

Report to Council



Date: December 2nd, 2024
To: Council
From: City Manager
Subject: Strategic Facilities Master Plan – Status Update
Department: Facilities Planning & Design

Recommendation:

THAT Council receives, for information, the report from Facilities Planning & Design dated December 2nd, 2024, related to the Strategic Facilities Master Plan.

AND THAT council endorses in principle the six draft framework components to guide further development of the Strategic Facilities Master Plan.

Purpose:

To provide Council with the progress and development of a new framework to guide investment decision making in City facilities.

Background:

Developing a holistic, long-range and Strategic Facilities Master Plan (SFMP) will enhance how we determine the *why, what, where* and *how* of investing, redeveloping, or divesting in City facilities. The SFMP is intended to guide the City’s facility portfolio development and ongoing management through a consistent, evidence-based approach. This approach ensures that the objectives set during planning stages are maintained through the delivery and implementation stages and that the social, cultural, economic, and environmental benefits that facilities can provide to the community are delivered effectively and efficiently.

The SFMP has the following objectives:

1. Provide an “umbrella” document to align departmental facility master plans and facility related initiatives with the community vision outlined in Imagine Kelowna, the 2040 Official Community Plan (OCP) and Council and Corporate Priorities.
2. Develop a framework for facility investment decisions that supports sustainable and resilient services for Kelowna’s current and future citizens.
3. Improve how we assess, plan, fund, deliver and manage our facilities.
4. Develop an equitable, consistent, and transparent facility prioritization strategy.

5. Provide recommendations for action plans, implementation timelines and measurable outcomes.

The SFMP is a structured, data driven and evidence-based analysis of how our facilities support the delivery of services to the community and how our facilities will support the vision of Kelowna "City of the Future." The SFMP is a tool which is intended to provide Council with the necessary information to consider and decide which facility related projects should be included in our Capital Plan.

SFMP Draft Framework

During the past year, a cross-departmental core working group, led by Facility Planning and Design, has undertaken a series of best practice research, departmental surveys, 1:1 interviews, gap analysis and workshops to arrive at the following six key components of the SFMP Framework which are currently undergoing further refinement:



Figure 1. SFMP Draft Framework

1. **Governance** - the structure, hierarchy, and process of facilities related decision-making.
2. **Guiding Principles** - the principles and criteria of decision making such as sustainability, resiliency, people focus, innovation and fiscal awareness.
3. **Portfolio Assessment**- summarizes facility information such as condition, capacity, risk to services, cost of services and benchmarking against other municipalities.
4. **Facility Data Ecosystem** – summarizes the desired outcomes such as Departmental Facility Master Plans, Facility related Policies, Initiatives, Standards, and Data Governance.
5. **Strategic Actions** – the Facility levers and tactical actions such as co-location, centralized or decentralized facilities, lease vs own, delivery mechanisms and alternative approaches to achieve the desired outcomes.
6. **Prioritization Matrix** - synthesizes the findings from the preceding components and serves as the filter for investment evaluation and decision-making. Prioritization is a multifaceted concept that necessitates the calibration of selected criteria and the assignment of numerical or financial proxies to each criterion. This process involves "proof of concept" analysis to develop clear, consistent, and justifiable recommendations. Staff is currently evaluating the following criteria: risk, cost-benefit balance, and a multi-variable criterion comprising both qualitative and quantitative indicators. The optimal outcome of the prioritization matrix is to arrive at

recommendations for “the right project, in the right place, at the right time” for Council’s consideration and approval for inclusion in the Capital Plan.

Current State

Type	Services	Quantity	Total Area (SF)
Primary	Administration, Fire, Police, Public Works, Utilities	29	272,000
Core	Major Recreational and Cultural	11	664,000
Support	Activity Centres, 3 rd Party Leased, Stadia	74	360,000
Ancillary	Pavilions, Storage	29	17,000
Total		143	1.4 million SF

Table 1. Existing Facility Portfolio. Total replacement value \$1.3 billion.

The Building Services Department conducts regular Building Condition Assessments (BCA) of the facility portfolio. The BCAs are monitored and updated to determine the Facility Condition Index (FCI) for each facility. The FCI is an industry standard for expressing facility condition as a ratio of the cost to maintain divided by the cost to replace. This ratio is converted to a condition rating of good, fair, poor or very poor. The average rating for the City’s facility portfolio currently stands as “fair” condition. Over the next five years, \$220 million in building renewals of varying criticality has been identified. This amount is expected to increase over time as buildings continue to age and as data maturity improves.

A fundamental consideration for the SFMP is assessing the functionality of the facility portfolio relative to its ability to meet ongoing community service requirements and its capacity to accommodate growth and future demands or “fit for purpose.” This consideration informs the balance between *enhance* and *maintain* strategies as defined in the Capital Plan. The SFMP must also evaluate the optimal location of facilities and services within the various OCP boundaries and forecasted growth patterns. Additionally, it should support improved efficiencies, partnerships, innovation, and investment considerations in the planning, delivery, and management of City facilities.

Asset Management Fundamentals

The SFMP is based on Asset Management principles and focuses on maximizing asset value and minimizing risk through lifecycle management while maintaining an acceptable level of service to the community. It is essential to understand the triggers and timeline thresholds for transitions between planning, acquisition, operations, maintenance, and disposal to ensure effective lifecycle management. This approach aims to extend a facility's service life to its maximum and anticipates proper timing for disposal and renewal to avoid unnecessary risks, costs, or reduced service levels. Other considerations, such as land acquisition or temporary space requirements, can be critical for the success of a project. These are known as enabling projects and require parallel or advanced planning processes. A proactive approach to lifecycle management is essential.

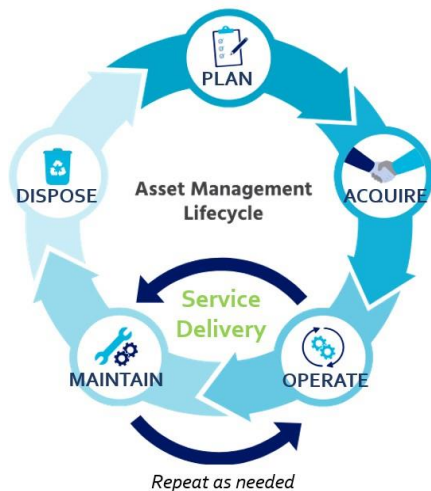


Figure 2. Asset Management Lifecycle Wheel

Future Vision

The upcoming 2025-2034 Capital Plan identifies our current facility investment commitments. In addition to these projects, there are several projects currently in the pre-planning stages. These additional and future projects will be guided by the SFMP to develop a facilities portfolio strategy that will support the vision of Imagine Kelowna, the 2040 OCP, and Council and Corporate priorities towards Kelowna: *City of the Future*.

As our community continues to grow, there will be a need to add new facilities, redevelop and/or replace existing facilities while continuing to manage the remaining portfolio. There will be tough decisions to mitigate the impact of these projects on the Capital Plan funding mechanisms as well as the finite staffing resources to plan, deliver and manage the portfolio in a measured and sustainable way.

Each investment decision should be considered for the long term with an understanding of the full cost of ownership via Life Cycle Cost Assessments and the total cost of providing services via Service Based Budgeting. Each investment decision should be considered holistically across all facility categories as well as the City's overall infrastructure needs and Service areas. There will be an increasing need to enhance the effectiveness and efficiency of the facilities portfolio thru partnerships, grants, innovation, and alternate approaches compared to how we have delivered facilities and services in the past.

Iterative Process

The SFMP development is divided into three phases:

- **Phase 1: Fundamentals** - Establishes the key framework components of the SFMP version 1: Governance, Guiding Principles, Portfolio Assessment, Data Ecosystem, Strategic Actions & Prioritization Matrix.
- **Phase 2: Validation** - Focuses on the testing and confirmation of the fundamentals and applying these concepts to the development of the 2026 Capital Plan, particularly the selection of prioritized facility projects for Council review and approval. The results of this validation phase will be incorporated in SFMP version 2.
- **Phase 3: Continuous Improvement** - Emphasizes portfolio planning, project enabling, digital transformation, learning projects and measurement to be incorporated in SFMP version 3 and onward.

The SFMP is a measured progression of iterative steps starting with the establishment of fundamentals and growing towards competency and capability as we progress through each phase. Each step is intended as a learning project towards continuous improvement.

Staff Recommendation and Next Steps

Following Council's endorsement of the draft SFMP framework in principle, staff will continue with the development and refinement of the SFMP. The completion of draft SFMP version 1 is projected for the first quarter of 2025, at which point it will be submitted to Council for further consideration and adoption.

Internal Circulation:

Corporate Services

Infrastructure

Partnership & Investment

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Active Living & Culture
Asset Management & Capital Planning
Financial Planning
Building Services
Facilities Planning & Design
Partnerships Office
Infrastructure Operations Department
Fire Department
Community Safety
Community Engagement
Corporate Strategy & Performance Department

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Submitted by:

P. Reyes, Senior Project Architect, Facilities Planning & Design

Approved for inclusion:

D. Edstrom, Divisional Manager, Partnerships & Investments

Attachment 1 - SFMP Status Update Presentation

cc: Building Services Manager
Facilities Planning & Design Manager
Asset Planning Manager
Asset & Facilities Supervisor
Corporate Strategy & Performance Department Manager