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# Contribution to Civic Buildings Comprehensive Maintenance Reserve and Remai Modern Facilities Costs

## Recommendation

That the information be received.

## Topic and Purpose

The purpose of this report is to provide the Governance and Priorities Committee an overview on how the Civic Buildings Comprehensive Maintenance Reserve (CBCM) funds the Boards' (TCU Place, SaskTel Centre, Remai Modern, Saskatoon Public Library) buildings and structures. This report also provides a breakdown of the facilities component shown in the 2018 Indicative Rate report for the Remai Modern.

## Report Highlights

1. The CBCM is to finance the cost of repairs to the City of Saskatoon's (City) buildings and structures.
2. Contributions toward the CBCM are either fully funded by the City through the property tax mill rate or funded by the Boards.
3. As stated in the 2018 Indicative Rate report, there is an estimated increase of \$395,000 for the Facilities Division costs for the Remai Modern.

## Strategic Goal

The information in this report supports the Strategic Goal of Asset and Financial Sustainability by demonstrating openness, accountability and transparency in financial reporting.

## Background

When considering the 2018 Budget Indicative report of the CFO/General Manager, Asset and Financial Management Department, at its meeting on May 15, 2017, the Governance and Priorities Committee resolved:

“That the Administration report back on how the Boards are funded on CBCM compared to the rest of the corporation and provide a breakdown of the Remai Modern facilities cost components.”

Capital Reserve Bylaw No. 6774 outlines the purpose, funding and expenditure parameters for the CBCM. The purpose of the CBCM is to finance the cost of repairs to the City's buildings and structures. The reserve is funded annually based on the appraised value of the buildings, as determined by the City's insurance schedules.

## Report

### Contributions to CBCM for Boards' Buildings and Structures

Contributions to the CBCM on behalf of the City's various Boards are funded through the property tax or by a contribution by the Board. The contribution formula varies by

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Board and is based on the value of the facility and the Board's financial ability to pay. These contributions are as follows:

<b>2017 CBCM Contribution</b>	<b>Property Tax Funded</b>	<b>Board Funded</b>	<b>Total CBCM Contribution</b>
TCU Place	\$ 980,000	\$ -	\$ 980,000
SaskTel Centre	\$ 594,200	\$300,000	\$ 894,200
Remai Modern	\$ 109,000	\$ -	\$ 109,000
Police	\$1,489,400	\$ -	\$1,489,400
Library	Funded and managed through the Library Property Tax		
<b>Total</b>	<b>\$3,172,600</b>	<b>\$300,000</b>	<b>\$3,472,600</b>

**Preliminary 2018 Cost Increase to Remai Modern for Facility Costs**

The preliminary estimate, as stated in the 2018 Budget Indicative Rate report, for the increase required to the Facilities Division's portion of costs attributable to the Remai Modern is \$395,000. These increases are summarized as follows:

<b>Budget</b>	<b>2017</b>	<b>2018</b>	<b>Notes</b>
Utilities	\$ 518,200	\$ 518,200	No change
CBCM Contribution	\$ 109,000	\$ 279,000	Year 1 of 5 phase-in to \$1.25M
Facility Services	\$ 651,200	\$ 876,200	Increase of 3.6 FTEs for a total of 11.0 FTEs for custodial, resident building operator, building operator and trades positions
<b>Total</b>	<b>\$1,278,400</b>	<b>\$1,673,400</b>	

This brings the Facilities Division's budgeted costs for the Remai Modern to a total estimate of \$1,673,400 for 2018. Because the Remai Modern is not open yet, these costs are estimated and will be adjusted through future budgets as actual costs are determined.

The 2018 CBCM portion increased by \$170,000 to a total of \$279,000. It is estimated that this total will need to eventually be about \$1,250,000, and amounts will need to be phased-in over the next five years to reach what is required for the total contribution. As the Remai Modern building is brand new, there is time to phase-in this contribution before work will be required on the building.

It is important to note that this is the same phased-in approach that is applied to any new civic facility. As the budgeting process typically focuses on incremental or new budget dollars only, these phase-in amounts are highlighted. The same approach was applied to the Saskatoon Police Headquarters when it was constructed and maintenance amounts were phased-in.

**Due Date for Follow-up and/or Project Completion**

No further follow-up is necessary at this time.

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**Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Report Approval**

Written by: Kari Smith, Manager, Financial Planning  
Reviewed by: Clae Hack, Director of Finance  
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

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