

Facilities Asset Management Plan

ISSUE

This report provides information on building and site assets that are the responsibility of the Facilities Management Department (Facilities). The focus is primarily buildings that contribute to the Civic Building Comprehensive Maintenance (CBCM) reserve, site assets included in the Facility Site Replacement (FSR) reserve, and heritage facilities/sites that are not part of the CBCM reserve but are managed by Facilities. The City of Saskatoon (City) has numerous other buildings that are not managed by Facilities, for example those under management by Saskatoon Water and Saskatoon Light and Power. There are also several additional unique ownership or management arrangements for facilities (e.g. SaskTel Soccer Centre, Sutherland Hall, SPCA, etc.). Information on age, value, condition, capital renewal funding requirements, CBCM spending, and long-term Asset Management strategies are included in this report. Maintenance and operations operating budgets are not addressed in this report.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Facilities Asset Management Plan be approved in principle;
2. That the Facilities Asset Management Plan be considered at the 2022-2023 Budget deliberations with all other asset management plans;
3. That Administration report to City Council during the 2022-2023 budget deliberations with options to fund the \$5.63 M one-time funding gap for Albert Community Centre; and
4. That the Administration report on changes to Bylaw No. 6774, Capital Reserve Bylaw, 1993, to include Marr Residence and Albert Community Centre as being funded from CBCM.

BACKGROUND

The City has eight major Asset Management plan categories including Buildings and Facilities. On August 15, 2016, a partial Building Better Parks, Asset Management Plan was presented to the Standing Policy Committee on Planning, Development & Community Services that focused on pathways, irrigation systems, and play structures. While play structure maintenance is the responsibility of Facilities, they are not included in this strategy. On August 26, 2019, a Building Better Parks Asset Management Plan Update was reported to City Council. This report included Pools and Water Features and Sport Fields. As funding for the renewal of these assets may come from the CBCM or FSR reserves there is some overlap in asset reporting in this Facilities Asset Management Plan report and the Building Better Parks Asset Management Plan Update report. However, there is no overlap in funding requests to Council as the budgets are separate.

Bylaw No. 6774, The Capital Reserve Bylaw, 1993, includes the CBCM reserve and the FSR reserve. The bylaw states that the CBCM reserve should be funded annually from the City's Operating Budget in an amount equal to 1.2% of the appraised value of a building as determined by the City's insurance schedules. It also states that the reserve shall be funded 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 Facilities as a result of its assessment of the building. The bylaw also states that the FSR reserve shall be funded annually from an authorized provision in the City's Operating Budget. On May 21, 2013, City Council approved a report that identified a deficit of \$11 M in repairs for facility site infrastructure. On December 12, 2016, City Council approved the creation of the FSR reserve. That report stated that current infrastructure/site funding was \$200,000/year and the target was \$750,000/year. It also stated that Administration would continue phasing in funding in future budgets. The 2020 and 2021 budgeted contribution to the FSR were \$341,000 in each year.

Since 2008, Facilities has been undertaking condition assessments on an irregular basis, with the intent to move towards a five-year rolling condition assessment cycle. The database contains 131 buildings, 37 sites, and 7,045 elements within each building, including roofs, foundations, lights, etc. Of the 131 buildings in the database, 97 are smaller than 6,500 sq. ft. 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.

At its May 19, 2020, City Council approved a Council Policy on Corporate Asset Management.

DISCUSSION/ANALYSIS

Facilities has developed a long-term continuous improvement strategy based on industry best practices in order to improve Asset Management process and standards. The overall schedule for implementing improvements will be coordinated with Fusion. This report presents the current Asset Management information available in a Building Better Facilities report (Appendix 1), a long-term Facilities Asset Management strategy (Appendix 2), and a summary of the history and status of the CBCM reserve and project management capacity (Appendix 3).

The following table summarizes the civic facility assets and the building and site assets that are the responsibility of Facilities, with details on the currently available information on their condition found in Appendix 1. The average age of CBCM contributing buildings is 41 years.

Asset Type	Count	Area (sq. ft.)	Replacement Value (2020)
All Civic Buildings	500	4.4 million	\$1.81 billion
Buildings Managed by Facilities	230	3.1 million	\$1.01 billion
Sites Managed by Facilities	230	-	\$0.05 billion

Capital renewal programs for civic facilities support proactive planning for future capital work, prevent the need for large unfunded capital expenditures, and reduce risks such as unplanned facility downtime.

Tables 1 and 2 present the current budgeted contributions to the CBCM and FSR reserves.

Table 1: Actual 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 2: Actual 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

Industry best practice was reviewed to determine if 1.2% is an appropriate reinvestment rate and is presented in Appendix 1. The research found recommended reinvestment rates typically range from 1.3%-2.5% for the CBCM reserve and 1.6%-4.3% for the FSR reserve. The reinvestment rates found in the research are based on different methodologies and for a variety of buildings (age, use, parking lot area, etc.). In order to confirm the appropriate long-term investment rate for Saskatoon’s facilities, detailed condition assessment reports are required. While condition assessments have been ongoing since 2008 on an irregular basis, going forward, Facilities will establish a long-term condition assessment program that is regularly updated and reported to Council. Appendix 2 provides more information on the overall strategy to complete condition assessment reports and plans for the Facilities Asset Management strategy.

Appendix 1 also includes a long-term funding strategy for heritage buildings, including the Marr Residence and Albert Community Centre, which recommends that these buildings are funded annually at a level equivalent to current CBCM facilities. However, as outlined in Bylaw No. 6477, an initial one-time funding allocation is required to bring the buildings to a standard where 1.2% is a sustainable long-term reinvestment rate for that building. The recently approved funding for the Marr Residence roof repair is sufficient to address this one-time funding requirement. However, the Albert Community Centre requires an estimated \$5.63 M to bring the building up to the standard of existing CBCM buildings. Funding options for the one-time funding for Albert Community Centre are being developed, including fundraising and grants for heritage buildings.

FINANCIAL IMPLICATIONS

Based on the facility condition assessments currently available, Appendices 1 and 3 show that approximately \$28.7 M in capital work should be initiated in the next two years, with currently available funding \$25.69 M from both CBCM and FSR, and including the current unallocated funds of \$6.26M within CBCM. A number of significant projects are underway and in 2022-2023, additional resources will be required to continue to build capacity to deliver capital renewal projects in anticipation of increased investment in future years. In addition, Facilities will also focus on undertaking detailed condition assessments in preparation for determining the appropriate level of investment for CBCM, beyond 1.2%, if necessary.

There are no financial implications associated with approving this report. Tables 1 and 2 previously indicated a current funding gap of \$2.2 M and \$0.41 M to meet the reinvestment for CBCM and FSR respectively, required under Bylaw No. 6774 and as approved by City Council. However, given the need to build capacity to deliver projects and complete outstanding work, the request for additional funding will be brought forward for consideration as part of the 2024-2025 Business Plan and Budget deliberations.

The long-term Facilities Asset Management strategy considers an industry best practice rate of reinvestment. Based on the information available, an assumption of a long-term reinvestment rate for Saskatoon's Facilities is 1.6%, which would indicate that funding to the CBCM contributions may be insufficient by approximately \$6.1 M per year and funding to the FSR reserve may be insufficient by approximately \$0.46 M per year. Heritage Facilities and Sites would be an additional \$0.15 M per year. This future reinvestment rate will be confirmed upon completion of detailed condition assessment reports prior to 2024.

OTHER IMPLICATIONS

In addition to adequately funding routine maintenance and asset renewal, there are increasing environmental, social, and regulatory pressures on required financial investments. These pressures may result in additional costs above the previously discussed costs to renew existing facilities and increase workload for project managers and may lengthen schedules for completion of projects.

A changing climate has consequences for facility assets and the Asset Management plan should include 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, accessibility, and occupant health are also high priorities. Facilities is supporting the implementation of the Energy Performance Contracting project, however, this project alone will not be sufficient to meet City Council's emission reduction goals.

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, the High Performance Civic Building Policy, and increased service level expectations may result in additional unfunded capital renewal requirements for civic facilities and more complex project planning.

Capital reserve planning also includes additional considerations for unique buildings such as heritage sites (e.g. Albert Community Centre and Marr Residence) which are expected to have high renewal costs for specific retrofits but also contain significant embodied value from a Triple Bottom Line perspective.

NEXT STEPS

In 2022 and 2023, Facilities will undertake detailed condition assessments and complete outstanding projects and therefore, the funding requirements to meet the Bylaw reinvestment rate of 1.2% for CBCM, and \$750,000 for FSR will be brought forward to City Council as options for 2024-2025 Business Plan and Budget deliberations.

A future report outlining funding options for one-time funding for the Albert Community Centre, including options for fundraising and grants for heritage buildings, will be presented prior to 2022-2023 Business Plan and Budget deliberations. In addition, future approval for changes to Bylaw No. 6744, as it relates to Marr Residence and Albert Community Centre, is required.

APPENDICES

1. Buildings Better Facilities Asset Management Plan Report
2. Facilities Management Asset Management Strategy
3. Summary of CBCM Reserve Status & Associated Project Services Resourcing

Report Approval

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