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# Life expectancy of a condo

**-Condoliving with edits**

Nothing man-made lasts forever.

I have been reading a lot of Reserve Fund Studies lately and a few things were of interest.

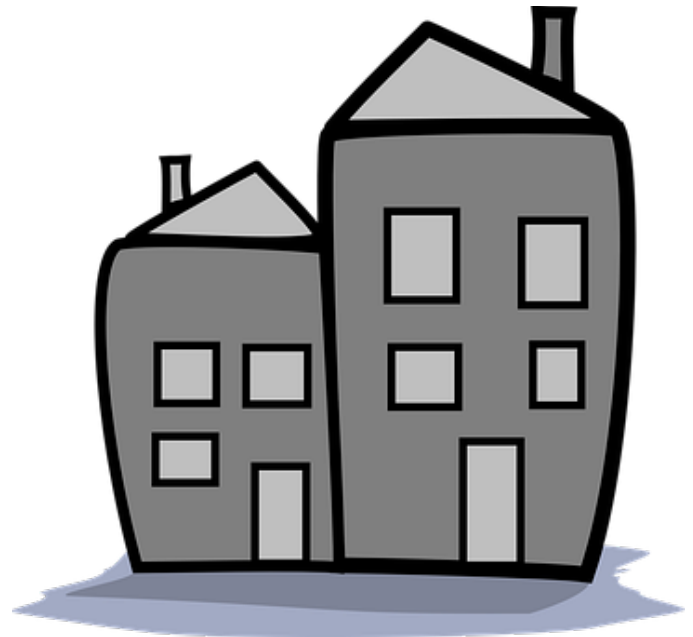
## The life expectancy of major components

Residential high-rises are very complicated structures.

They are full of systems, pipes, electrical wiring, motors, boilers, machines, valves, and pumps. They all have limited life spans so once a condo becomes ten years old or so, there is always one expensive thing or another that must be replaced. The repairs and replacements are a never-ending cost. (Although not as complex, the basics of this apply to townhomes).

A Board can count on repairing or replacing the following items far sooner than they may realize:

- garage waterproofing
- fire panel
- boilers
- chiller
- pumps and valves
- sprinkler heads
- asphalt paving
- major repairs to balconies and patios
- domestic water risers
- caulking & fasteners
- doors and windows
- elevator machinery
- garbage compactor



- air makeup unit
- fire prevention systems

A lot depends on the quality of the original equipment, the caulking, pipes and parts and whether the building, and all of its systems, have been properly maintained.

Oh yes, that is a big one. Has the building and **all** its systems been properly maintained?

## Using new materials

In the reports, the engineers state that they do not have enough information on certain materials and equipment to know how long they will last. Kitec plumbing is one example of a new material that failed far sooner than anyone expected.

Then there are components like aluminium wiring that was used in the 1970's because it was cheaper than copper. In some condos, that wiring is still in place.

Up until 1992, calcium chloride was often mixed in with the concrete as a set accelerator when concrete was poured during the winter months. Adding salt to steel reinforced concrete was not a good idea and is no longer permitted.

## **Underground parking garages**

The engineers are not sure how long the underground reinforced concrete parking garages will last as they are a relatively new structure. They can tell the Board when the garages are starting to deteriorate so immediate action can be taken.

Water leakage and concrete spalling (Spalling happens in concrete because of moisture in the concrete.) should be repaired as soon as it is noticed but if it is not repaired, when will a badly neglected garage result in a catastrophic failure? Ten years? Twenty years? Maybe never. Hard to say.

Some engineers are not sure how long reinforced concrete slabs will last in underground garages and there are questions about the use of window walls (all glass) in the new buildings for the exterior walls.

## **No records**

I was disappointed to read that some condos keep extremely poor records. The manager, Board or the superintendent may know, or think, that work has been done but they cannot remember when it was done or how much the work cost. The engineers search the audited Financial Statements to see if it is listed there.

## **Lipstick on a pig**

I was not surprised to see that many condo boards placed more emphases on improving the building's curb appeal and prettying up the amenities than in repairing concrete, replacing boilers, repairing the roof or replacing water pipes.

## **Warnings ignored**

Engineers may report that 60 amp fuse boxes should be replaced as they may be a fire hazard or that the hot water risers have gone far past their expected life

expectancy. Many Directors don't bother to read the full Reserve Fund Studies so they may not read these warnings.

## **The garage is in good condition**

In one report that I read, the engineers start off saying that the underground garage is in good condition. Then they list 25 defects that need to be repaired at an estimated cost of \$1 million. That doesn't sound so good to me.

## **How long will they last?**

The engineers use 99 years as the life expectancy of a well-maintained residential condominium tower. Since the first condo towers in Ontario are now 50 years old, they are at a point where termination and demolition may be just a few decades away. Low rise buildings have a life expectancy of 100-110 years.

## **What will termination look like?**

The big question is: Has anyone any idea what is going to happen to these concrete structures when/if they are terminated?

North American cities have experience in demolishing old rental buildings and large public housing projects but terminating condo towers is a cat of a different colour.

How much equity will the owners receive? After all, it is not like a dilapidated detached house where the 50 x 100 foot lot is more valuable than the house sitting on it and the single owner doesn't have to share the proceeds with 199 other owners.

When 200 owners split the value of the land, how much money will each collect? **Someday these will become important questions.**

## CONDO FINANCE

-Wilson Blanchard

Managing and overseeing a condominium corporation's finances is one of the Boards most important responsibilities. To successfully fulfill this duty and sustain the financial well-being of your community, you must understand financial reports and their importance to the success of your condo. Read on to learn what to look for when reviewing your financial reports.

### What's a financial report?

A condos financial report consists of the key economic information that will help board members manage operations and make good decisions. The monthly financial report will include a Balance Sheet, Income Statements for both your Operating and Reserve Fund, and a number of supporting schedules – reports containing details that support the amounts on the Balance Sheet and Income Statements.

Examples of supporting schedules may include:

- Bank Statements and Reconciliations
- Accounts Receivable Report
- Accounts Payable Report
- General Ledger

### Who prepares the financial report?

In Condominium Managed properties, each client has a dedicated Accounting Administrator assigned to their community and prepares the Financial Statements for your condo. Your Condominium Manager will then review and approve these Financial Statements prior to sending the reports to the Board.

### When do we receive the financial reports?

Financial reports are prepared monthly, typically after all amounts received have been recorded. At year-end, this timing is delayed because of additional audit requirements that must be met. It's very important to monitor financials consistently on a monthly basis, as they indicate the financial health of your community and assist in ongoing decision making.

### What should I look for in the financial report?

Because condominium corporations are not-for-profit entities, the review of financial reports is somewhat different than most businesses who focus mainly on “the bottom line” – profit or loss. The following are some of the things you should look for to ensure your corporation is in good financial standing:

1. How healthy is the corporations cash flow – in short, does the corporation have enough money in the bank to pay its bills?
2. Is the Reserve Fund fully funded – are you following the requirements of your Study Plan?
3. What position is the Operating Fund in? While the corporation certainly should not be operating in a deficit position, the surplus should also not be excessive.

Additional details from the supporting schedules should also be reviewed, such as whether any investments are coming due, the status of unit owner arrears and a review of budget variances. Specific items will vary from corporation to corporation – for example, your condo may or may not have investments – so each situation will be somewhat unique.

### Who can access the financial reports?

Due to the sensitive and personal data that can be included in the reports (unit owner arrears as an example), Boards should not share the full monthly financial package that they receive with homeowners. The balance sheet and income statements are usually appropriate for all homeowners to see, however in general supporting schedules should not be shared. At the very least, these schedules must be redacted to remove sensitive and personal information before being viewed by any non-Board member.

While financial reports may seem long and cumbersome, it's important they're thoroughly reviewed on a monthly basis. Doing this will ensure you're fulfilling your fiduciary duty and protecting your corporation, while helping you make sound decisions during Board meetings to prepare your community for a strong future.





## IS THERE A SECRET TO LOWERING CONDO FEES

-adapted from Condo News

Misconceptions about the purpose of a reserve fund are magnified by attempts to keep condo fees as low as possible. It simply is not possible to reduce condo fees without sacrificing something.

Understanding your condo fees is a crucial part of condominium ownership. It empowers owners with knowledge to make informed decisions, supports the building of a healthy and vibrant community, and sets a course for long-term stability for your Corporation.

Condo directors usually don't have enough control over expenses to make any such promise. Most expenses are determined by the marketplace. No condo director or board can reduce the cost of labour, utilities, supplies or equipment which comprise more than 90 percent of all expenditures in the condo budget. Condo fees can be reduced, and increases can be avoided, by reducing reserve fund contributions and neglecting current

obligations. Director candidates campaigning under a platform to reduce condo fees fail to recognize or acknowledge they will create a problem others will have to clean up. The reserve fund is not a rainy-day fund. It is not a source of cash when funds get low. Its sole purpose is to maintain what currently exists. Depleting the reserve fund for any purpose differing from its intent is irresponsible. This includes revising reserve fund assumptions or line items to justify changes to its funding. One of the obligations of condo directors is to ensure an adequate reserve fund. Those refusing to accept this obligation should not seek election as a condo director. Such a policy virtually assures special assessments, dramatic condo fee increases, or borrowing money a few years later.

**“Depleting the reserve fund for any purpose differing from its intent is irresponsible”**

# Now you know! SGI Canada

## Terminology Thursday

**Actual Cash Value** – often abbreviated as “ACV”, it is the cost to repair or replace a damaged or destroyed piece of property based on its worth at the time it was lost. ACV takes into account the age, condition, resale value and normal life expectancy of the item or object that was lost.

**Dwelling** – noun - The insurance term for your home. Dwellings include detached and semi-detached houses, condos and rented apartments.

**Floater** – a type of policy that covers property that is easily moved & isn't fully covered under another policy. Examples include jewellery, specialty tools & your guitar collection.


**Lightning** ⚡ a brief, intense discharge of electricity in the atmosphere caused by natural processes. Your insurance policy with SGI CANADA will cover most losses that arise out of a lightning strike to your insured property.

**Loss** – noun - Loss is a common insurance term for a situation that triggers a claim. It covers everything from a fire to a sewer back up and hail damage. To learn more losses and how to protect yourself


**Risk** – noun - A hazard or event that could cause a loss that would result in an insurance claim. Wind, hail, fire, electronic power surge and sewer back up are all examples of risk. Another term used to describe risk is “peril.”

**Service line** – the piping and wiring that deliver the electricity, water, sewer, communications, fuel and other utility services to your home. With upcoming yard work, now is a good time to think about how to protect your service lines from tree roots and other hazards.

**Underwriter** – a trained insurance professional who assesses the risk of an insurance policy & determines if a policy should be written & what the appropriate premium is.



Gallagher Studies



One Focus...

## Condominiums

Reserve Fund Studies + Insurance Appraisals

GallagherStudies.ca

# One persons' opinion

## More: Questions without Answers on COVID-19

Should we have an in-person AGM? Should we have a Virtual AGM?

Should we postpone? Should we open amenities? What about maintenance?

Unfortunately, there is no "one size fits all" answer to many of these questions. Boards are soliciting and receiving legal and other industry advice and applying this advice as best they can to their Condominium Corporation. Your Board probably deserves a pat on the back, but .... that is still not allowed! Try to resist the urge to be upset with your Board.... They are making the best decisions possible with the information they have in a very rapidly evolving situation.

The City of Toronto passed a bylaw on July 30th to take effect Aug 6th, 2020, requiring that masks or face coverings be worn in enclosed public places in Condos common areas.

Effective July 6, 2020, all persons entering a courthouse in Alberta shall be required to wear a face mask while in any public area of the courthouse

When it comes to mask wearing in the wider community, most studies published in scientific journals do not show a clear impact so far. Opinions are varied about the Pros and Cons as with many aspects of this new reality we are going through. We do know about the fact that masks reduce the risk to others, and so maybe we have a social responsibility to wear them when we can.

Ottawa Health tweeted, we admit, sometimes wearing a mask in public isn't the most fashionable or comfortable choice. But some people wear Leaf jerseys....so.

As we progress through the opening stages of our communities, we continue to be faced with daily decisions about our varying levels of comfort about returning to our lives and activities. These decisions are

very personal and are dependent upon many factors including personal convictions, physical and mental health, as well as varying comfort levels about attending public places.

It helps to remember that what is right for others may not be right for you.... Cutting each other some slack, being considerate of other people's needs and limitations and respecting each other's boundaries are key :)

Where new or pre-existing social anxiety exists, stick to your comfort zones, and take "baby steps", do only what is strictly necessary in public and retreat to the safety of your own home. But DO take care of your emotional well being.

*It will be ok in the end - we will get through this - together.*



# Harassment and the Property Manager

-Michael Clifton, MA, LLB, ACCI (Law)  
CCI London presentation adaptation

Often, we hear stories about condominium managers. We hear about the good ones and the bad ones, and we understand condo boards' frustrations from time to time. But here's the thing: Though some managers might be villains, and only a few are truly heroes, all of them are human, and they are entitled to fair and humane treatment. As condominium directors, you have only the authority that the Condominium Act, 1993, gives you, and that power is also subject to the regulations and by-laws of your corporation. Further, in addition to authority, the Act imposes obligations on you. In particular, it imposes on you the obligation to exercise your authority in good faith, in honesty, with the degree of care, diligence and skill that are expected from people in a position of responsibility like yours. This is called your 'standard of care'. Typically, condominium directors consider this standard when it comes to dealing with things like unit owner concerns, procurement processes for condo projects, and handling the corporation's money. All too often that standard of care goes right out the window when it comes to dealing with your manager. This criticism cuts two ways. First, there are boards who simply over-trust their managers. They expect (and some managers erroneously demand) that all responsibility for how the condominium runs should belong to the manager. Such boards fail to review estoppel certificates, neglect making decisions about major contracts, don't bother to have at least one director sign every cheque or ensure that financial statement updates are available and reviewed at every regular board meeting. If your condominium operates in that sort of way, fix it. Remember: being on a condo board is a position of trust. If you are not watching over your stewardship – meaning, the condition, funds, and operation of your condominium – you have become one of the condominium's liabilities. You become its asset by taking your responsibility more seriously. On the other hand, some boards go to the opposite extreme. They can become controlling, overly critical, overly demanding, unsupportive, and disrespectful. None of

those are good things. Some of them can be illegal. Under the Saskatchewan Occupational Health and Safety Act, every condominium board is under an obligation to protect the condo's workers, including its managers, from workplace violence and harassment. This requires the board to regularly assess the risks of such treatment with respect to every employee and contractor that works there. The board should not fail to also look inwardly to see whether it, itself, could be the perpetrator or facilitator of such violence or harassment. Subjecting a manager to ceaseless emails with irrationally short deadlines for response; demanding constant or immediate attention although knowing the manager has multiple properties to serve; berating managers in board meetings; putting the manager regularly on the defensive; peppering them with questions; insinuations of negligence; threatening the manager's employment; even just being excessively nitpicky and micromanaging – all of these behaviours can contribute to an oppressive work environment and can constitute genuine and actionable harassment. Facilitating harassment could include such things as treating unit owner complaints as true without investigation, or even just being overly sympathetic to unit owner concerns in a way that leaves the manager feeling unsupported and vulnerable to attack. This form of harassment arose in a case some years ago between the Amalgamated Transit Union, Local 113, and the Toronto Transit Commission (TTC). The TTC received customer complaints through Twitter that were often laced with foul language, harsh criticism, and derogatory personal judgments about their employees. TTC often responded to these tweets in what seemed to be empathetic and understanding ways, such as "we're sorry to hear about your trouble," or "that wasn't nice at all". TTC was found at fault for not protecting its employees from online violence and harassment. The Arbitrator noted that "violence" can include "intimidation, abuse, threats..., swearing, screaming" as well as physical assault. Harassment itself is a kind of violence that includes "words, gestures and actions which tend to annoy, harm, abuse, torment, pester, persecute, bother and embarrass". No employee, and no condo manager, should be left unprotected from that sort of treatment. The mandate in the Condominium Act, 1993, to conduct condo business in good faith and with the appropriate level of care, should be seen to impose on boards a requirement to be fully



aware of the risks of workplace violence and harassment, and to take steps to prevent them, and, most especially, to ensure that you, yourselves, are not the source of it.



## Climate Change

Condensed from Remi network

We know climate change has happened, is happening and will continue to happen,” It is irreversible, and any condo corporation would be well advised to put measures in place to mitigate and anticipate extreme weather events.

The overall temperature is going up which is an issue that has impact over decades, not years but “What does have an impact in the short term are extended heat waves.”

Condos are perhaps better protected because of air conditioning, but there are costs associated with that, along with stress on the electrical grid, which leads to more outdoor air pollution. There is also the issue of “equity in society.” Older people (many who have downsized to condos) and persons with disabilities often face more challenges during power outages and longer-lasting bursts of high temperatures.

Precipitation patterns will also change. With warmer climates come more intense flooding due to increased rainfall. The annual average precipitation for 2031 to 2050 is expected to jump 5.3 to 6.6. per cent, depending on the amount of human emissions of carbon dioxide.

We’re now seeing deluges of rain pour down over short periods of time that render any area vulnerable to

flooding,” “Condos should assume they are subject to risk, and if they haven’t had a history of flooding, that doesn’t mean much. The weather of the past is not a very good predictor of weather of the future due to climate change.”

Issues indirectly related to climate may also be a cause for concern, like pest activity and indoor air quality. Research shows more rain events are causing fungal mould to grow faster, degrading the mechanical properties of buildings and creating health hazards for people who live in them.

Murray Johnson, vice-president of client operations at Crossbridge Condominium Services, wonders if the effects of climate change could possibly turn manageable problems into mainstream issues. “Condos have a small budget line of about \$80 a month for pest control when we look at what climate change will do; that \$80 per month could become \$800 a month or more,” he says.

**As extreme weather events increase, so do insurable losses.** From 1983 to 2008, payouts from Canada’s property and casualty insurance sector tallied around \$250 to \$450 million annually. For ten of the past 11 years, losses have swelled to over \$1 billion, for average annual claims of \$1.8 billion. Although it’s unclear how much of this increase stems from condos, what is known is that flooding is the main cause of catastrophic insurable losses.

Climate change is also one factor causing premiums to rise across the country. The main culprit affecting condo premiums seems to be internal water damage from leaky pipes and sinks, says Peter Kennedy, senior vice-president and national director of the real estate practice for Aon in Canada. This is one of the major challenges in the condo insurance market now. In certain parts of the country, flood risk would be most relevant for condos situated in flood zones, he notes. Any preventative maintenance measures condos undertake to mitigate flood and water damage risk will save them from paying deductibles. It would also save condos from experiencing claims that would go on their loss record, which plays a big role in determining their premiums.

“Look at your landscaping—which way the pavement runs, where your downspouts are and where are they taking the water when it rains. Make sure the drains

aren't clogged, the windows don't leak and roofs are in good condition," Kennedy says. "All this stuff is just basically really good maintenance and good risk management to prevent losses."

Mitigation also reflects 'prudent ownership, "Avoiding flood risk is desirable, not only from the perspective of insurance, but also not to stigmatize a property as flood prone, which in turn would affect property value."

**To manage an unpredictable climate**, industry members are promoting good old planning and procedures, as researchers explore how technology can help to some degree.

When it comes to heat waves, Natalia Moudrak, director of climate resilience at the Intact Centre, says designated cooling spaces within a condo serve as a refuge for residents should a power outage occur. Summer days in cities can feel almost 1 to 3 C warmer than their surroundings and as much as 12 C warmer in the evening due to urban heat island effect. High humidity can make the temperatures feel even more suffocating. Cities are implementing green and reflective roofs to help ward off the heat, but a "check-in-on-your-neighbour" program is an immediate step, she adds— many residents might live without a strong social network.

Easy and affordable actions buildings can take to abate flood risk are outlined water sensors that automatically prevent elevators from proceeding to flood-inundated levels when water is detected. Many condos are also investing in leak detection systems, both for external and internal water damage. Installing one is critical. "If it is cost prohibitive to do so for every condo unit, then at minimum, leak detection devices should be installed on the closed-circuit system where water circulates through the building. There are many on the market, but it's best to install one that automatically shuts off water valves to minimize damage, as opposed to systems that only notify of a leak.

Other actions include designating a space equipped with water, non-perishable food supplies and emergency kits, located above expected flood levels. Emergency preparedness and response plans should also be in place. They include having emergency response supply contracts and ensuring standing orders are ready with restoration and landscaping companies to provide goods and services at pre-arranged prices,

under set terms and conditions. Contractors are often in high demand post flood. Due to much turnover with building staff, there should be regular training on flood event procedures and annual practice drills performed with residents.

Equipment and supplies should also be a priority the report states: assembling everything from portable lights to protective clothing and making sure onsite back-up generation equipment and fuel provide electrical power to at least one elevator, and many other building systems like fire alarms for 24 to 72 hours.

"These measures will probably have little to no impact on condo fees, but if you have a major flood in a building, a percentage of which may well not be covered by insurance, then a special assessment will have to raise large sums of money to fix the problem that shouldn't have happened in the first place."

Another way to manage exposure from constantly evolving threats are regular, updated assessments of each property

"Honesty in these assessments is also important. We can all be guilty of relying on our past experiences to influence our decisions and views on the future. Considering the changes, we're seeing in weather patterns, the old models can no longer be trusted. Any sound strategy needs to be tested on the what if rather than the what we did before."

More costly post-construction retrofits may be warranted for critical sites. For condos worried about overland flooding, portable flood barriers are said to be easier and quicker to implement and re-use, as opposed to sandbags that become contaminated with land-fill waste. Some products are said to cover five city blocks in 50 minutes.

"Hoping that climate change doesn't occur, won't help, given that it is irreversible and knowing for certain that more extreme weather is on the way, it's irresponsible for condo corporations not to prepare for floods and extreme heat. It is understood that climate change is an existential threat to our way of life".

## The Estoppel Certificate



If you are considering the purchase of a resale residential condominium, it is important to ensure that any offer to purchase you make is conditional on your lawyer's review of the Estoppel certificate. This column will examine what an Estoppel certificate is and why a buyer needs to have it reviewed and approved before making an offer firm and binding.

The Estoppel certificate is a document that is prepared and issued by the condominium corporation. The condominium corporation charges a fee of up to \$200 to issue the Estoppel certificate and it normally takes up to 10 days for it to be issued. Almost every condominium resale agreement should contain a clause which makes it conditional on the buyer reviewing the Estoppel certificate with a lawyer and being satisfied with its contents. The importance of this document cannot be overlooked.

The Estoppel certificate and related condominium documents answer many hidden questions about the unit and the condominium building. Here are some of the more important points that an estoppel certificate and condominium documents will disclose:

1. What are the monthly common expenses and has the seller paid the monthly common expenses or are there arrears?
2. Is the condominium corporation considering levying a special assessment against the unit owners to pay for repairs, replacement, or improvements to the building?
3. Is the condominium corporation involved in a lawsuit?
4. Does the condominium's declaration or bylaws contain any restrictions which would prohibit owners from having any pets?

5. What is the amount of the condominium corporation's reserve fund and when was the last reserve fund study completed?
6. Is the condominium corporation professionally managed and does it have a budget and up-to-date financial statement?
7. Is there a record of any unauthorized repairs to the condominium unit?
8. Do the parking and storage units (if applicable) in the Agreement of Purchase and Sale correspond to those set out in the Estoppel certificate?

The Estoppel certificate and condominium documents will answer these questions and many more that need to be carefully considered before the Agreement becomes firm and binding. Without knowing this information, a buyer is at risk of purchasing a condominium which could result in many problems, issues and costs to the buyer.

9. A properly drafted Agreement with the "conditional on Estoppel approval" clause will allow the buyer's lawyer to review the Estoppel certificate and related condominium documents while the offer is conditional. The lawyer can then discuss its findings with the buyer so that the buyer can make an informed decision to go ahead with the purchase or not. In most cases, the Estoppel certificate, while not always perfect in every aspect, will be acceptable to the buyer who will then decide to waive the condition, thus making the offer to purchase firm. In some cases, however, the Estoppel certificate may disclose an issue which the buyer may not be willing to accept and the buyer may cancel the Agreement.

The importance of the review of an Estoppel certificate cannot be overstated and should never be overlooked even in the situation of a hot real estate market.

**The Estoppel Certificate Form GG is found in the 2001 Regulations on page 75.**

*This document assists in giving the buyer a clearer picture of the condominium corporation and their unit. Additionally, the condominium corporation cannot later deny the facts presented in the certificate which provides a safeguard to the potential purchaser.*





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## A reminder!

2020 Renewals are out

***FULL YEAR  
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ARE STILL  
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Expire June 30,  
2021.***

With your membership in CCI, the entire condominium corporation benefits from education and information as well as the experience of hundreds of directors and professionals from across the country. We are not alone.

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**Administrator: Sandi Nelson**

**You'll be glad you did!**



# The Reserve Fund Study- Who should do this?

- Compiled from The Act, Appraisal Institute, Sharon Bigelow and others



The 1993 Property Act *Clause 58.1(3)(a) and Subsection 58.1(4.1) of the Act and the 2001 Condominium Regulations Section 51. Cover most of the requirements of the Reserve Fund and the Study; but there are questions we should consider that are not covered in this.*

A reserve fund study can be completed by a qualified person who holds liability insurance in a minimum amount of \$1,000,000 and, based on reasonable and objective criteria, is knowledgeable with respect to components; the operation and maintenance of components and the cost/replacements of components. A qualified person includes but is not limited to:

- A licensed applied science technologist within the meaning of *The Saskatchewan Applied Science Technologists and Technicians Act*;
- A member of the Appraisal Institute of Canada holding the designation of Accredited Appraiser Canadian Institute;
- A person who holds a certificate of practice within the meaning of *The Architects Act, 1996*;
- A member of the Real Estate Institute of Canada holding the designation of Certified Reserve Planner; and

- A licensed professional engineer within the meaning of *The Engineering and Geosciences Professions Act. Subsections 51.1(d) and 51.4(3) of the Regulations*

To get a useful Reserve Fund Study, it is important for the Board to understand what they want to gain from it. Boards should use the study as a planning guide. The reserve fund study is a valuable document to help budget when things need to be replaced on a planning basis for the future. Boards must do what is in best interest of the buildings not only in interests of owners.

This means choosing the right provider. Studies vary from provider to provider. Providers have different funding philosophies as well as financial planning ideas. Questions the Board should ask providers when getting a proposal are:

- Do you incorporate construction inflation? Some providers do not use construction inflation. The result is that the price of the roof stays the same now as when it requires replacement in 10 years.
- Do you incorporate a contingency and a safety margin? Contingencies allow for small errors in expected costs. Safety margin amounts are useful as a buffer for the replacement of components that are not visible for inspection such as underground services.
- What are the qualifications of the main person doing the study? When hiring a corporation – who is participating in the study?
- What level of customization are you willing to provide?
- Will they phase components at the Board's request?
- How many funding options will be provided?
- What funding philosophy will be used?
- How long will the study take once awarded? Most providers have a waiting list of at least a couple of

months. Any study that is required generally sooner than 60 days will cost you more. Plan and ask for proposals at least 6 months prior to when you need your study done.

- Will a sample study be provided for the Board to review to ensure that the document is usable for their purposes?
- What will the study cost? We The most expensive is not always the best and the cheapest is not always the worst. Always ask for references.

The answers to these questions will assist a Board in determining which provider will best fit their needs. Cost should not always be the deciding factor when choosing a provider.

The Act tells us that we must have a Study done every five years after completion of the first one. There are no condo police to fine a Board when they do not complete a study every 5 years. However, neglecting to have a study updated could cause the following:

- Insufficient funding of the reserve fund account.
- Unexpected costs associated with failure of components, which usually results in special assessments.
- Legal implications for Board Members.
- Lower value of properties due to components not being replaced in a timely manner.

***We hope this gives a little more discussion points to consider when it's time to do your Reserve Fund Study, either now or in 5 years.***

## **ATTENTION!**

### **PUBLIC SERVICE ANNOUNCEMENT**

#### **GATED CONDOMINIUM COMMUNITIES**

We are currently wishing to contact *GATED* communities in Regina that wish to register their location with us, and their gate codes should we need to attend in the case of an emergency. We have a process now in place to accommodate information. If you live in a GATED community and wish to provide this information, please contact:



**Tess Boehm Communications Administrator**  
Regina Police Service Phone (306) 777-8699  
Fax (306) 949-7277 [tboehm@reginapolice.ca](mailto:tboehm@reginapolice.ca)  
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***Dedicated to Building a Safe and Caring Community***



## ***President's Message***

July seemed hard to me. Did any of you feel this way? The sameness of everyday and all the uncertainty... I am so afraid I will look back on this time and wish I had all that unused mental space of July and earlier months, to use now. But I have floundered, sitting in front of my computer, and have been unable to be very productive. Thank goodness I am picking up again and feeling more myself. I hope all of you are keeping your spirits up.

Some of the struggle last month and over the past few months was trying to arrive at a way to provide personal education sessions to our members in this changed environment. We, like most, are finding that we really need to embrace technology and move forward with learning more ourselves and communicating the advantages and ease with how it will benefit us all in the chapter. Maintaining the safety of our members is not possible in the familiar form of seminars and so we will be moving forward with the online format. We will explore in person sessions or a hybrid as the pandemic and reopening progresses with the well being of our members, Board and Speakers always in our thoughts.

We will continue our learning this new format of delivering information and education for the benefit of us all!

We are working on a program of webinars to keep us updated on some of the changes that have occurred and are occurring as a result of the Covid situation and in the way things must be done.

More information will be coming soon, we promise. The following are in no particular order as yet but just in progress workings:

The New Reality- What Does Condo Land Look Like Now?  
Maintenance and Repair  
Reserve Funds  
Ask the Experts  
Our AGM  
The National Forum  
and of course Insurance

Until then, stay well, keep positive and we will see each other soon.

***Dauma Matthews***

# Why are insurance costs rising?

- Pete Karageorgos

Insurance costs for condo corporations have been rising across Canada. Some are facing sharp increases in premiums and deductibles; others are unable to renew their insurance. For many, this challenge has reached a crisis stage. Here, Pete Karageorgos, director of consumer and industry relations from the Insurance Bureau of Canada, offers some answers.

## What is causing insurance premiums to spike in the condo industry?

Not all condo corporations are facing extreme premium increases. Insurance is about risk and premiums are commensurate with the level of risk a property faces. A good deal of the challenge in the condo market is driven by claims. Unfortunately, some condo corporations have been using their insurance as a maintenance policy. Insurance is supposed to be used for the unexpected. It becomes expensive if it's being used for the expected. Many of the condos seeing large increases have a significant history of claims. IBC is aware of one condo corporation that made 11 water-related claims in just six years.

Much of the problem is also driven by the cyclical nature of the commercial insurance market, which experiences periods of expansion and contraction. Compounding the problem is insurers have more discipline in commercial underwriting and are reviewing each risk very carefully. We've also seen years of severe weather losses, low return on investments, and increased [claims](#) activity. When combined, these factors have forced insurers to review their rates. Condo corporations with reasonable claims histories may still experience an increase as a result of market conditions, but we are hearing from some brokers and insurers that these increases are often closer to the 20 to 30 per cent range.

## Why are some condos seeing higher increases than others?

Recent increases in condo insurance premiums are based on a number of factors, including condominium values increasing faster than inflation, construction materials, geographical location, claims history, repair and rebuild costs, maintenance and repair schedules, and risk management strategies.

Tough market conditions can also result in premium increases on properties that may not have significant claims or maintenance issues. Many factors outside of claims history influence premiums like geographical location, vacancy rate, number of rental units, replacement cost, age of a property, maintenance schedules, risk management strategies and mitigation programs.

## How can a condo avoid risk and mitigate impacts?

One of the best strategies a condo corporation should utilize is a comprehensive preventive risk management program. Many claims are preventable and there are steps unit owners and condo corporations can take to prevent loss or damage from occurring. Ensuring that preventive maintenance and repairs are part of this overall strategy and following the direction of the reserve fund studies (depreciation reports in B.C.) will help improve the situation over the long term. Any steps a corporation can take to improve their risk profile and avoid claims will have a positive impact on future premiums. Even technology, like water detection devices coupled with automatic water shutoffs could be beneficial in mitigating the impact of loss or damage. Condo corporations should also review options and coverages on a regular basis with their insurance representative and understand what additional steps can be taken to ensure long-term affordability. Unit owners need to mitigate losses in their units as damage can easily spread and impact others, particularly in high-rise buildings.

Of note: Bill 14 in BC would give the province the ability to set a maximum amount that an individual can pay toward a deductible on a claim where common property is damaged due to a problem from within the unit; in Alberta owner can be asked to cover \$50,000.





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# Topping trees

According to the International Society of Arboriculture (ISA), “topping is the indiscriminate cutting back of tree branches to stubs or lateral branches that are not large enough to assume the terminal role. Other names for topping include ‘heading,’ ‘tipping,’ ‘hat-racking,’ and ‘rounding over.’” Not only does the practice of topping violate nationally accepted standards for proper pruning, but it seriously injures trees.

A few of the problems caused by topping include:

1. **Starvation:** Topping removes so much of the crown of the tree that it upsets an older tree’s well-developed crown-to-root ratio, temporarily cutting off its food-making ability. The tree goes into shock and readily produces new shoots — both of which most communities and homeowners probably don’t appreciate.
2. **Weak & rapid new growth:** The new shoots sprout out very quickly but are poorly attached and far more numerous than if the tree hadn’t been topped. Now you have a potential population problem on your hands.
3. **Insects & disease:** The large stems that are cut during topping have a difficult time healing over, and are more subject to insect infestation, airborne pathogens, and rot from standing water. Diseased trees not only look bad but end up costing corporations time and money — which brings up the next point.
4. **Increased maintenance and cost:** A topped tree will cost more to maintain on an annual basis than a tree that has been properly maintained. Topped trees usually have extra leaf drop from excessive growth — creating more work for you. Plus, you face an increased risk of having to remove the tree in a few years due to wood rot and disease.

Well, now that we have touched on why topping is bad for trees — and communities — let’s look at what *is* good and healthy for the trees in your urban forest.

## Pruning for Proper Performance

1. **Crown cleaning:** Crown cleaning consists of the removal of dead, dying, broken, diseased, low vigor, and competing branches and water sprouts. Most pruning of mature trees falls into this category. A majority of the

time, this is what I prescribe when I am doing an assessment for a property manager. When pruning



trees this way, you don’t want to remove more than 25% of the total vegetation of the tree.

2. **Crown reduction:** Crown reduction is a pruning technique that removes weight from the end of branches back to a healthy, growing lateral branch, which will form a new crown. The process reduces long, heavy, or overextended branches, as well as removing any branches with significant defects. This is preferable to tree topping as it does not create the long term poor effects from topping a tree. And we still maintain that same 20-25% max of a trees total canopy be removed.

## Removal

Sometimes it does become necessary to remove a tree, but how can you tell? Here are some reasons why an arborist might recommend removing a tree from your urban forest.

1. The tree is in a state of decline, with more dead vegetation in the canopy than live vegetation.
2. The tree leans excessively over buildings or high traffic areas.
3. There is excessive rot / fruiting bodies at the base of a tree. A fruiting body — like a conk or mushroom — is the fruit of a fungus that has been at work in the host for several years.

As an arborist, I ask myself 2 questions when considering a tree for removal. First, what is the



possibility of this tree failing? Second, what are the consequences of this tree failing? A tree located on a back slope with no foot traffic is much different than a tree that leans over a building or a playground. This list is by no means exhaustive, but is a good starting point to help your managed community make a better informed decision on caring for your urban forest.

### Consider Working With a Tree Specialist

If you've got trees, you've got an urban forest. It's always best to work with an arborist to ensure the health of your trees. Here are a few things to ask about when choosing a tree care provider:

1. Is there a Certified Arborist on staff?
2. Do they have the proper general liability & workers' compensation coverage?
3. Do they possess the right contractor's license with special licensing for tree care?
4. Do their employees all wear the correct P.P.E (personal protective equipment) at all times, and are there proper warning signs and cones set up on your property when trees are being maintained?

Many people in any kind of community tend to take trees for granted. Rather than leaving them alone and hoping for the best, focus on actively maintaining the trees on your property. Maintaining your urban forest is imperative to the beauty, safety, and livability of your community.

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