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ASSET MANAGEMENT PLAN

CORPORATE FACILITIES



2024

OWENSOUND.CA

1.0 Introduction

The City's Corporate Facilities assets are broken down into the following four areas:

- **Administrative:** buildings designated for offices, meeting rooms, and general work areas required to manage and execute organizational, governmental, or civic administrative functions, focusing on enabling effective coordination, communication, and operational support services.
- **Cultural:** venues such as art galleries, museums, and seniors centres, designed to promote community engagement, preserve cultural heritage, while also providing spaces for social interaction and educational activities.
- **Support:** Support facilities are essential infrastructure points like police stations, transit terminals, and animal shelters, which provide critical public services, ensure community safety and facilitate transportation.
- **Fleet:** The light duty truck and to support the maintenance and travel between facilities.

For the purpose of asset management planning, the City's Corporate facilities do not encompass facilities tied to a specific service area with a separate asset management report card (Parks and Open Spaces, Fire and Emergency Services, Arenas & Recreation Centres and Non-core Road Network). For instance, campground washrooms are included in the Parks and Open Spaces Asset Management Plan. This approach has been done to more accurately reflect the conditions, levels of service, and financial requirements for those services.

2.0 State of Infrastructure

2.1 Inventory

The City's facility related database is being developed to componentize buildings into multiple assets that make up a single structure, following UNIFORMAT II guidelines. However, when discussing inventory for the purposes of asset management, it is more practical to report on the number of structures/buildings rather than each component.

The breakdown of building components, as per the UNIFORMAT II guidelines is as follows:

Building

- Substructure
- Shell
- Interiors
- Services
- Equipment & Furnishings
- Site Work

Table 2.1.1 summarizes the Corporate Services Facilities inventory by asset class.

Table 2.1.1 Corporate Facilities Inventory

Service Class	Asset Type	Current Inventory
Administrative	Buildings	<ul style="list-style-type: none"> • City Hall
Cultural	Buildings	<ul style="list-style-type: none"> • Billy Bishop Museum • CP Rail Station • CN Station • Tom Thomson Art Gallery • Owen Sound North Grey Union Public Library • Market Building • McQuay Tannery • Harrison Park Seniors Centre • Harrison Park Inn
Support	Buildings	<ul style="list-style-type: none"> • Animal Shelter • Transit Terminal • Police Station

Corporate Facility Maintenance	Fleet	<ul style="list-style-type: none"> • Truck • Dump Trailer
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2.2 Valuation

Replacement Cost Valuation

Facilities

The replacement cost of Corporate Facilities was determined through the Building Condition Assessments completed in 2024. The replacement cost of facilities not assessed in 2024 have been estimated using the 2024 insured value under the City’s property insurance policy.

Fleet

The 2024 replacement costs for specialized equipment and fleet were determined based on estimated replacement value through historical costs updated by inflation, market research, and other industry standards, aligning with the Fleet Reserve Schedule.

The estimated replacement cost of corporate facilities in 2024 dollars is 53.2 million.

Table 2.2.1 Corporate Facilities Replacement Valuation

Asset Class	Unit Replacement Cost	Replacement Cost	% of Total Value
Administrative Buildings	Lump Sum	\$11,599,389	22.2%
Cultural Buildings	Lump Sum	\$29,737,660	55.9%
Support Buildings	Lump Sum	\$11,793,044	21.8%

Asset Class	Unit Replacement Cost	Replacement Cost	% of Total Value
Fleet	Lump Sum	\$85,000	0.2%
Total		\$53,215,093	100%

2.3 Assessment Approach

2.3.1 Corporate Facilities

The state of the Corporate Facilities is determined through third-party building condition assessments (BCA) and are given a Facility Condition Index¹ (FCI) score. The City last conducted BCA's in 2024 through Roth IAMS. For facilities without a BCA, an estimated FCI was given using a best practice method.²

Table 2.3.1.1 Facilities Condition Rating

Rating	Facility Condition Index
Very Good	<5%
Good	6-10%

¹ FCI is equal to the Total Building Repair/Upgrade/Renewal needs in dollars (\$) divided by the Current Replacement Value of Building Components in dollars (\$). FCI is obtained by aggregating the total cost of any needed or outstanding repairs, renewal or upgrade requirements at a building compared to the current replacement value of the building components.

² Estimated FCI = (Replacement Value*.015)*Building Age/Replacement Value
(Replacement Value.015)=Annual Need*

Fair	11-30%
Poor	31-60%
Very Poor	>60%

2.3.2 Fleet

The City’s fleet is maintained by in-house mechanics and through third party specialists if required. The in-house mechanics assess the vehicles as needed. The City does not have an assessment tool in place for assessing vehicle condition and uses the age-based rating system for its fleet. The remaining useful life (RUL) was determined by taking the replacement year used in the fleet reserve schedule. It is important to note that the RUL method used to determine the condition is solely age-based and does not consider any maintenance activities undertaken to extend the useful life of the assets.

Table 2.3.2.1 Fleet Condition Rating

Rating	RUL % (Age Based)
Very Good	95-100
Good	80-94
Fair	40-79
Poor	10-39
Very Poor	0-9

2.4 Asset Condition Assessment

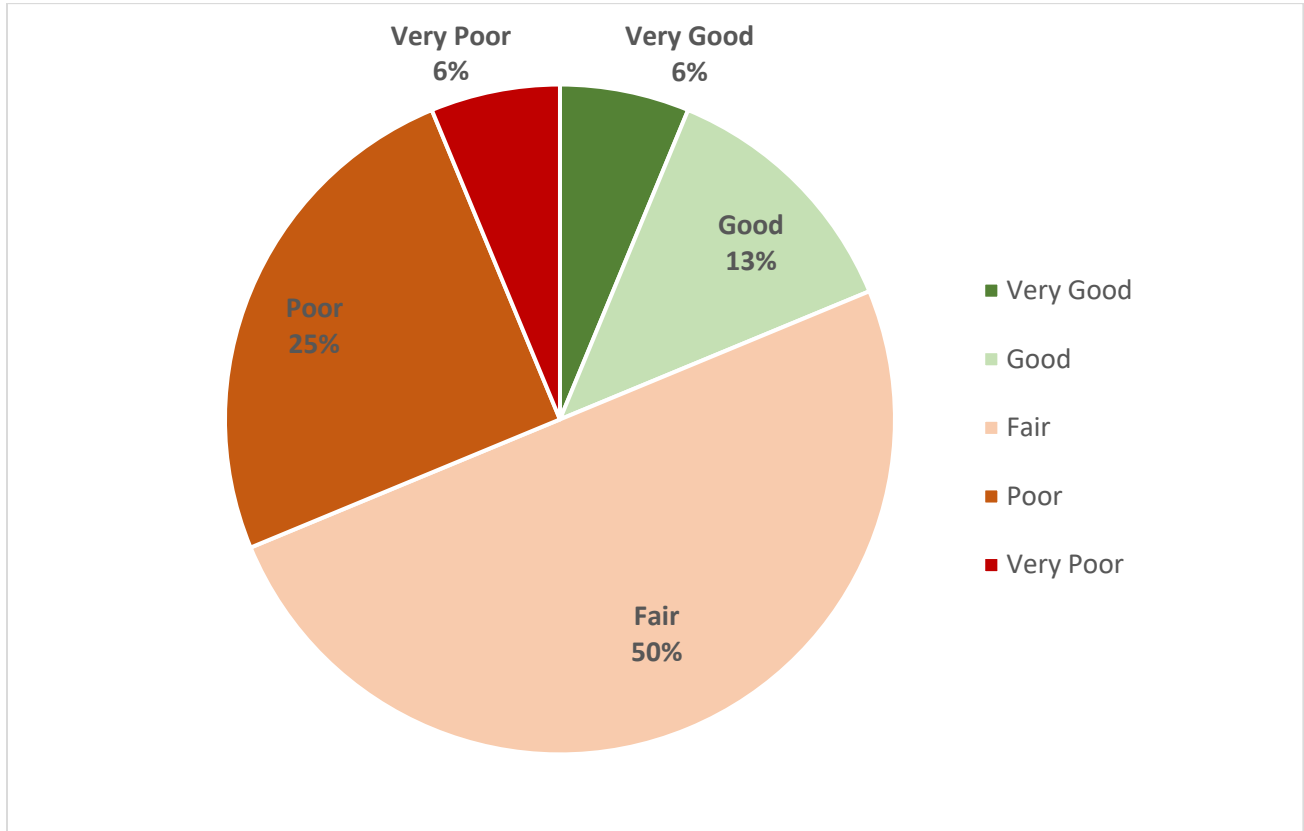
The table below provides the condition score of the Corporate facilities, based on the above-noted scoring system.

Table 2.4.1 Corporate Facilities Condition Assessment

Asset Class	Average Condition Score	Condition System
Administrative Buildings	Very Good (1%)	FCI
Cultural Buildings	Fair (16%)	FCI + Estimated FCI
Support Buildings	Fair (14%)	FCI
Fleet	Poor (30%)	RUL (Age Based)

A pie chart breaking out the assets by condition for the corporate facilities assets is shown in Chart 2.4.1 below.

Chart 2.4.1 Visual Corporate Facilities Condition Assessment



The State of Assets with the most recent 2024 data, indicates that 19% of Corporate Facility Assets are in very good or good condition, 50% are in fair condition, and 31% are in poor or very poor condition.

2.5 Useful Life

The useful life of Corporate Facilities assets will vary by component and the elements within each component. Buildings are unlike other assets because they comprise numerous components, each with its own distinct lifespan and maintenance requirements. The overall life of a building is significantly impacted by the maintenance strategies employed and the level of use each component endures. The City understands that there are various maintenance strategies tailored to each asset component.

The City is currently developing a fleet management strategy. This strategy will confirm the anticipated useful life for similar fleet assets across the organization.

It is possible to have some assets that exceed the lives defined as well as some that require replacement prior to the end of their anticipated life due to several factors including change of use, climate and significant weather, preventative treatment etc.

Table 2.5.1 outlines the anticipated useful life for each building component and fleet assets. These useful lives are used for Tangible Capital Asset (TCA) accounting purposes and align with the Municipality’s capital asset policy.

Table 2.5.1 Useful Life – Corporate Facilities

Building Component	Anticipated Useful Life (years)
New Asset / Replacement	
Substructure	50-100
Shell	20-100
Interiors	15-40
Services	15-50
Furnishings	10-25
Sitework	10-70

Fleet	Anticipated Useful Life (years)
Light Duty Truck	10

Fleet	Anticipated Useful Life (years)
Trailer	10

3.0 Level of Service

Unlike the 2022 Asset Management Plan for Core Assets (roads, bridges, stormwater, water, and wastewater), O. Reg. 588/17 does not identify requirements for reporting on non-core Levels of Services such as Corporate Facilities.

Levels of Service (LOS) refers to the quality and availability of services provided to residents and are defined by various performance measures.

With no guidance in the regulation, the only measurable LOS statement currently available is based on the condition of the assets. Until more comprehensive LOS targets are developed, using asset condition as a key indicator will help guide strategic planning and resource allocation.

The following table summarizes the current level of service performance, based on the most recent data available.

Strategic Priority/Values	Level of Service Statement	Technical Level of Service	Current Performance	Target Performance
Safe City Service Excellence	Facilities and equipment are safe to use, and do not pose any harm to the public.	% of Assets in Fair or better condition.	69%	TBD

3.1 Corporate Objective

The corporate objective of Corporate Facilities portfolio is to provide administrative, cultural, and support facilities to support the delivery of a wide-variety of City operations. While the administrative and support facilities provide direct support to City operations, some of the cultural facilities are leased out to third party operators. The majority of these leases require the City to be responsible for the rehabilitation and replacement of building components.

3.2 Legislative Requirements – General

A non-exhaustive list of the legislative requirements that impact the Corporate Facilities portfolio include the following:

- Ontario Building Code
- Integrated Accessibility Standards Regulation
- Ontario Fire Code Regulation
- Elevating Devices Regulation
- Electrical Safety Code

4.0 Asset Management Strategy

4.1 Lifecycle Activities and Planned Actions

To effectively maintain Corporate Facilities at the established service levels, they require the appropriate maintenance or rehabilitation strategy applied throughout their lifecycle. There are six lifecycle maintenance strategies considered in the overall sustainable management of corporate facilities, described in Table 4.1.1 below.

Table 4.1.1 Lifecycle Activities – Corporate Facilities

Activities	Planned Actions	Lifecycle Activities
Non-infrastructure Solutions	Actions or policies that can lower costs or extend life and can include adjustments to levels of service	<ul style="list-style-type: none"> • Third-party Building Condition Assessments • Space Needs Analysis • Facility Master Planning •
Maintenance	Regularly scheduled inspection and maintenance, or more significant repair and activities associated with unexpected events.	<ul style="list-style-type: none"> • Manufacturer Recommended Maintenance Program • Monthly Building Inspections • Third-party Equipment Inspections
Renewal/Rehabilitation	Significant repairs designed to extend the life of the asset.	<ul style="list-style-type: none"> • Equipment component replacement • Equipment component rebuilds

Activities	Planned Actions	Lifecycle Activities
Replacement	Activities that are expected to occur once an asset has reached the end of its useful life and renewal/rehabilitation is no longer an option.	<ul style="list-style-type: none"> • Complete Asset Replacement - Condition Based
Disposal	Activities associated with disposing of an asset once it has reached its useful life, or is otherwise no longer needed by the municipality.	<ul style="list-style-type: none"> • Facility Rationalization
Expansion	Planned activities required to extend services to previously unserved areas – or expand services to meet growth demands.	<ul style="list-style-type: none"> • Facility Additions • Equipment additions

4.2 Risks Associated with the Strategy

The City does not currently have a corporate risk management strategy or risk profiles for assets. It is recommended that the City develop a corporate wide risk management toolkit for the next Asset Management Plan update in 2025.

Risks associated with not completing the above lifecycle activities are as follows:

Third-party Building Condition Assessments

Failure to conduct third-party building condition assessments risks an inaccurate understanding of the actual state of facilities, leading to unanticipated repairs and maintenance costs. These missed insights could

also compromise safety standards, decrease asset longevity, and result in decreased investment return.

Space Needs Analysis

Without regular space needs analysis, inefficiencies and inadequacies in facility usage may occur over time. This failure can lead to overcrowded or underused spaces, which can hinder productivity, increase operating costs, and delay necessary expansions or modifications.

Facility Master Planning

Neglecting facility master planning may cause misaligned goals between facility capabilities and organizational objectives. This can result in budgeting issues, operational disruptions, and reactive decision-making, ultimately limiting the capacity to effectively manage growth and changes.

Monthly Building Inspections

Missing monthly building inspections can lead to undetected minor issues escalating into significant problems. This oversight may compromise safety, inflate repair costs, affect compliance with regulations, and potentially heighten liability risks.

Third-party Equipment Inspections

Failure to perform third-party equipment inspections may result in undiagnosed mechanical or operational issues, leading to unexpected breakdowns. Such failures can increase downtime, escalate repair expenses, and possibly breach safety standards and regulations.

Manufacturer Recommended Maintenance Program

Skipping the manufacturer recommended maintenance program may void equipment warranties and lead to premature equipment failure. This can result in increased downtime and maintenance costs, along with potential losses in operational efficiency and equipment lifespan.

Equipment Component Replacement

Not replacing equipment components promptly risks exacerbating wear and tear on machinery. Continued operation with failing components can lead to more significant equipment breakdowns, higher replacement costs, and compromised service delivery continuity.

Equipment Component Rebuilds

Failing to rebuild equipment components as necessary can dramatically decrease operational efficiency and equipment life expectancy. This may

increase operational costs through reduced performance and compel replacements instead of repairs, impacting overall financial planning.

Complete Asset Replacement

Delaying complete asset replacement at end of useful life can lead to spiraling repair costs and decreased efficiency in service delivery. This delay likely results in non-compliance with safety standards and potential liabilities due to outdated infrastructure.

Facility Rationalization

Without facility rationalization, an organization might suffer from portfolio inefficiencies, maintaining non-essential or underperforming assets. This can lead to inflated operational costs and impede investment in strategically significant facilities.

Equipment Additions

Neglecting to consider equipment additions could constrain operational flexibility and overall capability. This oversight might hinder advancement and modernization efforts and amplify pressure on existing resources, affecting efficiency and output capacity.

The implication of not completing these lifecycle activities primarily centers around increased risk, cost, and operational inefficiencies, and inherently creates liabilities concerning safety and compliance. Further exploration could include the cost-benefit analysis of proactive asset management versus reactive maintenance strategies.

4.3 Lifecycle Analysis

The City does not have a defined lifecycle strategy implementation plan for its non-core assets. The above lifecycle activities are typically undertaken as needed, rather than within a predetermined timeframe, usually when an asset begins to deteriorate or fail. These strategies are prioritized through the capital and operating budget processes, guided by third-party Building Condition Assessments and internal assessments that help identify the needs of the facility assets.

During the capital budget process, staff identify the most cost-effective options for completing projects while maintaining the current level of service. Guiding documents, such as Building Condition Assessments, specify the materials and standards required to meet these established levels of service.

It is recommended to develop a comprehensive lifecycle strategy aligned with the levels of service for non-core assets in the future when the proposed levels of service are defined in the 2025 asset management plan, through consultation with Council. This strategy will be crucial to ensure a systematic approach to asset management, allowing for proactive maintenance and timely upgrades. By aligning the strategy with the established levels of service, the City can optimize resource allocation, minimize unexpected failures, and maintain infrastructure quality, ultimately leading to cost savings and improved public satisfaction. It is important to note that balancing these costs within the City's budgets may necessitate reducing levels of service and seeking additional funding sources.

5.0 Financing Strategy

5.1 Annual Funding vs Annual Investment Required

O. Reg. 588/17 requires the Municipality to identify the cost of the lifecycle activities that would need to be undertaken to maintain the current levels of service for each of the ten years following the year for which the current levels of service are determined along with the costs of providing those activities.

The below chart outlines the 10-year lifecycle costs of Corporate Facility assets currently being funded:

Funding

Table 5.1.1 Annual Funding – Corporate Facilities

Activities	Annual Costs (\$)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Non-Infrastructure Solutions	-	50,000	-	-	-	-	-	-	-	-	-	-
Maintenance	108,250	110,956	113,730	116,573	119,488	122,475	125,537	128,675	131,892	135,189	138,569	
Renewal/Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	
Replacement	283,000	77,000	97,000	75,000	110,000	45,000	114,000	114,000	114,000	114,000	114,000	
Disposal	-	-	-	-	-	-	-	-	-	-	-	
Expansion	-	-	500,000	-	-	-	-	-	-	-	-	
Total	391,250	237,956	710,730	191,573	229,488	167,475	239,537	242,675	245,892	249,189	252,569	

The average annual investment, as included in the City's annual operating budget, approved multi-year capital plan, and adjusted for the five years outside of the multi-year capital plan is \$287,121.

Non-Infrastructure Solutions is derived from the Multi-Year Capital Plan, and operating budget, where applicable and are identified in the lifecycle strategy section above. Maintenance costs have been determine through the the 2024 Operating budget and are inflated by 2.5% each year for the period of

this plan. Renewal/Rehabilitation costs will be derived from the Multi Year Capital Plan as the City better defines these activities in future capital detail sheets. For the purposes of this report, these activities have been identified as replacement activities. Replacement costs have been taken from the Multi-Year Capital Plan and Fleet Reserve Schedule. The multi-year capital plan is approved out to 2029. To forecast the subsequent years, an average of the previous years was used for the final five years of this plan.

It is important to note that the above table includes all budgeted items, no matter the source of funding. Funding sources include reserves, taxation, and grants. Due to this, the funding amounts are not ensured and can be dependent on receiving a grant.

Investment Required

The below chart outlines the 10-year annual investment required to maintain the current level of service of Corporate Facility assets utilizing the results of condition assessments and best practice applications:

Table 5.1.2 Annual Investment Required - Corporate Facilities

Activities	Annual Costs (\$)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Non-Infrastructure Solutions	-	50,000	-	-	-	-	-	-	-	-	-	-
Maintenance	108,250	110,956	113,730	116,573	119,488	122,475	125,537	128,675	131,892	135,189	138,569	
Renewal/Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-
Replacement	118,500	691,083	2,890,319	1,805,802	358,983	2,592,135	8,437,536	624,912	189,419	869,367	2,773,562	
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Expansion	-	-	500,000	-	-	-	-	-	-	-	-	-
Total	226,750	852,039	3,504,049	1,922,375	478,470	2,714,610	8,563,073	753,588	321,312	1,004,556	2,912,131	

The average annual investment required for Corporate Facilities to maintain the current level of service for this portfolio is \$2,113,905.

Non-Infrastructure Solutions are derived from the Multi-Year Capital Plan and operating budget, where applicable and are identified in the lifecycle strategy section above. Maintenance costs have been

determined through the 2024 Operating budget and are inflated by 2.5% each year for the period of this plan. Renewal/Rehabilitation costs have been identified as replacement activities until such time the City updates its capital detail process. Replacement costs have been taken from the 2024 Building Condition Assessments, which outlines the activities to be undertaken to maintain the facility in a state of good repair and Fleet Reserve Schedule.

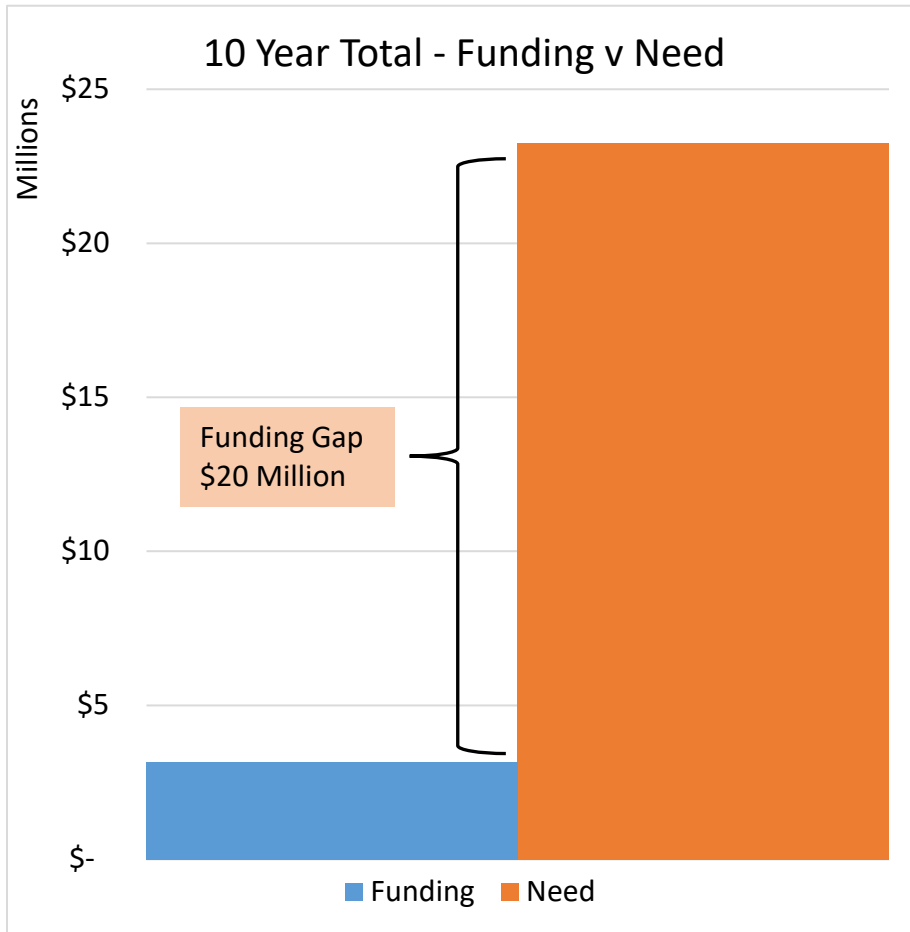
5.3 Annual Funding vs Annual Investment Required Analysis

The analysis between the Investment Required and the Funding identifies the funding gap between the two financial models. The result of this analysis is included in Tables 5.3.1 as follows:

Table 5.3.1 10 Year Total - Funding vs Need – Corporate Facilities

	Annual Costs (\$)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 Year Total
Funding	391,250	237,956	710,730	191,573	229,488	167,475	239,537	242,675	245,892	249,189	252,569	3,158,335
Need	226,750	852,039	3,504,049	1,922,375	478,470	2,714,610	8,563,073	753,588	321,312	1,004,556	2,912,131	23,252,953
Funding Gap	164,500	(614,083)	(2,793,319)	(1,730,802)	(248,983)	(2,547,135)	(8,323,536)	(510,912)	(75,419)	(755,367)	(2,659,562)	(20,094,618)

Below is a visual representation of the 10 year funding vs need, which identifies the funding gap.



Based on the above, the 10-year funding gap is \$20 million, and the average annual funding gap is \$1.8 million.

In order to meet the financial requirements of the Lifecycle Financing Strategy, the City will be required to fund projects through additional revenue tools such as reserve and reserve funds, grants, debt, new revenues, or additional annual levy increases. Alternatively, projects will need to continue to be deferred, which will have a negative impact on the overall condition.

5.4 Lifecycle Financing Strategy Limitations

The Lifecycle Financing Strategy has been developed on the current levels of service and programs being delivered by the City. This strategy implies that these practices have been in place since the installation of the assets and does not recognize the impacts of previous investment that has resulted in the current system condition, nor does it consider any backlog. During the

creation of the 2025 plan, Level of Service workshops with Council will be held. If levels of service are recommended to be changed, the change will affect the financing strategy.

6.0 Improvement Plan and Recommendations

The following recommendations are based on the review of current management practices; and inventory, valuation and condition analysis.

Table 6.0.1 Asset Management Planning Recommendations – Corporate Facilities

	Recommendations
1.	Continue with the completion of Building Condition Assessments for all City facilities.
2.	Update Building Condition Assessments on a five-year cycle to monitor conditions.
3.	Develop Levels of Service to reflect the various facility types in the City's portfolio.
4.	Develop a lifecycle management plan to ensure component quality and extend the useful life where possible.