

## BUILDING MANAGEMENT COMMITTEE

### AGENDA

Date: Thursday, November 14, 2013

Location: Committee Room "D"

Time: 4:30 p.m.

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1. Call to Order	
2. Disclosure of Pecuniary Interest	
3. Approval of Minutes – January 24, 2013	2-5
4. 2012 Building Operating Fund Audit	6-19
5. 2013 Building Operations	20-28
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6. 2014 Budget	38-53
7. New Business	
8. Adjournment	

# **Building Management Committee**

## **Minutes**

Thursday, January 24, 2013 at 4:30 pm  
Room "E", Second Floor  
Essex County Civic Centre  
360 Fairview Avenue West  
Essex, Ontario

### **1. Call to Order**

In Attendance:

Richard Meloche, County Representative (Chair)  
Gord Queen, ERCA Representative  
Sue Desjarlais, ERCA Representative  
Connie Howe-Buckler, GECDSD Representative  
Julia Burgess, GECDSD Representative

Staff Representatives:

Shelley McMullen, Director of Financial Services, ERCA  
Rob Maisonville, Secretary-Treasurer of Building Management  
Committee  
Sue White, Council Services Administrative Assistant, County of  
Essex  
Richard Wyma, General Manager, ERCA

Absent:

John Paterson, County Representative  
Fred Alexander, WECDSD Representative  
Lisa Soulliere, WECDSD Representative  
Mario Iatonna, Executive Superintendent of Business, WECDSD  
Penny Allen, Superintendent of Business, GECDSD

### **2. Disclosure of Pecuniary Interest**

**3. Minutes of the October 11, 2012 Building Management Committee meeting**

**1-13** Moved by Ms. Desjarlais  
Seconded by Mr. Queen  
THAT the minutes of the Building Management Committee meeting held on Thursday, October 11, 2012 be adopted.  
**Carried**

**4. 2013 Budget**

Rob Maisonville reported that the Results of Operations for 2012 were projected to be slightly under budget for 2012. Overages in salaries, wages and benefits and occupancy costs were projected to be offset by savings in other accounts including purchased services and building/grounds and maintenance contract expenses.

Mr. Maisonville reviewed the 2013 budget (attached) advising that the 2013 request in the amount of \$783,371 (net of HST) represented a 3.3% increase from the 2012 budget. He advised that the increase was attributable to a year-over-year increase in the Capital Expenditure Program which specifically addressed the deficiencies in the facility façade. He noted that liability concerns regarding the brick and glass support structures as well as the degradation of the brick/stucco and glass materials themselves necessitated the need to address the 35+ year old facility façade. Other increases included general inflationary increases and contractual wage and benefit obligations.

Committee members were advised that the 2013 budget included a capital allocation of \$4 million to remove the brick/stucco/glass veneer structure/components, insulate the facility exterior and re-face with energy efficient materials. Also included within the project were improvements to address accessibility - removal of the ramp structure and the main south entrance which would provide access to the facility at ground level; replacement of the elevator (TSSA – single bottom hydraulic cylinder) with internal, ground level access; replacement with appropriate grade ramp access at the East entrance, and ground level access at the West entrance.

#### **4. 2013 Budget (Continued...)**

The Capital Expenditure Program also included the following initiatives:

- Annual allocation to the County for repayment for upgrade/replacement of Building Envelope components (windows, brick/tile/stucco veneer, elevator), estimated cost \$4 million;
- Replacement of Air Ventilation Units (4) and remaining air-handling devices within the facility (estimated at \$1.8 million);
- Exterior Concrete (loading dock) and Parking Lot repairs.

Mr. Maisonville proposed that rental rates for tenants be increased to \$11.52 per square foot which represents a \$0.37 per square foot increase from 2012 or an increase of 3.3% which was consistent with the increase in operational costs.

Also included with the 2013 budget is the first of a series of payments to fund the upgrade/replacement of the building envelope components over a 15-year period (Year 1 at \$215,000 with \$10,000 annual increments, capping in 2018 at \$285,000 per year until the year 2027).

During discussion of the 2013 Budget report and review of the proposed renovations to the building envelope, it was suggested that handrails be installed in the front lobby. In addition, it was suggested that signage be provided at the road indicating where accessible entrances were located in the building.

In answer to a question from Mr. Wyma, Mr. Maisonville stated that, although he couldn't recall actual percentages, the architect had factored in contingencies within various components of the build, along with an overall contingency, however total cost will ultimately be determined through the tender process. Mr. Maisonville also advised that it was hoped that construction would begin in May 2013 and be completed in 2013.

**4. 2013 Budget (Continued...)**

Mr. Maisonville advised the Committee that although the County had not received a grant from the Community Improvement Fund, other grant opportunities were still being pursued.

**2-13**

Moved by Ms. Desjarlais

Seconded by Ms. Burgess

THAT the 2013 Budget for the Building Operating Fund recommending a 3.3% increase from the 2013 budget and an increase in the rental rates for tenants to \$11.52 per square foot, (an increase of \$0.37 per square foot from 2012) as presented at the January 24, 2013 meeting of the Building Management Committee, be supported. **Carried**

**5. New Business**

A) Council Chambers

Ms. Desjarlais stated there appeared to be a mark on the wall of the Council Chambers by the door. Mr. Maisonville stated that he would look into this matter.

**6. Adjournment**

On motion of Mr. Queen and Ms. Howe-Buckler, the meeting adjourned at 5:11 pm.



## County of Essex

### Administrative Report

#### Office of the Director, Corporate Services/Treasurer

**To:** Members of Building Management Committee

**From:** Robert J. Maisonville  
Secretary - Treasurer

**Date:** June 19, 2013

**Subject:** Presentation of the 2012 Essex County Civic and Education Centre Financial Statements

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#### **Purpose**

To present the 2012 Essex County Civic and Education Centre Financial Statements, detailing the results of operations for the year ended December 31, 2012, and the financial position of the Civic Centre as at December 31, 2012.

#### **Background**

The 2012 audit was conducted by KPMG. The auditors' report is attached as Appendix A, along with the Civic Centre Financial Statements.

#### **Discussion**

➤ ***Audit Opinion***

KPMG has expressed a clean audit opinion following its examination of the accounts of the Civic Centre.

This condition reflects the auditors' opinion that the results of operations for the year ended December 31, 2012, and its financial position as at December 31, 2012 are presented fairly in the Financial Statements.

An auditor forms an opinion on the basis of the examination of the nature, extent and appropriateness of the internal controls of the organization. Based on the auditors' assessment of these controls, an examination of actual transactions is conducted. Not every transaction is examined. Instead, based on the assessment of internal accounting controls, transactions are sampled to confirm that the internal accounting controls are operating as designed.

➤ ***KPMG report re: 2012 Financial Statements***

Professional standards require KPMG to communicate to County Council, as the Corporation's governance body, on financial controls and accounting policies, such as: unusual transactions, illegal and fraudulent activities, audit discrepancies, Auditors' independence etc..., attached as Appendix A is KPMG's correspondence to Council. Provided below is summary of KPMG's findings:

- ✓ No significant unusual transactions identified
- ✓ No change in the application of accounting policies identified
- ✓ No exceptions in testing on significant estimates
- ✓ No illegal acts or possibly illegal acts identified
- ✓ No fraud or suspected fraud involving administration or employees having significant roles in internal control
- ✓ No audit differences identified
- ✓ Confirmation of KPMG's independence
- ✓ Full cooperation of administration and employees of the Corporation with complete access to the Corporation's accounting records and other documents required to conduct the audit
- ✓ No material weaknesses in the design of internal control, including anti-fraud controls identified

➤ **2012 Essex County Civic and Education Centre Financial Statements**

Attached for your review are the 2012 Civic Centre Financial Statements. The following elements are highlighted for your consideration:

**Statement of Financial Position**

▶ **Reserves (Note 4)**

Reserves held by the Civic Centre for its purposes amounted to \$478,934 as at December 31, 2012 (2011 - \$276,525).

The composition of this balance changed as follows:

	<u>Budgeted</u>	<u>Actual</u>
Balance, Beginning of Year	\$ 276,525	\$ 276,525
Net Contribution	<u>146,500</u>	<u>202,409</u>
Balance, End of Year	<u>\$ 423,025</u>	<u>\$ 478,934</u>

The relative change in the reserve balance from budget of \$55,905 is primarily attributable to savings from budget in snow removal, building repairs/maintenance, maintenance contract expenditures, deferred capital allocations and greater than expect revenue from electricity exporting.

Reserve composition, as at December 31, 2012:

Art acquisition	\$ 6,875
Building envelope	219,500
Mechanical systems	40,000
Concrete repairs	50,000
Parking lot resurfacing	115,000
Unspecified	<u>47,559</u>
Reserve Balance	<u>\$ 478,934</u>



## Recommendation

Administration recommends as follows:

- ▶ Receive the Administrative Report presenting the 2012 Essex County Civic and Education Centre Financial Statements.
- ▶ Approve the 2012 Essex County Civic and Education Centre Financial Statements.

Respectfully Submitted

*Robert Maisonville*

-Originally signed by Robert Maisonville-

Robert Maisonville  
Secretary - Treasurer

<b>Appendix No.</b>	<b>Title of Appendix</b>
Appendix A	2012 Essex County Civic and Education Centre Financial Statements

# ESSEX COUNTY CIVIC AND EDUCATION CENTRE

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2012, WITH COMPARATIVE FIGURES FOR 2011

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	2012	2011
	\$	\$
	<u>                    </u>	<u>                    </u>
<b>Financial Assets</b>		
Cash	530,821	319,846
Accounts receivable	51,398	46,613
Due from the County of Essex	4,417	4,764
<b>Total Financial Assets</b>	<u>586,636</u>	<u>371,223</u>
<b>Liabilities</b>		
Accounts payable	96,625	84,902
Accrued expenses	11,077	9,796
Employee benefits payable (Note 2)	40,664	39,991
<b>Total Liabilities</b>	<u>148,366</u>	<u>134,689</u>
<b>Net Financial Assets</b>	<u>438,270</u>	<u>236,534</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 3)	2,006,921	2,140,772
<b>Accumulated Surplus (Note 4)</b>	<u>2,445,191</u>	<u>2,377,306</u>

The accompanying notes are an integral part of these financial statements.

# ESSEX COUNTY CIVIC AND EDUCATION CENTRE

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2012, WITH COMPARATIVE FIGURES FOR 2011

	2012 \$	Budget \$ (unaudited)	2011 \$
<b>Revenue</b>			
Cost sharing	758,064	758,067	740,208
Interest	1,500	1,500	1,500
Tenant rental	53,740	52,795	51,840
Other	25,759	15,000	436,226
<b>Total Revenue</b>	<b>839,063</b>	<b>827,362</b>	<b>1,229,774</b>
<b>Expenses</b>			
Administrative fees	60,475	60,475	59,000
Amortization of tangible capital assets	133,851	133,000	118,131
Audit fees	2,900	2,900	2,805
Building and other repairs and maintenance	24,595	33,000	29,919
Capital	30,290	67,800	31,051
Employees' benefits	40,158	37,422	38,908
Grounds maintenance	16,277	20,750	15,471
Legal and consulting fees	-	1,500	65
Occupancy	223,415	216,675	197,971
Office	1,178	1,650	1,431
Salaries and wages	140,863	131,465	139,767
Service contracts	87,485	96,755	92,361
Staff	122	1,250	314
Telephone	9,569	9,220	8,867
<b>Total Expenses</b>	<b>771,178</b>	<b>813,862</b>	<b>736,061</b>
<b>Annual Surplus</b>	<b>67,885</b>	<b>13,500</b>	<b>493,713</b>
<b>Accumulated Surplus, beginning of year</b>	<b>2,377,306</b>	<b>2,377,306</b>	<b>1,883,593</b>
<b>Accumulated Surplus, end of year</b>	<b>2,445,191</b>	<b>2,390,806</b>	<b>2,377,306</b>

The accompanying notes are an integral part of these financial statements.

## ESSEX COUNTY CIVIC AND EDUCATION CENTRE

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012, WITH COMPARATIVE FIGURES FOR 2011

	2012 \$	BUDGET \$	2011 \$
		(unaudited)	
Annual Surplus	67,885	13,500	493,713
Acquisition of tangible capital assets	-	-	(677,753)
Amortization of tangible capital assets	133,851	133,000	118,131
Change in Net Financial Assets	201,736	146,500	(65,909)
Net Financial Assets, beginning of year	236,534	236,534	302,443
Net Financial Assets, end of year	438,270	383,034	236,534

The accompanying notes are an integral part of these financial statements.

## ESSEX COUNTY CIVIC AND EDUCATION CENTRE

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012, WITH COMPARATIVE FIGURES FOR 2011

	2012 \$	2011 \$
Cash provided by (used in):		
<b>Operating Activities</b>		
Annual Surplus	67,885	493,713
Items not involving cash:		
Amortization of tangible capital assets	133,851	118,131
Employee benefits payable	673	1,799
Change in non-cash assets and liabilities		
Accounts receivable	(4,785)	30,342
Due from County of Essex	347	(4,764)
Accounts payable	11,723	(77,502)
Accrued expenses	1,281	(3,201)
Due to County of Essex	-	(19,113)
<b>Net change in operating activities</b>	<b>210,975</b>	<b>539,405</b>
<b>Capital Activities</b>		
Cash used to acquire tangible capital assets	-	(677,753)
<b>Net change in cash from capital activities</b>	<b>-</b>	<b>(677,753)</b>
<b>Net change in cash</b>	<b>210,975</b>	<b>(138,348)</b>
<b>Cash, beginning of year</b>	<b>319,846</b>	<b>458,194</b>
<b>Cash, end of year</b>	<b>530,821</b>	<b>319,846</b>

The accompanying notes are an integral part of these financial statements.

**ESSEX COUNTY CIVIC AND EDUCATION CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The Essex County Civic and Education Centre (the Centre) represents the facility ownership costs of the four owner occupants identified below under 1(c). Only the accounts which pertain to the operation of the building are included in these financial statements.

The financial statements reflect the following policies:

(a) Accrual Basis of Accounting

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized, as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(b) Non-financial assets

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

<u>Asset</u>	<u>Useful Life - Years</u>
Land	Infinite
Land improvements	15 - 30
Buildings and building improvements	10 - 50
Vehicles	5 - 8
Machinery and equipment	5 - 20
Computer systems	3
Furniture and fixtures	15

(ii) Amortization

Tangible capital assets shall be recorded at historical cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Where historical cost is not available, the County shall use deflated replacement values. The cost of the tangible capital assets will be amortized on a straight-line basis over the above noted useful lives. The only exception, per the above, is for Land which is considered to have an infinite life. One half of the annual amortization shall be charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Gains and/or losses on the disposal of an asset shall be recorded on the statement of operations and accumulated surplus as "Gain/Loss on disposal of tangible capital assets."

(iii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are to be recorded at their fair market value at the date of receipt and are also to be recorded as revenue.

**ESSEX COUNTY CIVIC AND EDUCATION CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(iv) Leased Assets

Leases shall be classified as either operating or capital leases. Lease agreements which substantially transfer all the risks and rewards of ownership to the County shall be accounted for as a capital lease and will be capitalized. All other leases shall be considered operating leases and the related payments shall be charged to operating expense as incurred.

(v) Works of Art and Historical Treasures

Both works of art and historical treasures are retained within the Essex County Civic and Education Centre. These assets are deemed worthy of preservation because of the social rather than financial benefits provided to the community. Although the existence of the assets are recorded, the historical cost of the art and treasures are neither determinable nor relevant in significance; hence, a valuation shall neither be assigned to these assets nor disclosed in these financial statements.

(c) Shared Costs of Building Operations

Building operations are administered by the Corporation of the County of Essex (the County) for which the County receives an administrative fee and building maintenance fee. Building operating costs are shared by the owner occupants on the basis of budgeted expenditure net of both miscellaneous recoveries and tenant space rental revenue and the previous year's surplus or deficit. The recovery of the costs is recorded as cost sharing revenue. The common costs are shared on the basis of floor space utilization as indicated below with the exception of the County administrative fee, which is shared equally by the owner occupants.

Costs based on floor space utilization are allocated as follows:

Corporation of the County of Essex	50.84%
Greater Essex County District School Board	24.75%
Windsor - Essex Catholic District School Board	16.54%
Essex Region Conservation Authority	<u>7.87%</u>
	<u>100.00%</u>

(d) Employee future benefit obligations

The Corporation has adopted the accrued method of accounting for employee future benefits as required by the Canadian Institute of Chartered Accountants. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rate.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The accumulated actuarial gain (loss) of the accrued benefit obligation is amortized over the average remaining service period of active employees, which is 13 years.

**ESSEX COUNTY CIVIC AND EDUCATION CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(e) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the valuation of employee future benefits.

In addition, the Corporation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

**2. EMPLOYEE BENEFITS AND OTHER LIABILITIES**

The employee benefit and other liabilities, reported on the statement of financial position, are made up of the following:

	2012	2011
Retiree benefits	28,820	27,950
Vacation pay	11,844	12,041
<b>Total</b>	<b>\$ 40,664</b>	<b>\$ 39,991</b>

Employees of the Essex County Civic and Education Centre are employees of the County. The County pays certain extended health and dental benefits for early retirees to age 65. The County recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2010. The accrued benefit liability and the expense for the 12 months ended December 31, 2012, were determined by extrapolation of the December 31, 2010 actuarial valuation based on the following significant actuarial assumptions:

	2012	2011
Discount rate	4.75%	4.75%
Medical costs		
Initial	6.70%	6.70%
Ultimate	4.00%	4.00%
Year of ultimate level	2020	2020
Dental	4.00%	4.00%



ESSEX COUNTY CIVIC AND EDUCATION CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

3. TANGIBLE CAPITAL ASSETS

2012						
	Land	Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Furniture and Fixtures	Total
<b>Cost</b>						
Balance, beginning of year	66,828	127,856	5,591,680	243,583	56,089	6,086,036
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>66,828</b>	<b>127,856</b>	<b>5,591,680</b>	<b>243,583</b>	<b>56,089</b>	<b>6,086,036</b>
<b>Accumulated Amortization</b>						
Balance, beginning of year	-	127,856	3,517,736	243,358	56,089	3,945,264
Disposals	-	-	-	-	-	-
Amortization Expense	-	-	133,851	-	-	133,851
<b>Balance, end of year</b>	<b>-</b>	<b>127,856</b>	<b>3,651,587</b>	<b>243,358</b>	<b>56,089</b>	<b>4,079,115</b>
<b>Net Book Value, end of year</b>	<b>\$66,828</b>	<b>-</b>	<b>\$1,940,093</b>	<b>-</b>	<b>-</b>	<b>\$2,006,921</b>

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ESSEX COUNTY CIVIC AND EDUCATION CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

3. TANGIBLE CAPITAL ASSETS (continued)

	2011					
	Land	Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Furniture and Fixtures	Total
<b>Cost</b>						
Balance, beginning of year	\$66,828	\$127,856	\$4,913,927	\$243,583	\$56,089	\$5,408,283
Additions	-	-	677,753	-	-	677,753
Disposals	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>66,828</b>	<b>127,856</b>	<b>5,591,680</b>	<b>243,583</b>	<b>56,089</b>	<b>6,086,036</b>
<b>Accumulated Amortization</b>						
Balance, beginning of year	-	127,856	3,400,830	242,358	56,089	3,827,133
Disposals	-	-	-	-	-	-
Amortization Expense	-	-	116,906	1,225	-	118,131
<b>Balance, end of year</b>	<b>-</b>	<b>127,856</b>	<b>3,517,736</b>	<b>243,358</b>	<b>56,089</b>	<b>3,945,264</b>
<b>Net Book Value, end of year</b>	<b>\$66,828</b>	<b>-</b>	<b>\$2,073,944</b>	<b>-</b>	<b>-</b>	<b>\$2,140,772</b>

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**ESSEX COUNTY CIVIC AND EDUCATION CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**4. ACCUMULATED SURPLUS**

Accumulated surplus consist of individual fund surplus and reserve funds as itemized follows:

	2012	2011
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 2,006,921	\$ 2,140,772
Unfunded		
Employee benefits	(40,664)	(39,991)
<b>Total surplus</b>	<b>1,966,257</b>	<b>2,100,781</b>
<b>Reserves:</b>		
Art acquisitions	6,875	6,875
Capital expenses	472,059	269,650
<b>Total reserves</b>	<b>478,934</b>	<b>276,525</b>
	<b>\$ 2,445,191</b>	<b>\$ 2,377,306</b>

The surplus and reserve balance represents an appropriation of funds and will be shared by the owner occupants on the basis of the floor space utilization described in Note 1 (c).

**5. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2012 Budget approved by the Committee on December 8, 2011. Amortization was not contemplated on development of the budget and, as such, has been estimated based on 2011 tangible capital asset data and budgeted capital expenses. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
<b>Revenues:</b>	
Operating budget	\$ 827,362
Capital budget	-
<b>Less:</b>	
Transfers from other funds	-
<b>Total Revenue</b>	<b>827,362</b>
<b>Expenses:</b>	
Operating budget	813,862
Capital budget	-
<b>Less:</b>	
Capital expenses	-
<b>Total Expenses</b>	<b>813,862</b>
<b>Annual Surplus</b>	<b>\$ 13,500</b>



## County of Essex

### Administrative Report

#### Office of the Director, Corporate Services/Treasurer

**To:** Members of Building Management Committee

**From:** Robert J. Maisonville  
Secretary - Treasurer

**Date:** November 14, 2013

**Subject:** Operations Report - September 30, 2013

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#### **Purpose**

This report will:

- 1) Review the results of operations to September 30, 2013
- 2) Project budget performance to December 31, 2013

#### **Discussion**

This report summarizes the main variances in expenses and recoveries related to the Civic Centre's operations from January to September, and projections to the end of 2013.

As at September 30, 2013, given current operating conditions, it is estimated that overall, net expenditures will be under budget by approximately \$9,000. Greater than budget wage/benefit and occupancy costs are more than offset by savings in purchase services, repairs/maintenance and greater than budget income from the export of electricity. Deferral in capital spending relates to the timing of the facility exterior project, these funds will be

transferred to reserve and form part of a capital repayment schedule, which is discussed below and included within the 2014 Budget package.

Significant variances are highlighted below with explanations on the following page of this report:

	<u>Unfavourable/(Favourable)</u>
Wages & benefits	\$ 6,500
Occupancy	4,000
Building repairs / maintenance	(9,900)
Purchased services	(1,500)
Electricity export	(8,500)

➤ **Wages**

Overages in part-time wages are attributable to staff replacements related to higher than normal coverage for short term illness.

➤ **Occupancy**

Heating and cooling operations performed adequately during 2013, with the usual fluctuations that occur in the spring and fall periods. Replacement of the boilers and individual office air controls (from pneumatic to digital) has resulted in a reduction in energy use, more specifically, gas consumption. Upgrading of automated controls and replacement of the four main air-handling units, original to the building, along with improvements to the insulation components of the facility exterior remain a significant impediment to reducing electricity costs. Also affecting electricity costs was an increase in rates for 2013 (average increase \$0.007 kWh).

The facility experienced two extraordinary expenditures in 2013 related to heating & cooling; the first was the replacement of a burnt chiller compressor (one of three), the unit was struck by lightning during a severe storm this past summer – the insurance deductible of \$10,000 was absorbed in the capital section of the facility's budget; the second item was the replacement of the domestic hot water tank, as the tank had completed rusted (10-year asset) – the installed replacement cost of \$4,500 was also absorbed in the capital budget.

➤ ***Building Repairs / Maintenance / Contracts***

Based on year-to-date experience, it is projected that general maintenance expenditures will be below budget by approximately \$9,900, inclusive of maintenance contracts. The significant savings component relates to the savings in janitorial services and telephone contact support. With regard to the janitorial contract, Duhok Cleaning Services continues to provide superior service without the need for added one-time cleaning requirements, as experienced with the prior contractor. In 2014, additional costs may be necessary to address facility cleanliness during construction. Telephone maintenance services have been discontinued as part of a facility service, each owner/tenant now retains control and cost for telephone related matters.

ERCA continues to provide quality service for grounds maintenance and winter control for the parking facility. Expenditures are expected to be at, or under, budget for 2013.

➤ ***Major Capital***

As part of the County's 2013 Budget, Council approved proceeding with the tender for renovation of the Civic Centre, with the intention of funding the capital cost of the renovation and allowing the Building Operating Fund to reimburse the County, based on percentage of facility ownership over a period of time through facility cost sharing/rentals (estimated at a 15 year period). Included within the tender documents were separate proposals components for:

- Facility exterior – removal and replacement of brick, stucco/tile veneer and glass and accessibility improvements at all four main entrances
- Replacement of Elevator – technical and accessibility requirements
- HVAC – renovations, replacements and enhancements to air handlers, control valves and automated system controls
- Replacement of concrete at loading ramp/dock and replacement of asphalt drive and parking at the South/West entrance (opposite Hyw#3).

The low tender from Front Construction, for a total tender amount with an upset limit of \$5,257,876.00 plus HST, was approved by County Council,

in August and demolition work commenced in October. (see attached report presented to County Council in August)

➤ **Revenue**

In total, general revenue is projected to exceed budget by approximately \$8,500. A small negative variance in other revenue (vending, room rentals etc...) is more than offset by favourable interest income (reserves not used to fund capital in 2013) and greater than budgeted return from "stand-by" charges for availability of generator use to support electrical procurement.

**Recommendation**

For the information and consideration of the Committee.

Respectfully Submitted

*Robert Maisonville*

-Originally signed by Robert Maisonville-

Robert Maisonville  
Secretary - Treasurer

<b>BUILDING OPERATING FUND</b>	<b>SEPYTD ACTUAL</b>	<b>FULL YEAR ESTIMATE</b>	<b>2013 BUDGET</b>	<b>VARIANCE</b>
				Over/(under)
<b><u>BUDGET SUMMARY</u></b>				
<b><u>Common Expenditures</u></b>				
Salaries and Wages	93,427	140,320	133,980	6,340
Benefits	29,652	40,997	40,833	164
Staff Expenses	120	1,250	1,250	0
Office Expenses	746	1,550	1,650	(100)
Equipment Purchases	0	300	300	0
Purchased Services	2,230	3,000	4,500	(1,500)
Occupancy	137,458	217,670	213,675	3,995
Building Repair/Maintenance	17,123	30,500	32,500	(2,000)
Grounds Repair/Maintenance	6,287	19,500	19,500	0
Maintenance Contracts/Services	69,674	95,524	103,420	(7,896)
Capital Expenditures	20,570	20,570	234,400	(213,830)
Administrative Assessment - Maint.	23,419	31,225	31,225	0
	<b>400,706</b>	<b>602,406</b>	<b>817,233</b>	<b>(214,827)</b>
<b><u>Common Revenue</u></b>				
Tenant Rental Revenue	45,450	54,540	54,537	3
Other Revenue	4,496	21,000	12,500	8,500
	<b>49,946</b>	<b>75,540</b>	<b>67,037</b>	<b>8,503</b>
<b><u>Net Common Expenditures</u></b>	<b>350,760</b>	<b>526,866</b>	<b>750,196</b>	<b>(223,330)</b>
<b><u>Other Expenditures</u></b>				
Administrative Assessment - Admin.	22,631	30,175	30,175	0
	<b>22,631</b>	<b>30,175</b>	<b>30,175</b>	<b>0</b>
<b>Excess of Expenditures over Revenue</b>	<b>373,391</b>	<b>557,041</b>	<b>780,371</b>	<b>(223,330)</b>
<b>Contribution to Reserve</b>	<b>95,000</b>	<b>226,330</b>	<b>3,000</b>	<b>223,330</b>
<b>Total Net Expenditures</b>	<b>468,391</b>	<b>783,371</b>	<b>783,371</b>	<b>0</b>



<b>BUILDING OPERATING FUND</b>		<b>SEPYTD ACTUAL</b>	<b>FULL YEAR ESTIMATE</b>	<b>2013 BUDGET</b>	<b>VARIANCE</b>
					Over/(under)
<b><u>BUILDING OPERATIONS</u></b>					
<b><u>Salaries and Wages</u></b>					
171011101	Full Time - Salaried	77,209	118,520	118,280	240
171011104	Part Time - Hourly	16,218	21,800	15,700	6,100
		<b>93,427</b>	<b>140,320</b>	<b>133,980</b>	<b>6,340</b>
<b><u>Benefits</u></b>					
171011201	Employment Insurance	2,766	2,890	2,700	190
171011202	Canada Pension	4,494	5,718	5,400	318
171011203	O.M.E.R.S.	8,918	12,800	12,740	60
171011204	Employer Health Tax	1,946	2,736	2,615	121
171011205	Health Insurance	6,970	10,543	11,085	(542)
171011206	Group Insurance	433	650	663	(13)
171011207	Disability Insurance	1,168	1,772	1,785	(13)
171011208	Workers' Compensation	2,107	3,038	2,945	93
171013016	Clothing Allowance	850	850	900	(50)
		<b>29,652</b>	<b>40,997</b>	<b>40,833</b>	<b>164</b>
<b><u>Staff Expense</u></b>					
171013011	Mileage	120	500	500	0
171013012	Staff Training	0	650	650	0
171013098	Other	0	100	100	0
		<b>120</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>
<b><u>Office Expense</u></b>					
171013101	Telephone	618	950	950	0
171013103	Sundry Office Supplies	0	200	200	0
171013109	Courier	0	0	100	(100)
171013110	Internal Printing	128	300	300	0
171013198	Other	0	100	100	0
		<b>746</b>	<b>1,550</b>	<b>1,650</b>	<b>(100)</b>
<b><u>Equipment Purchases</u></b>					
171013801	Small Tools/ Equipment	0	300	300	0
171013802	Visual Arts	0	0	0	0
		<b>0</b>	<b>300</b>	<b>300</b>	<b>0</b>
<b><u>Purchased Services</u></b>					
171013301	Legal & Consulting Fees	0	0	1,500	(1,500)
171013302	Audit Fees	2,230	3,000	3,000	0
		<b>2,230</b>	<b>3,000</b>	<b>4,500</b>	<b>(1,500)</b>

<b>BUILDING OPERATING FUND</b>		<b>SEPYTD ACTUAL</b>	<b>FULL YEAR ESTIMATE</b>	<b>2013 BUDGET</b>	<b>VARIANCE</b>
					Over/(under)
<b><u>Occupancy</u></b>					
171013401	Insurance	12,170	12,170	12,175	(5)
171013402	Heat	14,206	20,000	21,000	(1,000)
171013403	Hydro	101,534	170,000	165,000	5,000
171013404	Water/Sewage	9,548	15,500	15,500	0
		<b>137,458</b>	<b>217,670</b>	<b>213,675</b>	<b>3,995</b>
<b><u>Building Repairs/Maintenance</u></b>					
171013610	Mtce/Repairs/Supplies	11,487	21,000	23,000	(2,000)
171013611	Bulbs / Ballasts	0	1,500	1,500	0
171013613	Motor Repairs	0	0	0	0
171013614	Janitorial Supplies	5,636	8,000	8,000	0
		<b>17,123</b>	<b>30,500</b>	<b>32,500</b>	<b>(2,000)</b>
<b><u>Grounds Repairs/Maintenance</u></b>					
171013620	Grounds Mtnce-Contract	0	12,500	12,500	0
171013621	Snow Removal	6,287	7,000	7,000	0
		<b>6,287</b>	<b>19,500</b>	<b>19,500</b>	<b>0</b>
<b><u>Maintenance Contracts/Services</u></b>					
171013630	Janitorial Service	46,926	66,320	70,000	(3,680)
171013632	Elevator Maintenance	1,503	2,230	2,230	0
171013633	HVAC Controls & Chiller Mtce.	10,034	12,900	12,900	0
171013634	Computer System Mtce	0	0	500	(500)
171013637	Alarm Monitoring	535	620	620	0
171013638	Fire Exiting/Alarm Mtce.	0	750	750	0
171013639	Boiler Inspect./Mtnce.	0	0	1,500	(1,500)
171013640	Garbage Disposal	3,985	6,013	5,700	313
171013641	Telephone Service Contract	6,691	6,691	9,220	(2,529)
		<b>69,674</b>	<b>95,524</b>	<b>103,420</b>	<b>(7,896)</b>
<b><u>Capital Expenditures</u></b>					
171013803	Capital Expenditures	20,570	20,570	234,400	(213,830)
		<b>20,570</b>	<b>20,570</b>	<b>234,400</b>	<b>(213,830)</b>
<b><u>Administrative Assessments</u></b>					
171013305	Admin-County of Essex	22,631	30,175	30,175	0
171013306	Maintenance-County	23,419	31,225	31,225	0
		<b>46,050</b>	<b>61,400</b>	<b>61,400</b>	<b>0</b>

<b>BUILDING OPERATING FUND</b>	<b>SEPYTD ACTUAL</b>	<b>FULL YEAR ESTIMATE</b>	<b>2013 BUDGET</b>	<b>VARIANCE</b>
				Over/(under)
<b><u>Tenant Rental Revenue</u></b>				
171016705 Tenant Rental Revenue	45,450	54,540	54,537	3
	<b>45,450</b>	<b>54,540</b>	<b>54,537</b>	<b>3</b>
<b><u>Other Revenue</u></b>				
171016702 Interest Income	0	2,500	1,000	1,500
171016703 Export of Electricity	2,453	16,000	6,500	9,500
171016798 Other Revenue	2,043	2,500	5,000	(2,500)
	<b>4,496</b>	<b>21,000</b>	<b>12,500</b>	<b>8,500</b>

**BUILDING OPERATING FUND**  
**Schedule of Capital Expenditures**

	<b>SEPYTD</b>	<b>FULL YEAR</b>	<b>2013</b>	
	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>BUDGET</b>	<b>VARIANCE</b>
				Over/(under)
<b><u>Projects</u></b>				
Building Envelope - County repayment	0	0	215,000	(215,000)
Mechanical Systems - domestic hot water	4,500	4,500	5,000	(500)
- Chiller Compressor (lightning/deductible)	10,000	10,000	0	10,000
Brick, Concrete, Asphalt, Stucco Repairs	0	0	5,000	(5,000)
Voice-mail System (final payment)	6,070	6,070	9,400	(3,330)
	<b>20,570</b>	<b>20,570</b>	<b>234,400</b>	<b>(213,830)</b>
<b><u>Contribution to Reserve</u></b>				
Concrete Repairs - Loading Dock	50,000	50,000	50,000	0
Parking Lot Repairs	10,000	10,000	10,000	0
Building Envelope	0	121,830	(92,000)	213,830
Air Handling & Mechanical Systems	35,000	35,000	35,000	0
	<b>95,000</b>	<b>216,830</b>	<b>3,000</b>	<b>213,830</b>
Total Net Capital	<b>115,570</b>	<b>237,400</b>	<b>237,400</b>	<b>0</b>



## County of Essex

### Administrative Report

#### Office of the Director, Corporate Services/Treasurer

**To:** Warden Tom Bain and Members of County Council

**From:** Robert Maisonville  
Director of Corporate Services/Treasurer

**Date:** August 14, 2013

**Subject:** Tender Summary – Civic Centre Renovations

**Report #:** 2013-R13-FIN-0814-RM

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#### **Purpose**

To provide County Council with information and a recommendation pertaining to the results of tendering for the Exterior and Interior Renovations, Alterations and Additions to the Essex County Civic Centre.

#### **Background**

As part of the 2013 Budget, County Council approved proceeding with the tender for renovation of the Civic Centre, with the intention of funding the capital cost of the renovation and allowing the Building Operating Fund to reimburse the County, based on percentage of facility ownership over a period of time through facility cost sharing/rentals (estimated at a 15 year period). Included within the tender documents were separate proposals components for:

- Facility exterior – removal and replacement of brick, stucco/tile veneer and glass and accessibility improvements at all four main entrances
- Replacement of Elevator – technical and accessibility requirements
- HVAC – renovations, replacements and enhancements to air handlers, control valves and automated system controls

**Tender for Exterior and Interior Renovations, Alterations and Additions to  
The Corporation of the County of Essex – Civic Centre**

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- Replacement of concrete at loading ramp/dock and replacement of asphalt drive and parking at the South/West entrance (opposite Hyw#3).

## **Discussion**

Ensuring appropriate contractors would bid on the tender; a Request for Pre-Qualification was undertaken in advance of the tender release. Seventeen contractors submitted responses to the request. County Administration, with the assistance of Architectural Design Associates evaluated the submissions and 9 of 17 contractors that made submissions were prequalified for the tender.

Demolition drawings were released on June 7<sup>th</sup> and a mandatory site visit was held on June 13<sup>th</sup>. Various site meetings were held to review various components of the facility's exterior brick/concrete/windows/insulation with contractors and sub-trades. Inspections surrounding asbestos abatement and development of remediation specifications extended the tender timelines.

The complete tender specifications were released on June 25<sup>th</sup> and a mandatory site visit was held for the mechanical components on June 27<sup>th</sup>. As Council will recall during budget presentations, discussions regarding the Civic Centre deficiencies also focused on the four main HVAC air handlers and control mechanisms, original to the Civic Centre, close to 40 years old and well past their expected useful life. In order to address on-going facility comfort and energy inefficiencies issues while addressing savings in total cost through economies of scale and mitigating office disruption it was desirable to include replacement of the HVAC units within the tender. Also included within the scope of the tender was a comprehensive review of all heating, cooling, ventilation and system controls to address the significant change in use of facility space from original office design (i.e. extensive wall partitioning over the past 40 years) and advancements in technology to optimize comfort while reducing energy consumption.

Seven of the nine pre-qualified contractors obtain the tender documents and attended mandatory site visits.

A total of four submissions were received by the tender close at 2:00 pm on Wednesday July 31<sup>st</sup>. ADA, in consultation with County Administration, reviewed the tenders for compliance and accuracy.

**Tender for Exterior and Interior Renovations, Alterations and Additions to  
The Corporation of the County of Essex – Civic Centre**

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Submissions and pricing by the 4 contractors are as follows:

• Front Construction Ind.	<b>\$5,257,876.00</b>
• Papatello Construction Inc.	\$5,495,000.00
• STC Construction (Windsor) Inc.	\$5,751,316.81
• Loaring Construction	\$6,038,357.22

All four submissions provided all the necessary tender documentation and there were no mathematical errors identified in the proposals.

It was previously estimated by ADA and Fieldcraft Engineering that the complete project, inclusive of HVAC renovations/enhancements, elevator replacement and demolition and replacement of the loading ramp concrete and raised grade elevation and asphalt replacement of the South/West driveway and accessible parking sites would cost approximately \$5.5 million, exclusive of HST. Estimates for the initial exterior and interior renovations, alterations and additions were estimated at \$4 million, with HVAC replacements, renovations, automations and enhancements at \$1.1 million and exterior concrete/asphalt at approximately \$400,000.

Time constraints necessitated the requirement for a separate RFP for the asbestos abatement requirements, which is currently underway. Costs estimates for this piece of the work is estimated at \$40,000.

Discussions have been on-going with Front Construction regarding project timing. At this time, we anticipate the project will commence in September, with work continuing until winter conditions disrupt normal construction activity. No allowance has been included for the provisioning of special "winter condition" operations, as facility comfort would be significantly compromised and would result in steep utility costs with the removal of the facility façade during the extreme winter months. Work will commence in early spring, with a planned completion date in the fall of 2014.

## **Recommendation**

It is the recommendation that County Council approve the low tender from Front Construction, for a total tender amount with an upset limit of \$5,257,876.00 plus HST, funding to be provided from the Corporation's

**Tender for Exterior and Interior Renovations, Alterations and Additions to  
The Corporation of the County of Essex – Civic Centre**

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Capital Reserve, to be repaid by the Building Operating Fund over a 15 year period, commencing in 2014.

Respectfully Submitted

*Robert Maisonville*

-Originally signed by Robert Maisonville-

Robert Maisonville

Director of Corporate Services/Treasurer

Concurred With,

*Brian Gregg*

-Originally signed by Brian Gregg-

Brian Gregg

Chief Administrative Officer

<b>Appendix No.</b>	<b>Title of Appendix</b>
<u>Appendix A</u>	ADA Architectural Renderings of Tender – Essex County Civic Centre Exterior Renovations, Alterations and Additions

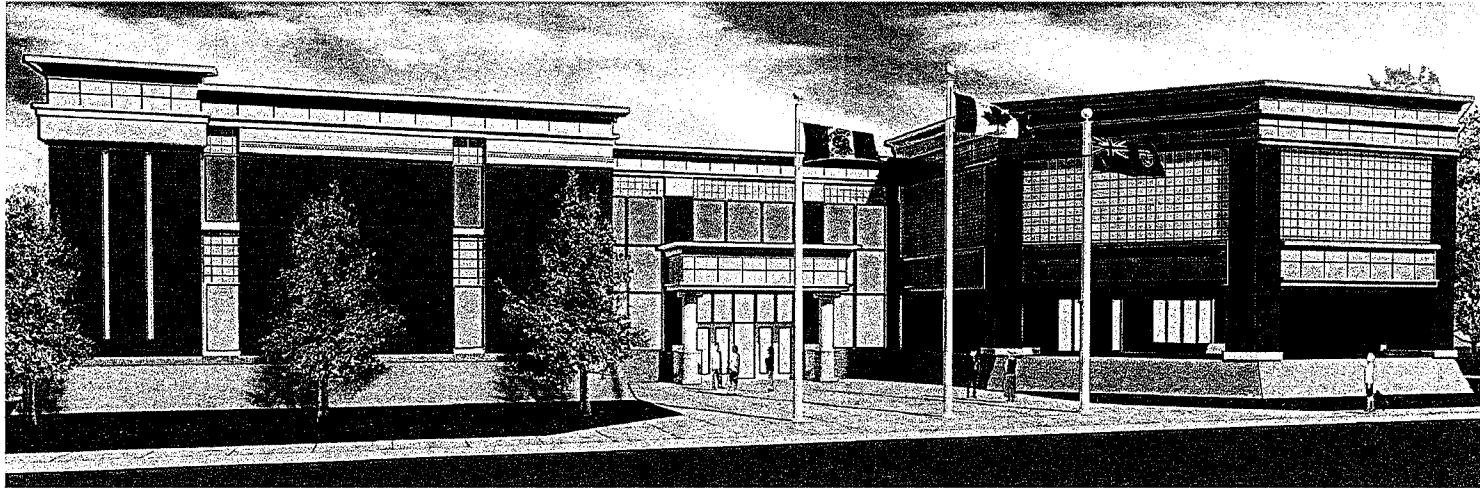


# Appendix A

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## ADA Architectural Renderings of Tender – Essex County Civic Centre Exterior Renovations, Alterations and Additions

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architectural  
design  
associates  
inc. architects  
1550 assumption street, suite 100  
windsor ontario canada n9y 1c4  
ph: 519.254.3430 fax: 519.254.3642

### West Perspective

### Essex County Civic & Education Centre

Issued - 8/08/13

**Appendix A**

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**ADA Architectural Renderings of Tender – Essex County Civic Centre Exterior Renovations, Alterations and Additions**



architectural  
 design  
 associates  
inc. architects  
 1250 meadowcroft street, suite 100  
 winchester ontario canada n3y 1c4  
 ph: 519.254.3430 fax: 519.254.3842  
www.architectural-design-associates.com

North Perspective

Essex County Civic & Education Centre

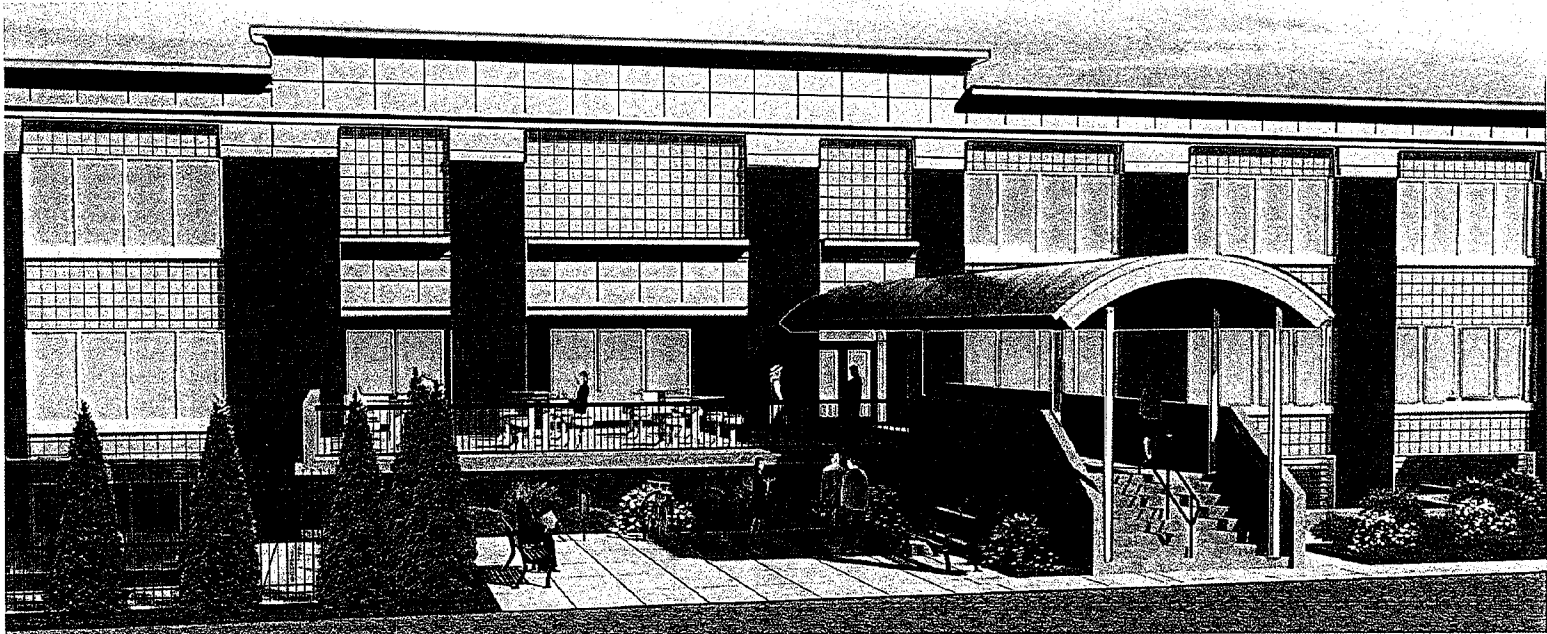
Issued - 8/08/13

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**Appendix A**

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**ADA Architectural Renderings of Tender – Essex County Civic Centre Exterior Renovations, Alterations and Additions**



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architectural  
design  
associates  
1850 mainstreet street, suite 100  
westport ontario canada n8y 1g4  
ph 519.254.3430 fax 519.254.3942

East Perspective

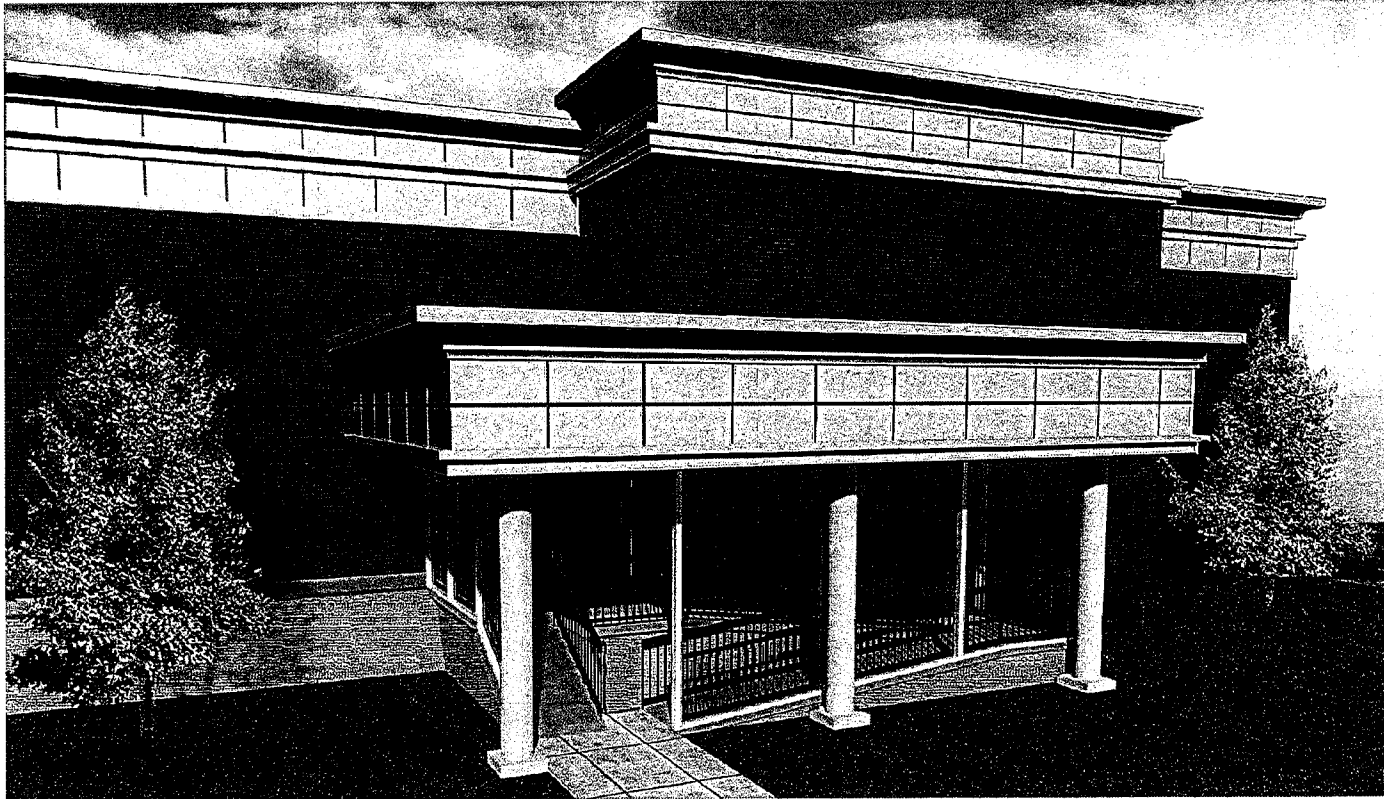
Essex County Civic & Education Centre

Issued - 8/08/13

**Appendix A**

Page 8

**ADA Architectural Renderings of Tender – Essex County Civic Centre Exterior Renovations, Alterations and Additions**

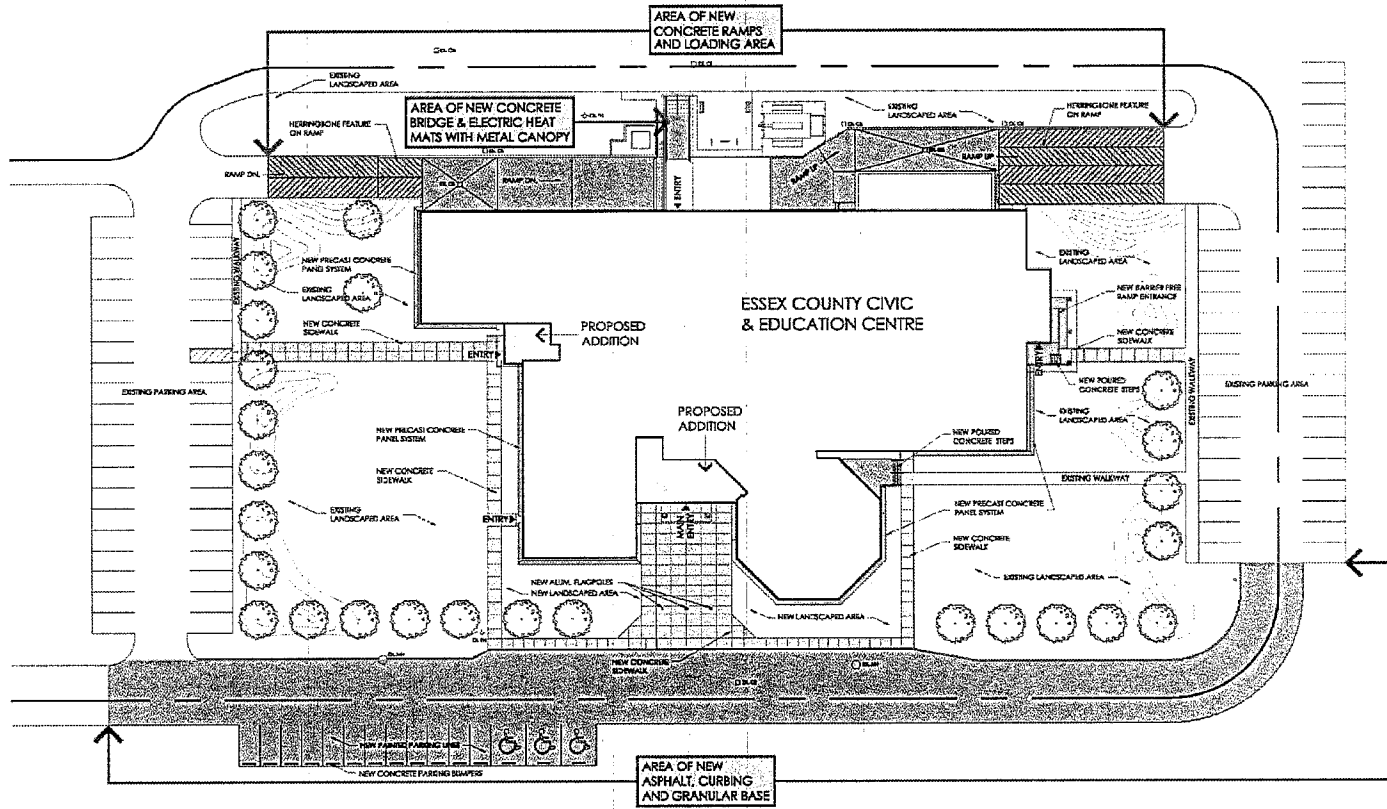


**A architectural**  
**D design**  
**A associates**  
INC. ARCHITECTS  
1580 ASSUMPTION STREET, SUITE 100  
WINDSOR, ONTARIO CANADA N9Y 1C4  
PH: 519.254.3430 FAX: 519.254.3892  
WWW.ADA-ARCHITECTS.COM

**South Perspective**  
**Essex County Civic & Education Centre**

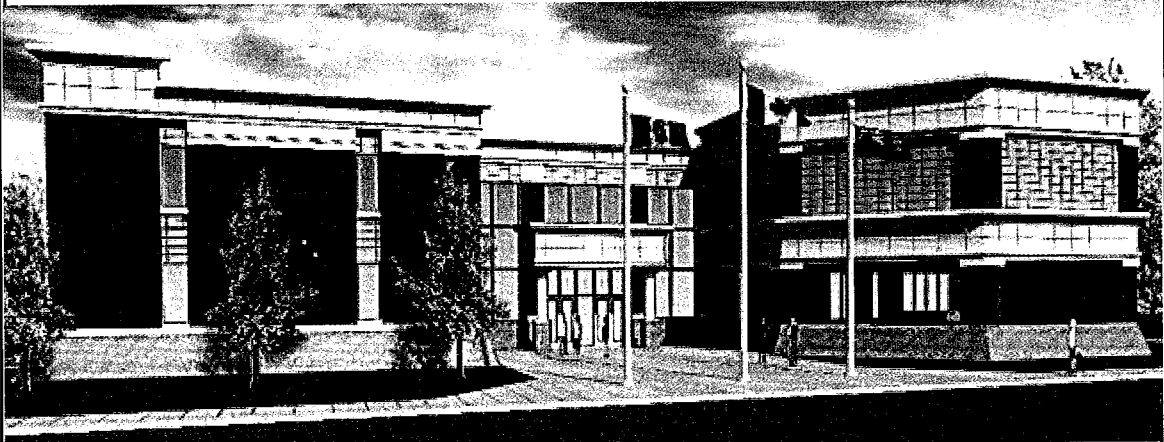
Issued - 8/13/13

# ADA Architectural Renderings of Tender – Essex County Civic Centre Exterior Renovations, Alterations and Additions



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**BUILDING OPERATING  
FUND**



**ANNUAL BUDGET  
REPORT  
2014**



## County of Essex

### Administrative Report

Office of the Director, Corporate Services/Treasurer

**To:** Members of the Building Management Committee

**From:** Robert Maisonville  
Secretary-Treasurer, Building Operating Fund

**Date:** November 14, 2013

**Subject:** Essex County Civic and Education Centre - Building Operating Fund 2014 Budget Report

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#### Purpose

To present the 2014 Budget Report for the Essex County Civic and Education Centre Building Operating Fund.

#### Background

The Essex County Civic and Education Centre is owned and operated by the County of Essex, the Greater Essex County District School Board, the Windsor-Essex Catholic District School Board and the Essex Region Conservation Authority.

The body responsible for setting policies governing the operation and use of the Civic Centre is the Building Management Committee. The Committee is composed of eight members - two elected officials from each owner. One administrative representative from each owner also supports the Committee.

The following provisions are contained in an agreement dated January 12, 1981 between the Corporation of the County of Essex, the Essex County Board of Education, the Essex County Roman Catholic Separate School Board and the Essex Region Conservation Authority:

5. (a) *An annual operating budget shall be prepared ...and forwarded to each party hereto; such operating budget, when approved by the parties hereto, shall be binding on the Management Committee.*
- 5 (e) *Any extraordinary expense not provided for in the annual operating budget must receive the approval of the Management Committee and the respective parties to the Agreement.*

## **Discussion**

### **➤ Budget Report Structure**

Included with the line item style of presentation is qualitative analysis identifying relevant operational variables, discussing a review of the prior year's performance and describing the planned activities for the current year.

Following the presentation of the estimates an **Exhibit** section is included to provide a clearer, more easily understood presentation of projected results of operations and the current year's estimates.

### **➤ Method of Budgeting**

The estimates are prepared using a combination of incremental budgeting and modified Zero Based Budgeting (ZBB) approaches.

For example, estimates for office supplies, staff expenses and utilities use a modified incremental budgeting approach wherein the previous year's budget and actual experience are considered in the development of the estimates for the current year budget.

Estimates for salaries and benefits, purchased services, capital expenditures and other types of discretionary expenditures follow a process similar to ZBB where expenditures must be rationalized annually.



➤ ***Results of Operations 2013***

Based on current results of operations, the Civic Centre's financial position, inclusive of reserve allocations, is projected to be in a modest surplus position of approximately \$9,000 for 2013. Unfavourable variances in salaries, wages & benefits and occupancy costs are projected to be offset by savings in various other accounts including purchase services and building repairs / maintenance and maintenance contract expenses.

Attached as Exhibit III, is the 2013 Budget Summary Comparison schedule, highlighting operational variance by major expenditure / revenue categories. As can be identified in the Exhibit, modest variances were realized across most operating categories, discussed below are the more significant variances, by major category:

***Wages***

Overages in part-time wages are attributable to staff replacements related to higher than normal coverage for short term illness.

***Occupancy***

Heating and cooling operations performed adequately during 2013, with the usual fluctuations that occur in the spring and fall periods. Replacement of the boilers and individual office air controls (from pneumatic to digital) has resulted in a reduction in energy use, more specifically, gas consumption. Upgrading of automated controls and replacement of the four main air-handling units, original to the building, along with improvements to the insulation components of the facility exterior remain a significant impediment to reducing electricity costs. Also affecting electricity costs was an increase in rates for 2013 (average increase \$0.007 kWh).

The facility experienced two extraordinary expenditures in 2013 related to heating & cooling; the first was the replacement of a burnt chiller compressor (one of three), the unit was struck by lightning during a severe storm this past summer – the insurance deductible of \$10,000 was absorbed in the capital section of the facility's budget; the second item was the replacement of the domestic hot water tank, as the tank had completed rusted (10-year asset) – the installed replacement cost of \$4,500 was also absorbed in the capital budget.

### ***Building Repairs / Maintenance / Contracts***

Based on year-to-date experience, it is projected that general maintenance expenditures will be below budget by approximately \$9,900, inclusive of maintenance contracts. The significant savings component relates to the savings in janitorial services and telephone contact support. With regard to the janitorial contract, Duhok Cleaning Services continues to provide superior service without the need for added one-time cleaning requirements, as experienced with the prior contractor. In 2014, additional costs may be necessary to address facility cleanliness during construction. Telephone maintenance services have been discontinued as part of a facility service, each owner/tenant now retains control and cost for telephone related matters.

### ***Revenue***

In total, general revenue is projected to exceed budget by approximately \$8,500. A small negative variance in other revenue (vending, room rentals etc...) is more than offset by favourable interest income (deferral in reserves to fund capital in 2013) and greater than budgeted return from "stand-by" charges for availability of generator use to support electrical procurement.

### ***Major Capital***

As part of the County of Essex's 2013 Budget, Council approved proceeding with the tender for renovation of the Civic Centre, with the intention of funding the capital cost of the renovation and allowing the Building Operating Fund to reimburse the County, based on percentage of facility ownership over a period of time through facility cost sharing / rentals (over a 15 year period). The project encompasses the complete exterior of the facility, replacement of the four main air-handlers, HVAC controls and elevator. Development of the detailed specifications, inclusion of the HVAC components and addressing asbestos abatement associated with the air-handlers delayed the release of the tender and timing of the project. The tender closed in August 2013, with Front Construction awarded the tender at the low tender price of \$5,257,876.00 plus HST. Funding from the Building Operating Fund will commence in 2014. The 2013 allocation will be contributed to reserve to mitigate spikes in capital repayment costs (see discussion and chart on page 5-6).

➤ **2014 Budget Estimates**

In preparing the 2014 budget, Administration continues to balance the reality of the required operational and capital needs to manage the physical facility against the fiscal constraints facing public sector organizations.

The 2014 budget estimates contain a request for \$822,871 (net of HST), a 5.0% increase from the 2013 budget. This year-over-year increase is attributable, almost exclusively, to an increase in the Capital Expenditure Program, specifically to address the many deficiencies of the facility façade, HVAC and elevator replacement. Liability concerns regarding the brick and glass support structures as well as the degradation of the brick/stucco and glass materials themselves necessitates the need to address the 35+ year old facility façade. The four main air handling units of the HVAC system are also original to the facility and the new integrated solution will include much improved automated controls for facility comfort and efficiency. In addition, the tender also included the replacement of the elevator (required under TSSA in 2015) and reconstruction of the loading dock ramp and driveway/parking at the East entrance, opposite Hyw#3.

Changes in operating expenditures either from prior year budget or projection include minor inflationary adjustments to various maintenance contracts, an increase in electricity costs reflecting prior year rates and consumption (efficiency impacts of the capital program will not be realized until 2015), anticipated changes to benefit premiums, an allowance for additional janitorial services related to construction activity. Favourable variances include the elimination of telephone services from the building operations and anticipated continued revenue from the export of electricity from the Civic Centre backup generator.

As noted above, under the 2013 discussion on major capital, a contract was awarded to Front Construction for \$5.3 million. The County has agreed to provide the up-front capital, interest free, for the facility owners/tenants. Provided in the chart on the following page is the proposed 15 year repayment schedule to reimburse the County from 2014 through 2028 (cost recovery includes engineering/architectural/construction oversight and net HST). Note that increases in the first couple of years (2015-2017) will result in owner contributions and rental rates being slightly higher than typical inflationary

increases, gradually reducing on an annual basis to \$5,000 increments from 2024-2028.

Table 1 – Civic Centre Renovation – Capital Repayment Schedule

Year	C.C. Reno. Repayment	Capital \$'s Reno. Current	Capital \$'s Reno. Reserve	Net Bldg	Capital Reserve
2013					439,239
2014	330,000	230,000	100,000	330,000	339,239
2015	335,000	250,000	85,000	335,000	254,239
2016	340,000	270,000	70,000	340,000	184,239
2017	345,000	290,000	55,000	345,000	129,239
2018	350,000	305,000	45,000	350,000	84,239
2019	355,000	320,000	35,000	355,000	49,239
2020	360,000	335,000	25,000	360,000	24,239
2021	365,000	350,000	15,000	365,000	9,239
2022	370,000	360,761	9,239	370,000	-
2023	375,000	375,000		375,000	-
2024	380,000	380,000		380,000	-
2025	385,000	385,000		385,000	-
2026	390,000	390,000		390,000	-
2027	395,000	395,000		395,000	-
2028	400,000	400,000		400,000	-
	5,475,000	5,035,761	439,239	5,475,000	

Also included in the Capital Expenditure Program is a reserve provision for the replacement of the balance of the parking lot. An initiative with County Engineering and ERCA is underway to re-design the parking area, incorporating a trial element that will extend from the back edge of the parking through the woodlot at the far South/West sections of the property. (No expenditures associated with the trail development / construction will flow from the Building Operating Fund).

In recognition of the significant capital expenditures required to address the facility exterior, HVAC, elevator and loading ramp/dock, an increase in rental rates of 5.0% (consistent with the increase in operational costs) is included in the estimates for 2014. Rental rates are calculated at \$12.10 per square foot, an increase of \$0.58 per square foot from prior year.

## Summary

The Building Management Committee's continued support of operational and fiscal strengthening initiatives will enable the Committee to provide for the efficient and effective operation of the Civic Centre.

Respectfully Submitted

*Robert Maisonville*

-Originally signed by Robert Maisonville-

Robert Maisonville  
Secretary-Treasurer, Building Operating Fund

<b>BUILDING OPERATING FUND</b>	<b>2013 BUDGET</b>	<b>2013 ACTUAL</b>	<b>2014 BUDGET</b>
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(unaudited)

**BUDGET SUMMARY**

**Common Expenditures**

Salaries and Wages	133,980	140,320	137,025
Benefits	40,833	40,997	42,600
Staff Expenses	1,250	1,250	1,250
Office Expenses	1,650	1,550	1,650
Equipment Purchases	300	300	300
Purchased Services	4,500	3,000	4,600
Occupancy	213,675	217,670	220,400
Building Repair/Maintenance	32,500	30,500	32,500
Grounds Repair/Maintenance	19,500	19,500	19,750
Maintenance Contracts/Services	103,420	95,524	95,260
Capital Expenditures	234,400	20,570	330,000
Administrative Assessment - Maint.	31,225	31,225	31,700
	<b>817,233</b>	<b>602,406</b>	<b>917,035</b>

**Common Revenue**

Tenant Rental Revenue	54,537	54,540	57,294
Other Revenue	12,500	21,000	20,500
	<b>67,037</b>	<b>75,540</b>	<b>77,794</b>

**Net Common Expenditures** **750,196** **526,866** **839,241**

**Other Expenditures**

Administrative Assessment - Admin.	30,175	30,175	30,630
	<b>30,175</b>	<b>30,175</b>	<b>30,630</b>

**Excess of Expenditures over Revenue** **780,371** **557,041** **869,871**

**Contribution to (from) Reserve** **3,000** **226,330** **(47,000)**

**Surplus-Beginning of Year** **0** **0** **0**

**Total Net Expenditures** **783,371** **783,371** **822,871**

<b>BUILDING OPERATING FUND</b>	<b>2013 BUDGET</b>	<b>2013 ACTUAL</b>	<b>2014 BUDGET</b>
		(unaudited)	
<b><u>BUILDING OPERATIONS</u></b>			
<b><u>Salaries and Wages</u></b>			
171011101 Full Time - Salaried	118,280	118,520	119,375
171011104 Part Time - Hourly	15,700	21,800	17,650
	<b>133,980</b>	<b>140,320</b>	<b>137,025</b>
<b><u>Benefits</u></b>			
171011201 Employment Insurance	2,700	2,890	2,800
171011202 Canada Pension	5,400	5,718	5,520
171011203 O.M.E.R.S.	12,740	12,800	13,100
171011204 Employer Health Tax	2,615	2,736	2,700
171011205 Health Insurance	11,085	10,543	12,020
171011206 Group Insurance	663	650	690
171011207 Disability Insurance	1,785	1,772	1,850
171011208 W.S.I.B.	2,945	3,038	3,070
171013016 Clothing Allowance	900	850	850
	<b>40,833</b>	<b>40,997</b>	<b>42,600</b>
<b><u>Staff Expense</u></b>			
171013011 Mileage	500	500	500
171013012 Staff Training	650	650	650
171013098 Other	100	100	100
	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>
<b><u>Office Expense</u></b>			
171013101 Telephone	950	950	950
171013103 Sundry Office Supplies	200	200	200
171013109 Courier	100	0	100
171013110 Internal Printing	300	300	300
171013198 Other	100	100	100
	<b>1,650</b>	<b>1,550</b>	<b>1,650</b>
<b><u>Equipment Purchases</u></b>			
171013801 Small Tools/ Equipment	300	300	300
171013802 Visual Arts	0	0	0
	<b>300</b>	<b>300</b>	<b>300</b>
<b><u>Purchased Services</u></b>			
171013301 Legal & Consultant Fees	1,500	0	1,500
171013302 Audit Fees	3,000	3,000	3,100
	<b>4,500</b>	<b>3,000</b>	<b>4,600</b>
<b><u>Occupancy</u></b>			
171013401 Insurance	12,175	12,170	13,100
171013402 Heat	21,000	20,000	21,800
171013403 Hydro	165,000	170,000	170,000
171013404 Water/Sewage	15,500	15,500	15,500
	<b>213,675</b>	<b>217,670</b>	<b>220,400</b>

<b>BUILDING OPERATING FUND</b>		<b>2013 BUDGET</b>	<b>2013 ACTUAL</b>	<b>2014 BUDGET</b>
			(unaudited)	
<b><u>BUILDING OPERATIONS</u></b>				
<b><u>Building Repairs/Maintenance</u></b>				
171013610	Mtce/Repairs/Supplies	23,000	21,000	23,000
171013611	Bulbs / Ballasts	1,500	1,500	1,500
171013613	Motor Repairs	0	0	0
171013614	Janitorial Supplies	8,000	8,000	8,000
		<u>32,500</u>	<u>30,500</u>	<u>32,500</u>
<b><u>Grounds Repairs/Maintenance</u></b>				
171013620	Grounds Mtce-Contract	12,500	12,500	12,750
171013621	Snow Removal	7,000	7,000	7,000
		<u>19,500</u>	<u>19,500</u>	<u>19,750</u>
<b><u>Maintenance Contracts/Services</u></b>				
171013630	Janitorial Service	70,000	66,320	70,000
171013632	Elevator Maintenance	2,230	2,230	2,230
171013633	HVAC Controls & Chiller Maint.	12,900	12,900	13,300
171013634	Computer System Mtce	500	0	500
171013637	Alarm Monitoring	620	620	620
171013638	Fire Exting/Alarm Mtce	750	750	750
171013639	Boiler Inspection/Maintenance	1,500	0	1,500
171013640	Garbage Disposal	5,700	6,013	6,360
171013651	Telephone Service Contract	9,220	6,691	0
		<u>103,420</u>	<u>95,524</u>	<u>95,260</u>
<b><u>Capital Expenditures</u></b>				
171013803	Capital Expenditures	234,400	20,570	330,000
		<u>234,400</u>	<u>20,570</u>	<u>330,000</u>
<b><u>Administrative Assessments</u></b>				
171013305	Admin-County of Essex	30,175	30,175	30,630
171013306	Maintenance-County	31,225	31,225	31,700
		<u>61,400</u>	<u>61,400</u>	<u>62,330</u>
<b><u>Tenant Rental Revenue</u></b>				
171016705	Tenant Rental Revenue	54,537	54,540	57,294
		<u>54,537</u>	<u>54,540</u>	<u>57,294</u>
<b><u>Other Revenue</u></b>				
171016702	Interest Income	1,000	2,500	3,000
171016702	Export of Electricity	6,500	16,000	15,000
171016798	Other Revenue	5,000	2,500	2,500
		<u>12,500</u>	<u>21,000</u>	<u>20,500</u>



**BUILDING OPERATING FUND**  
**Calculation of Cost Sharing Responsibility**

**EXHIBIT I**

		<b>2013 BUDGET</b>	<b>2013 ACTUAL</b> (unaudited)	<b>2014 BUDGET</b>	<b>County</b>	<b>Public Board</b>	<b>Separate Board</b>	<b>ERCA</b>
2013	Net Common Expenditures	750,196	526,866		267,858	130,399	87,144	41,464
	Administrative Assessment - Admin	30,175	30,175		7,544	7,544	7,544	7,544
	Contribution to (from) Reserve	3,000	226,330		115,066	56,017	37,435	17,812
	Surplus-Beginning of Year	0	(3)		2	(4)	(2)	1
		<u>783,371</u>	<u>783,368</u>		<u>390,470</u>	<u>193,956</u>	<u>132,121</u>	<u>66,821</u>
	Cost Sharing Revenue	(783,371)	(783,360)		(390,468)	(193,956)	(132,120)	(66,816)
	<b>Deficit (Surplus) - End of Year</b>	<u><b>(0)</b></u>	<u><b>8</b></u>		<u><b>2</b></u>	<u><b>0</b></u>	<u><b>1</b></u>	<u><b>5</b></u>
2014	Net Common Expenditures (less HST)			839,241	426,669	207,712	138,810	66,048
	Administrative Assessment - Admin			30,630	7,658	7,658	7,658	7,658
	Contribution to (from) Reserve			(47,000)	(23,895)	(11,633)	(7,774)	(3,699)
	Deficit (Surplus) - Beginning of Year			8	2	0	1	5
	<b>Total Net Expenditures before HST</b>			<u><b>822,879</b></u>	<u><b>410,434</b></u>	<u><b>203,737</b></u>	<u><b>138,695</b></u>	<u><b>70,012</b></u>
			<b>% Increase</b>	<b>5.0%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.8%</b>
<b>Monthly Installments (excluding HST)</b>					<b>34,203</b>	<b>10,978</b>	<b>11,558</b>	<b>5,834</b>
<b><u>Allocation of Costs:</u></b>								
	Common Expenditures				50.84%	24.75%	16.54%	7.87%
	Administrative Assessment				25.00%	25.00%	25.00%	25.00%

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EXHIBIT II

**BUILDING OPERATING FUND**  
**Schedule of Capital Expenditures**

	<b>2013 BUDGET</b>	<b>2013 ACTUAL</b> (unaudited)	<b>2014 BUDGET</b>
<u>2013</u>			
Building Envelope Construction - County repayment	215,000	0	
Mechanical System (chiller compressor - deductible)	5,000	10,000	
Mechanical System (domestic hot water )	5,000	4,500	
Voice-mail System (final payment)	9,400	6,070	
	<u>234,400</u>	<u>20,570</u>	
<u>2014</u>			
Building Envelope Construction - County repayment			330,000
			<u>330,000</u>
<u>Contributions to (from) Reserve</u>			
Parking Lot	60,000	60,000	40,000
Building Envelope (glass/brick/veneer)	(92,000)	121,830	(100,000)
Asset Replacement	0	0	13,000
Air Handling & Mechanical Systems	35,000	35,000	0
	<u>3,000</u>	<u>216,830</u>	<u>(47,000)</u>
Total	<u>237,400</u>	<u>237,400</u>	<u>283,000</u>

**EXHIBIT III****BUILDING OPERATING FUND  
Budget Summary Comparison**

	<u>2013 BUDGET</u>	<u>2013 ACTUAL</u> (unaudited)	<u>VARIANCE</u> (fav./unfav.)
<b><u>BUDGET SUMMARY</u></b>			
<b><u>Common Expenditures</u></b>			
Salaries and Wages	133,980	140,320	6,340
Benefits	40,833	40,997	164
Staff Expenses	1,250	1,250	0
Office Expenses	1,650	1,550	(100)
Equipment Purchases	300	300	0
Purchased Services	4,500	3,000	(1,500)
Occupancy	213,675	217,670	3,995
Building Repair/Maintenance	32,500	30,500	(2,000)
Grounds Repair/Maintenance	19,500	19,500	0
Maintenance Contracts/Services	103,420	95,524	(7,896)
Capital Expenditures	234,400	20,570	(213,830)
Administrative Assessment - Maint.	31,225	31,225	0
	<u>817,233</u>	<u>602,406</u>	<u>(214,827)</u>
<b><u>Common Revenue</u></b>			
Tenant Rental Revenue	54,537	54,540	(3)
Other Revenue	12,500	21,000	(8,500)
	<u>67,037</u>	<u>75,540</u>	<u>(8,503)</u>
<b><u>Net Common Expenditures</u></b>	750,196	526,866	(223,330)
<b><u>Other Expenditures</u></b>			
Administrative Assessment - Admin.	30,175	30,175	0
	<u>30,175</u>	<u>30,175</u>	<u>0</u>
<b>Excess of Revenue over Expenditures</b>	780,371	557,041	(223,330)
<b>Cost Sharing Revenue</b>	(783,371)	(783,360)	11
<b>Net Contribution to/(from) Reserve</b>	3,000	226,330	223,330
<b>Surplus-Beginning of Year</b>	0	(3)	(3)
<b>Deficit-End of Year</b>	<u>(0)</u>	<u>8</u>	<u>8</u>

**BUILDING OPERATING FUND**  
**Schedule of Reserve Sources and Applications**

	<u>2010</u> <u>ACTUAL</u>	<u>2011</u> <u>ACTUAL</u>	<u>2012</u> <u>ACTUAL</u>	<u>2013</u> <u>ACTUAL</u>	<u>2014</u> <u>BUDGET</u>
<b><u>Sources</u></b>					
Contribution to Reserve / Surplus Unexpended Visual Art Allocation	30,000	107,890	202,409	226,330	-
	30,000	107,890	202,409	226,330	0
<b><u>Applications</u></b>					
Contribution to Operations Visual Art Allocation	64,998	172,000	0	0	47,000
	64,998	172,000	0	0	47,000
<b>Net Contribution in Year</b>	<b>(34,998)</b>	<b>(64,110)</b>	<b>202,409</b>	<b>226,330</b>	<b>(47,000)</b>
<b>Balance - Beginning of Year</b>	<b>375,633</b>	<b>340,635</b>	<b>276,525</b>	<b>478,934</b>	<b>705,264</b>
<b>Balance - End of Year</b>	<b><u>340,635</u></b>	<b><u>276,525</u></b>	<b><u>478,934</u></b>	<b><u>705,264</u></b>	<b><u>658,264</u></b>

**Allocation of Reserve Balance**

Parking Lot resurfacing	265,000
Visual Art	6,875
Building Envelope	339,239
Asset Replacement	13,000
Unspecified	34,150
	<b><u>658,264</u></b>

**BUILDING OPERATING FUND**  
**Schedule of Capital Expenditures - Five Year Forecast**

<b><u>Project</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Building Envelope (window/glass/veneer)	335,000	340,000	345,000	350,000	355,000
Asset Replacement	10,000	10,000	10,000	10,000	10,000
Parking Lot Repairs	<u>265,000</u>				
Total Expenditures	610,000	350,000	355,000	360,000	365,000
Reserve contribution	<u>(350,000)</u>	<u>(70,000)</u>	<u>(55,000)</u>	<u>(45,000)</u>	<u>(35,000)</u>
Expenditures from Current	<b><u>260,000</u></b>	<b><u>280,000</u></b>	<b><u>300,000</u></b>	<b><u>315,000</u></b>	<b><u>330,000</u></b>