

Ministry of Education

Office of the ADM

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April 8, 2016

Mr. Jim Costello
Director of Education
Lambton-Kent DSB
Sarnia Education Centre
P.O. Box 2019, 200 Wellington Street
Sarnia, ON N7T 7L2

Dear Mr. Costello,

Re: Determinants of School Facility Condition Index Calculation

Further to your request at the CEO/CFO conference, please find below an overview of the Ministry's condition assessment program, the determinants of the facility condition index (FCI) and reasons why the FCI can vary after the assessment.

The purpose of the condition assessment program is to assess the physical condition of school buildings and associated site features. Under this program, all eligible open and operating schools in Ontario are being inspected over a five-year cycle. The first five-year cycle recently concluded in 2015, and the Ministry is preparing to launch the next five-year cycle in Spring 2016. Assessments are conducted by a third-party assessment team, VFA, which has been contracted by the Ministry. VFA's assessors include engineering and architectural professionals who have significant expertise in assessing school condition and renewal needs.

During the assessment of the site and building, the assessors are required to identify renewal events (repair or replacement) that should be completed in a five year window. The assessments include site features, building structure, building envelope (exterior walls and roofs), interior components or finishes, mechanical, fire and life safety, and electrical systems. The assessments are non-invasive in nature. As a result, the assessors only identify the renewal needs of building and site components that are visible.

The FCI is calculated by VFA's assessors based on findings from the individual school facility assessments. The FCI is an indicator that reflects the relationship between the renewal needs of the facility – over five years – and replacement cost of the facility. The FCI is not an indicator for priority of repair or replacement.

$$\text{Five Year FCI} = \frac{\text{Five Years of Renewal Needs (year of assessment plus four (4))}}{\text{Replacement Value of Facility (based on Ministry funding benchmarks)}}$$

It should be noted that the assessments are a snapshot in time as of the date of inspection. The Ministry uses this snapshot as its baseline to guide funding decisions for the School Condition Improvement allocation. This approach is used consistently by the Ministry across all boards and all eligible schools.

The FCI, if revisited, can naturally vary from the time of assessment for many reasons. Some of these instances are highlighted below.

- Useful life of building components can naturally vary due to weather, use and maintenance. These factors could accelerate or decelerate the amount of renewal work required over the original five year assessed period.
- Investments made by a board to address renewal needs after the assessment period could help reduce the amount of renewal work that needs to be carried out over the five year assessed interval. If the building were reassessed during this time, this could potentially reduce the FCI if all other renewal needs remain unchanged or improved.
- A school board may choose, for its own reasons, to examine and report on renewal needs over an interval of time that is not consistent with the Ministry's baseline (based on the assessment). The interval can be, for example:
 - Longer: e.g. 10 years compared to the Ministry's 5 years
 - Shorter: e.g. 3 years compared to the Ministry 5 years
 - A different time interval: e.g. For a facility assessed in 2012, the Ministry's 5 year FCI would capture the renewal needs during the years 2012 to 2016. A board may opt to have the five year (or longer) interval, begin from the current year – i.e. 2016 – to 2020.
 - It should be noted that any examination and reporting of renewal needs beyond the Ministry's five year window would constitute a modelling forecast based in large part on the typical life cycle of building and site components and not based on an actual assessment. The Ministry does not provide funding to boards to address renewal needs beyond the prescribed five year window, nor does the Ministry currently require boards to report this information.
- Change in the costs of building components from the time of assessment. For instance:

- Reduced cost for asphalt could mean that renewal needs associated with parking repair are lower than originally assessed.
- Lower Canadian dollar could mean that equipment purchased from the U.S. is more costly and thus making the assessed repair more costly.

I hope this letter explains the nature of the condition assessment program, what is captured in the Ministry's facility condition index, and why FCIs may vary after the assessment. If you have any questions, please contact Grant Osborn, Director, Capital Policy and Programs Branch, at (416) 325-1705 or grant.osborn@ontario.ca.

Sincerely

Original signed by:

Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division

c: Grant Osborn, Director, Capital Policy and Programs Branch