



**EQUIUM**GROUP

Customized Real Estate Solutions



# CASE STUDY: A BOLD NEW VISION FOR URBAN LIVING IN CALGARY



University City was developed with an emphasis on the principles of sustainable urban development. Commissioned in 2014, the Multi-Unit Residential Building (MURB) complex focuses on Transit-Oriented Development (TOD) and sustainable design practices. The project is located within the Brentwood LRT Station Area Redevelopment Plan providing convenient access to nearby amenities and within walking distance to public parks, multi-modal urban transit systems, retail and grocery outlets and the University of Calgary. The condominium project caters to a wide demographic offering a bold new vision for urban living in Calgary.

Certifying the complex had its set of challenges given the difficulty in benchmarking utility consumption and implementing targeted retrofits as each unit is separately titled under condominium corporations. Despite these challenges, Equium Group was able to achieve Gold certification. University City obtained the highest scoring application for a condominium complex under BOMA BEST Version 3.0.

## BUILDING INITIATIVES AND GREEN FEATURES OF UNIVERSITY CITY:

A green roof is located above the retail podium of each tower featuring native plant species. Xeriscaping was

implemented by Equium Group in order to reduce the requirements for additional irrigation.

A comprehensive asset management program was implemented by Equium Group focusing on building operations and maintenance, sustainability, capital planning, zero-based budgeting and procurement strategies.

A resident engagement program was developed for the complex in order to provide the information and resources required for tenants and legal unit owners in order to establish best practices pertaining to environmental stewardship in the built environment.

Energy conservation was an important component for Equium Group's management strategy of the asset. The management company initiated an energy audit which revealed that common area lighting located across the parkade, mechanical rooms, amenity spaces, emergency stairwells and elevator lobbies provided the potential for material savings with a targeted payback period of 28 months. The projected annual savings of the LED retrofit were estimated at 347,345 kWh in comparison to the conventional lighting system in place. In order to initiate the retrofit project, Equium Group secured a 0% financing arrangement over a 28-month period. In addition, Equium Group was able to leverage a government rebate program further reducing the capital requirements associated to the project.

Equium Group's mandate was to certify University City through the BOMA BEST program within 18 months from the property management transition of the complex. Upon conducting the requirements associated to the green rating system, it was noted that the organization's current best practices exceeded the initial benchmark of the BOMA BEST Certified level. Therefore, the management team invested additional resources towards Gold certification status. It is Equium Group's objective to apply for the 2020 BOMA Earth Award and re-certify the building under Platinum status upon renewal of the program.

According to Equium Group, BOMA BEST is an excellent certification tool in order to benchmark building performance and sustainability measures which demonstrate industry best practices: 'The program ties into our corporate mandate of implementing strategies towards continuous improvement with emphasis on the management of the built environment'.

Source: [BOMA Canada](#)

# CASE STUDY: VALUE CREATION THROUGH INSTITUTIONAL PROCUREMENT AND COMMERCIAL BEST PRACTICES



*3820 and 3830 Brentwood Road NW*

Equium Group's best management practices includes tendering all service contracts in order to obtain the best rates associated to all services. Upon obtaining the condominium management contract of University City, Equium Group began auditing, reviewing and re-

negotiating all month-to-month and fixed rate contracts in order to reduce the budgeted condo fee expenses. The favorable savings associated to the re-negotiated contracts were allocated to the reserve fund, thus **increasing the reserve fund by an additional 127 percent.**

## COST ANALYSIS

Equium Group's management team conducted an audit of the current operating budgets in order to identify savings while optimizing service levels. The following items represent the savings obtained within their respective general ledger accounts over the previous budgeted fiscal period.

## ADMINISTRATION

The previous administrative fees were provided by the former management company as a placeholder. Based on review of the former fiscal periods, the budgeted account was unfavorable since the commissioning of the towers. Equium Group provided a fixed rate fee which was 6.94 percent less in comparison to the budgeted figure and **27 percent favorable to the prior year actual expense.**

**\$2,000/year or 6.94% savings**

## AUDIT

The former auditor did not provide the level of service desired by the Board of Directors. Equium Group reviewed the scope and obtained **competitive pricing through one of Canada's largest accounting firms, Meyers Norris Penny (MNP),** for a 7.53 percent cost savings.

**\$1,100/year or 7.53% savings**

## FIRE PROTECTION

It was found within our initial building audit that the former vendor was not meeting their contractual obligations with respect to their services. Equium Group tendered and awarded the contract to a national vendor with an **enhanced service offering** through increased preventative maintenance. The revised annual cost was \$26,728 or 29 percent less than the former contracts.

**\$26,728/year or 29% savings**

## JANITORIAL SERVICES

Equium Group reviewed the cleaning contracts that were implemented by the previous management company. After review of the scope of work and general service level, Equium Group's property management team has determined that the contract costs were not competitive

to the current market rates. The contract was tendered and the scope was increased to meet the current needs of the buildings **including 7 day per week coverage.** The tender was awarded to one of Canada's largest cleaning companies in which additional cost savings to the condominium corporations were provided.

**\$9,927/year or 8.50% savings**

## LED LIGHTING RETROFIT

Energy conservation is an important component of Equium Group's asset management strategy. An energy audit initiated by Equium Group revealed that common area lighting located across the parkade, mechanical rooms, amenity spaces, emergency stairwells and elevator corridors provided the potential for material savings within a payback period of 24 months. The projected annualized savings are estimated at 347,375 kWh or \$36,925 in comparison to the current lighting representing a cost savings of approximately 59 percent. A financing arrangement pertaining to the retrofit project was secured at 0% financing over a 28 month period. Equium Group was also able to leverage a government rebate program further reducing the costs associated to the project. **It is expected that the monthly savings associated to the reduced energy consumption will pay for the upgrade therefore the Condo Corporation replaced all lighting in the building common area at no cost, while removing 1,000 tons of GHG emissions from the environment.**

**\$36,925/year or 59% savings**

## PREVENTATIVE MAINTENANCE PROGRAM

Equium Group's building audits have concluded that the **preventative maintenance program in place was lacking** in which numerous repair issues were related to deferred maintenance. Equium Group's operations team reviewed the current scope of services provided through a third party vendor and reallocated some of the tasks to the onsite building operator or tendered the particular preventative maintenance tasks to specialized third party vendors. The total annualized savings was an additional \$5,010 per annum representing 18 percent of the contract above and beyond the reallocation to the building operator.

**\$5,010/year or 18% savings**

## RESERVE FUND INVESTMENTS

In reviewing the management of the Corporation's Reserve Funds, it was found that the fund only earned \$600 in the prior year. Equium Group offered the corporation multiple options to invest the funds in stocks, bonds, mortgages, and term deposits. The board chose to invest the funds in fixed income earning \$15,531.33.

**\$14,931/year or 2,497% increase in income**

## SECURITY

Although the former vendor met the needs stipulated by the Board of Directors, Equium Group noted that the contract was not tendered since the commissioning of the condominium towers. Equium Group tendered the services which was awarded to one of the world's largest security providers for \$12,460 less than the former vendor. The scope of services tender included **additional mobile patrols** for the site in addition to a Threat Risk Assessment Report which ensured that proper coverage and security services were provided.

**\$12,460/year or 12.60% savings**

## SITE MANAGER

The former property management company obtained a contract for the services of a site manager. The budgeted allocation under the current fiscal period was \$70,000 per annum representing 36 hours per week. Equium Group has conducted a cost benefit analysis of the current services offered and proposed hiring a Class 5 Building Operator under the current budgeted figure for an **additional 8 hours per week**. The recommendation gave the condominium corporation an additional 22% of site coverage through a qualified building operator conducting additional preventative maintenance on base building system equipment. The additional preventative maintenance conducted by the building operator has reduced the costs associated to a third party maintenance program by \$10,000 per annum or 14%.

**\$10,000/year or 14% savings**

## TELECOMMUNICATION SERVICES

Equium Group reviewed the telecommunications rates provided by Telus for services associated to the monthly elevator and base building telephone lines.

After completing a detailed analysis, the rates provided to the previous management company were determined to be higher than the rates obtained on Equium managed properties. Therefore, the **monthly rates were renegotiated with Telus** for a cost savings of \$1,230 per annum representing a decrease of 9.5 percent over the previous rates.

**\$1,230/year or 9.50% savings**

## WINDOW CLEANING

The Board of Directors obtained quotes from the previous management company associated to the exterior window cleaning. Equium Group has obtained a separate quote which included the **provision of all exterior mullion and panel cleaning** for \$12,000 less per annum. The quote was obtained through one of Canada's largest cleaning companies which is currently a preferred vendor of Equium Group.

**\$12,000/year or 30% savings**

Budget Item	Savings (\$) over previous fiscal year	Savings (%)
Administration	\$ 2,000	6.94%
Audit	\$ 1,100	7.53%
Fire Protection	\$ 26,728	29.00%
HVAC Services	\$2,505	17.96%
Janitorial Services	\$9,927	8.50%
LED Retrofit	\$36,925	59.00%
Management Fees	\$21,000	18.37%
Preventative Maintenance Contract	\$ 5,010	18.00%
Security	\$ 12,460	12.60%
Site Manager	\$ 10,000	14.00%
Telecommunications Services	\$1,230	9.5%
Waste Removal	\$14,000	22.27%
Window Cleaning	\$ 12,000	30.00%
<b>Total savings over previous fiscal period</b>	<b>\$ 154,885</b>	<b>27.48%</b>



EQUIUMGROUP

# University City MANAGEMENT REVIEW

2017-2023

## ELECTRICAL CONSUMPTION



Down

**24%**

Saving

**\$368,854**

Reduction in electricity consumption substantially attributed to efficiency activities / improved maintenance activities at the property.

## RESERVE FUND ANALYSIS



Reserve Funds Saved

**\$680,000**

All funds raised without Special Assessment, while Chillers Repairs were completed, Capital Completed Including Items such as the Parkade Gate and no material increases to condo fees

## CARBON FOOTPRINT (GHG REDUCTION)

**1511**



Metric Tons of GHG emissions eliminated

Equal to:

**358**



cars off the road for a year, practically the entire parkade

Or saving

**6.5M**



kms

of driving avoided

## CONDOMINIUM FEE ANALYSIS

Condo Fees Below Inflation for

**6 consecutive years**



Current Insurance Premium less than

**2017**



**0.23%**



Increase over 6 years for Repairs and Maintenance due to enhanced Preventative Maintenance

## MANAGEMENT FEES LESS THAN

**0.9%**

Increase per year since 2017



## JANITORIAL SERVICES

Onsite service Hours up

**46%**

Equal to savings of

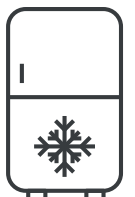
**\$333,000**



## RESERVE FUND PROJECTS

**\$526,000**

Chiller Repair Saving



# CASE STUDY: A \$710,000 REDUCTION IN CAPITAL RESERVE FUND EXPENDITURES



639 5th Avenue SW

For most Property Management companies, the Building Condition Assessment (BCA) Report guides the 1, 3, 5 and 10 year capital plans which becomes integrated within the annual budget.

Equium Group's management team conducted an in-depth review of each item on the plan and proposed creative solutions that reduced or eliminated these capital expenditures.

## **GARAGE SLAB REPAIR**

The BCA recommended to repair/resurface the garage slab. Stephenson Engineering was brought in to assess the area and they found no evidence of any structural damage. Minor resurfacing was conducted through operating costs with an annual review.

**\$90,000 Savings**

## NORTH-EAST EXTERIOR STAIR

The BCA recommended major reconstruction of the northeast exterior stairs. Following their recommendations, Equium Group's management team unclogged drains, installed new drains, applied a clear coat membrane epoxy sealant, repaired pavers and paid for the work through operating costs.

**\$50,000 savings**

## BALLASTING CENTRAL AND SOUTH ROOF AREAS

The BCA recommended an expensive re-fastening (mechanical) membrane on the central and south roof areas. Proper ballasting was achieved through the addition of paver stones.

**\$35,000 savings**

## MEMBRANE REPLACEMENT

Fascia was re-secured which eliminated the need for re-adhering the parapet portion of the membrane. The roof is inspected annually by a third party engineer. Preventative measures are in place in order to maximize the life cycle of the membrane.

**\$35,000 savings**

## 25th FLOOR TERRACE WATERPROOFING

The BCA recommended replacing the waterproofing membrane on the terrace. After consulting with another engineer, it was determined that the pavers were in excellent condition and the only area of concern was sweating from a copper drain underneath the plaza. The drain was insulated and the problem was resolved. To date, the membrane integrity appears to be solid. All paver joints were re-caulked in 2015.

**\$110,000 savings**

## ELEVATOR DOOR OPERATOR ISSUE

The BCA recommended replacing the elevator door operators. The management team found that ThyssenKrupp was not completing frequent scheduled maintenance of the elevators. Following a meeting with the elevator contractors, the work was completed in order to obtain maximum life-cycle of the elevators. With frequent and thorough maintenance, the door operators can remain in place until the next budgeted modernization.

**\$110,000 savings**

## REPLACEMENT OF ICE STORAGE TANKS

The BCA suggested replacing the ice storage tanks. Equium Group's management team contacted the original manufacturer in an effort to evaluate their options. It was determined that the Thermal Storage tanks could be refurbished with new tank headers; which would ultimately save the client several thousands of dollars. Initial budget numbers according to the BCA were determined to be \$225,000, whereas actual costs were \$145,000. The work was completed as a repair rather than a replacement and was paid under operating expenses over a two year period.

**\$80,000 savings**

## HUMIDIFICATION SYSTEM REPLACEMENT

The humidification system failed and the BCA recommended replacing the system. The impacts of humidity on indoor air quality were negligible and found to be within ASHRAE's standards. The management team recommend that the system be left off line.

**\$210,000 savings**

## TOTAL COST SAVINGS

BCA Recommended Projects	Planned Capital Expense
Garage Slab	\$ 90,000
North-East Exterior Stair	\$ 50,000
Ballasting Roof	\$ 35,000
Membrane Replacement	\$ 35,000
25th Floor Waterproofing	\$110,000
Elevator Door Operator Issue	\$100,000
Replacement of Ice Tanks	\$ 80,000
Humidification System	\$210,000
<b>Total</b>	<b>\$710,000</b>

Using the best practices in the industry, Equium Group's management team reduced planned capital expenditures by \$710,000. Although all of the revised repairs were paid through operating expenses, the management team brought operating expenses in on budget, with reductions in operating costs for the past 6 consecutive years since Equium began managing the building.

# RESULTS OF EQUIUM GROUP'S COMMERCIAL ASSET MANAGEMENT STRATEGY DEVELOPED FOR CONDOMINIUMS

## UNIVERSITY CITY – 3820, 3830 BRENTWOOD ROAD

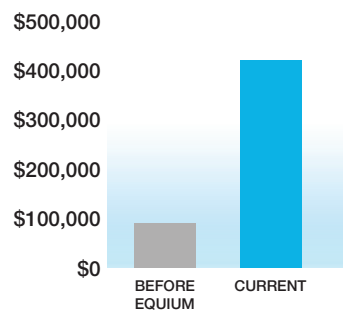


432 UNITS WITHIN CALGARY'S NORTHWEST COMMUNITY OF BRENTWOOD.

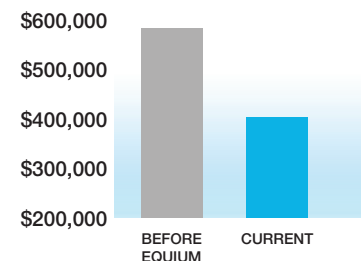
UNIVERSITY CITY PHASE 1 FINANCIAL METRICS AFTER 18 MONTHS OF MANAGEMENT UNDER EQUIUM GROUP.

Budgeted Item	Savings (\$) over previous fiscal year	Savings (%)
Administration	\$2,000.00	6.94%
Audit	\$1,100.00	7.53%
Fire Protection	\$26,728.00	29.00%
Management Fees	\$21,000.00	18.37%
LED Retrofit	\$36,925.00	59.00%
Security	\$12,460.00	12.60%
Site Manager	\$10,000.00	14.00%
Window Cleaning	\$12,000.00	30.00%
Communication Services	\$1,230.00	9.50%
Janitorial Services	\$9,927.00	8.50%
Preventative Maintenance Contract	\$5,010.00	18.00%
HVAC Services	\$2,505.00	17.96%
Waste Removal/Recycling	\$14,000.00	22.27%
<b>Total savings over previous fiscal period</b>	<b>\$154,885.00</b>	<b>27.48%</b>

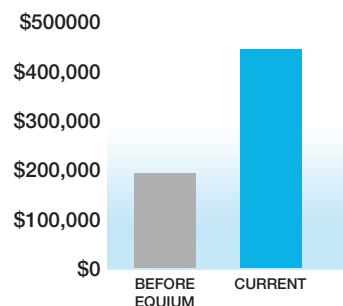
Operating Funds



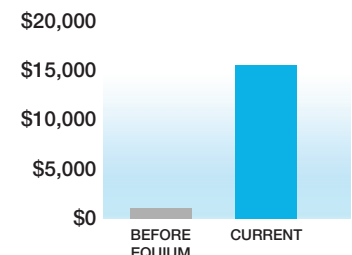
Controllable Expenses



Reserve Funds



Reserve Fund Income



## UNIVERSITY CITY PHASE 2 – 10, 20, 30 BRENTWOOD COMMON NW

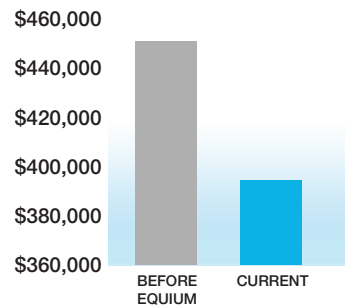


295 UNITS WITHIN CALGARY'S NORTHWEST COMMUNITY OF BRENTWOOD.

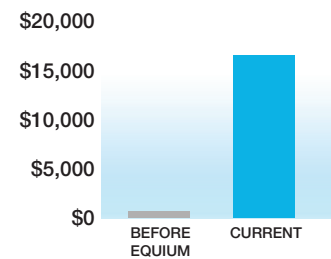
PROJECTED FINANCIAL PERFORMANCE OF THE CONDOMINIUM CORPORATIONS UPON SIX MONTHS OF MANAGEMENT UNDER EQUIUM GROUP

Budgeted Item	Savings (\$) over previous fiscal year	Savings (%)
Administration	\$3,199.25	21.96%
Audit	\$5,700.00	23.75%
Management Fees	\$9,132.00	9.47%
Security	\$15,781.20	15.80%
HVAC Services	\$6,234.95	19.91%
Window Cleaning	\$1,641.60	8.55%
Communication Services	\$615.44	9.52%
Janitorial	\$9,443.44	9.58%
Site Manager	\$8,060.00	11.51%
<b>Total savings over previous fiscal period</b>	<b>\$59,807.88</b>	<b>12.99%</b>

Controllable Expenses



Projected Reserve Fund Income



## DRAKE – 1500 7TH STREET SW



135 UNIT CONDOMINIUM TOWER WITHIN CALGARY'S BELTLINE.

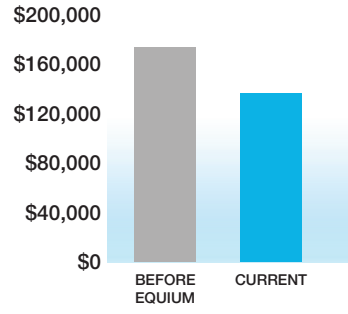
PROJECTED FINANCIAL PERFORMANCE OF THE CONDOMINIUM CORPORATION UPON FOUR MONTHS OF MANAGEMENT UNDER EQUIUM GROUP

Budgeted Item	Savings (\$) over previous fiscal year	Savings (%)
Administration	\$656.89	12.21%
Audit/Notice to Reader	\$1,225.00	45.37%
Fire Alarm Monitoring	\$198.96	19.54%
Management Fees	\$5,001.00	11.33%
Parkade Sweeping	\$1,075.14	33.86%
Monthly Generator Testing	\$557.52	11.22%
Monthly Site Inspections (HVAC/Plumbing)	\$504.00	9.41%
Communication Services	\$1,889.40	56.59%
Janitorial	\$3,718.92	7.94%
Window Cleaning Services	\$1,076.25	19.52%
LED Retrofit/Electrical Savings	\$15,414.00	74.86%
Utilities - Retail Fees	\$3,017.00	64.20%
Waste Removal/Recycling/Organics	\$9,716.40	32.60%
Exterior Repairs and Maintenance	\$1,413.48	100%
<b>Total savings over previous fiscal period</b>	<b>\$45,463.96</b>	<b>25.41%</b>

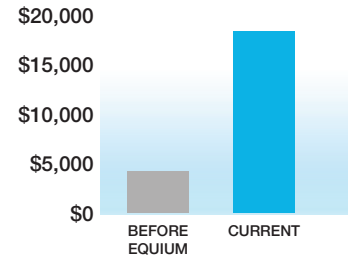
**DRAKE – 1500 7TH STREET SW (cont'd)**



**Controllable Expenses**



**Projected Reserve Fund Income**





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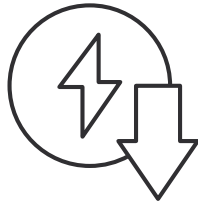
# Drake MANAGEMENT REVIEW

2017-2023

## UTILITIES CONSUMPTION

Electricity down

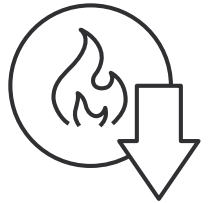
**34%**



**Saving \$108,397**

Natural Gas down

**17.4%**



**Saving \$54,895.31**

## CARBON FOOTPRINT (GHG REDUCTION)

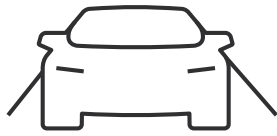
**136**



Metric Tons of GHG  
emissions avoided

Equal to:

**30**



cars off the road  
for a year

Or saving

kms

**561,000**

of driving  
avoided



## CONDOMINIUM FEE ANALYSIS

Condo Fees Below Inflation for

**5 consecutive  
years**



## RESERVE FUND ANALYSIS

Reserve Funds Saved

**\$495,000**



All funds raised without Special Assessment and condo  
fees below inflation for 5 years

## MANAGEMENT FEES

Still lower than prior management after

**5 years**



Drake was paying more in 2018 to the prior manager  
than they are today for management fees



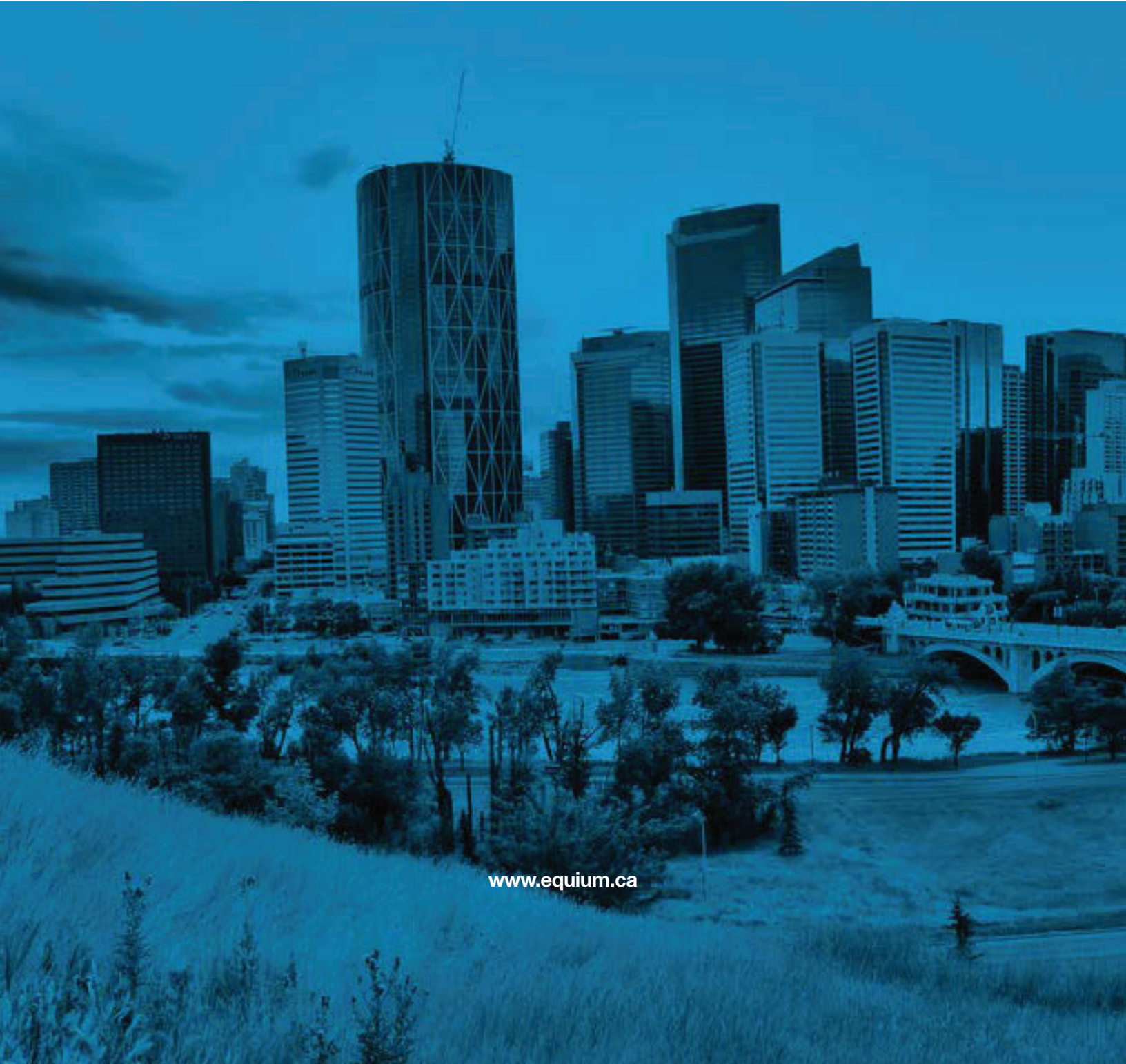
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