2024 BUDGET PLANNING DOCUMENT

Planning Document

Lansing Point Whitehorse Condominium Corporation #124

SECTIONS

PURPOSE

The purpose of this document is to provide all Lansing Point Owner's information pertaining to the issues and decisions required to develop the 2024 budget.

SUMMARY

All indicators point to a major increase in the condominium fee in 2024. The increase will be driven by:

- Inflation in the Yukon in 2024 will be higher than the predicted national rate of 3.8%. A contributing factor will be recent wage settlements by the Yukon's largest employers.
- Lansing Point is becoming an "aging" property and consequently repairs and maintenance to the common property elements are increasing.
- Common Property insurance will increase as a result of a re-assessment of the replacement cost of the buildings.
- Yukon electrical rates are expected to increase by a minimum of 3.3%

BOARD ACTIVITY

This is a brief summary of the issues your Board has been responded to on your behalf.

1. **GEOTECHNICAL STUDY:** It was decided by Special Resolution at the 2023 AGM that the Board should have a geotechnical examination of the subsurface done in order to better understand what is happening with water infiltration to the subsurface and its impact (and future threat) on Building B, the parking lot and laneway. This work was completed in August and the full report is available on-line on Lansing Point's website – Lansing Point Home Owners Association - Lansing Point

2. **COMMON PROPERTY REASSESSMENT**: new legislation requires all condominium corporations carry common property insurance to the amount needed to cover replacement costs. At the time of the AGM Lansing Point was insured to $9.5M. A reassessment of the property resulted in a replacement cost set at $14.1M.

3. **INSURANCE QUOTES FOR COMMON PROPERTY**: as a result of the reassessment noted above the Board sought quotes for insurance from three brokers. At the time of the reassessment our insurance premium was $22,000 per year (September to August through HUB). Our new premium is $36,000 (based on the new assessment) with a $10,000 deductible. We have also readjusted our renewal schedule to bring it in line with our fiscal year (January – December). This adjustment will make budgeting much easier.

4. **YTG AND WATER ISSUE:** we have continued to try and engage with YG's Highways regarding the ditch that runs parallel to our fence (Alaska Highway side). There have been several email exchanges and we have also involved our MLA. The company that did the geotechnical report for us has now written a letter to Highway's requesting a meeting between all parties to see what common ground and solutions can be found. Highways denied our request to meet and said we will have an opportunity to comment when public consultation is opened up on the redesign of the Alaska Highway from the top of Two-Mile Hill north to the Kopper King. We are currently in discussion with our MLA on this issue.

5. **MAJOR CLEANING OF THE INTERIOR BUILDING A AND B**: The Board arranged for a more thorough cleaning of all the common property interior spaces this year. It took several inspections and call backs to have the work completed to the agreed upon standards.

6. **COMMON PROPERTY MAINTENANCE:** There have been a number of maintenance issues arise this year.
   - One unit had to have a window replaced and another unit had issues with what appears to have been a failed seal around a window. The window was pulled out and resealed.
   - The locking mechanism on a lobby door had to be replaced and it appears that the lobby doors in both buildings (both mechanical and electrical) have not been serviced since they were installed. An estimate is being obtained for servicing both doors.
   - A water manifold in one unit sprung a leak, resulting in some water damage to the unit below and drywall repair having to be done in both units.
   - The gate had to be serviced (though there are still some issues with it remaining open at times). This appears to be the first time it had been serviced since it was initially installed.
   - We have discovered that the energy consumption in Building B is twice that of Building A. The reason for this is presently unknown. An electrician is being brought in to try and assess what is causing this and records from ATCO are being sought to see how long this has been happening. Over the next month we will be monitoring the consumption between Building A and B by way of a "power consumption sensor" that will be placed on the lines for "lights" and "heat". This will allow us to better understand where the differences are; thus, leading to possible solutions.
   - Snow removal from our sidewalks became an issue last winter as the contractor only worked Monday through Friday and not on holidays. A new contractor is in place that operates seven days a week and also on holidays.
   - As a result of what appears to be the propane tanks having been overfilled by the supplier the ground floor of Building B had a strong smell of propane because of venting. This resulted in a call out to GMS and to the fire department. The Whitehorse fire department tested for the level of propane gas in the air and whether it posed a hazard. After the ground floor was purged using a large fan, they declared there was no risk.
   - Most recently an emergency light box in Building A (an original install) was found to be "fried" and has had to be replaced.

   As our property ages we can expect more issues to arise each year. This reality must be reflected in the 2024 budget with an increase to the "Repair and Maintenance" line.

7. **CONTRACTS**: Lansing Point has four major contracts that are managed through GMS. They are:
   a. Snow removal … parking lot and laneway
   b. Snow shovelling … sidewalks
   c. Landscaping
   d. Interior Common Property Cleaning

   The Board is working to more clearly define contract deliverables.

   However, to clearly define the deliverables we need your input in regards to expectations for landscaping and the interior cleaning of Building A&B. See the Section on "Common Property Issues Requiring Decisions".

8. **WEBSITE:** The Lansing Point website is up and running. All financial and legal documents can be found on it along with other important and interesting information. It is password protected. The site is located at Lansing Point Home Owners Association - Lansing Point. Please contact Michael McCann at 333-3531 or michael.mccann@lansingpoint.com for the password.

9. **ROOF REPLACEMENT AND SOLAR:** We are exploring potential government grant programs that could help defray the cost associated with having the roofs re-shingled. Our reserve study indicates the lifecycle of the current shingles is 25 years which means that within the next 10 years this will need to happen.

   In addition, the potential for solar is being looked at and is seen as a potential way to lower our energy costs. As a caveat to the installation of solar panels an independent structural assessment of the roof by a structural engineer would need to be undertaken.

REPORTS

The 2023 AGM resulted in two tasks being given to the new Board.

The first was to undertake a geotechnical examination of the properties subsurface for the purpose of better informing any decision made on the repaving the parking lot. The in-coming Board committed to having this work completed prior to December 2023 and reporting back to owners.

The second was to have the property reassessed to determine actual replacement cost of Building A&B for the purpose of ensuring the insurance obligations found in the 205 Condominium Act are met.

1. Geotechnical
   You will find a one-page summary of the findings and recommendations attached to this document. The full report can be found on the Lansing Point website.

   In summary

   - The main culprit causing the heaving and cracking of the parking lot is the result of not enough frost-susceptible soil being removed during construction – particularly around Building B.
   - The above coupled with a rising water table and seasonal inundation from the ditch adjacent our property and highway construction (years ago that did not manage ground water movement) near Copper King results in the situation we find today.
   - The mitigation work undertaken in 2012 (Building B) appears to have worked well as there does not appear to have been any further movement.

   Next steps

   - The consultant determined that presently the parking lot is not in need of any immediate repair.
   - Frost heaving can be mitigated by ensuring the sump pump located in the north rock pit is running during the fall, summer and spring. This will ensure that water is constantly being removed from the property and not being allowed to saturate the subsurface. The “drier” the subsurface can be heading into winter the less frost heaving will occur.

- Driveway sealer should be considered for the cracks as a preventative measure to prevent water penetrating through the cracks into the subsurface.

2. Property Re-assessment

The Yukon Condominium Act 2015 Section 170 (3) requires:

*“The property insurance must be **on a full replacement cost** basis where no deduction is made from the settlement for depreciation of the property if, the insured property having been destroyed or damaged, it is replaced or repaired.”*

A re-assessment of the property took place this past summer. Prior to the re-assessment Lansing Point had been insured for $9.5M. The premium on this was $22,000.

The re-assessment placed the full replacement cost at $14.1M. Three quotes for insurance were sought. Two brokers submitted quotes. The decision was made to remain with our current broker (HUB) and the new premium is $36,000. The full report can be found on our website.

2024 BUDGET DRIVERS AND CONSIDERATIONS

1. Legislative Responsibilities and Limitations

The formulation of the Corporation’s annual operating budget by the Board is directed by the Yukon Condominium Act 2015 and Lansing Point’s Bylaws.

YUKON CONDOMINIUM ACT 2015	LANSING POINT BYLAWS
Section 42 (1) Subject to subsection 2 s condominium corporation is responsible to properly maintain, repair and, when necessary, replace the common property and common assets	Article 1 – Definition of Common Expenses (a) The costs of properly maintaining, repairing and, when necessary, replacing the common property and any common assets; (b) The costs of administering the common property, any common assets and the corporation itself, such as management fees, bookkeeping, office expenses, professional fees and the costs of holding meetings; (c) The costs of insurance for the common property and for directors serving on the board, and; (d) Any other costs properly incurred by the condominium corporation for achieving its objectives
Section 62 To achieve its objectives described in paragraph 4(1)(b), a condominium corporation is responsible (a) to control, manage, administer, maintain, repair and replace the common	Article X111 Section 1 The board of the corporation must prepare a proposed annual budget for the corporation sowing for the next fiscal year the estimated common expenses be paid out of the operating fund; the estimated common expenses, if any, to be paid out of the

property and any common assets in the manner required by this Act, the regulations, the bylaws and the rules;	reserve fund; the estimated common expenses, if any, to be paid out of any other fund established by the corporation; the proposed annual contribution to the reserve fund, determined under Section 158 of the Act, the proposed annual contribution, if any, to any other funds established by the corporation, and each unit's condo fee calculated on the basis of the total estimated common expenses and contributions for the 12 month period, under Section 128 of the Act.
Section 127 Subject to Division 2, a condominium corporation is responsible to pay the common expenses of the corporation.	Article X111 Section 15 If the actual operating fund expenses accrued by the corporation during a fiscal year are greater than the estimated operating fund expenses for the year, the difference must be recovered during the next fiscal year by the imposition of a special levy under Section 128 of the Act.
Section 128(1) The owners of units in a condominium corporation are responsible for the payment of monthly condo fees to the condominium corporation so that the corporation will have sufficient money available to pay the common expenses.	Article X1V Section 133 Subject to the regulations, the corporation is responsible to determine the amount of the annual contribution to its reserve fund having due regard to its most recent reserve fund study
Section 147(1) For presentation at the second and subsequent annual general meeting the board of a condominium corporation must prepare a proposed annual budget for the corporation showing, for the next fiscal year (a) The estimated common expenses to be paid out of the operating fund: (b) The estimated common expenses, if any, to be paid out of the reserve fund	

2. Age of Complex

Lansing Point was constructed between 2008 and 2009 – meaning that it is 15 years old and much of the current property consists of the original elements.

In a 2022 article titled *Guide to Maintenance Fees* they list several factors that influence condo fees, that are related to maintenance costs:

a. they are higher in older properties as they require more maintenance;
b. they tend to be higher in smaller properties since costs are split among fewer owners.

5. Yukon Economic Outlook & Inflation

a. Contained in the Yukon Government's revised economic outlook published in October 2023 is this statement:

   "Inflation has moderated in 2023, but not as quickly as anticipated at the tabling of Budget 2023–24. Inflation for Whitehorse is now projected to come in **at 5.5 per cent in 2023**. This is higher than the 3.8 per cent projected in the 2023–24 Fiscal and Economic Outlook."

   The Canadian average is 3.8%.

   Inflation in Yukon and specifically Whitehorse can be anticipated to be 1.5 to 2 bps above the 3.8% predicted for Canada in 2024.

b. A recent Scotia Bank report (August 2023) contained this statement:

"If wage growth remains at current speed, labour productivity will need to grow at above 2% y/y to offset the effect of strong wage growth on labour costs and therefore on inflation—a very fast pace when compared to its historical performance. Productivity growth is currently in line with the pre-pandemic trend, but the recent movements in total hours worked and output growth suggest productivity could decline further in the near term, raising production costs for firms. If wage growth persistently exceeds productivity growth, firms face higher labour costs per unit produced and may raise prices to preserve profitability, potentially reinforcing inflationary pressures especially in labour-intensive sectors."

c. Taking the above two points into account, though Lansing Point is somewhat immune to the territories economic outlook, it can be affected as result of recent wage settlements by the Yukon's largest employers (Hospital Corporation and Yukon Government) and the impact they will have on local goods and services. We have seen this impact in the difficulty we have experienced in finding contractors.

d. The recently tabled Yukon Capital Plan budgets $476M in 2024 will further make accessing trades difficult due to the size of our projects and what we can pay versus what government can pay.

6. Fixed Costs

These are costs that we have little to no control over.

1. Electricity

ATCO has applied for a rate increase to be effective January 1 2024. The increase could be 5.2% and after the fuel adjustment rider is accounted for the increase may be 3.3%.

This will be the first rate increase since 2017.

It is unknown at this time the final extent of the recent federal announcement on the suspension of the carbon tax and whether it will impact propane and what it means for hydro production.

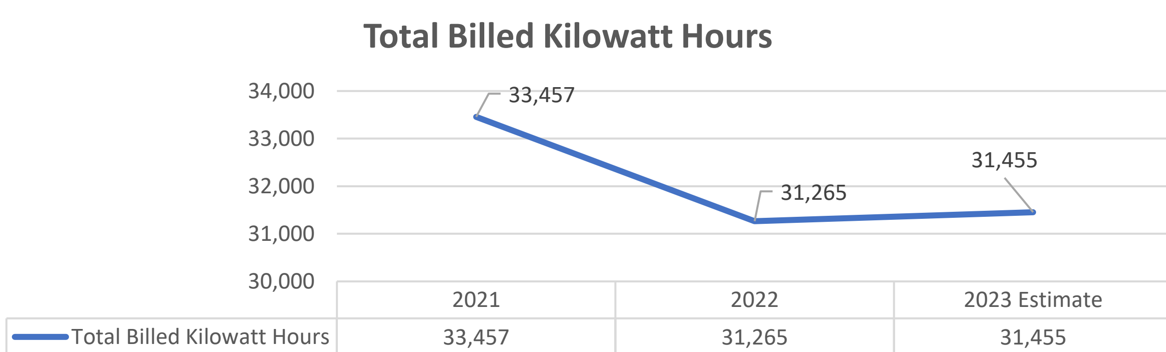
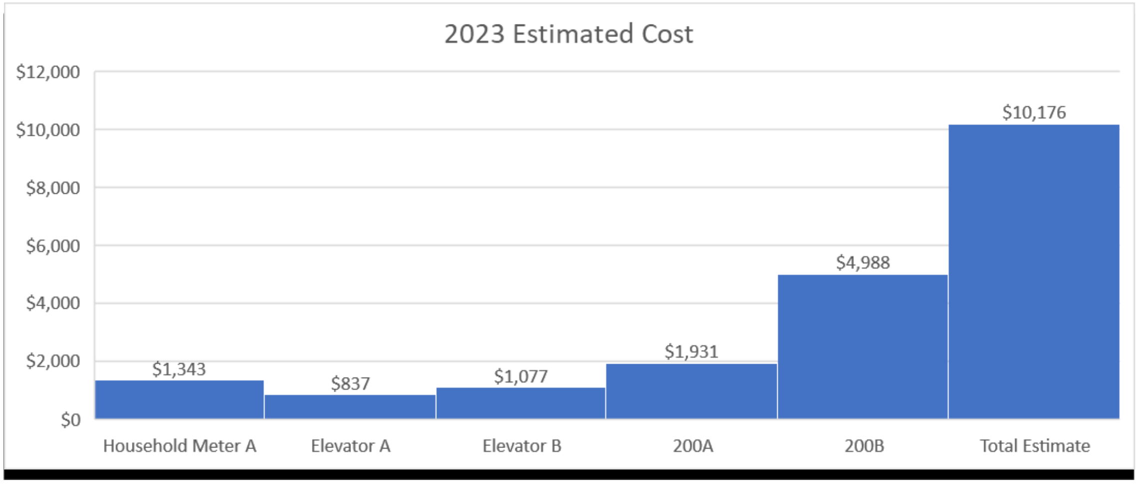


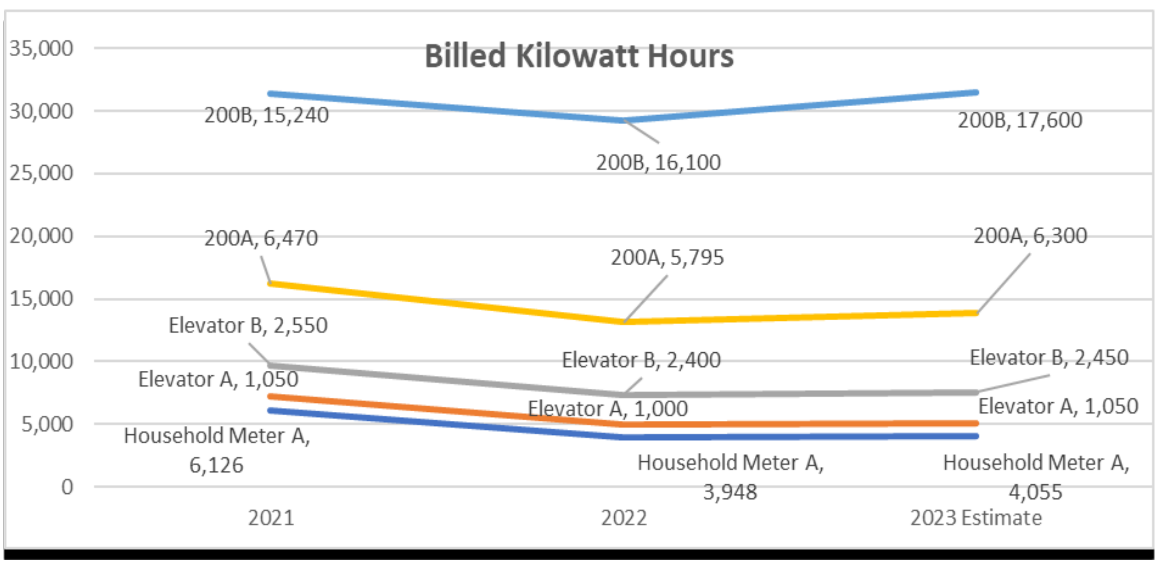
Figure 1- Total Energy Consumption 2021, 2022 and 2023 (estimated)

As seen in Figure 1 billed energy consumption in 2023 is estimated to be up slightly from 2022. Planning for 2024 will assume that consumption will be close to 2023 levels.



Expenditure for 2023 is estimated to be $10,176. Applying a 3.3% increase would suggest a budget of $10,520 should be allocated in 2024.

A deeper dive into our electrical consumption has a raised a few questions: 1) what is Household Meter A powering; 2) why is energy consumption for Building B (200B) almost 3x that of Building A



Examination into these questions continues

9. Reserve Fund

The allocation in the Reserve Fund in 2024 is pegged at $30,000. In 2025 Lansing Point's Reserve Fund Study sets the contribution at $36,000.

The study was implemented in 2021 and was completed in 2019. A new reserve fund study will be undertaken in 2025.

10. Common Property Insurance

As required by legislation all condominium corporations are required to maintain common property insurance to a level that covers complete replacement cost. As noted earlier a recent reassessment placed that cost at $14,100,000. This is up from the previous assessment of $9,500,000. Consequently, there has been a corresponding increase in our insurance from $22,000 to $36,000.

COMMON PROPERTY ISSUES REQUIRING DECISIONS

The Board is seeking direction on a number of common property issues.

1. Fence

There are two areas where the perimeter fence appears to be quite unstable. A small section on the north-west side (paralleling the Alaska Highway) and a much larger section on the north end (abutting YG's lot) and running from the dumpster west. This section is leaning quite significantly.

Questions:

1) should the fencing be fixed?
2) If "yes", should it be done in 2024?
3) If the answer is "yes", should it be funded out of the Reserve Fund or Special Levy?

2. Gate

There are two issues with the gate.

a. It was serviced this year for the first time (according to what records we have found) and should be serviced annually. The cost was under $200 and it is suggested that this be added into our annual budget. There are still some issues with its inconsistent closing that need to be addressed. This could be a function of normal wear as a result of age. Annual servicing will help extend its life.
b. The gate and the intercom post just outside the gate have never been painted and weather and time are now showing on them. We have an estimate of $2,000 to have this done.

Questions:

1) Should a line item be added to the annual budget for servicing of the gate?
2) Should the painting of the gate and intercom post be done in 2024?
3) If the answer to the painting of the gate and intercom post is "yes" then should it be funded out of the Reserve Fund or by Special Levy?

3. Parking Lot

As per the geotechnical report and recommendations contained the current state of the parking lot is assessed as not at a critical level. The use of driveway sealer on the major cracks is seen as a reasonable stop gap measure along with ensuring the sump pump in the north rock pit is working.

The geotechnical engineer who did the report suggested that there are newer technologies being introduced that may in fact work well with our current reality – i.e. mitigate against frost heaving.

He suggested that a section of the lot (northwest corner where visitor parking is located) where frost heaving seems to have had its greatest impact be utilized to see if one of these newer technologies may provide a long-term solution. The cost would be in the $10,000 range.

Questions:

1) do we do a test section to see if it holds up over time prior to doing anything major?
2) if the answer is "yes", do we fund it out of our Reserve Fund or by way of a Special Levy?

4. Landscaping

Concern has been expressed by some regarding the current landscaping "agreement" that is in place. At present it is simply an agreement to cut the lawn and in the spring thatch and get the green areas ready for cutting.

If we want other things done such as: dealing with dead patches, pruning trees, weeding the areas with stone etc. then a request needs to be made and it is done separately and charged at an hourly rate.

Currently with JATS that is $65/hr per person attending. They do, however charge only for the time they are here. When asked if they would entertain a fixed contract in which all of the above is part they said "no". They prefer to do it on an "as requested" basis. From a Board perspective this makes coming up with a firm budget number for the year difficult.

Questions:

1) are you satisfied with the current "landscaping" arrangement?
2) if "no", what would you like to see?
3) a more inclusive landscaping agreement with a company may result in an increase in cost. Would you support in increased landscaping budget?
4) Would you like to see some options prior to the 2024 budget being prepared?

5. Common Property Interior Cleaning

This year in addition to the regular monthly "cleaning" of the interior spaces we paid for a more in-depth cleaning. The cost was $1,100.

Questions:

1) Are you satisfied with the quality of the monthly cleaning?
2) Is a monthly cleaning enough?
3) Are there areas or things that should be done as part of the cleaning but seem not to be? E.g. changing out burnt-out light bulb (currently being done by the Board).
4) The more "in-depth" cleaning included as an example: walls, light fixtures, baseboards, common area doors and door frames. Do you feel these should be part of the regular scheduled cleaning? i.e. if a wall has a stain on it, it should be wiped off.

6. Building A and B Pressure Washing

In 2022 as part of the painting and gutter work that was undertaken, we also had both building power washed. Being so close to the highway they are subject to a considerable amount of dust and air bourn debris.

Question:

1) Do you feel this is something that should be budgeted for on a yearly or bi-yearly basis?
2) If you feel it should be a planned for maintenance item, should it be funded out of the Reserve Fund, be a Special Levy or captured as a separate line item?

7. Painting:

None of the interior common property spaces have been repainted since the original build.

Question and Option:

1. Should we embark on a multi-year plan to repaint the interior common property spaces starting with the ground floors?
2. If the answer is "yes" then should a plan be brought to the annual meeting for approval along with a Special Resolution to fund the work out of the Reserve Fund?

8. Other

Are there other property maintenance issues that you feel need to be attended to in 2024?

NEXT STEPS

1. Feedback from Owners by December 30th on "common property issues"
2. Draft 2024 budget by January 15 2024
3. Owners updated on draft 2024 budget and projected condominium fee for 2024 by January 30th 2024
4. Lansing Point's 2023 financial books closed by third week in January 2024
5. 2023 final statement of accounts by end of January 2024
6. 2024 budget finalized and distributed along with all required documents for the 2024 AGM by second week of February 2024.
7. AGM by end of February 2024
8. 2024 condominium fee goes into effect first of April 2024

FACT SHEET

LANSING POINT CONDOMINIUMS PARKING LOT GEOTECHNICAL

Because of frost heave, AM2 Geotechnical Inc. was retained by Condo Corp. 124 to conduct a geotechnical evaluation of the parking areas at the Lansing Point Condominiums. This fact sheet summarizes the results of the investigation and recommendations for Lansing Point residents.

1. Approximately 0.9 m of non-frost susceptible (NFS) granular soils are beneath the asphalt of the parking areas overlying native soils.

- Native soils are frost susceptible on the western side of the lot and NFS on the eastern side, with the transition point between the buildings leading to most of the pavement distress observed being in the northwest corner of the lot.
- Typical recommendations in Whitehorse recommend 1.7 m of NFS soil below asphalt and concrete to resist frost heave, and less NFS structure increases the risk of frost heave.

2. The granular backfill is saturated, where frost susceptible native soils are present.

- The moisture conditions lead to frost heave during the winter months.
- Surface water management using rock pits is providing additional groundwater input. However, the regional groundwater elevations have increased in the last few years.
- There are no cost-effective means of cutting off groundwater flow into the lot.
- Groundwater input from the highway right-of-way has some contribution to free moisture available to cause frost heave, but these conditions exist in the spring as the ground begins thawing and are not the primary cause of heave.
    - Highways and Public Works have committed to removing snow from the right of way each spring to mitigate surface water.

3. The frost heave cannot be mitigated without removing the asphalt and subexcavating all frost susceptible soils to 1.7 m below the ground surface or removing the asphalt and installing rigid board insulation 300 mm below the ground surface.

- The area requiring subexcavation is primarily the parking area north of Building B, where evidence of frost heave in the form of cracks is evident. Areas without pavement cracking have sufficient NFS structure beneath them to resist frost heave.

4. Due to past frost heave issues with Building B and ongoing issues with parking areas, removing the rock pits and draining all surface runoff into City of Whitehorse storm infrastructure is recommended.

- In the interim, the catch basins should be pumped out as needed to drain groundwater from the lot and not allow additional groundwater input from surface runoff.
    - Cracks in the pavement should also be sealed to reduce surface water penetration into the subsurface.
- The catch basins could remain in the ground and sealed to prevent water from infiltrating the subsurface, and then piping ran between them and out to the street to tie into the City storm line.

AM2 Geotechnical Inc.
12 Beech Street
Whitehorse, Yukon Y1A 4A6

5. The condo corp and owners could consider the “do nothing” option because the pavement appears to be in adequate condition for vehicle traffic, with little evidence of localized settlement from vehicle loads.

   - If the current negative effects of the frost heave are acceptable, conducting the recommended repairs could wait until pavement conditions are severe enough to warrant replacement.

     - The pavement structure lifespan is shortened, but the serviceability is contingent on the progression of frost heave and how it affects the asphalt and underlying granular structure. The current conditions could persist for years before worsening to the point of requiring asphalt replacement.

     - The asphalt should not be replaced without addressing the underlying conditions causing frost heave.