

Asset Management Plan

FACILITIES

Township of Drummond/North Elmsley

November 26, 2013

Asset Management Plan

Introduction

The Facility Asset Management Plan focuses on the major costs of maintaining or improving facilities for the next 30 years to 2045. The objective of the plan is to ensure that facility maintenance, repairs and improvements are addressed pro-actively and scheduled in the appropriate budget year for action. Another objective is to provide a mechanism for the ongoing inspection and periodic renovation of facilities and major facility components when they reach the end of their expected service life. Through this plan, it is expected that the Township will be able to best utilize available resources.

Two pieces of legislation have not been considered in the preparation of this plan; the impact of the Green Energy Act and the Accessibility for Ontarians with Disabilities Act. The Township will be preparing its first Energy Conservation Plan for July 2014 and energy conservation improvements have not been identified at this time. The Facility Asset Management Plan may have to be amended at a later date in order to incorporate targets set out in the energy conservation plan. Improvements to facilities as a result of accessibility are contained in the Multi-Year Accessibility Plan and funding will be included in the annual budget deliberations.

Limitations

This plan is a simplistic overview of the condition of the Township's facilities. An in-depth inspection conducted by a qualified inspector would be required to determine the actual condition and life expectancy of each facility and its component parts as it currently is. As well, the financial strategy and funding is presented in its simplest form. A more thorough analysis could be undertaken by a chartered accountant to capture a truer picture of the funding required.

State of Existing Local Infrastructure

The Township of Drummond/North Elmsley owns 11 facilities. Information on the facilities and insurance values for 2013 are outlined in following chart.

2013 Insurance Replacement values

Facility	Legal Address	2013 Replacement Insurance Value	General Condition of Facility
Municipal Office / Garage	310 Port Elmsley Road	\$1,456,262	Excellent
Ferguson's Falls Community Hall	1362 Fergusons' Falls Road	\$313,700	Fair
Port Elmsley Hall	120 Station Road	\$483,959	Good
Drummond Centre Garage & Hall	1920 Conc 7 Drummond	\$1,366,923	Good
Storage Garage	1920 Conc 7 Drummond	\$99,663	Fair/Poor
Salt / Sand Shed	1920 Conc 7 Drummond	\$222,936	Poor
Salt / Sand Shed	310 Port Elmsley Road	\$178,443	Poor
Landfill Garage	745 Code Road	\$16,610	Fair/Poor
Landfill Re-use Centre	745 Code Road	\$17,825	Poor
Landfill Office Trailer	745 Code Road	\$10,807	Fair/Poor
Rideau Ferry Docks	Rideau Ferry Road	\$300,000	Excellent
TOTAL ASSET COST			\$4,467,128

The facilities were broken down into major component parts and grouped according to life expectancy. The three categories are:

- **Structural Components:** Includes foundation, structural frame, exterior walls, electrical, plumbing and roof. Life expectancy ranges from 50 to 100 years.
- **Main Envelope Components:** Includes HVAC, exterior walls cladding, roof covering, well, parking lots, septic tank, outdoor lighting. Life expectancy ranges from 20 to 50 years.
- **Interior Components:** Includes windows, flooring, cabinetry, interior lighting, doors, security systems, misc. Life expectancy ranges from 10 to 20 years.

A facility condition rating matrix was established for rating the facilities and each facility has been classified into the following condition rating categories which are based on the facility's age and a visual inspection.

- A = Excellent: Facility is in new condition and very little maintenance is required.
- B = Good: Only routine maintenance required.
- C = Fair: Shows signs of wear/requires increasing amounts of maintenance.
- D = Poor: Requires major repairs in the immediate near future
- E = Critical: Facility is unserviceable.

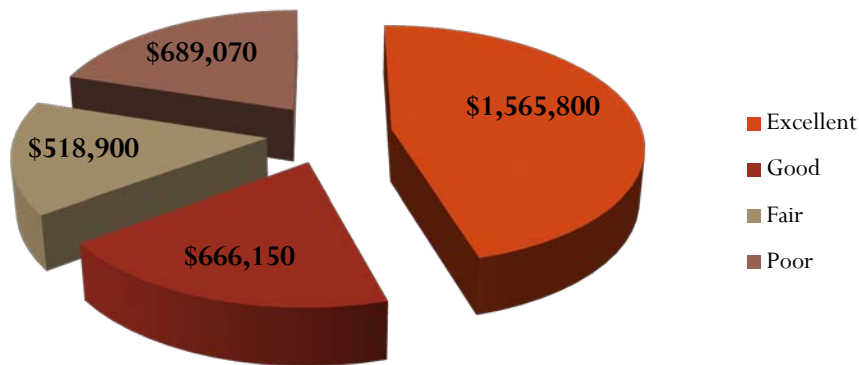
Based on the visual inspection and the age of the facility, the ratings for overall building condition are listed in the following chart. There are no facilities that are currently rated E. The following chart lists the expenditures in each of the categories.

STURCTURAL COMPONENTS	A	B	C	D
Municipal Office	674,000			
Municipal Office Garage		175,000		
Salt Shed Port Elmsley				160,000
Drummond Centre Hall	243,000			
Drummond Centre Garage			350,000	
Salt Shed Drummond Centre				224,000
Storage Shed Drummond				60,000
Port Elmsley Hall		320,000		
Fergusons Falls Community Hall				174,000
Fergusons Falls Hall New Kitchen	40,000			
Rideau Ferry Docks	300,000			
Landfill Office Trailer				11,000
Landfill Re-use Centre				18,000
Landfill Garage				570
TOTAL	\$1,257,500	\$495,000	\$350,000	\$647,570

MAIN ENVELOPE	A	B	C	D
Municipal Office	122,300			
Municipal Office Garage			35,000	
Drummond Centre Hall		79,800		
Drummond Centre Garage			53,200	
Port Elmsley Hall	64,000			
Fergusons Falls Community Hall			52,200	
Fergusons Falls Hall New Kitchen	9,500			
Rideau Ferry Docks	72,000			
TOTAL	\$267,800	\$79,800	\$140,400	

INTERIOR COMPONENTS	A	B	C	D
Municipal Office		37,000		
Municipal Office Garage		18,000		
Drummond Centre Hall		36,350		
Drummond Centre Garage			28,500	
Port Elmsley Hall	32,500			
Fergusons Falls Community Hall				41,500
Fergusons Falls Hall New Kitchen	8,500			
	\$41,000	\$91,350	\$28,500	\$41,500
RATINGS	Excellent	Good	Fair	Poor
Dollars	\$1,565,800	\$666,150	\$518,900	\$689,070
Percentage	45.52%	19.37%	15.08%	20.03%

Condition Rating by Dollars



Desired Levels of Service

The desired level of service for each group is to conduct planned and timely repair, maintenance, and/or improvements to ensure the building integrity is not compromised or damaged further. Having enough funds in reserves to do the necessary work is a critical part of ensuring work is being conducted as needed because funds are available rather than being part of the annual competition for budget resources. An acceptable standard for facilities should be in the range of good/fair.

Asset Management Strategy

The life cycle asset management worksheet is attached to this report as Appendix A. The Facility Asset Management Plan calculated the expenses in the three categories, structural components, main envelope components, and interior components over the next 30 years.

FACILITY ASSET MANAGEMENT 30 YEAR PLAN (not adjusted for inflation)

FACILITY	DESCRIPTION	2015	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045
Municipal Office	Interior Components			37,000				
	Main Envelope Components							122,000
Municipal Office Garage	Main Envelope Components				35,000			
	Interior Components		18,000					
Drummond Center Hall	Main Envelope Components				79,800			
	Interior Components				36,350			
Drummond Centre Garage	Main Envelope Components			53,200				
	Interior Components			28,500				
Port Elmsley Hall	Structural Components							320,000
	Interior Components			32,000				
	Main Envelope Components							
Fergusons' Falls Community Hall	Structural Components	100,000						
	Interior Components		52,200					
	Main Envelope Components		41,500					
Fergusons' Falls Hall Kitchen	Structural Components							
	Interior Components		8,500					
	Main Envelope Components						9,500	
Drummond Centre Hall Storage Shed	Structural Components		60,000					
Port Elmsley Salt Shed	Structural Components				160,000			
Drummond Centre Salt Shed	Structural Components		230,000					
Rideau Ferry Public Docks	Structural Components							50,000
	Main Envelope Components					12,000		
Landfill Re-use Centre	Structural Components			18,000				
Landfill Office Trailer	Structural Components					11,000		
Landfill Garage	Structural Components		17,000					
TOTAL		100,000	427,200	168,700	311,150	23,000	9,500	492,000

FACILITY ASSET MANAGEMENT 30 YEAR PLAN (adjusted for inflation)
 (compounding effect of 2% increase for inflation minus 1% growth)

FACILITY	DESCRIPTION	2015	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045
Municipal Office	Interior Components			44,400				
	Main Envelope Components							195,200
Municipal Office	Main Envelope Components				45,500			
Garage	Interior Components		19,800					
Drummond Center	Main Envelope Components				103,740			
Hall	Interior Components				47,255			
Drummond Centre	Main Envelope Components			63,840				
Garage	Interior Components			34,200				
Port Elmsley Hall	Structural Components							512,000
	Interior Components			38,400				
	Main Envelope Components							
Fergusons' Falls	Base	100,000						
Community Hall	Interior Components		57,420					
	Main Envelope Components		45,650					
Fergusons' Falls	Base							
Hall Kitchen	Interior Components		9,350					
	Main Envelope Components						14,250	
Drummond Centre Hall								
Storage Shed	Structural Components		66,000					
Port Elmsley Salt Shed	Structural Components				208,000			
Drummond Centre								
Salt Shed	Structural Components		253,000					
Rideau Ferry	Structural Components							50,000
Public Docks	Main Envelope Components					12,000		
Landfill Re-use Centre	Structural Components			21,600				
Landfill Office Trailer	Structural Components					15,400		
Landfill Garage	Structural Components		18,700					
TOTAL		100,000	469,920	202,440	404,495	32,200	14,250	787,200

Financial Strategy

The majority of the Township's facilities are in good (19.37%) to excellent (45.52%) condition. However 3 facilities are deteriorating from an overall fair to poor rating: landfill garage, landfill office trailer and a storage garage at Drummond Centre. This represents an asset value of \$127,080 (2013 insurance values). The intent of a financial strategy is to ensure that there are enough funds to conduct repairs/maintenance when needed. The Township budgets \$20,000 per year for facility maintenance; \$5,000 each for the municipal office, Port Elmsley Hall, Fergusons' Falls Community Hall, and Drummond Centre Hall. This is not enough funding to keep these facilities in good condition over time. In order to fund ongoing maintenance and asset replacement, the financial tools available to the Township are:

Grants: Trillium grants or other similar grant opportunities

Reserves: Put adequate funds into reserves now for future needs

User Fees: Raise rental fees or free will offerings

Borrow: Take on new debt

Community Fundraising

1. Grants

Repairs and improvements to Community halls are ideal projects for Trillium Grant applications because of the community benefit component. The repairs to the Fergusons' Falls Hall foundation is the subject of a 2013 Trillium grant application. Based on the Facility Asset Management 30-year plan, \$225,700 will be required in the Ferguson's Falls Community Hall and Port Elmsley Hall. Other grant organizations such as Valley Heartland, Enable Access and private sector funds such as Aviva could also be tapped as a source of funding.

2. Reserves

Based on the 2015-2045 year plan, minus \$100,000 of 100% of eligible grant funding for Fergusons' Falls Halls under the assumption that the application will be approved, the Township will need \$1,910,505 to maintain its facilities. This represents \$62,000/per year required for to put away in reserves.

3. User Fees

The Township could increase its user fees to cover asset management or a minimal surcharge per event (\$5) for each event that would include those organizations currently using facilities at no cost. This could raise \$3,000 per year (based on 600 rentals per year). Over the life of this plan, a \$5 surcharge would raise \$90,000. Alternatively, free will offerings can be suggested after each use.

4. Borrow – Take on short term debt

From the chart below, the funds in reserves will not be sufficient to meet expenditures in years 2016 to 2020, and 2030; and in years 2026 to 2030. The following chart illustrates the debt/reserves funding allocation.

Year	Reserves	Expenditures	Balance	Financial Tool
2015*	\$162,000	-\$100,000	\$62,000	Trillium Grant & Reserves
2016-2020	\$310,000	-\$469,920	-\$97,920	Reserves & Borrow
2021-2025	\$310,000	-\$202,440	\$9,640	Reserves
2026-2030	\$310,000	-\$404,495	-\$84,855	Reserves & Borrow
2031-2035	\$310,000	-\$32,200	\$192,945	Reserves
2036-2040	\$310,000	-\$14,250	\$488,695	Reserves
2041-2045	\$310,000	-\$787,200	\$11,495	Reserves
TOTALS	\$2,022,000	-\$2,010,505		
Trillium Funding		-\$100,000		
Annual Reserves Required		\$62,000		

5. Community Fundraising

The 30-year contains \$241,470 (adjusted for inflation) for community hall repairs. If the Trillium grant application is successful, the Township can encourage community fundraising to raise the remaining \$141,470 or a portion thereof.

Conclusions and Recommendations

Based on the information presented in this report, it is recommended that the Township continue to focus on ongoing maintenance efforts in order to extend the life expectancy of the offices, halls and garages. Some buildings such as the landfill office trailer and the small storage/garage sheds can be demolished and replaced when further maintenance or improvements are no longer viable.

The Township will undertake a long range financial plan in 2014 and its recommendations will be helpful in providing direction to the Township on its reserves.

The final recommendation is that the Facility Asset Management Plan be reviewed and updated on a yearly basis to ensure reserves and expense projections are still adequately matched.