
Condo Smarts

Headline: Hot Water Boilers

Topic: Repair and Maintenance: deferred maintenance

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Dear Tony: Our 14 floor building in Burnaby is experiencing chronic failures of our hot water. The strata corporation maintains, or rather avoids maintaining, our 4 boilers that provides hot water for the units. Heating is electric in each unit and each unit has a gas fireplace. Our council and owners always refuse to approve sufficient funds to plan for upgrades before our boilers fail, and we are either left for months without sufficient hot water, in one case a week with no hot water, and everything becomes an emergency. Failing legal action, which the owners may probably ignore anyhow, are there any other options under the Act that we can rely on?

Phyllis M.

Dear Phyllis: A significant challenge facing many strata corporations is the lack of long term planning for renewals, and refusing to contribute any increases in the contingency reserve fund to plan for any type of repairs. On review, your building has barely enough funds to pay for an emergency or insurance deductible, and the owners refuse to approve an increased annual contribution.

The Strata Property Act separates expenses into two categories. The operating budget is for items that occur once a year or more frequently, and the contingency reserve fund (CRF) is for items that occur less than once a year. Those are the basic classifications. Boiler replacement and upgrades generally fall under reserve fund expenses.

Annual budgets may be amended at your AGM before they are approved, so one option is to encourage owners to increase the annual CRF contributions, even a 5 or 10% increase will make a significant difference within a few years. The benefit of increased reserve fund contributions becomes apparent when it is time to

approve the upgrades. With a recommended renewal in your depreciation report, the CRF expense is only a majority vote, compared to a special levy that requires a 3/4 vote that is often defeated.

For some components there is the opportunity to consider a contracted service program that becomes an operating expense. For example, FortisBC Alternative Energy Services (FAES) is launching a complete service replacement and monitoring program for gas hot water and heating boiler systems. This spreads the cost over a longer period, ensures higher performance to reduce energy consumption and reliable service for the owners, and the cost becomes part of the strata annual operating budget, your monthly fees. Similar programs in full service are also available for elevators and mechanical systems to increase reliability, performance and predictable cost management. Full service programs reduce emergencies, the stress on strata councils and, property managers, and results in higher performance of our buildings with predictable cost management. For more info on the Fortis FAES retrofit programs and the jurisdictions it is available, go to: www.fortisbc.com/aes