

Condo Smarts January 23-27, 2021

Energy Upgrades

Dear Tony: Our strata council entered into a contract to change all of our lighting in common areas to LED's to increase light levels and reduce the cost of electricity. They did not obtain the authorization of the owners at a general meeting for this expense and have declared there is no additional expense as the contractor has agreed to be paid through the savings until the contract balance is paid out over the projected 2 years. Council claim they can simply allocate this expense under the operating budgeted for Hydro and it did not require the approval of the owners. Is this correct? Our council has a bad history of expensing building upgrades or material purchases through the budget without informing the owners, while at the expense of reduced maintenance and servicing that our building highly needs at this time. How do we force this into a meeting before this contract proceeds? Many owners are questioning the logic of this decision to spend \$79,000 on an upgrade which includes \$4,500 in new outdoor light fixtures, at a time when our insurance costs are continuing to increase, and strata fees this year will go up by 35%. Ingrid F.

Dear Ingrid: The annual operating budget is for the purpose of those expenses that occur once a year or more frequently, while the contingency reserve fund is for expenses that occur less than once a year. When a strata corporation approves their annual budget, they are authorizing and instructing the strata council to proceed with these expenses based on the designations that have been created. Under your budget Hydro is listed as a utility and there is no indication in either the budget or minutes the owners agreed to or authorized the expenditure of any reductions to a contractor for any new components or lighting upgrades. While the annual budget may have a reduced cost, those calculated savings are still an amount that is paid by the strata corporation to the contractor which requires the authorization of the owners. In addition, the Strata Property Act requires a 3/4 vote approval for the acquisition of assets over \$1,000, such as the new exterior light fixtures. A strata corporation may amend their bylaws to authorize a strata corporation to spend on higher amounts without the approval of owners, which in essence still requires the approval of owners at a general meeting. To address this issue, 20% of your owners may sign a petition demanding a special general meeting be called and propose a resolution to either approve the upgrade to enable this work to be done or to stop the work. The strata corporation must hold the meeting within 4 weeks of receipt of the demand, which is extend by 60 days under the emergency orders, and the resolution on the petition must be the first order of business.

Strata corporations can anticipate several energy upgrade requirements to become mandatory by their local governments and the province in the next 3-5 years. Major construction that requires building permits will trigger upgrades as well as changes to the building code for existing structures across the province. LED upgrades are certainly one of the best returns on upgrades, and the savings in many medium to larger buildings with extensive common areas and underground parking garages, easily reach full cost recovery of the upgrade within 18-24 months, as well as the long-term savings in the annual operating budget. A short-term approval of contingency funds to drastically reduce operating costs is well worth the investigation. The process is simple and usually requires little alteration on site, depending on the age of your fixtures, however, the project does require the approval of your owners at a general meeting. LED upgrades also increase light levels for public areas such as parking garages and lockers where security is a higher priority, reduce heating loading in hallways and reduce long term maintenance cost as lamp life is much longer. The development of a variety of lamp levels for light and colour also makes the transition of hallways and common rooms a welcome improvement. CHOA in partnership with BC Housing developed a helpful guide on Lighting Energy Upgrades to assist property owners in evaluating their feasibility of considering an LED conversion. Send me an email tony@choa.bc.ca for an easy download link.

Tony Gioventu, Executive Director CHOA

Covid-19 Notice: As a precautionary measure to prevent the spread of COVID-19 CHOA staff are working remotely and our offices are temporarily closed. We understand these are challenging times for strata corporations and we are here to help. Even though CHOA advisors are working remotely we are only a phone call or email away and able to assist you with hosting meetings and notice preparation.

Tuesday Lunch & Learn Live with CHOA: CHOA is hosting a series of webinars once a week, for the next few months. Join us each Tuesday as we bring together industry experts to discuss the many issues affecting BC's strata community. For more information visit our website at:

<https://www.choa.bc.ca/seminars/>