



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: November 14, 2007
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Meeting Date: December 11, 2007

TO: Standing Committee on City Services and Budgets

FROM: General Manager of Corporate Services

SUBJECT: Facilities Design and Management Reorganization

RECOMMENDATIONS

THAT Council receive this report for INFORMATION and defer the following Recommendation to the 2008 Interim Operating Budget.

THAT, Council approve the following staff additions and changes to the Facilities Design and Management Department Structure at an estimated cost of \$175,000 for 2008 and \$120,000 ongoing, including benefits, to meet current and forecasted work loads. Funding to be added to the Operating Budget without offset. Approval and funding to be deferred to the 2008 Interim Operating Budget.

- i) THAT two (2) regular/ full-time, exempt positions be created for a Manager, Facilities Planning and Manager, Capital Maintenance within the Facilities Development Division.
- ii) THAT one (1) CUPE 15 Administrative Assistant, position be deleted and a new, regular/ full-time exempt position of Manager, Property Management and Administration be created.
- iii) THAT one (1) CUPE 15 Maintenance Technician III position be reclassified to a regular, full-time, CUPE 15 position of Construction Assistant (Facilities Planner).
- iv) THAT three (3) CUPE 15 temporary, full-time, Construction Assistant positions be created for a period of 23 months.
- v) THAT two (2) temporary full-time, exempt Project Manager positions be converted to regular/ full-time.

The above positions are subject to review and classification by the General Manager of Human Resources.

CITY MANAGER'S COMMENTS

The City Manager notes that the staff resources in Facilities Design & Management have not been adjusted since 2002 to meet the growth in City's facilities inventory and the strategic facilities planning needs of the City. As the City's infrastructure continues to age and space availability in the City Hall Precinct has diminished, there is an urgent need to focus on strategic facilities planning and recapitalization/renewal of the City's existing facilities. Current and projected project management requirements exceed current staffing levels. Initiatives and projects are being delayed due to the lack of available staff resources. As well, the growing inventory of residential and commercial properties held within the PEF requires a more focused property management approach. The staff additions and changes outlined in this report will better position the Facilities Design & Management Department to meet the immediate challenges and properly plan for the City's future needs. The City Manager therefore RECOMMENDS approval of the foregoing.

COUNCIL POLICY

All regular, full-time staff additions and deletions are to be approved by Council.

PURPOSE

The purpose of this report is to obtain City Council approval to provide additional staff resources and realign the organizational structure of the Facilities Design & Management Department to provide enhanced strategic facilities planning, improve property management processes in the Corporate Services Group, implement a long term facility recapitalization program, and provide sufficient project management services to implement approved capital projects and programs. Implementation of this proposal will result in a number of position additions, changes and conversions.

BACKGROUND

The Facilities Design and Management Department was formed in 2002 by combining Building Management and Facilities Design under one Director. Since that time, there have been no additional permanent resources provided to the Department's facilities planning and property management staff, despite the continuing acquisition and construction of new facilities. The Civic-use buildings managed by the Facilities Department are aging and require significant work to ensure that they remain functional throughout their intended life.

The City's civic-use assets (buildings) are currently valued at over \$500 million. Building assets held within the PEF portfolio are valued at over \$160 million.

Over the past 12 months, an internal review of the organizational structure, work load, and service support levels has been undertaken which has identified the following target improvement areas:

- A Creation of a dedicated Facilities Planning capability
- B Development and implementation of a Facility Recapitalization Program
- C Consolidation of the Property Management and Administration functions
- D Resourcing and retention of Project Management staff
- E Creation of a cohesive Departmental Leadership Team
- F Integration of Services and functions within the Department

DISCUSSION

The current and proposed organization structures of the Facilities Department are shown in Appendix A.

The proposed departmental reorganization plan and additional staff resources will provide much needed improvements in the following areas:

A. Facilities Planning Capability

The current organizational structure and staffing in the Facilities Development Division provides for very limited strategic facilities planning. Currently, the facilities planning capability consists of four CUPE 15 positions: one Construction Assistant (Facilities Planner), one Architectural Technician II, one Architectural Technician I, and one Cost Estimator/Scheduler. The focus of this group has been to plan, design, and implement minor office reconfigurations and staff moves. More detailed project planning has been assigned to the Project Management staff in addition to their project management duties.

Facilities Development staff are currently involved with 14 amenity bonus proposals each of which consumes approximately 200 to 250 hours of staff time from concept to completion.

This staff resource level is inadequate to address current work loads and limits the department's ability to address the facilities planning needs of the City. The following key facilities planning objectives that require additional attention and enhancement in order to properly safeguard the City's facility portfolio:

- Development of a comprehensive Strategic Facilities Plan that focuses on:
 - New building requirements
 - Redevelopment (renewal) of existing buildings
- Development of a strategic Office Accommodation Plan including:
 - Updated inventories of existing office space and departmental allocations
 - Reassessment of space standards
 - Strategic forecast of future office accommodation needs
 - Plans to address short term and long term space requirements
- Development and implementation of an annual Facility Condition Audit of major and medium facilities

- Development and management of a capital chargeback cash flow process to ensure that sufficient project management resources are available to meet the volume of Council approved projects
- More pro-active participation in the planning, assessment, and development of bonus amenity contribution proposals and the provision of more realistic forecast of the financial implications of these proposals.
- Provision of facilities planning assistance to other Departments.
- Conduct an analysis of the future requirements for and integrated Asset Management System for civic-use facilities.
- Develop and maintain an effective Record Drawing Management Library.
- Other strategic facility projects awaiting resources include:
 - Accessibility/Inclusivity Assessment and Upgrading
 - Backup City Hall

Providing an additional Manager and Facilities Planner to the Facilities Development Division will provide the resources to enable the Department to address the above strategic objectives.

B. Facilities Recapitalization Program

In order to ensure that City facilities remain fully functional for the duration of their intended life, the City's Recapitalization Program should be expanded. Failure to address the capital maintenance requirements of the City buildings will result in accelerated deterioration, less energy efficiency, significant impact on facility operations, occupant dissatisfaction and a significant increase in liability and risk to the City. Development and implementation of a long range, multi-year, recapitalization plan would include:

- Development of multi-year equipment and building system life cycle model
- Annual requirements validation process
- Development of long range financial forecasts of capital maintenance requirements
- An annual implementation plan designed to complete all funded projects within a 2 year window of funding.

The current Recapitalization Plan process provides for detailed estimates for Year 1 of the Capital Plan and preliminary estimates for Years 2 and 3. The development and implementation of a dynamic, multi-year program has been precluded by the lack of staff resources. As a result, the program has not been as successful as it could be and has experienced delayed implementation. In consideration of the number and value of the City's civic-use buildings, it is essential that the Facilities Recapitalization Plan be improved.

The creation of a Capital Maintenance Team would enable the City to better forecast future recapitalization requirements and deliver the approved programs in a more timely manner.

An effective, dynamic plan should be a two-part process. Firstly, a 20 year projection of the equipment life cycle replacement needs are determined for each facility. This model is based on mapping the major building equipment and systems against industry standard life

expectancies over a 20 year period. In addition, interior refinishing, carpeting and painting requirements are added to the model.

The second part of the process is to conduct an annual validation of the model to optimize funding allocations as part of the Capital and Annual Plans. Many of the systems, if properly maintained will last beyond their life expectancy and the annual validation process will enable dynamic adjustment of the 20 year model and prevent unnecessary spending. In developing the annual capital maintenance plan, the Capital Maintenance Team would:

- Reassess the condition of those projects that were unfunded from the previous year
- Identify the equipment and systems that are due for replacement in accordance with the 20 year model
- Validate the need to do the replacement and adjust the model accordingly
- Review and validate any client requests, determining relative priority and cost estimate
- Develop and recommend capital maintenance plan
- Begin preliminary design work on projects that are critical or have a high potential for funding.

The existing Recapitalization (Capital Maintenance) Program of approximately \$3 million per year is developed, estimated and implemented by the Assistant Manager of Building Services. This level of resourcing is inadequate and prevents the timely development and implementation of capital projects. As a result, approximately 20 % of the approved projects from the 2003 - 2005 Capital Plan and 60% of the approved capital maintenance projects from the 2006 and 2007 Annual Plans are outstanding.

In attempting to manage the existing Capital Maintenance Program, the Assistant Manager of Building Services is unable to assist with managing the day to day operations of the 175 technical maintenance and building service workers within Building Services. Building Services is the largest division in the department and operates out of 6 major sites, providing maintenance and operations services to facilities located throughout the City. With only two exempt management staff, this division requires the combined leadership and management of both the Manager, and Assistant Manager.

Creating a team, comprised of a Manager and a minimum of 3 Construction Assistants, dedicated to developing and implementing the Recapitalization Program will result in greatly improved long term sustainability of the City's building assets. Initially, the 3 Construction Assistant positions will be created on a temporary basis for a period of up to 23 months during which time the long term sustainable staff requirements will be determined.

The role of the Construction Assistants will be validate, prioritize, and estimate upcoming capital maintenance requirements identified in the life cycle model or submitted by clients, and coordinate the implementation of approved projects. Ideally, the Capital Maintenance Group would develop the plans and designs for these projects during the year preceeding Council Approval so that they are ready to go when funding is approved. This cannot be achieved with the current resource levels.

C. Property Management and Administration

The Facilities Department provides property management services to Real Estate Services for over 800,000 sq ft of PEF and Sundry Rental Properties including the following categories:

- Residential
- Commercial
- Industrial
- Retail

Within the existing structure of the Facilities Department, this function is split between two groups. As well, there is no centralized administration function for the Department. The effectiveness of property management and business administration functions is limited by:

- The split reporting structure
- Limited supervisory controls
- The lack of standard processes and procedures
- Inconsistent documentation and file control systems between Divisions
- No centralized personnel and financial administration

The proposed reorganization will create a Property Management and Administration Division that will focus on the effective management of the City's non civic-use properties and develop, implement, and monitor standard policies, processes, and procedures in order to achieve consistent and integrated service delivery across the entire department.

In the proposed reorganization, the existing CUPE 15 Administrative Assistant position would be deleted and an exempt manager position would be created. This change in status is necessary in order to provide direct management of Divisional staff, including but not limited to, responsibility for selection, hiring, performance management, attendance management, discipline and termination, as well as dealing with grievances and other labour relations issues. Additionally, this position would be responsible for achieving centralized control over personnel files, assisting in the development and evaluation of service level adjustments, and providing an internal audit function to ensure that all Divisions are compiling with Departmental financial, acquisition and contract management policies and procedures.

D. Project Management Resources

The Department's project management resources consist of:

- 3 regular, full-time staff
- 3 temporary, full-time staff entering the second year of 2 year contracts
- 1 temporary, full-time staff backfilling behind a vacancy that will end by Aug 08

There are 7 major projects underway at this time including 1 Kingsway, QET Redevelopment Phases 1 and 2, Mountainview Cemetery, VPD Dog Squad, VPD Force Options Training Centre, Woodwards. Activity on the QET Redevelopment, Woodwards and Force Options Training will continue over the next 2 to 3 years.

Facilities Development staff are currently involved with 83 projects and 9 feasibility studies. Of the 83 projects, there are 32 projects in the planning phase and 51 projects in the design and construction phase.

The forecasted work load is expected to remain at a similar rate for the foreseeable future. The provision of additional regular, fulltime staff is necessary to provide stability, retain skilled staff who are familiar with City policies, procedures and facilities and reduce the time lost in hiring and providing orientation to new staff.

The reorganization proposes to convert 2 of the temporary, full-time project management staff to regular, full-time to bring the baseline staff level to 5 regular, full-time staff. Additional work load fluctuation will be addressed through temporary staffing action as required.

PERSONNEL IMPLICATIONS

This proposal will have the following personnel staffing implications:

- the addition of 2 new exempt full-time Manager positions,
- elimination of one regular/full-time CUPE 15 Administrative Assistant position and the creation of one regular/full-time exempt Manager, Property Management and Administration position. The current incumbent of the eliminated position will be a candidate for this new exempt Manager position.
- reclassification of one vacant, regular/full-time CUPE 15 Maintenance Technician III position to a CUPE 15 Construction Assistant (Facilities Planner) position
- creation of three, temporary, full-time CUPE 15 Construction Assistants, and
- conversion of two temporary exempt, full-time, Project Manager positions to regular, full-time.

The above positions are subject to the review and classification by the General Manager of Human Resource Services.

This report has been forwarded to CUPE 15.

FINANCIAL IMPLICATIONS

Salary costs for six positions including: the Manager, Capital Maintenance, 3 Construction Assistants, and Conversion of 2 Project Managers will be recovered from approved capital programs and projects through a project management chargeback process. These staff members will work exclusively on capital projects and their salaries should be recovered from project allocations.

Salary costs for 3 positions, namely, the Manager, Facilities Planning, Facilities Planner, and incremental costs for the Manager, Property Management and Administration will be charged to the operating budget.

The cost of the Manager, Facilities Planning will be added to the operating budget without

offset. The Manager of Property Management and Administration and the Construction Assistant (Facilities Planner) are being offset by existing positions and only incremental funding of \$73,000 is required.

Operating Costs associated with this proposal are detailed as follows:

	<u>2008</u>	<u>Ongoing</u> <u>(2009,2010)</u>
Salary and Benefits	\$474,000	\$716,000
Transfer from Capital	(\$310,000)	(\$469,000)
Savings from Salary Offset	(\$91,000)	(\$138,000)
Additional Operating Expenses	\$7,000	\$11,000
One-time furniture & renovation costs	\$95,000	-----
TOTAL	\$175,000	\$120,000

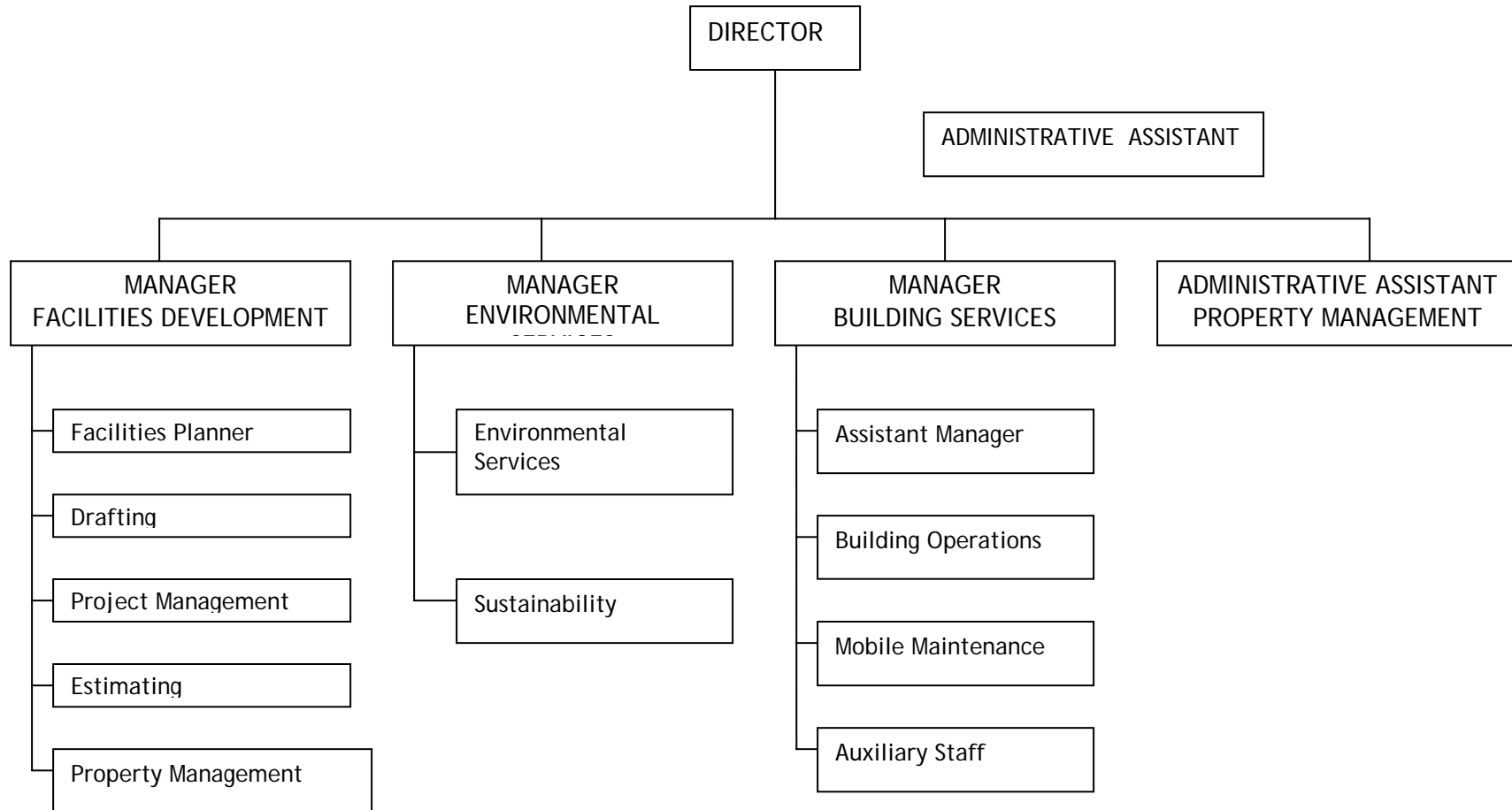
Funding to be added to the Operating Budget without offset. Approval and funding to be deferred to the 2008 Interim Operating Budget.

CONCLUSION

Staff recommend the above changes and additions to the Facilities Design & Management Department in order to position this Department to satisfy the needs of its client departments, undertake strategic planning to address future needs of the Corporation and implement a formal recapitalization plan to safeguard the value of the City's assets and mitigate future risk and liability.

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FACILITIES DESIGN & MANAGEMENT - EXISTING STRUCTURE



FACILITIES DESIGN & MANAGEMENT REORGANIZATION (PROPOSED)

