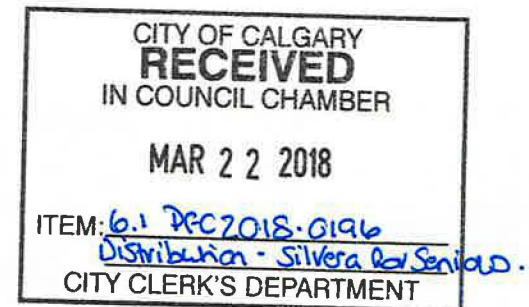




2018 Lodge Operating Budget

City Priority and Finance Committee
and Calgary City Councillors
March 22, 2018



Why we're meeting

- To request the City fund the Lodge funding deficit/shortfall of \$1.8 for Silvera's 2018 operating budget.
- Confirm we will bring forward our capital maintenance back log and strategies to the City's November One Calgary plan.

About Silvera

Silvera will be the leading advocate and caring provider of affordable homes and services for seniors to live in place with dignity.

Portfolio

- Calgary's largest Seniors Affordable Housing provider and second largest in Alberta.
- House approximately 1500 low income seniors, with housing in all four city quadrants.

Strategic Imperatives

- *Create dynamic communities*
- *Support seniors to live fully and age successfully with Silvera*
- *Maintain financial discipline*
- *Build Silvera's high performance culture*
- *Steward our trusted reputation*

**Silvera is governed under the Alberta Housing Act,
Legislation and Ministerial Order**

City's Obligation to Lodges

Lodge Operation (deficits)

- We continue to provide safe, affordable housing with support of housekeeping, meals and active aging programs, as well as 24 hour non-medical staff.



Lodge Suite refurbishment (impacts occupancy)

- Suite refurbishment includes paint, flooring and bathroom accessibility/cabinetry replacement.
- We estimate two thirds of our suites need refurbishment (518).



Furniture Fixtures & Equipment

- Dining room furniture, Kitchen equipment, vacuums.
- Some of our FF&E is well past 15 year lifecycle (Government guidelines).



Reserves

- Necessary to reinvest in Furniture, Fixtures and Equipment and to maintain the asset.
Its good business practice to manage risk.



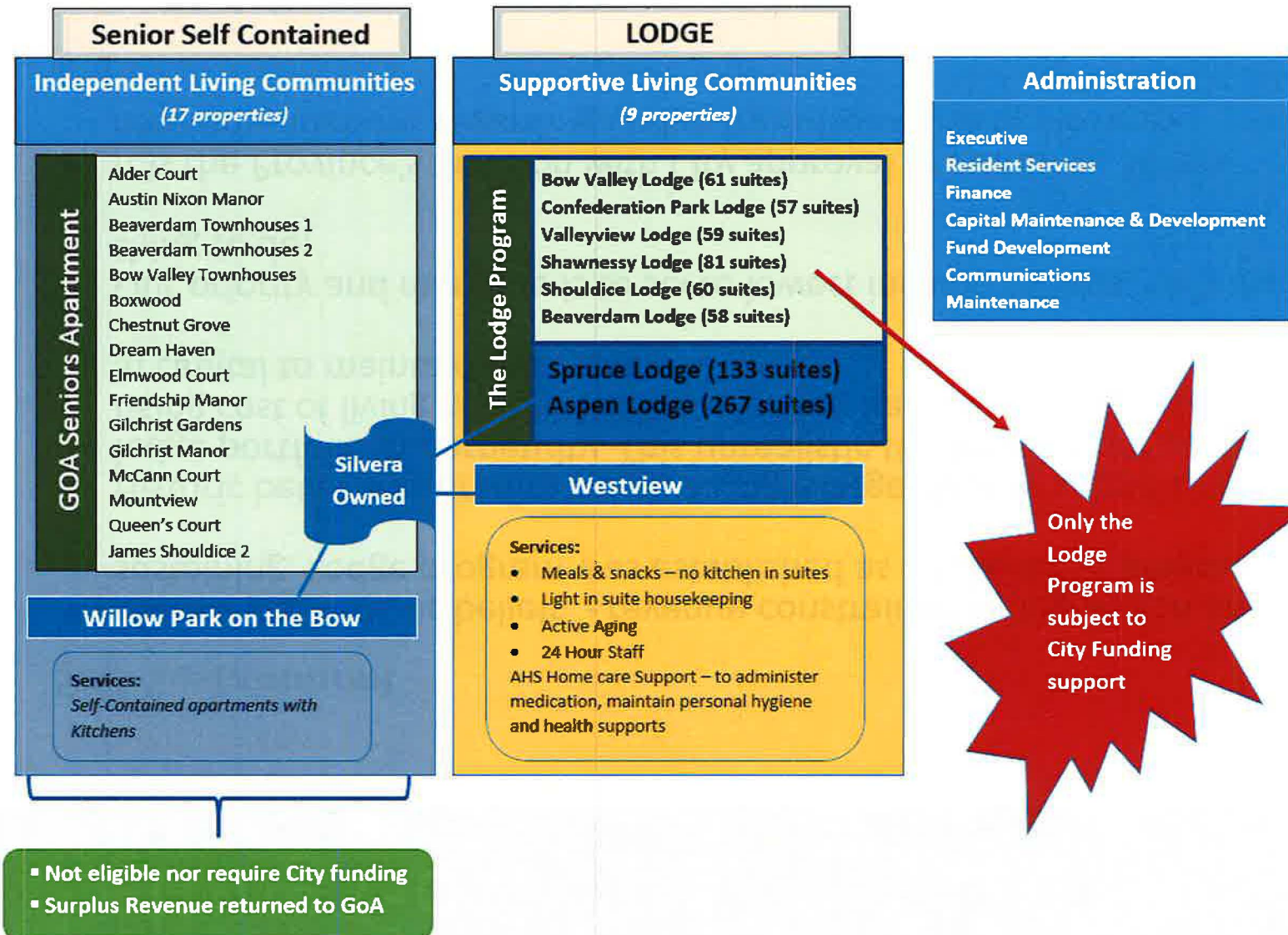
Letting Go...

Self-Sustainment

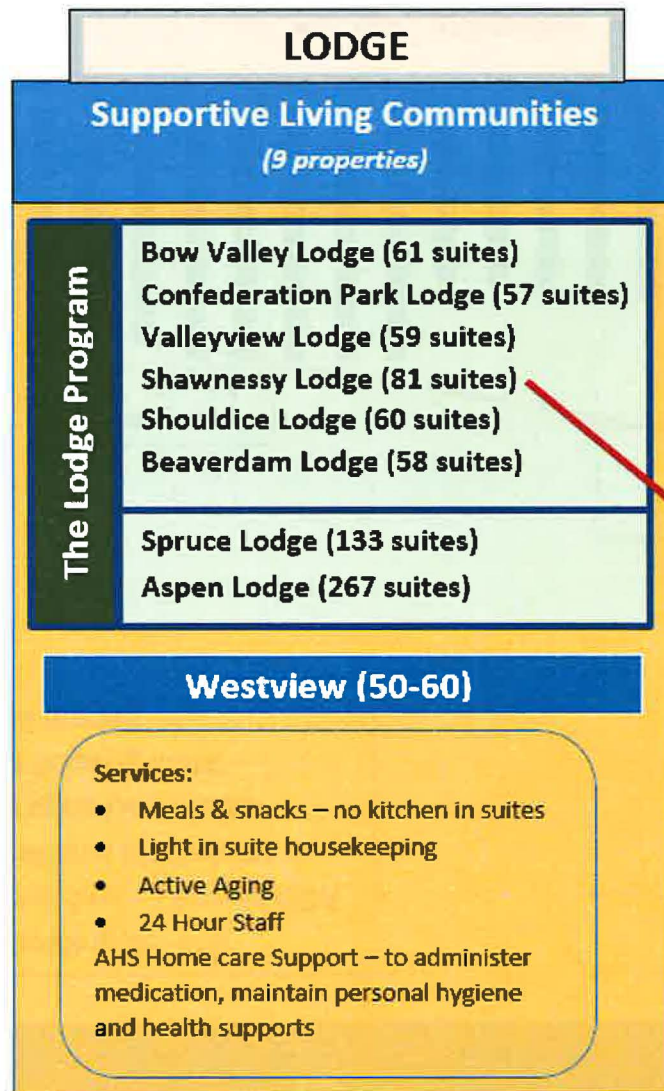
- Contrary to historic beliefs - revenue constrained by legislation are not self-sustaining. Lodge program was established as a subsidized program.
- Historic belief was predicated on a single larger facility subsidizing the entire lodge portfolio in perpetuity. This unrealistic thinking did not account for rising cost of living nor the facility retaining necessary reserves to re-invest in capital to maintain the asset.
- Our priority and mandate is to serve lowest income seniors - It's the right thing to do.
- It is the Province's decision with City approval to authorize Silvera recommendations regarding Lodge transitions, use or closures.

Silvera Operations

The Lodge Program is one facet of our operations.

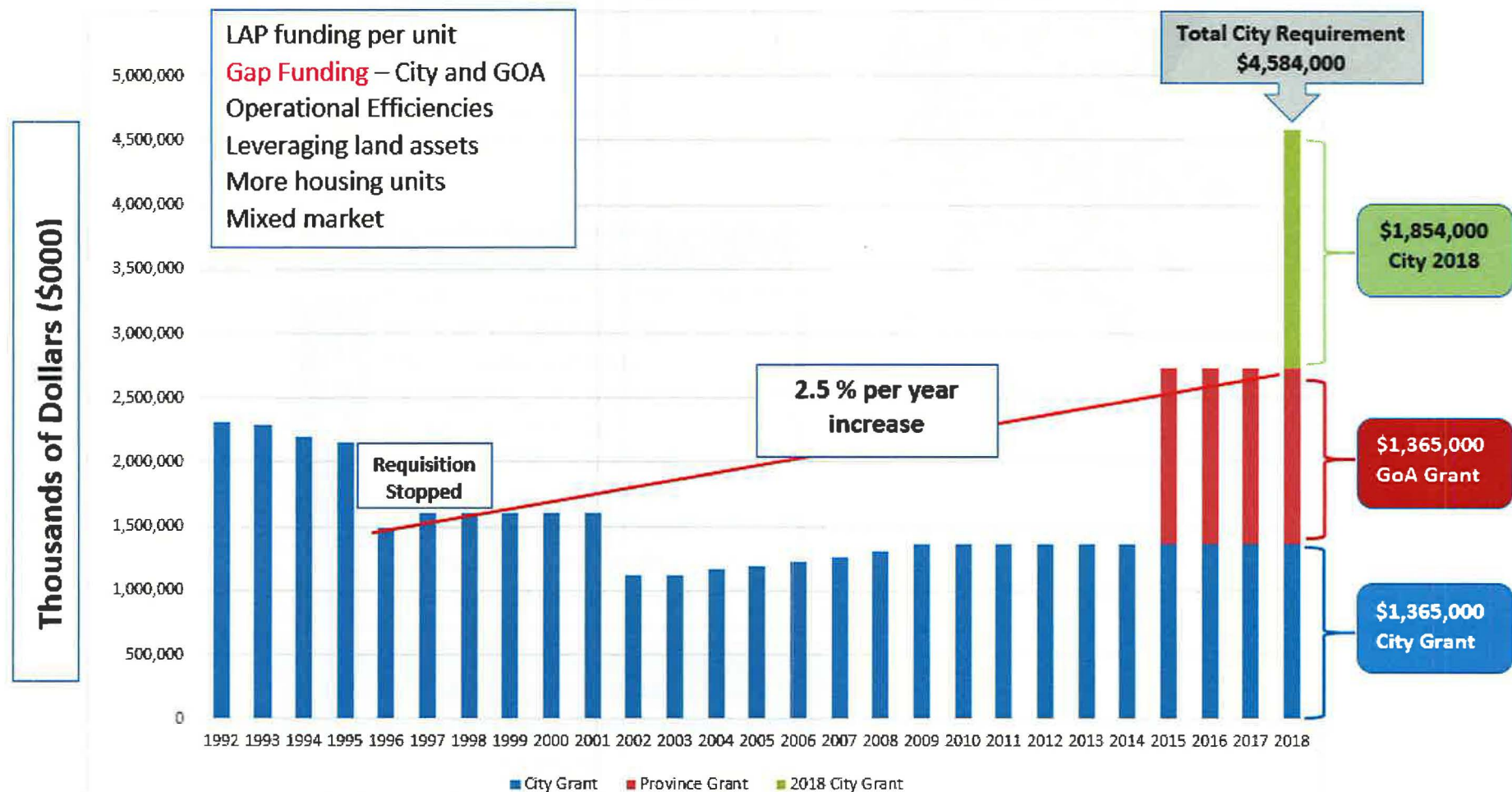


City Obligation



Only the
Lodge
Program is
subject to
City Funding
support

City Funding History



2018 Approved Budget

<i>*in thousands</i>	2015	2016	2017 FORECAST	2018 BUDGET
Operating Revenue (Rent) – (note 1)	11,721,000	11,986,000	12,174,000	12,328,000
Other Revenue (note 2)	415,000	468,000	612,000	495,000
ASHC - LAP Grant (note 3)	3,206,000	3,212,000	3,175,000	3,171,000
Provincial – One Time Funding (note 4)	1,227,000	1,186,000	1,187,000	1,365,000
Municipal Grant (note 5)	1,365,000	1,365,000	1,365,000	1,365,000
Municipal Required Funding	-	-	-	1,855,000
TOTAL REVENUE	\$ 17,934,000	\$ 18,217	\$ 18,513,000	\$ 20,579,000
Food (note 6)	1,689,000	1,764,000	1,757,000	1,872,000
Operating (note 7)	631,000	641,000	744,000	792,000
Operating Maintenance (note 8)	1,059,000	1,215,000	1,279,000	1,232,000
Utilities (note 9)	1,32,000	1,265,000	1,378,000	1,457,000
Operating Expense Sub-Total	4,708,000	4,885,000	5,158,000	5,353,000
Human Resources (note 10)	9,006,000	9,370,000	9,585,000	10,659,000
Administration (note 11)	2,043,000	2,494,000	3,020,000	3,325,000
Amortization Expenses (note 12)	690,000	663,000	780,000	795,000
Other Expenses Sub-Total	11,739,000	12,527,000	13,385,000	14,779,000
TOTAL EXPENSES	\$ 16,447,000	\$ 17,412,000	\$ 18,543,000	\$ 20,132,000
Operating Surplus (Deficit)	\$ 1,487,000	\$ 805,000	\$ (30,000)	\$ 449,000
Maintenance Reserve (note 13)	(400,000)	(400,000)	0	(400,000)
Net Surplus (Deficit)	1,080,000	405,000	\$ (30,000)	49,000

\$4,585

We are doing our part

Cost Containment:

- Reduced staff turnover to support efficiency and reduce operational costs.
- Strict Lodge staffing models – just achieve minimum wage compliance.
- We maintain strong controls and negotiate to reduce expenditures:
 - \$120K net savings in employee benefits;
 - Energy cost reduction through sector bulk buying;
 - Reduced our cable contract expense by 12%;
 - Not allowing cash to be idle, earning \$140K in short-term GIC's.

Operational Efficiency:

- Quick suite turnover to maintain high occupancy 95%.
- Optimizing staffing resources.
- Rigor in allocation of formulas to Lodge and to Seniors' Self-contained
- Ongoing focus on process improvement.
- Waste reduction (food program/recycling) across all lodges.
- Culture of innovation.

We are doing our part

Leveraging in all areas:

- Purchasing power – food, cleaning supplies, maintenance
- Collaboration with partners like Homecare ensuring our responsibilities don't 'creep' yet residents get proper supports
- Significant engagement of community – 80+ Days of Caring, Volunteers
- Increased directed donations to support lodge and senior self-contained operations
- RESOLVE campaign and donor investments to support capital development
- Systems improvement (IT) to increase efficiency (significant support from donors)
- Increase support from Province for Lodge program (LAP funding increases)

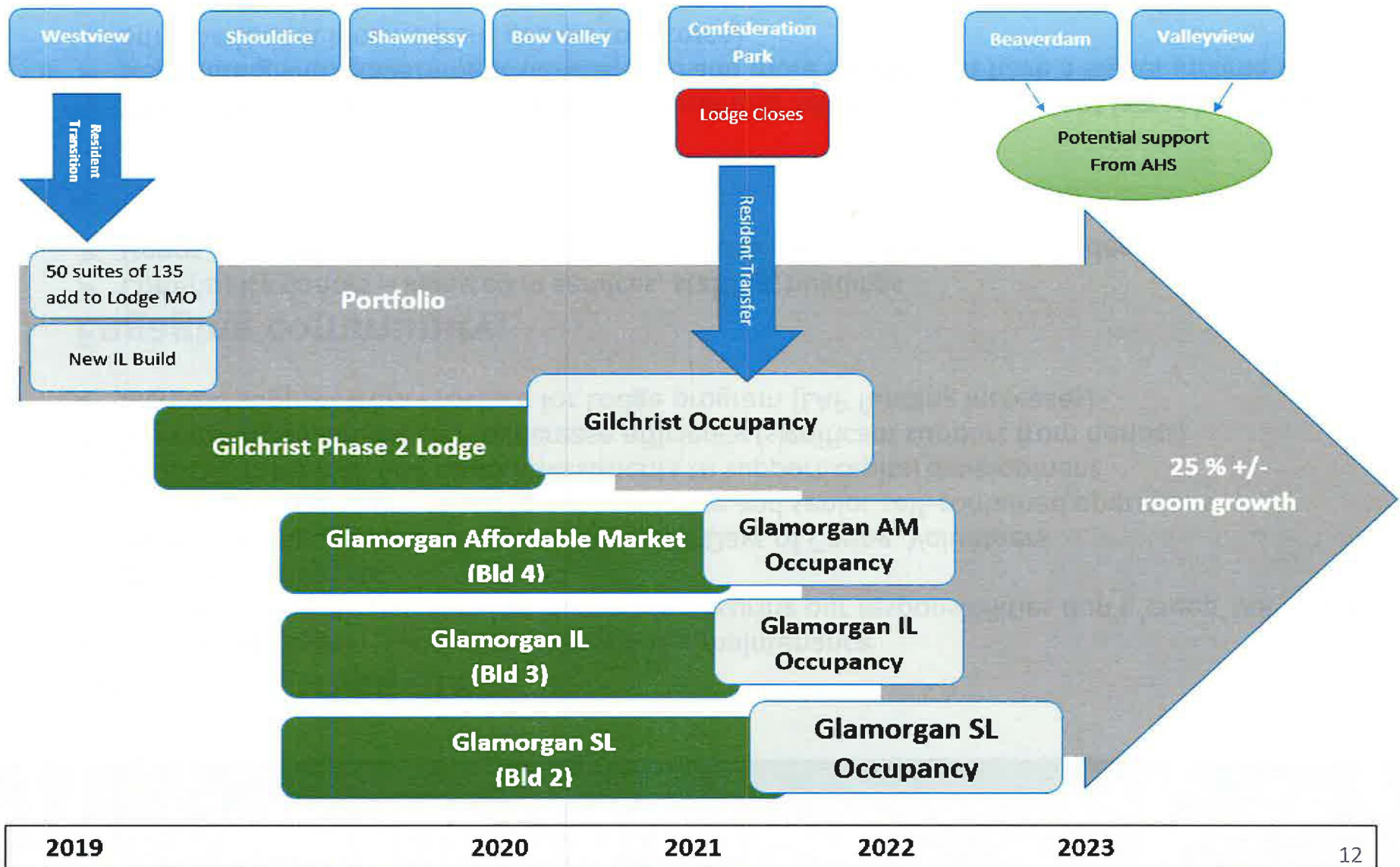
Engaging community:

- Community donors – invested in services, staffing, buildings
- Donor Designated funding has been used to fund our IT system and upgrades and hardware

Planning for the future:

- Size matters – negotiating with the Government of Alberta – more efficient larger buildings
- Negotiating with Government of Alberta to add more seniors that have a higher income versus only the lowest income (rent geared to income)

Future Vision – Lodge Plan



Facts and Recommendations

- Silvera as a Lodge program provider is governed by Ministerial Order H:029/16
- Lodge facts:
 - Aging buildings (6 lodges are 40 y/o) – higher maintenance cost
 - The old lodges lack economies of scale with 60 units per building
 - Large lodges (high unit count) are more operationally viable/efficient
- More affordable housing is needed as our population ages, Calgary has pent up demand as a major urban centre
- 2018 Budget:
 - Silvera will receive the historic City grant of \$1.365
 - Silvera will receive the final 'one time' Provincial funding of \$1.365
 - Additional funding balance required from the City of Calgary \$1.85
- Affordable Housing is a priority which also supports City of Calgary Plans: Affordable Housing, Poverty Reduction and Age Friendly
- Silvera will bring forward its 4 year Capital Maintenance for deferred Capital Maintenance backlog to the City for the November ONE CALGARY Plan.