



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

**Community Planning & Economic Development
Standing Committee
July 14, 2011**

TO: Chair and Members of Community Planning & Economic Development
Standing Committee

A handwritten signature in black ink, appearing to read "Ken Reashor", written over a horizontal line.

SUBMITTED BY: _____
Ken Reashor, P.Eng., Director, Transportation & Public Works

DATE: June 20, 2011

SUBJECT: **Property Rationalization Filter Process**

INFORMATION REPORT

ORIGIN

The framework of the new Property Rationalization Filter Process was initially developed by Community Development staff and the Deputy CAO's office to build upon the work of the Real Property Review Committee and to introduce more defined asset management principles, practices and decision tools to the review process for property acquisitions and disposals for services and programs. The Filter Process was endorsed by the Deputy CAO and Operations Directors in January 2011.

BACKGROUND/DISCUSSION

Currently Transportation & Public Works, Real Estate and Facility Services circulates lists of HRM properties that are deemed surplus and/or under consideration as such by the programming Business Unit (Asset Owner). The properties may be flagged as an aging and deteriorating asset or require a review because of an unsolicited request to acquire or dispose. This process determines if the property is needed or is surplus to the needs of HRM. However, there is a lack of Business Unit collaboration and collective decision making that is required to ensure effective review of current and future municipal services. Often the cost of keeping an asset open by the programming business unit (Asset Owner¹) is borne by another business unit(s) (Asset Manager and/or Steward), therefore, in some instances, there is limited incentive for the programming Business Unit to take timely action.

The construction, disposal or acquisition of public facilities or lands has a significant regional and/or scale of community impact. In some cases, HRM's practice, even when adding new facilities, has been a tendency to retain surplus buildings/properties which then prompts efforts to "fill the premises", increasing HRM's portfolio through unplanned property growth. This creates demand on the project and or operating budgets, holding costs, competition with the private sector, and diminishes revenue generating opportunities through property sales or property taxes.

PURPOSE & OBJECTIVE

To be utilized as a Corporate Tool to improve the existing process of the Interdepartmental Real Property Review Committee. The filter process will compliment and link to the following guiding policies:

- 2002 Real Property Transaction Policy - Property Acquisitions and Disposals
- 2000 Policy and Procedure for Disposal of Surplus Schools
- Guidelines for less than Market Value Property Sales to Non-Profit Organizations - Draft
- Guidelines for less than Market Value Property Leases to Non-Profit Organizations - Draft
- Sub-Division By-Law - Park Planning and Acquisition Guidelines
- Multi Year Financial Strategy

¹ *Asset Owner*: The Asset Owner is the business unit responsible for programming, service delivery, security and safeguarding of their assets required for its direct operations.

Asset Manager: Oversees the strategic investments to maintain existing assets, acquire new assets and dispose of the surplus assets in response to the needs of the asset owner in meeting their operational service level requirements.

Asset Steward: Responsible for the maintenance and operation of existing assets within defined service levels.

Business Units will utilize the following four filters when determining acquisition, retention, decommission of municipal properties and/or capital investment: Mandate, Planning Strategies, Performance Outcomes and Fiscal Responsibility. The process will also be followed for unsolicited offers and/or requests. Business Units will be tasked to establish and provide consistent rationale to support the status of a municipal property or retention of an underutilized asset.

THE 4 FILTERS	DESCRIPTION
Mandate	Services or relationships that align with municipal core services
Planning Strategies	Aligns with Council Focus Areas, Corporate and Priority Outcomes, Regional Plan and/or Functional Plans
Performance Outcomes	Business Unit Planning, Service Standards, Best Practices, Property suitability AND effectiveness of service delivery
Fiscal Responsibility	Dedicated resources based on the service standards and community impact. Considering facility condition, life cycle costs and adequacy of funding.

When applying the filter tool Business Units will need to reference criteria that will create a trigger to run a property through steps one and two (see below for steps). For example:

Non-Financial Criteria:

- lack of consensus on a transaction - internal request to review
- business unit declares a property surplus (change in use)
- unsolicited offer or request
- when a property is held for more than one year
- competing interests for a site
- if a property is destroyed by fire or damaged during a weather event
- growing footprint (open space plan)
- time sensitive issue
- loss of tenant
- asset condition poor

Financial Criteria:

- status of the sale of land reserve
- the budget process may request a property be reviewed
- operational cost
- revenue opportunities
- funding opportunities
- service outcomes derived from capital and/or maintenance investment (investment threshold) (cost benefit)
- liability risk to HRM

PROCESS STEPS

The process can be summarized in 4 steps.

STEP 1 - REAL PROPERTY REVIEW TECHNICAL COMMITTEE (RPRTC)

Offers opportunity for key Business Unit managers, program and technical staff to review the Real Property Review Package and determine if a property is required or not. If the property is not required by any Business Unit, it is removed from the list and the property is disposed of through the appropriate Council endorsed processes. Under current policies, delegated transactional authority has been approved for market value amounts, while less than market value properties require Council approval. Managers will ensure District Councillors are notified of surplus properties and the recommended disposal methodology.

Some service delivery areas require policy and protocol development. As a result staff may experience challenges in making final decisions to identify a new or surplus property. A property that might align with a new policy may be held for an agreed upon time frame until a final strategic decision can be made that does not jeopardize future objectives.

STEP 2 – STEERING COMMITTEE REVIEW “APPLYING THE FILTER”

The **Steering Committee** will *peer review* the outcomes and recommendations from the RPRTC and initiate an internal decision-making process by considering all components of the Filter. The Asset Owner representative on the Steering Committee will be assigned as lead for applying the filter tool and developing a recommendation for the Steering Committee. The Steering Committee member will be accountable to the Committee in defining the service level requirement of the asset in terms of their Business Units operational needs to provide public or customer service.

The lead will develop a preliminary financial summary to assist with a recommendation. The lead may consult with Finance to determine if a comprehensive analysis is required. Finance will appoint a representative as a member of the Steering Committee.

STEP 3 - FINANCIAL ANALYSIS

Finance will assist the Steering Committee Asset Owner Lead assigned in completing a financial review and provide a report for the Steering Committee which will be one of the components of the business case developed to support a final decision.

STEP 4 – DIRECTOR APPROVAL OF ACTION

Asset Owner Director will be required to sign off on a business case, and recommendations associated with the disposal or retention of an asset.

BUDGET IMPLICATIONS

Although there are no immediate budget implications associate with this report, the initiative is key to ensuring the municipal property portfolio is optimal and cost efficient in providing a sustainable asset base for the program and services delivered.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

This report outlines an administrative process, Decisions and outcomes of the process will involve community engagement throughout the implementation of the action plans developed.

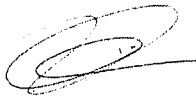
ALTERNATIVES

N/A

ATTACHMENTS

- Attachment 1. Process Chart
- Attachment 2. Steering Committee Terms of Reference

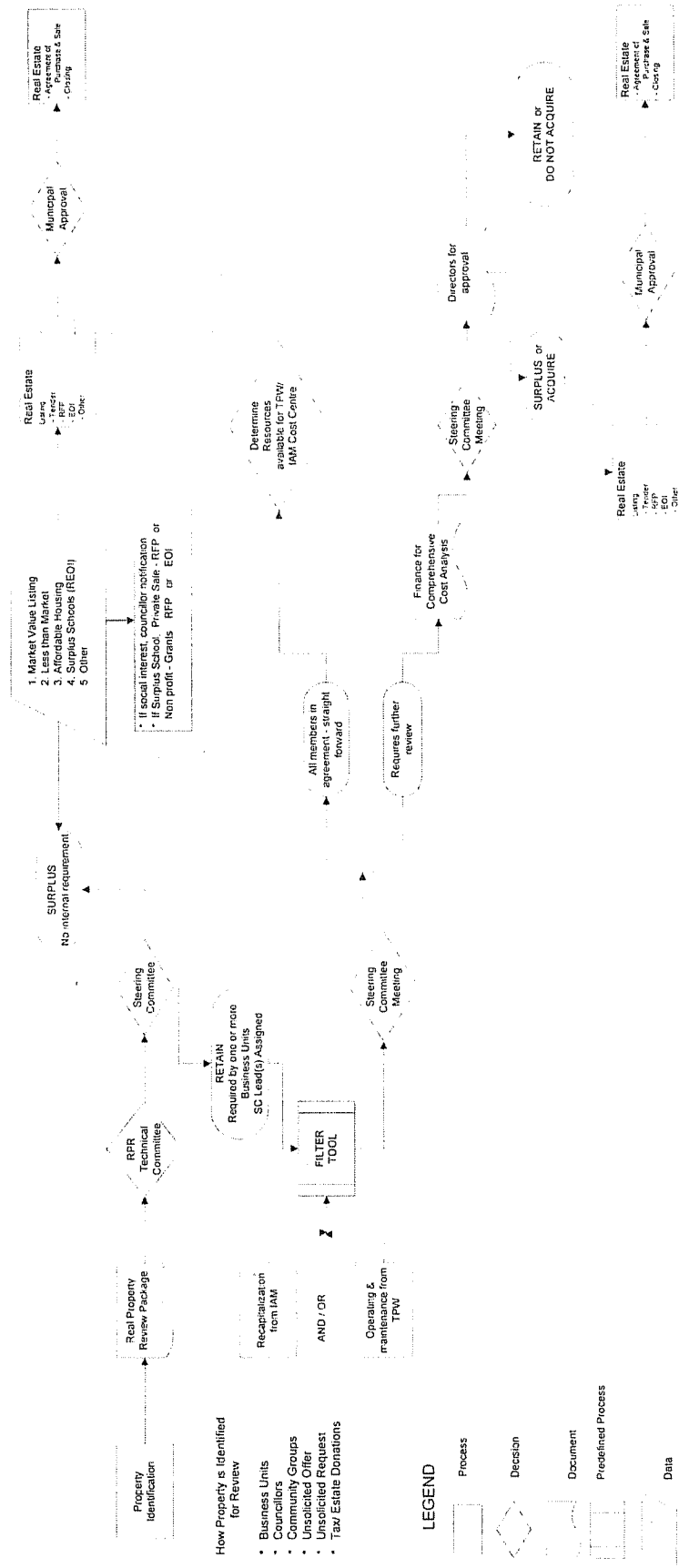
A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.



Report Prepared & Approved by :

Peter Stickiings, Manager, Real Estate & Facility Services, TPW 490-7129

Process Flowchart



Steering Committee Terms of Reference

Property Rationalization Filter Process 2011

1. BACKGROUND

The framework of the new Property Rationalization Filter Process was initially developed by Community Development staff and the Deputy CAO's office to build upon the work of the Real Property Review Technical Committee and to introduce more defined asset management principles, practices and decision tools to the review of property acquisitions and disposal for Business Unit services and programs. The Filter Process was endorsed by the Deputy CAO and Operations Directors in January 2011.

2. ROLE OF THE PROPERTY RATIONALIZATION FILTER PROCESS STEERING COMMITTEE IS AS FOLLOWS:

- Ensures project is aligned with HRM's goals and objectives of business plans.
- The committee's primary role is to provide advice and direction in their area of expertise to ensure the municipality's property portfolio is optimal for the programs and services provided.
- Assign appropriate staff to participate/sit the Technical Committee.
- Provide advice and direction to Technical Steering Team.
- Directing resources and assigning Steering Committee Asset Owner lead to filter process
- Resolving strategic level issues and risks.
- Approve or reject property acquisition or disposal requests or actions.
- Provide advice and guidance on property issues facing the project, program or service.
- Use influence and authority to assist with the rationalization of property through use of the process.
- Review and approve final recommendations.

3. RESPONSIBILITIES OF THE STEERING COMMITTEE CHAIR

The Steering Committee will be chaired by Peter Stickings, Manager Real Estate and Facility Services.

The responsibilities of the Steering Committee Chair are as follows:

- Sets the agenda for each meeting.
- Ensures that agendas and supporting materials are delivered to members in advance of meetings.
- Makes the purpose of each meeting clear to members and explains the agenda at the beginning of each meeting.
- Clarifies and summarizes what is happening throughout each meeting.
- Keeps the meeting moving by putting time limits on each agenda items and keeping all meetings within scheduled time.

4. RESPONSIBILITIES OF STEERING COMMITTEE MEMBERS

Individual Steering Committee members have the following responsibilities:

- Understand the goals, objectives, and desired outcomes of the initiative.
- Advise where possible the day before the regularly scheduled meeting if they are unable to attend.
- Understand and represent the interests of Business Unit and stakeholders.

- Take a genuine interest in the process outcomes and overall success.
- Act on opportunities to communicate positively about the process.
- Ensure the process is aligned with the organizational strategy as well as BU policies and directions
- Actively participate in meetings through attendance, discussion, and review of minutes, papers and other Steering Committee documents.

5. GENERAL

Meetings shall be held on a quarterly basis or as required to facilitate the timely review of assets.

5.1 Membership

The table below lists the proposed membership of the Steering Committee.

Name	Title	Business Unit
Andrew Whittemore	Manager, Culture and Heritage	CD
Terry Gallagher	Manager, Facility Development	IAM
Doug Rafuse	Manager, Service Delivery	CD
Peter Stickings, Chair	Manager, Real Estate and Facility Services	TPW
Roy Hollett	Deputy Director, Operational Support	Fire Services
Peter Duncan	Manager, Infrastructure Planning Office	IAM
Peter Bigelow	Manager, Real Property Planning	IAM
TBD	Financial Consultant	Finance

5.1.1 Decision-making Process

The Steering Committee will use consensus to make decisions.

- Consensus: a majority approve a given course of action, but that the minority agrees to go along with the course of action, potentially with some modifications.