



Governance and Priorities Committee Report

For the January 22, 2015 Meeting

To: Governance and Priorities Committee

Date: January 14, 2015

From: Dwayne Kalynchuk, Director of Engineering and Public Works

Subject: Facilities Assessment

Executive Summary:

The City owns approximately 100 buildings and other structures located throughout Victoria. These buildings range from major facilities, such as the City Hall, Crystal Pool and Fitness Centre, and three fire halls, to small structures, such as Parks and Public Works out-buildings including public washrooms and shop buildings. Their approximate replacement value is over \$330 million. The facilities are managed and operated by different City departments depending on their use and function. As has been previously reported to Council, Crystal Pool and Fitness Centre and Fire Hall #1, are at or nearing the end of their life cycle which necessitates major investment, either by way of renovation or replacement. At the present time, management of City facilities is fragmented and the City requires a comprehensive understanding of the existing state of all its facilities and their respective conditions. This is necessary for planning and prioritizing capital and operational spending including maintenance, renovation or replacement of various City facilities.

An assessment of city facilities, which inventories all City buildings, determines their condition, maintenance requirements and the costs associated with upgrading or replacing each facility, will provide critical context for Council decision making and the public dialogue and understanding about future capital investments. In addition it will assist with long term financial planning and prioritizing and will allow the City to establish necessary targets for capital reserves. The proposed facilities assessment plan would inform and complement the asset management project, initiated in 2013, by developing information about an important part of the City's assets that would be used to populate the asset management database. This additional information is critical for long-term financial and asset management planning.

Recommendations:

That Council authorize the expenditure of up to \$300,000 for a facilities assessment, in advance of the adoption of the 2015 Five Year Financial Plan Bylaw and direct staff to proceed with this plan on a priority basis.

Respectfully submitted,

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Dwayne Kalynchuk, P.Eng.
Director of Engineering and Public Works

A handwritten signature in dark ink, appearing to read "S. Thompson", written over a horizontal line.

Susanne Thompson
Director of Finance

Report accepted and recommended by the City Manager:

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Jason Johnson

Date:

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Purpose:

The purpose of this report is to seek Council approval, as noted previously, for the expenditure of up to \$300,000 to complete a facilities assessment plan to better understand the state of existing City facilities and assist in prioritizing capital projects.

Background:

The City owns approximately 100 buildings and structures located throughout Victoria. These buildings range from major facilities, such as the City Hall, Crystal Pool and Fitness Centre, and three fire halls, to small structures, such as Parks and Public Works out-buildings including public washrooms and shop buildings. The approximate replacement value of these buildings is over \$330 million. While most of these buildings are used for municipal purposes, some are leased to commercial tenants at market rents. The facilities are managed and operated by different City departments depending on their use and function. For example, the City Hall is managed through Engineering and Public Works, Crystal Pool is managed through Parks and Recreation, while space in City buildings that is leased to commercial tenants is managed through Legislative and Regulatory Services.

As has been previously reported to Council, two City facilities are at or nearing the end of their life cycle which necessitates major investment, either by way of renovation or replacement; Fire Hall #1 as well as the Crystal Pool and Fitness Centre. In the past, reports on these facilities have been presented to Council and the public in isolation without a complete analysis of all City facilities and their future needs and in a priority sequence/basis. This has hindered staff to properly assess the relative needs and make informed decisions as to the relative priority.

In 2013, the City initiated a project to enhance its asset management abilities. That project, which is currently underway, involves the acquisition and implementation of computerized maintenance management software and a long term planning tool for optimizing the life span of assets in an effort to reduce long term maintenance costs. Asset management is not limited strictly to facilities but captures all City owned assets, including infrastructure (roads, bridges, underground sewers, etc.). Once implemented, asset management project will provide decision makers with the right information and tools to ensure operational and capital spending is aligned with required service levels, risk and strategic priorities.

There are a number of gaps in data and information that have been identified across asset groups including facilities. The proposed facilities assessment plan would fill those gaps by providing an updated inventory, maintenance requirements, and condition assessment of all facilities and their likely future needs. The proposed facilities assessment plan would inform and complement the asset management project by developing information about an important part of the City's assets that could be used to populate the asset management database. This additional information is critical for long-term financial and asset management planning. It would allow the City to optimize services, over the life of the facility asset portfolio within specified affordability envelopes, as well as enable the City to better plan for future funding needs related to facilities.

Issues & Analysis:

At the present time, management of City facilities is fragmented and the City requires a comprehensive understanding of the existing state of all its facilities and their respective conditions. This is necessary for planning and prioritizing capital and operational spending including maintenance, renovation or replacement of various City facilities.

Significant capital investments and decisions about important City facilities, including the Fire Hall #1 and Crystal Pool and Fitness Centre are anticipated within the next two years. A comprehensive understanding of the condition of all City facilities and their future needs is necessary to inform such decisions. An assessment of all facilities, which inventories all City buildings, determines their condition, maintenance requirements and the costs associated with

upgrading or replacing each facility, will provide critical context for Council decision-making and the public dialogue and understanding about future capital investments. In addition, it will assist with long term financial planning and prioritizing and will allow the City to establish necessary targets for capital reserves. Further benefits include strategic long term planning, greater co-ordination and overall management internally, as well as, greater ability to apply for funding from other levels of government for capital projects. It would enable the City to provide better quality of information to the public, maximize return on investment and strategic decisions in terms of purchasing and divesting of properties. While the proposed work will define facility condition, extent of life remaining and chart out a maintenance program for budget purposes, the scope of the master plan does not include reviewing the current use of the facilities. Once the plan is completed, staff will bring forward a work plan for Council to consider the highest and best use of City facilities.

The oversight of this work will be undertaken by an interdepartmental staff team led by the Director of Engineering and Public Works including, Manager of Facilities, Manager of Land Development and Support Services, Acting Director of Parks and Recreation, Property Manager and the Strategic Planning and Communications Advisory. However, because of the urgency of the work and need for specialized expertise, assistance from an external consultant will also be required. Such consultant would be expected to provide the following:

- A comprehensive inventory of the City's facilities, their location, and their use;
- An inventory of the mechanical, electrical and other systems in each facility and their respective conditions;
- Condition assessments on building fabric including roofing and structure;
- Estimated remaining service lives based on construction date and past maintenance;
- As estimate of the deferred maintenance and updated calculation of the Facility Condition Index for each facility (a universal measure of the condition of a facility);
- Suggested 10 year maintenance and capital spending plans based on condition and risk;
- An analysis of opportunities for savings on both energy and maintenance.

A consultant will be selected through a competitive process wherein proposals are solicited through a public Request for Proposals (RFP). The cost of the consultant is estimated at as much as \$300,000, although the exact amount will not be known until responses to the RFP are received.

It is anticipated that this work will take approximately six to eight months. In addition, the RFP process for selection of the consultant will take approximately six weeks. In order to inform decisions about the future of some City facilities, it is recommended that work commence immediately and prior to the approval of the 2015 financial plan. Therefore, staff request Council approval for expenditure of up to \$300,000 for this project prior to consideration of the 2015 budget. If approved, this amount will be included in the 2015 capital budget and the proposed funding source would be the Building and Infrastructure Reserve.

Options & Impacts:

There are several options available to Council.

1. Do not assess facilities.

This option would result in continuing the past practice of the City dealing with each facility in isolation without a broader understanding of actual needs of other facilities or upcoming demands on the capital budget. In absence of a comprehensive picture of the state of all City facilities and their long-term needs, it is difficult to prioritize projects or to engage the public in a meaningful discussion about the community's needs and priorities. This could result in both strategic and financial risk to the City. This option is not recommended.

2. Postpone the decision on the facilities assessment until 2015 budget discussions.

This option has the advantage of allowing Council to consider the proposed expenditure of up to \$300,000 in the broader context of the discussion of the strategic plan and the 2015 budget. However, this would result in the delay of several months, meaning that the facilities assessment would not be ready in time for the start of the 2016 financial planning process. It is anticipated that decisions about the future of some City facilities will be required before then. Therefore, this option is not recommended as it would, in effect, result in important decisions being made in absence of all relevant information.

3. Commence work on the facilities assessment immediately (recommended).

This option requires Council to pre-authorize expenditure of up to \$300,000 in advance of approving 2015 financial plan. However, it would allow for the expedited development of the facilities assessment in time to inform the anticipated decisions on the future of key City facilities such as Fire Hall #1 or Crystal Pool. While unusual, this option is recommended because it will result in collection of critical information that will inform public debate on important capital projects and, in the long run, will lead to better decision making.

Recommendations:

That Council authorize the expenditure of up to \$300,000 for a facilities assessment, in advance of the adoption of the 2015 Five Year Financial Plan Bylaw and direct staff to proceed with this plan on a priority basis.