

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

26 June 2017 / 26 juin 2017

Submitted by / Soumis par:

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SUBJECT: OPS FACILITIES STRATEGIC PLAN UPDATE 1 (2017-2033)

**OBJET: MISE À JOUR 1 DU PLAN STRATÉGIQUE DES INSTALLATIONS DU
SPO (2017 2033)**

REPORT RECOMMENDATIONS

That the Police Services Board approve this report.

RECOMMANDATIONS DU RAPPORT

Que la Commission de services policiers approuve le présent rapport.

BACKGROUND

In 2013, the Board approved a long-term plan for the acquisition, disposal and re-fit of OPS facilities. It is the first comprehensive facilities strategic plan for the service, providing vital information and clear direction on a key part of the infrastructure that supports police operations.

The OPS Facilities Strategic Plan (FSP) represents an important roadmap for the future. (Document 1). It centres on three real estate strategies:

- The acquisition of new facilities and land;
- The retention and reuse of existing OPS facilities; and
- The disposal of facilities that no longer meet OPS needs.

The plan aims to achieve four main objectives. To:

- Manage risk;
- Minimize the impact on police operations;
- Be rolled out in a logical sequence; and
- Consider affordability.

It is also a living document that will change over time as OPS needs evolve and new opportunities arise.

As part of the plan, the OPS committed to reducing the original cost of the program by 25%. Staff undertook the Workplace Innovation Project (WIP) in order to define how to reach this goal.

This document represents the first update to the Board on the OPS Facilities Strategic Plan, which covers the period from 2017-2033. It also outlines the findings of the WIP. (See attached Document 2.)

DISCUSSION

In its 2016-2018 Business Plan (Goal S2), the OPS recognizes the need for a new and integrated approach to work-life that reflects a changing workforce supported by workplace innovation and technology. Our objectives are to:

1. Prepare for a modernized workplace that can adapt to future change;
2. Improve our ability to prevent, detect and solve crimes by ensuring access to leading-edge technology platforms, services and tools; and
3. Provide new kinds of work options that are both flexible and mobile.

The OPS has recognized the need to put in place long-term plans to be able to deliver on these objectives. Together, the FSP, the Information Management and Information Technology (IM/IT) Roadmap and new approaches to workforce management are providing a clear way forward for the OPS as it strives to deliver the kind of environment a modern police service requires.

Facilities play a crucial role in supporting both evolving police operations and the 2,000 sworn and civilian members of the OPS. These facilities are also an important point of contact for members of the community and must be sufficiently flexible to meet the changing needs of the Service.

The varied nature of police operations creates unique facility requirements: Not only do they need to be built to rugged standards that can withstand the “wear and tear” associated with providing 24/7 emergency services 365 days a year, they also need to be flexible enough to accommodate a workforce that will inevitably grow as the City of Ottawa’s population expands and demands for service increase.

Moreover, the specialized nature of police operations creates the need for secure and unique spaces within many police facilities, including forensic laboratories, communication centres, evidence warehouses, training centres, firing ranges, and patrol stations.

Workplace Innovation Project

In 2013, the Board was presented with estimated project costs for the FSP of \$244.4 million. The OPS made a commitment to reduce costs by 25% (or \$61 million) by taking innovative approaches to designing and building space.

The key challenge was how to achieve this savings target without eliminating any of the approved projects under the FSP or sacrificing operational needs. The Workplace Innovation Project (WIP) was launched to find this solution.

The WIP commenced with research and consultations with staff and experts to validate and define the unique needs of the Service, to better understand emerging trends in Ottawa and elsewhere, and to explore new approaches that could reduce costs.

The resulting report (attached as Document 2) identified how savings could be achieved on a project-by-project basis in four key areas:

1. Design and Construction;
2. Space Allocation and Standards;
3. Innovation; and
4. Building Operating Costs.

The WIP report concluded that a 20% savings could be achieved if the OPS implemented all the recommendations related to design, construction, space allocation, and standards. Without further innovation, however, the OPS would fall 5% short of its savings target (see Table 1).

Table 1: WIP Projected Savings

| Project | Original Cost (\$) | WIP % Savings | Revised Cost (\$) |
|----------------|---------------------------|----------------------|--------------------------|
| South Facility | 86.42 M | 12 % | 76.11 M |
| Corp. Services | 82.83 M | 30 % | 57.87 M |
| Court House | 1.0 M | 11 % | 0.89 M |
| Central Patrol | 35.15 M | 5 % | 33.33 M |
| Swansea | 18.95 M | 52 % | 9.1 M |
| Elgin Refit | 9.77 M | - 20 % | 11.77 M |
| PDC | 10.31 M | 45 % | 5.71 M |
| Total | 244.46 M | 20 % | 194.78 M |

Innovative Strategies

Innovative real estate solutions produced the final savings needed to meet – and in fact exceed the - savings goal. They produced savings of 9.5%, and as detailed in Table 2, have brought the overall savings to a level of \$72.2 million, or 29.5%. This exceeds our original 25% savings target by 4.5%.

These innovative strategies (explained in further detail below) were developed in conjunction with our partners at the City of Ottawa Real Estate Office in order to take advantage of existing City-owned real estate.

Table 2: Innovative Strategies – Projected Savings

| A. WIP Projected Savings | | \$ 49.7 M |
|---|--|------------------|
| Innovative Strategy | Benefit | Savings |
| Occupy existing City facilities: Remain at Queensview & occupy full space | Reduces Corporate Services construction by 52,000 sq. ft. | \$ 22.0 M |
| Campus planning: Locate Corporate Services on South site & dispose Greenbank Station | Eliminates the requirement to retain & demolish Greenbank Station (to be returned to City) | \$0.5 M |
| B. Innovative Strategy Savings | | \$ 22.5 M |
| Total Savings (A+B) | | \$ 72.2 M |
| Business transformation: Remain at Courthouse and renovate space | Eliminates ongoing operations costs for leased space | \$ 245 K/ year |
| Operating Cost Savings | | \$245,000 |

Innovative Strategies used to achieve these savings include:

- 1. Occupy existing City facility on a long-term basis:** The Queensview facility, which was to be returned to the City under the original plan, is now a key component of the FSP. Queensview has been assigned by the City to the OPS for long-term use, reducing the footprint of the Corporate Services building by 52,000 square feet, resulting in \$22 million in construction savings. One operational compromise is that the Corporate Services function will operate out of two sites rather than being co-located at one. Another is the LRT Project, which means Queensview can only be used on a very limited basis for the time being. The OPS will need to further explore the impact on police operations once the full scope of the LRT Project is known in April 2018.
- 2. Campus planning:** One of the important real-estate strategies the OPS is adopting in light of the WIP recommendations is campus planning. This will apply to OPS facilities on the new South site at 55 Lodge Rd. While the original plan had Patrol and EOD co-located at Lodge Rd., the full 15 acres at the Lodge Rd. site have now been acquired for the OPS portfolio at a cost of \$6 million. This will allow us to add two more phases to the project: Phase 2 will incorporate Corporate Services, while Phase 3 will be available for future development. (This

may include exploring partnership opportunities with the City.) Staff are currently working on the specifics of the agreement, which will be detailed in a Memorandum of Understanding scheduled to be presented to the Board for approval in Q3.

When Lodge Rd. is operational, the Greenbank facility will be returned to the City, resulting in \$500,000 in savings because demolition of Greenbank will no longer be required.

3. **Business transformation:** As a result of the Service Initiative (SI) project, the OPS has significantly modified administrative work processes at the Courthouse. In addition to generating an efficiency benefit, these SI changes are yielding a benefit to the FSP as they remove the requirement for an additional leased location, as was originally planned. Capital funding as identified will still be required to modernize the existing location, but annual operating cost savings of \$245,000 will be realized.

New Requirements

As stated earlier, the FSP is a living document that changes over time as needs evolve. Consequently, in addition to realizing better-than-expected cost savings through the WIP and innovative solutions, there are a number of new and emerging requirements that will add \$33.8 million to the cost of the FSP (see Table 3).

Table 3: Summary of New Requirements

| | Items | Costs (\$) |
|---|--|-----------------|
| 1 | Land Acquisition: <ul style="list-style-type: none"> • 55 Lodge Rd. • Central Patrol (TBD) | 6.0 M 10.0 M |
| 2 | Site Development: 55 Lodge Rd. | 5.0 M |
| 3 | Construction Escalation Costs Delayed project start (3% / year) | 7.0 M |
| 4 | NEW: Expanded Canine Program | 2.3 M |
| 5 | NEW: OPS Strategic Operations Centre (OPSOC) | 3.5 M |

| | |
|--------------|---------------|
| Total | 33.8 M |
|--------------|---------------|

1. **Land Acquisition:** While the original plan did not include land acquisition costs, the City of Ottawa has advised the OPS that it can no longer provide land to the OPS without considering the “lost opportunity cost”. Opportunity cost is defined as the cost that will eventually be incurred when the City has to replace this land, as it was originally acquired for other City functions or purposes. A second consideration in having the OPS pay for the land is that as part of the FSP the OPS will be returning a building to the City that has exceeded its useful life and will likely have to be demolished at a cost to the City.
 - 55 Lodge Rd. The 15 acres at 55 Lodge Rd. assigned to the OPS will be developed as a police campus in three phases, beginning in 2017. The City has requested \$6 million to cover lost opportunity cost and to offset anticipated demolition costs of \$ 3.3 million for Greenbank. The value of \$6 million for the land at 55 Lodge Rd. was established through an appraisal process.
 - Central Patrol: The cost of land for the new Central Patrol facility (location TBD) is estimated at \$10 million, which will be confirmed through the City’s Real Estate group.
2. **Site Development – 55 Lodge Rd.:** Additional site development costs are estimated at \$5 million to support the three phases of campus planning.
3. **Construction Escalation Costs:** Construction escalation costs associated with current market conditions and delays in project start dates, originally estimated at 2% a year, have increased to 3% a year, which has added \$7 million to the program. The one-year elimination of the Facilities Strategic Reserve Fund contribution in 2016 pushed all FSP projects back by a year, thus adding one year of escalation costs to all projects, which has contributed to this total.
4. **Canine Program:** The OPS presented a business case to the FSP Executive Steering Committee in 2016 outlining the 20 year requirements for the Canine Program. Further planning and evidence gathering are needed to validate the long-term requirements for the Canine program (to be included in an updated business case), which will be co-located at the new South Campus in Phase 1.
5. **OPSOC:** The OPS presented a 20-year business case for OPSOC to the FSP Executive Steering Committee in 2016. OPSOC was established as a new function through SI after the original FSP was developed. OPSOC’s long-term operational needs are currently being validated and will be included in an

updated business case. OPSOC is planned for the new South Campus in Phase 2. The current cost estimate of \$3.5 million does not include the specialty equipment required to support the OPSOC function. A separate capital request will be forthcoming as needs are identified.

Revised FSP (2017-2033)

The original plan has been adjusted to include the WIP recommendations and new requirements that have been identified. (More information on each project available in Document 3). When these new requirements and land acquisition costs are added, the new plan totals \$206.2 million.

Table 4 below summarizes the major components of the revised FSP (2017-2033).

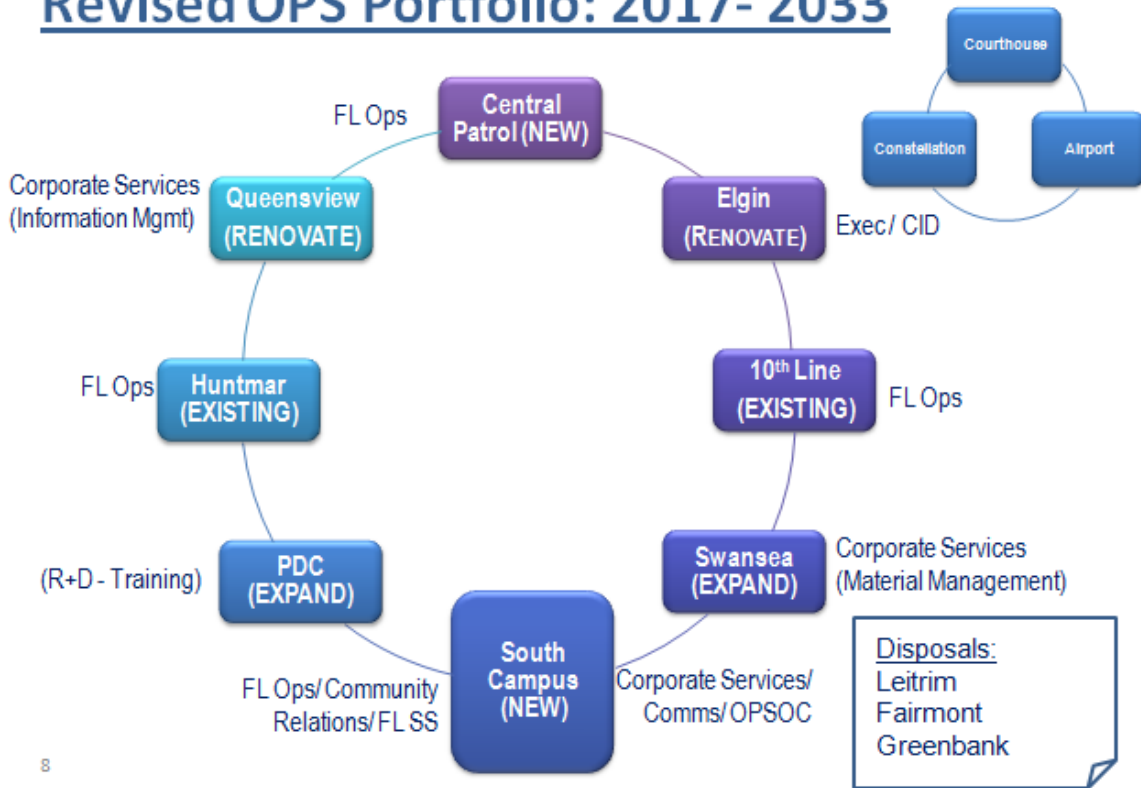
Table 4: Revised FSP (2017-2033)

| FSP Projects | Square Feet | | Estimated Capital Costs | Project Completion Year |
|--|-------------|-------------|-------------------------|-------------------------|
| | New Space | Refit Space | | |
| South 1 – (FL Ops & CR/FLSS + 2 nd fl. Shell Space) | 160,000 | - | \$81,015,000 | 2021 |
| Elgin A Refit | - | 13,000 | \$2,067,000 | 2019 |
| Swansea 1 & 2 (QM, Fleet & Storage) | 12,600 | 8,200 | \$5,760,000 | 2019 |
| Queensview 2 (Corporate Services) | 19,000 | - | \$ 4,952,000 | 2023 |
| Courts Refit | | 5,200 | \$917,000 | 2018 |
| South – Corporate Services/Comms/OPSOC | 35,000 | - | \$32,792,000 | 2023 |
| BIS/Comms Redundancy (location TBD) | 22,000 | | 15,000,000 | 2023 |
| Elgin B Refit | - | 19,000 | \$3,603,000 | 2024 |
| Central FL Operations | 43,750 | - | \$44,381,000 | 2029 |
| PDC Expansion | 13,125 | - | \$5,881,000 | 2030 |
| Elgin C Refit | - | 30,000 | \$6,581,000 | 2031 |

| | | | | |
|---|----------------|---------------|----------------------|------|
| Swansea 3 (Property Evidence Expansion) | 10,000 | - | \$3,244,000 | 2033 |
| Total | 315,475 | 75,400 | \$206,193,000 | |

The graphic below represents the OPS building portfolio in 2033, which takes into account the WIP savings strategies and the newly identified requirements for the program. Facilities in the larger central circle are expected to house the majority of OPS operations by 2033. Those in the smaller circle in the top right corner indicate where the OPS will be co-located to support other organizations. The facilities slated for disposal are listed in the bottom right corner.

Revised OPS Portfolio: 2017- 2033



CONSULTATION

The FSP was developed in consultation with City staff, OPS staff and experts.

An updated was provided to the PSB-FAC on June 5th.

A thorough public consultation process will be carried out as each new facilities project is launched.

FINANCIAL IMPLICATIONS

Paying for the Plan

With a total cost of \$206.2 million over 20 years to implement the FSP, staff have developed a simple two-step plan to fund it.

The Board took the first step when, in the 2012 budget, it committed to set up a contribution to the Facilities Strategic Reserve Fund equal to the revenue gained from the uploading of court security costs to the province. This amount increased by roughly \$600,000 each year. Over the seven years of uploading, the operating budget base for this contribution will grow to \$4.1 million.

The second step is to add to the pay as you go contribution through an annual budget increase. This increase has been \$300,000 beginning in 2012. However, the 2016 budget did not include the \$300,000 increase due to other priorities. Beginning in 2020, the contribution will be increased to \$400,000 and this annual increase will continue until 2029, as shown in Table 5.

A portion of this annual contribution will be used to build the operating budget base for the new facility operating costs and to supplement the budget base for debt servicing issued on projects. The remainder will be applied to build the Facilities Strategic Reserve Fund.

All operating and capital costs of the Facilities Strategic Plan have been addressed within the two-step plan. Document 4 illustrates the level and timing of these costs and how they flow through the Facilities Strategic Reserve Fund.

To summarize the capital funding of the FSP, over the period from 2016 to 2030, funds in the Facilities Strategic Plan Reserve Fund (\$59 million) and expected Development Charges (\$11.5 million) will be applied to the capital projects plan. The remaining funding (\$136 million) will come from debentures. (See attached Document 5).

Debenture payment costs will rise from \$3.3 million in 2017 to \$10.2 million in 2025 and peak at \$11.4 million in 2031. Funding to cover increases in annual debenture costs will be offset by budget base reallocations from the Facilities Strategic Reserve Fund. In some years, the budget base is larger than needed. When this occurs, any excess funds will again be contributed back to the Facilities Strategic Reserve Fund.

Table 5: Budget Impact of Revised FSP

| PAYG Contribution | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Original Plan (\$K) | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | |
| Revised Plan | 300 | 300 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Variance | 0 | 0 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 400 |

SUPPORTING DOCUMENTATION

Document 1: [Ottawa Police Service Facilities Strategic Plan 2014-2031](#)

Document 2: Ottawa Police Services Workplace Innovation Project Findings Report

Document 3: Facility Strategic Plan Financial Update #1 Assumptions

Document 4: Facility Strategic Plan Financial Update #1 Reserve Fund Continuity

Document 5: Facility Strategic Plan Financial Update #1 Capital Forecast

CONCLUSION

The updated FSP (2017- 2033) is a flexible, affordable and innovative plan to address future infrastructure requirements for OPS and the community. However, the FSP alone cannot achieve the organizational objectives highlighted in the 2016-2018 Business Plan. An integrated approach to OPS modernization, including technology and modified work practices, will ensure that OPS can efficiently deliver services to the citizens of Ottawa.

The OPS has exceeded its commitment to reduce overall costs of the FSP by 25%, achieving 29.5% in overall savings.

When considering the revisions required meet the needs of the Service, the total cost of the revised FSP is \$ 206.2 million. A funding strategy has been developed that aligns with OPS budget forecasts, ensuring the revised FSP is affordable.

Police services are continually evolving and OPS must be responsive to new requirements not yet identified or defined that may impact the FSP. These may include items such as enhanced security to respond to emerging threats; new operational requirements; or changes in legislation and regulations.

The OPS will continue to look for new opportunities for innovation and further savings and will adjust the FSP accordingly on a three-year cycle. The next FSP update will be presented to the Board in 2020.