
Building Better Parks: An Asset Management Plan for Parks

Recommendation

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council that the Administration provide an update on the Corporate Asset Management Plan, including all previously presented asset areas, along with the associated funding gap, to the November 14, 2017 Governance and Priorities Committee meeting.

Topic and Purpose

The purpose of this report is to provide information on assets primarily belonging to the Parks and Facilities Divisions, such as pathway, irrigation, and play structure inventory. Specific information on value, condition, asset management initiatives, and a potential funding plan are included.

Report Highlights

1. The Building Better Parks: An Asset Management Plan for Parks shows 64% of park assets are in fair or better condition.
2. While 64% of park assets are in fair or better condition, this is largely due to the number of new park spaces in the city with new assets; it is anticipated that this rating will continue to fall with the current funding levels. In order to maintain park assets at fair condition, an additional annual investment of \$5.8 million is estimated.

Strategic Goal

Under the Strategic Goal of Asset and Financial Sustainability, this report supports the four-year priority of adopting and implementing an asset-management philosophy for park assets. The report also supports the Strategic Goal of Quality of Life by providing park areas that contribute natural and aesthetic value to the City, while supporting both active and passive outdoor recreational requirements of current and future generations.

Background

At Preliminary Business Plan and Budget Deliberations on November 30, 2016, City Council received a Corporate Asset Management Strategy which included a report on park asset condition and funding gaps entitled Building Better Parks: An Asset Management Plan for Parks. City Council resolved that the 2017 allocation of the Corporate Asset Management Plan be approved and that the Administration report regarding a Parks borrowing option under the Corporate Asset Management Strategy.

Report

Current State of Parks

City of Saskatoon Parks currently has over \$230 million in assets ranging from benches, pathways, irrigation systems, play structures and pools. Park asset management is a multidivisional responsibility with Parks, Facilities, and Recreation and Community Development Divisions all working together to add, upgrade, and maintain various park assets. A full breakdown of current park assets within the scope of the asset management plan are included below:

Asset Group	Replacement Cost
Amenities*	11.7
Pathways	31.6
Parking Lots	8.9
Roadways	3.0
Fencing/Retaining Walls	7.9
Irrigation	34.5
Pools and Water Features	68.2
Play Structures	26.9
Sport Fields	38.2
Total	230.9

Amenities: Benches, bleachers, garbage cans, bike racks and tables.

Developing an accurate assessment of park assets continues to be an ongoing process. For the purposes of this report, three strategies were utilized in order to determine an estimate of asset condition:

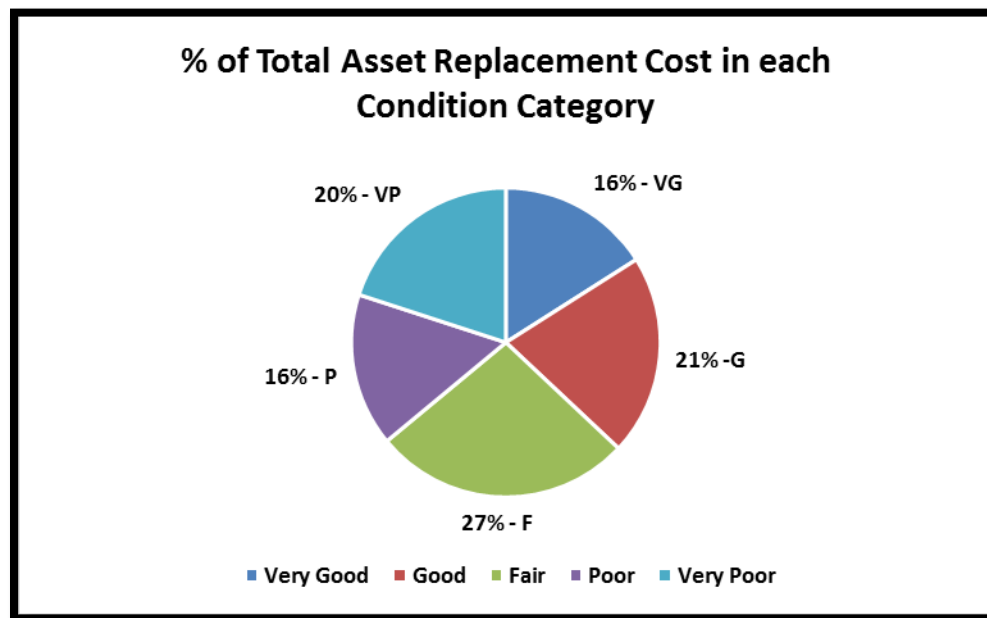
1. Asset condition assessments have been completed for a variety of assets including benches, garbage cans, bike racks, and tables. This information is generally very reliable as it is based on documented, visual inspections with asset management criteria in mind.
2. Informal condition assessments based on annual or regular inspection of assets such as pathways, fencing, pools, spray parks, play structures and sports fields. This information is reliable as it is based on visual inspections however, these are often undocumented and completed with a focus on preventative or reactive maintenance needs and not asset management criteria.
3. For assets such as parking lots, roadways, and irrigation networks where condition assessments of any type have not been completed, useful life was used to estimate a condition rating. This information is not as reliable as the previous two as it assumes a useful life and is not based on actual condition.

Utilizing these three strategies, each asset category was placed into the following categories:

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Condition Description	Identifier
Very Good (VG)	New Condition or recently rehabilitated. No defects and little maintenance.
Good (G)	Normal maintenance costs, good overall condition.
Fair (F)	Asset requires some attention. Maintenance costs begin to rise.
Poor (P)	The asset is approaching end of service life; condition is below standard and a large portion of system exhibits significant deterioration. Risk of negative impact to service level increases.
Very Poor (VP)	Asset is beyond service life and requires major refurbishment, upgrade or replacement. Service level may be negatively impacted.

It is estimated that approximately 64% of park assets are in fair or better condition. A full breakdown of the estimated condition of park assets is below:



Although 64% of Park Assets are in fair or better condition, this is largely due to the fact that a substantial amount of park space has been developed over the past 10 years as Saskatoon experienced significant growth. This means assets are in good or very good condition as they are relatively new, however, moving forward, the City has very little funding dedicated towards the rehabilitation and replacement of park assets, approximately \$960,000 per year. As this growth of park infrastructure continues, it will be important to ensure that appropriate amounts of operating funding are applied to the various park assets so that expected asset life cycles and desired asset conditions can be achieved and sustained.

The general goal as indicated in the Asset Management Plan is to maintain assets in a fair condition. In order to appropriately fund for this condition, a life cycle analysis typically provides the overall cost of an asset from creation to disposal including all maintenance, renewal, and replacement costs. As a life cycle costing model is currently not available, this plan utilized assumptions that assets will need to be replaced or repaired at the end of their useful life. For example, if the City owns a play structure

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worth \$150,000 and is expected to last 15 years, \$10,000 a year is required in order to replace the asset.

Using this analysis, the current funding required for park assets is approximately \$10.8 million per year. While this analysis is based on replacement, the Administration anticipates that the funding identified would be sufficient for current maintenance and replacement needs. As life cycle models, condition assessment, and implementation plans are developed, the Administration will report back on required revisions to the condition or funding data.

There is currently \$960,000 in capital/replacement funding in place as well as approximately \$4.0 million in ongoing operational funding for maintenance and operations of these assets. Therefore the estimated funding gap to maintain a fair condition for park assets is currently \$5.8 million.

As the funding requirements of the Park Asset Management Plan are ongoing, a phased-in allocation through the annual business plan and budget process would be a potential solution to address the shortfall. A potential funding plan could look as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Current Funding*	\$5.00	\$5.80	\$6.60	\$7.40	\$8.20	\$9.00	\$9.90	\$10.80
Required Funding	\$10.80	\$10.80	\$10.80	\$10.80	\$10.80	\$10.80	\$10.80	\$10.80
Funding Gap	\$5.80	\$5.00	\$4.20	\$3.40	\$2.60	\$1.80	\$0.90	\$0.00
Annual Phased In	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.90	\$0.90	\$0.00
Mill rate Impact	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.00%

**Current Funding includes: Parks capital reserve contribution, operating funds directly related to maintenance of assets plus funds allocated to MVA for pathway maintenance.*

Borrowing Strategy

As the current level of capital renewal and replacement has been insufficient in order to maintain older park assets at a fair condition rating, a borrowing strategy could be implemented in order to accelerate repairs and replacements on the current infrastructure deficit. This strategy would mean borrowing funding up front to repair paddling pools, pathways, and other park amenities with the phase in referred to in the previous section of this report being allocated toward debt repayments.

Based on the current available funding of \$960,000, a loan of approximately \$7,500,000 (at 3.5% over 10 years) could be utilized in order to accelerate the rehabilitation. For perspective, this loan could rehabilitate over 50 play structures, over 80,000 square metres of asphalt pathways, or 125 hectares of irrigation systems.

As this amount of capital investment in renewal of park assets has not been completed in the past, an implementation plan would need to be developed on the areas most in need, with future approval from City Council.

It is important to note that a borrowing strategy does not eliminate the requirement for ongoing funding for the maintenance, renewal, and replacement of park assets. While borrowing will help in addressing the backlog, a sustainable funding source is required in order to maintain the City's park assets in fair condition.

Options to the Recommendation

City Council could choose not to incorporate this information into the Corporate Asset Management Strategy. This option is not recommended as there is a current funding gap within park asset categories.

Financial Implications

The Asset Management Plan summarizes the current expenditure level, identified funding gaps, and existing funding.

Communications Plan

The Asset Management Plan for park assets will be communicated with the City's overarching Corporate Asset Management Plan. Communications support will create awareness for this through information uploaded into a new display within the Finance pages of the City's website.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations, and public and/or stakeholder involvement is not required.

Due Date for Follow-up and/or Project Completion

The Administration will report back during the 2018 Business Plan and Budget deliberations with options to address the funding gap. As future replacement schedules and timing can change, an annual update will be provided to make any adjustments as required.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Building Better Parks: An Asset Management Plan for Parks

Report Approval

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