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**The Last Word**

# Shared Facility Pitfalls and Solutions

The Apportionment of Expenses Between Condos with Shared Facilities Can be Tricky Business



Our condo complex, which consists of 3 residential condos, two commercial condos and several small retailers, has had its share of troubles. Our shared facilities committee has had to work overtime to determine the maintenance, repair and cost-sharing responsibilities for our shared facilities.

For example, although our shared facilities agreement addresses the expense apportionment for 10 different shared facilities, the agreement is silent regarding certain shared equipment. Should the costs be split based on usage or some other metric? Our shared facilities committee often grapples with such questions.

Cost-splitting can be messy with shared utilities. In our condo complex, one of the residential condos supplies water, heat and cooling to the commercial condos and retailers. However, due to improper back charges, the supplying condo has incurred much higher utility expenses than the others.

One of the biggest issues regarding back charging shared utilities arises when there is no fixed cost-splitting proportion. For example, heating and cooling is not necessarily uniform and can vary depending on the time of year and location.

The following are helpful tips for ensuring that shared utilities are expensed equitably:

1. Make sure your back charge meters are working properly.
2. Check mechanical and electrical drawings to ensure that all shared utility devices and services are accounted for. Also check the declaration and by-laws of all condos in the condo complex, in addition to the shared facilities agreement, as such documents often provide the required apportionment percentages.
3. Work with a consultant to prepare a detailed list of all utility consumers.
4. Sometimes, it may not be cost-effective

to meter minor users of utilities, since the cost of metering may be greater than the party's proportionate utility expense.

5. It is also not appropriate to have back charges where only one condo benefits from a service.
6. List all the final consumers.
7. For water, back charge not the only the price of water but also the hydro expense to deliver the water to the consumer's tap.
8. For heating, back charge both the price of gas and the hydro expense to deliver the heating to the consumer.
9. For cooling, back charge the price of water (which is chilled) and the hydro consumed for preparing and delivering the cooled water/air.

Although the recommendations above require extra work and calculations, ensuring an equitable division of shared expenses will avoid nasty disputes in the long-term. **CV**