory with the estimated remaining lifespan for each item) and a financial analysis with the various costs of each item and a plan for the future funding of the reserve.
- The reserve fund study has to be undertaken by experts with a special designation. They may be members of the Appraisal Institute of Canada or other similar accredited groups such as the Ontario Association of Certified Engineers. Historically, the corporation has had the study done by an engineering firm in consultation with the property manager and the board of directors.
- A reserve fund study (full review) was completed in January 2023. This review determined that the reserve fund contribution will increase 2% per year until the next review in three years.
- As of April 30, 2023, the reserve fund balance was \$299,146.

OPERATING FUND

The following components are the major expenses of the operating fund.

Insurance Costs

The Corporation's insurance policy covers the buildings and the common elements, such as lawns, trees, roads and driveways. It is important to note that as a result of an increase in claims throughout the condominium industry, there are fewer insurers and insurance brokers willing to insure condominium properties.

Insurance costs decreased minimally as of May 1, 2023. The insurance costs are renewed annually and rates are set based on the claims experience of the insurer.

REMINDER: In order to soften the premium increase, the Corporation's policy deductible increased as of May 1, 2022 from \$10,000 per claim to \$25,000 per claim for all peril claims, sewer back-up claims, water damage claims and water freezing claims.

The deductible is the portion assumed by the unit owner in the event of a claim for their unit under the Corporation's policy.

Owners and tenants are responsible for insuring the interior of their units including their contents and personal property. The Insurance Bureau of Canada provides information on their website: <http://www.ibc.ca/nb/home/types-of-coverage/condominium-or-strata-coverage>. All questions are to be directed to your insurance broker. A copy of the Corporation's Certificate of Insurance showing the \$25,000 deductible will be available and distributed to owners after May 1, 2023.

Grounds Maintenance

Grounds maintenance includes grass cutting, fertilizing, mulch, tree trimming, tree fertilizing, spring and fall cleanup and tree removal. Tree replacements are accounted under the Reserve Fund. Snow removal is also included in Ground Maintenance.

In consultation with the two neighbouring condominiums, the Corporation has extended the contracts with Allan McCoy Contracting Inc. for landscaping and snow removal.

The Corporation annually contracts Davey Tree Expert Co. of Canada to fertilize the trees, prune the trees and assess the viability of the trees on the property.

Property Management Service – Condominium Management Group

The contract with Condominium Management Group was extended as of May 1, 2021 for an additional three years.

The property manager provides guidance to the Board of Directors, coordinates work orders, contracts, and service providers. The property manager is also the main contact for owners for any unit-related issues.

General Exterior Maintenance

This budget category is for repairs and maintenance to the buildings and site that are considered operating expenses rather than reserve fund expenses. The spring site inspection flags needed repairs; for example, railings, decks, parging, window wells, and front walkway patio stones.

As the Corporation is now 30 years old, there are more and more inevitable repairs needed. There have been a higher number of water infiltration issues and foundation repairs that take time to investigate and resolve.

For the budget year May 2023 to April 2024, an amount of \$40,000 has been budgeted for general exterior maintenance.

Late payment fee waived until May 31, 2023

The late payment fee of \$25 is waived provided your condominium payment for May 2023 is received by the Property Manager no later than May 31, 2023. If you pay by post-dated cheques, please ensure the Property Manager receives your cheques for the full twelve months (May 2023 to April 2024) no later than May 31, 2023. Thank you for your cooperation.

Should you have any additional questions, please contact the Property Manager. She will bring them to the attention of the Board of Directors.

BOARD MEMBERS

President: Anne Marie Nevins
Vice-President: David Dupont
Treasurer/Secretary: Ken Robinson
Director-at-Large: Francine Jessome
Director-at-Large: Stefano Paoli

PROPERTY MANAGER

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