

**To: All Owners of Ottawa-Carleton Standard Condominium Corporation
No. 725**

**Re: OCSCC 725 Operating Budget and Condominium Fees
for Fiscal Year 2019 – 2020**

Dear owners:

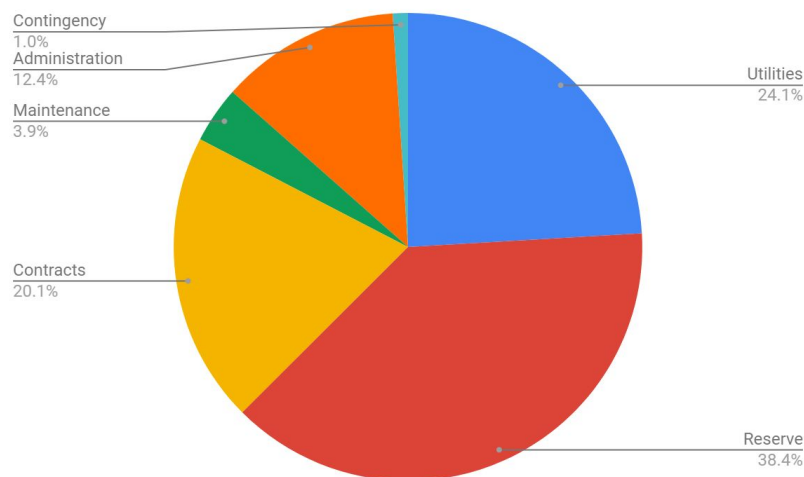
Your board of directors has recently approved the attached budget for the 2019 / 2020 fiscal year for Ottawa-Carleton Standard Condominium Corporation No. 725 (OCSCC 725).

The common expense contributions will be increasing 7.44% effective April 1st, 2019. This increase should be adequate in light of our building's history and future needs. The budget will promote the fiscal stability needed to operate your building.

To assist owners in understanding the plan for disbursement of our collective condominium fees, the attached documents provide further information:

- A detailed line-by-line breakdown of items that form the Operating Budget;
 - Explanatory notes associated with the budget, with numbered reference;
- and
- The new 2019-2020 fee schedule for each unit.

To further assist owners, below is a breakdown of your common element fees summarized from the Operating budget.





Owners who use pre-authorized debit should note that no action is required as they will be adjusted accordingly starting April 1st, 2019.

If you have chosen to pay by cheque, please provide 12 post-dated cheques, payable to CCC #725, no later than March 26th, 2019. If you would prefer to enroll in the "Pre-Authorized Payment Program", please contact our office as soon as possible.

Cheques may be forwarded to our office or left with the superintendent.

I hope you will find this information complete.

If I can provide any further assistance, please do not hesitate to contact me directly.

Yours truly,

Michael Barnett
Property Manager



Notes from the Board

Budget Fiscal Year 2019 - 2020

You will find attached the budget for fiscal year 2019-2020. The document lists the proposed budget in the last column and the budget for the current fiscal year (2018-2019) in the first column as a comparison. The two middle columns list the YTD results as of December 31, 2018, as well as the projected End of Year (EOY) values for March 31, 2019.

We will be scheduling a meeting with owners to review both the budget and reserve fund study and answer any questions you may have. This meeting will be held within the next month and a notice will be sent once the date has been set.

2018-2019 Budget

The budget for 2018-2019 predicted expenses of \$565,431 against revenue of \$525,530 for the current fiscal year. The resulting deficit of \$39,901 was to be covered by the remaining accumulated surplus from previous years. Without that surplus, the condo fees would have increased by 10% instead of the actual increase of 5%. Unfortunately, that surplus has been almost depleted so we will not be able to benefit from it to the same extent this year.

As you'll note in the "2018/19 Projected EOY" column of the attached budget, the expenses for the current year will be higher than projected. Were it not for a rebate from Ottawa Hydro, the operating deficit for the fiscal year 2018-19 would likely come in around \$81,000 instead of \$36,000.

This rebate is as a result of the Ontario Government Fair Hydro Plan launched in 2017. Part of the amount comes from a reduction in rates, and the balance from a credit on the HST portion. This rebate should have been applied for by Apollo when they were property managers, but it was never followed up on. We were able to start the process and receive a retro-active credit.

Most of the higher expenses can be attributed as follows:

- Sundry Income was budgeted at \$10,000, but realistically it will be around \$2,500.
- Hydro was budgeted at \$95,000, but in reality, the costs would be around \$110,000 without the rebate.
- Water consumption is also higher than budgeted.
- Higher than expected maintenance costs, mostly due to work done to finalize the flood damages. There were also additional costs for work done by the property manager to repair or replace items neglected by Apollo.
- The bids for landscaping contract were higher than budgeted

Budget for 2019 – 2020 Fiscal Year

We are budgeting for expenses of \$573,417 this year. The biggest increases and / or expenses are as follows:

Reserve Fund Contribution	The contribution is increasing by 2.5% this year as determined by the Reserve Fund Study, which is inline with the projected rate of inflation. The new amount is \$367,739.
Insurance Premium	The premium is increasing to 35K for the coming year. This represents a 50% increase over last year's premium. Our property manager solicited several quotes and the lowest available was from our current insurance company. It appears that many insurance companies are pulling out of the condominium market at this time
Utilities	Hydro usage in 2018-2019 increased substantially over the previous fiscal year. We believe at this point this is due to higher heat and humidity last summer, though that is an assumption at this time. You will find elsewhere in this document a chart that shows the consumption over the past years. We are budgeting for essentially the same consumption for the coming fiscal year as we had in this current year and taking both inflation and the reduction in HST into account.
Sundry Income	Last years budget projected \$10,000 in sundry revenue. The actual amount will come in much lower. The current board does not know what the projected number was based on, so we have budgeted a number inline with the actuals from previous years.

Prior Years Budget and Actual Comparisons

In the section below, you will find a summary listing of the budget and actual numbers from previous years. As you can see, we have run deficits in five of the previous seven years. Unfortunately, we no longer have the ability to do that as the accumulated surpluses have been drawn down. We need to budget revenue in line with projected expenses for this year and the coming years.

Amounts taken from each year's budget	
Fiscal Year	
Total Condo Fees	Budgeted condo fees for the fiscal year
Reserve Fund Contribution	The amount transferred to the Reserve Fund for that year
Budgeted Operating Fund	The condo fees less the Reserve Fund contribution. This is essentially the amount of money available for operating expenses
Percentage of Condo Fee's - Reserve Contribution	The portion of the condo fees assigned to the Reserve Fund
Percentage of Condo Fee's - Operating Fund	The portion of the condo fees assigned to the Operating Fund
Budgeted Expenses	The total projected expenses for that year
Actual amounts taken from the audited financial statements for that year	
Other Revenue	Sundry income
Actual Expenses	Actual expenses taken from the audited financial statements for that year
Budgeted Operating Expenses LESS Actual Expenses	Budgeted operating fund less actual expenses
Operating Surplus / Deficit	Budgeted operating fund plus other revenue less actual expenses. This amount is added or deducted from the accumulated surplus from prior years
Beginning Balance	The accumulated surplus at the beginning of the fiscal year
Ending Balance	The accumulated surplus at the end of the fiscal year which includes the current year operating surplus or deficit

Fiscal Year	Total Condo Fees	Reserve Fund Contribution	Budgeted Operating Fund	Percentage of Condo Fee's - Reserve Contribution	Percentage of Condo Fee's - Operating Fund	Budgeted Expenses	Other Revenue	Actual Expenses	Budgeted Operating Fund LESS Actual Expenses	Operating Surplus/Deficit	Beginning Balance	Ending Balance
Budget							Actuals				Accumulated Surplus	
2012-13	626,417	111,180	515,237	17.75%	82.25%		1,625	521,303	-6,066	-4,441	16,196	11,755
2013-14	627,258	113,404	513,854	18.08%	81.92%	526,212	1,396	530,645	-16,791	-15,395	11,755	-3,628
2014-15	733,892	159,000	574,892	21.67%	78.33%	574,400	1,652	513,216	61,676	63,328	-3,628	59,701
2015-16	733,892	163,770	570,122	22.32%	77.68%	587,512	8,939	622,156	-52,034	-43,095	59,701	16,607
2016-17	807,392	228,770	578,622	28.33%	71.67%	557,573	1,828	510,217	68,405	70,233	16,606	86,840
2017-18	832,000	293,770	538,230	35.31%	64.69%	588,585	4,700	577,700	-39,470	-34,770	86,840	52,070
2018-19	873,600	358,770	514,830	41.07%	58.93%	565,431	2,459	554,064	-39,234	-36,775	52,070	15,294
2019-20	938,623	367,739	570,884	39.18%	60.82%	573,417						

*** Actuals for 2018 - 2019 projected from Dec 31/2018 numbers. Accurate actuals will be available after the audit

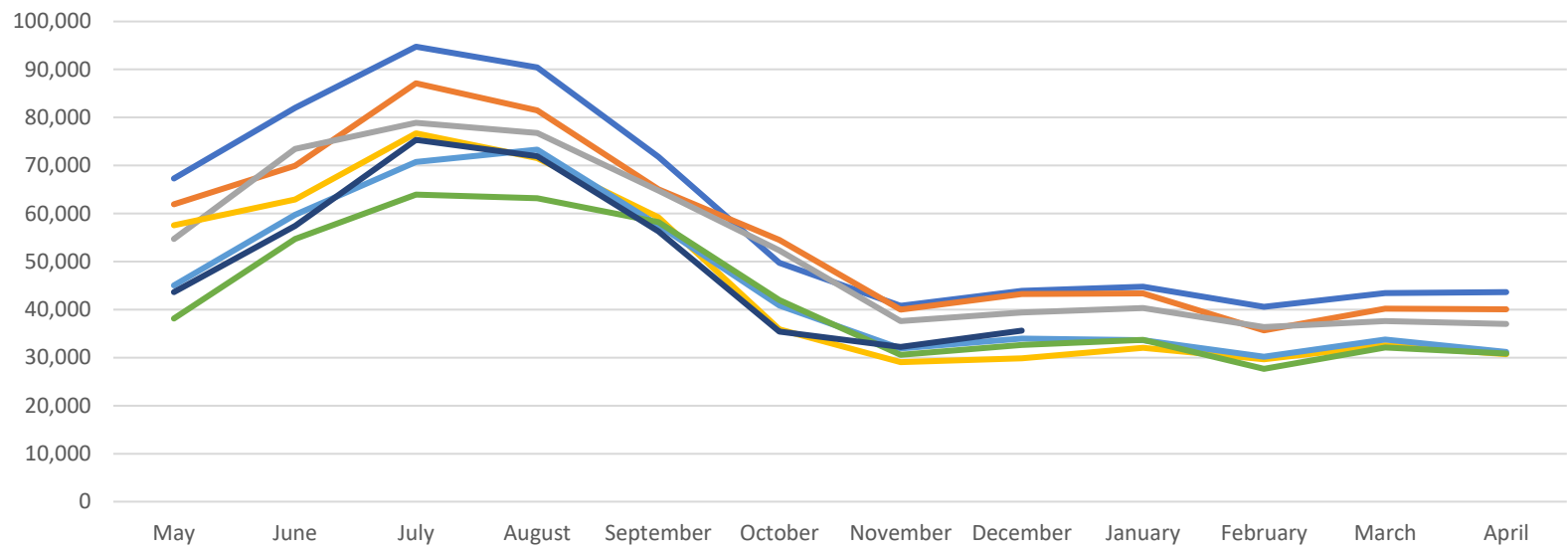
*** Expenses for 2018 - 19 include a one-time credit of 45K from Ottawa Hydro

Hydro Consumption

Hydro Utilization in kWh

<u>Year</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	MEDIAN	AVERAGE
Summer									
May	67,293	61,903	54,676	57,570	45,033	38,126	43621	45,033	47,805
June	82,021	69,935	73,480	62,941	59,766	54,690	57439	62,941	65,753
July	94,749	87,125	78,896	76,704	70,745	63,944	75344	76,704	78,215
August	90,426	81,459	76,782	71,536	73,311	63,211	71967	73,311	75,527
September	71,783	65,043	64,777	59,224	57,539	58,196	56319	59,224	61,840
Sub total	<u>406,272</u>	<u>365,465</u>	<u>348,611</u>	<u>327,975</u>	<u>306,394</u>	<u>278,167</u>	<u>304,690</u>	327,975	333,939
October	49,707	54,532	52,320	35,900	40,854	42010	35432	42,010	44,394
November	40,803	39,972	37,592	29,056	31,878	30567	32,219	32,219	34,584
December	43,912	43,258	39,383	29,849	33,938	32667	35,591	35,591	36,943
January	44,771	43,367	40,335	32,048	33,597	33725		37,030	37,974
February	40,574	35,671	36,365	29,671	30,180	27656		32,926	33,353
March	43,421	40,211	37,614	32,577	33,769	32113		35,692	36,618
April	43,625	40,053	36,982	30,704	31,194	30814		34,088	35,562
Sub Total	<u>306,813</u>	<u>297,064</u>	<u>280,591</u>	<u>219,805</u>	<u>235,410</u>	<u>229,552</u>	<u>103,242</u>	235,410	238,925
Total Consumption	713,085	662,529	629,202	547,780	541,804	507,719	407,932	588,491	572,864

Utilization in kWh's



2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19

Proposed Projects for 2019 – 2020

Windows:

The windows in the building have been a problem since the very beginning. The previous Reserve Fund Study provided for \$17,000 a year to replace defective units for the period covered by the study, but replacement costs have exceeded that amount most years.

We have extended the allowance for repairs for the upcoming Reserve Fund and increased the amount to \$20,000 a year.

As well, the board has decided to commission an engineering study to review why the windows are failing and what can be done about it. We have included an amount of \$10,000 in the Reserve Fund for this year to cover that study. This is something that had been discussed previously but was deferred.

Garage Maintenance:

We will be undertaking a structural inspection of the parking garage and waterproof membrane as provided for in the Reserve Fund study. This will occur late spring / early summer. This will most likely cause some disruption and we will provide more details in the next month.

Preventive Maintenance Program:

A previous board had initiated a preventive maintenance review of units to help identify issues that could potentially cause damage to units and common property. This was very successful and was a factor that led to a reduction in insurance premiums. As several years have passed since that review, we will be re-doing the exercise this year, probably in late summer or early fall. Stay tuned for details to follow

OCSCC 725 - Sussex Square						
		2018/2019	2018/19	2018/19	DRAFT	
		Approved	Actual	Projected	2019/20	
		Budget	To Dec 31/18	EOY	Budget	
Summary - Total						
	Revenue	884,300	659,167	876,403	941,156	
	Expenses	924,201	728,859	912,834	941,156	
	Surplus/Deficit	-39,901	-69,691	-36,431	0	
Expense Sub-totals						
	Utilities	220,000	159,108	179,209	230,275	
	Contracts	196,600	142,704	186,710	192,443	
	Maintenance	28,050	70,992	87,334	37,400	
	Admin	120,781	86,977	100,811	118,938	
	Contingency/Initiatives	-	-	-	-5,639	
	Reserve	358,770	269,078	358,770	367,739	
	Total Expense	924,201	728,859	912,834	941,156	
Revenue						Increase in common element fees.
	Common Element Fees	873,600	654,286	872,381	938,623	7.44
	Sundry income	10,000	1,845	2,459	2,533	
	Interest	700	3,037	1,562	-	1
	TOTAL Revenue	884,300	659,167	876,403	941,156	
Expenses						
	Utilities					
	Gas	50,000	21,397	40,897	43,000	
	Hydro	95,000	78,414	59,249	105,000	2
	Water	70,000	56,268	75,024	77,275	
	Telecom	5,000	3,028	4,038	5,000	
	Subtotal Utilities	220,000	159,108	179,209	230,275	
Contracts Expense						
	Fire Panel Monitoring	7,000	3,792	5,056	5,500	
	General Cleaning	45,500	33,561	44,748	45,500	
	Superintendent	52,500	38,138	50,850	52,500	
	Waste Management	6,000	2,465	3,286	3,385	
	Security services	1,000	720	960	-	
	Mech Maintenance/HVAC	19,000	18,664	24,885	20,000	
	Generator	1,350	396	1,582	1,629	
	Garage Maintenance	5,000	-	2,915	3,000	
	Elevator Maintenance	22,500	12,835	12,835	16,480	
	Landscaping	18,000	24,470	24,470	25,204	
	Snow Removal	16,500	6,309	13,315	16,995	
	Gym Equipment	1,500	776	1,035	1,500	
	Pest Control	750	580	773	750	
	Subtotal Contracts	196,600	142,704	186,710	192,443	
Maintenance Expense						
	After Hours service	1,200	746	994	1,200	
	Building Supplies	1,500	7,067	9,423	5,000	3
	General R&M	8,000	30,625	40,834	10,000	4
	Electrical R&M	3,000	1,009	1,345	2,000	
	Plumbing R&M	3,000	8,128	10,837	3,000	
	Patio	650	-	-	1,000	
	Carpets	1,200	-	-	-	5
	Window cleaning	6,500	6,209	6,209	6,900	6
	Garage cleaning & repairs to garage door	3,000	9,227	6,312	3,000	7
	Doors, Keys, Locks	0	-	-	-	
	Elevator R&M	0	1,194	3,592	1,500	
	Fire Sysrem R&M	0	3,409	4,409	2,000	
	Waste system	0	2,853	2,853	1,000	

OCSCC 725 - Sussex Square						
		2018/2019	2018/19	2018/19	DRAFT	
		Approved	Actual	Projected	2019/20	
		Budget	To Dec 31/18	EOY	Budget	
Summary - Total						
	Generator	0	523	523	800	8
Subtotal Maintenance Expense		28,050	70,992	87,334	37,400	
Administrative Expenses						
	Property Management	66,173	49,630	66,173	67,165	
	CAO Fees	1,464	247	247	1,098	
	Office Expense	2,000	1,125	1,500	2,000	
	Committees	2,000	1,050	1,400	2,000	
	Bank Charges	800	1,209	1,611	1,660	
	Miscellaneous	2,000	731	974	2,000	
	Insurance	30,954	23,215	23,215	35,000	9
	Insurance Deductible	10,000	-	-	-	
	Property Taxes/CE Parking	390	11	390	15	
	Audit	5,000	5,279	5,300	5,500	
	Legal	0	4,481	-	2,500	
Subtotal Admin Expenses		120,781	86,977	100,811	118,938	
Contingency/Initiatives						
	Contingency	-	-	-	10,000	
	Deficit Removal	-	-	-	-	
	Surplus from PY				-15,639	
Subtotal Contingency/Initiatives		-	-	-	-5,639	
Subtotal Expenses						
	Reserve Appropriation	358,770	269,078	358,770	367,739	10
TOTAL EXPENSES		924,201	728,859	912,834	941,156	
	Surplus/Deficit	-39,901	-69,691	-36,431	0	
	Audited Opening balance of operating fund April 1, 2018		52070	15,639		

	Explanation of line item
1	Interest earned in Operating bank account will be nominal; therefore not to be budgeted as funds will be moved to the investment account.
2	Estimated Hydro expenses for the year and based upon actuals expenses. (There was a significant rebate applied for in 2018/2019)
3	Supplies for the building which are now stocked so we expect a reduction this year in costs.
4	Anticipated costs for this year. Last year there was 35K used for the in unit flood repairs which was recorded in this category.
5	Carpets are new and cleaning and removal will be addressed by onsite staff.
6	Includes annual anchor inspections @ \$295.00 plus taxes
7	Garage Cleaning was moved to garage maintenance for the end of year projection. This is the estimated repair budget.
8	Refuel of generator tanks is required this year.
9	Insurance market is going up across the board for all condo's. This figure was based upon a renewal estimate from the broker.
10	Reserve fund contribution as outlined in the reserve fund update. Mandatory requirement.

OCSCC 725 Condo Fee Schedule				
			FY 01Apr-31Mar	2019-2020
			Fiscal Budget	938,623.00
			Monthly Budget	\$78,218.58
			Price per share	\$782.19
Unit	Suite Percentage	Parking Percentage	Total Percentage	Monthly Condo Fees
101	0.933420	0.0863	1.019760	\$797.64
102	0.972310	0.0863	1.058650	\$828.06
103	0.700070	0.0432	0.743240	\$581.35
104	0.847860	0.0432	0.891030	\$696.95
105	1.038430	0.0432	1.081600	\$846.01
106	0.871190	0.0432	0.914360	\$715.20
107	0.828410	0.0432	0.871580	\$681.74
108	0.906200	0.0432	0.949370	\$742.58
109	0.544490	0.0432	0.587660	\$459.66
110	0.700070	0.0432	0.743240	\$581.35
111	0.867300	0.0863	0.953640	\$745.92
112	0.637840	0.0432	0.681010	\$532.68
115	0.591170	0.0432	0.634340	\$496.17
116	0.591170	0.0432	0.634340	\$496.17
117	0.560050	0.0432	0.603220	\$471.83
118	0.867300	0.0432	0.910470	\$712.16
119	0.700070	0.0432	0.743240	\$581.35
120	0.540600	0.0432	0.583770	\$456.62
121	0.556160	0.0432	0.599330	\$468.79
122	0.544490	0.0432	0.587660	\$459.66
123	0.583390	0.0432	0.626560	\$490.09
124	0.871190	0.0432	0.914360	\$715.20
125	1.038430	0.0432	1.081600	\$846.01
126	0.847860	0.0432	0.891030	\$696.95
127	0.723400	0.0432	0.766570	\$599.60
128	0.933420	0.0432	0.976590	\$763.87
129	0.956760	0.0863	1.043100	\$815.90
201	0.933420	0.0432	0.976590	\$763.87
202	1.116220	0.0863	1.202560	\$940.63
203	0.723400	0.0432	0.766570	\$599.60
204	0.847860	0.0432	0.891030	\$696.95
205	1.038430	0.0432	1.081600	\$846.01
206	0.941200	0.0432	0.984370	\$769.96
207	0.828410	0.0432	0.871580	\$681.74
208	0.906200	0.0863	0.992540	\$776.35
209	0.544490	0.0432	0.587660	\$459.66
210	0.700070	0.0432	0.743240	\$581.35

211	0.867300	0.0432	0.910470	\$712.16
212	0.567830	0.0432	0.611000	\$477.92
213	0.591170	0.0432	0.634340	\$496.17
214	0.591170	0.0432	0.634340	\$496.17
215	0.595050	0.0432	0.638220	\$499.21
216	0.595050	0.0432	0.638220	\$499.21
217	0.591170	0.0432	0.634340	\$496.17
218	0.591170	0.0432	0.634340	\$496.17
219	0.560050	0.0432	0.603220	\$471.83
220	0.867300	0.0432	0.910470	\$712.16
221	0.700070	0.0432	0.743240	\$581.35
222	0.540600	0.0432	0.583770	\$456.62
223	0.556160	0.0432	0.599330	\$468.79
224	0.544490	0.0432	0.587660	\$459.66
225	0.583390	0.0432	0.626560	\$490.09
226	0.941200	0.0432	0.984370	\$769.96
227	1.038430	0.0432	1.081600	\$846.01
228	0.847860	0.0432	0.891030	\$696.95
229	0.723400	0.0432	0.766570	\$599.60
230	1.116220	0.0432	1.159390	\$906.86
231	0.933420	0.0432	0.976590	\$763.87
232	0.902310	0.0432	0.945480	\$739.54
301	0.933420	0.0432	0.976590	\$763.87
302	1.116220	0.0863	1.202560	\$940.63
303	0.723400	0.0432	0.766570	\$599.60
304	0.847860	0.0432	0.891030	\$696.95
305	1.038430	0.0432	1.081600	\$846.01
306	0.941200	0.0863	1.027540	\$803.73
307	0.828410	0.0432	0.871580	\$681.74
308	0.906200	0.0432	0.949370	\$742.58
309	0.544490	0.0432	0.587660	\$459.66
310	0.700070	0.0432	0.743240	\$581.35
311	0.867300	0.0432	0.910470	\$712.16
312	0.567830	0.0432	0.611000	\$477.92
313	0.591170	0.0432	0.634340	\$496.17
314	0.591170	0.0432	0.634340	\$496.17
315	0.595050	0.0432	0.638220	\$499.21
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317	0.591170	0.0432	0.634340	\$496.17
318	0.591170	0.0432	0.634340	\$496.17
319	0.560050	0.0432	0.603220	\$471.83
320	0.867300	0.0432	0.910470	\$712.16
321	0.700070	0.0432	0.743240	\$581.35
322	0.540600	0.0432	0.583770	\$456.62
323	0.556160	0.0432	0.599330	\$468.79

324	0.544490	0.0432	0.587660	\$459.66
325	0.583390	0.0432	0.626560	\$490.09
326	0.941200	0.0432	0.984370	\$769.96
327	1.038430	0.0432	1.081600	\$846.01
328	0.847860	0.0432	0.891030	\$696.95
329	0.723400	0.0432	0.766570	\$599.60
330	1.116220	0.0863	1.202560	\$940.63
331	0.933420	0.0432	0.976590	\$763.87
332	0.902310	0.0863	0.988650	\$773.31
401	0.933420	0.0432	0.976590	\$763.87
402	1.116220	0.0432	1.159390	\$906.86
403	0.700070	0.0432	0.743240	\$581.35
404	0.847860	0.0863	0.934200	\$730.72
405	1.038430	0.0863	1.124770	\$879.78
406	0.941200	0.0863	1.027540	\$803.73
407	0.828410	0.0432	0.871580	\$681.74
408	0.906200	0.0432	0.949370	\$742.58
409	0.544490	0.0432	0.587660	\$459.66
410	0.700070	0.0432	0.743240	\$581.35
411	0.867300	0.0863	0.953640	\$745.92
412	0.567830	0.0432	0.611000	\$477.92
413	0.591170	0.0432	0.634340	\$496.17
414	0.591170	0.0432	0.634340	\$496.17
415	0.595050	0.0432	0.638220	\$499.21
416	0.595050	0.0432	0.638220	\$499.21
417	0.591170	0.0432	0.634340	\$496.17
418	0.591170	0.0432	0.634340	\$496.17
419	0.560050	0.0432	0.603220	\$471.83
420	0.867300	0.0863	0.953640	\$745.92
421	0.700070	0.0863	0.786410	\$615.12
422	0.540600	0.0432	0.583770	\$456.62
423	0.832300	0.0432	0.875470	\$684.78
424	0.847860	0.0432	0.891030	\$696.95
425	0.941200	0.0432	0.984370	\$769.96
426	1.038430	0.0432	1.081600	\$846.01
427	0.847860	0.0432	0.891030	\$696.95
428	0.723400	0.0000	0.723400	\$565.83
429	1.116220	0.0863	1.202560	\$940.63
430	0.933420	0.0432	0.976590	\$763.87
431	0.902310	0.0432	0.945480	\$739.54
A24		0.0432	0.043170	\$33.77