

# **The President's Report to Owners York Region Condominium Corporation 616 Annual General Meeting, February 7, 2024, 7:00 p.m.**

## **Section 1: Introduction**

I'm now into my second year as President of the Corporation and have appreciated the support of my fellow Directors: Marg Hall, Lois Kay, Jim Lyle, and Jamie MacBride.

My report will be divided into four sections: *Accomplishments* – those things we have achieved in the past year; *Challenges* – those things that detract from life in our community and are likely to cost us money; *Opportunities* – those things with potential to improve our community life; and *Plans*, those things we must do to keep our building operating properly, efficiently, and to maintain its aesthetics, value, and viability, as well as those things we could do to exploit identified opportunities.

This AGM was to have been on September 21, 2023. I'll discuss reasons for that under *Challenges*. For now I'll say I'm pleased that it is finally happening, and in person for the first time in three years.

I have provided my Report, as follows, for inclusion in the Minutes of the meeting. I or one of my fellow Directors will answer questions after I've made my report in full. As has been the practice with previous AGMs, *we will not be entertaining questions about individual suites or personal issues*. Please address such questions to Management.

## **Section 2: Accomplishments**

### **The Board of Directors**

Approaching the last AGM, the Board numbered four: Marg Hall, Lois Kay, Jamie MacBride, and myself. At the AGM we were pleased to welcome Jim Lyle bringing us back to our full strength of five Directors. I'm pleased to report that our varying personalities and interests have worked well over the last many months to the general health of the Board and the Corporation. We hope to maintain the same spirit in the months to come.

### **Management**

In April 2023, the Board made the decision to look for a new Property management company to manage our building and our community. We engaged Alan Rosenberg who has decades of condominium experience as an owner, board member, manager, and consultant to guide us through the process. Alan first assessed what we wanted, and what we needed. Using his knowledge and experience of the industry, he provided us with a shortlist of four management companies he thought best suited us, then arranged site visits and interviews. The four companies were: Duka Property Management Inc.,

Maple Ridge Community Management, Nadlan-Harris Property Management Inc., and 360 Community Management Ltd. We decided not to consider Canlight at the interview stage.

The Board interviewed executives from all four companies, and hosted site visits from all four. They were uniformly complimentary on the state of our plant and the cleanliness of our common areas. At the end of this process the Board chose 360.

We signed a contract with 360 in August and they took over on November 1. Our experience since then has been very positive. I'm pleased that Chris Antipas, owner and CEO of 360 has agreed to chair our meeting this evening.

## **Ignite**

In February 2023 we early-renewed a revised contract with Rogers, with the roll-out of IgniteTV following. We acknowledge some pain during this transition and that a few issues remain. These will be mentioned under *Challenges*.

While television is paid for through Maintenance Fees, Internet access remains an Owner choice. This was made possible by Rogers' unbundling of TV and Internet services. They offer Internet at advantageous rates.

## **Covid Recovery**

The Board takes no particular credit for this. It has however meant a return to more normal life. The Pool, Exercise Room, and Guest Suites are back to their pre-pandemic availability, with the Guest Suites generating revenue.

## **Social**

The abatement of covid has also brought back some events: Coffee Hour, Games Afternoon, the Annual Barbecue; and allowed the start of some new ones: a Friendly Bridge Group, and a Happy Hour, though this last was just a one-time event. New also is the Milk Bag initiative. The Foodbank drives continue as does the work of the Environmental Committee who look after recycling and waste not accepted by our waste management contractor.

## **EVCS**

The Electric Vehicle Charging Stations, while nowhere near capacity, are seeing consistent use and are generating revenue of approximately \$300 per month.

## **Lock Boxes**

The Lock Box system was fully implemented last year. The Lock Box Cabinet by the moving room door to the left of our main entrance has space for many lock boxes. Our thanks go to Marg Hall and Jim Lyle for getting this process up and running and for designing forms and registration procedures. This standardizes emergency access for users of Lifeline and similar services, and regular access for PSW personnel.

## **Plumbing Upgrades**

Last year, conscious of the potential cost of repairs resulting from water leaks and the effect this has had on insurance premiums, the Corporation undertook a project to inspect and where necessary uncover and replace suite water shut-off valves. It is our hope that the new valves and increased awareness among Residents and Owners will save costs.

## **Financials 2022/23**

Our financials in the past fiscal year were helped by malfunctioning city water meters which resulted in an under-budget Water & Sewer account of \$112,000. This windfall enabled spending on the plumbing upgrades just mentioned and Fire Alarm/Life Safety repairs. These pushed the Building General account over budget due to project to replace in-suite water shut off valves by \$98,000. The Recreational Facilities account also went over budget due to repairs to the pool chemical treatment system by \$13,000.

## **Gas Contract**

Our last 3-year natural gas contract expired December 31. We signed a new bulk contract effective January 1 for a 5-year term at a rate of 21.9 ¢/m<sup>3</sup> (cents per cubic meter). The previous rate was 14.5 ¢/m<sup>3</sup>. The estimated saving for the past 3 years was \$89,000. We expect more savings with the new contract as the price for natural gas is arguably heading higher. Demand will move in the same direction as oil and record global oil consumption was reached in July 2023 despite inflation and a sluggish Chinese economy post COVID. Furthermore, years of decarbonization talk by government has resulted in under investment in the exploration of new supply. Other considerations are the probability of Europe having another mild winter (LNG demand expected to rise) and US government stimulus still in the start-up phase.

## **Rules and Regulations**

The revised *Rules and Regulations* and the new *Workplace Violence, Harassment and Discrimination: Prevention Policy and Procedure* were published September 5 and came into full force October 5.

## **Section 3: Challenges**

### **AGM**

One of the challenges this year has been setting a date for this AGM. We were unable to send out the required AGM Notices in time for our preferred AGM date of September 21 because the Audit of our 2022/23 Financial Statement was incomplete. The reasons for this were delays in the previous management company getting year-end data to the auditors, missing records of transfers of funds from our Operating Account to the Reserve Fund, and a question regarding the treatment of EVCS infrastructure expenses.

### **Lobby Cam**

The absence of the Lobby Cam remains a sore point. As legacy technology it was incompatible with Rogers IgniteTV. Rogers has recently informed us that their supplier, Comcast will not be providing a solution. We will therefore look into other approaches such as Internet streaming of one of the video feeds.

### **Condominium Maintenance Fees**

After decades of low inflation, the knock-on effects of covid and Russia's war against Ukraine have brought this to an end. All of us are aware of the very real increases in our cost of living. This is even more acute in construction, materials, and trades. This is all reflected in the latest Reserve Fund Study completed for the Corporation in April 2023. The result of this is that our Maintenance Fees increased by 8.8% on May 1. We could wish that this number were lower but reality is reality. We work hard to manage increases while holding a high level of building maintenance.

It may be worth saying a word or two about fees. Fees have two components: 1). Operational Expenses, and 2). the Reserve Fund Contribution.

Operational Expenses include such things as water, electricity, gas, staffing, maintenance and service contract fees, and the cost of improvements for example our EVCS project. The quantities of these items are largely predictable though the rates charged increased due to inflation. Maintenance costs arising from day to day events remain unpredictable.

Operational Income consists mainly of our Condominium Maintenance Fees partially augmented by other income such as interest on investment, Party Room and Guest Suite rentals, and now EVCS revenue.

The Reserve Fund by contrast is there to pay for all of the things that break, wear out, or reach the end of their expected life, in order to keep the building operating at the same standard as it was when new. Our engineers update our Reserve Fund Study every three years. The study projects the annual cost to

maintain standards out for the next forty-four years. This annual cost is added to Condominium Fees to maintain the Reserve Fund at the required level as determined by the Reserve Fund Study.

The 2023 Reserve Fund Study offered three scenarios for Reserve Fund Contributions: *Optimized with Inflation*, *Phased Increase (3 Years)*, and *Phased Increase (5 Years)*. We chose the *Phased Increase (5 Years)* in order to minimize fee increases in Fiscal 2023/24. Our engineers' Financial Analysis is provided as an appendix to this report.

## **Management**

Since the middle of 2022 the Board and Management has found itself in a period of turmoil and transition, exacerbated in March 2023 by the sudden departure of Canlight's Property Manager. Ultimately, the decision was made to replace our Management Company. The process was described above under *Accomplishments*.

## **Building**

As might be expected of a building of its age, we have experienced a number of issues in the last year including multiple fire alarm issues (mostly deficiencies, one ill-advised tampering with a fire alarm, one related to work on the P1 sprinkler system), the Big Stink in June 2023, the Library Flood, and Locker Room leaks.

We believe we have traced all fire alarm deficiencies, we recovered from the various floods and have instituted preventive work to avoid repeats.

Those of us who live on the southeast side of the building are aware of how much better our sister building now looks. We have looked into options and cost – of the order of a million dollars – and expect to address this when the dust has settled – literally – from the garage roof membrane repairs which will be mentioned under *Plans*.

We are also aware of the condition of hallway carpeting.

## **Staffing**

Weekend coverage and vacation coverage for staff has been a continuing issue. We have had discussions with our contractors on the skills and training of the people they provide and are seeing some improvement.

## **Fire Alarms**

Recent fire alarms have pointed out a couple of issues: notably communication and procedures. Richmond Hill Fire Department advises that any communication is better than none. We intend to

address procedures with training, and a Fire Department Town Hall meeting on fire safety has been scheduled for February 21.

## **Section 4: Opportunities**

Our biggest current opportunity is our fresh start with our new Management company, 360 Community Management Ltd. Four months in this is unfolding well.

Last year I wrote:

The Board has responsibility for the over all direction of the Condominium Corporation. It should not be directly involved in day to day business. Our next opportunity, therefore, is to realign the relationship between Board and Management towards the standard model. In this model, the Board sets policies and procedures, approves spending, delegates responsibilities, receives reports, makes decisions, and directs management. Management recommends actions, implements policy and procedures, enforces rules, obtains quotes, prepares analysis, and manages day-to-day issues and activities.

With 360 Community Management Ltd. as our management company we are already moving back to this management model. We have every confidence that 360 will prove an excellent partner in this endeavour.

Among the initiatives we expect to explore with 360 is a digital strategy to use technology for operational efficiency and to improve resident experience. This would improve communication between the Board and Management on the one hand and Residents and Owners on the other. Information currently disseminated via *maxTV* and *Board Talk* might be merged in such technology. Reservations for elevators and guest suites, as well as maintenance requests might move online.

One operational efficiency already in effect is online approval of invoices, eliminating manual cheque signing.

## **Section 5: Plans**

Our focus for the coming year will be, firstly, to do all we can to manage fee increases in this time of high inflation.

### **Security**

Following a break-in October 2023 and a bicycle theft in January, we commissioned a Security Audit. This was conducted January 10 and a report delivered January 29. We will be formulating an action plan based on the report's fifteen recommendations which vary in urgency from low to very high. We have already addressed the issue of outside lighting.

We continue to have issues with unwanted visitors in our entrance way, stairwells, and barbecue area. Such visitors typically gain access to the building by coat-tailing in behind residents and legitimate visitors. A program of overnight security inspections last Spring discouraged this. We will monitor this to determine whether we need to repeat this.

### **Reserve Fund Projects 2023/24**

In the current fiscal year we plan to undertake approximately \$710,000 worth of projects. A detailed list is provided as an appendix. Briefly, the projects will include work on building superstructure and garage; repairs at the mechanical penthouse; replacement of main building entrance doors, garage doors and various mechanical plant; renovation of changing rooms, showers, and exercise room.

### **Reserve Fund Projects 2024/25**

In the following fiscal year upon completion of the above, we plan major work on the garage at a cost of approximately \$1.36M. Again, a detailed list is provided in an appendix. The most disruptive work will be the re-waterproofing of the garage roof slab as this requires the removal of ground-level paving, features and overburden. Other work will include restoration and repair, as required, of the garage stairwells; replacement of the garage ramp's surface and snow melt system; and replacement of P1 roof slab expansion joints.

As this work is expected to create significant dust, we will address balcony cleaning once it is completed.

The disruption of this work also presents opportunities. Among changes contemplated for the front of the building are improvements to parking, driveways, sidewalks, and curbs; and fencing to prevent trespassing in the barbecue area and the back of the building.

### **EVCS**

We continue to monitor Electric Vehicle Charging Stations (EVCS) usage and have some room for growth. Our current electrical supply infrastructure allows for a maximum of an additional 36 EVCS. Beyond that will require major and expensive upgrades to the building's electrical supply: cabling, transformers, control systems.

Of course, these foci may change in priority or be augmented as circumstances demand and the newly elected Board determines.

## **Section 6: Recognition**

I would like to thank Chris Antipas, CEO of 360 Community Management Ltd. for chairing this evening's meeting, and Christina Ajith-Brandford (who is not here this evening) and Michelle Taschereau (who is) of Adams and Miles, our Auditors for their help this year.

A big thank you goes to our superintendent Alex Khuziyev, and our cleaner Alba Osorno for their hard work and dedication which is evident every day, and to our new Property Manager, Arun Kuganesan for the professionalism and responsiveness he has brought to the Management Office since November.

I want to thank Lois and Derek Kay, Carol McCormick, Jim Lyle, Michael Schactman, Andi Friman, Steffen Herrnsdorf, Gayle Hering, and Peggy Paterson for all they do that enhances the life of our community. I'm sure there are others I should have named. To them, thank you too, and my apologies.

I want to thank my fellow directors Marg Hall, Lois Kay, Jim Lyle, and Jamie MacBride for their support and for their significant contributions to this report.

My last thank you goes to Lois Kay who has decided not to stand for reelection this time. Lois has served as a member of the Board of Directors for some fifteen years. Her particular interests have been landscaping, decorating, and social events. She has always taken a hands on approach to the life of our community, liaising daily with the Management Office. We won't be able to replace her but we do hope to find a worthy successor.

## **Section 7: Conclusion**

I hope that this report has provided some useful information on our accomplishments, the challenges we've faced, the opportunities ahead of us, and our plans to realize them.

We always welcome suggestions from residents and will commit to evaluating and acting on them in the coming year.

Thank you for your attention.

*John Martin*

President

February 7, 2024



# Appendix

## Reserve Fund Projects Planned for 2024/25

Reserve Fund Study projects we plan to undertake in 2023/24 at a cost of approximately \$710,000 include:

- Post tensioning system evaluation and repair allowance, building superstructure and garage.
- Stucco repairs at the mechanical penthouse.
- Replacement of main building entrance doors, garage doors (entrance, exit, and main), mechanical pool equipment, garage carbon monoxide detection system, garage exhaust fans & dampers, garbage compactor.
- Renovation of changing rooms & showers, and the exercise room.
- Overhaul of the chiller, cooling tower, and make-up air unit.

Once these projects are complete we are planning major work on the garage for 2025 at a cost of approximately \$1.36M. This will include:

- Re-waterproofing of the garage roof slab. This requires the removal of ground-level paving, features and overburden, and will be disruptive.
- Restoration and repair, as required, of the garage stairwells.
- Replacement of the garage ramp's surface and snow melt system.
- Sealing of P2 wall cracks & leaks by injection.
- Replacement of P1 roof slab expansion joints.

The disruption of this work is also an opportunity to make changes. Among those contemplated for the front of the building are:

- Enlargement of the driveway for temporary parking at front door.
- Widening of the visitor parking area.
- Extending curbing to allow for wheelchairs and walkers to access sidewalks.
- A new sidewalk on the east side of the driveway out to Weldrick Road East.
- The addition of fencing to prevent trespassing in the barbecue area and the back of the building.
- Additional parking for contractors in the northeast corner of property.

## 2023 Reserve Fund Study Financial Analysis

The following is quoted from the 2023 Reserve Fund Study provided by our engineers, WSP Canada Inc. (33 Weldrick Rd. E.Draft.RFSU.March.28.2023.pdf). This document is available electronically on request from the Management Office.

*- Our analysis indicates that an increase in the annual contributions is required. This is consistent with the previous funding plan, which allowed for phased increases until fiscal year 2025, after which only inflation-matched increases are required. The remaining portion of this overall required increase (about 17.5%) has been carried forward into this study. Factors contributing to an increase during the present analysis include:*

*- Increased budgets for replacements of roofing, exterior sealants, and garage roof deck waterproofing in particular to reflect more current market values based on our updated experience with condominium corporation renewal projects of similar scope and size.*

*- Updated interest and inflation rates. The previous study used 2% interest and 2% inflation. Our updated rates are 3.8% interest and 3.8% inflation, which reflects long-term historical averages. We note that due to global factors, recent inflation rates are unusually (and anomalously) high - the published Construction Price Index rate provided by Statistics Canada for 2022 is about 20% higher than the previous year. While we expect some prices will remain high even after supply chain concerns are alleviated, in general this impact is not readily predictable. To avoid unnecessarily penalizing the study with present conditions, we have used the 35-year CPI average historical inflation rate of 3.8%, which matches the 35-year historical Bank of Canada interest rate of 3.8%. For the interest calculations, we have used the average interest rate the Corporation has realized for the first 3 years (2%), after which the rate is matched with inflation/long-term averages.*

*- The updated interest and inflation rate accounts for about 10% of the overall increase.*

*We have included the following funding scenarios:*

*- Scenario 1 shows the one-time required increase, in order to maintain only inflationary increases subsequently (until the next critical year).*

*- Scenarios 2 and 3 show the required increase phased-in over several years. While this approach generally results in higher total contributions over the study term, in our opinion it also meets the requirements of the Condominium Act to provide adequate funding.*

*The Condominium Act requires that the Corporation be “adequately” funded immediately. However, we interpret this to mean that the plan insufficient to cover all expenses, while generally understanding that the intent of the Act is best realized by limiting contribution increasing phase-in periods to as short as reasonable to minimize long-term costs.*

# Graph showing Projected Expenditures, Total Contributions through 2067

Scenario 3 - Phased Increases (5 Years)

