

Executive Summary - Facility Review



Prepared For:

Board of Directors

South-East Edmonton Seniors Association

Edmonton, Alberta

Prepared by:

John F. McLaughlin, B. Sc., M. E. Des.

January 31, 2022

EXECUTIVE SUMMARY

Background

The South-East Edmonton Seniors Association (SEESA) has been at their current Holyrood location, a former school, since 1980 when SEESA incorporated. Since 1980, many projects have added, renovated, or improved the facility to meet seniors' needs. Stakeholders invested Millions, and the City of Edmonton (COE), current building owner, was the most significant contributor.

After two years of operating through the challenges associated with the pandemic, SEESA faces a deficit in 2022, so change is necessary. Cost cutting in 2020 included staff reductions. The board engaged the author in December 2021 for an independent examination of SEESA, with a focus on the facility, a large cost contributor.

General Financial Assessment

SEESA has a significant budget of over \$600K. SEESA relies heavily on City of Edmonton (COE) grants or subsidies. The COE provides 97% of external revenue, representing over \$350K. Membership, class, and activity fees contribute less than half of internal revenue, with fundraising expected to contribute 28%. Almost all 2022 revenue sources are at risk.

For expenses, staff salaries (\$304K) and facility costs (\$139K) are the biggest categories. A summary of changes to reduce costs (and the deficit) is provided in the sections below.

Lease

The COE owns the former school at 9350-82 St. and leases the entire building of 23,299 sq. ft. to SEESA. The current lease expires Dec. 31, 2026. SEESA pays only \$1.00 per year for rent but is responsible for almost all building operating and maintenance costs. The exception is Heating, Ventilating and Air Conditioning (HVAC), which the City maintains.

The lease allows SEESA to operate a senior drop-in social and recreation centre in the building. If SEESA wants to rent out space to third parties, fees cannot be higher than internal use fees. If SEESA wants to revise or terminate the lease before expiry, then first negotiate with the City.

Building, Space, Utilization

The original building is 65 years old, not built to modern standards, including energy efficiency. With 68% of total space considered usable, the building layout is very inefficient. Most former classrooms used for programs appear suitable for their intended purpose. However, SEESA is only programming these spaces for about 7% of the time in a calendar year, making it difficult to recover costs from user fees.

With the entire building under lease, SEESA can not easily pivot in a cost effective manner when users change or reduce their demands.

Vendors and Energy

Third party vendors provide energy, printing, snow removal, waste management, Information technology and telecommunications services, totalling about \$73K per year. By signing contracts for power and natural gas, SEESA could save about \$4k per year. ASEESA could save an additional \$7K per through energy conservation, “belt tightening”, competitive bidding and partnering.

Demographics

Edmonton’s senior population is growing at a high rate, but membership in SEESA has declined since 2019. Outside SEESA’s catchment area, seniors are growing faster. Some newer areas in the City have no seniors’ centre.

Only 6% of the 55+population in Edmonton belong to one of the 16 City-funded senior centres. Edmonton’s population, including seniors, is becoming more diverse, e.g. marital status, education, ethnic origin, and residency time in Canada. While data on the demographic makeup of SEESA members is not available, staff advise that the typical member is a female Caucasian, aged 75-85. SEESA needs to serve a wider diversity of seniors.

SEESA Programs

Based on 2022 program guide for sessions 1 and 2 this winter:

- 98% of program hours are related to fitness, recreation, and hobbies
- 90% of program hours are in person, with 10% on-line
- 56% of the programs are led by volunteers, the balance by paid leaders.

SEESA’s programs lack diversity, to meet the wide range of seniors’ needs

Partnerships

The COE has been and is SEESA’s only partner. In addition to operating funding grants of more than \$350K per annum, the City provides the building rent free, maintains the HVAC, and contributed several \$million in capital over the last 41 years for additions, renovations, and improvements.

The COE is changing its approach to supporting seniors’ centres. This includes changing grant programs; more emphasis on programs to facilitate seniors remaining in their homes; and increased accountability with measures to ensure the COE’s investments are providing value for money and serving a wider diversity of citizens. SEESA must engage with the City on any future changes and continue to maintain this strong relationship.

Partners/partnerships can apply to the entire life cycle of any building – design, build, finance, own and operate. While the City partner relationship has been a key to SEESA’s past success, SEESA has not developed or maintained other partnerships, so this should be a future focus. Future partner prospects for program operations reside mostly in the not-for-profit sector, such as Community Leagues and other groups serving 55+ clientele. Benefits of program partnering include reducing competition, duplication and overlapping services. Partnering could also support cost reductions, e.g. share a bookkeeper.

Preliminary Risk Assessment

The size and importance of SEESA warrants a comprehensive action plan to manage risks, and the board appears to be addressing the critical ones. The most serious immediate risk is that the COE reduces or eliminates any grants, or SEESA is not successful in securing COE grants. Even if SEESA secures all grants for 2022, it will be in jeopardy if membership and participation do not return to pre-pandemic levels.

Future Facility Models

The author compared three facility models for SEESA applicability. The current centralized model has administration and programs all in one location. In a decentralized model, the organization offers programs at a number of neighbourhood facilities, and administration might all be in one location. Each model has advantages and disadvantages. For example, in the centralized model, face-to-face communication amongst staff, volunteers and participants is easier. The hybrid model is a mix of centralized and decentralized. Scona Seniors Centre is a hybrid model, offering benefits such as minimal overhead costs, encouraging partnerships for diverse program delivery, and providing flexibility to only use, and pay for, the space needed. SEESA should strongly consider this model, even if SEESA retains a portion or all the current space.