



Major work: Introducing change

Website: www.CondoDirectorsGroup.ca

Email: condodirectorsgroup@gmail.com

LinkedIn: Condo Directors Group

Twitter: @CondoDirectors

Next Meetings:

Wednesday June 5, 2019

Wednesday September 18, 2019



AGENDA

Major Work: Introducing change

B. Pappin (CCC#072) - Fitness room renos

J. Hutt (CCC#289) - Replacing chiller pipes

D. Swayze (OCSCC #650) - Lobby renos & Communications' Policy

R. Escayola (OCSCC 696) – The legal perspective



Capital Work

Two Distinct Questions

- Reserve Fund vs. Operating
- Consultation and support required from owners



RFS vs. Operating fund

- CCC shall establish/maintain RF
- RF \$ only for the purpose of major repair and replacement of common elements and assets of the CC
- [for major repair of a unit, the common elements, or assets... if the corporation has the obligation to repair in that regard under the Act]

S.93 of the Act



RFS vs. Operating fund

- RFS cannot be used for any other purpose
- The Board does not require the consent of the owners to make an expenditure out of the RF
- Cannot be distributed to owners (except on termination)



RFS vs. Operating fund

- Contribution to RF shall be in the amount reasonably expected to provide sufficient funds for the major repair and replacement of the common elements, calculated on the basis of the expected repair and replacement costs and the life expectancy

- Determined with regular RFS

S.93 of the Act



Ottawa-Carleton Standard Condominium Corporation

RFS vs. Operating fund

Total Number of Suites: 82
 Assumed Inflation Rate: 2.00%
 Assumed Interest Rate: 2.50%
 Reserve Fund Balance as of 09/31/2017: \$1,028,844
 Current Annual RF Contribution: \$149,444

Report Item No.	Description of Work	2018 Cost	Age of Complex (years)			14	15	16	17	18	19
			Year of Study			0	1	2	3	4	5
			age of element	Life Cycle (years)	Remaining Life (years)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
9.0	Mechanical Systems										
9.1a	HVAC - Replace Main Air Handling Unit	\$50,500	14	25	12						
9.1b	HVAC - Replace Humidifiers	\$18,500	14	15	1		\$18,500				
9.2a	HVAC - Replace Fans - Parkade Supply & Exhaust Ventilation	\$32,000	14	20	7						
9.2b	HVAC - Replace Fans - Miscellaneous Exhaust	\$20,000	14	10	13						
9.3a	HVAC - Replace Air-cooled Chiller	\$202,000	14	25	12						
9.3b	HVAC - Replace Chilled Water Pumps	\$33,500	14	20	7						
9.3c	HVAC - Replace Common Area Fan Coil Units	\$28,000	14	15	1		\$28,000				
9.3d	HVAC - Replace Chilled Water Expansion Tank	\$7,500	14	25	11						
9.4a	HVAC - Replace Heating Glycol Water Boilers	\$106,000	14	25	11						
9.4b	HVAC - Replace Heating Glycol Water Pumps	\$36,000	14	20	7						
9.4c	HVAC - Replace Glycol Heat Exchanger, Expansion and Fill Tanks	\$14,500	14	25	11						
9.5	Domestic Water Systems - Replace Booster Pump Package	\$22,000	14	20	7						
9.6	Plumbing - Common Area Fixtures - Repair/Replace Contingency	\$5,500	14	30	16						
9.7.b	*Plumbing - Allowance for line flushing	\$30,000	2	3	4					\$30,000	
9.7	Drainage - Replace Sump Pumps	\$24,000	14	20	7						
9.8a	Domestic Water Systems - Replace Domestic Hot Water Heaters	\$48,000	14	25	11						
9.8b	Domestic Water Systems - Replace DHW Storage Tanks	\$13,000	7	25	7						
9.8c	Domestic Water Systems - Replace DHW Pumps	\$15,000	14	20	7						
9.10	*Fire Protection - Replace Standpipe Booster Pump	\$27,500	14	20	6						
9.11	*Diesel System - Replace Pump and Tank	\$12,000	4	25	22						
11.0	Elevator Systems										
	Elevator - Contingency for Future B44 Safety Code and Testing	\$2,500	N/A	5	1		\$2,500				
	Elevator - Cab Refurbishment	\$40,000	14	20	10						
	Elevator - Door Arm - Replacement	\$100,000	14	20	5						\$100,000
	Elevator - Modernization - Phase I	\$200,000	14	30	9						
	Elevator - Modernization - Phase II	\$200,000	14	30	10						
	Engineering Services										
	Reserve Fund Study - Update With Site Inspection	\$7,900	6	6	0	\$7,900					
	Reserve Fund Study - Update Without Site Inspection	\$2,600	3	6	3				\$2,600		
	SUMMARY										
	TOTAL EXPENDITURE IN 2018 DOLLARS					\$63,400	\$78,000	\$105,500	\$17,600	\$35,000	\$143,500
	TOTAL EXPENDITURE ADJUSTED FOR INFLATION					\$63,400	\$79,580	\$109,762	\$18,677	\$37,885	\$158,436
	HST 13%					\$8,242	\$10,343	\$14,269	\$2,428	\$4,925	\$20,597
	TOTAL PROJECTED EXPENDITURE					\$71,642	\$89,903	\$124,031	\$21,105	\$42,810	\$179,032
	ANNUAL RESERVE FUND CONTRIBUTIONS					\$149,444	\$177,838	\$206,292	\$231,048	\$235,669	\$240,382
	ANNUAL PROJECTED INTEREST INCOME					\$27,666	\$30,556	\$33,377	\$39,460	\$45,268	\$47,933
	ADDITIONAL ANNUAL CONTRIBUTIONS										
	ESTIMATED CLOSING BALANCE (Year End)										
	RESERVE FEE INCREASE					2.00%	19.00%	16.00%	12.00%	2.00%	Annual rate
	AVERAGE CONTRIBUTION / SUITE / YEAR					\$1,822.49	\$2,168.76	\$2,515.76	\$2,817.65	\$2,874.01	\$2,931.49
	AVERAGE CONTRIBUTION / SUITE / MONTH					\$152	\$181	\$210	\$235	\$240	\$244

Notes:

For the purposes of this table the contribution values shown per suite have been simplified to represent the average value assuming each suite contributes the same amount. The actual amount each suite contributes may differ from what is shown based on size of unit or other factors as outlined in the declaration or other agreements.



3 Levels of consultation is required

- Repair and maintenance
 - No consultation
- Change made on notice ...
 - Possible vote on standard majority
- A Substantial change ...
 - Elevated majority



No consultation when

- Repair after damage and maintenance, using materials that are reasonably close in quality to the original, in accordance with current construction standard;

S.97 of the Act



No consultation when

Work which is required:

- by s. 113 agreement or to comply with legislation;
- To ensure safety or security of people or assets or to prevent imminent damage
- Costing less than \$1,000 or 1% of annual budgeted common expenses



Substantial change

Substantial change is:

- When the estimated cost, based on total cost, is more than 10% of the annual budgeted common expenses;

OR

- When the board has decided to treat it as substantial change



Substantial change

- Notice **MUST** be given to owners
- A meeting of owners **MUST** be called
- The work **MUST** be approved by 2/3 of the units



Change on notice

- More than 1% or \$1,000/month
- Less than 10% of annual budgeted common expenses
 - Notice to owners
 - Owners can requisition a meeting (15% of units)
 - If meeting requisitioned, must be supported by 50% of owners participating to meeting



Substantial change (New Act)

- Basic threshold will go to 3% or \$30,000
- 10% upper threshold maintained (or prescribed amount)
- Owners, on an objective basis, would not regard the modification as causing a material reduction or elimination of their use or enjoyment of their units or common elements



Cases

- Zordel v. MTCC 949
- Harvey v. ECC No. 3
- Little v. MTCC 590
- Boily v. CCC 145



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Thanks / Merci

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