Appendix 1

2021

CORPORATE ASSET MANAGEMENT PLAN

Saskatoon Facilities

City of Saskatoon

Building better facilities.

INTRODUCTION

The City of Saskatoon's (City) facilities inventory is composed of a variety of asset sub-classes that include but are not limited to:

- buildings
- signage
- pathways
- picnic sites
- parking lots
- skateboard parks
- play structures
- gazebos
- benches
- foot bridges
- fencing
- shade structures
- sports fields
- major equipment
- tennis courts
- paddling pools
- lighting
- spray parks

The **Building Better Parks Update** report previously reported on some of the assets managed by the Facilities Management Department (Facilities), such as playground structures, park amenities and outdoor pools. This **Building Better Facilities** report therefore only focuses on buildings that contribute to the Civic Building Comprehensive Maintenance (CBCM) reserve, site infrastructure maintained by the Facility Site Replacement (FSR) reserve, and two heritage sites that are managed by Facilities. Pools and Water Features and some of the Sport Fields assets appear in both the Building Better Parks Update report and this report.

This report presents current available condition information, a range of the estimated capital renewal requirements, the potential implications of not making this level of investment, and additional asset management pressures that need to be monitored and planned for, including a potential funding strategy.

To have appropriate asset management plans and funding in place, all civic buildings and planned acquisitions require a standardized approach for condition assessments and need to receive enough initial and ongoing funding to meet desired service levels.

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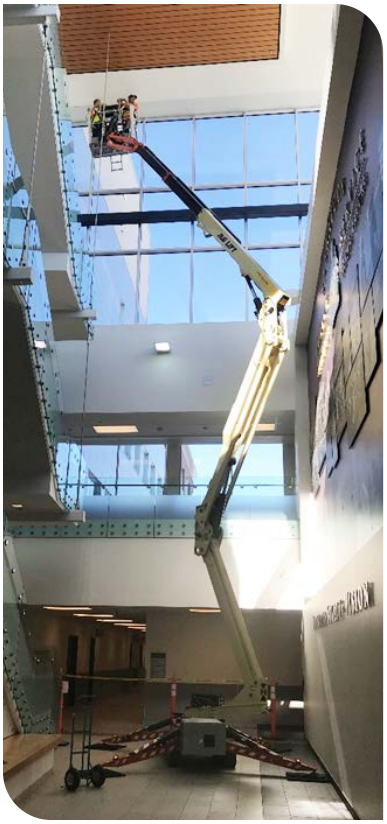
CURRENT INVENTORY

The Facilities Management Department (Facilities) manages:

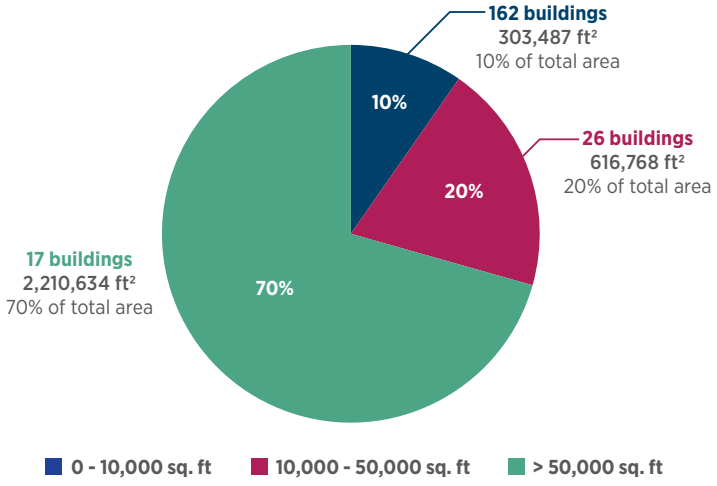
- Approximately 230 CBCM contributing (including approximately 30 buildings that should contribute) buildings comprising approximately 3.1 million square feet of civic facilities including City Hall, leisure facilities, Saskatoon Police Services, Saskatoon Fire Department, transit buildings, etc.
- Two heritage sites that do not contribute to the CBCM reserve (Albert Community Centre and Marr Residence).
- 239 park sites, which include:
  - 4,420 amenities (BBQs, bike racks, benches, garbage cans, picnic tables, etc.)
  - 172 ball fields, 12 tennis courts, 169 soccer pitches
  - 222 play structures
  - 4 outdoor pools, 32 paddling pools, 21 spray parks, and 10 seasonal washroom facilities



In addition, Facilities provides services for Boards and Controlled Corporations (SaskTel Centre, TCU Place, Remai Modern, and Saskatoon Public Library). The City additionally has over 300 buildings that are not directly under the management responsibility of Facilities but may receive varying degrees of service from Facilities.

Figure 1 shows the count, area, and percentage of total building area for CBCM buildings for different groupings of building size. It shows that approximately 70% of the CBCM building area is associated with 17 buildings that are larger than 50,000 ft^2. There are 162 buildings (approximately 80% of the total number of buildings) that are smaller than 10,000 ft^2 and these buildings makeup approximately 10% of the total building area.

Figure 1: Count, Area, and Percent of Area of CBCM Buildings in Different Groups of Building Size



The average age of CBCM-contributing facilities is 41 years. **Figures 2** and **3** show the number of facilities constructed in each decade and the total area constructed each decade.

Figure 2: Number of CBCM Contributing Buildings Constructed per Decade

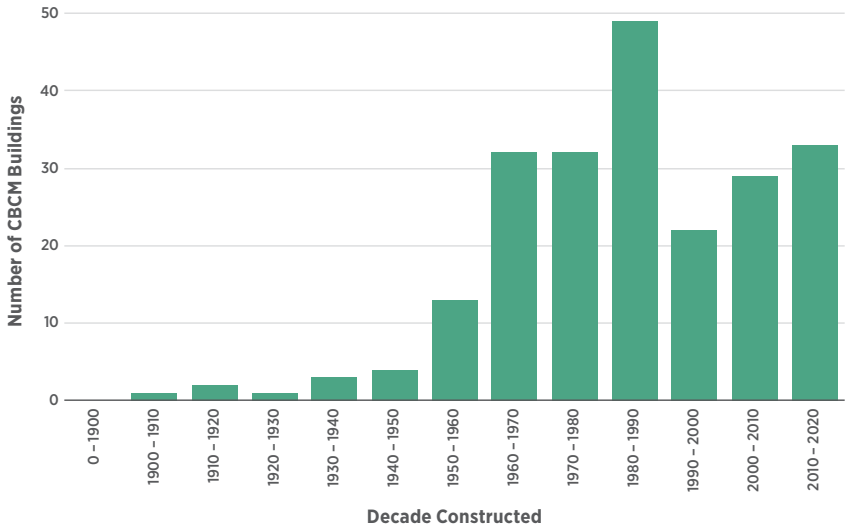
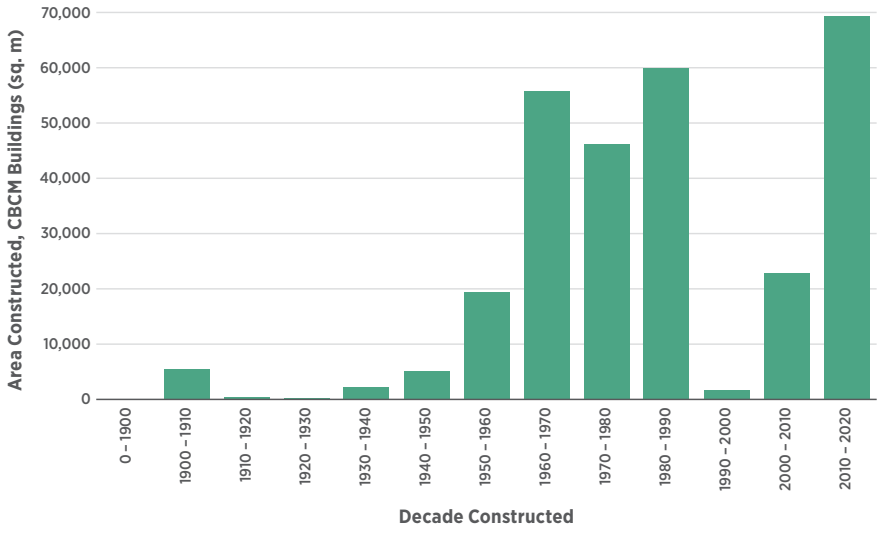
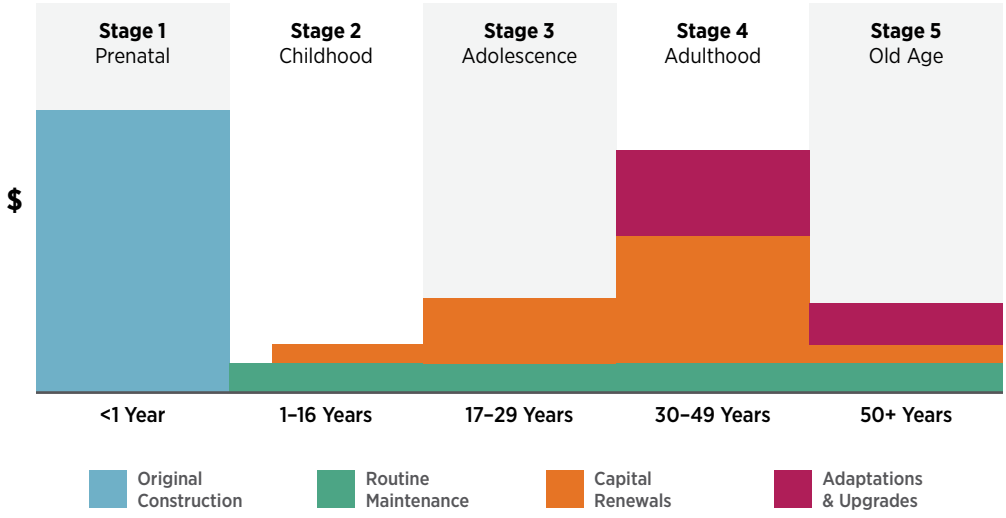


Figure 3: Area Constructed of CBCM Contributing Buildings per Decade



An article from RDH Engineering[1], written by one of their certified professional reserve analysts, included the following figure to conceptualize the expected costs for facilities at each stage of their life.

Figure 4: RDH Engineering General Life Cycle Stages of Buildings



On average, the City's facilities are in the "Adulthood" phase of the previous figure, where costs are the highest (excluding costs for the original construction), particularly for capital renewals. The article states that "At this stage the owners will encounter the largest and most expensive of the asset renewal projects, such as the replacement of the windows and wall cladding assemblies." As an example, replacing the windows in one large civic building consumes nearly 20% of the annual budget allocation to the CBCM reserve. Based on this figure, it should be

1 *How Long do Buildings Last? Written by David Albrice of RDH Engineering, January 28, 2015, https://www.rdh.com/blog/long-buildings-last/*

expected that spending on CBCM buildings should increase during the current phase of their life.

Tables 1 and **2** provide the March 2020 insurance valuation values for all CBCM contributing and heritage facilities and internally calculated values for building assets that are included in the CBCM reserve. Buildings include site preparation and excavation, foundations, framing, exterior walls, roof frame and coverings, floor structure, interior partitions and finishes, utility services (includes on-site services from the structure to the lot line), electrical and lighting systems, plumbing and sewage systems, heating, ventilating and air conditioning, fire protection and security systems, vertical transportation, and additional specialty features. In some specific buildings there are also a small number of building assets that have historically been included in the CBCM reserve, e.g. pool bulkheads, commercial kitchen equipment, and waterslides. **Tables 1** and **2** include these assets. Site values are limited to assets within the property line and include paving, fencing, yard lighting, roads, walkways, curbs and retaining walls, signs, flagpoles, and some components of landscaping.

Table 1: Insurance Valuation Summary (2020 Data)

		Buildings	Sites
CBCM Contributing	Cost of Replacement New	$952 M	$48.7 M
	Cost of Replacement New, Less Depreciation	$637.7 M	$14.3 M
	Depreciation	$314.3 M	$34.3 M
		33%	71%
Heritage Facilities	Cost of Replacement New	$12.9 M	$0.4 M
	Cost of Replacement New, Less Depreciation	$4.9 M	$0.2 M
	Depreciation	$8 M	$0.2 M
		62%	51%
Total Cost of Replacement New			$1013.6 M
Total Depreciation			$356.6 M
			35%

Table 1 shows higher depreciation for Sites and Heritage Facilities compared to the CBCM Contributing buildings. Depreciation is based on the observed condition of the asset, in comparison to new property of like kind, with consideration for physical deterioration and functional economic factors deemed relevant for insurance purposes. Bowerman House is included in the previous table as the City owns the building. However, the City has a contract with the Meewasin Valley Authority where they are responsible for managing maintenance and repairs for this building.

Table 2 breaks down the insured replacement value of buildings managed by Facilities and their age and depreciation. When a category includes multiple buildings, the age shown is an average. When major renovations have taken place, the age is generally not the original date of construction but rather an estimated post-renovation representative age.

Table 2: Insurance Valuation and Age Breakdown by Building Type (2020 Data)

Asset Category	Building Name	Year Built	Age	Replacement Cost		Depreciation [%]	
Pools	Harry Bailey Aquatic Centre	1975	46	$19,478,300		54%	
	Lakewood Civic Centre	1988	33	$21,254,000		44%	
	Lawson Civic Centre	1988	33	$19,264,400	$142,680,479	43%	30%
	Shaw Centre	2007	14	$54,742,000		9%	
	Outdoor Pools & Water Features	-	-	$27,941,779		66%	
Recreation Facilities	Arenas & Outdoor Rinks	1972	49	$31,592,000		51%	
	Cosmo Civic Centre (including Library)	1978	43	$18,883,500		50%	
	Farmers' Market Building	2007	14	$2,154,300		17%	
	Forestry Farm Park and Zoo	1978	43	$11,022,700		37%	
	Gordie Howe Complex	2018	3	$20,358,120		5%	
	Kinsmen Park Rides and Buildings	2015	6	$2,577,900	$150,546,685	17%	40%
	Recreation Units	1971	50	$8,193,700		46%	
	River Landing Pavilion & Pumphouse	2009	12	$1,690,865		12%	
	Saskatoon Field House	1979	42	$34,337,900		50%	
	White Buffalo Youth Centre	1978	44	$4,955,100		31%	
	Misc. Recreation Buildings and Structures	-	-	$14,780,600		43%	
Gallery and Event Centres	Nutrien Wonderhub	2019	2	$14,423,000		26%	
	Remai Art Gallery	2016	5	$92,052,100	$303,484,100	7%	30%
	SaskTel Centre	1987	34	$93,605,400		43%	
	TCU Place	1968	53	$103,403,600		38%	
Service Facilities	Derrick Carroll and Fleet Buildings	1978	43	$12,479,400		45%	
	Fire and Protective Services Buildings	1975	46	$42,645,900		36%	
	IS Sign Shop and Electronics Shop	1983	38	$3,196,200		42%	
	SPCA building	1968	53	$2,581,900		40%	
	STC Building	1981	40	$12,844,000	$115,818,600	46%	41%
	Vic Rempel Yards	1972	49	$9,934,200		41%	
	Woodlawn Cemetery buildings	1993	28	$1,214,600		39%	
	Misc. Service Buildings and Structures	-	-	$30,922,400		44%	
Office Buildings	City Hall	1969	52	$62,187,400		48%	
	Civic Square East	2003	18	$31,050,700		46%	
	Inventory - Portage Ave	1980	41	$1,070,000	$234,545,000	51%	29%
	John Deere building	1910	111	$13,045,900		63%	
	Police HQ & Parking Structure	2013	8	$126,844,200		12%	
	Misc. Office Buildings and Structures	-	-	$346,800		54%	
All	Misc. Assets, Concessions, Bulkheads, etc.	-	-	$4,934,124	$4,934,124	33%	33%
Heritage		1898	123	$12,899,500	$12,899,500	62%	62%
Total				$964,908,487	$964,908,487		

CONDITION ASSESSMENTS
RATING SCALE BASED

Administration evaluates the condition of the City's assets to develop annual programs to prioritize maintenance and renewal funding. Third party **Facility Condition Assessment** (FCA) reports and internal condition assessments are conducted and used to establish condition levels as well as develop annual capital plans. To be able to internally compare the condition of all assets and to compare against industry benchmarking a condition scale is applied.

Since 2008, Facilities has been receiving condition assessment reports from the same service provider and have stored the data in their Asset Management software. The intent was to maintain a five-year rolling condition assessment cycle. The database contains 131 buildings, 37 sites, and 7,045 elements. Elements are the assets within each building (roofs, foundations, lights, etc.). Of the 131 buildings in the database, 97 are smaller than 6,500 ft^2 and have a limited impact on overall budgets. Facilities has a strategy to expand and improve this work in order to have comprehensive and up-to-date data for future asset management and budget reporting.

Table 3 shows the five-level condition assessment scale used in previous Asset Management reports.

Table 3: City of Saskatoon Asset Management Plan Condition Rating Scale

Rating	Summary	Definition
Very Good	Fit for future	The infrastructure in the system or network is generally in very good condition, typically new or recently rehabilitated. A few elements show general signs of deterioration that require attention.
Good	Adequate for now	The infrastructure in the system or network is in good condition; some elements show general signs of deterioration that require attention. A few elements exhibit significant deficiencies.
Fair	Requires attention	The infrastructure in the system or network is in fair condition; it shows general signs of deterioration and requires attention. Some elements exhibit significant deficiencies.
Poor	At risk	The infrastructure in the system or network is in poor condition and mostly below standard, with many elements approaching the end of their service life. A large portion of the system exhibits significant deterioration.
Very Poor	Unfit for sustained service	The infrastructure in the system or network is near or beyond expected service life, widespread signs of advanced deterioration, some assets may be unusable.

Using this same condition rating scale, **Table 4** summarizes the state of the assets based on an internal high-level condition assessment.

Table 4: Facilities Management Internal Assessment of Condition

Asset Category	Building(s)	Present Condition	Desired Condition
Pools	Harry Bailey Aquatic Centre	Fair	Good
	Lakewood Civic Centre	Good	Good
	Lawson Civic Centre	Good	Good
	Shaw Centre	Good	Good
	Outdoor Pools & Water Features	Fair	Good
Recreation Facilities	Arenas & Outdoor Rinks	Good	Good
	Cosmo Civic Centre (including Library)	Good	Good
	Farmers' Market Building	Good	Good
	Forestry Farm Park and Zoo	Fair	Good
	Gordie Howe Complex	Very good	Good
	Kinsmen Park Rides and Buildings	Very good	Good
	Recreation Units	Fair	Fair
	River Landing Infrastructure	Good	Good
	Saskatoon Field House	Good	Good
	White Buffalo Youth Centre	Fair	Good
	Misc Buildings and Structures	Fair	Fair
Gallery and Event Centres	Nutrien Wonderhub	Very Good	Very Good
	Mendel Conservatory	Very Poor	Good
	Remai Modern Art Gallery	Very Good	Very Good
	SaskTel Centre	Fair	TBD
	TCU Place	Good	TBD
Service Facilities	Derrick Carroll and Fleet Buildings	Good	Good
	Fire and Protective Services Buildings	Good	Very Good
	IS Sign Shop and Electronics Shop	Good	Fair
	SPCA building	Fair	Good
	STC Building	Poor	Good
	Vic Rempel Yards	Good*	Good
	Woodlawn Cemetery buildings	Fair	Fair
Office Buildings	City Hall	Good	Very Good
	Civic Square East	Good	Good
	Inventory - Portage Ave	Good	Good
	John Deere Building	Poor	Fair
	Police HQ & Parking Structure	Very good	Very Good

** Some assets are greater than Good and some are less than Good*

LEVEL OF SERVICE
FACILITY CONDITION INDEX (FCI)

An FCA report will also identify the estimated value of each element, the estimated costs for capital renewal for the element, and the estimated year the renewal is required.

The total value of all elements is tallied to get a replacement value for the entire facility:

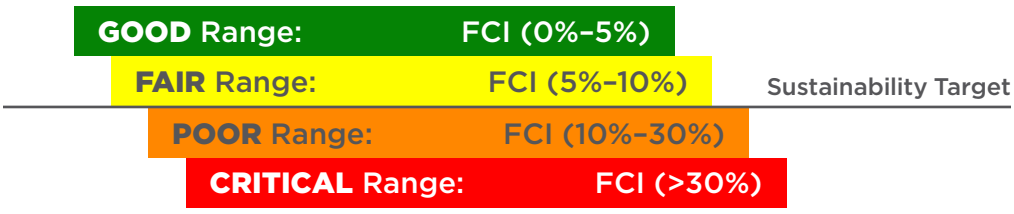
- ✔ Renewal and major repair work that is overdue or imminent is tallied as the "Current Backlog" and is an indicator of the current condition.
- ✔ Renewal and major repair work that is expected to occur in the future is tallied as "Future Renewals".
- ✔ Forecasted work is tallied for each year and this becomes the capital renewal forecast.
- ✔ If the forecasted Future Renewals are not completed, over time the Current Backlog increases and the condition of the facility deteriorates.

Facility Condition Index is an industry standard rating that is used as an indicator of the relative physical condition of a facility, a group of buildings, or a portfolio of buildings. It is the ratio of the cost of remedying existing deficiencies/requirements and imminent capital renewal requirements (the Current Backlog) to the current replacement value.

FCI is a snapshot in time calculated on an annual basis and forecasted into the future. FCI provides a measure of the "catch-up" costs of a facility to bring it to a certain standard. There are industry benchmarks to evaluate a building based on its FCI score.

The following figure presents a rating system from the International Facility Management Association (IFMA).

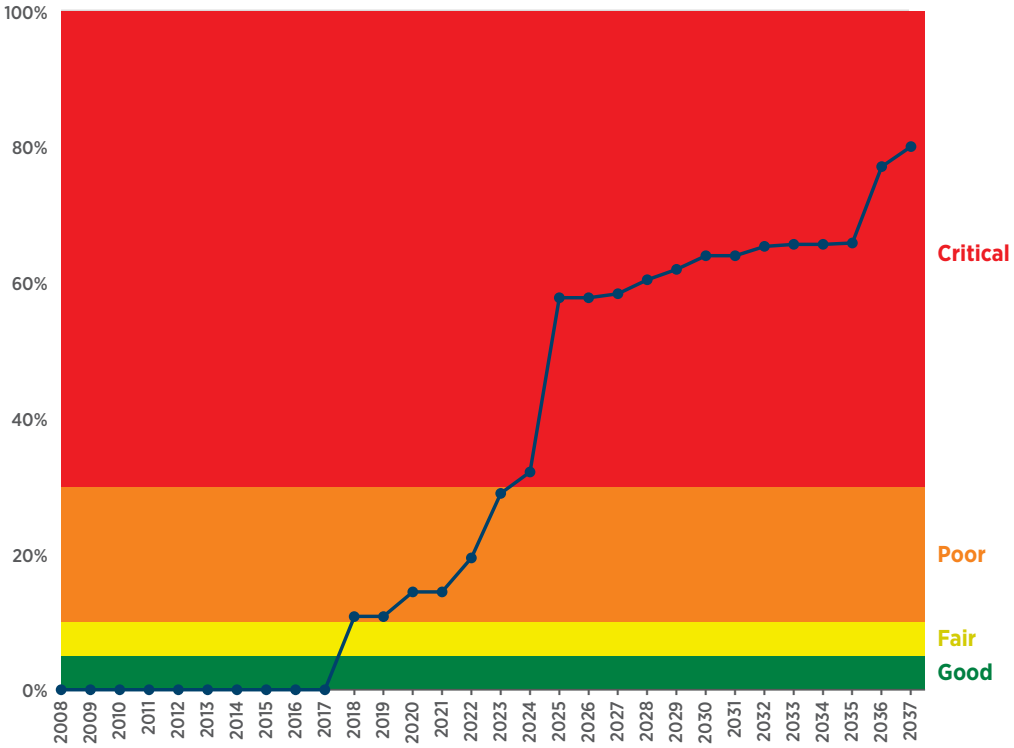
Figure 5: IFMA FCI Rating System

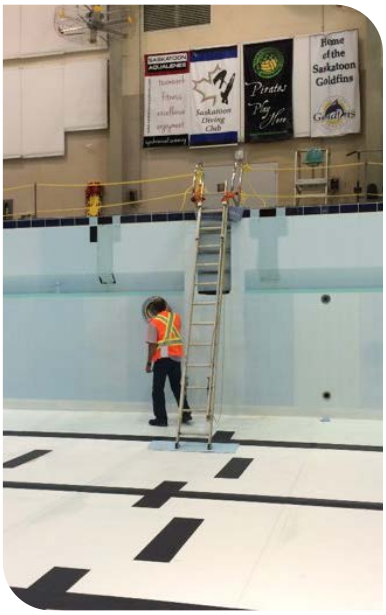


Allowing the FCI of a facility to increase past the recommended threshold indicates an increased risk of being unable to provide the desired service level. In some cases, if the FCI increases too high then service would need to be completely stopped as public safety may become a concern. FCI therefore has a strong correlation to risk.

The following figure shows the progressive deterioration of the FCI rating for a building. This example shows Harry Bailey Aquatic Centre and the figure assumes no capital renewal work is performed. The building therefore progressively degrades. The figure shows that for this building it would take less than a decade for it to fall into the Critical range.

Figure 6: Sample FCI Trend for Harry Bailey (2017 Data)





In the future, Facilities will have the ability to create an FCI chart for all assessed facilities and will be able to estimate the capital renewal investment required to maintain a desired FCI for all CBCM buildings. An analysis of currently available data indicated that to avoid degradation of the buildings from their current condition capital renewal investment would need to be on the order of 1.7% of the appraised value of the buildings.

LEVEL OF SERVICE
OTHER KEY PERFORMANCE INDICATORS

An FCI score is only one indicator of being able to provide a desired level of service. Other important considerations include:

- Facility downtime (temporary loss of service);
- Completion of safety checks;
- Completion of manufacturer's recommended maintenance; and
- Regulatory and standards compliance.

For example, a facility may have an FCI of 0.10 and be in the Fair range of condition, but a critical piece of equipment might fail and result in loss of service. Critical parts may require weeks or months to order and install.

From a comprehensive lifecycle cost perspective, a lack of proactive and comprehensive maintenance and capital planning in a building increases risk of unexpected expenses, sudden inability to host community programming, loss of reputation in the community etc.

FUNDING SOURCES

Bylaw No. 6774, *The Capital Reserve Bylaw, 1993*, states, in part, the following regarding the Civic Building Comprehensive Maintenance (CBCM) reserve:

> *"The purpose of the Civic Buildings Comprehensive Maintenance Reserve is to finance the cost of repairs to those of the City's buildings and structures in respect of which monetary contributions are made to this Reserve."*
>
> *"This Reserve shall be funded: (a) by an initial one-time provision from the City's Operating Budget with respect to each building that becomes part of this Reserve. The amount shall be determined by the Facilities Management Division, Utilities & Environment Department as a result of its assessment of the building; and (b) annually from an authorized provision in the City's Operating Budget. The provision shall be equal to 1.2% of the appraised value of the building as determined by the City's insurance schedules."*

and the following for the Facility Site Replacement (FSR) reserve:

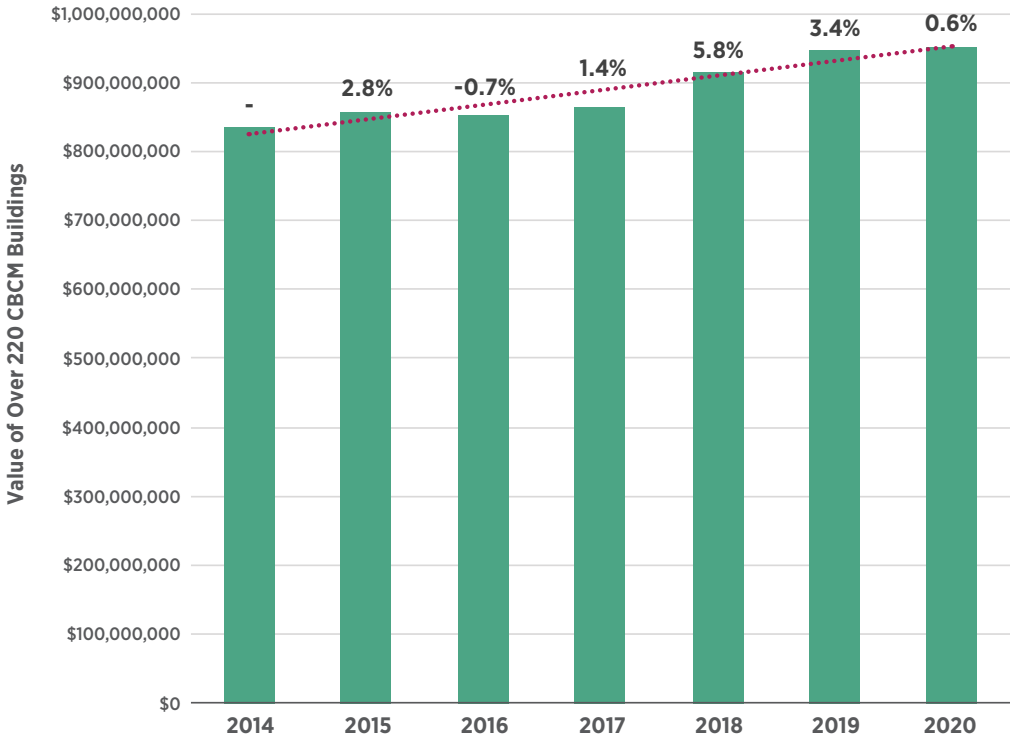
> *"The purpose of the Facility Site Replacement Reserve is to provide a funding source for the replacement of infrastructure components, including water/sewer lines, storm lines, manholes, signs, curbs, sidewalks, fencing, lot lighting, roads and paving at the end of their life cycle."*
>
> *"This Reserve shall be funded annually from an authorized provision in the City's Operating Budget."*
>
> *"Funds in this Reserve shall only be used for capital expenditures for the replacement of infrastructure components, including water/sewer lines, storm lines, manholes, signs, curbs, sidewalks, fencing, lot lighting, roads and paving at the end of their life cycle."*

Neither the CBCM or FSR include playground structures.

The Capital Reserve Bylaw calculates the CBCM reserve contributions based on the insured value of the assets. Contributions should therefore increase or decrease when building valuations increase or decrease.

The following figure shows the change in building valuation (inflation) for over 220 CBCM eligible buildings where data is available and consistent going back to 2013. The figure contains the same buildings in each year, newly purchased or constructed buildings and demolitions and sales since 2013 are not included in the totals. The year to year percent inflation is shown at the top of each column.

Figure 7: Annual Valuation and Percent Inflation of Over 220 CBCM Buildings



...expenditure levels are not condition assessments but lead to a change in the asset condition over time.

The values in the previous figure contained nearly 80% of the buildings (based on value) that are present in the full 2020 dataset. The average valuation growth rate for all years was 2.2%.

EXPENDITURE LEVELS AND FUNDING

Administration evaluates the condition of the City's assets to develop annual programs to maintain the assets at a minimum cost. Condition assessments or evaluations are conducted and used to establish condition levels as well as develop annual capital improvement plans. The level of service for each type of asset can be defined differently, and as level of service increases for an asset so does the cost of maintaining the asset.

To be able to compare the level of investment for all assets corporate-wide, **five levels of expenditures** are identified in **Table 5**. It should be noted that expenditure levels are not condition assessments but lead to a change in the asset condition over time.

An expenditure level of 'A' represents the highest level of expenditure and 'F' represents no expenditure.

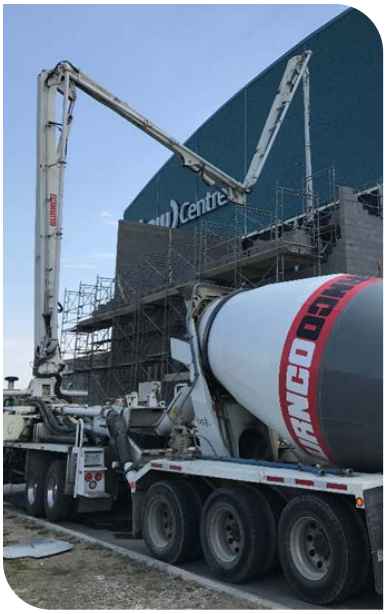


Table 5: City of Saskatoon Asset Management Plan Asset Condition Scale

Expenditure Level	Asset Condition	Description
A	Getting Better Quickly	Sufficient expenditures to keep asset in the condition specified by City Council and to increase asset condition/value quickly over time.
B	Getting Better	Sufficient expenditures to keep asset in the condition specified by City Council and to in crease asset condition/value slowly over time.
C	Maintain Assets in Current Condition	Sufficient expenditures to keep asset in constant condition over time.
D	Getting Worse	Insufficient expenditures to maintain asset condition. Over time asset condition will deteriorate.
F	Getting Worse Quickly	No expenditures. Asset condition/value decreased rapidly.

The report *The Canadian Infrastructure Report Card – 2016 (CIRC)* was developed with municipal asset information gathered through a national survey. The CIRC states that there is no formal industry-recognized recommended capital renewal reinvestment rate. Actual rates vary across the CIRC responding municipalities based on factors such as the average age of the infrastructure, the level of maintenance expenditures, risk tolerance and available infrastructure funding.

The report found that the average annual reinvestment rate for building assets was 1.7%. The recommended target investment rate varies depending on the type of building, but the report stated that asset management practitioners recommended reinvestment rates between 1.7% and 2.5%.

Tables 6, **7**, **8**, and **9** summarize the present funding being provided, the requirements of the CBCM bylaw or previous FSR decisions by Council, and research on what the required levels of expenditure may need to be for each reserve.

Table 6: Current Budget and Bylaw Reinvestment Rates for CBCM Reserve

Year	Actual Budget Allocation ($/Year)	Actual Reinvestment Rate	Bylaw Reinvestment Rate (1.2%)	Annual Funding Gap
2020	$9.2 M	0.97%	$11.4 M	$2.2 M
2021	$9.4 M	0.98%	$11.6 M	$2.2 M

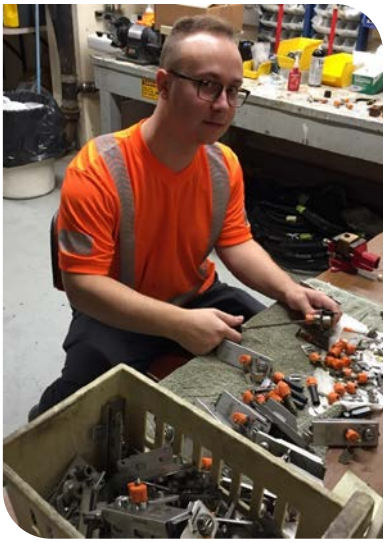


Table 7: Research on Recommended Reinvestment Rates for CBCM Reserve

Source	$/Year	Reinvestment Rate
City of Saskatoon Facilities Management Department internal study of costs when CBCM reserve was established (1992)	$12.6 M	1.3%
City of Edmonton study (pre-2012)	$12.6 M	1.3%
Condition Assessment data internal review (2020)	$16.4 M	1.7%
Associated Engineering Report on the Shaw Centre (2012)	$13.5 M - $19.3 M	1.4% - 2.0%
City of Saskatoon Facilities Management Department internal study of costs for 8 buildings (2009)	$16.4 M - $19.3 M	1.7% - 2.0%
City of Regina Council Report (2014)	$19.3 M	2.0%
Request for Information Response (2020)	$19.3 M	2.0%
CIRC Report (2016)	$16.4 M - $24.1 M	1.7% - 2.5%

Table 8: Budget and Council Approved Reinvestment Rates for FSR Reserve

Year	Actual Budget Allocation ($/Year)	Actual Reinvestment Rate	Target Reported to Council	Annual Funding Gap
2020	$0.34 M	0.70%	$0.75 M	$0.41 M
2021	$0.34 M	0.69%	$0.75 M	$0.41 M

Table 9: Research on Reinvestment Rates for FSR Reserve

Source	$/Year	Reinvestment Rate
Condition Assessment data internal review (2020), analysis of 33 buildings	$0.80 M	1.6%
Associated Engineering Report on the Shaw Centre (2012), analysis of 1 building	$1.4 M - $2.1 M	2.9% - 4.3%

The reinvestment rates found in the research are based on different methodologies and for a variety of buildings (age, use, parking lot area, etc.). Instead of verifying budgets based on benchmarking percentages, condition assessment reports can be performed by specialized consultants to receive a report and budget forecast specific to the City's buildings. This is like a reserve fund study.

All available data at this time indicates that the current funding levels for the CBCM and FSR reserves result in an expenditure level score of 'D'.

With current resources Facilities is only able to address the most urgent and critical capital renewal projects.

Heritage sites that are not part of the CBCM reserve (Albert Community Centre and Marr Residence) have some funding but would receive a score of D/F as the current levels of funding are significantly lower than necessary.

Based on the information available, an assumption of a long-term reinvestment rate for Saskatoon's Facilities is 1.6%. This target funding level will be confirmed upon completion of detailed condition assessments. **Table 10** summarizes the current and desired expenditure levels and high-level estimates of the required increase in annual capital funding assuming a long-term goal of reaching a 1.6% reinvestment rate. The table includes "Facilities to Add to CBCM" which are buildings that do not contribute to the CBCM reserve but are recommended to be managed within the CBCM reserve. These buildings are small storage or maintenance facilities that have been omitted from previous lists of buildings that should contribute to the CBCM reserve. They are primarily small operations and storage structures (approximately 30) that may at one time have had a small value, but as civic operations have grown over time the value of these small buildings has grown to approximately $2.2 M. These buildings were also often included as site amenities in past valuations, but they are more appropriately managed under CBCM as opposed to the FSR. In this report some assets that have historically been carried under CBCM have been moved to be classified under the FSR, and vice versa.

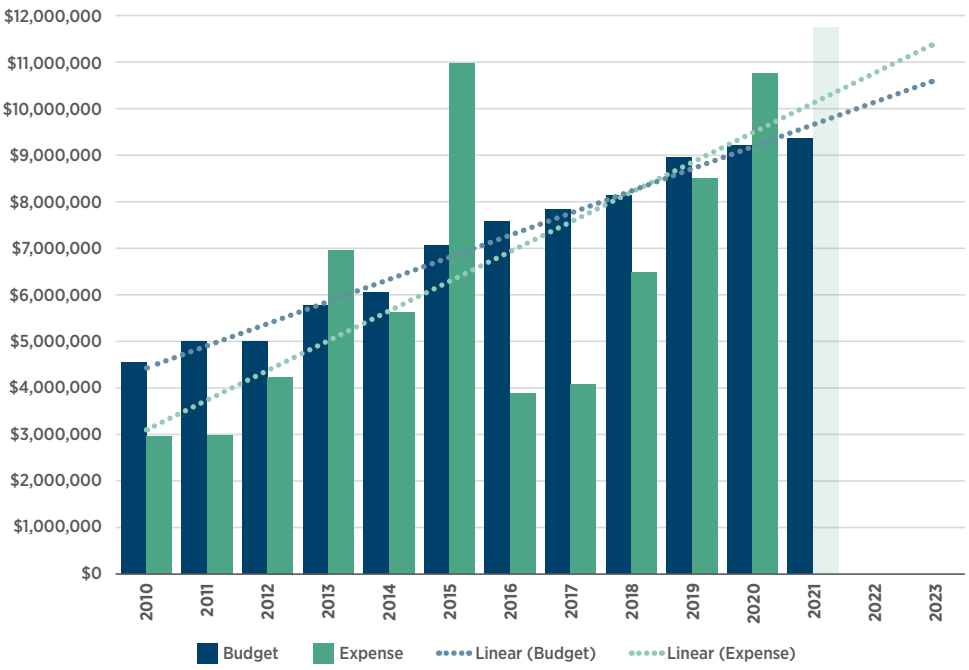
Table 10: Current Condition, Desired Condition, and Long-Term Funding Level

Asset Class	Current Funding Levels	Desired Funding Levels	Required Increase in Annual Capital Renewal Funding (1.6% Reinvestment Target)
CBCM Eligible Facilities	Level D	Level B	$6.04 M/Year
Facilities to Add to CBCM	Level F	Level B	$0.04 M/Year
Sites	Level D	Level B	$0.46 M/Year
Heritage Facilities and Sites	Level D/F	Level B	$0.15 M/Year
Total			**$6.68 M/Year**

CAPITAL PROJECT MANAGEMENT

Figure 8 shows the CBCM expenditures vs. budget for the last decade. The trendlines in the figure trend to a crossover point where the long-term trend for expenses begins to exceed the long-term trend for budgets. This figure has an assumed value for 2021 expenses which is equal to the 2020 expenses plus an additional $1M in Energy Performance Contracting (EPC) project spending.

Figure 8: CBCM Budget vs. Expenditures



The CBCM capital project had an unspent balance of $16.6 M on December 21, 2020, but $10.4 M of this is committed to active projects. Project Services is also currently delivering approximately $6.7 M in non-CBCM projects, of which $4.3 M remains unspent and will be delivered in 2021/2022. This shows that the annual non-CBCM work being delivered by Project Services is just under half the annual CBCM budget and that in March 2021, Project Services had approximately $14.6 M of outstanding work to deliver before starting new projects. In addition to these active projects, it is estimated that approximately $28.7 M ($31.2 M minus $2.5 M non-CBCM revenue) in CBCM work plus an unknown amount of non-CBCM work should be initiated in the next 2 years. These estimated costs are based on budgets for actual projects, it is not based on percentage of building valuation. This expense is three times the 2021 CBCM budget.

An allocation of $31.2 M over 2 years is approximately 1.7% of the facility's new replacement value. This estimate does not fully capture all the potential capital renewal liabilities because it was not generated using a comprehensive condition assessment audit.

RISK MANAGEMENT

The Asset Management Plan template currently under development includes the requirement for a Risk Management Plan.

Risk Management at the City of Saskatoon is governed by Council Policy C02-040 Corporate Governance – Risk Based Management. The purpose of the policy is to help ensure that the City of Saskatoon is protected from the negative effects of risk to the best extent possible and to realize maximum positive results from its activities and efforts.

Corporate Risk has developed a set of fourteen Corporate Risk Appetite Statements which are grouped into the following **five categories**:

1. Human Capital
2. Technology
3. Financial
4. Operational
5. Legal

While Policy C02-040 provides over-arching guidance on risk management in the corporation, it does not provide prescriptive strategies at the divisional level.

The Asset Management Plan template currently under development includes the requirement for a Risk Management Plan. The template includes a table to list critical assets, potential failure mores, impacts of failure, and a table to document risks, including impact, probability, and mitigation strategies. Facilities has initiated the process to document a Risk Management Plan and will include it in a future Asset Management Plan.

A POTENTIAL PLAN TO ADDRESS THE FUNDING GAP

This report outlines that the current CBCM contribution is on the order of 0.98% of appraised value of the buildings and bylaw is 1.2%. Increasing the CBCM contribution rate to 1.2% and increasing the FSR budget to Council approved levels are the first proposed steps to address the funding gaps. Using present values that do not inflate mill rate, building valuations or site valuations in the future, **Table 11** provides a potential funding plan.

Table 11 presents budgets over six years to meet bylaw and Council Recommendations. Within this time frame more information will become available from the planned condition assessment procurement.

It is expected based on benchmarking research that the condition assessment reports will recommend funding levels greater than 1.2%. Therefore, the potential funding plan assumed a funding rate of 1.6% for both buildings and sites and proposed increases that would meet that by year ten.

Table 11: Potential Funding Plan (in millions of $)

	Year 0 (2021)	Year 1 (2022)	Year 2 (2023)	Year 3 (2024)	Year 4 (2025)	Year 5 (2026)	Year 6 (2027)	Year 7 (2028)	Year 8 (2029)	Year 9 (2030)	Year 10 (2031)	**Total** (Years 1–10)
CBCM Contribution Rate	0.97%	0.97%	0.97%	1.03%	1.09%	1.14%	1.20%	1.30%	1.40%	1.50%	1.60%	
Current Funding, CBCM	$9.37	$9.37	$9.37	$9.93	$10.48	$11.03	$11.59	$12.55	$13.52	$14.49	$15.45	$117.19
Required Funding, CBCM		$15.45	$15.45	$15.45	$15.45	$15.45	$15.45	$15.45	$15.45	$15.45	$15.45	$154.51
Funding Gap, CBCM		**$6.08**	**$6.08**	**$5.52**	**$4.97**	**$4.42**	**$3.86**	**$2.90**	**$1.93**	**$0.97**	**$0.00**	**$36.72**
Annual Phased In	-	$0.00	$0.00	$0.55	$0.55	$0.55	$0.55	$0.97	$0.97	$0.97	$0.97	$6.08
Property Tax Impact, CBCM		0.00%	0.00%	0.22%	0.22%	0.22%	0.22%	0.38%	0.38%	0.38%	0.38%	
FSR Contribution Rate	0.69%	0.69%	0.69%	0.89%	1.10%	1.30%	1.51%	1.53%	1.55%	1.58%	1.60%	
Current Funding, FSR	$0.34	$0.34	$0.34	$0.44	$0.55	$0.65	$0.75	$0.76	$0.77	$0.78	$0.80	$6.18
Required Funding, FSR		$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$7.96
Funding Gap, FSR		**$0.46**	**$0.46**	**$0.35**	**$0.25**	**$0.15**	**$0.05**	**$0.03**	**$0.02**	**$0.01**	**$0.00**	**$1.78**
Annual Phased In	-	$0.00	$0.00	$0.10	$0.10	$0.10	$0.10	$0.01	$0.01	$0.01	$0.01	$0.46
Property Tax Impact, FSR		0.000%	0.000%	0.040%	0.040%	0.040%	0.040%	0.005%	0.005%	0.005%	0.005%	
ACC Contribution Rate	0.41%	0.41%	0.41%	0.61%	0.81%	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	
Current Funding, ACC	$0.05	$0.05	$0.05	$0.07	$0.10	$0.12	$0.15	$0.16	$0.17	$0.18	$0.19	$1.24
Required Funding, ACC		$0.81	$0.81	$0.81	$0.81	$0.81	$0.81	$0.81	$0.81	$0.81	$0.81	$8.13
Funding Gap, ACC		**$0.76**	**$0.76**	**$0.74**	**$0.71**	**$0.69**	**$0.67**	**$0.65**	**$0.64**	**$0.63**	**$0.62**	**$6.88**
Annual Phased In	-	$0.00	$0.00	$0.02	$0.02	$0.02	$0.02	$0.01	$0.01	$0.01	$0.01	$0.14
Property Tax Impact		0.000%	0.000%	0.009%	0.009%	0.009%	0.009%	0.005%	0.005%	0.005%	0.005%	
Marr Res. Contribution Rate	0.00%	0.00%	0.00%	0.30%	0.60%	0.90%	1.20%	1.30%	1.40%	1.50%	1.60%	
Current Funding, Marr Res.	$0.000	$0.000	$0.000	$0.001	$0.002	$0.004	$0.005	$0.005	$0.006	$0.006	$0.007	$0.036
Required Funding, Marr Res.		$0.007	$0.007	$0.007	$0.007	$0.007	$0.007	$0.007	$0.007	$0.007	$0.007	$0.065
Funding Gap, Marr Res.		**$0.007**	**$0.007**	**$0.005**	**$0.004**	**$0.003**	**$0.002**	**$0.001**	**$0.001**	**$0.000**	**$0.000**	**$0.029**
Annual Phased In	-	$0.0000	$0.0000	$0.0012	$0.0012	$0.0012	$0.0012	$0.0004	$0.0004	$0.0004	$0.0004	$0.0065
Property Tax Impact		0.0000%	0.0000%	0.0005%	0.0005%	0.0005%	0.0005%	0.0002%	0.0002%	0.0002%	0.0002%	
Contribution Rate, All Buildings (excludes FSR)	0.96%	0.96%	0.96%	1.02%	1.08%	1.14%	1.20%	1.30%	1.40%	1.50%	1.60%	
Current Funding, All Buildings & FSR	$9.77	$9.77	$9.77	$10.45	$11.13	$11.81	$12.49	$13.48	$14.47	$15.46	$16.45	$125.25
Required Funding, All Buildings & FSR		$17.07	$17.07	$17.07	$17.07	$17.07	$17.07	$17.07	$17.07	$17.07	$17.07	$170.66
Funding Gap, All Buildings & FSR		**$7.30**	**$7.30**	**$6.62**	**$5.94**	**$5.26**	**$4.58**	**$3.59**	**$2.60**	**$1.61**	**$0.62**	**$45.41**
Annual Phased In	-	$0.00	$0.00	$0.68	$0.68	$0.68	$0.68	$0.99	$0.99	$0.99	$0.99	$6.68
Property Tax Impact, All Buildings & FSR		0.00%	0.00%	0.27%	0.27%	0.27%	0.27%	0.39%	0.39%	0.39%	0.39%	

Table 11 allocations contribution rates equally for CBCM buildings, Albert Community Centre, and the Marr Residence. Facilities will report to Council with recommendations for long term management of Albert Community Centre and Marr Residence, including the option to move these two buildings under the CBCM reserve.

On April 26, 2020, City Council received a report on the Marr Residence where one-time funding was provided for roof repair work. This one-time funding enables the funding plan in **Table 11** to be sustainable for this building over the long term.

The previous table does not allocate enough capital funds to Albert Community Centre to fund all the capital repairs estimated in a 2019 condition assessment report. The 2019 report identified $6.5 M in the first 8 years and an additional $2.1 M when forecasting beyond this, for a total of $8.6 M. **Table 11** is short $5.63 M in one-time funding for the Albert Community Centre in the first eight years in order to bring it up to a standard where the long-term funding plan in **Table 11** is believed to be sustainable (one-time funding of $5.63 M plus $0.87 M in funding in the first eight years shown in **Table 11** results in $6.5 M).

The additional $2.1 M in capital renewal identified in the 2019 report would need to be funded from CBCM contributions over time. The potential for funding opportunities such as grants will need to be monitored and reported on. Facilities will report separately to Council on options for this building.

SUSTAINABLE FACILITIES
TRIPLE BOTTOM LINE ASSET MANAGEMENT

...financial pressures are incremental costs above the previously discussed costs to renew existing facilities.

In addition to needing to adequately fund routine maintenance and asset renewal, there are increasing environmental, social, and regulatory pressures on facility budgets. These financial pressures are incremental costs above the previously discussed costs to renew existing facilities.

The **Triple Bottom Line Policy** is an approach to sustainability that integrates environmental health and integrity, social equity and cultural well-being, economic prosperity and fiscal responsibility, and good governance into decision making. A changing climate has consequences for facility assets and responsible asset management practice includes a risk and vulnerability assessment that is inclusive of climate change implications. There are also opportunities to improve environmental performance in areas such as waste diversion, reduced material consumption, and energy efficiency. Indoor air quality and occupant/occupant health is also a high priority.

Facilities is supporting the implementation of the EPC project, but this project alone will not be enough to meet City Council's emission reduction goals. Continuous improvement of existing facilities in energy conservation and future deep energy retrofits will be required.

From a social perspective, accessibility and other standards are continually updated and like-for-like renewal of the original design is not always acceptable. Climate change adaptation, Triple Bottom Line Policy, the High-Performance Civic Building Policy, and increased service level expectations will all result in additional unfunded capital renewal requirements for civic facilities beyond values presented so far in this report.

Capital reserve planning should include additional considerations for unique buildings such as heritage sites which are expected to have higher than average renewal costs.

CONCLUSION

Facilities is improving its asset management processes and standards. This includes implementing a long-term continuous improvement strategy based on best practices such as the Asset Management Council's Capability Delivery Model and International Facilities Management Association standards and benchmarking. A potential funding plan to address the capital renewal funding gap has been presented in this report.

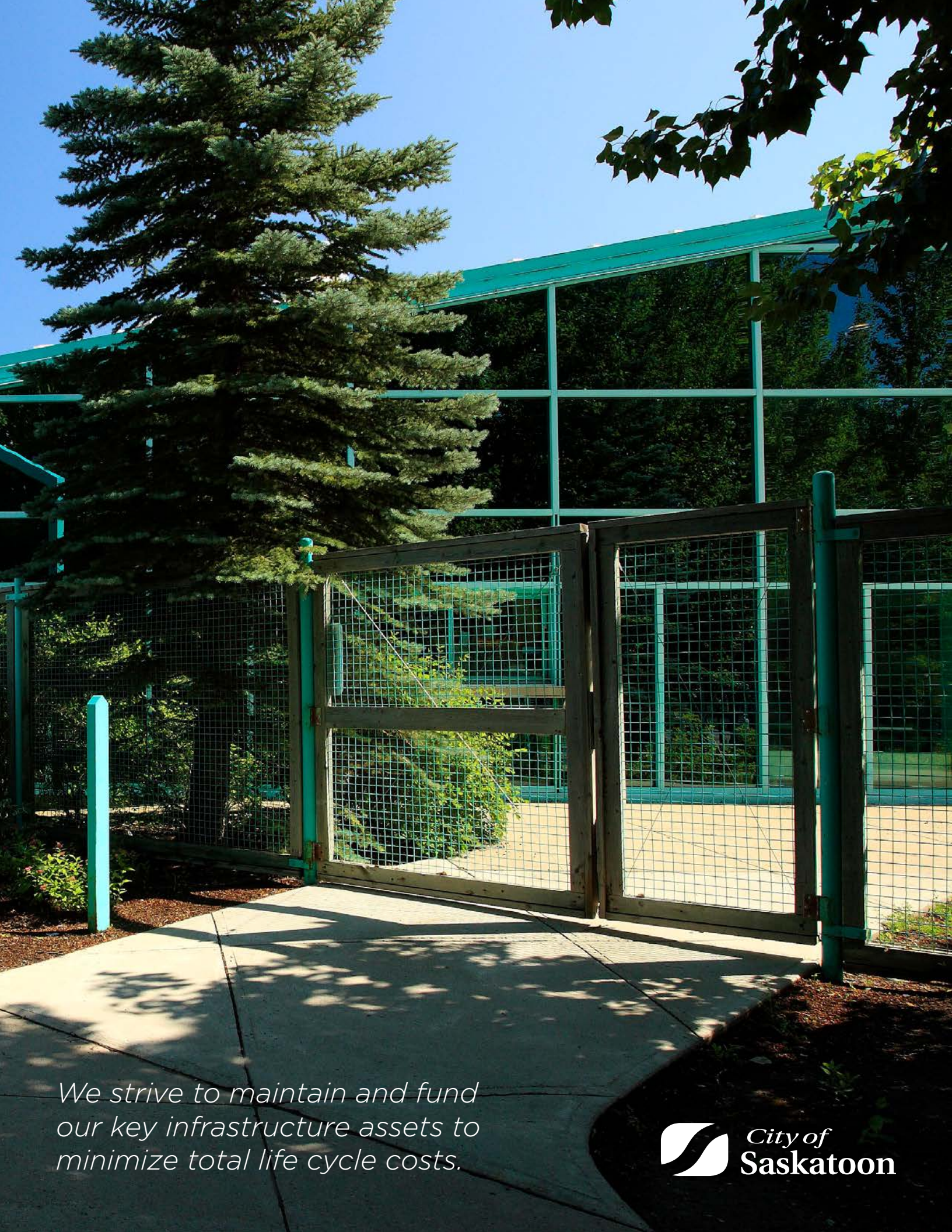
The capital renewal strategy for all City facilities will be aligned with the City's Corporate Asset Management Plan to ensure City assets can meet the levels of service required to support the City of Saskatoon's goals. An updated Facilities Asset Management Plan that is in alignment with the new corporate template, currently under development, will be the next iteration of this Building Better Facilities Report. Future Asset Management reporting will further consider additional financial pressures not quantified in this report.

Detailed condition assessment reports are the industry standard for establishing accurate, portfolio-wide, and owner specific capital renewal requirements, long-term capital plans, and reserve sufficiency recommendations. Completing the procurement process and updating the condition assessment database for Facilities is a high priority multi-year project.

LOOKING AHEAD, NEXT STEPS

- Completing the procurement process and updating the condition assessment database for Facilities is a high-priority multi-year project.
- Effective project delivery will remain a critical component of the Facilities Asset Management strategy and project management process improvements and efficiencies continue to be prioritized.
- Facilities will continue work on preparing Administrative Procedures and training programs to support staff and standardize processes.
- Facilities is already realizing the benefits of several years of planning for improved Asset Management performance and the capacity to deliver projects. Additional gains are expected in upcoming years.


Albert
Community Centre
610 Clarence Avenue South



We strive to maintain and fund our key infrastructure assets to minimize total life cycle costs.

City of Saskatoon