
Condo Smarts

Headline: Energy Upgrades

Topic: Utilities

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Dear Tony: Our strata council has been trying to convince our owners to upgrade the lighting in our building to all LED's to save electrical costs. We have had several assessments with projections of a \$5,500 a month savings but our owners keep defeating our special levy to pay for the upgrade cost which is \$100,000. Several owners have continued to challenge the technical reports of the companies claiming the savings are not realistic. Do you have any advice how we can get the owner's support?

Terri-Lynne B. Burnaby

Dear Terri-Lynne: Financial management of strata resources and annual budget planning is just as important as contributing to your long-term planning for major renewals. Cost savings from operating budgets can offset strata fee increases, be used to increase contributions to contingency reserve funds or increase services to your owners. Financial management is not only about investments and planning, but also technology upgrades and negotiations of contracts and services that manage future costs of energy and operations.

There are now a number of case studies for building performance that verify the significant cost savings and recoveries within a short period of time. At \$5,500 a month, your strata will recover its cost to upgrade to LED lighting in 20 months. A possible solution to funding the upgrade is by using your contingency fund.

If your strata corporation has sufficient funds and no pending major repairs that require funding, your strata may decide to use contingency money by 3/4 vote to ease the pressure on the owners for a special levy. If you then convert your monthly savings into your contingency contributions as part of your annual

budget, you will restore the expense within 2 years without increasing strata fees. If you continue to convert the savings to your contingency, your contribution to your contingency fund will increase by \$60,000 annually. That increase alone will be sufficient to cover the cost of your roof replacement in 5 years projected at \$300,000.

LED upgrades are an excellent opportunity for significant cost savings; they reduce long term maintenance costs, increase light levels in target areas such as parking garages, and reduce the electrical demand for your building that may enable electric vehicle charging stations without the need for electrical upgrades. As electrical costs rise the savings will also rise.

If you are undertaking an upgrade try to complete all conversions at the same time including exterior common areas and take advantage of the highest possible savings. Verify the life span of the lamps that are being installed. Longer life bulbs may cost marginally more but the reduction in labour for replacement is worth the initial cost.