



Cost Containment through Co-operation

1997
Annual
Report

**British
Columbia
Buildings
Corporation**

Cost Containment through Co-operation

3

1997
Annual
Report

**British
Columbia
Buildings
Corporation**

This year, 1997, BC Buildings Corporation marks its 20th year of service to the government and taxpayers of British Columbia. Throughout the changing priorities and circumstances of the past 20 years, BCBC has consistently endeavoured to provide the most cost-efficient management of public sector real estate and accommodation services.

Cost Containment through Co-operation

Today, BCBC is actively endeavouring to assist government in exercising prudent financial management by introducing creative and innovative methods of planning, delivering and managing publicly funded real estate and accommodation services in the province of British Columbia.

Often, such creative and innovative methods involve a co-operative effort – BCBC working together with the provincial government, with clients, with other public sector agencies, with other levels of government, and with the private sector. According to the circumstances, this co-operative effort is called teamwork, consultation or partnership. Whatever term is used, the underlying principle remains the same: cost containment through co-operation.

4 **Cost containment through co-operation with the provincial government in government-wide initiatives**



Developing the master schedule for the implementation of BCBC's pilot projects and cost-containment strategies recommended in the Capital Expenditure Review.

In June 1996, the provincial government initiated a freeze and comprehensive review of all government capital spending. A Capital Expenditure Review Working Group was formed to undertake this review and included representatives from ministries and Crown corporations involved in the government's annual Consolidated Capital Plan.

BC Buildings Corporation actively participated in the capital review through the secondment of its Director of Cost and Value Management as a member of the Capital Expenditure Review Working Group (CERWG). The Corporation's contribution to CERWG was to provide highly valued technical expertise in areas related to standards development, cost planning, value management, procurement mechanisms and asset management.

Seven months later, in January 1997, government released the Capital Review Final Report, which recommended that BCBC undertake some 11 specific cost-containment strategies and contribute its expertise to another 27 government-wide strategies. Some of the recommended BCBC-specific strategies require pilot projects to determine their feasibility before full implementation.



Capital Expenditure Review pilot projects designed to evaluate the potential for overall cost containment for government:

- ◆ Facilities management pilot project with the Ministry for Children and Families
- ◆ Project management pilot projects with the Ministry of Education, Skills and Training and with the Ministry of Health and Ministry Responsible for Seniors
- ◆ Integrated Accommodation Planning pilot project.

Many of the government-wide cost-containment strategies recommended by the Capital Expenditure Review Working Group had already been anticipated in the goals and strategies that BCBC had developed in 1995/96 to achieve the four objectives of its Corporate Strategic Plan 1996-99:

- I: Reduce the cost of government accommodation
- II: Improve the efficiency and effectiveness of the BCBC model
- III: Improve the satisfaction of all four customer dimensions
- IV: Expand our services to the public sector where cost-beneficial to the taxpayer.

The past 1996/97 fiscal year was the first year of implementation of our Corporate Strategic Plan 1996-99, and we achieved notable success in our cost-containment goals during this year. Our Strategic Plan had aggressively targeted accommodation-related cost savings of \$10.9 million for this first year of implementation. However, during the year, the government requested that we almost double this target – to \$20.9 million. We not only achieved this new target but, in fact, exceeded it.

Over the remaining two years of our Strategic Plan implementation, BCBC will continue its well-established tradition of working co-operatively with its ministry clients to contain real estate and accommodation costs for the benefit of the provincial taxpayer.

Jim Eaton (CENTRE),
*Managing Director, BCBC
 Capital Expenditure Review
 implementation, who acted
 as BCBC's representative
 on the Capital Expenditure
 Review Working Group,
 discussing the master schedule
 with Capital Expenditure
 Review Team members
 Clare Allan (LEFT) and
 Colin Ewart (RIGHT).*

Cost containment through co-operation with ministry clients in the utilization of alternative workplace options

A major cost-containment strategy recommended in the Capital Expenditure Review, which was anticipated in our Strategic Plan, is the application of a 15% reduction to all new or renovated government office space requests. BCBC is now revising the Government Office Space Standards to formally incorporate this 15% reduction, based on principles already agreed to by the ministries, the Treasury Board Secretariat and BCBC.

A prominent illustration of the co-operative process BCBC follows in utilizing Integrated Workplace Strategies is the accommodation planning for the consolidation of the Ministry of Environment, Lands and Parks from 12 separate Victoria locations into one facility on the Selkirk site. This consolidation involves 600 Ministry staff from 12 separate locations, and includes the Ministry's executive.



LEFT: Barry Herring, BCBC Accommodation Planning, guiding Ministry of Environment, Lands and Parks' staff on a tour of alternative (IWS) office design models at BCBC head office.

CENTRE: Team space design model.

RIGHT: Open Workplace Station design model.

In BCBC's Strategic Plan 1996-99, this specific space reduction initiative is closely linked with our broader strategy of proactively working with each customer to reduce the demand for, and cost of, accommodation. A major way in which we are implementing both of these strategies is working together with our clients to explore and utilize alternative workplace options in order to reduce their space requirements.

These alternative workplace options include non-proprietary office designs, satellite centres, telecommuting, mobile offices, and capitalizing on the use of technology. They are incorporated in a planning approach referred to as Integrated Workplace Strategies (IWS).

Our BCBC accommodation planners worked together with staff from the various Ministry branches in a step-by-step accommodation planning process. Initially, the Ministry was presented with a survey of alternative accommodation planning strategies.

This presentation was followed by a hands-on workshop in which BCBC and Ministry staff discussed the actual accommodation needs of the Ministry in order to fulfil its program delivery. This workshop was a crucial step because it is important for BCBC to gain a first-hand understanding of the program delivery needs of its clients in order to work together with the client to fulfil those requirements.



The Selkirk consolidation of the Ministry of Environment, Lands and Parks has resulted in a 28% reduction in space, and will also provide a cost saving to the Ministry – and to government – of \$885,000 per year in reduced building occupancy costs.

Based on the understanding gained at the workshop, BCBC developed a preliminary space plan for the Ministry's Selkirk consolidation. This space plan evolved through a number of configurations, in response to constant input from Ministry branch staff. This input was contributed in a series of working sessions involving Ministry branch staff and BCBC accommodation planners.

The recently finalized space plan for the Ministry's Selkirk consolidation includes a customized variety

of alternative workplace options: universal footprint, team space, simplified enclosed and open workplace stations, cockpit offices, and common areas.

The total 28% space reduction represents the 15% Government Office Space Standard reduction, together with an additional 13% reduction in the total amount of space occupied by the Ministry in the Selkirk facility as compared with the total amount of space it occupied in its 12 separate Victoria locations. Most of this latter reduction is the result of downsizing within the Ministry.

TOP: Selkirk office project in final construction phase.

BOTTOM (LEFT):

Barry Herring, BCBC Accommodation Planning, guiding Ministry of Environment, Lands and Parks' staff on a tour of an alternative (IWS) non-proprietary office design model at BCBC head office.

CENTRE: Temporary workstation created with portable screens.

RIGHT: Cockpit office, which provides a complete office in closet-sized space for use on occasions when privacy is required.

Cost Containment through Co-operation



*L-R: Carol Phair
and Lyndon Peterson,
Regional Accommodation
Services Team members,
working on accommodation
planning for the Central
Northern Interior Region of
the Ministry for Children
and Families.*

The Selkirk consolidation will also enable other administrative cost savings for the Ministry of Environment, Lands and Parks through increased operating efficiencies and improved program delivery.

The need for BCBC to gain an understanding of a client's program delivery in order to identify its accommodation needs is fundamental to BCBC's role in the facilities management pilot project with the Ministry for Children and Families.

The facilities management pilot project with the Ministry for Children and Families – an unprecedented co-operative arrangement between BCBC and a client ministry

This pilot project involves BCBC providing all facilities management and accommodation services for the new Ministry for Children and Families for a period of one year. The Capital Expenditure Review identified this pilot project as an opportunity to evaluate the potential for overall accommodation cost savings to government.

This Ministry for Children and Families pilot project, to be undertaken during the 1997/98 fiscal year, represents a unprecedented co-operative arrangement between BCBC and a client ministry. The Ministry for Children and Families has 20 field regions, each with a Regional Operating Officer responsible for delivering the Ministry's field programs. BCBC has utilized its newly established District Office and Service Centre structure to develop a network of regional accommodation services teams around the province. These teams are responsible for both determining and fulfilling the accommodation needs of the Ministry's Regional Operating Officers efficiently and promptly.

This regional accommodation services team network will also improve service delivery to other ministry

clients already regionalized around the province. In addition, this regional network is undertaking to develop relationships with other public sector agencies throughout the province, such as Regional Health Boards, Community Health Councils, and Community Health Services Societies.

Each of the Regional Operating Officers for the Ministry for Children and Families has developed a Regional Operating Plan specifically designed to define and achieve the strategic goals for their respective Ministry region. BCBC is working together with Ministry regional staff to develop accommodation strategies to support these regional strategic goals.

We expect that this co-operative process between BCBC and the Ministry will ultimately result in the development of customized regional accommodation plans for each of the Ministry regions. We also anticipate that these customized plans will incorporate Integrated Workplace Strategies (IWS), which BCBC has been actively promoting throughout the Ministry for Children and Families.



Cost containment through co-operation with ministry clients and with other public sector agencies

The Capital Expenditure Review has recommended that BCBC undertake several project management pilot projects with the Ministry of Education, Skills and Training and with the Ministry of Health and Ministry Responsible for Seniors to explore various project management processes and procurement options in order to reduce the capital cost of facilities. These pilot projects are still being identified, but will probably involve the planning, design and construction of several types of schools and a health-care facility.

The pilot projects with the Ministry of Education, Skills and Training will involve a three-way co-operation between BCBC, the Ministry and the respective School Districts – to identify the program delivery requirements; to specify the operational requirements and community input; and to undertake the procurement and project management, as well as a rigorous value management process.

L-R: Ken Scheer, Assistant Manager, Fraser Valley Trout Hatchery, with Linda Solomon and Dean Daniels, BCBC Fraser District, inspecting a domesticated Rainbow Trout from one of the Hatchery's broodstock ponds. Trout fingerlings spawned from broodstock at the Hatchery are used to restock lakes and rivers throughout the province. This supports and enhances British Columbia's sport fishing industry, as well as the environment by rejuvenating provincial lakes and rivers.

9

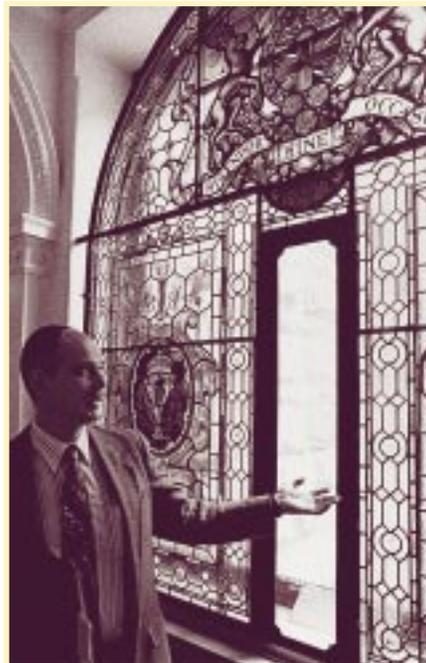
The Fraser Valley Trout Hatchery is administered by the Fisheries Branch of the Ministry of Environment, Lands and Parks. BCBC manages all Operations and Maintenance requirements for the Hatchery. Over the past year, BCBC and the Ministry have worked together to reduce Operations and Maintenance costs at the Hatchery – through introducing computerized control systems and streamlining operations staffing requirements.

This co-operation between BCBC and the Ministry has resulted in an overall cost saving to government of about \$100,000 per year.

Cost containment through co-operation with other public sector agencies

BCBC will continue to pursue partnership opportunities in the areas of collocation, enhanced program delivery and information-sharing with other public sector agencies, including the federal agency, Public Works and Government Services Canada. A Memorandum of Understanding was signed in July 1996 which outlines ways in which BCBC and Public Works and Government Services Canada can work together to share information and seek opportunities for joint occupation in owned or leased accommodation around the province.

This commitment to co-operation has resulted in a number of joint initiatives, including some collocations of federal and provincial programs, leasing of vacant space and co-operation on redevelopments and proposals.



These co-operative initiatives with Public Works and Government Services Canada recognize that there is only a single taxpayer supporting both the federal and provincial levels of government. Through co-operation, we can minimize duplication of activities and utilize the most appropriate publicly funded agency to provide the required service. Both strategies reduce costs and improve services for the taxpayer.

BCBC also welcomes opportunities to work with other publicly funded, non-profit societies to ensure that their needs are being served by providing them with the most cost-effective accommodation solutions, thereby ensuring efficient use of public funding.

*Al Tamosiunas, BCBC
Building Manager for
the Legislative Buildings,
explaining the history of the
Queen Victoria Diamond
Jubilee Window.*

The Integrated Accommodation Planning pilot project – co-operation between BCBC and community-based public sector agencies

Integrated Accommodation Planning (IAP) is an accommodation policy and planning framework that integrates all provincially funded real estate and accommodation with community-based objectives. Its overall purpose is to promote collocation, joint use, re-use and sharing of space in order that government may enhance its space utilization, while reducing its total space inventory, and save taxpayer dollars.

Provincially funded agencies such as ministries, Crown corporations, School Boards, and Regional Health Boards, as well as local municipalities and districts, would be principal participants in an Integrated Accommodation Planning process to facilitate joint use and space sharing. This process will be piloted in a specific community or region of the province during 1997/98.

Cost containment through co-operation with the private sector

BCBC has successfully undertaken several alternative financing partnerships with the private sector. These partnerships are commonly referred to as public-private partnership (P3) projects:

The Selkirk Waterfront Project: a 180,000-square-foot office building agreement between the developer, Axor Engineering Construction Group Inc., and BCBC. BCBC had owned the land and had completed the building design when the Province's capital constraints necessitated a change in carrying out the development. A Request for Proposal was completed and advertised nationally, in which the developer would purchase the land and building design, construct the building and lease the building back to BCBC. In the resulting agreement with Axor, BCBC has an option to purchase the land and building at the end of the 20-year lease term, or to extend the lease term. BCBC will also be undertaking some of the property management work for this facility.



Large-format theatre at the Royal British Columbia Museum (RBCM):

BCBC negotiated a 30-year land lease with Destination Cinema Inc. (DCI) which, in turn, agreed to build a large-format theatre. DCI agreed to partner with the RBCM in joint marketing and ticketing programs and to share a portion of the operating revenue from the theatre. At the end of the 30-year lease period, the theatre will be the property of BCBC.

Bob Ingham, Jack Davis Service Centre (Victoria District), operating the Direct Digital Control (DDC) system for the Jack Davis building, which controls the lighting, heating, and ventilating for the entire building from an on-site computer.

The Ministry of Forests' Vancouver Regional Office relocation to Nanaimo: cost containment through co-operation with the private sector, with a municipality, with client ministries, and with other public sector agencies

This project began in 1993 with the decision by the Ministry of Forests to relocate its Vancouver Regional Office to Nanaimo. This project was successfully completed within unusual time and development restrictions because of a partnership with the City of Nanaimo, in addition to a partnership with a private sector developer.

The City of Nanaimo co-operated with BCBC to enable it to acquire the most appropriate site for this facility by making available a City-owned property. This site also allowed for BCBC's long-term objective of collocating the Ministry of Environment, Lands and Parks' Regional Office adjacent to the Ministry of Forests' Regional Office.

BCBC utilizes DDC systems in virtually all government office buildings throughout the province. It is estimated that cost savings — as a direct result of the DDC systems — amount to more than \$3 million a year.



*L-R: **Jack Little**, Nanaimo Councillor;
Daryl Amos, BCBC Operations Superintendent;
Howard Cronk, BCBC Project Manager;
Fred Cleland, Ministry of Forests Regional Services
Manager; **Dave Wilson**, BCBC Lease Manager;
celebrating in front of the successful result of their
multi-partnership: the completed Ministry of Forests'
Vancouver Regional Office in Nanaimo.*

The Ministry of Forests' Vancouver Regional Office relocation to Nanaimo (continued)

The City of Nanaimo appreciated the long-term social and economic benefits of this Ministry relocation and undertook to assist Ministry of Forests' staff in the relocation process.

The multi-partnership Ministry of Forests' Regional Office project in Nanaimo resulted in a cost containment of almost 30% (below estimate) in annual Building Occupancy Charges (BOCs) for the Ministry – and for government.

A Vancouver Island developer, I.C.I. Management/Windley Investments, submitted the successful proposal. The final agreement entailed the developer constructing the facility, with the option for BCBC to purchase it after construction – an option which BCBC chose to exercise.

In 1996, BCBC fulfilled its long-term collocation objectives for this project, and located the Ministry of Environment, Lands and Parks' Regional Office on an adjacent site, in a joint-use sharing of this facility with the federal agency, Environment Canada.

BCBC will apply the experience that it has gained through these successful partnerships with the private sector – and successful multi-partnerships with the private sector and other public sector agencies – in determining the feasibility and, if appropriate, implementing such an arrangement in the Capital Expenditure Review pilot project construction of schools, targeted for 1997/98.

Cost containment through co-operation among employees

None of our initiatives would be successful without the commitment to cost containment on the part of our employees.

These times are times of great change, and BCBC employees are working together to make enhancements to our organization which are necessary to succeed in our changing business environment.



Co-operation among employees in changing BCBC's organizational structure

Over the past year, we have streamlined our 14 Property Management Units and three regional offices to eight District Offices, with an expanded number of service centres. This new District Office and Service Centre structure was developed to enhance community delivery of current and future services – to both our ministry clients who are also becoming more regionalized, as well as to our new and expanding broader public sector client base. Our new structure is also helping to reduce administrative costs.

Enhancing our community-based service delivery is a major theme of our Strategic Plan and a major future direction for the Corporation. This new organizational structure has also positioned BCBC very well to undertake the pilot projects recommended in the government's Capital Expenditure Review.

L-R: Mike Breault and Brian Osborne, Skeena/Central Interior/Peace District, working out of the newly established Prince George North Service Centre in a former mechanical room at the Plaza 400 office facility, Prince George.

13

Co-operation among employees in changing BCBC's information systems

For almost two years, many BCBC employees have been contributing, directly or indirectly, to the comprehensive revamping and upgrading of our province-wide information systems. This Information Systems Alignment Project (ISAP) is designed to significantly

improve our operational effectiveness by integrating all our departmental and branch information systems into one system. This new system will also support our community-based service delivery by enabling a more local and more customized business approach.

BCBC will be fully prepared for Year 2000 — the global systems date change necessary to operate in the new millennium — because of our Information Systems Alignment Project.

Cost Containment through Co-operation



L-R: Cheryl Larocque, Manfred Burandt and Leslie Krc, Skeena/Central Interior/Peace District, planning renovations to convert the ground floor of the Prince George Plaza 400 facility from courtrooms to office space. Renovations of four of the six floors at Plaza 400 will enable the relocation of ministry clients from expiring leases to BCBC-owned space in Plaza 400.

This project will result in an overall cost saving to government of over \$500,000 over a five-year period.

Co-operation among BCBC employees in cross-functional account teams

For several years, BCBC employees have provided accommodation services to ministry clients through ministry-specific, cross-functional account teams, which comprise a key component of our Account Management framework.

BCBC employee representatives from key departments have been seconded to the final phase of ISAP in order to form a team of expert users who will serve as the senior trainers of all BCBC employees in the new system. For 18 months, this group has worked together as a team dedicated to the completion of this project. Meanwhile, their departmental co-workers have supported their team effort through their willingness to take on extra responsibilities in their absence.

Account Teams consist of a core group of BCBC employees with expertise in specific areas who can collectively devise more cost-effective accommodation strategies for the ministry client. BCBC account teams also participate in regular and ongoing consultation sessions with client ministry representatives.

Co-operation among BCBC employees to assist disadvantaged youth

Throughout the past 20 years, BCBC has been distinguished with special awards for the willingness of its employees to work with non-profit agencies and social programs for the benefit of our province. This year, BCBC was nominated for the annual Ethics in Action Awards for our Generation Y work experience and training program for disadvantaged youth.

Our Generation Y program was designed to meet an increasingly pervasive social challenge: employment for our province's young people between the ages of 17 and 24 who are at risk of never being fully employed because of difficulties they have had early in life with such issues as substance abuse, parental abandonment or abuse.



L-R: Nazir Jessa and Haji Charania, BCBC Project Management, reviewing blueprints of the Royal British Columbia Museum Upgrade project.

The Generation Y program entails real work (not project-generated), with real work expectations, such as punctuality, good attendance, and appropriate attitudes. It provides six months of meaningful work experience in one of three areas: gardening, recycling, or HVAC (heating, ventilating and air conditioning).

BCBC staff train and supervise the young participants and provide general guidance and direction within an actual workplace context. BCBC has already run two complete, six-month Generation Y programs, and has almost completed a third.

The Generation Y program has made a significant impact on a number of lives among our province's disadvantaged youth. Some of the participants have started their own businesses; one has now entered college; and many are working at full-time jobs. Some have enrolled in substance abuse programs and are attending treatment centres.



Anne Machtmes, a Camosun College student, gaining work experience at BCBC as part of BCBC's implementation of the Province's A GUARANTEE FOR YOUTH program.

15

This kind of positive change on the part of the young participants has encouraged BCBC to continue and to enhance the Generation Y program in an effort to make a difference for our province's young people.

Continuing the BCBC tradition of cost containment through co-operation

As it has over the past 20 years, BCBC will continue to endeavour to make a difference — to add value — for all its partners: its shareholder, the provincial government; its clients, the ministries of government and other publicly funded agencies; other public sector agencies and other levels of government; and the private sector.

It will continue to make this difference through co-operation with all these partners, and through the commitment and concerted effort of its employees strategically located around the province.

The difference which BCBC makes through co-operation is cost containment — a very important difference for the government and the taxpayers of British Columbia. ■