



THE CITY OF
CALGARY
CORPORATE PROPERTIES & BUILDINGS

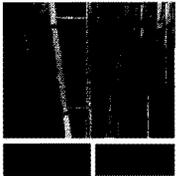
Corporate Accommodations Buildings Portfolio

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Internal Security Classification: Unrestricted





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Overview:

The Corporate Accommodation Buildings portfolio consists of 56 of the Corporation's buildings that support the delivery of important services to citizens and customers by multiple business units. (Appendix A). The Portfolio has three million square feet housing 4500 administrative staff. The buildings are located on Operations Workplace Centres and on stand-alone sites such as the Municipal Complex and Ad Valorem buildings. CPB is responsible for operating and maintenance of the Corporate Accommodation Buildings Portfolio.

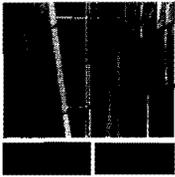
Essential services operate from the Corporate Accommodation Buildings Portfolio including services such as: development and building permits, ice/snow removal and roads maintenance, Council's legislative operations, 311 and 911 operations, waste removal, and fleet maintenance. Other critical services include: transportation planning, park and pathways management and human resources.

The Corporate Accommodation Buildings Portfolio Framework is key to providing the information to best manage the Portfolio. It is comprised of five foundational components required for a risk based asset management approach to ensure key service delivery and to optimally manage the Corporate Accommodation Buildings Portfolio. Details of the framework and progress within each component are outlined in Appendix B.

Prior to ten years ago, there was limited investment in the Corporate Accommodation Buildings and they deteriorated to a poor condition. In 2009 it was determined that significant investment was required for the most urgent and critical needs of building systems. Most lifecycle funding was invested in electrical, mechanical, HVAC and life-safety systems. With the improvement in these systems, the needs of roofs, building envelopes, plazas and landscaping have become more critical. Investing in these elements prevents further damage to interior of buildings and reduces safety risk. A facility already in poor condition will deteriorate at a faster rate than a building in good condition. As buildings deteriorate, the operating, maintenance, and utility costs increase. Costs are higher due to the reactive nature of maintenance required when critical systems fail, such as roofs, building envelopes, plumbing, and electrical.

In managing the Portfolio with limited funding and increasing deterioration, Administration has focused funding allocations on at least 10 of these 56 buildings which house tenants that deliver critical services internally to The City and externally to our citizens. The 10 key buildings that pose the greatest risk to citizen service delivery if not maintained include: Council offices and meeting spaces, a Traffic Control Centre, a backup centre for Corporate Security, a Recreation Call Centre, a Corporate Fleet Maintenance Hub, the 911 Operations Centre, the 311 Operations Centre, and the Human Resources Call Centre. Under this risk based approach to accommodation management, funding for buildings is prioritized based on functional/service delivery needs and impacts if the building is compromised. Other facilities within the Corporate Accommodation Portfolio are also important to service delivery but with limited funding they are operated in lower conditions, especially in buildings with no interface with the public.

Based on the condition of these buildings and requested capital investment in the *Action Plan 2015-2018* business cycle, the Corporate Accommodation Building Portfolio will remain under-funded. The majority of funding will be spent on urgent and critical requirements such as roof replacement and electrical and heating systems, rather than the ongoing capital lifecycle maintenance requirements of the portfolio. As a result, by the end of 2018, the condition of the overall portfolio will decrease from "fair" back to "poor" condition as existed before the 2013 flood. Based on current funding, by the end of 2018, approximately 60% of current replacement value of the portfolio will be in poor to critical condition, this is an increase of 30% since 2014



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The following buildings are key buildings that will slip into the critical category (FCI >0.50) due to limited funding over the next four years.

- Manchester Tower 1 (South) – will go from Fair (FCI 0.22) to Critical (FCI 0.59) condition – requiring 37% more funding than requested to bring to target condition
- Historic City Hall – Will go from Fair (FCI 0.15) to Critical (FCI 0.55) condition – requiring 40% more funding than requested to bring to target condition. (*FCI does not include Heritage elements - Historic City Hall condition has improved as a result of the post-flood repairs. However, the historic sandstone is in critical condition and requires immediate significant investment).
- Administration Building- Will go from Fair (FCI 0.35) to Critical (FCI 0.61) condition – requiring 27% more funding than requested to bring to target condition
- Manchester Building U – Will go from Fair (FCI 0.13) to Critical (FCI 0.69) condition – requiring 34% more funding than requested to bring to target condition.

Investment Scenarios:

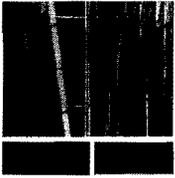
Four investment scenarios have been developed for the Corporate Accommodation Buildings Portfolio Lifecycle Maintenance Program. The scenarios present investment required for 10-year capital lifecycle maintenance plan to achieve different portfolio condition levels by the end of 2024 (2015-2024).

Scenario 1 – Achieving and maintaining “good” condition of all buildings requires an investment of \$32.3M/year from 2015-2024 (\$323.3M over 10 years). At the end of 2024, the overall condition of the portfolio will improve from an FCI 0.27 to FCI 0.10, and the overall condition will remain at a “Good” level.

Scenario 2 – Achieving (“good”) target condition for 10 Key buildings and maintaining existing conditions of all other buildings requires an investment of \$30.4 M/year from 2015-2024 (\$304.1M over 10 years). At the end of 2024, the overall condition of the portfolio will improve from an FCI 0.27 to FCI 0.16, and the overall condition will remain at a “Fair” level.

Scenario 3 - Maintaining current building conditions and prevent further deterioration of the entire portfolio requires an investment of \$24.5M/year from 2015-2024 (\$245.0M over 10 years). At the end of 2024, the overall condition of the portfolio will be maintained at existing fair condition (FCI 0.27). The 10 focus buildings will remain at an average condition of “Fair” (FCI 0.28).

Scenario 4 – Asset deterioration, requested funding packages for the Action Plan 2015-2018
The current, requested capital packages for the 2015-2018 budget cycle will provide \$20.6M in 2015; \$12.6M in 2016-2017 and \$10.4M in 2018 for lifecycle maintenance funding (\$58.2M over four years). This amount of funding will be primarily used to address urgent and critical requirements as well as the most beneficial deferred maintenance requirements. The amount is not sufficient to retain the current condition of the portfolio. At the end of 2024, the overall FCI will remain in “fair” condition, albeit at the lowest end (FCI 0.27 to FCI 0.34).



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Optimal Investment Strategy– Scenario 2

Scenario 2 with a 10 year \$304.1M investment would enable The City to invest in the Corporate Accommodation Buildings Portfolio while recognizing the current lifecycle maintenance funding challenges. \$30.4M annually, from 2015-2024, will maintain the overall portfolio in a fair condition, mitigate further deterioration, and support overall, modest, improvement of the portfolio. Scenario 2 also ensures that none of the 10 key buildings will be operated in poor condition.

Any annual capital lifecycle funding below the \$245.0M - 10 year requirements level will result in the ongoing deterioration of the Portfolio.

This demonstrates the need for a Municipal Sustainability Initiative type of funding program that will provide sufficient funding over a number of years. Such a program could bring buildings to fair or good condition, which would require less annual funding investment to maintain thereafter.

Next Steps:

The five foundational Corporate Accommodation Buildings Portfolio Framework components support the development of an asset lifecycle management program of “cradle to grave” individual building asset management plans, including investment models to plan and prioritize both funding needs and asset activities. Feeding into the Corporate Accommodation Buildings Portfolio Framework will be a focused systems solution to help address significant business risks that hamper future efforts to control costs and empower workforce by accurately tracking building inventory, building inventory conditions and measuring building performance in order to ensure proactive maintenance. Another key initiative to asset management is the rationalizing and planning of land and building assets. This work will further prioritize buildings and land in order to ensure investment in the right buildings at the right time.

All of these initiatives include improved data systems, more accurate data and the ability to forecast future building needs. These initiatives enable the best evidence based decisions with limited funding.

Supporting documentation:

Appendix:

- A. Corporate Accommodation Buildings Portfolio – Building Condition Update
- B. Corporate Accommodation Buildings Portfolio Asset Framework

APPENDIX - A

Corporate Accommodation Buildings Portfolio - Building Condition Update

The Corporate Accommodation Buildings Portfolio (CABP) is comprised of key administrative buildings as well as operational sites with a variety of buildings under CPB stewardship. These buildings and sites are used by multiple business units to accommodate staff, vehicles, equipment, and materials in order to enable delivery of services to citizens. At the top of the portfolio list, CPB has focused on ten high risk and therefore high priority facilities for investment of capital resources. These buildings were identified as highest risk because:

- they are necessary to house tenants that deliver critical services internally to The City, as well as externally to our citizens,
- they are high occupancy buildings with multiple business units as tenants,
- they present, on average, a higher risk of service interruptions due to age related systems deterioration,
- in some cases, they are likely to require tenant relocation to facilitate larger lifecycle maintenance / building improvement projects.

***FCI (Facility Condition Index):**

GOOD	0.05 - 0.1
FAIR	0.1 - 0.35
FAIR-POOR	0.35
POOR	0.35 - 0.5

# ON MAP, SEE ATTACHMENT 1	COMMON NAME, DESCRIPTION and USAGE -	BUILDING ID	PARCEL ADDRESS	CONSTRUCTION YEAR	2012 FCI VALUE	2013 FCI VALUE	2014 FCI VALUE	SQFT	TARGET FCI	ESTIMATED COST TO ACHIEVE TARGET CONDITION OVER 10 YEARS
BPBC3 FOCUS FACILITIES:										
1	ANDREW DAVISON	11718	133 6 AV SE	1976	0.28	0.29	0	270,000	GOOD	\$2,908,864
2	ADMINISTRATION BUILDING	15007	333 7 AV SE	1982	0.61	0.64	0.28	141,022	GOOD	\$25,552,371
3	HISTORIC CITY HALL (*FCI does not include Heritage elements - Historic City Hall condition has improved as a result of the post-flood repairs. However, the historic sandstone is in critical condition and requires immediate significant investment)	11697	700 MACLEOD TR SE	1911	0.28	0.48	0.15*	41,157	GOOD	\$8,286,034 for base building FCI and \$35,250,000 for the heritage restoration of the sandstone façade.
4	CORPORATE WAREHOUSE	16496	2340 22 ST NE	1990	data unavailable	0.42	0.09	118,352	GOOD	\$3,069,655
5	MANCHESTER BUILDING A - CENTRAL STORES LOGISTICS BUILDING	11558	3063 DARTMOUTH RD SE	2007	0.04	0.04	0.04	107,155	GOOD	\$1,672,255
6	MANCHESTER BUILDING E TOWER 1 (SOUTH TOWER)	15009	2808 SPILLER RD SE	1975	0.45	0.45	0.2	76,695	GOOD	\$20,414,763
7	MANCHESTER BUILDING E TOWER 2 (NORTH TOWER)	15010	2808 SPILLER RD SE	1975	0.59	0.59	0.15	34,055	GOOD	\$7,227,683
8	MUNICIPAL BUILDING	11696	800 MACLEOD TR SE	1985	0.48	0.48	0.46	802,591	GOOD	\$130,892,489
9	PUBLIC BUILDING	11680	205 8 AV SE	1929	0.01	0.01	0.02	91,562	GOOD	\$4,425,741
10	WHITEHORN CENTRE	11808	3705 35 ST NE	1982	0.42	0.36	0.1	260,000	GOOD	\$25,798,161
COLD STORAGE BUILDINGS:										
11	MANCHESTER BUTLER BUILDING (REHABILITATION BUILDING)	11556	651 25 AV SE	1966	0.19	0.21	0.24	21,921	FAIR - POOR	\$0
12	MANCHESTER LUMBER STORAGE SHED	11553	651 25 AV SE	1999	0.07	0.07	0.07	3,150	FAIR - POOR	\$0
HEATED WAREHOUSE BUILDINGS:										
13	MAYLAND HEIGHTS BUTLER STORAGE BUILDING #4	11742	111 17 ST SE	1988	0.01	0.01	0.01	798	FAIR	\$0
HEAVY OPERATIONAL / ADMINISTRATIVE BUILDINGS:										
14	MANCHESTER BUILDING Q	11547	655 25 AV SE	1977	0.29	0.71	0.24	65,354	FAIR	\$7,889,453
15	MANCHESTER BUILDING R	11549	655 25 AV SE	1972	0.23	0.57	0.17	88,154	FAIR	\$4,947,184
HEAVY OPERATIONS BUILDINGS:										
16	MANCHESTER BRIDGE CREW BUILDING	12019	651J 25 AV SE	1990	0.14	0.15	0.16	648	FAIR - POOR	\$0
17	MID-SUN EMERGENCY RESPONSE - GARAGE (DISTRICT 8)	11383	450 MIDPARK WY SE	2001	0.18	0.19	0.19	1,200	FAIR - POOR	\$1,575,945
OFFICE ADMINISTRATION BUILDINGS:										
18	AD VALOREM / DEERFOOT ONE	15040	2924 11 ST NE	1981	0.14	0.15	0.12	90,000	GOOD	\$12,694,986
19	ALBERTA TRADE CENTRE	11673	315 10 AV SE	1974	0.13	0.13	0.02	68,970	GOOD	\$2,680,898
20	DARTMOUTH PLACE	17531	480 36 AV SE	1978	Not Assessed	Not Assessed	0	38,552	GOOD	\$2,302,609
21	GEORGINA THOMPSON CNS ADMIN	12533	772 NORTHMOUNT DR NW	data unavailable	Not Assessed	Not Assessed	Not Assessed	4,200	FAIR	Not Assessed
22	MANCHESTER BUILDING B	11565	655 25 AV SE	1954	0.42	0.42	0.56	12,603	FAIR	\$1,845,347
23	MANCHESTER BUILDING S	16535	656 25 AV SE	1985	Not Assessed	Not Assessed	Not Assessed	882	FAIR	Not Assessed
24	MANCHESTER BUILDING U	11567	677 25 AV SE	1991	0.11	0.27	0.13	39,391	FAIR	\$5,771,708
25	MAYLAND HEIGHTS ANNEX OFFICE	15020	111 17 ST SE	1983	0.23	0.23	0.42	916	FAIR	\$65,301
26	NORTH HILL BUILDING	11761	1920 14 AV NW	1974	0.65	0.67	0.71	3,812	FAIR	\$558,863

# ON MAP, SEE ATTACHMENT 1	COMMON NAME, DESCRIPTION and USAGE -	BUILDING ID	PARCEL ADDRESS	CONSTRUCTION YEAR	2012 FCI VALUE	2013 FCI VALUE	2014 FCI VALUE	SQFT	TARGET FCI	ESTIMATED COST TO ACHIEVE TARGET CONDITION OVER 10 YEARS
27	SHAGANAPPI BUILDING	11241	3415 8 AVE SW	1970	0.56	0.49	0.43	22,617	FAIR	\$3,314,775
28	SHEPARD OWC OFFICE ANNEX #2	17532	6727 114 AV SE	data unavailable	Not Assessed	Not Assessed	Not Assessed	5,824	FAIR	Not Assessed
29	SPRING GARDENS - BUILDING D - MAIN OFFICE	11821	840 32 AV NE	1983	0.77	0.76	0.77	12,809	GOOD	\$1,009,837
30	HISTORIC, FORMER BELTLINE YWCA	11375	223 12 AV SW	1910	0.78	0.8	0.48	37,139	FAIR	\$3,902,421
31	MID-SUN EMERGENCY RESPONSE - CENTRE (DISTRICT 8)	11382	450 Midpark WY SE	2001	0.19	0.19	0.09	41,501	FAIR	\$2,644,243
32	BOWMONT CIVIC BUILDING	11787	5000 Bowness RD NW	1959	0.32	0.32	0.17	10,951	FAIR	\$1,077,905
33	COUNTRY HILLS EMERGENCY RESPONSE - CENTRE (DISTRICT 7)	11858	11955 Country Village LI NE	2005	0.15	0.15	0.15	41,501	FAIR	\$1,635,982
34	THORNHILL BUILDING	12202	6617 Centre ST NW	1973	0.58	0.58	0.29	25,957	FAIR	\$3,728,538
35	HOLY ANGELS SCHOOL	12416	2105 CLIFF ST SW	1919	0.14	0.15	0.04	17,567	FAIR	\$1,147,200
36	SHEPARD OWC OFFICE ANNEX #3	17534	6727 114 AV SE	1998	Not Assessed	Not Assessed	Not Assessed	data unavailable	FAIR	Not Assessed
OFFICE OPERATIONAL BUILDINGS:										
37	ARMOUR BLOCK, RELIANCE BUILDING - ADDITION #2 - (CARPENTER SHOP)	12888	15 4 ST NE	1950	0.18	0.19	0.19	4,430	FAIR - POOR	Not Assessed
38	ARMOUR BLOCK RELIANCE BUILDING - ADDITION #1	15057	15 4 ST NE	1960	0.21	0.21	0.21	1,972	FAIR - POOR	\$15,055
39	BEARSPAW COMPLEX - ADMINISTRATION BUILDING & TRUCK GARAGE	11842	11444 BEARSPAW DAM RD NW	1977	0.38	0.38	0.28	39,962	FAIR - POOR	\$2,574,162
40	EMS GEO POST #15 (BOWNESS ROAD) (AHS)	12134	5010 BOWNESS RD NW	1975	0.15	0.15	0.22	4,513	FAIR - POOR	\$204,125
41	EMS GEO POST #3 (MACLEOD TRAIL) (AHS)	11363	1807 MACLEOD TR SE	1912	0.34	0.3	0	13,765	FAIR - POOR	\$0
42	EMS GEO POST #5 (4 ST & MCKNIGHT BV NE) (AHS)	12168	4824 4 ST NW	1994	0.3	0.3	0.3	4,078	FAIR - POOR	\$356,830
43	EMS GEOPOST #6 (WESTMOUNT BV NW) (AHS)	11366	1940 WESTMOUNT BV NW	1950	0.58	0.58	0.6	6,000	FAIR - POOR	\$555,703
44	EMS STATION #32 (SADDLE RIDGE NE) (FIRE)	10013	29 SADDLECREEK CV NE	2000	Not Assessed	Not Assessed	Not Assessed	1,461	FAIR - POOR	Not Assessed
45	MANCHESTER BUILDING E ANNEX BUILDING 3	11566	2808 SPILLER RD SE	1975	0.4	0.6	0.49	81,227	FAIR	\$11,492,812
46	MANCHESTER BUILDING M	11559	655 25 AV SE	1956	0.39	0.38	0.49	24,863	FAIR - POOR	\$3,022,786
47	MANCHESTER BUILDING S PIPE LAYER SHOP (FLEET SERVICES)	15004	655 25 AV SE	1980	0.49	0.47	0.6	14,000	FAIR - POOR	\$857,020
48	SADDLERIDGE EMERGENCY RESPONSE - CENTRE (DISTRICT 5)	17067	800 SADDLE RIDGE CI NE	2008	Not Assessed	Not Assessed	0	31,216	GOOD	\$2,525,622
49	SPRING GARDENS ENGINEERING STORAGE BUILDING B SPRING GARDENS WASH BAY	11815	840 32 AV NE	1978	0.3	0.3	0.44	32,828	FAIR - POOR	\$2,390,687
50	MANCHESTER BUILDING C	11557	655 25 AV SE	1955	0.27	0.32	-	16,233	FAIR	\$1,445,162
51	FOREST LAWN BUILDING	11651	3810 17 AV SE	1979	0.35	0.35	0.49	107,155	FAIR - POOR	\$1,773,437
52	SHEPARD OWC VEHICLE STORAGE #2	17521	6727 114 AV SE	data unavailable	Not Assessed	Not Assessed	Not Assessed	77,044	FAIR - POOR	Not Assessed
WASHBAY / VEHICLE STORAGE BUILDINGS:										
53	MANCHESTER BUILDING J	11551	655 25 AV SE	1955	0.39	0.38	0.48	26,514	FAIR - POOR	\$1,336,706
WASHBAY / VEHICLE STORAGE / OFFICE OPERATIONAL BUILDINGS:										
54	SPRING GARDENS VEHICLE GARAGE - BUILDING E SPRING GARDENS WASTE & RECYCLING SERVICE - BUILDING E	11816	928 32 AVE NE	1981	0.8	0.8	0.81	22,118	FAIR - POOR	\$4,205,862
+15 FACILITIES (ASSOCIATED WITH OWNING BUILDINGS IN THE CORPORATE ACCOMMODATION PORTFOLIO):										
55	+15 ADMINISTRATION BUILDING TO POLICE	15000	316 7 AV SE	1975	0.86	0.77	0.8	4,304	FAIR	\$1,333,627
56	+15 TO CCPA/CIVIC PLAZA PARKADE /EPCOR CENTRE	15001	322 9 AV SE	1987	0.18	0.84	0.89	1,076	FAIR	\$222,763
Estimated Cost to bring building to specified condition										\$323,353,570
Estimated yearly cost to bring building to specified condition over 10 yrs										\$32,335,357

APPENDIX - B

CORPORATE ACCOMMODATION BUILDINGS PORTFOLIO FRAMEWORK

The Corporate Accommodation Asset Framework uses a risk based approach to ensure key service delivery

1. Knowing what facilities and land CPB has in its responsibility:

CPB has 56 buildings in the Corporation; these are multi-BU buildings including administrative and operational buildings.

2. Knowing the condition and usability of existing facilities, workspaces and land:

CPB has facility condition information for all assets:

The City of Calgary 2013 Infrastructure Status Report (ISR), based on 2012 data, reports deterioration in CPB's building assets from the previous, 2010 ISR. The change from 2010 ISR to 2013 ISR is as follows:

- 3% increase to 10% of CPB buildings in "good to very good condition";
- 34% decrease to 24% of CPB buildings in "fair condition";
- 31% increase to 66% of CPB buildings in "poor to critical condition".

The overall, current condition of the Corporate Accommodation Buildings Portfolio is "fair". This represents a sizeable improvement from last year's report of "poor".

The 2013 ISR does not reflect the overall improvement of the portfolio as a result of the 2013 flood response rehabilitation floods. An improved overall building condition in 2013 was due to the 2013 flood response rehabilitation funds addressing some of the most critical conditions in specific, particularly poor and critical condition buildings and a combination of factors including efficiencies resulting from improved understanding of our assets and inventory. Funded mainly by the Municipal Sustainability Initiative (MSI) program, the recent upgrades have not eliminated the backlog of required maintenance for key Corporate Accommodation Buildings, including the Municipal Complex. This MSI funding for lifecycle maintenance will be expended by the end of 2014, and deterioration of The Corporate Accommodation Buildings Portfolio will continue.

In 2013, Council approved a total of \$10M for building roof and envelope projects from vacated education tax. CPB has focussed these funds (at \$2M / year) on a much needed roofing program. The funds will be fully expended in 2017 after which time there will be no more funding for roofs, many will be in declining condition.

3. Understanding business units' current and future requirements for administrative and operational workspace:

CPB works with other BUs to maximize co-location opportunities and building utilization in order to avoid unneeded growth and therefore unneeded spending. To ensure BUs current and future accommodation needs and to ensure assets are further optimized in the face of limited budgets now and in the future, Administration maintains the Business Unit Profiles program to understand BUs accommodation needs. CPB is also investing in and supporting Tomorrow's Workplace, a program intended to reduce the City's requirement for office space (and associated costs) while building a collaborative and flexible way of working where employees can efficiently and effectively deliver services anywhere/anytime. Both of these initiatives are enabled by CPB's understanding of business units' current and future requirements for administrative and operational workspace.

4. Having sustainable, predictable funding for the Corporate Accommodation Buildings Portfolio

The City does not have presently - and never has had - a sustainable funding program to support the capital lifecycle maintenance requirements of The Corporate Accommodation Buildings Portfolio. Administration relies upon sporadic and limited grant programs from other levels of government, such as the Municipal Sustainability Initiative (MSI) which will be fully expended at the end of 2014 for building lifecycle needs, as well as limited funds from the Lifecycle Maintenance Upgrade Reserve (LMUR).

5. Knowing Council's vision for service delivery to citizens.

Through the Tomorrow's Workplace program Council has provided direction on a 'grow without growth' strategy. Administration will continue to work on a workplace strategy for Councils consideration over the next year. This strategy will address the need for flexible work styles, growth strategies, governance, co-location opportunities and optimization of the administrative portfolio.