

Summary of CBCM Reserve Status & Associated Project Services Resourcing

This Report is focused primarily on buildings that contribute to the Civic Building Comprehensive Maintenance (CBCM) reserve, sites included in the Facility Site Replacement (FSR) reserve, and two heritage buildings managed by the Facilities Management Department (Facilities). Bylaw No. 6774, The Capital Reserve Bylaw, 1993, states that the CBCM reserve should be funded annually from the City of Saskatoon (City) Operating Budget in an amount equal to 1.2% of the appraised value of the building as determined by the City's insurance schedules. One of the main purposes of the CBCM and FSR reserves is to distribute, over several years, the cost of major repairs and replacements that will be required at civic facilities. Without these reserves, the entire cost would have to be incurred in a single year and depending on the number and age of the assets, the annual requirements and financial implications could vary significantly from one year to the next. This attachment provides a detailed update on the status of the CBCM reserve.

Facilities reported to City Council in 2012, that a professional engineering report commissioned for the Shaw Centre recommended a CBCM reserve contribution of 1.63% of the appraised building value as opposed to 1.2%. This Report also noted that Facilities had previously conducted an internal review in 2009, of eight City buildings and found that the required reserve contributions ranged from 1.68% to 1.95%. The Report therefore recommended that the CBCM Reserve Contributions be 'unfrozen' and returned to 1.2% of the New Replacement Value as stipulated by Bylaw No. 6774. While CBCM contributions began to increase in 2012, subsequent contributions have not met the 1.2% requirement. The calculated 1.2% CBCM contribution is approximately \$11.4 M in 2020 and \$11.6 M in 2021. In comparison, the CBCM reserve received \$9.2 M in 2020 and \$9.4 M in 2021.

In terms of actual expenses against the reserve, Table 1 shows recent Project Services projects that have been completed or are still in progress:

Table 1: Project Services Recent Work

	CBCM			Non-CBCM		
	Spend to Date	Estimated Budget	Remaining Spending	Spend to Date	Estimated Budget	Remaining Spending
Complete	\$9,162,000	\$9,474,000	\$312,000	\$2,232,600	\$2,383,000	\$150,400
Active	\$3,672,800	\$13,737,000	\$10,064,200	\$255,500	\$4,357,000	\$4,101,500
Total	\$12,834,800	\$23,211,000	\$10,376,200	\$2,488,100	\$6,740,000	\$4,251,900

At the end of 2020, the CBCM reserve and associated capital projects had a balance of approximately \$16.6 M. It therefore appears that Facilities has a significant unspent capital surplus. However, as shown in Table 1, of this \$16.6 M, approximately \$10.4 M is allocated to ongoing work (CBCM Remaining Spending) and cannot be spent on new projects. This leaves approximately \$6.3 M in the CBCM reserve that was available to

allocate to new projects at the end of 2020. Table 1 also shows that the recent Non-CBCM funded work budgeted to be delivered by Project Services is approximately \$6.7 M. Looking forward, Table 2 summarizes the currently planned projects recommended to be initiated in the immediate (2 years) future. These projects are in addition to the Active projects shown in Table 1.

Table 2: Forecasted New CBCM Work

Asset Category	Building(s)	Capital Costs
Pools	Harry Bailey Aquatic Centre	\$7,205,000
	Harry Bailey - Offsetting Revenue	-\$2,538,250
	Lakewood Civic Centre	\$0
	Lawson Civic Centre	\$33,000
	Shaw Centre	\$561,000
	Outdoor Pools & Water Features	\$451,000
Recreation Facilities	Arenas & Outdoor Rinks	\$1,930,500
	Cosmo Civic Centre (including Library)	\$66,000
	Farmers' Market Building	\$0
	Forestry Farm Park and Zoo	\$907,500
	Gordie Howe Complex	\$0
	Kinsmen Park Rides and Buildings	\$0
	Recreation Units	\$0
	Riverlanding Infrastructure	\$0
	Saskatoon Field House	\$0
	White Buffalo Youth Centre	\$99,000
	Misc Buildings and Structures	\$379,500
Gallery and Event Centres	Nutrien Wonderhub	\$0
	Mendel Conservatory	\$0
	Remai Modern Art Gallery	\$110,000
	SaskTel Centre	\$385,000
	TCU Place	\$1,754,500
Service Facilities	Derrick Carroll and Fleet Buildings	\$253,000
	Fire and Protective Services Buildings	\$1,193,500
	IS Sign Shop and Electronics Shop	\$0
	SPCA building	\$0
	STC Building	\$495,000
	Vic Rempel Yards	\$660,000
	Woodlawn Cemetery buildings	\$0
	Misc Service Buildings and Structures	\$73,700
Office Buildings	City Hall	\$451,000
	Civic Square East	\$1,760,000
	Inventory - Portage Ave	\$0
	John Deere Building	\$1,000,000
	Police HQ & Parking Structure	\$176,000
Coordination with Accessibility Improvements		\$500,000
Misc. Wear and Tear (e.g. painting, flooring, etc.)		\$350,000
Administration, Studies, Consultants, and Overhead		\$1,436,211
Energy Performance Contracting Project		\$8,000,000
Shutdowns, Emergency Work, Accelerated Projects for Optimal Coordination, and Contingency		\$1,000,000
Total		\$28,692,161

Table 2 shows approximately \$28.7 M in capital work to be allocated in the next two years when \$2.5 M of one-time offsetting non-CBCM revenue is included. When this revenue is excluded, the actual expenses are on the order of \$31.2 M. An expenditure of \$31.2 M over 2 years is approximately 1.7% of the facility’s new replacement value. The previous table does not fully capture all the potential capital renewal liabilities because it was not generated using a comprehensive condition assessment audit, it is only a list of known urgent needs. A comprehensive 3rd party condition assessment audit will undoubtedly uncover additional work that has not yet been identified. Additionally, changes in standards, requests to increase service levels, and other pressures are not factored into the analysis as it is based on like-for-like replacement.

Figure 1 shows the CBCM expenditures vs. budget for the last decade.

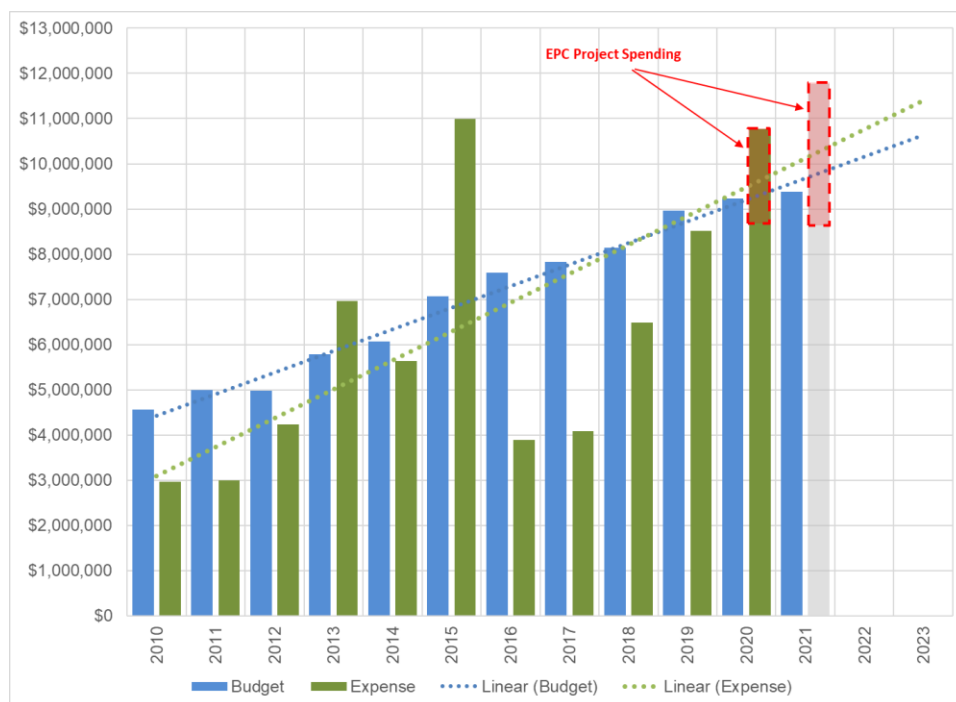


Figure 1: CBCM Budgets vs. Expenses for Past Decade

The trendlines in Figure 1 show a crossover point where the long-term trend for expenses begins to exceed the long-term trend for budgets. Two million of the expenses in 2020 were spent through the Energy Performance Contracting (EPC) project. Figure 1 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.

Table 3 provides the staffing levels for Projects Services over the past decade. In 2020, approximately 3-4 staff in other Departments were delivering the EPC project work, which increases the number of FTEs delivering CBCM eligible work in that year compared to what is shown in the table.

Table 3: Project Services Staffing Levels

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Permanent FTEs	11	11	11	12	12	13	13	13	13	13	15	18

During the period shown in Table 3, Project Services staff were also working on numerous Non-CBCM projects.

Project Services has approximately \$14.6 M in active projects that should generally be completed before initiating the additional \$28.7 M in forecasted new projects. Renovation projects in civic facilities are faced with numerous challenges. The schedule to complete projects must include time for procurement, asbestos management, health and safety, etc., and additionally, must often be scheduled during times when the facility has a shutdown or must accommodate other constraints present in operating buildings. It is challenging to deliver this level of capital work within the current resources and constraints. Administration will determine an appropriate resource plan to ensure that projects can be delivered as outlined in the Asset Management plan. Project Services will also be working to increase efficiency and continuously improve project delivery processes. Facilities has hired a Performance Improvement Coordinator to assist with this effort.