



Facilities Asset Management Plan

Facilities Management Department, May 10, 2021



~\$1B in assets (insurance valuation)

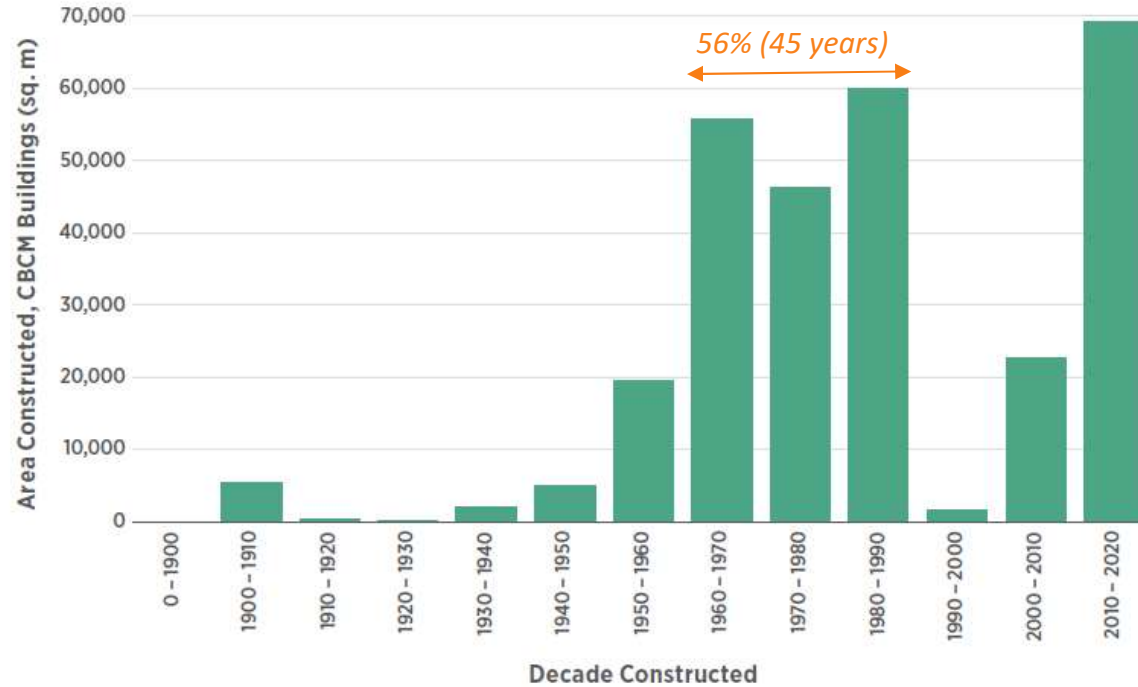
Table 1: Insurance Valuation Summary (2020 Data)

		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 33%	\$34.3 M 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 62%	\$0.2 M 51%
Total Cost of Replacement New		\$1013.6 M	
Total Depreciation		\$356.6 M 35%	

- CBCM buildings have lowest depreciation, highest funding and many new buildings
- Heritage Facilities depreciation is essentially Albert Community Centre as it has a much higher valuation than the Marr Residence
- Going from 33% depreciation to 50% for CBCM buildings is an increase in depreciation of \$162M

Avg Age: 41 Years

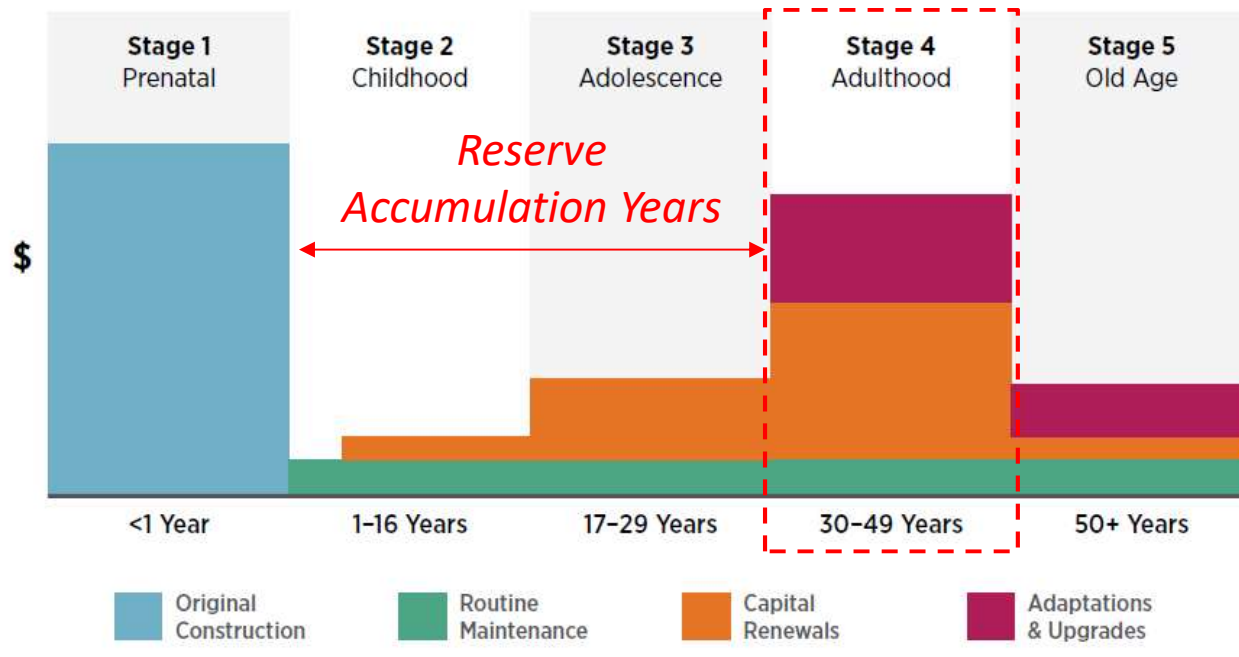
Figure 3: Area Constructed of CBCM Contributing Buildings per Decade



Research

Figure 4: RDH Engineering General Life Cycle Stages of Buildings

Avg Age 41 Years



RDH Engineering General Life Cycle Stages of Buildings

Status and Goals

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Getting Worse

Insufficient expenditures to maintain asset condition. Over time asset condition will deteriorate.

- Except for a few outliers, our buildings are generally in good shape
- Want our buildings to stay in good shape & our portfolio of assets is getting older and larger
- Don't want to be in a position of needing to make large capital funding requests to deal with emergency repairs or do major catchups as a result of underfunding – goal is stable, planned work with incremental budget increases largely due to inflation or new builds/acquisitions

Current Budgets

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	\$9.3 M	0.98%	\$11.6 M	\$2.3 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

Required Reinvestment Rate

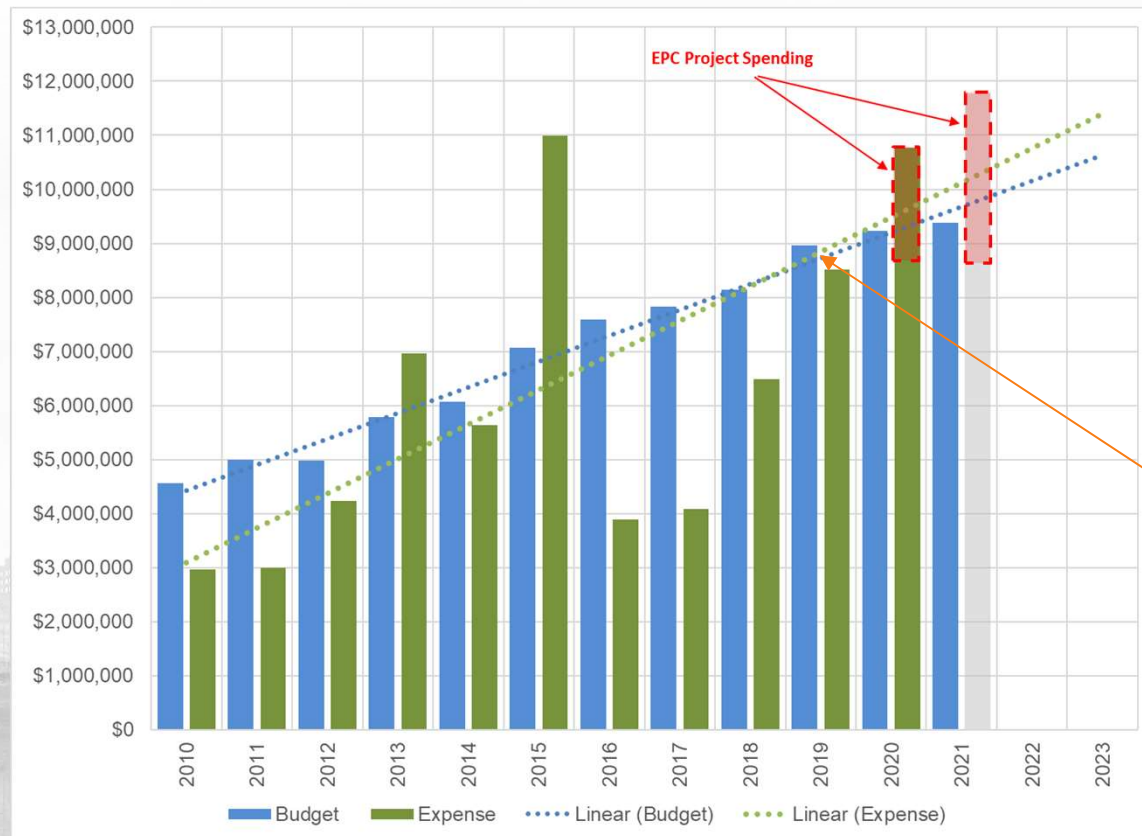
- Research indicates that a 1% capital reinvestment rate is too low. All research is within the range of 1.3% to 2.5%.
 - This includes an analysis of the condition assessment data we have for our facilities (1.7%) and sites (1.6%)
- Goal is to reach 1.2% within four years
- Won't exceed 1.2% until facility condition index reports are completed (further AM reporting required)
 - 8 year forecast assumes 1.6% as an estimate

Forecasted CBCM Work

- \$28.7 M net expenses
 - \$2.5 M one-time offsetting revenue (Harry Bailey), \$31.2 M in expenses without this one-time offsetting revenue
- Based on >70 actual projects, not a %
- Not based on a comprehensive condition assessment audit/report
 - This list will be missing projects

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
	Riverlandng 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
Service Facilities	TCU Place	\$1,754,500
	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

CBCM Budget vs. Expenses Long Term Trend



Cross over
in 2019

CBCM Reserve Balance

- We have a surplus in the capital project/reserve
 - \$16.6M balance, \$10.4M allocated to projects, \$6.3M unallocated
- Surplus is due to capacity of Project Services to deliver work, not due to a lack of need to do capital renewal
 - \$28.7M in known short term CBCM projects
 - Project Services capacity has increased, more resources needed
 - Process improvements and efficiencies forthcoming
- *Plus \$8.6M in Albert Community Centre work:*
 - *\$5.63M unfunded in AM plan (first 8 years) ($\$6.5M - \$0.87M = \$5.63M$)*
 - *\$2.1M immediate*
 - *\$2.1M beyond the initial \$6.5 M ($\$8.6M - \$6.5M = \$2.1M$)*

Immediate Next Steps

- Increase capacity of Project Services
- Work on project backlog
- Fusion efficiencies
- Performance Improvement Coordinator (PIC)
- Condition assessment reports completed - to verify forecasted expenses (improve forecasts before going beyond 1.2%)

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%	

Proposed Funding Plan

- 6 years:
 - CBCM at 1.2%
 - FSR at Council Recommendation
- Albert CC and Marr Res. match CBCM
- CBCM, Historic, and FSR all at 1.6% in 10 years
- Albert CC is \$5.63M short over 8 years

Heritage Buildings

- On April 26, 2020, City Council approved one-time funding roof repair work at the Marr Residence.
 - This one-time funding enables the funding plan in Table 11 to be sustainable for this building over the long term.
- For Albert Community Centre:
 - A recent condition assessment report identified \$6.5 M in the first 8 years and an additional \$2.1 M when forecasting beyond this, total of \$8.6 M.
 - \$5.63 M one-time funding required in the first 8 years for to bring it up to a standard where the long-term funding plan in Table 11 is believed to be sustainable
- Potential funding opportunities such as grants will be reported on.

Recommendations

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.

Questions

