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Manitoulin-Sudbury District Services Board

Conseil des Services du District de Manitoulin-Sudbury

Analysis of Building Condition Assessments and Reserve Funds for Manitoulin-Sudbury District Services Board

September 2010

Submitted by

THE STONEWELL GROUP INC.

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Executive Summary

In May of 2010 The Manitoulin-Sudbury District Services Board (MSDSB) commissioned a Capital Reserve Fund Study and Building Condition Assessment. This study consists of an analysis of the cash flow required to adequately meet current and future capital repair requirements for the properties.

From May until June, The Stonewell Group and Byrne Engineering visually assessed the functional and physical condition of the buildings and grounds and identified capital needs for these properties. This information was used to prepare Building Condition Assessments for each property.

For the purpose of the analysis, the portfolio has been divided into four sectors – six Emergency Medical Services (EMS) stations, two administrative buildings, three non-profit housing properties and sixteen housing properties managed by MSDSB. The three non-profit housing properties consist of two properties reviewed in the spring of 2010 by Stonewell and Byrne and one property reviewed by Amec in 2008 (C.A. McMillan Place). Five of the EMS stations are owned by MSDSB and one (EMS Massey) is currently rented.

Non-Profit housing projects are owned by separate non-profit housing corporations, and it is the Service Manager's responsibility to fund and monitor these groups as outlined in the Social Housing Reform Act.

Non-Profit Providers are required to establish replacement reserve accounts, for future capital repairs that are separate from their operating accounts and make annual contributions to these accounts. The MSDSB buildings have never had dedicated reserve funds. The capital repairs are funded on an annual basis by the MSDSB.

Sector	Total Capital Expense over 20 years in future value dollars	ft^2	Opening Balance	Annual Contribution	Annual Top up Required
MSDSB Housing	$10,337,322	209,648	$1,410,000	$325,657	$79,880
Non-Profit Housing	$1,642,721	21,800	$519,454	$37,030	$11,700
EMS Stations	$711,471	14,068	$0	$25,000	$11,300
Admin Bldg	$354,923	11,664	$0	$13,044	$4,300

MSDSB Housing (16 buildings 264 units)
The total expenditures for this portfolio are estimated to be about $10.3 million dollars over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $250,000 in 2012 to a high of $1.26 million dollars in 2025. This is a portfolio average of $1,950 per unit per year. This portfolio was not funded by reserve funds at the time of downloading by the province however the MSDSB has accumulated a capital fund of $1.41 million and they budget for $325,657 annual expenditures. Apartment style buildings are the most economical at $1,917 per unit per year and detached housing units are the most expensive at $2,837 per unit per year.

Non-Profit Buildings (3 buildings 48 units)
The total expenditures for this portfolio are estimated to be about $1.6 million over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $16,000 in 2019 to a high of $155,000 in 2028. This is a portfolio average of $1,711 per unit per year. The non-profits collective capital annual contributions are $37,030 per year and there is an accumulated capital fund of $519,454. Apartment style buildings are the most economical at $1,430 per unit per year and detached housing units are the most expensive at $2,474 per unit per year.

The C. A. McMillan is a 24 unit non-profit project which is currently managed by MSDSB it is included in the above numbers. It has a reserve fund account of $209,190 and an annual contribution rate of $19,730. C. A. McMillan’s expenditure per unit per year is $988. On a per unit basis C. A. McMillan has higher reserves, higher annual contributions and lower expenditures than the other two non-profit buildings.

An important role of the Service Manager in administering the social housing portfolio is to help providers ensure that their housing projects are maintained in adequate condition for the health and safety of their residents and that the portfolio is physically and functionally sound. It is particularly important that the Service Manager understands the current condition of the social housing portfolio and identifies any needed repairs along with the longer term cost implications of these necessary capital improvements.

EMS Stations (6 buildings)
The total expenditures for this portfolio are estimated to be about $771,500 dollars over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $1,100 in 2012 to a high of $141,800 in 2025. This is a portfolio average of $7,115 per station per year. This portfolio was not funded by reserve funds at the time of downloading by the province.

Administrative Buildings (2 buildings)

The total expenditures for this portfolio are estimated to be about $354,925 dollars over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $0 in 2012 to a high of $94,045 in 2023. This is a portfolio average of $8,873 per building per year. This portfolio was not funded by reserve funds.

Background

In 1997 the Province of Ontario initiated a major shift in provincial and municipal responsibilities, termed Local Service Realignment. Under this initiative, the MSDSB was designated a Service Manager (SM) with responsibility for the management and delivery of a range of services. Beginning in 1998, MSDSB began contributing to the financial costs of various service envelopes, including social housing and Emergency Medical Services. The transfer of operational responsibility to the MSDSB followed.

The MSDSB is responsible to deliver the services and manage the stock of buildings which was acquired in the transfer of services. It is important to ensure the buildings are maintained in adequate condition for the health and safety of their residents, employees, and the public, and that the portfolio is physically and functionally sound. It is particularly important that the MSDSB understands the current condition of the portfolio and identifies any needed repairs along with the longer term cost implications of these necessary capital improvements.

Accordingly in May of 2010, MSDSB commissioned a Capital Reserve Fund Study and Building Condition Assessment of their portfolio of buildings. This study consisted of an analysis of the cash flow required to meet current and future capital repair requirements of the portfolio.

A Building Condition Assessment (BCA) is a snap shot in time of the condition of various building elements. The BCA provides an estimated cost in present value dollars to repair or replace a building element, and the year that the repair or replacement is likely to occur. The Building Condition Assessments in this study project capital costs for the next twenty years for each project.

A Reserve Fund Study (RFS) builds on the information provided in the BCA. The RFS converts the present value cost to future values based on an assumed rate of inflation of 2%. The RFS then estimates the cash flow into and out of the Reserve Fund using the opening balance and the owner's annual reserve fund contribution rate to the fund and an assumed interest rate of 5.0%. The cash flow analysis of the reserve fund will show where negative balances may occur. It is possible to model changes in the annual reserve fund contribution rates to the replacement reserve fund to adjust for these short falls.

This study will assist the MSDSB to understand the physical condition and life expectancy of the social housing portfolio in order to explore funding options to sustain the physical integrity of the asset.

Reserve Funds of Social Housing Projects

Reserve funds are commonly established to fund the repair and replacement of major components of buildings. (Refer to Appendix A for a list of properties).

The requirement for capital dollars in a building tends to follow cycles and to fluctuate from year to year. For the first 15 to 20 years after a building is constructed there should be a minimal requirement for capital dollars as all of the building components are new and should have a life expectancy greater than 15 years. As the building ages, individual building components reach the end of their useful life and require major repair or replacement. The requirement for capital work can fluctuate greatly from year to year depending on the type of work required.

Ideally reserve funds are established from the first day the building is occupied and annual reserve fund contributions are made for future repairs. The fund should enjoy a holiday from expenses in the first 15 to 20 years. This allows it to grow to a substantial amount, and by the time it is necessary to draw on the fund the combination of interest earned on the principal and the annual reserve fund contribution, should be sufficient to fund necessary capital work without substantially drawing down the fund.

Key to the success of a reserve fund is:

- Clearly defined types of expenditures, which can draw from the fund. The fund should not be used for operational expenses or budget shortfalls, as this would prematurely deplete the fund.
- Interest earned on the principal must be directed back to the fund and not diverted for other use.
- The annual reserve fund contribution must be appropriate from the very beginning of the fund.

Non-profit /co-operative buildings were established with reserve funds at the time of construction.

Part of the subsidy each non-profit provider receives must be invested in a capital reserve account under terms established by the operating agreement between the provider and the provincial or federal government. The actual amount varied slightly depending on the program in effect at the time of construction; however the average annual contribution was approximately 0.67% of the initial cost of construction of the building. From 1992 to 1997 the province placed a moratorium on contributions to the replacement reserve funds for all provincial and federal/provincial non-profits in order to save provincial subsidy costs.

In 1994 the province, to accommodate the shortfall that individual non-profits experienced as a result of the replacement reserve moratorium, amended the policy for capital repairs. If a non-profit was unable to proceed with a major capital repair because of insufficient funds in its reserve fund it could apply to the province for a short-term loan to cover the cost of the repair. The province would carry the loan until the non-profit mortgage came up for renewal at which time the province would add the value of the loan to the mortgage of the non-profit and extend the term of the mortgage so the monthly payment remained approximately the same for the provider. In 1997 this policy was changed again - the provincial and federal governments provided a onetime $203.8 million top up to housing provider replacement reserves. The moratorium on contributions was removed and contribution amounts were increased $30 million annually across Ontario.

In April of 2001 the Ministry of Municipal Affairs and Housing divided $45 million directly into the reserve fund accounts of Housing Providers. This was a one-time top-up not an increase in the annual contribution. No funds out of this $45 million were directed to the Public Housing Portfolio.

The Ministry of Municipal Affairs and Housing engaged IBI Consultants of Toronto in August 2000 to review the reserve funds of the non-profits and determine if they are adequate. The IBI study generally concluded the Non-Profit portfolio of buildings was presently in good condition but current capital reserve levels were inadequate to meet future demands.

Public Housing Capital Funding

Public Housing as it was devolved to MSDSB. (Refer to Appendix A for a list of properties).

Prior to devolution of housing from the province, the annual capital budget for all of the former Ontario Housing Corporation (84,000 units) averaged $100 million dollars per year. The actual amount flowed to a Local Housing Authority such as Manitoulin Housing Authority fluctuated from year to year depending on the actual requirements of Manitoulin and province wide priorities. The average expenditure for capital repairs in the former OHC portfolio prior to devolution was approximately $1,190 per unit per year. Public housing has never had a reserve fund account but, instead, capital dollars have been funded from year to year as an annual budget.

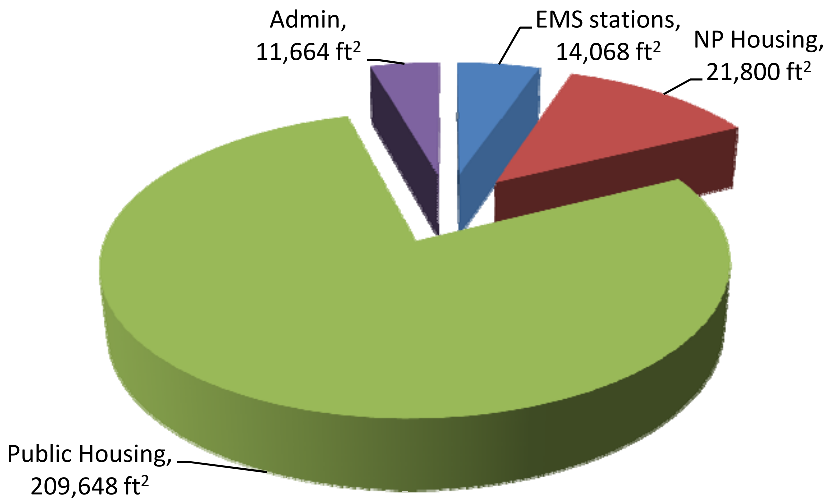
KPMG was engaged by OHC in February 2000 to look at the distribution of the annual $100 million capital allocation. The KPMG report became available in October 2001. The KPMG report provided funding recommendations for capital repairs in the former OHC housing portfolio for each service manager area for the years 2001 to 2005. The final KPMG report recommended that the MSDSB's share of the $100 million would be $800 per unit each year (half from the service manager and half from the federal subsidy) for a total of $211,200 per year. This level is the lowest level of funding recommended in the KPMG report. The average provincial funding was $1,184 per unit per year and MSDSB's level is well below the funding provided to some service managers of $1,440 per unit per year and Toronto's funding of $1,580 per unit per year.

For the purpose of this report the MSDSB has indicated there is a current account of $1,410,000 with an annual budget of $325,657. These amounts have been pro-rated over the 16 public housing buildings based on the number of units in each building.

Capital Funding of EMS stations and Administrative Buildings

The EMS stations and the two administrative buildings are funded for capital repairs on an "as required" basis. For the purpose of this report the annual budget for capital repairs at each of the EMS stations is estimated to be $5,000 and the annual capital budget at each of the administrative buildings is estimated to be $6,522.

Portfolio of buildings managed by MSDSB



Approximately 78% of the portfolio is public housing, owned and managed by MSDSB. These are family units (townhouse, semi-detached and detached) and senior units (apartment buildings). The public housing was formerly owned and managed by the Ontario Housing Corporation and they were constructed between 1968 and 1981.

There are three non-profit housing buildings. They represent less than 10% of the portfolio. One is detached housing for families, one is apartments for families and one is apartments for adults. These buildings were constructed between 1981 and 1993.

The EMS stations are about 5% of the portfolio. They consist of a two bay heated garage and a small attached office /living quarters. They were constructed between 1985 and 2006. The EMS station in Massey is currently rented.

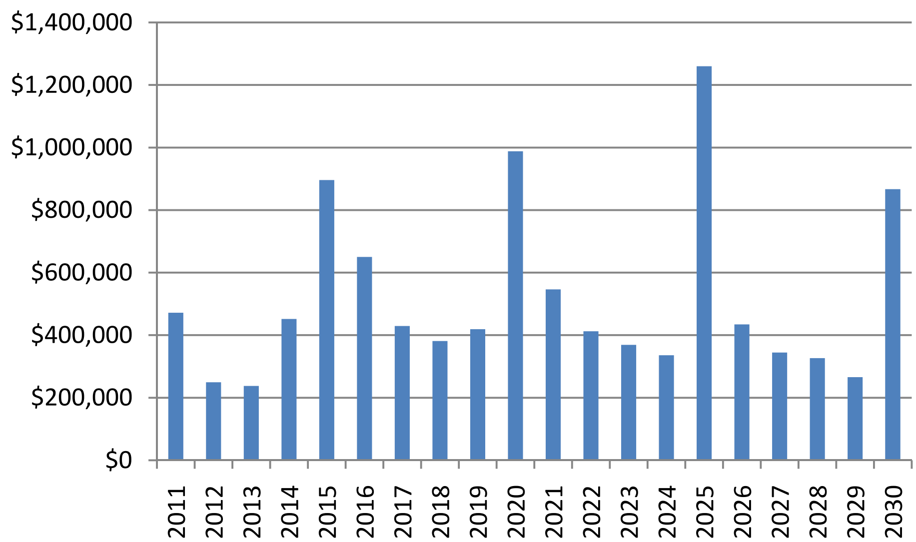
The two administrative buildings are less than 5% of the portfolio and they were constructed in 1980 but the interiors of both buildings have been extensively renovated since construction.

Appendix A includes a list of the buildings included in this study.

Public Housing

There are 16 projects in the portfolio with a total of 264 units. Most of these properties are apartments (12 buildings with 228 units). There are two townhouse projects with 27units, 3 detached units and 6 semi-detached units. This portfolio of buildings is the former Ontario Housing stock and there were no reserve funds at the time of down loading as the provincial model was to fund the capital repairs as an annual budget item. The MSDSB has accumulated a capital fund of $1,410,000 for this group of buildings and this amount has been used as an opening balance in the following analysis.

Expenses for Public Housing



The total expenditures for this portfolio are estimated to be about $10.3 million over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $250,000 in 2012 to a high of $1.26 million in 2025. This is a portfolio average of $1,950 per unit per year.

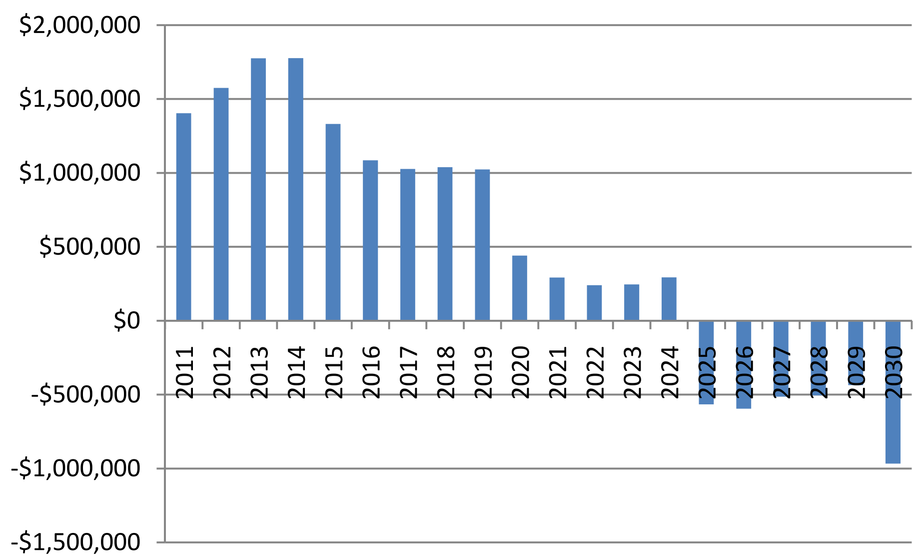
The major items requiring attention in the 20 years are listed below.

Floors – In-suite	$959,961
Bathrooms – In-suite	$756,832
Kitchen Cabinetry- In-suite	$690,454
Domestic Water Supply and Distribution	$636,339
Roofing Systems	$621,802
Sidewalks / Walkways	$458,581

Windows	$371,663
Parking Lots, Curbs, Guards	$368,503
Heating Systems – In-suite	$338,296
Driveways	$337,124
Distribution Panels – Main and Intermediate	$290,258
Fencing, Handrails, Exterior Stairs	$268,715
Doors	$265,417
Caulking	$237,951
Distribution Panel - units	$237,167

The MSDSB's capital allocation is $325,657 per year and there is an accumulated capital fund of $1.41 million. This level of funding will pay for the anticipated capital expenses until 2025. The figure below shows a cash flow projection of the capital fund beginning with the $1.41 million opening balance. Note the annual contribution has been assumed to remain constant with no escalation for inflation.

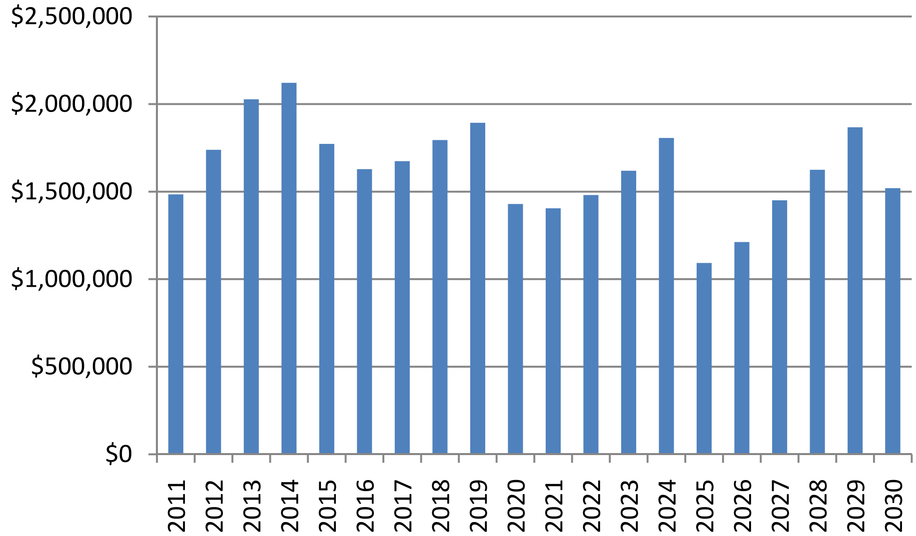
Closing Balance for Public Housing



After 2025 the balance goes negative and remains negative. By year 2030 the closing balance is minus $877,000.

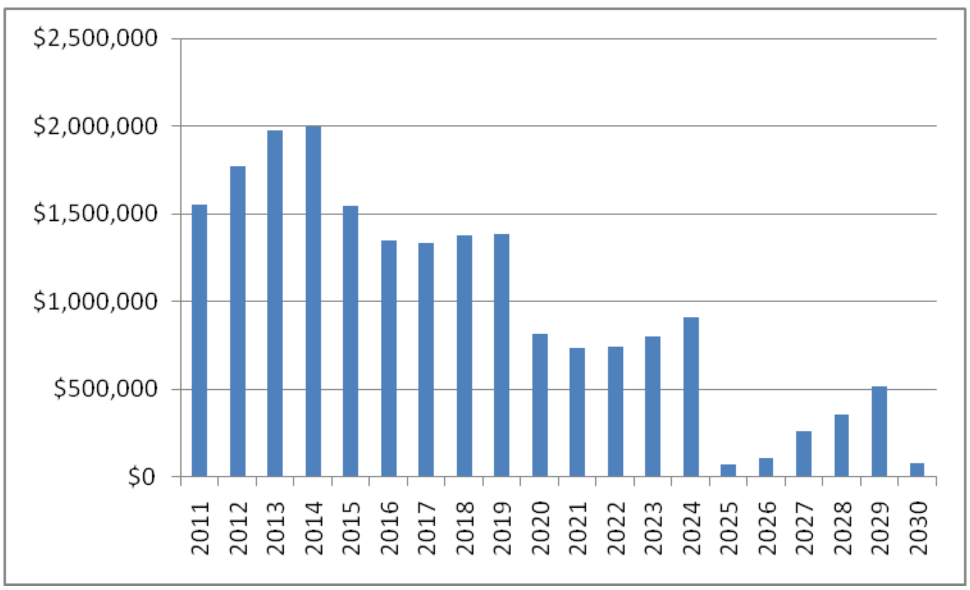
An annual contribution top up of $79,880 (also assumed to be constant with no escalation for inflation) would deal with the above negative balances in the twenty year period and leave the capital fund with about $1.5 million dollars. In this scenario the portfolio ends the study period with approximately the same level of capital reserves as it began the study period.

Closing Balance for Public Housing with a $79,880 increase in the annual contributions



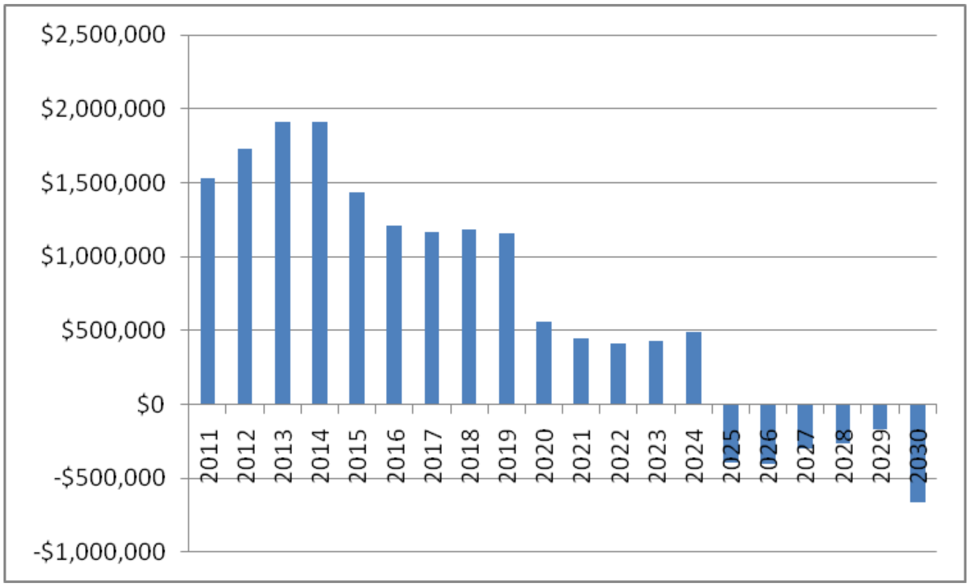
An annual contribution top up of $30,000 (also assumed to be constant with no escalation for inflation) would deal with the above negative balances in the twenty year period and but would leave the capital fund depleted at the end of the study period.

Closing Balance for Public Housing with a $30,000 increase in the annual contributions



An annual contribution top up of $10,000 (also assumed to be constant with no escalation for inflation) would cause the fund to go negative about 2025 with a final closing balance in 2030 of minus $666,000.

Closing Balance for Public Housing with a $10,000 increase in the annual contributions



Building Type and Cost Analysis

This section will review the 16 properties from the perspective of analyzing costs by building type.

	Apartment	Townhouse	Semi-Detached	Detached
Number of Projects	12	2	1	1
Number of Units	228	27	6	3
Total Expenditures	$8,742,607	$1,158,249	$266,255	$170,211
Average Expenditure per unit / per year	$1,917	$2,145	$2,219	$2,837
KPMG Allocation	$800	$800	$800	$800
MSDSB Current annual allocation	$1,233	$1,233	$1,233	$1,233

There are strong correlations between the building type and the costs associated with capital repairs. In the above table, the per unit annual expenses ranged from $1,917 per unit per year for the apartments, the townhouse units are $2,145, the semi- detached are $2,219 and detached housing are $2,837 per unit per year.

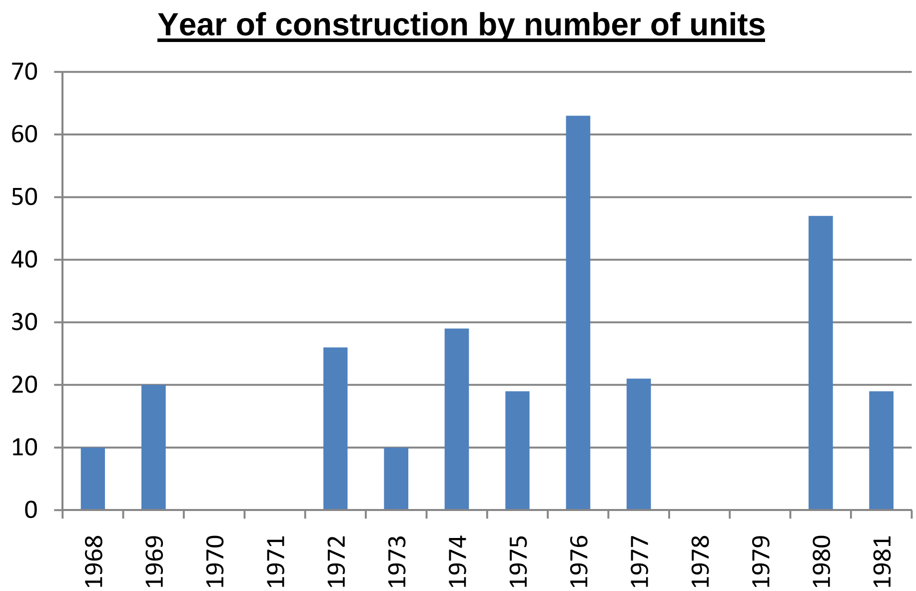
For instance, townhouse, semi-detached and detached units tend to house families and apartments tend to house seniors. The wear and tear in a family unit is much greater than in a senior's unit. Seniors' apartment units tend to be about 45 m^2 to 50 m^2 while townhouses tend to be about 80 m^2 to 90 m^2. Compared with an apartment, there is double the flooring in a townhouse complex and it is subject to increased wear. Each townhouse has its own heating system while apartments share many mechanical systems and there also tends to be more landscaping and asphalt parking associated with townhouses. Each townhouse has its own roof compared to an apartment where only the top storey has a roof.

For all of the building types the average cost per unit per year is well above the KPMG allocation of $800 per unit per year. Note also that the KMPG allocation was $800 per unit per year in 2001 and it does not anticipate any escalations for inflation. Currently the MSDSB is budgeting $1,233 per unit per year for capital repairs in this portfolio.

Profile – Public Housing

Public housing consists of detached, townhouse and apartment accommodation for families, singles, seniors and disabled individuals. The public housing portfolio consists of 16 projects and 264 units. All units are rented on a Rent-Geared-To-Income basis (based on 30% of household income). These units were formerly owned by the Ontario Housing Corporation, and are managed by the MSDSB.

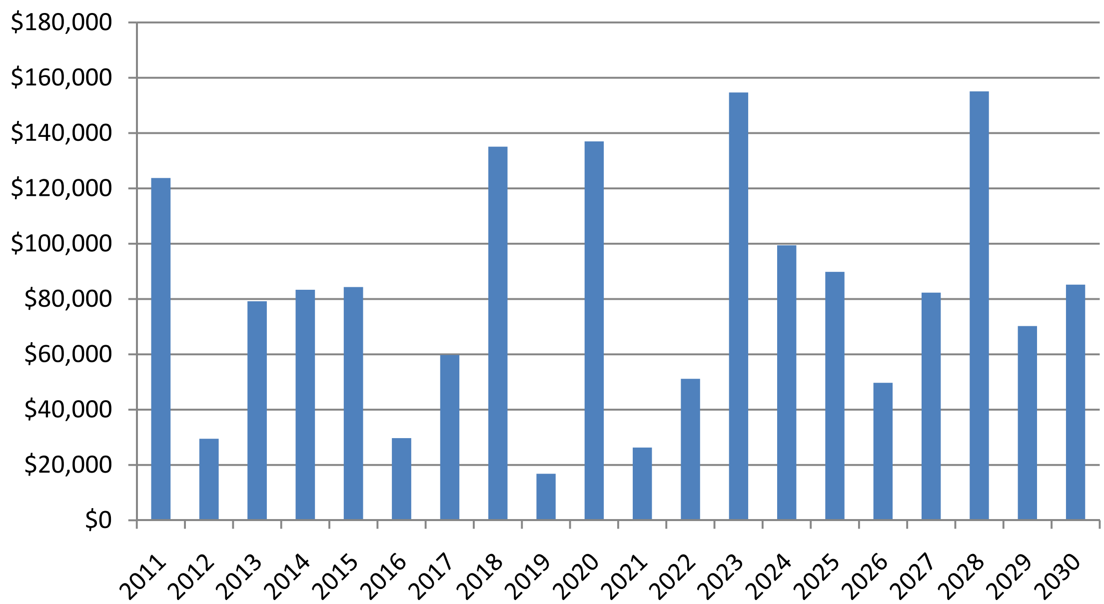
The oldest buildings were built in 1968 and the most recent buildings were completed in 1981. The chart below shows the age distribution of the portfolio.


Year of construction by number of units
70
60
50
40
30
20
10
0
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981

Non-Profit Portfolio

There are 3 projects in the portfolio with a total of 48 units. Two of the properties are apartments (35 units) and one property is detached homes with 13 units. The C. A. McMillan building was constructed under the CMHC section 95 program and the other two building were constructed under the provincial non-profit programs. All three of these buildings were established with a reserve fund for capital repairs. The section 95 building had larger annual contributions from the initial construction, however the annual contribution remains constant over time while the annual contributions for the other non-profit buildings escalate each year as determined by the Ministry of Housing. Collectively the three properties have a total of $519,454 in their reserve accounts.

Expenses for Non-Profit Housing



The total expenditures for this portfolio are estimated to be about $1.6 million over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $16,000 in 2019 to a high of $155,000 in 2028. This is a portfolio average of $1,711 per unit per year.

The major items requiring attention in the 20 years are listed below.

Floors – In-suite	$148,050
Roofing Systems	$140,450

Kitchen Cabinetry- In-suite	$126,000
Parking Lots, Curbs, Guards	$79,900
Exterior Walls	$74,290
Porches and Decks	$70,500
Bathrooms – In-suite	$69,000
Caulking	$65,120
Fencing, Handrails, Exterior Stairs	$47,420
Floors - Common and service areas	$40,700
Distribution Panels – Main and Intermediate	$38,000
Domestic Water Supply and Distribution	$37,000
Sump Pumps	$32,700
Appliances - Refrigerators	$32,300
Doors	$24,650

The non-profits collective capital annual contributions are $37,030 per year and there is an accumulated capital fund of $519,454.   This level of contribution would be sufficient for this portfolio of three building, however the capital funds are not transferable between the buildings and it is anticipated Native Peoples of Sudbury Development Corp building in Espanola would run out of capital funds in 2029 and the Cochrane Temiskaming Native Housing building in Chapleau would run out of capital funds in 2020.

The increases in annual contributions are $1,200 per year for the Espanola buildings and $10,500 per year for the Chapleau buildings

Building Type and Cost Analysis

This section will review the 3 properties from the perspective of analyzing costs by building type.

	Apartment	Detached
Number of Projects	2	1
Number of Units	35	13
Total Expenditures	$999,400	$643,324
Average Expenditure per unit / per year	$1,430	$2,474
Current annual contribution/ unit	$815	$653

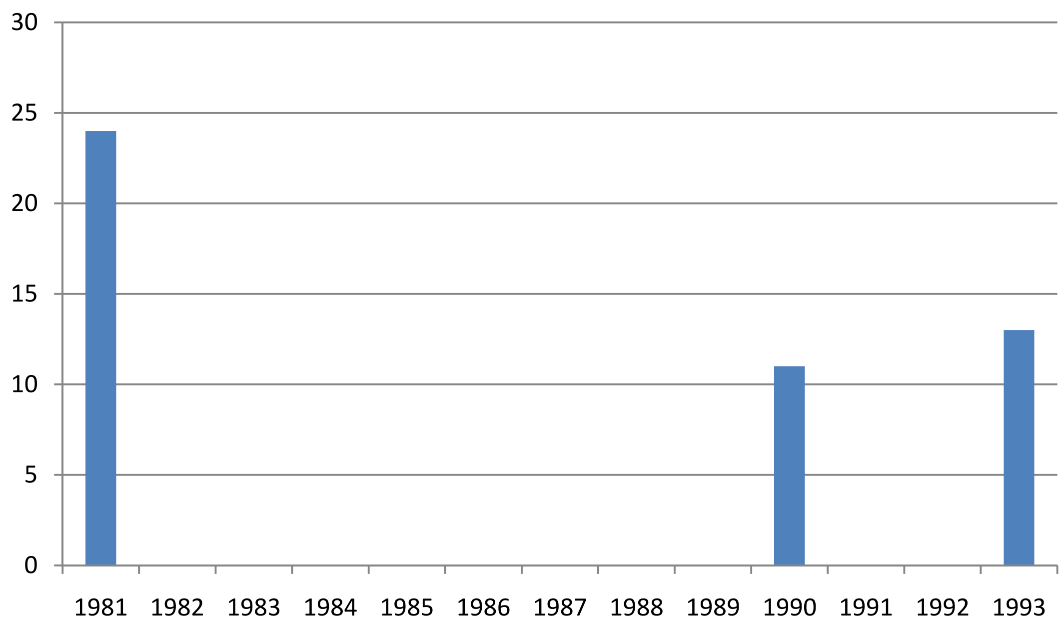
There are strong correlations between the building type and the costs associated with capital repairs. In the above table, the unit annual expenses are $1,430 per unit per year for the apartments and $2,474 for the detached housing.

Profile – Non-Profit Housing

Non-profit housing consists of detached and apartment accommodation for families, and seniors. The public housing portfolio consists of 3 projects and 48 units. Some units are rented on a Rent-Geared-To-Income basis (based on 30% of household income) and some of the units will rent for market rent. The ratio of RGI to Market rents is set out in the operating agreement with MSDSB. The each building is owned by a separate non-profit corporation.

The oldest buildings were built in 1981 and the most recent buildings were completed in 1993. The chart below shows the age distribution of the portfolio.

Year of construction by number of units



Comparison with Other Service Managers

Per unit costs	Niagara	Leeds Grenville	Thunder Bay	Grey	London & Middlesex	SHSC Study	MSDSB
LHC Expense		$1,525	$1,314	$1,700		$1,628	$1,950
LHC top up		$613	$666	$750			$302
NP Expense		$1,740	$1,681	$2,355	$2,200	$1,839	$1,711
NP top up	$606	$781	$388	$791	$686		$244
NP contribution	$535	$621	$680	$588	$644		$771
NP balance	$5,938	$4,595	$7,065	$8,325	$4,825		$10,821

In the above chart the *LHC Expense* is the average annual expense in future value dollars for the MSDSB portfolio of housing and the *LHC Top-up* is the difference between the current annual allocation and the amount required to end the study period with a positive balance. In the case of MSDSB, the average annual expense per unit is $1,950 dollars per unit per year, a top up of $302 per unit per year is required. The MSDSB is currently budgeting approx $1,200 per unit per year. The KPMG allocation for Manitoulin at the time of downloading was $800 per unit per year.

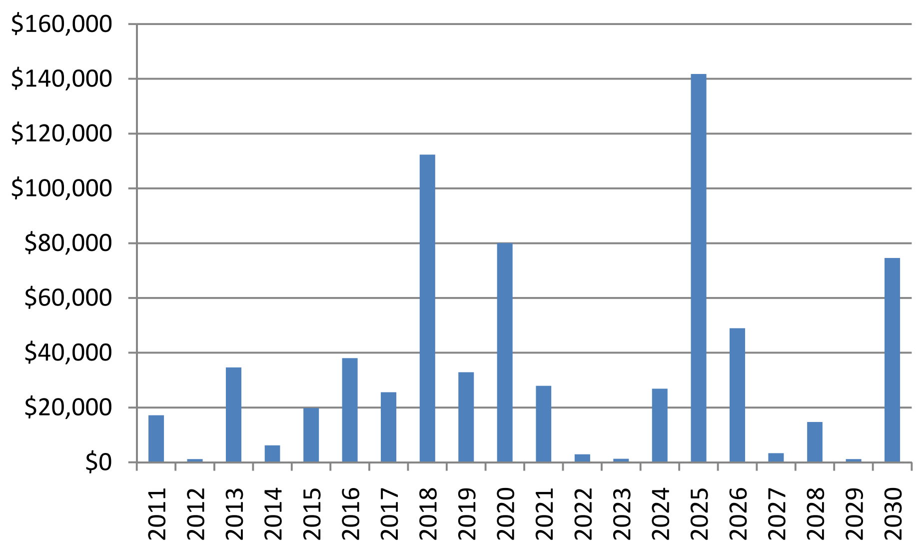
The NP Expense is the average annual expense per unit in future dollars for the three non-profit buildings. The NP top-up is per unit amount required to top up the annual contribution to end the study period with a positive balance in the reserve fund. The NP contribution is the current annual contribution per unit per year and the NP balance is the current amount in the reserve fund per unit.

MSDSB has relatively high annual contribution amounts and balance amounts compared to other service managers, however the sample size of 3 buildings is low and one of those buildings is sections 95 building with high annual contribution amounts. This would tend to skew the numbers.

EMS Stations

Building Condition Assessments and Reserve Fund Studies were completed on 6 EMS stations. The Massey EMS station is not currently owned by the MSDSB and the capital costs for that station have not been included in this report. All of the EMS stations had a similar building layout. There is a heated two bay garage on one side of the building and an office/living space on the other side of the building. The living space included a small kitchen, male and female washrooms with showers and sleeping rooms. There are no reserve funds allocated for these buildings however the MSDSB has budgeted $5,000 per year for capital work. The following analysis has assumed a zero opening balance and $5,000 annual contribution with no escalation for inflation.

Expenses for EMS Stations



The total expenditures for this portfolio are estimated to be about $771,500 over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $1,100 in 2012 to a high of $141,800 in 2025. This is a portfolio average of $7,115 per station per year.

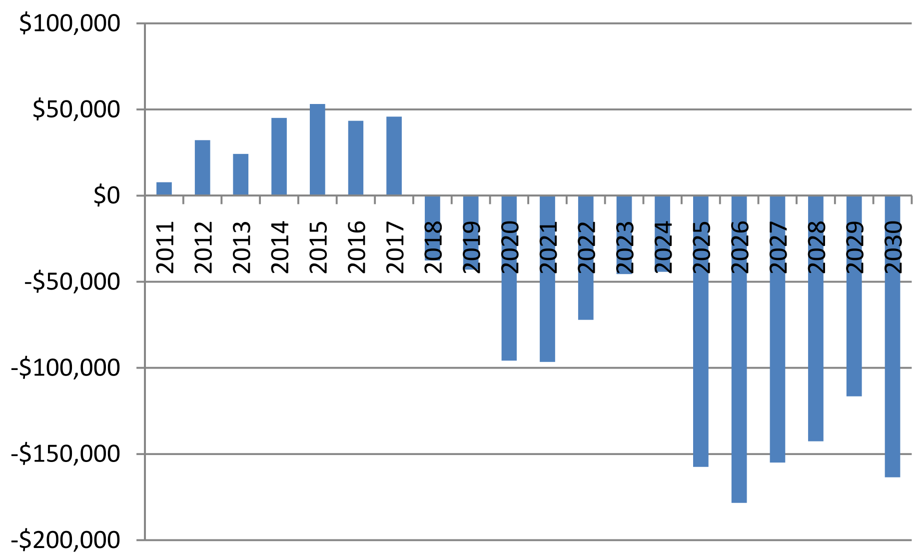
The major items requiring attention in the 20 years are listed below.

Driveways	$169,019
Heating (and or Cooling) Systems	$61,893
Roofing Systems	$51,802
Doors	$45,079

Plumbing Fixtures	$39,744
Sanitary Waste Removal System	$33,647
Lighting Fixtures	$29,342
Emergency Generator	$25,892
Walls	$22,086
Caulking	$21,605
Ceilings	$18,100
Retaining Walls	$17,926
Floors	$13,937
Windows	$12,438
Storm Water including Roof Drains	$12,392

The MSDSB's capital allocation is $25,000 per year (for all five properties). This level of funding will pay for the anticipated capital expenses until 2018. The figure below shows a cash flow projection of the capital fund. Note the annual contribution has been assumed to remain constant with no escalation for inflation.

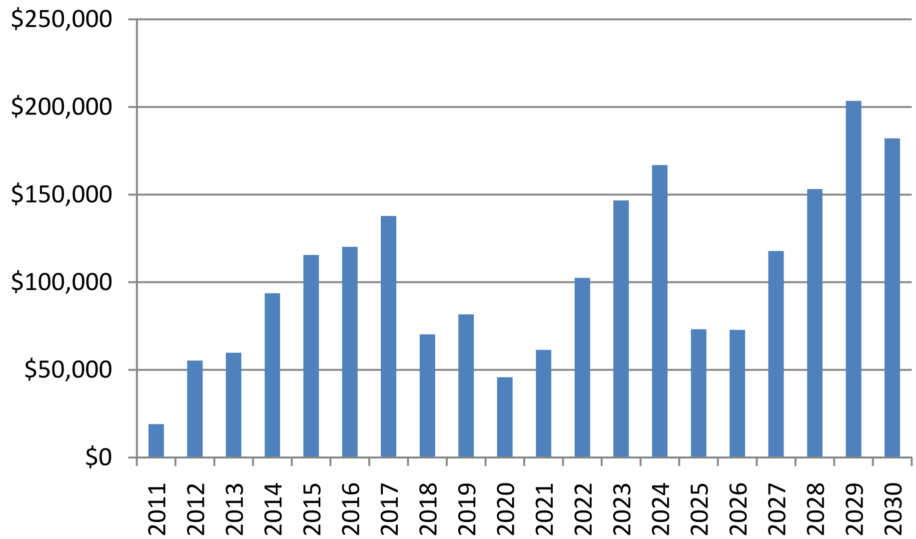
<u>Closing Balance for EMS Stations</u>



After 2018 the balance goes negative and remains negative. By year 2030 the closing balance is minus $163,500.

An annual contribution top up of $11,300 (also assumed to be constant with no escalation for inflation) would deal with the above negative balances in the twenty year period and leave the capital fund with about $180,000.

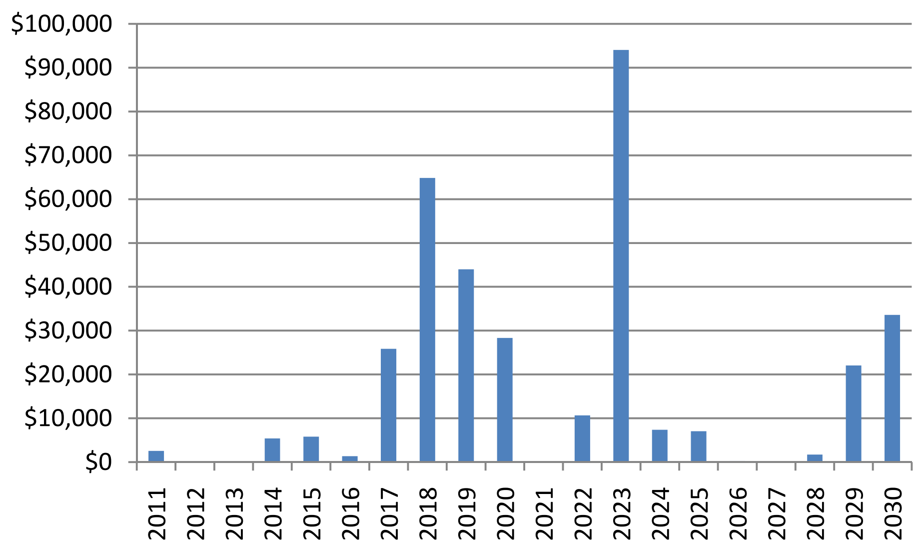
Closing Balance for EMS Stations with an $11,300 increase in the annual contributions



Administrative Buildings

Building Condition Assessments and Reserve Fund Studies were completed on 2 Administrative Buildings (210 Mead Street and 347 Second Ave). Both buildings are used for office space for the MSDSB administration and the second floor of the 347 Second Ave is the headquarters for Emergency Medical Services. 210 Mead is a single storey building; constructed in two phases (1980 and 1999). Additional renovations were done at 210 Mead in 2009. 347 Second Ave is a two storey steel building which was extensively renovated in 2003 and 2010. There are no reserve funds allocated for these buildings however the MSDSB has budgeted $6,522 per year for capital work at each building. The following analysis has assumed a zero opening balance and $6,522 annual contribution with no escalation for inflation.

Expenses for Administrative Buildings



The total expenditures for this portfolio are estimated to be about $354,925 over the twenty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of $0 in 2012 to a high of $94,045 in 2023. This is a portfolio average of $8,873 per building per year.

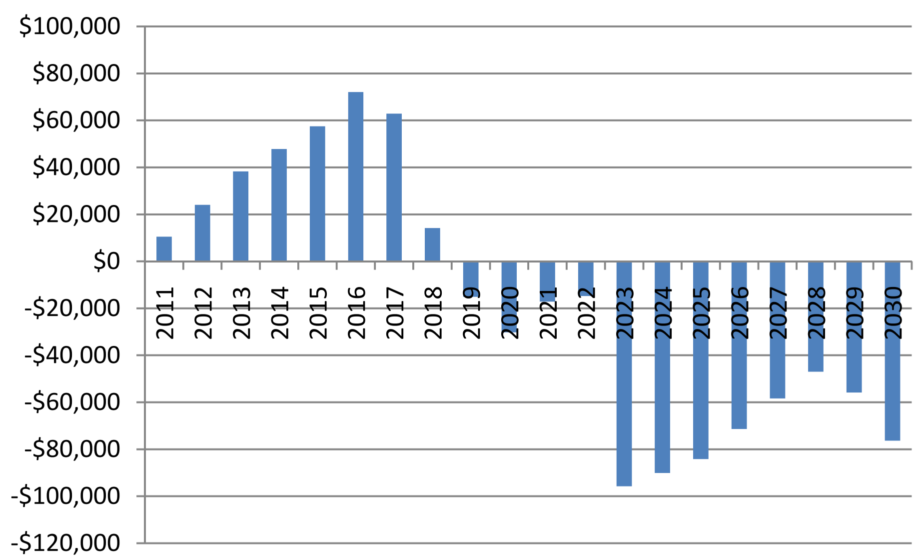
The major items requiring attention in the 20 years are listed below.

Heating (and or Cooling) Systems	$80,534
Parking Lots, Curbs, Guards	$71,058
Roofing Systems	$48,510
Ceilings	$25,845

Floors	$22,060
Fencing, Handrails, Exterior Stairs	$18,723
Walls	$17,341
Caulking	$12,862
Floors	$8,202
Door Systems (Entry)	$8,024
Domestic Water - Hot water Boilers	$6,743
Security Surveillance	$6,468
Plumbing Fixtures	$5,647
Retaining Walls	$4,370
Doors	$4,370

The MSDSB's capital allocation is $13,044 per year (for both properties). This level of funding will pay for the anticipated capital expenses until 2019. The figure below shows a cash flow projection of the capital fund. Note the annual contribution has been assumed to remain constant with no escalation for inflation.

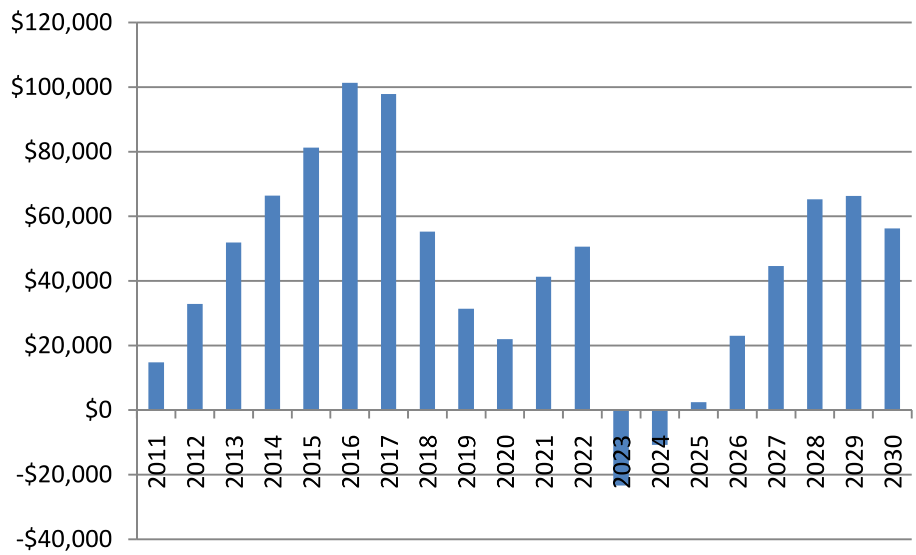
Closing Balance for Administrative Buildings



After 2019 the balance goes negative and remains negative. By year 2030 the closing balance is minus $67,300.

An annual contribution top up of $4,300 (also assumed to be constant with no escalation for inflation) would deal with the above negative balances in the twenty year period and leave the capital fund with about $56,250.

<u>Closing Balance for Administrative Buildings with an $4,300 increase in the annual contributions</u>



The Consultant

The Stonewell Group Inc.

The Stonewell Group Inc. has more than 20 years of professional experience including government at the provincial level. The firm specializes in asset management strategies and the co-ordination of facility evaluations and building condition audits. The firm has extensive experience coordinating major facility evaluations for government departments and housing providers.

Appendix A – List of Properties included in the Study

Property Name	Address	Area ft2	Year	Municipality	Number of units
MSDSB Housing					
Channel View	66 Robinson Street	12,421	1976	Little Current	20
Bayview	76 Wellington Street	11,080	1975	Manitowaning	16
Meadowview	29 Nixon Street	21,851	1980	Mindemoya	24
Bayside Apts.	3 Water Street	17,313	1976	Gore Bay	22
Woods Lane Apts.	66 Meredith Street	4,475	1968	Gore Bay	10
Milltown Apts.	60 Barber Street	8,118	1973	Espanola	10
Rainbow Apts.	70 Barber Street	20,200	1974	Espanola	29
Arthur Court Family	#24-#76 Arthur Street	14,000	1969	Espanola	14
Margurite St. Family	579 - 597 Marguerite Street	6,000	1969	Espanola	6
Scattered Units	535 Bois Street, 457 Barber St, 14 Sokolowski	3,000	1975	Espanola	3
Chapleau Seniors	78 Pine Street	8,786	1972	Chapleau	13
Chapleau Family	80 Pine Street	15,040	1972	Chapleau	13
Evelyn McNenly	410 Bell Street	17,037	1976	Massey	21
Villa Beausejour	17 Stanhope street	15,805	1981	Warren	19
Villa Notre Dame	25 John Street	18,528	1980	St. Charles	23
Residence de Noelville	40 St. Christopher St.	15,994	1977	Noelville	21
Administration Buildings					
Mead	210 Mead Street	5,664	1980	Espanola	
2nd Avenue	347 Second Ave.	6,000	1980	Espanola	
Non-Profit Corporations					
Cochrane Temisk Native Housing	Adele and Derek Sts	13,000	1993	Chapleau	13
CA McMillan Place	10 O'Neil Street	11,625	1981	Webbwood	24
Native people of Sudbury Development Corp	309 Queensway Ave	8,800	1990	Espanola	11
EMS Stations					
EMS Massey	250 Cameron Street	2,500	1970	Massey	
EMS Station 05	6 Henry Street	2,602	2004	Chapleau	
EMS Station 03	7 Broomhead Rd.	2,500	2006	Gogama	
EMS Station 01	7206 Hwy 17 East	2,000	1985	Hagar	
EMS Station 07	293 Queensway Ave.	2,000	1985	Espanola	
EMS Station 02	3B McQuarrie Blvd	2,466	1990	Gore Bay	