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ASSET MANAGEMENT PLAN

ARENAS & RECREATION CENTRES

2024

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1.0 Introduction

The City operates two arenas/recreation facilities each with their own specialized equipment and fleet. For the purpose of this asset management plan, the arena and recreation centre assets will be broken out into the following three categories:

- **Facilities:** Arena and Recreation Centre facilities are the core of this service area. They offer places for residents, and visitors to partake in various sports, events, and recreation activities.
- **Specialized Equipment:** Equipment that is not captured as a part of the facility, but is essential for icemaking, ice maintenance, and refrigeration.
- **Fleet**: The light duty truck to support the maintenance and travel between the two arenas and recreation facilities.

2.0 State of Infrastructure

2.1 Inventory

Table 2.1.1 summarizes the Arena and Recreation Centres inventory by asset class.

Table 2.1.1 Arenas and Recreation Centres Inventory

Asset Class	Asset Type	Current Inventory
Facilities[1]	Building	• Julie McArthur Regional Recreation Centre • Harry Lumley Bashore Community Centre

[1] 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.

	Ice Pads	• 2 (Julie McArthur Regional Recreation Centre) • 1 (Harry Lumley Bashore Community Centre)
Specialized Equipment	Machinery	11
	Ice Making Equipment	41
Fleet	Light Duty Truck	1

2.2 Valuation

Replacement Cost Valuation

Facilities

The replacement cost of buildings was determined through the Building Condition Assessments completed in 2024.

Specialized Equipment and 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. Fleet replacement costs align with the Fleet Reserve Schedule.

The estimated replacement cost of the City's arena assets in 2024 dollars is $110.2 million.

Table 2.2.1 Arenas and Recreation Centres Replacement Valuation

Asset Class	Unit Replacement Cost	Replacement Cost	% of Total Value
Facilities	Lump Sum	$107,334,292	97.4%

Asset Class	Unit Replacement Cost	Replacement Cost	% of Total Value
Specialized Equipment	Lump Sum	$2,758,000	2.5%
Fleet	Lump Sum	$95,000	0.1%
Total		**110,187,292**	**100%**

2.3 Assessment Approach

2.3.1 Facilities

The state of the Arena facilities is determined through third-party building condition assessments (BCA) and are given a Facility Condition Index[2] (FCI) score. The City last conducted BCA's in 2024 through Roth IAMS.

Table 2.3.1.1 Arenas and Recreation Centres Facilities Rating

Rating	Facility Condition Index
Very Good	<5%
Good	5-9%
Fair	10-19%

[2] 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.

Poor	20-29%
Very Poor	>30%

2.3.2 Fleet and Specialized Equipment

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 was determined by taking the replacement year used in the fleet reserve schedule. Specialized Equipment condition is determined by using the replacement year estimated through the useful life of the assets. 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. The confidence in the accuracy of the condition with this method is low.

2.3.2.1 Fleet and Specialized Equipment Rating

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

2.4 Asset Condition Assessment

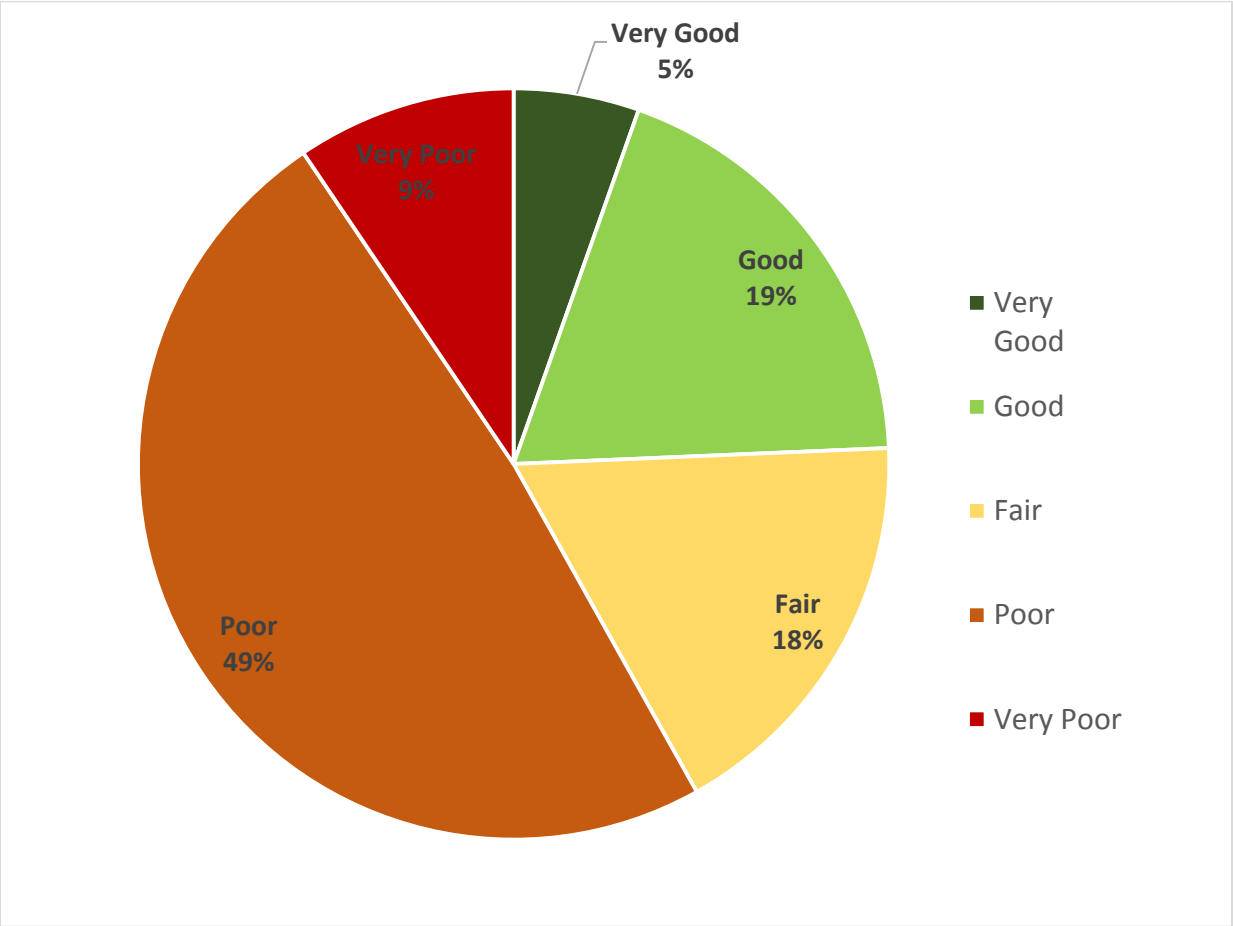
The table below provides the average condition score of the arena assets based on the above-noted scoring system.

Table 2.4.1 Condition Assessment - Arenas and Recreation Centres

Asset Class	Condition Score	Condition System
Facilities	Fair (13%)	FCI
Specialized Equipment	Poor (34%)	RUL (Age Based)
Fleet	Poor (33%)	RUL (Age Based)

A pie chart breaking out the assets by condition for the arena and recreation centre assets is shown in Chart 2.4.1 below.

Chart 2.4.1 Arena and Recreation Centre Asset Condition Assessment



The State of Assets based on 2024 data indicates that 24% of arena assets are in very good or good condition, 18% are in fair condition, and 58% are in poor or very poor condition.

2.5 Useful Life

The useful life of the arena and recreation centre assets will vary by component, and the overall life is significantly impacted by the maintenance strategies and the level of use. There are currently no defined maintenance strategies deployed to extend the useful life, however, guidelines are followed to ensure the assets are kept in safe working order, and preventative maintenance is routinely completed on fleet.

Facilities 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 asset class, along with the anticipated added life for each type of maintenance strategy. These lives are used for PSAB purposes and align with the City's Tangible Capital Asset policy.

Table 2.5.1 Useful Life - Arenas and Recreation Centres

Building Component	**Anticipated Useful Life (years)**
New Asset / Replacement	
Facilities[3]	10-100
Specialized Equipment	10-20
Fleet	10

[3] The large span in anticipated useful life is due to the fact that buildings are broken out into 6 components as per Uniformat II guidelines, with each component type having varying useful lives.

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 arenas.

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.	42%	TBD

The City will need to consider the development of both Community and Technical Levels of Services to be maintained by the City as it continues to develop its asset management program. The 2025 asset management plan will outline the proposed levels of service as defined by City Council.

3.1 Corporate Objective

The corporate objective of arenas and recreation facilities, as per the Recreation, Parks and Facilities Master Plan (2018) is to encourage participation for all abilities and ages, while being a community hub for health and wellness in Owen Sound and the wider region. Section 7.5.1.2 of the City's Official plan also states that expansion, redevelopment and extension of facilities, parks and trails associated programs will be encouraged where financially feasible partnerships are developed, and community needs are addressed.

3.2 Legislative Requirements – General

A non-exhaustive list of the legislative requirements that impact the delivery of arenas and recreation facilities services include the following:

- Ontario Building Code
- Integrated Accessibility Standards Regulation
- Ontario Fire Code Regulation
- Elevating Devices Regulation
- Community Recreation Centers Act
- Ministry of Tourism and Recreation Act

4.0 Asset Management Strategy

4.1 Lifecycle Activities and Planned Actions

To effectively maintain arenas and recreation facilities assets 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 - Arenas and Recreation Centres

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	• 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.	• Monthly Building Inspections • Third-party Equipment Inspections
Renewal/Rehabilitation	Significant repairs designed to extend the life of the asset.	• Equipment component replacement • Equipment component rebuilds
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.	• Complete Asset Replacement – Condition Based

Activities	Planned Actions	Lifecycle Activities
Disposal	Activities associated with disposing of an asset once it has reached its useful life, or is otherwise no longer needed by the municipality.	• Facility Rationalization
Expansion	Planned activities required to extend services to previously unserviced areas – or expand services to meet growth demands.	• 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 arena and recreation centre assets currently being funded:

Funding

Table 5.1.1 Annual Funding – Arenas and Recreation Centres

Activities	Annual Costs ($)										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Non-Infrastructure Solutions	-	-	-	-	-	-	-	-	-	-	-
Maintenance	329,450	337,686	346,128	354,782	363,651	372,742	382,061	391,613	401,403	411,438	421,724
Renewal/ Rehabilitation	-	-	-	-	-	-	-	-	-	-	-
Replacement	272,000	1,015,000	1,715,000	125,000	460,000	330,000	652,833	652,833	652,833	652,833	652,833
Disposal	-	-	-	-	-	-	-	-	-	-	-
Expansion	-	-	-	-	-	-	-	-	-	-	-
Total	**601,450**	**1,352,686**	**2,061,128**	**479,782**	**823,651**	**702,742**	**1,034,894**	**1,044,446**	**1,054,236**	**1,064,271**	**1,074,557**

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 $ 1,026,713

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 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 - Arenas and Recreation Centres

Activities	Annual Costs ($)										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Non-Infrastructure Solutions	-	-	-	-	-	-	-	-	-	-	-
Maintenance	329,450	337,686	346,128	354,782	363,651	372,742	382,061	391,613	401,403	411,438	421,724
Renewal/ Rehabilitation	-	-	-	-	-	-	-	-	-	-	-
Replacement	120,000	425,594	854,138	1,543,708	9,646,223	4,322,054	4,648,360	256,289	4,559,766	3,622,556	1,865,395
Disposal	-	-	-	-	-	-	-	-	-	-	-
Expansion	-	-	-	-	-	-	-	-	-	-	-
Total	**449,450**	**763,280**	**1,200,266**	**1,898,490**	**10,009,874**	**4,694,797**	**5,030,421**	**647,901**	**4,961,168**	**4,033,994**	**2,287,118**

The average annual investment required for arenas and recreation centres to maintain the current level of service for this portfolio is $3,270,615.

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 it capital detail process. Replacement costs have been taken from a replacement schedule aligning with the end of useful life for assets, the 2024 Building Condition Assessments, which outlines the activities to be undertaken to maintain the facility in a state of good repair and the Fleet Reserve Schedule.

5.3 Annual Funding vs Annual Investment Required Analysis

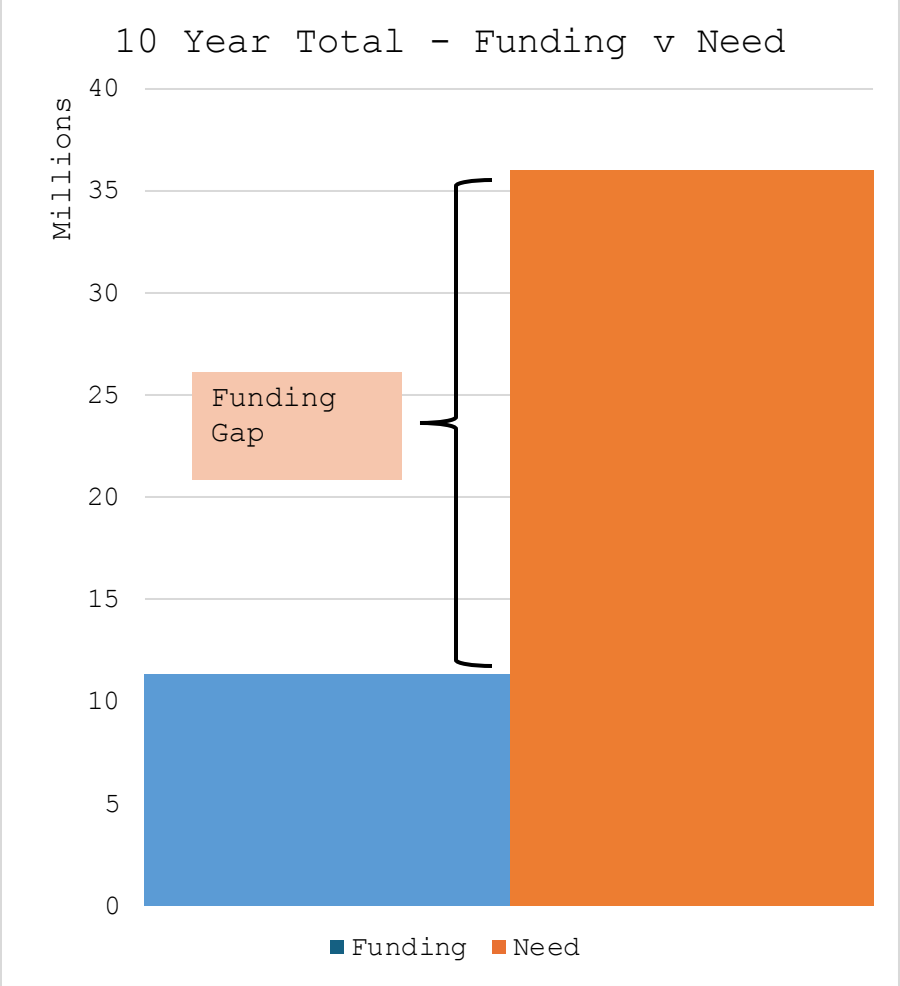
The analysis between the funding and the investment required identifies the funding gap between the two financial models. The result of this analysis is included in Tables 5.3.1 as follows:

Table 5.3.1 10 Year Total - Funding vs Need – Arenas and Recreation Centres

	Annual Costs ($)											
	2024	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**10 Year Total**
Funding	601,450	477,575	148,007	220,497	176,047	180,358	197,972	200,610	180,3315	213,647	208,928	11,293,845
Need	449,450	1,007,631	209,247	194,537	699,337	292,378	253,332	450,170	1,880,675	278,207	158,488	35,976,760
Funding Gap	**152,000**	**589,406**	**860,862**	**-1,418,708**	**-9,186,223**	**-3,992,054**	**-3,995,527**	**396,545**	**-3,906,932**	**-2,969,723**	**-1,212,561**	**-24,682,916**

Note: The years where there appears to be more funding than need, is due to replacement years from the forecasted replacement schedules, and BCA recommendations being recommended in different years than reflected in the multi-year capital plan.

Below is a visual representation of the 10 year funding vs need for arenas and recreation centres.



Based on the above, the 10-year funding gap is $25 million, and the average annual funding gap is $2.2 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. 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, this will affect the financing strategy.

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 take into account any backlog. Additionally, the current strategy was produced with the limited data available, and therefore, there may be inaccuracies in replacement costs, end of useful life, replacement timing, etc.

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 – Arenas & Recreation Centres

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