



Serving  
**GOVERNMENT,**  
Serving  
**CANADIANS.**

our portfolio  
our story  
2009-2010

**REAL PROPERTY BRANCH**



Public Works and  
Government Services  
Canada

Travaux publics et  
Services gouvernementaux  
Canada

Canada

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Alexandra Bridge—Ottawa River, Gatineau, Quebec to Ottawa, Ontario, view at night, Crown-owned





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our portfolio  
our story  
2009-2010

assistant deputy minister's  
message



**John McBain**  
**Assistant Deputy Minister**  
**Real Property Branch**



As Assistant Deputy Minister (ADM) of the Real Property Branch (RPB), Public Works and Government Services Canada (PWGSC), I am pleased to present the second annual publication of *Our Portfolio – Our Story* for fiscal year 2009-2010.

RPB manages one of the largest and most diverse real estate portfolios in the country, and we are proud of our long history of serving Canadians. For more than a century and a half, our staff have helped build and manage many of Canada's most important landmarks, from bridges and dams to federal buildings, including the Parliament Buildings in Ottawa.

Today, RPB provides federal departments and agencies with affordable, productive work environments, a full range of real property services and expert advice to support the delivery of programs to Canadians and contribute to our country's economic, political and cultural vitality from coast to coast to coast. In addition to

providing an overview of our organization and portfolio, this publication profiles a number of priority initiatives underway within the organization and celebrates some of our notable achievements.

Whether delivering capital infrastructure projects in support of Canada's Economic Action Plan or developing innovative ways to manage service delivery, RPB continues to make a positive contribution to Canada through its team of dedicated professionals. Through their work, these proud stewards of real property are furthering the Government of Canada's mandate to provide value to Canadian citizens.

Finally, I would like to thank and compliment my colleague Pierre-Marc Mongeau, ADM, Parliamentary Precinct Branch, PWGSC, for his contribution to this report.

John McBain  
Assistant Deputy Minister  
Real Property Branch

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# context

Alexandra Bridge—Pedestrian and bicycle access, Crown-owned







This document is the second annual public report on RPB's real property portfolio, based on 2009-2010 fiscal year results. It provides detailed reporting on the financial, operational and functional performance of PWGSC's Crown-owned office portfolio and summary results for other components of the national portfolio, including leased office facilities, the Parliamentary Precinct and engineering assets. Our Portfolio – Our Story was prepared for the first time in 2008-2009, and will be produced on an annual basis to report on future years.

overview

Alexandra Bridge—Detail, Crown-owned



PWGSC is the Government of Canada's service provider for federal office space. When departments, agencies and other federal organizations need office space, they turn to RPB within PWGSC. This approach to acquiring office space makes the federal government more efficient, as only one department is required to develop the necessary real estate expertise for office space. It also allows other departments to focus on their core business: providing programs and services to Canadians.

The needs of RPB's clients are as diverse as the work they do, and RPB's role is to clarify their requirements (e.g. amount of space, level of security, proximity to other departments, access to public transportation) in order to find the right space, that is, space that offers best value to the Crown and meets these requirements.

In managing its portfolio, RPB follows overarching direction from acts and policies with respect to broader government objectives such as heritage preservation, accessibility and environmental stewardship.

Building on last year's report, this year's *Our Portfolio – Our Story* reports on RPB's core office portfolio and showcases other areas of the Branch and the Department—Parliamentary Precinct Branch, Engineering Assets Strategy Sector and Special Initiatives Sector—that manage real property on

behalf of the federal government. In 2009-2010, RPB and the Department made a significant contribution to the federal government's goal of ensuring that Canada emerges from the economic downturn with a greener, more modern infrastructure. RPB also successfully completed implementation of its five-year expenditure reduction plan spanning 2005 to 2010. In addition, RPB made progress in repositioning the organization as a corporate real estate organization by developing new workplace standards and moving ahead with a new integrated business and systems solution.

**PWGSC has a responsibility to ensure that it:**

- provides federal organizations with the office space they need to deliver their programs;
- carries out space procurement processes in an open, fair and transparent manner that achieves best value for Canadian taxpayers; and
- enforces federal standards for such things as accessibility and environmental sustainability.

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## our story

Managing a large and diverse real property portfolio is a complex business that requires expertise in many areas. This section of the report describes RPB's National Service Management Strategy, its National Centres of Expertise, and the activities it undertakes in managing major Crown projects.





La Promenade Building—151 Sparks Street, Ottawa, Ontario, Crown-owned

# National Service Management Strategy

**The National Service Management Strategy is the umbrella service strategy for the Branch, featuring phased implementation of capacity-building priorities.**

RPB within PWGSC is the Government of Canada's centre of expertise for delivering real property services. It's an expertise that has been acquired through the experience and knowledge of dedicated employees, and through a long history of continuous improvement in service delivery.

- 2 From the introduction of optional services in the 1980s, and contracting out non-core services in the 1990s, to the adoption of Alternate Forms of Delivery contracts, and the implementation of a Corporate Real Estate (CRE) model, the Branch has demonstrated an ongoing vision and ability to effectively adapt to business and market changes in responding to its own and clients' needs.

By 2005, RPB was facing new challenges. Diminishing resources through employee attrition, combined with projected business volume increases were opening up a service delivery gap that required greater flexibility in the service delivery model. It was becoming increasingly necessary to engage the private sector to assist the Branch in building response capacity.

In order to address these challenges, RPB engaged a national network comprised of regional and national business sectors to develop a coordinated approach to building service capacity and flexibility. Launched in April 2009, the resulting National Service Management Strategy is designed to increase the Branch's ability and agility as a real property service provider. This is achieved by strategically leveraging the private sector for service delivery activities and strengthening internal service management and administration capabilities. The Strategy operates by developing services, people and mechanisms, specifically:

- identifying services that offer the greatest opportunity for building capacity by leveraging the private sector;
- providing employees with the training and competencies to migrate towards service management and administration rather than service delivery activities; and,
- developing strengthened delivery mechanisms for identified service priorities to enable effective leveraging of the private sector.

From the full suite of real property services, twenty initial priority services have been identified that hold the greatest immediate need and opportunity for implementing a service management model. This first phase of service priorities form natural bundles for which service demand projections, human resources strategies and leveraging mechanisms are being developed.

In order to monitor progress and chart future activities, national sectors provide annual plans and reports for the development of priority strategy-enabling tools, while regions provide annual implementation plans and reports. Performance against the priorities and targets identified in the Strategy is monitored to determine progress. It is recognized that regions will implement the Strategy at different rates according to their reality. However, the intention is that the same approach will be used nationally and that national targets established in the Strategy will be achieved within five years.

The Strategy was designed to be a living strategy that can respond to changing business and client requirements and market conditions. The Strategy includes a mechanism to recast priorities in order to tackle new requirements as they emerge and to extend the service management approach to additional service lines.

Through the Strategy, we will improve the usefulness and flexibility of our service delivery tools (e.g., standing offers, contracts and supply arrangements, core and technical competency descriptions and training to facilitate regional implementation of the Strategy). An initial list of enabling tools and their prioritization was tabled at the January 2009 National Service Management Strategy-National Network Workshop. In the summer of 2009, PWGSC regions identified 12 tools from the initial list that were judged

to be high priority for development. In their Fall 2009 Plans and Reports on Enabling Tools, national sectors presented work plans for these high priority tools.

Ultimately, the Strategy represents a significant step forward in the implementation of the RPB's CRE model and provides a roadmap to assist the Branch in managing and delivering its services. The central outcome will be a stronger service management organization, better equipped to meet projected service demands by leveraging both internal and external capacity.

## National Centres of Expertise

Other federal government departments are increasingly recognizing the real property expertise of PWGSC and are coming to RPB for services and tools they traditionally developed, managed or delivered themselves. This allows departments to focus on their core mandate and provides for more consistent and efficient management of real property across the Government of Canada.

PWGSC's real property expertise has been developed over the years in three main areas, called National Centres of Expertise (NCOEs), which are composed

of headquarters and regional roles. These NCOEs are as follows:

- Accommodation, Portfolio Management and Real Estate Services (APMRES);
- Professional and Technical Services Management (PTSM); and
- Public-Private Partnership (P3) Development and Advisory Services.

### **Accommodation, Portfolio Management and Real Estate Services**

The APMRES sector provides stewardship for the PWGSC real property portfolio and develops innovative service delivery models and real estate solutions for the Government of Canada. It develops strategies and national frameworks to accommodate federal tenant space demands and to introduce sustainable, productive, supportive workplace environments for federal public servants.

The sector develops procedures, standards, systems, tools and performance measures to provide national direction for the management of the portfolio and the delivery of real estate services. It develops strategies for maintaining and disposing of assets no longer required by the government and collaborates with central agencies to ensure support for PWGSC and

other government department initiatives and to promote modernization of real property instruments.

The sector also manages delivery of the Appraisals Program and the Payments in Lieu of Taxes Program.

### **Professional and Technical Services Management**

The PTSM sector leads a national program of professional and technical services that supports service management and service delivery in the areas of operations and maintenance, planning, design, renovation and construction of federal facilities. The sector provides specialized expertise in project delivery, architecture, engineering, heritage conservation, geomatics, asset and facilities management, energy conservation and environmental services.

The sector exercises a national role which includes oversight, functional direction, advice and quality management. This includes national co-ordination and oversight of the Alternate Forms of Delivery property and project management contracts put in place across the country, which affect half of the PWGSC inventory of buildings. For certain specialties, PTSM also operates as a national centre for service delivery in such areas as environmental services as well as bridge, marine and geotechnical engineering.



## Public-Private Partnership (P3) Development and Advisory Services

RPB's P3 Development and Advisory Services NCOE is housed in Pacific Region. This group was formed in 2007 and operates within the existing Real Property Management Framework. Key functions of the NCOE include:

- supporting project leaders, project directors and managers from the various sectors within the Branch with P3 project management methodology;
- conducting research on best practice for P3 in other jurisdictions;
- working with the Branch sectors to integrate P3 best practice into the RPB policy framework;
- establishing and maintaining databases and a library of P3 information; and
- designing and promoting P3 orientation, training and workshops for PWGSC and other federal government departments as required.

This NCOE supports the Branch's Corporate Real Estate model and the National Service Management Strategy while strengthening accommodation and portfolio management. The team also provides P3 advisory services and project support to other government department custodians as an optional, fee-based service.

## Major Crown Projects

The Major Crown Projects sector within RPB is the national steward responsible for program management for multiple major multi-million dollar real property projects that are complex and risky. This series of projects is being supported, managed, monitored and reported on as a program of work, even though the individual projects are unique.

The role of the sector is twofold: to deliver the major Crown projects program of work in the National Capital Area and to provide national functional direction for the leadership, planning, development, delivery, management and commissioning of all major projects in other regions of the country. The sector is therefore a service delivery as well as a service management organization.

The sector is responsible for leadership in the application of the National Project Management System as major projects are being managed and delivered. The sector provides functional direction to PWGSC throughout all the phases of project management.

A major project is assigned to the sector when it has been established by the Major Project Steering Committee that enhanced oversight, governance, structure, leadership and control are required. The sector also handles projects that have certain levels of risk and complexity, or at the request of the Assistant Deputy Minister or the Associate Assistant Deputy Minister.

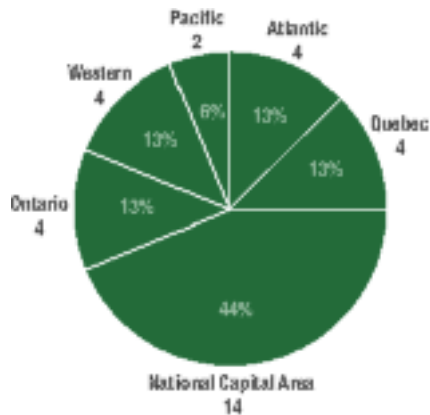
Each geographic region has a number of projects that are subject to review by the sector. The projects fall into one of four categories: Construction, Renovation, Engineering Assets (e.g. bridges and dams) and Remediation. The chart below visually depicts these distributions.

In 2009-2010, the sector co-ordinated the production of the Project Performance Report on *Real Property Projects over \$30 Million – Real Property Branch for the fiscal year ending March 31, 2010*. This report provides the performance assessment and results for projects that are greater than \$30 million in value. The reporting requirement was established in a decision from the Treasury Board in 2006 whereby PWGSC was

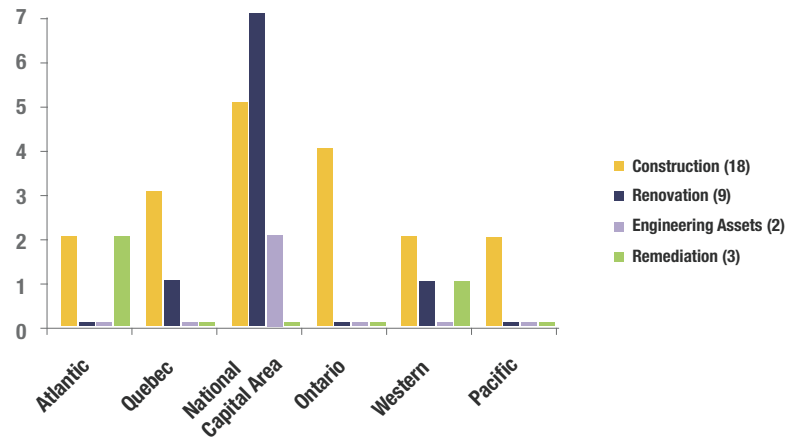
to develop an annual performance evaluation framework report on real property projects with a total value greater than \$30 million and a certain level of risk and complexity.

The scope of the report includes all real property projects that were underway during fiscal year 2009-2010 or that had been completed by March 31, 2010. The report includes various types of real property projects such as renovation, construction, engineering assets and remediation projects. The key performance indicators used to assess real property planning, and project and management performance relate to performance against *time*, *budget*, *scope* and *client feedback*.

### Our major project national distribution



### Distribution of major projects by categories



The results of the 2009-2010 report demonstrate significant advances in the management of large and complex real property projects and describe how PWGSC’s project management capacity has been significantly enhanced.

### Performance Improvement

The table below illustrates the evolution of project performance over the last three years of reporting. There has been marked improvement each year in the overall performance of real property projects, with an increase in the number of projects being assessed as “On Target” as compared to projects categorized as “Action Required” or “At Risk,” as shown in the table.

Compared to last year’s results, the number of projects “On Target” has increased by half, while the number of projects assessed as “Action Required” has dropped by nearly 50 percent. The “At Risk” category has likewise seen a considerable decrease.

For projects reported as “At Risk,” mitigation strategies are established to manage the risk, and problems are addressed through an escalation process. All of these projects are continually monitored through quarterly reporting by the sector.

<b>% of Projects (# of Projects)</b>	<b>Performance Status as of March 31 2008</b>	<b>Performance Status as of March 31 2009</b>	<b>Performance Status as of March 31 2010</b>
<b>On Target</b>	37% (12 projects)	53% (20 projects)	78% (25 projects)
<b>Action Required</b>	41% (13 projects)	29% (11 projects)	16% (5 projects)
<b>At Risk</b>	22% (7 projects)	18% (7 projects)	6% (2 projects)
<b>Total number of Projects</b>	32	38	32

## our portfolio

PWGSC portfolio of assets is managed by six regions across Canada. This section presents the 2009-2010 asset report describing the state of the portfolio, within these six regions. Also included is an overview of PWGSC's Parliamentary Precinct Branch, which is responsible for managing some of the government's more recognizable assets such as the Parliament Buildings and the Confederation and Justice Buildings, situated along Wellington Street in the national capital.

This section also includes a description of the activities of the Engineering Assets Strategy Sector of RPB, which is responsible for managing engineering assets such as bridges and dams. The section concludes with an exposé on the current restructuring of the second-largest district heating and cooling project in the country. Located in and managed by the National Capital Area of RPB, the project supplies heating and cooling energy to more than 100 buildings in Ottawa and Gatineau.





East Memorial Building—284 Wellington Street, Ottawa, Ontario, Crown-owned



# Asset Report

## **National Inventory**

RPB provides work environments for 110 federal departments and agencies. These environments accommodate approximately 265,000 employees.

Spread across more than 1,800 locations in Canada, the Department's inventory consists of 345 Crown-owned buildings, over 2,000 leases in 1,500 locations and 10 lease-purchase buildings. Rentable space in which RPB provides accommodation totals approximately 7.1 million square metres (m<sup>2</sup>), of which 3.1 million m<sup>2</sup> (43%) is Crown-owned, 3.5 million m<sup>2</sup> (49%) is leased, and 0.5 million m<sup>2</sup> (8%) is under lease-purchase agreements.

Approximately 6.2 million m<sup>2</sup> (87%) of the 7.1 million m<sup>2</sup> is office space, with the remainder being common-use buildings (e.g. warehouses), special properties (e.g. training centres) and designated properties (e.g. the Parliament Buildings). The national inventory also includes central heating and cooling plants, engineering assets (e.g. bridges and dams) and housing.

The national portfolio is managed by six regions: Atlantic Region, Quebec Region, National Capital Area (Ottawa-Gatineau), Ontario Region, Western Region and Pacific Region.

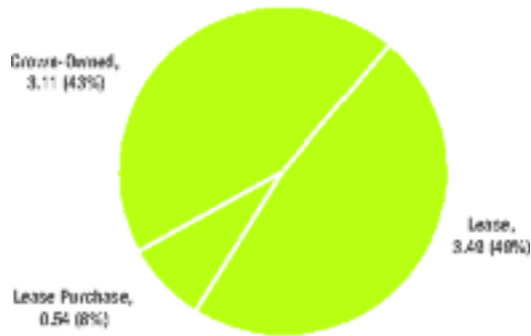
### National Portfolio Profile\*

Interest Type	Data	Pacific	Western	Ontario	National Capital Area	Quebec	Atlantic	Total
Crown-owned	# of buildings	39	39	46	103	38	80	345
	Rentable m <sup>2</sup>	190,078	227,520	351,338	1,718,242	326,082	294,701	3,107,961
	% of total	2.7%	3.2%	4.9%	24.1%	4.6%	4.1%	43.5%
Lease-Purchase**	# of buildings	1	0	2	6	1	0	10
	Rentable m <sup>2</sup>	25,457	0	12,914	452,837	52,412	0	543,620
	% of total	0.4%	0.0%	0.2%	6.3%	0.7%	0.0%	7.6%
Leased	# of locations	206	274	264	237	206	313	1,500
	Rentable m <sup>2</sup>	274,114	486,824	500,343	1,637,144	303,172	289,059	3,490,655
	% of total	3.8%	6.8%	7.0%	22.9%	4.2%	4.0%	48.9%
Total	# of buildings / locations	246	313	312	346	245	393	1,855
	Rentable m <sup>2</sup>	489,649	714,343	864,595	3,808,224	681,666	583,759	7,142,235
	% of total	6.9%	10.0%	12.1%	53.3%	9.5%	8.2%	100%

\*This table describes the entire PWGSC real property portfolio of office and non-office (e.g. conferences centres) facilities.

\*\*Lease-Purchase: Lease with an option to purchase

**National Portfolio Profile by Interest Type (m<sup>2</sup> in millions)**



### National—Principal Clients (m<sup>2</sup>)

The amount of office space and where it is located is important to client departments for the delivery of their programs. RPB acquires the space on behalf of its clients and ensures that the space provided is safe and adequate for the client's requirements, affords the maximum long-term economic advantage for government and is consistent with environmental objectives and relevant government policies.

While RPB provides office accommodation to 110 departments and agencies, our 10 largest clients, based on square metres (m<sup>2</sup>), are illustrated in the table below. The space they occupy represents over 50 percent of our total space.

■ 12

### Ten Largest Client Departments in Terms of m<sup>2</sup>

Client Department / Agency	Crown-owned (m <sup>2</sup> )	Lease-Purchase (m <sup>2</sup> )	Leased (m <sup>2</sup> )	Total Space (m <sup>2</sup> )
Canada Revenue Agency	424,371	1,143	503,366	928,880
Human Resources and Skills Development Canada	256,348	28,919	425,380	710,648
National Defence	217,645	39,651	197,263	454,560
Public Works and Government Services Canada	202,032	6,004	136,724	344,761
Royal Canadian Mounted Police	190,125	0	125,406	315,530
Health Canada	119,298	2,912	122,139	244,350
Library and Archives Canada	153,127	0	83,880	237,007
Canada Border Services Agency	76,253	2,169	144,057	222,479
Environment Canada	58,996	42,395	82,760	184,151
Fisheries and Oceans Canada	72,188	0	108,090	180,278
<b>Total</b>	<b>1,770,383</b>	<b>123,194</b>	<b>1,929,065</b>	<b>3,822,642</b>

our portfolio



## National—Office Accommodation Metrics

RPB monitors and reports on the following three core accountability indicators:

- Square metres of office space per Full-Time Equivalent (employee) or FTE (m<sup>2</sup>/FTE)
- Cost of office space per FTE (rent\$/FTE)
- Cost of office space per square metre of office space (rent\$/m<sup>2</sup>)

These indicators are based on areas of each building that are appropriate for office type work and do not include non-office areas (e.g. storage areas).

All costs for accommodation are based on imputed market-based rents, such that:

- for leased and lease-purchased accommodation: market rent is composed of the contract rent, escalations (or de-escalations) using the Consumer Price Index, O&M and taxes.
- for Crown-owned inventory accommodation: market rent is determined annually by a market survey.

Annual Accountability Indicators	2006-07	2007-08	2008-09	2009-10
Square Metres per Full-time Equivalent (m <sup>2</sup> /FTE)	19.7	19.5	19.3	18.9
Cost per Full-Time Equivalent (rent\$/FTE)	\$5,261	\$5,315	\$5,499	\$5,572
Cost per square metre (rent\$/m <sup>2</sup> )	\$267	\$273	\$284	\$295

## Client Satisfaction

The National Tenant Satisfaction Survey is an initiative that gauges the level of satisfaction of federal government employees with the quality of services in buildings under the responsibility of RPB. The survey has evolved from a paper-based approach to a telephone survey administered by Statistics Canada. The survey is conducted every two years and covers different buildings in each survey round.

Last year's survey included 247 buildings (Crown-owned and leased) and a sample size of 10,673 respondents out of 11,305 phone numbers selected, for a 94 percent response rate. Overall, survey results conducted in the 2008-2009 fiscal year indicated that employees are satisfied with the quality of services in the buildings under the responsibility of the Branch, with 89 percent of respondents saying they were either "Very Satisfied" or "Somewhat Satisfied."

Survey results are released in Statistics Canada's *The Daily* publication. The 2010-2011 survey results will be released in the spring of 2011.

## **Sustainable Buildings Policy**

PWGSC is committed to reducing the environmental impact of its real property operations. The Sustainable Buildings Policy builds on the considerable progress PWGSC has made in greening government operations. This policy is a step forward in the protection of the environment and reduces the ecological impact (in terms of energy, water and waste) of PWGSC's real property operations and activities.

Specifically, the Sustainable Buildings Policy is focused on:

- ensuring that the decision-making processes related to the management of PWGSC's buildings integrate information on environmental impacts, opportunities, costs and benefits necessary to make decisions regarding the sustainability of buildings;

- confirming PWGSC's ongoing commitments related to sustainable buildings, and setting portfolio-wide targets and performance measures for new and existing Crown-owned and lease-purchase buildings, including heritage buildings, that support government-wide objectives and targets;
- confirming and further strengthening ongoing PWGSC commitments related to green leasing, and setting targets and performance measures for new leases and leases to be renewed that support government-wide objectives and targets; and
- reporting performance results related to these commitments and targets.

## Crown-owned Office Portfolio

This section of the report provides information on our Crown-owned office buildings only.

The Crown-owned office has a significant concentration in eight major urban centres, namely, Halifax, Montreal, Ottawa-Gatineau, Toronto, Winnipeg, Calgary, Edmonton and Vancouver.

Over the years, the size of the portfolio fluctuates, as buildings are sold or are otherwise removed from the inventory and new ones are acquired. The portfolio currently consists of 224 buildings totalling 2.35

million m<sup>2</sup>. Nationally, the average size of a Crown-owned office building is 10,499 m<sup>2</sup>. Significant regional variations exist; for example, 70 percent of buildings in Atlantic Region are below 5,000 m<sup>2</sup> whereas the average office building in the National Capital Area is more than 30,000 m<sup>2</sup>.

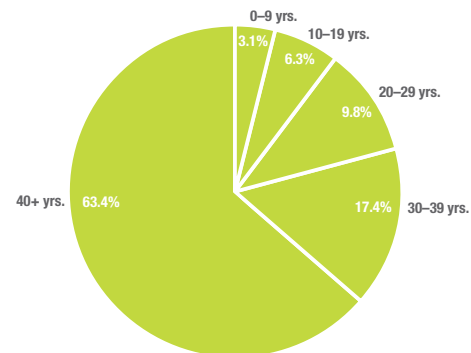
The average age of our Crown-owned buildings is 50 years, with nearly two thirds of the buildings being more than 40 years old, and a significant number of these buildings are located in rural areas. Buildings in the National Capital Area, which is almost exclusively urban, make up 47 percent of the office inventory in terms of m<sup>2</sup>.

Summary Chart of Crown-owned Office Portfolio

	2006-07	2007-08	2008-09	2009-10
# Office Buildings	239	231	233	224
Space (m <sup>2</sup> in 000s)	2,635	2,369	2,405	2,352
Average Age (years)	46	47	49	50

### Age of the Portfolio

% of total office facilities



## Operating and Maintenance Expenses

Operating and Maintenance (O&M) expenses include costs associated with cleaning, utilities, administration, repair/maintenance, security/roads/grounds, leasing (cost of managing commercial operations inside the buildings) and preparing space for tenants.

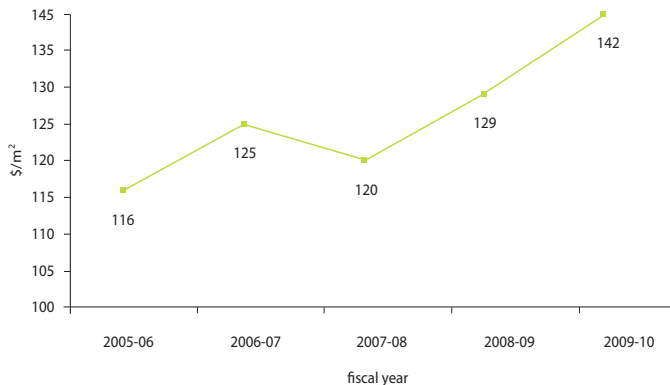
The national portfolio's O&M expenses were \$142/m<sup>2</sup> in 2009-2010, an increase of \$13/m<sup>2</sup> or 10 percent from 2008-2009, mainly due to an increase in repair and maintenance expenses. Operating expenses have increased by approximately 5 percent annually on average since 2005-2006.

## Capital Expenditures

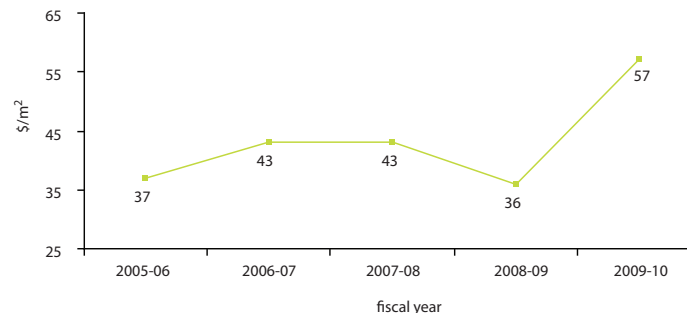
Capital expenditures are costs greater than \$25,000 that extend the original life expectancy of the asset, improve the quality of the asset's output, increase its service capacity, or lower its operating costs. PWGSC rigorously applies set criteria before identifying expenses as "capital."

Capital expenditures increased from \$36/m<sup>2</sup> in 2008-2009 to \$57/m<sup>2</sup> in 2009-2010. This equates to an increase from \$87 million in 2008-2009 to \$133 million in 2009-2010. The significant increase in the amount of capital expenditures on real property assets was driven by a funding increase as part of PWGSC's Accelerated Infrastructure Program, in support of Canada's Economic Action Plan.

### Operating and Maintenance Expenses (O&M) – National



### Capital Expenditures – National



### Vacancy

The marketable vacancy rate is the percentage of total rentable building space that is vacant and marketable (i.e. space that is suitable for occupancy by any federal or non-federal client/tenant).

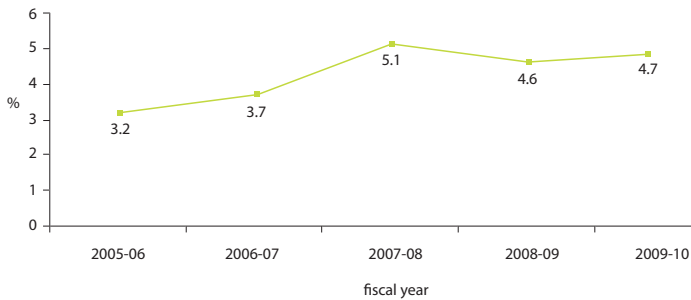
The marketable vacancy rate in 2009-2010 is 4.7 percent and has been relatively constant over the last three years, as the supply of and demand for office space has remained stable.

### Market Value

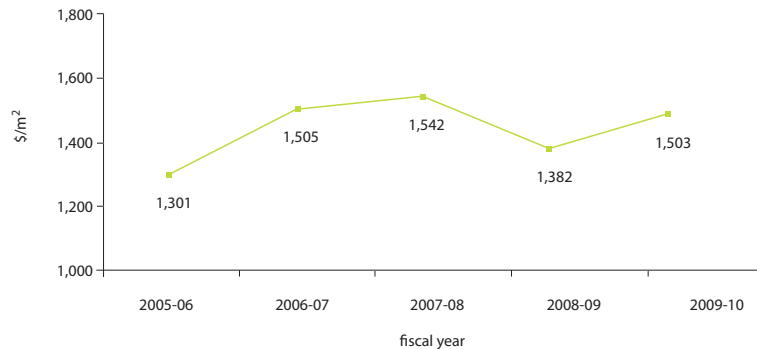
Market values for 2009-2010 were calculated using an index applied to the previous year's valuations.

Due to an economic downturn in 2008-2009, market values declined that year for the first time in 12 years (since 1996-1997), but recovered in 2009-2010. The average national market value was \$1,503/m<sup>2</sup> in 2009-2010, an 8.7% percent increase from the previous year. This is almost comparable to the pre-recession, 2006-2007 level of \$1,505/m<sup>2</sup>.

#### Vacancy Rate - National



#### Market Value - National



### Heritage Inventory Profile and Performance

Of all Crown-owned office buildings, 75 (33%) have received recognition for their heritage significance. These buildings are more costly to manage than

buildings that have not been so recognized. For example, operating and maintenance expenses and capital expenditures for these heritage buildings are higher, as illustrated in the table below.

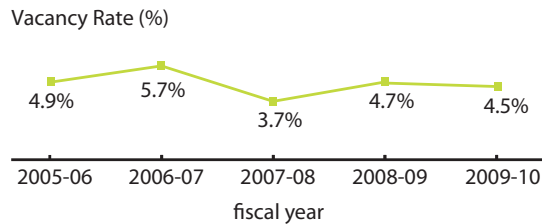
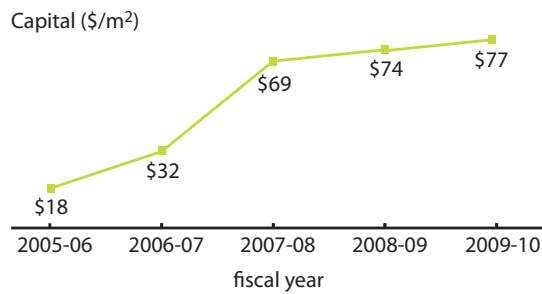
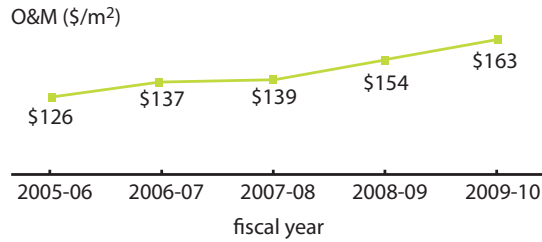
Fiscal Year 2009-2010	Building Count (#)	Average Age (yrs)	Rentable Space (m <sup>2</sup> )	Vacancy (%)	Market Value (\$/m <sup>2</sup> )	O&M Expenses (\$/m <sup>2</sup> )	Capital Expenses (\$/m <sup>2</sup> )
<b>Buildings Recognized for Heritage Significance</b>	75	70.3	691,714	4.5%	\$1,502	\$147.76	\$64.97
<b>Other Office Buildings</b>	149	38.4	1,660,132	2.1%	\$1,503	\$138.71	\$53.09
<b>All Office Buildings</b>	<b>224</b>	<b>50.0</b>	<b>2,351,846</b>	<b>4.7%</b>	<b>\$1,503</b>	<b>\$142.36</b>	<b>\$56.58</b>

## Regional Facts

**This section of the report provides information on the Crown-owned office portfolio only, in each of our six regions: Atlantic, Quebec, National Capital Area, Ontario, Western and Pacific. A project of interest is also included with each regional description.**



# Atlantic Region



Atlantic Region consists of the provinces of Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick. Key urban markets include Halifax, Moncton, St. John's and Charlottetown.

In 2009-2010, Atlantic Region represents 30 percent of the national Crown-owned office portfolio based on building count and 12 percent based on building floor area (m<sup>2</sup>).

	2005-06	2006-07	2007-08	2008-09	2009-10
<b># Office Buildings</b>	74	73	72	71	67
<b>Space (m<sup>2</sup> in 000s)</b>	296	295	287	287	283
<b>Average Age (years)</b>	43	43	43	44	44
<b>Market Value (\$/m<sup>2</sup>)</b>	\$810	\$866	\$927	\$834	\$840



## Real Property Highlights

- Atlantic Region obtained Treasury Board approval for the Royal Canadian Mounted Police (RCMP) H Division Headquarters project. At approximately 20,000 m<sup>2</sup>, this new Crown construct project will allow for the consolidation of RCMP operations in the Halifax Regional Municipality.
- Implementation of a major capital project delivered by SNC Lavalin O&M at the Postal Station 'A' facility in Saint John, New Brunswick. This project involved the replacement of the perimeter hydronic (i.e. hot water) heating loop with new perimeter electric heating. The project was valued at nearly \$4.2 million and was fully funded through Accelerated Infrastructure Project dollars.
- Atlantic Region worked with the Engineering Assets Strategy Sector, described later in this chapter, to successfully complete a \$1.5 million wharf remediation project in Ramea, Newfoundland and Labrador. This project involved the removal of a dilapidated wharf structure on a remote island off the south coast of the province.
- Successfully negotiated a renewal lease for Environment Canada in Dartmouth, Nova Scotia, consolidating a number of leases in approximately 8,100 m<sup>2</sup> for a period of 10 years. The project was valued at \$15.8 million.
- Completed a renovation of the exterior cladding on a core strategic asset housing the Canada Revenue Agency in St. John's, Newfoundland and Labrador, at a value of \$5.5 million. This project was key to ensuring a safe and productive facility for the Agency's operations.
- Continuous efforts to improve the performance of the Region's portfolio through disposal of fully or partially vacant, poorly performing assets located in rural communities, allowing for the successful reintegration of these buildings into the community. The buildings are located in St. George, New Brunswick, Black's Harbour, New Brunswick, Catalina, Newfoundland and Labrador, Pictou, Nova Scotia, and Tignish, Prince Edward Island.

## Project of Interest...

### **Modernizing the Public Service Pension Centre in Shediac, New Brunswick**

On January 6, 2010, major renovations got underway at the Public Service Pension Centre, located at 10 Weldon Street in Shediac, New Brunswick.

Built in 1980, the Pension Centre is the primary office responsible for administration of the Federal Public Service Pension Plan across the country. On a daily basis, the Centre manages services and compensation for more than 500,000 active and retired members of the public service, including contributors, pensioners and survivors.

■ 22

The building itself has not seen any major upgrades since its construction 30 years ago. In an effort to modernize the building and create a supportive work environment for staff, a \$3.0 million renovation project is underway to replace many of the building's major mechanical, electrical and ventilation systems, and incorporate a fresh design with ergonomic workspaces for staff. Many information technology upgrades will also be carried out, providing the infrastructure needed to advance the Government of Canada's pension modernization agenda. Transferring paper files to electronic format and on-line management of services are among the initiatives planned for this project.

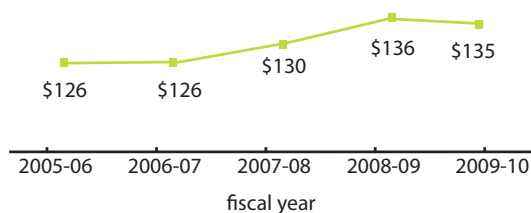




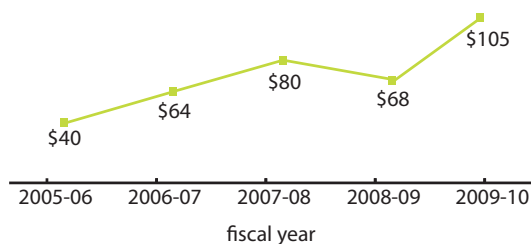
Government of Canada Building—10 Weldon Street Shediac, New Brunswick, kitchen and lunch room, Crown-owned

# Quebec Region

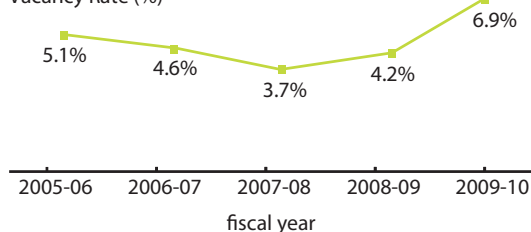
O&M (\$/m<sup>2</sup>)



Capital (\$/m<sup>2</sup>)



Vacancy Rate (%)



■ 24

Quebec Region consists of the Province of Quebec, except Gatineau, which is part of the National Capital Area. Key urban markets include Montreal and Quebec City. About 45 percent of the Region's inventory is in Montreal, 22 percent in Quebec City and 33 percent in the rest of the province.

In 2009-2010, Quebec Region represents 15 percent of the national Crown-owned Office portfolio based on building count and 12 percent based on building floor area (m<sup>2</sup>).

	2005-06	2006-07	2007-08	2008-09	2009-10
# Office Buildings	41	39	35	35	34
Space (m <sup>2</sup> in 000s)	332	329	272	275	272
Average Age (years)	47	48	51	51	53
Market Value (\$/m <sup>2</sup> )	\$865	\$1,011	\$936	\$841	\$907

## Real Property Highlights

Fiscal year 2009-2010 was a very busy one during which:

- effective project approval for the new building in Quebec City was received;
- preliminary project approval for a new building for the Canada Revenue Agency's Tax Services Office was received; and
- a public consultation on the reconstruction of the Quebec City Armoury was carried out and a feasibility study on this project was prepared.

## Project of Interest...

### **Transfer of management of the Old Port of Montreal site**

Following the 1985 Nielsen Report, the Old Port of Montreal site was declared surplus to PWGSC's requirements. In November 2009, PWGSC Quebec Region, in collaboration with National Headquarters, Transport Canada and Parks Canada, finalized the transfer of management and future development of this site to the Old Port of Montreal Corporation Inc.

### **New Employment Insurance Claims Centre in Boucherville**

In September 2009, PWGSC also delivered new leased office space to house Human Resources and Skills Development Canada's Employment Insurance Claim Processing Centre for the South Shore suburbs of Montreal. This space of nearly 3,000 m<sup>2</sup> is located at 540 D'Avaugour Street, Boucherville.

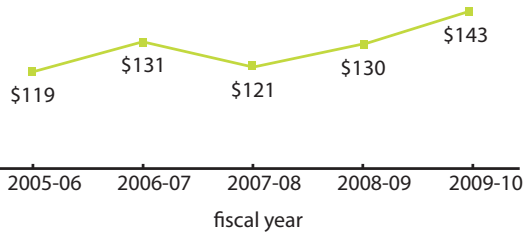
■ 26



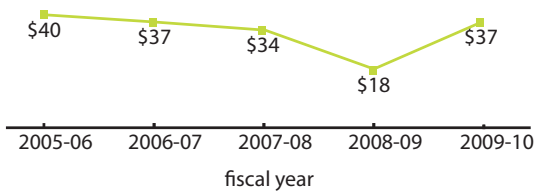


# National Capital Area

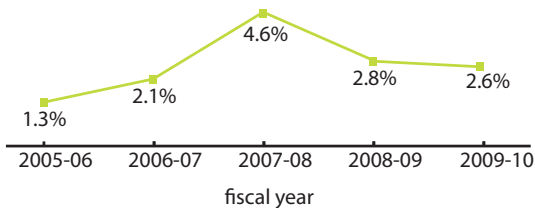
O&M (\$/m<sup>2</sup>)



Capital (\$/m<sup>2</sup>)



Vacancy Rate (%)



The National Capital Area covers the metropolitan areas of Ottawa and Gatineau as well as Nunavut Territory.

In 2009-2010, the National Capital Area represents 16 percent of the national Crown-owned Office portfolio based on building count and 47 percent based on building floor area (m<sup>2</sup>).

	2005-06	2006-07	2007-08	2008-09	2009-10
<b># Office Buildings</b>	42	42	39	39	36
<b>Space (m<sup>2</sup> in 000s)</b>	1,180	1,184	1,148	1,148	1,101
<b>Average Age (years)</b>	44	45	47	55	53
<b>Market Value (\$/m<sup>2</sup>)</b>	\$1,518	\$1,665	\$1,831	\$1,694	\$1,906



## Real Property Highlights

- The predominant area of focus for the National Capital Area in fiscal year 2009-2010 was on addressing the continued high demands for new office space to address federal program requirements. Specifically, in 2009-2010, approximately 86,000 m<sup>2</sup> of new office space was acquired. This brought the total new office space acquisitions since 2007 to almost 226,000 m<sup>2</sup> (or an average of 75,000 m<sup>2</sup> per year).
- An additional area of focus was on the development of projects to achieve the departmental goal of a 75:25 distribution of office space in Ottawa and Gatineau described in more detail below.



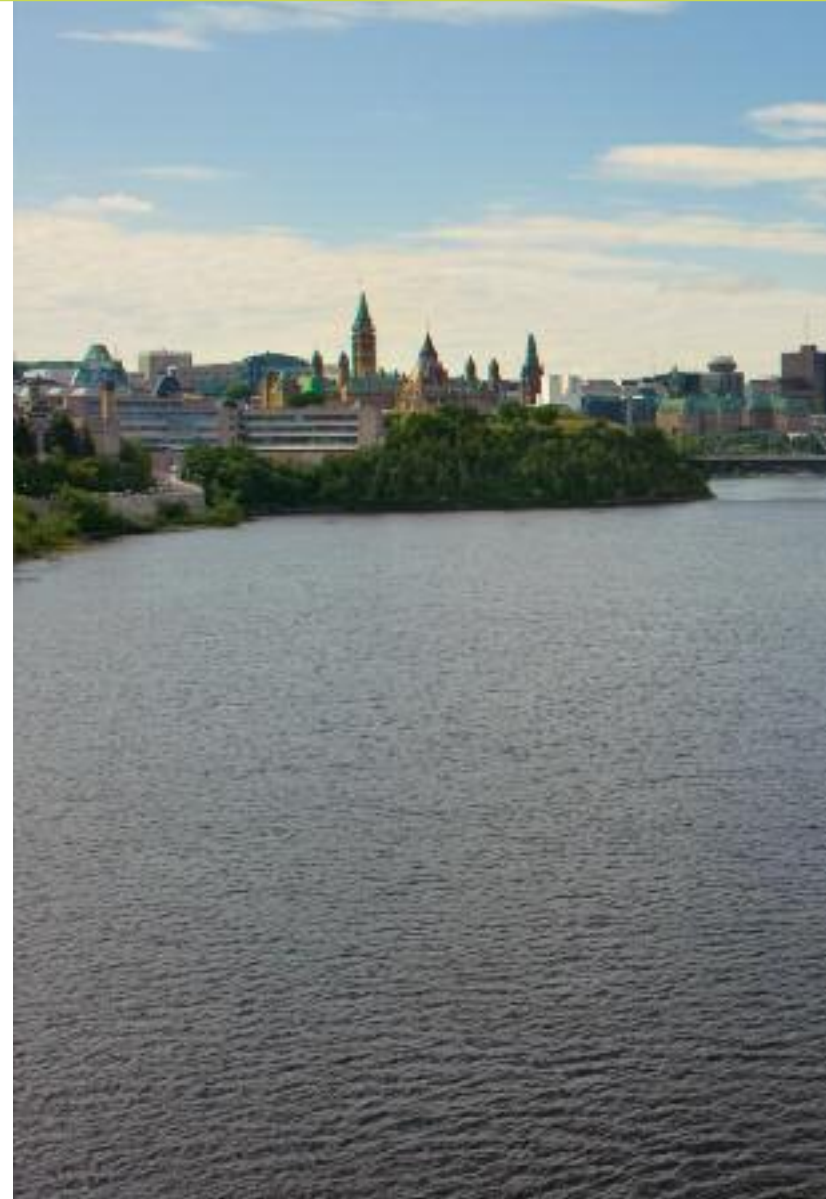
### Distribution in the National Capital Area

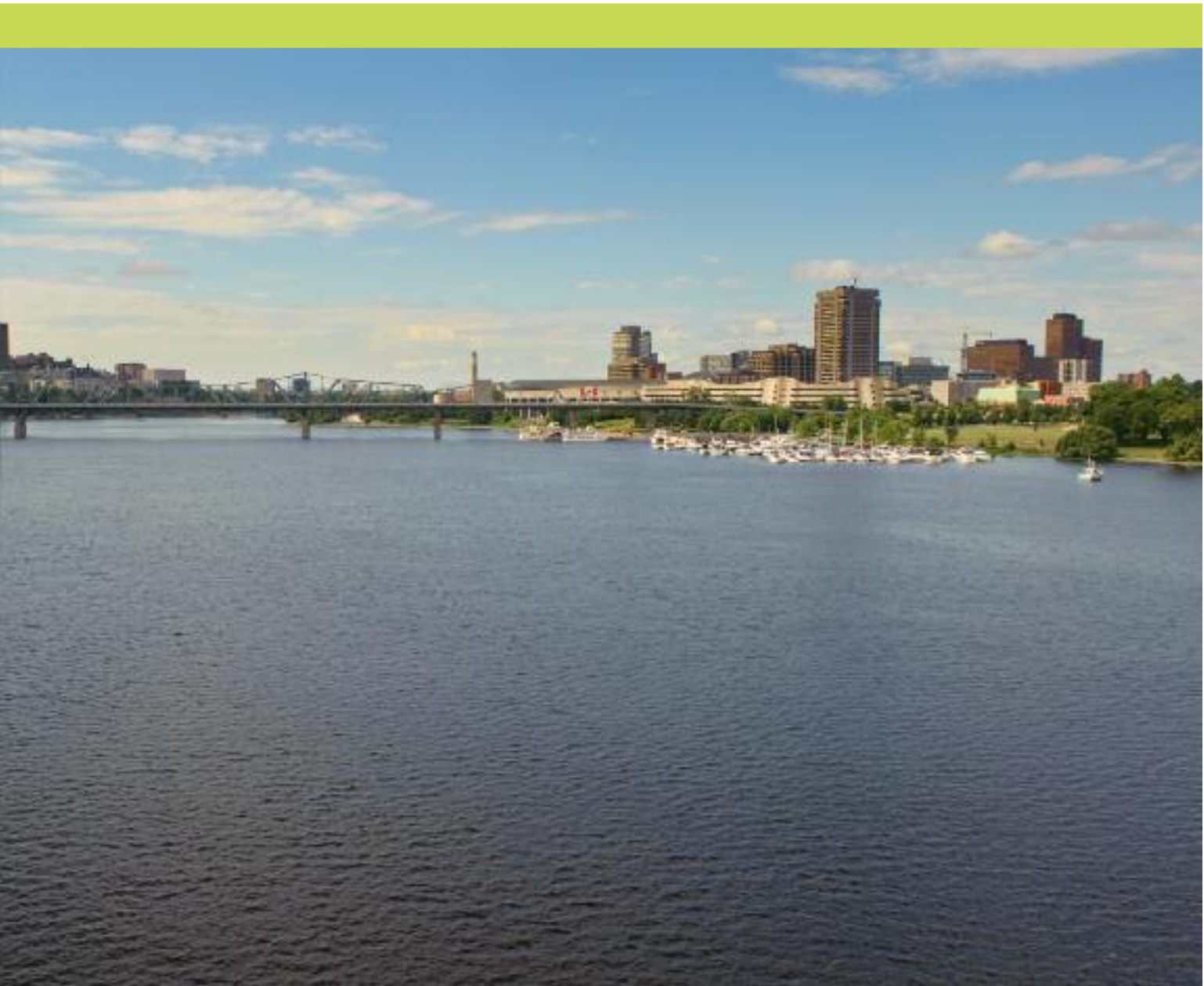
A 1975 Cabinet decision established a 75:25 ratio for the distribution of federal jobs between Ontario and Quebec in the the National Capital Area. To meet this target, PWGSC has sought to maintain a 75:25 distribution of its office portfolio between Ottawa and Gatineau. Since 2003, the ratio has been approximately 77:23. An action plan to achieve the target ratio of 75:25 was developed in 2006, and implementation began in 2007.

■ 30

In 2009-2010, the National Capital Area completed a tender process that led to the approval and awarding of contracts for the construction of three new office buildings in Gatineau totalling 115,000 m<sup>2</sup>. The completion of these projects by 2013 will enable the Region to meet the 75:25 target for office space distribution.

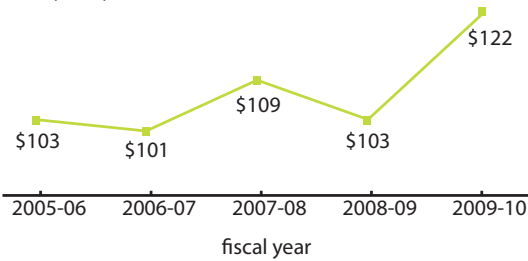
The projects will also contribute to the Department's sustainability goals, as the new buildings will meet the Leadership in Energy and Environmental Design Gold standard for environmental performance.



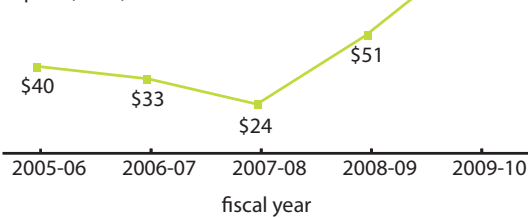


# Ontario Region

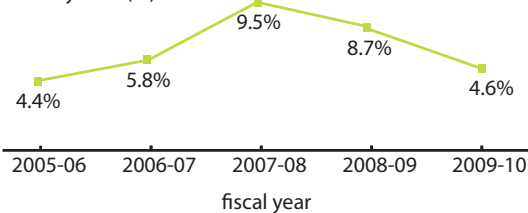
O&M (\$/m<sup>2</sup>)



Capital (\$/m<sup>2</sup>)



Vacancy Rate (%)



32

Ontario Region consists of the Province of Ontario, except for Greater Ottawa (which is part of the National Capital Area). The Greater Toronto area dominates the Ontario Region inventory. Other notable urban markets include Hamilton, London, Windsor, Sudbury and Thunder Bay.

In 2009-2010, Ontario Region represents 17 percent of the national Crown-owned Office portfolio based on building count and 14 percent based on building floor area (m<sup>2</sup>).

	2005-06	2006-07	2007-08	2008-09	2009-10
<b># Office Buildings</b>	40	36	34	38	37
<b>Space (m<sup>2</sup> in 000s)</b>	371	353	299	335	334
<b>Average Age (years)</b>	55	56	58	57	59
<b>Market Value (\$/m<sup>2</sup>)</b>	\$929	\$1,071	\$975	\$768	\$863

## Real Property Highlights

Ontario Region continues to focus on identifying and divesting itself of those assets that are considered to be of limited strategic value. The Region will rebalance its inventory in the coming years by disposing of assets that are no longer economically viable to operate, that are limited in the quality of space they provide, or for which there are limited operational requirements or demand.

The Region continues to pursue a number of lease consolidation projects in various municipalities, including Guelph, Toronto, Mississauga, Barrie and Niagara Falls. It is anticipated that consolidating a number of existing leases in these locations would be financially advantageous to the Crown, enhance the quality of space and ensure a stable yet flexible supply of space in response to changing client needs.

Significant projects in Ontario Region this fiscal year include:

- Census—acquired over 14,000 m<sup>2</sup> of temporary space in 9 communities throughout Ontario;
- Human Resources and Skills Development Canada (HRSDC)—relocation projects in Mississauga, Newmarket, Oshawa, Hamilton and Timmins;

- Canada Revenue Agency—relocation of regional headquarters in Toronto as well as a 2,000 m<sup>2</sup> expansion in north Toronto;
- Department of Justice / Public Prosecution—2,300 m<sup>2</sup> expansion in Toronto;
- Minister's Regional Office for the Federal Economic Development Agency for Southern Ontario—completion of regional office in Kitchener; and
- for Crown-owned buildings, delivery of space optimization projects in three municipalities and capital projects in four other municipalities, and sale of an asset.



## Project of Interest...

### **Relocation of Service Canada Call Centre to Cornwall 551 Campbell Avenue, Cornwall, Ontario**

With great support from PWGSC Ontario Region, HRSDC has opened its new Service Canada Call Centre in Cornwall, Ontario. The call centre was previously located in Ottawa. HRSDC chose Cornwall as the new call centre location because of the region's ability to recruit and retain skilled bilingual workers, making it an ideal choice.

The PWGSC teams involved in the project dealt with and overcame many challenges in completing it. Their work will benefit many Canadians through the services the centre provides—Employment Insurance, Canada Pension Plan and Old Age Security benefits.

Notable points are:

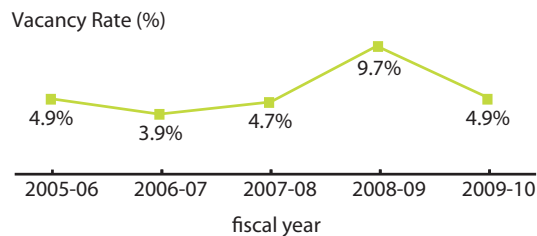
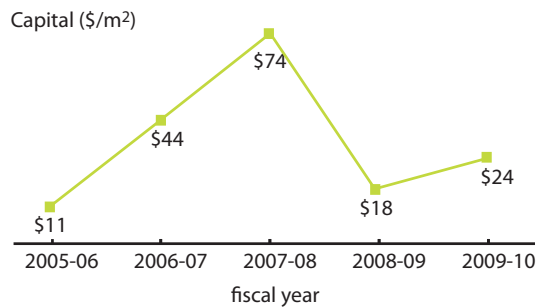
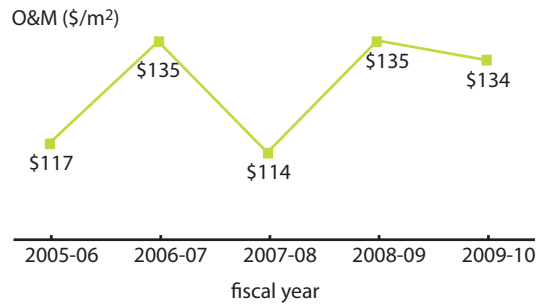
- the project's total cost is approximately \$4.5 million;
- the lease was awarded in June 2009;
- the project was completed in 2010 and will employ approximately 150 people; and
- the Centre will be able to respond to approximately 1.2 million calls per year.





Government of Canada Building—551 Campbell Street, Cornwall, Ontario, leased

## Western Region



Western Region consists of the provinces of Manitoba, Saskatchewan and Alberta and the Northwest Territories. Key urban markets include Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Yellowknife. It is interesting to note that Western Region services 26 percent of Canada's land mass.

In 2009-2010, Western Region represents 10 percent of the national Crown-owned Office portfolio based on building count and 8 percent based on building floor area (m<sup>2</sup>).

36

	2005-06	2006-07	2007-08	2008-09	2009-10
# Office Buildings	24	24	22	22	22
Space (m <sup>2</sup> in 000s)	288	305	182	181	182
Average Age (years)	43	40	43	46	47
Market Value (\$/m <sup>2</sup> )	\$1,602	\$2,308	\$1,570	\$1,340	\$1,265

our portfolio



## Real Property Highlights

- The Western Region manages a portfolio of 372 leases in over 85 communities across the Region, as well as Crown-owned facilities in 14 communities.
- In addition, it manages a housing portfolio of 350 Crown-owned and 100 leased units in five communities in the Northwest Territories.
- The most unique properties managed in Western Region are the St. Andrews Lock and Dam and the Selkirk Shipyard near Winnipeg, Manitoba.
- Western Region acquired over 7,000 m<sup>2</sup> of temporary space in seven locations across the Region to provide offices for the 2011 Statistics Canada Census.



## Project of Interest...

### Immigration Refugee Board

The Immigration and Refugee Board of Canada in Calgary was moved into a brand new office space in 2009. The space was delivered during the peak of the Calgary market when the vacancy rate was less than 4 percent. Due to the specialized requirements of the Board and the tight Calgary market, it was felt that a tender process would have been unproductive. After careful review of the options, a decision was made to move the Board into space recently leased by PWGSC with a re-tender process for the original tenant.

■ 38

The project was implemented using the new standards for quasi-judicial space and fit-up standards. This was the first project delivered in Western Region using the new standards, and a close relationship was established between the Region and headquarters to share information and best practices. The office boasts five hearing rooms, council rooms, cells and a public library. Despite the tight Calgary market and the construction boom, this specialized office was delivered in 18 months, in large part due to the hard work, dedication and team approach between PWGSC and the Board project members.

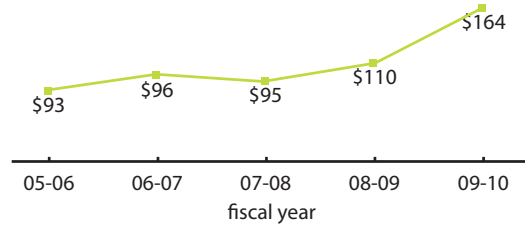




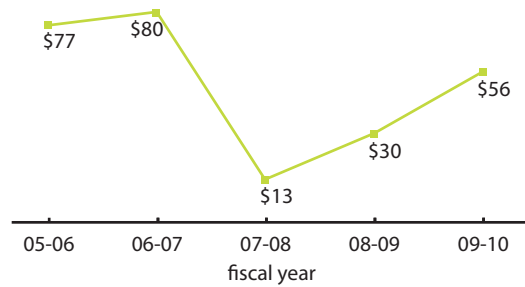
Cantex Building—225 Manning Road North East, Calgary, Alberta, leased

# Pacific Region

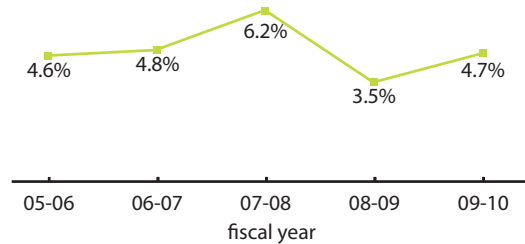
O&M (\$/m<sup>2</sup>)



Capital (\$/m<sup>2</sup>)



Vacancy Rate (%)



40

Pacific Region serves British Columbia and the Yukon. Key urban markets include Vancouver, Victoria and Whitehorse.

In 2009-2010, Pacific Region represents 13 percent of the national Crown-owned Office portfolio based on building count and 8 percent based on building floor area (m<sup>2</sup>).

	2005-06	2006-07	2007-08	2008-09	2009-10
# Office Buildings	29	25	29	28	28
Space (m <sup>2</sup> in 000s)	178	169	182	179	179
Average Age (years)	40	41	40	43	44
Market Value (\$/m <sup>2</sup> )	\$1,780	\$1,918	\$2,500	\$2,283	\$2,413

## Real Property Highlights

Delivering construction services and acquiring real property for the 2010 Olympic Games in Vancouver:

- Royal Canadian Mounted Police (RCMP) Integrated Security Unit— Command, Planning, and Operations Centres
- Department of National Defence Camp Summits
- Canada Business Centre

Pacific Region obtained Treasury Board approval for the RCMP E Division Headquarters relocation, a 76,162 m<sup>2</sup> Design-Build-Finance-Maintain project

Woodwards Redevelopment Project in Vancouver's Downtown Eastside



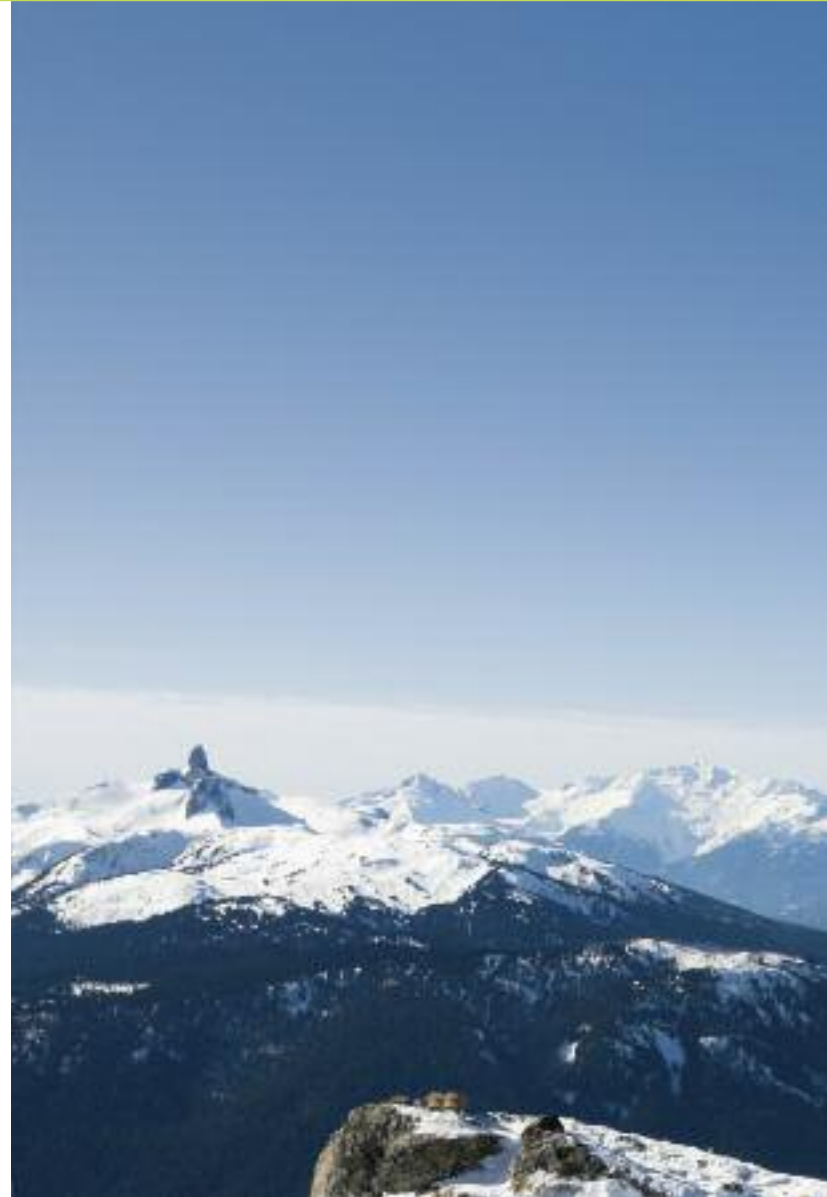
### 2010 Olympics—Integrated Security Unit

The Vancouver 2010 Integrated Security Unit, led by the RCMP, was put in place to oversee security operations for the Vancouver 2010 Olympic and Paralympic Winter Games. Beginning in 2004, PWGSC's role was to secure and fit up space for the Unit to meet a wide range of needs and to help make the Games as safe and secure as possible. The fit-up project was completed in record time as of October 30, 2009, well in advance of the Games.

■ 42

The 10,000 m<sup>2</sup> of leased space housed the Planning Office, Command Centre and Visitors' Gallery for international delegates. Acquiring the space was made particularly challenging by frequently changing requirements and highly volatile local market conditions.

Another major challenge was accommodating the equivalent of over 300 full time employees who were phased in within the Planning Office and Command Centre. It was necessary to re-configure workstations in a timely fashion as more personnel arrived and thereby ensure that the operational needs of all enforcement agencies were met.





A statue of "Ianaaq", mascot of the 2010 Winter Olympics—Whistler, British Columbia

# Parliamentary Precinct Branch



**Pierre-Marc Mongeau**  
**Assistant Deputy Minister**  
**Parliamentary Precinct Branch**

The Parliamentary Precinct Branch (PPB) was established in May 2008. It supports the Minister of PWGSC as the custodian of the Parliament Buildings, adjacent grounds and all heritage properties that are located north of Sparks Street.

PPB's mandate is to provide a single point of service delivery to all Crown-owned buildings located within the Precinct, in partnership with its parliamentary partners, namely, the Senate, the House of Commons and the Library of Parliament.

## **Description of Buildings**

PWGSC's real property holdings in the National Capital Area include the Parliamentary Precinct portfolio of 33 Crown-owned buildings (212,833 m<sup>2</sup>) and 30 leased office and special purpose facilities (73,489 m<sup>2</sup>), located on and in the vicinity of Parliament Hill. These buildings accommodate Parliamentarians and their staff, the Prime Minister's Office, the Privy Council Office, PWGSC employees, and third-party tenants on Sparks Street. The Parliamentary Precinct has 30 buildings that are designated as heritage properties, making it one of the highest concentrations of federally designated heritage properties in Canada.





Centre Block—111 Wellington Street, Ottawa, Ontario, Crown-owned

### Physical Condition of Buildings

Many buildings within the Parliamentary Precinct are more than a century old and some present risks to health and safety due to crumbling masonry and the presence of hazardous or deteriorating substances. As well, due to their current physical condition, rehabilitation of the historic buildings and the adjacent site is necessary to accommodate the requirements of a modern Parliament.

A dedicated in-house team of project, real property and asset managers as well as building technicians provides ongoing life-cycle maintenance and repair programs for all buildings. This team works to address health and

safety issues, improve the environmental sustainability of the buildings and upgrade systems so that they meet current building code requirements. Our work helps to preserve the cultural heritage of these historic buildings for the benefit of future generations of Canadians.

To prevent further deterioration and rising operating and maintenance costs, PWGSC developed and launched a 25-year Long-Term Vision and Plan (LTVP) to repair and rehabilitate Canada's Parliament buildings. The LTVP began in 2001 and consists of five 5-year work programs. It was updated and approved in 2007, providing funding for the first 5 year work program from 2007 to 2012.

The first priority of the LTVP is the renovation of the buildings that are located on Parliament Hill, namely, the West, Centre and East Blocks. A recapitalization program permits the continued use of the Parliament Buildings while building interiors and exteriors are restored as part of the Major Capital Projects Program. An initial recapitalization program is underway to ensure the restoration of the building exterior of the East and Centre Blocks, and the Confederation and Justice Buildings. Major program elements include masonry, roof and window renovation and/or replacement.



Interior masonry work—Parliament Hill, Ottawa, Ontario

## LTVP Results

Annual and quarterly performance reports are produced to report on the LTVP's planning, recapitalization and major capital projects. In 2009-2010, the LTVP's key accomplishments included the relocation of the West Block food production and trade shop functions to new facilities located off Parliament Hill. The new Food Production Facility became fully operational and obtained Leadership in Energy and Environmental Design Gold certification, and the new Trade Shops and the Rideau Committee Rooms at 1 Wellington Street were substantially completed. Once fully completed, these projects will support the vacating and rehabilitation of the West Block and 180 Wellington Street.



Food Production Facility—1170 Algoma Road, Ottawa, Ontario, Crown-owned



# Engineering Assets

The Engineering Assets Strategy Sector was created in January 2007, in response to a need for effective and responsible stewardship for the Department's public infrastructure assets. Prior to 2007, responsibility and accountability for these assets was divided among the regional offices. The Sector's portfolio consists of seven bridges, five dam complexes, nine specialized assets and an inventory of marine assets.



**Km 685 of the Alaska Highway (Peterson Canyon)—Kamloops, British Columbia, Crown-owned**

PWGSC assets are unique structures located throughout Canada. The majority of these assets are vital to the public they serve, from the “Camère”-style St. Andrews Lock and Dam in Manitoba to the LaSalle Causeway bascule lift bridge in Kingston, Ontario, to the Alaska Highway, an artery woven into the heart of the North.

The 1985 Nielsen Task Force directed departments to divest themselves of assets no longer required for program purposes. Since 1985, PWGSC has divested itself of 14 assets, leaving 21 surplus assets in its inventory.

The Sector is responsible for developing strategies related to the potential divestiture or long-term stewardship of PWGSC's inventory of public infrastructure assets. In addition, the Sector has operational responsibility for 835 kilometres of the Alaska Highway located in northern British Columbia and the Esquimalt Graving Dock in Greater Victoria, British Columbia.

In Budget 2008, \$125 million in short-term funding was allocated to the Engineering Assets portfolio for three initiatives, as follows:

- \$47 million for studies/inspections over three years;
- \$53 million for health and safety repairs over four years; and
- \$25 million for the Wharf and Marine Assets Disposal program over five years, to be used for the disposal, demolition and divestiture of all wharf and marine assets.

In 2009-2010, the Sector made substantial progress in understanding the complexities surrounding this unique portfolio. The Sector completed 43 studies and 28 inspection reports.

The Sector made excellent progress on recapitalization projects in fiscal year 2009-2010. There are currently 18 major capital projects that are in various stages of completion as well as two major Crown projects.

In 2009-2010, the Sector also divested itself of 17 wharf and marine structures, reducing the wharf and marine inventory to 78. It is anticipated that all wharf and marine assets will be disposed of by the end of the five-year program.

### **Accelerated Infrastructure Program**

In addition to the Budget 2008 funding for health and safety repairs, the Accelerated Infrastructure Program allowed the Engineering Assets Strategy Sector to hasten needed major repairs to four federal bridges and parts of the Alaska Highway.

The Sector received \$40 million for the accelerated rehabilitation of the:

- Alexandra Bridge;
- Burlington Lift Bridge;
- Chaudière Crossing; and,
- LaSalle Causeway.

The work is ongoing and will be completed by March 2011.

Additional Accelerated Infrastructure Program funding of \$12.6 million was provided for five projects on the 835 kilometre PWGSC section of the Alaska Highway in northern British Columbia, including the rehabilitation of eight bridges, paving and intersection work and culvert repairs. All work was completed in 2009-2010 on time, on scope and on budget.



**Esquimalt Graving Dock—825 Admirals Road, Esquimalt,  
British Columbia, Crown-owned**

### **Esquimalt Graving Dock**

The Engineering Assets Strategy Sector was successful in implementing a new tariff structure at the Esquimalt Graving Dock. This new tariff structure for the dock was approved by the Governor General in Council in December 2009 and published in the *Canada Gazette* on December 23, 2009. The new tariff structure, effective April 1, 2010, will help in the recovery of the direct and indirect costs of operating the facility and support the capital reinvestment required for the dock. The increase was required to support the continued operation of the dry dock as a common use facility.

Governance options with respect to the future management of the Esquimalt Graving Dock have been studied, and a recommendation to the federal government will be made.

### **Laniel Dam Reconstruction**

The Laniel Dam came one step closer to divestiture in 2009-2010 as the reconstruction project was substantially completed. It is anticipated that the dam will be transferred to the Province of Quebec in the summer or fall of 2010.

## List of Major Assets

### New Brunswick / Quebec

- J.C. Van Horne Bridge (Campbellton, New Brunswick, and Pointe-à-la-Croix, Quebec)

### Quebec

- Wharf at Parc Portuaire de Trois-Rivières (Trois-Rivières, Quebec)
- Laniel Dam (Laniel, Quebec)

### Ontario/Quebec

- Alexandra Bridge (National Capital Area)
- Chaudière Crossing (National Capital Area)
- Macdonald-Cartier Bridge (National Capital Area)
- Des Allumettes Bridge (Pembroke, Ontario, and L'Île-aux-Allumettes, Quebec)
- Timiskaming Dam Complex (Thorne, Ontario, and Témiscamingue, Quebec)
- Des Joachims Bridge (Rolphton, Ontario, and Rapides-des-Joachims, Quebec)

### Ontario

- Rideau Falls Dam Complex (Ottawa, Ontario)
- French River Dam Complex (Dokis, Ontario)
- Burlington Lift Bridge (Burlington, Ontario)
- Kingston Dry Dock & Marine Museum (Kingston, Ontario)
- LaSalle Causeway (Kingston, Ontario)
- Latchford Dam (Latchford, Ontario)
- Old Welland Canal Properties (Thorold, Ontario)

### Manitoba

- St. Andrews Lock and Dam (Lockport, Manitoba)
- Selkirk Marine Assets (Selkirk, Manitoba)

### British Columbia

- Alaska Highway (northern British Columbia)
- Esquimalt Graving Dock (Victoria, British Columbia)
- New Westminster Railway Bridge (New Westminster and Surrey, British Columbia)

# Restructuring Heating and Cooling Plants

## Description and Use of Assets

RPB's portfolio also includes eight heating and cooling plants located in the National Capital Area, seven of which are currently operational. It is the second-largest heating project in the country. The heating and cooling energy is distributed to more than 100 buildings in the Ottawa-Gatineau area through five networks made up of 12 kilometres of tunnels and 40 kilometres of pipeline.

## ■ 52 State of the Asset Base

The annual operating cost of the central heating and cooling plant systems is \$43 million, inclusive of annual capital expenses.

The environmental impact of the operation must also be considered. Some of the plants were built almost a century ago and use natural gas as their primary fuel, with oil as a backup fuel. Cooling is provided by electricity or steam generated by gas turbines. The current technology used for heating is not taking advantage of the latest developments in the industry.

## Issues and Opportunities

There are several issues related to the energy infrastructure in the National Capital Area. Major recapitalization, as much as \$300 million, is necessary to upgrade the Cliff Street Plant to replace lost capacity as a result of a serious accident at the plant in October 2009.

The Department is currently exploring options for transforming how the Government of Canada manages energy services in the National Capital Area, by leveraging private sector capacity and expertise.



**Cliff Central Heating and Cooling Plant—1 Fleet Street, Ottawa, Ontario, street view, Crown-owned**



### **The Energy Services Acquisition Program**

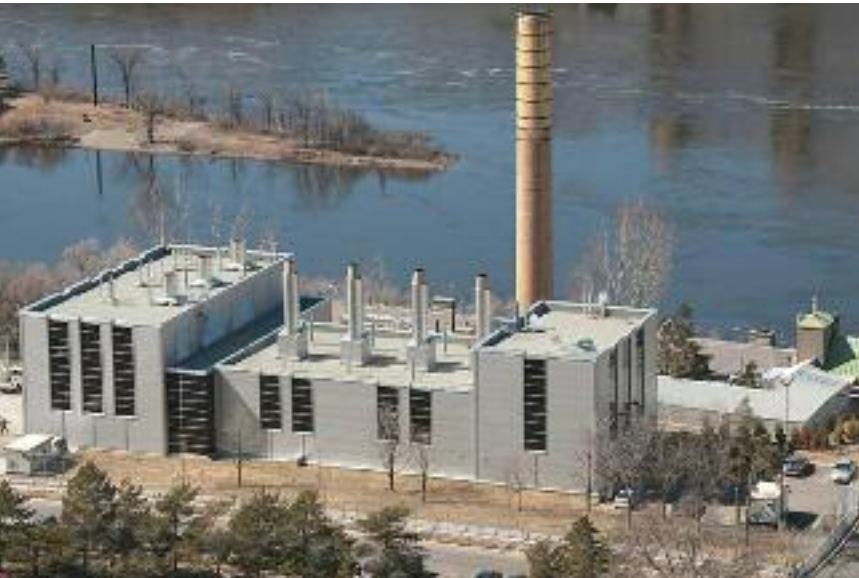
In March 2009, PWGSC established the Energy Services Acquisition Program. This program has three objectives: service transformation, capacity replacement and improving the federal government's environmental performance by substantially reducing greenhouse gas emissions. The strategy is to find an innovative technological, financial and environmental solution to ensure affordable, reliable and secure energy services.

### **The Consultation Process**

An extensive consultation process was initiated in June 2009 in the form of a Request for Proposal to confirm whether private sector capacity and appropriate technological solutions existed.

The consultations confirmed that there was considerable private sector interest and confirmed that the Canadian private sector has the relevant technical, managerial and financial capabilities to undertake the initiative. In addition to the consultation process, a feasibility study allowed the program to move from the planning to the approval stage.

The value of the program extends beyond meeting operational requirements. The vision for a transformed energy service is closely aligned with the key objectives of the Government of Canada through service transformation, improvements in efficiencies, modernization of procurement and the greening of its operations.



**Cliff Central Heating and Cooling Plant—1 Fleet Street, Ottawa, Ontario, aerial view, Crown-owned**

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## achievements

Fiscal year 2009-2010 was a particularly active one for RPB. Two achievements of particular note are: 1) the introduction of the Accelerated Infrastructure Program, in support of Canada's Economic Action Plan; and 2) a multi-year analysis of the Branch's achievements in relation to the expenditure reduction commitments made in the 2005 federal budget. RPB is proud of its achievements and of the dedicated efforts of Branch staff and partners, who made these achievements possible.





Mercury Centre—73 Leikin Drive, Ottawa, Ontario, Lease-Purchase





**The Government of Canada Conference Centre—2 Rideau Street,  
Ottawa, Ontario, Crown-owned**

# Accelerated Infrastructure Program

## **Background**

RPB's experience in providing real property services, its revised business model and its experience as a custodian of numerous Crown-owned assets made it well positioned to play an important role in the delivery of Canada's Economic Action Plan. PWGSC launched the Accelerated Infrastructure Program on April 1, 2009, as a response to the Economic Action Plan to focus on the rehabilitation of its own infrastructure. The Department received \$432 million in funding over two years to fund its Accelerated Infrastructure Plan investments.

As part of its mandate, the Department is committed to support other government departments that are advancing infrastructure projects in response to the Economic Action Plan. Over the two-year Economic Action Plan period, PWGSC expects that more than \$600 million in infrastructure funding will flow through the real property programs of other government departments, in addition to their regular programs of work.

To accelerate the delivery of infrastructure projects, the Treasury Board granted PWGSC increased delegation limits in the following areas:

- project approvals for non-building assets (i.e. engineering assets);
- architectural and engineering services contracts;
- construction contracts;
- contract with its property management contractor (SNC-Lavalin O&M); and
- property management contractor (SNC-Lavalin O&M) project threshold.

### **The Year in Review**

PWGSC has been successful in accelerating key infrastructure projects. The Department has reached its investment objectives for the first year with almost 96 percent of the 2009-2010 budget spent and over 1,600 projects undertaken across Canada (see Table 1). The magnitude of the projects initiated in 2009-2010 varied from a few thousand dollars to millions of dollars. Out of the projects undertaken during the year, over 1,334 of them were completed at 95 percent or more.

In addition, the Department's work brought a number of additional benefits to Canadians: for instance, the work it carried out in 159 of PWGSC-owned

buildings to enhance accessibility, preserve historical features and national treasures, and reduce its environmental footprint.

In 2009-2010, PWGSC delivered over \$198 million or 95 percent of its client department Economic Action Plan infrastructure project funding (see Table 2). The types of projects undertaken by the regions in support of client departments vary greatly, and the projects are spread out across the country. They include repairs and/or rehabilitation of laboratories, border crossing facilities and marine structures.

### **Challenges and Lessons Learned**

The first year of the Economic Action Plan was a challenging but successful experience. The priority from the start was to ensure a co-ordinated, integrated approach for effective management and control over the spending of Economic Action Plan funds. The regions, sectors and branches involved in the delivery of the Economic Action Plan infrastructure projects shared their best practices and innovative approaches to overcome these challenges. The lessons learned and best practices are being integrated into the Department's business practices.

For example, a Web-based tool for project reporting piloted in the first year of the Economic Action Plan will be used by all regions in the second year. During the year, standard reports for clients' programs of work were developed using an integrated management

reporting system. These reports will become standard practice for the second year of the Economic Action Plan and will significantly improve program monitoring for other departments and agencies following the Accelerated Infrastructure Program.

**Table 1—2009-2010 Accelerated Infrastructure Plan Financial Results (in millions of dollars)**

<b>Streams</b>	<b>Funding</b>	<b>Expenses</b>	<b>Surplus</b>
<b>1) Buildings</b>			
Property Management Contractor (SNC-Lavalin O&M)	\$103.46	\$102.59	\$0.87
Real Property Services—Managed Facilities	\$35.47	\$34.84	\$0.63
Parliamentary Precinct—Managed Facilities	\$35.97	\$33.65	\$2.32
<b>Sub-Total Buildings</b>	<b>\$174.90</b>	<b>\$171.08</b>	<b>\$3.82</b>
<b>2) Accessibility</b>			
Property Management Contractor (SNC-Lavalin O&M)	\$15.32	\$14.22	\$1.10
Real Property Services—Managed Facilities	\$4.68	\$1.68	\$3.00
<b>Sub-Total Accessibility</b>	<b>\$20.00</b>	<b>\$15.90</b>	<b>\$4.10</b>
<b>3) Bridges</b>	<b>\$25.00</b>	<b>\$23.70</b>	<b>\$1.3</b>
<b>4) Le Manège</b>	<b>\$1.00</b>	<b>\$0.93</b>	<b>\$0.07</b>
<b>5) Alaska Highway</b>	<b>\$12.60</b>	<b>\$12.60</b>	<b>\$0.00</b>
<b>6) Contaminated Sites</b>	<b>\$3.82</b>	<b>\$3.29</b>	<b>\$0.53</b>
<b>Total</b>	<b>\$237.32</b>	<b>\$227.50</b>	<b>\$9.82</b>
<b>Percentage of Budget</b>	<b>–</b>	<b>95.9%</b>	<b>4.1%</b>

Departments	Funding	Expenses	Surplus
Fisheries and Oceans	\$96.3	\$93.0	\$3.3
Parks Canada	\$43.5	\$40.4	\$3.1
Natural Resource Canada	\$21.8	\$19.5	\$2.3
Health Canada	\$6.7	\$7.7	- \$1.0
Transport Canada	\$11.6	\$11.4	\$0.2
Canada Border Services Agency	\$2.5	\$1.0	\$1.5
Agriculture and Agri-Food Canada	\$10.4	\$9.9	\$0.5
Royal Canadian Mounted Police	\$7.3	\$7.0	\$0.3
Environment Canada	\$3.4	\$3.5	- \$0.1
Public Health Agency of Canada	\$2.6	\$2.6	\$0.0
Industry Canada	\$1.6	\$1.5	\$0.1
Library and Archives Canada	\$0.3	\$0.3	\$0.0
Others	\$0.6	\$0.5	\$0.1
<b>TOTAL</b>	<b>\$208.6</b>	<b>\$198.3</b>	<b>\$10.3</b>
<b>Percentage of Funding</b>		<b>95.1%</b>	<b>4.9%</b>

**Table 2—2009-2010 Canada's Economic Action Plan—Other Government Departments Financial Results (in millions of dollars)**

# Expenditure Reductions (2005-2010)

In Budget 2005, the federal government reduced the funding allocated to RPB by \$1.025 billion over five years. This required the Branch to achieve operational efficiencies in three main areas:

- Accommodation standards
- Inventory management
- Outsourcing

As of March 31, 2010, RPB had achieved operational efficiencies that accounted for over 80 percent of the budget reductions implemented over the previous five

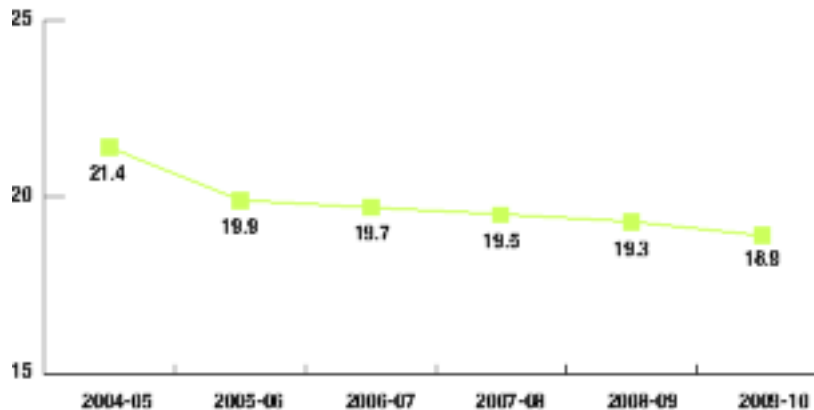
years. This was accomplished because of a number of changes the Branch made in the way it delivers space.

## Accommodation Standards

Since 2005, PWGSC has clarified and communicated to its client departments the accommodation and fit-up standards that define the amount of space provided and basket of goods used to accommodate each government employee. Over the past five years, as different office spaces have come up for renewal, these standards have been strictly enforced by RPB. As a result, the cost of fit-up has decreased and the average amount of space required to accommodate the average government employee has been reduced by over two square metres, as shown in the graph below.

60

Square meters of Office space provided per Full-Time Equivalent



achievements



## Inventory Management

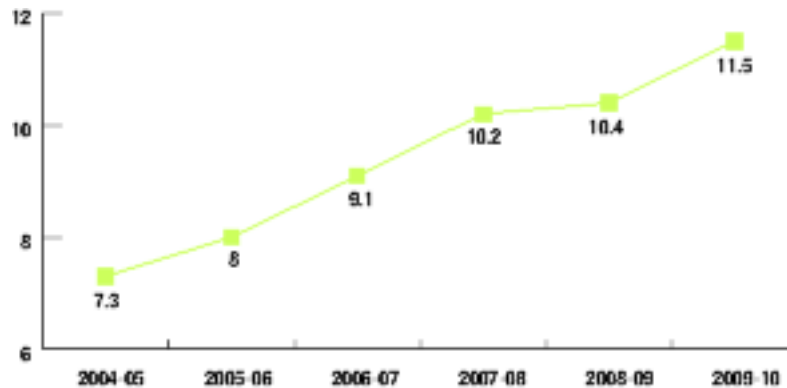
Approximately half of the government employees accommodated by PWGSC are housed in leased facilities. Therefore, RPB's ability to negotiate favourable lease conditions is extremely important to its total costs. RPB has improved planning and implemented controls to ensure that renewal of all expiring leases begins in a timely manner. This has permitted the Branch to take advantage of all options offered to the organization as buyers in a competitive environment in each of its new and renewed leases. As a result, RPB consistently achieves lease rates in the low range of the market rate estimates provided by professional private sector appraisers when the Branch begins each leasing project.

## Outsourcing

Since 2005, RPB has continued to pursue opportunities for increasing the involvement of the private sector where it makes sense to do so. Over this period, Branch spending in the private sector compared to spending on internal personnel has increased by more than 50 percent. As shown in the graph below, spending in the private sector is currently 11.5 times greater than spending on internal personnel.

Most of the savings achieved in these three areas are not limited to the year in which they were realized; rather, they provide benefits for the duration of the accommodation solution. RPB is continuing its efforts in these three areas as well as many others in order to ensure that it continues to provide a safe, effective workplace for government employees in the most affordable manner possible.

**Ratio of dollars spent with the private sector versus dollars spent on internal personnel**



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## looking ahead

As sound stewards of real property for the Government of Canada, RPB prides itself on being a forward-looking organization. In preparing to meet future needs and challenges, the Branch is modernizing its information systems and business processes, and developing innovative workplaces that reflect the changing environment in which it works.





Supreme Court Building—301 Wellington Street, Ottawa, Ontario, Crown-owned

# Workplace 2.0—Enabling Public Servants

PWGSC's Workplace 2.0 concept is a direct response to the Clerk of the Privy Council's commitment to workplace renewal. As a government-wide initiative, Workplace 2.0 is designed not only to renew the physical workspace, but to modernize systems and processes while taking advantage of new collaborative technologies. Through this progression of renewal and modernization, the Canadian government will be able to attract and retain a new generation of public servants, enabling them to work smarter, greener and healthier while continuing to deliver the high level of service that Canadians expect.

■ 64

With the ongoing advancement of the public sector, Workplace 2.0 will ensure that the federal government continues to be a competitive employer of choice, building on the current culture of excellence in the Canadian public service.

At the core of this push for renewal is the realization that 25 percent of public servants will be eligible to retire by 2012. The federal government will continue

to need to attract new, tech-savvy employees who have the skills and dedication for a career in the public service.

Other driving factors surrounding workplace renewal are government commitments to increase the public sector's ability to deliver results to Canadians, to respect the environment by reducing its carbon footprint and greening government buildings, and to provide employees with work-life balance. Based on the results of a recent public service survey, it is clear that these commitments are as important to public servants as they are to the government, solidifying the shared vision necessary to move the public service forward through Workplace 2.0 towards greater efficiency and productivity.

The Workplace 2.0 concept is built on three pillars, *The Workplace*, *The Back Office* and *The Way We Work*.

*The Workplace* is about renewing the physical workplace (buildings, workspace and office). This means opting for new office designs that are flexible, maximizing the use of space and technology and adhering to sustainable design principles by using green products and finishes. The buildings will need to be "smart" by providing multiple avenues for

connectivity and supporting energy savings through environmental control systems.

*The Back Office* focuses on renewing policies, processes and systems that support public servants in their work, such as human resources, compensation and information management systems. Replacing or updating legacy systems will enable the next generation of public servants to increase the speed of government decision making, improving the support for and delivery of services to Canadians.

*The Way We Work* emphasizes the use of new technology like wireless connectivity and notebooks, which will allow for the flexibility necessary to effectively perform in today's technology-driven workplace. Work can get done from anywhere, face-to-face meetings can be conducted remotely, and collaboration and connectivity between employees will increase through the use of social media.

As the common service provider of real estate services to the federal government, PWGSC is leading *The Workplace* pillar. The focus is on allocating space according to the type of work that people do and the amount of time spent in the office. Four worker profiles—leadership, fixed workers, flex workers and free-address workers—help to allocate

the appropriate amount of space. Using space more efficiently for workstations allows for more open and collaborative team spaces. The renewed workplace will meet the needs of the federal government's diverse workforce for many years to come.

Looking ahead, the implementation of Workplace 2.0 is in the early stages. However, a Workplace 2.0 demonstration site that will provide public servants with the opportunity to “test-drive” the new office is in the planning stages. PWGSC has been promoting the concept not only within the Department but also across government and industry, building valuable partnerships. As the concept moves forward, a governance framework will be established, providing the Department with the leadership necessary to transform the federal workplace and implement Workplace 2.0.

### The Pillars of Renewal



# Business and Systems Transformation

As the Government of Canada’s real property expert, RPB takes pride in being an innovative, forward-looking organization. With these goals in mind, RPB is continually enhancing its operations to better deliver its client services. The Real Property Business and Systems Transformation project is a key component of this ongoing modernization effort.

## **The Context: Why is a Transformation Project Needed?**

The corporate real estate world is continuously changing and evolving at a rapid pace, and RPB is the steward of one of Canada’s largest and most diverse real estate portfolios. The task of managing an inventory of not only Crown-owned heritage buildings but also leased and lease-purchase properties and assets across the country has become increasingly complex. To keep pace with these changing circumstances and to continue to ensure sound stewardship on behalf of all Canadians, RPB is expanding its partnerships with the private sector as it embarks on a number of national projects. The Transformation Project will support this evolving environment by ensuring the smooth exchange of data and real property information from multiple service providers.

Currently, RPB’s real estate portfolio is managed and maintained through 12 real property systems that house over forty applications. These current systems are ill-equipped to “talk” to one another, making it difficult to establish information links between systems and obtain accurate, up-to-date information. After weighing the alternatives, it was determined that the most viable approach would be to implement a commercial off-the-shelf product to integrate and streamline the functions of the current legacy systems.

In the same vein, RPB is mandated to implement leading industry-standard practices. The integrated solution will be known as NOVUS [nō-vus], the Latin word meaning *extraordinary* or *a new thing*.

## **Looking Ahead with the NOVUS Solution**

The merits of modernizing RPB’s business and systems were first recognized by the Treasury Board in 2007, when the NOVUS solution was initially approved. Its value continues to be affirmed and recognized as the project progresses. Among its many benefits, NOVUS will integrate the management of four key real property functions— real estate portfolio management, project management, facilities management and maintenance management— thereby promoting improved efficiency, cost effectiveness, governance and accountability.

To ensure the success of NOVUS, the Transformation Project team is collaborating with other real property groups, with subject-matter experts and with other government departments, including the Department of National Defence (the government's largest real property custodian) and the Canada Revenue Agency (the largest tenant in PWGSC-managed space). The Transformation Project is fundamentally a business modernization project that includes:

- partnering with the private sector to configure and implement the commercial off-the-shelf information technology solution;
- adopting leading industry-standard practices; and
- implementing an effective change management strategy that includes end-user training and post-“Go Live” support.

The following information provides a valuable overview of the Transformation Project's scheduled timeline as it moves forward:

- contract for project definition to be awarded in 2011, following completion of an open, fair and transparent competitive process;
- project implementation phase to begin in 2012; and
- project close-out in 2014 with the transfer of the solution to operations.

Currently in its definition phase, the Transformation Project is on schedule, on scope and on budget. It is currently revising existing business processes to align with industry standards and gathering input from subject-matter experts across the PWGSC regions and RPB sectors. The project team is continuing to work alongside the solution provider until the end of the current fiscal year to develop NOVUS and ensure that it meets RPB's needs. By using this approach, the project team will reduce the risks associated with large information technology-enabled projects and help ensure that it is delivered on time and on budget. Once the definition phase is completed, the project team will return to Treasury Board at the start of 2012-2013 to seek approval to proceed with the implementation phase of the project.