Minutes – Executive Policy Committee – December 7, 2005

REPORTS

Minute No. 75 City of Winnipeg Records Centre Program
File GK-8

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee laid over consideration of the matter to its meeting on January 18, 2006.

Further, the Executive Policy Committee requested the Chief Administrative Officer to provide a business case analysis to the Standing Policy Committee on Downtown Development, for subsequent recommendation by the Standing Policy Committee back to the Executive Policy Committee.

DECISION MAKING HISTORY:

Moved by Councillor De Smedt,

That the consideration of the matter be laid over to the Executive Policy Committee meeting on January 18, 2006.

Carried

Moved by Councillor De Smedt,

That the Chief Administrative Officer be requested to provide a business case analysis to the Standing Policy Committee on Downtown Development, for subsequent recommendation by the Standing Policy Committee back to the Executive Policy Committee.

Carried

RE: City of Winnipeg Records Centre Program

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: City Clerk

REPORT DATE: November 23, 2005

RECOMMENDATION(S):

1) That Council approve a new centralized Corporate Records Centre Program under the direction of the City Clerk.

2) That 311 Ross Avenue be designated as the City's Records Centre.

3) That Parcels 1 & 2, as shown on Miscellaneous Plan 12212 not be declared surplus to the City's needs, consistent with the recommendation from the Planning Property and Development Department, and that any Council resolutions which are inconsistent with the above be and are hereby rescinded.

4) That the Corporate Records Centre Program and the utilization of 311 Ross Avenue be reviewed after 5 years.

Report Summary

- The City of Winnipeg has a Records Management framework based on policy and legislation, but the framework is missing a key program element. A **Corporate Records Centre Program** is needed to manage storage space for operational records. These records must be kept for legal and financial reasons and are also subject to Freedom of Information and Protection of Privacy legislation.

- There is a cost for keeping records for legal and financial purposes. If the City stored records in departmental offices it would cost approximately $2,000,000 or more over a 10 year period. The absence of a Records Centre Program means that the City will not have any method of controlling these costs, or of complying with the City of Winnipeg Records Management By-law.

- A Records Centre Program based on the lowest cost option (Option 1) would require an increase of $200,000 to the City Clerk's annual operating budget. This investment would increase the Net Present Value of 311 Ross to approximately $1,000,000 after 10 years. The requested increase represents a total incremental cost as determined by the Civic Accommodations Division

(CAD) Chargeback System. The majority of this annual expenditure would remain in the City's budgetary system as an occupancy cost.

- A key benefit is that the use of 311 Ross for records storage ensures the flexible evolution of the Records Centre Program. A review of the Program within the next 5-10 years will allow the City to take advantage of new options that might emerge over time, and also allow the City to determine the best future for 311 Ross, which is currently underutilized. The evaluation will provide the City with an opportunity to pursue the best program options at the best cost with the most flexibility.

Key Issues:

- The Program is needed to comply with the City of Winnipeg Records Management By-law No. 166/2003 and with the terms of Administrative Directive No. AD-006, Corporate Recordkeeping.

- The recommendation is consistent with Council's direction to improve corporate recordkeeping in the City. It is an essential missing component identified in the City's Recordkeeping Blueprint – the long-term implementation strategy for improving the City's records management systems.

- Creation of a records centre program will provide the physical capacity to keep records in compliance with legislation, to support administrative processes, to provide protection and support in litigation, to support policy formation and decision making, to enable open government, and to provide continuity in the event of a disaster.

Implications of the Recommendation(s):

General Implications

☐ None

X For the organization overall and/or for other departments

X For the community and/or organizations external to the City

☐ Involves a multi-year contract

Comment(s): The Program will be a service to all departments and to citizens of the City of Winnipeg. It will benefit internal and external users by ensuring that records are kept for as long as they are needed, and that they are disclosed and used within appropriate legal guidelines.

Policy implications

☐ No

X Yes

Comment(s): The Program is the outcome of Council direction and established policy. The Cook Report, adopted by Council in January 2000, recommended the use of 311 Ross as the City's Corporate Records Centre (See Attachment B).

Environmental implications

X No

☐ Yes

Comment(s):

Human Resources implications

X No

☐ Yes

Comment(s):

Financial Implications

☐ Within approved current and/or capital budget

X Current and/or capital budget adjustment required

Comment: By integrating improvements and operating costs into the Civic Accommodations Division Chargeback system staff costs will be minimized. Approximately 80% of the adjustment will be recovered from departments as charge backs. This matter has been identified to Departmental Controllers and the charge backs are not expected to be onerous to Departments.

Report

REASON FOR THE REPORT:

Records control is an integral component of the City of Winnipeg's management policy and has an impact on all Departments and on the community at large.

HISTORY:

In 1999, the Records Committee, with the approval of Executive Policy Committee, commissioned Dr. Terry Cook, a former director at the National Archives of Canada, to assess the status of records management at the City. His report was adopted by Council in January of 2000. The report identified deficiencies in the City's management of records. Archives and Records Control Branch of City Clerk's Department prepared a strategic plan the *Recordkeeping Blueprint for the City of Winnipeg*, to address the situation. The Blueprint described the key elements of a records management program including:

- Policy
- Legislation
- Standards
- Best Practices
- Training, Services & Support

The City of Winnipeg has acted on the recommendations of the Cook Report by developing an internal policy (an Administrative Directive for Corporate Recordkeeping), by developing a new Records Management By-law (No. 166/2003), by disseminating standards and best practices to Departments, and by coordinating records management training and services through Archives and Records Control Branch of City Clerk's Department.

However, a key piece of this infrastructure, a Records Centre Program – one that is organized around a physical storage facility for inactive records - remains to be addressed. (See Attachment A for a description of Program Elements) Official records must be kept for the period of time described in the Records Management By-law. As time passes, certain records are needed less frequently in offices to support operations. These records are still required by departments, but they are not referenced often enough to justify storage in high-cost and space-limited office areas. The costs of civic office space ranges between $10 and $20/sq. ft. If Departments continue to use office space for records storage the costs of storage to the City of Winnipeg will be approximately $750,000 in 5 years, nearly $2,000,000 million in 10 years (estimate based on the mid-range cost of $15/sq. ft.).

Rather than use valuable office space for these inactive records, it is preferable to store records in a special warehouse (Records Centre), where they can be retrieved as needed until their life-cycle expires. This is a widely accepted standard that is followed by most Canadian municipalities. The acquisition of 311 Ross in a tax sale makes it a cost effective option. It also provides an opportunity for the City to retain physical and budgetary control of its records without building or leasing a new facility for that purpose. The Cook Report specifically identified the facility at 311 Ross as a prime candidate for storing the City's corporate inactive records, and thereby functioning as the nucleus of a Records Centre Program.

The need for such a program has become more critical as storage space for records has disappeared and Departments have been forced to use valuable office space to meet their needs. City Clerk's Department began using 311 Ross for storage in 2002 as part of a conscious strategy to implement the Cook Report recommendations. But 311 Ross can accommodate only 1,500 boxes of records without further renovations and has reached its capacity. At the end of this year the City will require space for a total of 9,000 boxes of records, a figure that is expected to increase for the next 6 years until it reaches a plateau of 48,000. The Archives Building at 380 William Avenue is not an option. It is used for archival records and services, rather than for inactive records storage because it is better suited for that purpose. Storage space at the Archives Building is limited and cannot meet the requirements for inactive records.

DISCUSSION:

In 2004 the City Clerk's Department, in concert with the Records Committee prepared a *Corporate Records Storage Planning Study* to examine options to address this problem (Attachment B). A committee of finance staff from Corporate Finance, Planning, Property and Development, and City Clerk's were involved in the financial calculations. The *Space Planning Report* identified and explored the following three options.

Option 1 (preferred by the Records Committee) is the conversion of 311 Ross to the City's Records Centre with facility upgrades to meet security, storage and occupancy requirements. A primary advantage of this option is that the purchase of a building or lease agreement is not necessary, because the facility was acquired by the City in a tax sale. By using this building for storage the City would retain full physical and budgetary control of its records and information assets, and all services. Any charges for services would be internal between Departments - much of the increase required in budget would stay within the City's financial system as occupancy costs paid back to Planning, Property and Development. Another advantage is the location of the building – it is close to the City Hall campus and convenient for access to records. The disadvantage is that costs are required to upgrade the facility to existing storage standards. However, these costs are modest when compared with other options, with the added benefit that they would be used for improvements that would add to the marketability of the building and increase the potential for future re-development.

This option was preferred by the Records Committee for the following reasons:

- ***Cost effectiveness*** - A financial analysis indicates that Option 1 would cost the City less to implement over 5, 10 and 20 years**.** (Refer to the Comparative Financial Summary below the description of Option 3).

- ***Control of records*** - The City will retain control of its vital inactive records and benefit from a centralized records storage program independent of market trends and influences.

- ***Increase of Asset Value over time***, thus providing better options for future development, based on an increase of its market value.

- ***Flexibility*** - If Option 1 is adopted, the City can review the Records Centre Program as it evolves, examine other possibilities as they arise, and identify other uses for 311 Ross as they become available and feasible.

Option 2 is to contract with a private commercial provider for all storage fees and services. Under this option the City would provide a bid opportunity to the private sector. There are at least two local service providers in the City. The successful bidder would be entrusted with physical control of the City of Winnipeg's records, many of which are political and confidential in nature. The City of Winnipeg Records Committee considered the loss of physical control of records and the surrender of budgetary control to the market place a significant problem with this alternative. Both the Federal and Provincial Governments have concurred with these being significant issues. Both levels of Government have opened / built new records facilities over the last 10 years in Winnipeg for their records, rather than use commercial storage providers.

Option 3 is to negotiate a shared lease agreement with the Province of Manitoba, which has a new facility constructed according to government records standards and specifications. This option is attractive because the facility is purpose built for government records and in the short term the option could provide for immediate occupancy. It is the most expensive option in the short term, and double the cost of Option 1 over 20 years. It requires initial investment for materials and increases in operating costs. In addition, the Province would need to expand the facility to provide space after 2010. At this time it is unclear as to whether the Province is willing to undertake these initiatives, or what the costs would be to the City. As such, it is not viable in the medium to long-term and does not provide the budgetary and planning flexibility of Option 1.

Comparative Financial Summary:
Note that the costs for Option 1 were estimated higher rather than lower, and are likely to go down, depending on solutions that can be found for shelving, such as making use of used shelving already owned by the City, rather than buying new. Option 2 costs are based upon information provided by existing commercial records storage providers. No

Requests for Proposals for services have been done to date, and as such, these costs would also likely go down were a formal bid process to be undertaken. Costs for Option 3 were provided directly by the Provincial Archives and are likely quite accurate.

5 Year Analysis	**Option 1** *Renovate 311 Ross*	**Option 2** *Commercial Contract*	**Option 3** *Provincial Archives*
Total Cost	$613,000	$751,000	$1,054,000
Net Present Value (5.25%)	$521,000	$625,000	$906,000
10 Year Analysis	**Option 1** *Renovate 311 Ross*	**Option 2** *Commercial Contract*	**Option 3** *Provincial Archives*
Total Cost	$1,350,000	$2,624,000	$2,138,000
Net Present Value (6.00%)	$970,000	$1,764,000	$1,570,000
20 Year Analysis	**Option 1** *Renovate 311 Ross*	**Option 2** *Commercial Contract*	**Option 3** *Provincial Archives*
Total Cost	$2,281,000	$9,492,000	$4,413,000
Net Present Value (6.75%)	$1,267,000	$4,097,000	$2,353,000

Financial Impact Statement

Date: November 19, 2005

Project Name:

Corporate Records Storage Planning Study

First Year of Program 2006

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required		$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Less: Incremental Revenue/Recovery		-	-	-	-
Net Cost/(Benefit)	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000

Additional Comments:

"Original signed by"
Marc Lemoine
Deputy City Clerk

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:

City of Winnipeg Records Committee
City Clerk's Department
Corporate Finance
Legal Services
Planning, Property and Development

THIS REPORT SUBMITTED BY:

City Clerk's

Prepared by: Richard Kachur (2428)
File No.

ATTACHMENT A: RECORDS CENTRE PROGRAM ELEMENTS

Records Centre Facility

The facility should be away from known hazards, yet in a location near the downtown campus, that is convenient to user needs. It should have environmental controls to prevent excess humidity and extreme fluctuations in temperature. It should have physical facility security controls, including shelving and packaging that provides security, accessibility and protection from deterioration. Protection from disaster should be ensured through disaster management programs and fire suppression equipment. Security systems are installed to prevent unauthorized access to the building. The building should be cleaned on a regular basis. It must have adequate shelving, a loading dock, elevator, shipping and receiving equipment. It should be furnished with office equipment including phone, computer, and photocopier.

The facility should be accessible exclusively to City of Winnipeg personnel. All records should be handled carefully and treated as confidential. Staff will ensure careful handling of records at all times to avoid damage and deterioration of records.

Pick up and Delivery Service

Inactive records (records that need to be kept for legal or financial reasons, but referenced infrequently) will be transferred to the Records Centre for storage to liberate costly office space. The Records Centre will operate a pick up and delivery service for all City Departments on demand. Staff will pick up records from City offices using a City vehicle and deliver them to the Records Centre.

Retrieval and Re-filing Service

City Staff must be available to respond to requests from Departments that need to have records pulled from the Records Centre shelves and delivered to the Department, or to the Archives. This service includes provisions for making photocopies at the Records Centre and transmitting these to the Department.

Inventory and Audit Control

Inventory and audit control ensures accessibility to records through the use of appropriate inventory management and indexing systems so that records can be identified, located and retrieved easily. All records in storage must be maintained in an inventory by City staff. The inventory is updated whenever records are removed for destruction or retrieved on a temporary basis for use in departmental offices. The Records Centre will keep an audit trail of incoming records, retrievals and re-files and records removed for disposal.

Removal

Records will be moved from inactive storage to the Archives or they will be destroyed after the time specified in By-law 166/2003 has elapsed. Records will be removed permanently from the Records Centre shelves by Records Centre staff when the records have reached the end of their lifecycle and they can be destroyed legally under the authority of the Records Management By-law. Records Centre staff will arrange for the destruction of records. These actions will require the signed authorization of a Department Head or designate.

Service Costs and Fees

Departments will be charged back at a nominal rate, based on a percentage of the number of boxes in storage to cover costs of occupancy and associated services.

ATTACHMENT B: CORPORATE RECORDS STORAGE PLANNING STUDY

City Clerk's Department

Corporate Records Storage Planning Study

February 2005

Archives and Records Control

Winnipeg

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5. Risk Analysis
6. Financial Analysis
7. Recommendations

APPENDIX

1. Records Centre Standards
2. Survey of Archival and Corporate Records Services in Canada
3. Case Studies: Archival and Corporate Records Centre Services in Canada

1. Executive Summary

Records Storage Objectives

The City of Winnipeg must design a strategy *for how to dispose of records.* The City is responsible for managing its records according to legislation, standards and best practices. Records are created, kept and managed to support business requirements, to provide the right information at the right time, to maintain corporate memory, and to support trustworthiness and accountability. But the City needs to keep only 3% to 5% of these records permanently – 95% or more are temporary records that can be destroyed after 6 to 10 years. Records storage is a critical component of these records management activities until temporary records can be destroyed. Proper storage facilities are needed to provide for adequate organization and retrieval of temporary records, to liberate valuable (and costly) office space, to manage the risks of loss or damage, and to provide appropriate security over recorded information, particularly to protect the City's evidentiary record when confronted by outside claims and litigation.

The Records Storage Problem

Based on the data available from City Departments, the City currently needs space to store approximately 9,000 boxes of records. The existing facility at 311 Ross can accommodate 2,000 boxes. The City is storing approximately 7,000 boxes of records in valuable City Hall office space, in places such as vacant buildings or basements where the records may be exposed to a variety of threats to their security, or in Departments that separately contract with private vendors who provide storage and retrieval services. In six years the City will require space for 48,000 boxes of records that support business functions and services to citizens and are required to be kept for a period of time for legal and financial reasons.

Between 2005 and 2014 it will cost the City of Winnipeg approximately $2,000,000 million to store records in departmental office spaces, unless a more effective strategy is found to minimize the use of valuable office space for the storage of records.

Recommendations

Approve an appropriation of funds to cover the costs of retaining 311 Ross as the City of Winnipeg's Corporate Records Centre.

The appropriation will allow the City of Winnipeg to maintain in-house records storage and services using the building it owns at 311 Ross. Renovations to bring the building up to current storage standards will be amortized over a 5 year period and absorbed within existing Departmental budgets, or the costs will be recovered through charge backs to departments at rates less than or equal to current market prices. However, an additional appropriation of funds is required for renovations and the purchase of equipment.

Benefits

There are significant financial benefits associated with the Ross option. It is cost effective. A financial analysis indicates that Option 1 would cost the City less to implement over 5, 10 and 20 years. The purchase of a building or lease agreement is not necessary, because the facility was acquired by the City in a tax sale. By using this building for storage the City would retain full physical and budgetary control of its records and information assets, and all services. Any charges for services would be internal between Departments and as such much of the increase required in budget would stay within the City's financial system as occupancy costs paid back to Property and Development. Another advantage is the location of the building – it is close to the City Hall campus and convenient for access to records. The disadvantage is that costs are required to upgrade the facility to existing storage standards. However, these costs are modest when compared with other options, with the added benefit that they would be used for improvements that would add to the marketability of the building and increase the potential for future re-development.

City of Winnipeg Reference

"The 311 Ross building should continue to be outfitted and expanded as necessary as a Records Centre, managed by the City Archives and Records Control Branch, and…all dormant records scheduled for eventual destruction be amalgamated and moved there…."

Cook Report, 1999. Recommendation 20, p. 55.

If the Ross option is adopted, the City can review the Records Centre Program as it evolves, examine other possibilities as they arise, and identify other uses for 311 Ross as they become available and feasible. In the interim, the City will retain control of its vital inactive records. It will benefit from a centralized records storage program independent of market trends and influences. For these reasons the Ross option is preferred by the City of Winnipeg Records Committee.

The building at 311 Ross has been available to the real estate market since its acquisition in a tax sale. However, few viable offers have been received. A small investment to improve its capacity as a records storage facility would increase its Net Present Value over time, thus providing better options for future development in the market place. Expenditures for improvements to the Ross facility (and its market value) are minimal when compared with the costs of storing inactive records in valuable office space.

This recommendation is consistent with the long-range plan for the City's Corporate Records Centre, as tabled in the Cook Report, 1999.

2. Records Storage Objectives

Support Business Requirements

Legal Reference

City of Winnipeg Charter

Records Management By-law 166/2003

Records must be stored for various periods of time because they are required to conduct routine business, for legal, financial and historical reasons, and for accountability. Storage provisions are necessary for keeping records for the specified period of time, and for ensuring that records are accessible during that time, as in the case of litigation, audits, etc.

Provide the Right Information at the Right Time

Policy Reference

Plan Winnipeg 2A-01 Commit to Citizen Engagement

Storage facilities support access to the right information at the right time. When records are stored in proper conditions they are protected from damage or unauthorized access - they are secure. They are identified and well organized to ensure that they can be retrieved and used when they are needed. Improper storage facilities lead to disorganization, added risks of loss or damage, and increase unnecessary handling. All are barriers to access. Adequate space must be available to creators and users of records so that users can gain access to the right information at the right time. This is a basic requirement for the provision of civic services.

Maintain Corporate Memory

Policy Reference

Plan Winnipeg 5B-01 Commit to Heritage Conservation

5B-02 Protect Heritage Resources

Maintaining corporate memory is a business objective based on legal, operational, and historical needs. The City Clerk's Department is responsible for keeping records to maintain the corporate memory of the City of Winnipeg. City of Winnipeg Departments are responsible for the management of records, including their storage until they may be disposed of under records and retention schedules published in the Records Management By-law No. 166/2003. The Archives and Records Control Branch of City Clerk's Department is responsible for keeping archival records and for temporary storage of inactive records under its mandate to protect the corporate memory of the organization.

Manage Information Effectively

Managing storage costs is smart business. Storage costs include the cost of space in offices, the costs of handling records and information, the costs of finding information, the costs of destroying records, and the costs of keeping records. Making and keeping records is a function of doing business in any domain, public or private. The City's storage requirements have increased over time and will continue to do so (for paper *AND* electronic records) as long as the City exists as a corporate body. The objective is to retain only those records that are needed and to find the most economical, feasible methods of storing records until they can be destroyed or transferred to archival custody.

Support Trustworthiness and Accountability

Policy Reference

Plan Winnipeg 2A-01 Commit to Citizen Engagement

In the interests of responsible governance, the City has a reputation for creating, managing and handling information in a trustworthy and accountable manner. The City must be able to provide quality assurance that its records are properly managed. Poor storage conditions, disorganized stockpiles of records, lapses in building security, or exposure to damage cast doubt on the City's credibility as a steward of civic information, and tarnish its public image.

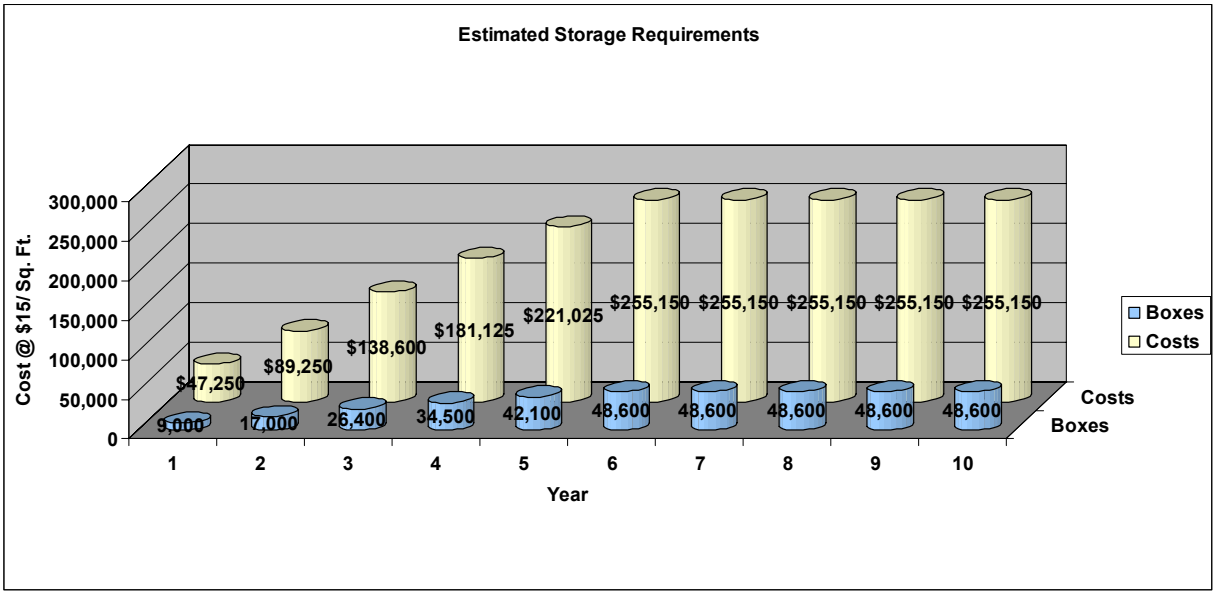
3. The Records Storage Problem

City of Winnipeg Departments are responsible for the management of records under the records and retention schedules published in the Records Management By-law No. 166/2003. As records are created they are stored in City offices for operational reasons, such as providing services to citizens. As time passes, certain records are needed less frequently for operations, but must be retained for a certain period of time according to their requirements as evidence of transactional activity (for example, financial records are needed for audit purposes). Rather than use valuable office space for these inactive records, departments transfer them to off-site storage facilities until the end of the retention period. This is widely accepted as a best practice because the cost of storage at a records centre facility is usually much less than in prime office space. After the retention time has passed the department can either destroy the records under the authority of the Records Management By-law, or transfer them to the City Archives for permanent safekeeping.

The scope and nature of the records storage problem was identified by a survey of City of Winnipeg Departments conducted by the Senior Records Manager and her staff at the City of Winnipeg Archives and Control Branch of City Clerk's Department. The survey asked Departments to estimate their current space allocated to records storage, the costs of storage, to assess future needs, and to identify areas of concern. Data collected from the survey was extrapolated create portrait of the current problem and to forecast future requirements.

The table below reflects the steady growth of storage needs over the next 10 years. It is estimated that the City of Winnipeg will require space for a minimum of 9,000 boxes in 2005 to a maximum of 48,000 boxes in 2010. These projections refer to records that need to be stored for legal, historical or financial reasons for a period of 6 years or more. If the City of Winnipeg continues to use office space to store inactive records it will cost approximately $2,000,000 million over a 10 year period. Costs of the use of office space in the City of Winnipeg ranges from $10 to $20 /sq. ft., and the mid-range being $15.

Estimated Storage Requirements, 2005-2014



These estimates are extrapolated from data on the number of records transferred to storage in 2000-2003 (before the new records management by-law was in force), as well as estimated accumulations received from Departments, plus projected space requirements of Public Works and Water & Waste Departments after their move to 1155 Pacific Avenue. In 2005 and 2006, Departments will begin transferring records that have been accumulating since 2002 and have been stored on their own premises in 2003/04 due to the space crisis. Significant accumulations are also expected to increase the 2006 balance because of the office moves at Water and Waste and at Public Works. Additional records will be accumulated in 2006-07 by City Clerk's because 2006 is an election year. Steady but modest increases are expected from 2007 through 2010.

In these estimates it is assumed that storage requirements will stabilize at 48,600 boxes per year after 6 years because the Records Management framework will be fully implemented. Departments will be destroying records according to the records management by-law and the routine destruction of records will liberate storage space for new accumulations of records. However, the City will need to maintain a balance of space to accommodate approximately 48,000 boxes per year. If office space is used, the costs escalate from $47,250 in year 1 to $255,150 each year after year 6, for a total of approximately $2,000,000 over 10 years. Estimates and costs might vary slightly, according to whether or not the City adopts paper reduction strategies, to what extent it employs electronic records management strategies, future sales of City information assets (such as Winnipeg Hydro). However, the cost

of keeping records over time is *not negotiable* because the City is bound by legal, financial and operational requirements to do so. Therefore, it is smart business to find the most economical means for storing records over time.

4. Options

What Other Governments Do

A survey of Canadian cities, the Provincial Government of Manitoba and the Canadian Federal government reveals that the public sector follows one or more of 4 strategies to address their records storage needs. **Appendix 3**

Ownership: some jurisdictions own their storage facilities with full services for retrievals, destruction, etc. As noted above The City of Winnipeg falls into this category, using its own facilities at 311 Ross and 380 William for storing temporary and archival records.

Commercial Leases: some jurisdictions lease space on a lease to own or long-term leasing agreement. In these cases, clients usually provide their own resources (staff, equipment, etc.).

Commercial Contracts: some jurisdictions negotiate corporate contracts with private companies to provide storage, retrieval and destruction services. Some City of Winnipeg departments use private service providers for storage and retrieval services.

Partnerships with private or public sector service providers for some services.

Many municipal, provincial and federal agencies use a combination of the above to address their storage needs. (Appendix 3) Notably, both the Federal Government and the Manitoba Provincial Government have established their own purpose-built records centres by building new facilities or through leasing agreements.

Options for Winnipeg

Three options are available to the City of Winnipeg. The table on the next page summarizes the basic components of each option and includes issues and success factors that need to be addressed in order to implement them.

Summary of Options for Winnipeg

OPTION	DESCRIPTION	ISSUES/SUCCESS FACTORS
311 Ross	Renovate the facility to provide additional storage space, security, office space etc., to existing standards on the 2nd floor.	Cost of renovations absorbed by Planning, Property & Development Additional operating expenditures for staff to conduct services City Clerk's charges back expenses to departments
Commercial Contract	Negotiate a corporate contract with a commercial records centre service provider	City Clerk's charges back expenses to departments RFP required
Province of Manitoba	Rent space in the Provincial Government Records Centre on a per box basis	Subject to a mutual agreement with the Provincial Government to share a portion of the facilities for storage and access City must provide staffing and services, and equipment Additional operating expenditures for staff to conduct services, equipment City Clerk's charges back expenses to departments

Assumptions

The following were excluded from consideration as options for the reasons given below:

a) The **status quo** "do nothing" does not address the current or future needs for space, and may result in net cost increases over time. If allowed to continue, the City of Winnipeg will pay approximately $2,000,000 million to use office space for storage of records. Costs of the use of space in the City of Winnipeg ranges from $10 to $20 /sq. ft., and the mid-range being $15. If the current situation is allowed to persist, City of Winnipeg Departments will be storing some or all inactive records in prime office space. The costs will be higher than storage in any of the three options under consideration.

b) **Building a new facility** is an activity that most jurisdictions, especially municipal governments, have abandoned in recent years because of the prohibitively high capital investment required. Most agencies that do not have their own facilities (as the City of Winnipeg has 311 Ross) have found that it is more cost effective to use commercial service providers or secure leasing agreements than to pursue this option.

c) An arrangement with the **Federal Government Records Centre** is impossible because that facility has reached its capacity for federal records, having become a regional Records Centre for Western Canada.

d) **Using the Archives facility at 380 William** for storing inactive records is not a viable option. There are approximately 20,000 boxes of records in storage at The Archives and Records Control Branch of City Clerk's Department at 380 William Avenue. The majority are archival records that must be kept permanently. Approximately 1500 boxes of these are inactive, temporary records that are eligible for destruction under the new By-law. A considerable amount of space is used to store the City's art work and museum artifacts. *Any surplus space at 380 William Avenue must be reserved for archival records. Over the next 6 years the City could be required to accommodate up to 2500 boxes of archival records (3% of records created and stored plus those that have been accumulating in departments for decades).*

Analysis of Options

The chart below is a summary of advantages and disadvantages of each option, as discussed by the Records Committee.

Option	Advantages	Disadvantages
311 Ross	No purchase or lease agreements Costs recovered from user departments on an as-needed basis City retains full physical control over facility and records and all service processes City retains full budgetary control After improvements are made to the facility and departments are charged back on a user fee basis costs are minimal because they are transferred internally as charge backs Increase in Asset Value and marketability over time Location close to City Hall campus Building partly occupied and used for storage of records and election supplies	Costs are required to upgrade facility to existing records storage standards
Commercial Contract	Commercial provider offers all services with storage contract	Potentially high costs to renegotiate or terminate contract because of exit fees Corporate mergers could force changes in contractual agreements, service fees, etc. City has no control over budget and cost increases in the event of corporate merger, sale, or market influences City does not have physical control of records No provisions for election staging & storage of election materials

Province of Manitoba	Purpose built facility constructed according to government records standards & specifications Meets the highest standards for security and storage Immediate occupancy	Does not provide any services other than a storage fee and requires additional City human resources and operating costs City must provide services and equipment No provisions for election staging & storage of election materials Province advises it cannot meet long term needs after 2010 without a facility expansion that could raise storage costs that could only be cost effective over a 20-year period

5. Risk Assessment

Below is a summary and accompanying description of the most significant (high) risk factors associated with *not implementing* any of the Options 1 through 3. In other words, these are the risks associated with not having a records storage and disposal strategy.

CONTEXT RISK **(Opportunities and Threats)**			
External Environment	Organizational Culture	Legal, Compliance	Business Process
1 Trustworthiness and Accountability	3 Lack of Confidence in Recordkeeping Systems	4 Inability to Comply with Records and Information Legislation	5 Policy Direction from Plan Winnipeg
2 Inadequate storage facilities			

RESOURCE RISK **(Strengths and Weaknesses)**			
Human Resources	Financial Resources	Information Resources	Physical Assets
	6 Increasing Storage Costs	7 Timely Access to Records and Information	8 Sustainable Heritage Resources

1. **Trustworthiness and Accountability.** Poor or inadequate storage conditions increase the risk of loss, damage, or unauthorized access to records. These conditions cast doubt on the City's credibility as a steward of civic information and compromise its public image as a provider of accurate and reliable information. This may damage the City's reputation and corporate image.

2. **Inadequate Storage Facilities.** Inadequate facilities are barriers to effective retrieval of records and information in a timely manner. Outcomes are higher costs of retrieval, potential disruptions of service, substandard service, negative media and ensuing damage to the City's reputation and corporate image.

3. **Lack of Confidence in Recordkeeping Systems.** Inadequate or inappropriate storage facilities may force departments to keep records on site, or to destroy records that are needed for business operations. Both situations undermine recordkeeping principles and may contribute to a lack of

confidence in the City's records management systems. There is also the potential for undermining compliance with the Records Management By-law.

4. **Inability to Comply with Records and Information Legislation.** It cannot facilitate access to information in a responsive, comprehensive and transparent manner, consistent with Freedom of Information and Protection of Privacy Acts. Failure to comply, or perceived failure to comply with this legislation, may result in negative media and ensuing damage to reputation and corporate image.

5. **Policy Direction from Plan Winnipeg.** Adequate records storage is required to deliver the commitment to citizen engagement.

6. **Increasing Storage Costs.** Costs of storage are expected to increase because organizations create more records in order to conduct business. The City must manage records and information effectively as physical assets to ensure proper storage, retrieval, maintenance, and disposal.

7. **Timely Access To Records and Information.** Without providing for adequate facilities for storage, the City compromises its ability to manage records and information. Consequently, it cannot commit fully to the promotion of equitable access to facilities and services, as promised in Plan Winnipeg. Improper storage conditions may lead to disorganization, loss of information, breaches of security, unnecessary handling, additional resources for searching and retrieval.

8. **Sustainable Heritage Resources.** Poor storage exposes valuable, irreplaceable archival heritage resources to the risks of damage and loss. Inactive records must be protected in appropriate storage conditions until they can be transferred to archival custody.

Comparative Financial Summary:

As shown below, the least costly option to the City of Winnipeg for a five year term is Option 1 when compared to Option 2 and Option 3. Similarly, Option 2 is less costly than Option 3. Further, based on a 10 year term and 20 year term, Option 1 is the least costly option when compared to Option 3.

5 Year Analysis	**Option 1** ***Renovate 311 Ross***	**Option 2** ***Commercial Contract***	**Option 3** ***Provincial Archives***
Total Cost	$613,000	$751,000	$1,054,000
Net Present Value (5.25%)	$521,000	$625,000	$906,000
10 Year Analysis	**Option 1** ***Renovate 311 Ross***	**Option 2** ***Commercial Contract***	**Option 3** ***Provincial Archives***
Total Cost	$1,350,000	$2,624,000	$2,138,,000
Net Present Value (6.00%)	$970,000	$1,764,000	$1,570,000
20 Year Analysis	**Option 1** ***Renovate 311 Ross***	**Option 2** ***Commercial Contract***	**Option 3** ***Provincial Archives***
Total Cost	$2,281,000	$9,492,000	$4,413,000
Net Present Value (6.75%)	$1,267,000	$4,097,000	$2,353,000

Notes to Financial Summary:

1. **The purpose of this analysis is to provide an estimate of potential cost associated with implementation and 5, 10, and 20 year operation of the Options presented.** Specifically, this analysis presents a potential future financial requirement to the City of Winnipeg which may be higher or lower than as identified herein. The inability to estimate or project full occupancy cost to the City of Winnipeg results from (1) uncertainty as to Winnipeg real estate market conditions, (2) uncertainty of financial market conditions, and (3) other risk factors associated with increasing the years under study in any financial analysis beyond a year. As such, a precise estimate of total financial impact to the City of Winnipeg cannot be determined.

2. Estimates identified in the analysis contained herein are based on prior year or current incurred costs and quotes/opinions obtained from City of Winnipeg Administration staff professionals, external consultants, and/or external service providers based on their training and experience to the items requiring estimate.

3. The following costs/benefits have not been estimated as they are not presently quantifiable:

    - Potential future incremental tax revenue from improvements to civic owned property which may be sold or developed.
    - Cost savings from future technological efficiencies.

4. The costs/benefits of indirect factors such as decreased staff efficiency during relocation, negotiation and contract administration, etc. are not material or not traceable and, therefore, not contained in this analysis.

5. The analysis contained herein represents the total incremental cost required by the City of Winnipeg associated with the options under analysis. Note the total incremental cost for Cost/Benefit Analysis purposes as well as the "Net Budget Adjustment Required" as determined in the City of Winnipeg Financial Impact Statement will differ from the total incremental accommodation costs as determined by the Civic Accommodations Division (CAD) Chargeback System. The annual incremental amount as determined by the Chargeback System will become due and payable by the City Clerk's Department upon utilization of the additional area/space at 311 Ross.

Financial Definitions:

1. **Net Present Value Cost** – Estimated cost to the City of Winnipeg in today's dollars from implementation of the Option. Net Present Value Cost is based on (1) a five, 10 and 20 year period of study and (2) the City of Winnipeg incremental borrowing rate for each term representing the discount factor.

7. Recommendations

Approve an appropriation to cover the costs of retaining 311 Ross as the City of Winnipeg's Corporate Records Centre.

The appropriation should allow the City of Winnipeg to maintain in-house records storage and services using 311 Ross. Renovations to bring the building up to current storage standards will be amortized over a 5 year period and absorbed within existing Departmental budgets, or the costs will be covered recovered through charge backs to departments at rates less than or equal to current market prices.

Benefits

The expenditure will increase the value of the building over time, and additional costs are necessary to make the facility viable for any purpose. Expenditures for the Ross facility are minimal when compared with the costs of storing inactive records in valuable office space.

The City has full physical and budgetary control over records storage costs if 311 Ross is retained as a corporate storage facility. Other solutions are subject to market trends and influences. The City will also benefit from centralized records storage and services, which will assist in long and short-term planning. The situation will be reviewed after 5 years to examine long-term feasibility of 311 Ross and other civic buildings, commercial service contracts, or a provincial partnership.

Costs to the City of Winnipeg are minimized because the majority of expenditures will flow internally on a nominal fee basis through the charge back system.

The recommendation is consistent with the long-range plan for the City's Corporate Records Centre, as tabled in the Cook Report, 1999.

Appendix 1
Records Centre Standards

Governmental agencies adhere to certain standards when providing for records storage needs. Basic standards are available from the Canadian Federal Government, the International Standards Organization, as well as municipal organizations such as the City of Vancouver.

Basic factors for consideration of storage facilities and options are summarized below:

- **Location** away from known hazards, yet convenient to user needs. Many organizations locate their records centre facilities some distance away from their central offices as a disaster recovery strategy, and depend on high quality services to ensure that records are brought to end-users on time.

- **Environmental controls** are needed as appropriate to record formats and retention periods. Even records that are kept for a short period of time need to be free of excessive humidity and fluctuations in temperature. In addition to this, some inactive records that have been appraised as archival are usually stored for a short period of time in records centres and require these same basic levels of environmental security.

- **Security** provided by physical facility controls, and including shelving and packaging that provides security, accessibility, protection from deterioration. This also includes maintenance and security safeguards in all processes from initial transfer, to retrievals, to destruction.

- **Protection from disaster** through disaster management programs and equipment (fire suppression, etc.) to minimize risk.

- **Careful handling** to prevent damage and deterioration to records.

- **Accessibility** to records through the use of appropriate inventory management and indexing systems to ensure that records can be identified located and retrieved easily, and through the provision of services.

Governmental agencies will apply these standards and adhere to them according to their corporate requirements, available resources, etc.

References

Canada. Human Resources Development Canada. Fire Commissioner of Canada (FCC). *Standards for Record Storage* (May 1979), FCC

Standard No. 311; *Standard for Fire Extinguishers (Section 401.3 only)* (November 1977), FCC Standard No. 401; and *Fire Protection Standard for Sprinkler Systems* (November 1994), FCC Standard No. 403

International Standards Organization, ISO 15489 – 2002 *Records Management*

National Archives of Australia, *Standard for the Physical Storage of Commonwealth Records* (December 2002)

National Fire Protection Association (USA). *Standard for the Protection of Records*. NFPA 232-2000

British Columbia Archives Policy pol03-03. (February 2001) *Contracted Records Centre Services*

Canadian Conservation Institute. Technical Bulletin 23: *Guidelines for Humidity and Temperature for Canadian Archives*. Stefan Michalski., Ottawa, n.d.

Appendix 2
Survey of Archival and Corporate Records Centre Services in Canada

GOVERNMENT RECORDS STORAGE FACILITY MODELS						
GOVERNMENT BODY		RECORDS STORAGE & RETREIVAL				DESTRUCTION
	CURRENT PROGRAM BEGAN	RECORDS CENTRE FACILITY	RC FACILITY & SERVICE PROVIDER	LEASED FACILITY	COMMERCIAL SERVICE PROVIDER	INTERNAL SHREDDING OPERATIONS
City of Vancouver - OLD	1972			X		
City of Vancouver - NEW	2001				X	
City of Winnipeg	1973		X			
City of Toronto	2002	X				
City of Calgary	1990	X				
City of Edmonton		X				
City of Ottawa				X		
City of Thunder Bay	1990	X				
City of Kingston	1999			X		
Archives of Ontario - OLD	1980s		X			
Archives of Ontario - NEW	2005		X			
Manitoba Archives - OLD	1980s			X		X
Manitoba Archives - NEW	2003	X				X
Province of Alberta	2003	X				
BC Archives	1988				X	
Govt of Canada MB Region RC	1996		X			X

Appendix 3
Case Studies: Archival and Corporate Records Centre Services in Canada

Government of Canada (Manitoba Region Federal Records Centre)

The current program began in 1996 with construction of a new facility located in Winnipeg. The facility was designed and constructed to meet fire protection requirements for the storage and handling of government records including fire rated archival storage. Government departments and agencies are required to transfer records to regional Government Records facilities. Records Centre staff are federal government employees. The Regional facility in Winnipeg also houses secure records destruction operations.

Sources: See http://www.hrsdc.gc.ca/asp/gateway.asp?=/en/lp/lo/fp/standards/311, shtml&hs=fzp for the *Government of Canada Standard for Records Storage (FC 311 M).*

Archives of Manitoba

In 2002, the Archives of Manitoba receive approval to construct a custom-built records storage facility in St. Boniface. The new facility, which opened in 2003, was constructed to accommodate semi-active and archival records for the next 20 years. It provides "centralized records storage, retrieval and destruction services for all government departments and agencies." The facility meets the Province's environmental specifications for temporary and archival records storage.

Sources: Manitoba Government, Culture Heritage & Tourism. *Annual Reports.*
http://www.gov.mb.ca/chc/archives/gro/recordkeeping

City of Kingston

The City of Kingston maintains a 5-year lease with a private company to store inactive records. Cost details are available at the link below.

Source: http://www.cityofkingston.ca/pdf/council/agenda/2004/A20_Rpt66_f-o.pdf

City of Ottawa

The City of Ottawa is planning to amalgamate records storage and archival facilities. As stated in the Ottawa 20/20 Arts and Heritage Plan, a high priority issue for 2004 is to assist the City of Ottawa Archives in resolving the ongoing problem of finding a permanent facility (>35,000 sq. ft.), with adequate active and storage facilities. Critical factors that warrant resolution of this issue are:

- The City of Ottawa current lease at 111 Sussex Drive expires at the end of 2004.
- Stable facilities and funding is needed for staffing the City Archives to enable processing a backlog of 78,000 boxes of records inherited by amalgamation and for normal daily archival activity.

Sources: http://ottawa.ca/calendar/ottawa/citycouncil/a-acac/2004/09-30/2004-2005%20Workplan%20-%20Arts%20Heritage%20%20Culture.htm

http://ottawa.ca/calendar/ottawa/citycouncil/csedc/2003/10-07/ACS2003-CRS-INT-0003

City of Toronto

Prior to the 2001 decision to build the existing 27,000 sq. ft. facility, there was consideration of renovating existing buildings and rental of commercial space to consolidate eight existing records centre facilities. The new facility opened in 2002. Holdings have increased from 230,000 boxes in 1999 to 315,000 boxes in 2003. The decision to build a new facility was based on balancing the following factors:

- Secure location and proximity to highways
- Economical mechanical systems and comfortable working conditions
- HR requirements – high volume storage requires reorganizing and retraining of workforce to adapt to warehouse facility

Source: City of Toronto Archives Annual Report 2001

City of Vancouver

The City of Vancouver outsources the storage of semi-active records. Prior to 2001, the City of Vancouver operated a records centre operation in a leased facility. Since 2001, the City of Vancouver has used the services of an outside vendor for storage and retrieval of semi-active records from all City departments.

Source: http://vancouver.ca/ctyclerk/cclerk/20040420/a1.htm