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Council-In-Committee Meeting – September 12, 2023

Subject: Norfolk County Building Condition Assessment Results
Report Number: OPS-23-020
Division: Operations
Department: Facilities
Ward: All Wards
Purpose: For Information

Recommendation(s):

THAT Staff Report OPS-23-020 “Norfolk County Building Condition Assessment Results” be received as information;

Executive Summary:

The purpose of this report is to provide Council with the results of the building condition assessment reports completed on all County facilities in 2022. The building condition assessments and respective 20-year capital work plans have exposed glaring weaknesses within Norfolk County’s current Capital Plan and introduce significant challenges ahead of the Proposed 2024-2033 Capital Plan.

Discussion:

Building condition assessments are a methodical inspection, review and report on the state of a building and its individual building components. Building condition assessments follow ASTM International Standard ASTM E2018-15, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment. Each building component is reviewed by a component expert (i.e. electrical equipment are reviewed by an electrical engineer, architectural components are reviewed by an architect) which assesses the general condition and expected life of the component and provides recommendations for replacement or interventions to extend expected life. The building condition report summarizes the intervention recommendations and associated budget estimates and assigns general facility condition indexes to support comparisons between buildings. It should be noted that building condition assessments do not provide recommendations or replacement estimates for building improvements or upgrades. Such upgrades could include accessibility, energy or functionality.

Building condition assessments are regularly completed within institutional and commercial buildings to assist with developing capital repair plans or reserve fund

studies. Norfolk County completes 20-year building condition assessments every 10 years to ensure the 10-year capital plan is adequately guided.

2022 Building Condition Assessments Overview

In the Proposed 2022-2031 Capital Plan, Council approved a project to complete building condition assessments and building component inventories of all County facilities as well as structural reviews of six Norfolk County recreational facilities. The three main objectives of the 2022 condition assessments were to: assist with the development of an asset management plans for facilities, guide the Facilities 10-year capital plan and complete the legislated requirement to complete structural reviews of recreational facilities every five (5) years. It should be noted that the assessments did not include property site components such as parking lots, fencing, signage, sidewalks or ramps.

To assist in funding the project, staff applied grant funding through the Federation of Canadian Municipalities (FCM) Municipal Asset Management Program as directed through Staff Report CS 21-41. Norfolk County was notified of its successful application and grant of \$50,000 in August 2022.

In March 2022, staff issued an RFP for consultant services for the project which Englobe Corporation was the successful proponent. Englobe has completed building condition assessments across Canada and for multiple municipalities within Ontario. Englobe's project team included engineers from all disciplines, building sciences professionals, as well as roofing and heritage building consultants. Building condition assessments were completed for a total of 204 County owned facilities located on 116 County properties and structural reviews were completed on six County facilities. Further, Englobe completed building component inventories of all facilities.

Assessments were completed on: administration buildings, community centres, libraries, museums & cultural facilities, paramedic buildings, fire halls, long term care facilities, recreational facilities, fieldhouses/storage facilities, marinas, operations buildings, pavilions, water treatment and depot facilities, and waste management facilities.

Excluded facilities from the assessments included wastewater treatment facilities including sewage pump houses, leased non-owned County facilities, and select facilities with pending major renovations or disposition (i.e. Delhi Kinsmen Pool).

2022 Building Condition Assessments Project Methodology

The project was broken down into three phases: information review, site review and reporting. In the first information review phase, Englobe was responsible for reviewing all existing building drawings, existing component listings, previous building condition assessments, previous inspection / structural review reports, building heritage designations and studies. Further, Englobe developed a questionnaire which was provided to applicable County staff to identify building concerns, recent capital improvements or replacements and general building information.

In the site review phase, Englobe completed walk-through reviews of all included facilities. Englobe was accompanied by Facilities staff as well as applicable facility occupants or owners. It should be noted, that the reviews were non-intrusive and limited to elements that are visible without cutting / patching of existing finishes. If a condition is suspected or expected, Englobe would note the suspected condition and recommend further review within the final report.

In the final reporting phase, Englobe provided a written building condition assessment report for each facility. The report includes a description of the building/components, assessment methodology, a projected 20-year capital repair/replacement plan and a ten-year facility condition index (FCI). Further, Englobe was responsible for the creation of building component inventories for each facility. The inventories catalogue all building components and their attribute data (installation date, manufacturer, model numbers, size, etc.). Inventory data was collected in Excel and formatted for ease of implementation into Norfolk County asset management software.

Assessment Results Overview

The facility condition index of a building provides benchmarking to compare the general condition of a portfolio of facilities. Mathematically, it is simply a ratio of the capital / maintenance repairs to the current cost of building replacement (FCI = Outstanding/ Deferred Capital + Scheduled Repair/Maintenance Cost / Current Building Replacement Value) and a general building condition assessment is provided based on the ratio as per Table 1.

Table 1 – Facility Condition Index Condition Criteria

FCI Ratio (%)	General Building Condition
<5%	Good
>5% to < 10%	Fair
>10% to < 30%	Poor
> 30%	Critical

The facility condition index of a facility will change annually due to status of capital repairs and building replacement value adjustments. Englobe has provided a ten-year forecast of facility condition indexes for each facility, which assumes that capital repairs are completed within their recommended year of action. Should projects not be completed within the recommended year, the FCI of the building will increase in the subsequent year. Generally, when facilities reach a poor or critical FCI ratio, strategic review of the facility is recommended to determine the cost/benefit of rehabilitation vs. replacement.

Overall, the 2023 FCI ratios for all 204 Norfolk County facilities are summarized in Table 2.

Table 2 – 2023 Norfolk County Facilities FCI Summary

2023 Norfolk County Facility General Building Condition	# of Norfolk Facilities Classified	% of Portfolio
Good	147	71.7%
Fair	14	6.9%
Poor	28	13.7%
Critical	15	7.7%

Of the 204 facilities assessed, 43 or 21.4% of the portfolio has a current FCI condition of poor or critical. Further, 137 or 67.2% of the portfolio will have a FCI condition of poor or critical within the next 10 years. As such, it is staff’s opinion that a strategic facilities review and rationalization of the facility portfolio should be completed.

In addition, the building condition assessments have identified a significant number of additional facilities replacements and interventions needed over the next ten years. These replacements and interventions will be required to maintain the building asset. These additional projects will have significant impacts to the Proposed 2024-2033 Capital Plan for Facilities, as well as within the Facilities Levy Budget allocation as increased repair & maintenance programs will be required. A more detailed outlook of the financial implications of these findings can be found under the Financial Services Comments.

Facilities Department Analysis

Building condition assessments are an imperative tool for facility managers of large facilities portfolios as they provide independent expert assessment of all building components across the portfolio and provide guidance to initiate strategic reviews of poorer performing buildings. Overall, Norfolk County’s portfolio of facilities is aging rapidly as the average original construction date for non-water/wastewater Norfolk County facilities is 1968. As facilities age, typical of all assets, maintenance and capital renewal / replacement requirements increase. This is demonstrated in the increasing additional capital replacements/ interventions recommended in the past three Norfolk County building condition assessments. The 2022 building condition assessments have identified an additional 400 required capital projects over the next 10 years.

Despite the clear benefits of building condition assessments, it should be noted they have limitations. First, as the assessments are walkthrough assessments there are limitations in detail with respect to building components which are non-visible (within walls, below grade, etc.). Projects where non-visible building components are replaced/repared (i.e. structural or foundation repairs) will often be very costly due to the work required to remediate – there is always a risk that these repairs will be required within the portfolio and cannot be determined until further design/testing is completed. For this reason, it is generally accepted that building condition assessments provide a best-case scenario for the expected capital expenditures of a facility.

Further, it should be noted that the building condition assessments do not include consideration of the functionality, usability, or accessibility of a facility. The functionality or usability of a facility is typically completed through master planning or comprehensive reviews, while accessibility is typically completed through an accessibility audit. A facilities master plan is currently in progress through the corporate-wide facilities review/rationalization and will be completed by 2025. An Accessibility Audit of all County facilities is planned to be included within the Proposed 2024-2033 Capital Plan for 2025 and will identify the capital upgrades required to ensure existing County facilities are accessible to all. Lastly, building condition assessments do not include consideration of energy or climate change goals. 51% of corporate greenhouse gas (GHG) emissions are currently emitted through corporate facilities. It is anticipated that energy and climate change considerations will become significantly more prominent in the coming years which will require additional replacements/upgrades to reduce GHG emissions. Norfolk County's Energy Conservation and Demand Management Plan is currently scheduled for an update in 2024 and will identify a number of additional facility efficiency projects.

Implementation of the required capital replacements/intervention projects is of significant concern to Facilities staff. The number of facilities projects managed by the existing staffing complement has already increased from an average 45 / year in 2019/2020 to over 65 / year in 2022/2023, and the Facilities Department lacks the staffing resources to manage additional projects. Without additional staffing resources to manage projects, the condition of Norfolk County facilities will continue to deteriorate as the Facilities Department will be required to very strategically select projects to complete annually and defer the remainder. Extra project costs and an increase in emergency repairs/replacements would also be expected as building components deteriorate beyond their recommended replacement periods. Further, it is anticipated that facility improvements will be lower prioritized resulting in perceived service level reductions for the community.

Financial Services Comments:

As Norfolk County continues to move towards the completion of an Asset Management Plan that includes both core and non-core assets, significant gaps within existing capital work plans will be exposed. The true costs of maintaining over 204 County facilities are being fully visualized, and is one of the larger concerns of the Financial Services department ahead of the next budget cycle. The completion of the Building Condition Assessments will lead to significant additions to the Proposed 2024-2033 Capital Plan, identifying hundreds of new capital projects costing tens of millions of dollars, all just required to maintain the County's facility portfolio in a state of good repair.

Unfortunately, this only represents a share of County assets considered "Non-Core", and Financial Services are certain that further progress towards a comprehensive Asset Management Plan will expose similar gaps across all of Norfolk County's other infrastructure categories. It is critical that Norfolk County continue to put Asset

Management and the completion of the respective Plans at the forefront of focus, to ensure that staff have the ability to plan for future operational and financial challenges ahead.

Although the Proposed 2024-2033 Capital Plan is still considered to be in the “preliminary stage” and is subject to numerous changes prior to presentation to Council in October, it’s crucial that Council understand the true magnitude of the challenges that this will place on both the Capital Budget and Levy Budget in 2024. The following Table compares just a few of Facilities’ replacement programs as included in the Approved 2023-2032 Capital Plan compared to the preliminary 2024-2033 Capital Plan, to reflect the addition of BCA identified work (i.e., excluding the 20-year BCA work identified after 2032). The completion of the large increase of work identified within the Building Condition Assessments, as shown in the Table, will present significant challenges for the County.

Table 3 – Approved 2023-2032 Capital Plan Vs Preliminary 2024-2033 Capital Plan

Program	Before BCA Completion (\$)	After BCA Completion (\$)
Generator Replacement Program	663,000	653,000
HVAC Replacement Program	2,980,000	5,659,000
Roof Replacement Program	5,992,000	13,530,000
Admin Building R&M Program	3,729,000	3,509,000
Elevator Replacement Program	1,270,000	1,816,000
Museum R&M Program	2,284,000	4,118,000
County Building R&M Program	1,625,000	18,020,000
Total	18,543,000	47,305,000

Also, at the September 12th, 2023 Council-In-Committee meeting, Financial Services presented staff report CS-23-136 “Reserve and Reserve Fund Policy with Repositioning” to build on the financial principles supported in Council’s 2022-2026 Strategic Priorities. Attachment 3 within this report provided Council with the latest forecast of Reserves & Reserve Funds over the 2023-2032 years. Within this summary, the General Building Reserve was forecasted to close the 2032 year with a balance of \$3,184,671. This forecasted closing balance is derived from assumptions made through the Approved 2023-2032 Capital Plan, and therefore **does not reflect the costs of any additional work identified through the Building Condition Assessments (which would generally be funded solely from this reserve)**. Clearly, the forecasted closing balance is not sufficient to fund the additional \$25+million of capital needs identified upon completion of the Building Condition Assessments.

An updated forecast of this reserve will be provided in October with the presentation of the Proposed 2024-2032 Capital Plan. To finance the increase in capital works that were not previously planned for, Financial Services staff expect to re-allocate contributions from other reserves and increase the contributions to the General Building Reserve to mitigate the potential debt required. Otherwise, the County will have to rely heavily on debt for the foreseeable future to maintain the current facility portfolio at the desired levels of service. A comprehensive outlook of the County's financial situation will be highlighted through presentations during the 2024 budget cycle.

In the event that staff identify opportunities to reevaluate the current facilities portfolio, Financial Services will analyze any capital avoidance opportunities at that time.

Interdepartmental Implications:

N/A

Consultation(s):

N/A

Strategic Plan Linkage:

This report aligns with the 2022-2026 Council Strategic Priority Sustaining Norfolk - Creating a sustainable community and a positive legacy.

Explanation:

Conclusion:

Norfolk County has completed building condition assessments of 204 Norfolk County facilities in 2022. The building condition assessments have assessed 21.4% of the facilities portfolio to have a condition of poor or critical and require significant capital investment to maintain existing asset levels over the next ten years.

Attachment(s):

None.

Approval:

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