



FOR INFORMATION

PUBLIC

OPEN SESSION

TO:	UTM Campus Affairs Committee
SPONSOR:	Deborah Brown, Chief Administrative Officer
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PRESENTERS:	<p>Deborah Brown, Chief Administrative Officer 437-992-1058, cao.utm@utoronto.ca</p> <p>Christine Esteban, Executive Director, Budget, Planning & Finance 905-870-3473 christine.esteban@utoronto.ca</p> <p>Luke Barber, Executive Director, Digital & Physical Infrastructure 416-725-6953, lucas.barber@utoronto.ca</p>
DATE:	March 19, 2025 for March 26, 2025
AGENDA ITEM:	5

ITEM IDENTIFICATION:

UTM Deferred Maintenance Program

JURISDICTIONAL INFORMATION:

As per the Policy on Capital Planning and Capital Projects, “Deferred Maintenance” is defined as:

“Deferred Maintenance” Represents capital expenditures that are necessary to maintain the functionality of existing capital assets over their expected life. For further clarity, deferred maintenance projects that are required to maintain the functionality of existing capital assets do not fall within this policy as they are approved annually via the University budget process.

As per section 5.1 of the Campus Affairs Committee Terms of Reference, the Committee is responsible for “Budget” and “Capital projects and space.”

GOVERNANCE PATH:

For Information:

1. Planning & Budget Committee (January 8, 2025)
2. UTSC Campus Affairs Committee (March 24, 2025)
3. **UTM Campus Affairs Committee (March 26, 2025)**
4. UTSC Campus Council (April 21, 2025)
5. UTM Campus Council (April 22, 2025)

For Approval:

1. Academic Board (January 30, 2025)
2. Business Board (January 29, 2025)
3. Executive Committee (February 11, 2025)
4. Governing Council (February 27, 2025)

PREVIOUS ACTION TAKEN:

No previous action.

HIGHLIGHTS:

The Opportunity

The University is proposing a deferred maintenance program with a historic \$350M investment in our campus assets over three years to safeguard and responsibly maintain our world-class spaces.

This central program would address the highest priority renewal needs, identified based on physical condition, current use (academic and research), future use and the impact of anticipated failures on building occupants and other building systems. The program funding will be exclusively for deferred maintenance projects and not for new spaces or expansions. See attached Business Board documentation, from January 29, 2025, which was approved. It outlines the scope of the central Deferred Maintenance Program, to be funded through debt financing and the deferred maintenance budget.

UTM is requesting a debt allocation of \$8.5M for deferred maintenance to address its operating budget shortfall over the next five years. This portion of the \$350M investment will occur on the UTM Campus to fund three pivotal deferred maintenance projects, all of which will improve campus safety, sustainability, and operational efficiency:

These projects include:

- (1) replacing the heating boiler in our CCT building;
- (2) refreshing the outdated fire alarm system in Davis; and
- (3) renewing the deaerator and condensate pumps in our central utilities plant.

This proactive investment will help prevent costly, disruptive and potentially dangerous infrastructure failures, while maximizing opportunities to increase climate resilience and energy efficiency and ensuring safe and reliable settings for exceptional student experience, critical research, and campus life for the University's global talent.

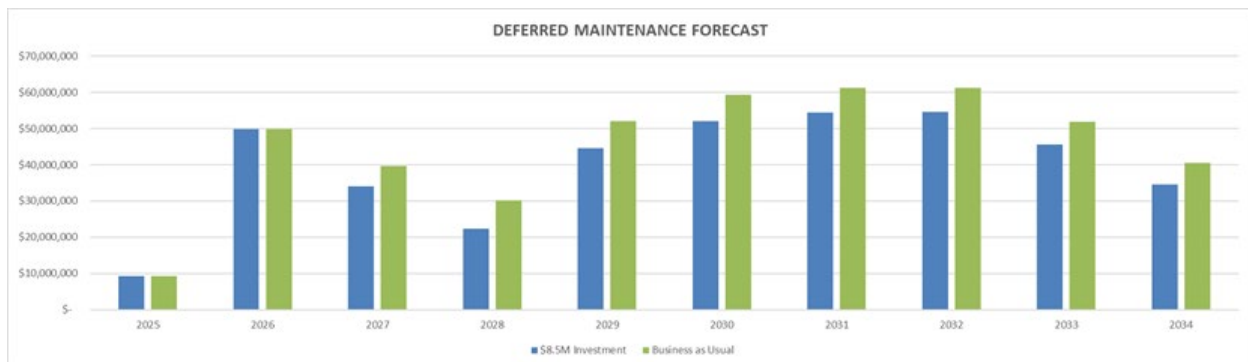
Leveraging this available debt financing through this central program will collectively move UTM to a 5-year balanced budget overall, providing relief to UTM operating funds. UTM intends to cover this deficit by (a)

transferring funds from our internal deferred maintenance operating budget and (b) replenishing those funds with a deferred maintenance loan approved from U of T's central deferred maintenance envelope.

Impact to UTM Deferred Maintenance

Strategic management of deferred maintenance is essential, particularly as environmental and economic factors continue to drive up the costs of major building infrastructure renewals and upgrades. Utilizing available debt financing through the central program will help slow the growth of the deferred maintenance backlog, while simultaneously reducing the risk of infrastructure failures and improving the overall occupant experience.

Historically, UTM's deferred maintenance funding has been lower than that of national comparators, contributing to the current backlog. The average deferred maintenance funding as a percentage of total current replacement value is 2.07% across Canada. In comparison, UTM's average is 1.64%, highlighting the need for a long-term funding strategy and a structured approach to prioritizing and addressing building infrastructure renewals and upgrades. In the institutional context, however, UTM's Facilities Condition Index (FCI, deferred maintenance backlog / total replacement value of assets) is the most favourable of the three campuses – 7.7%, compared to UTSC and St. George at over 22% each. Prudent, proactive infrastructure renewal programs, ensure UTM remains the only of the campuses for which all three major indices of deferred maintenance performance (FCI, DM backlog, and priority-one needs) have improved in the 2024 DM report hence the comparatively small financing request.



RECOMMENDATION:

For information.

DOCUMENTATION PROVIDED:

Presentation: UTM Deferred Maintenance Program
Deferred Maintenance Annual Report 2024

UTM Deferred Maintenance Program



UTM's Operating Budget – Context

Aggregate effect of historical and projected losses has created an \$8.5M multi-year deficit for UTM's operating budget

Provincial	<ul style="list-style-type: none"> • Extended freeze on in-province domestic tuition • Long-term decline in real value of operating grants
Federal	<ul style="list-style-type: none"> • Changing immigration policies • New cap on international students • Growing geopolitical tensions
Institutional	<ul style="list-style-type: none"> • Inflationary pressures on expenditures, especially on construction • Growing investment in compensation

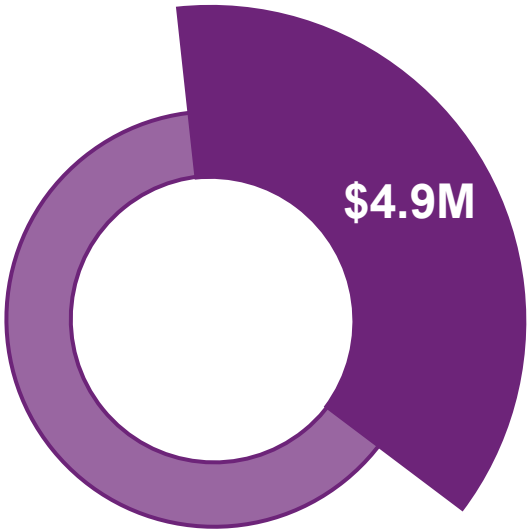
	2025-26	2026-27	2027-28	Total Deficit
Annual Operating Loss	\$1.6M	\$4.9M	\$2.0M	\$8.5M

UTM Deferred Maintenance

Total Deferred Maintenance Loan \$8.5M



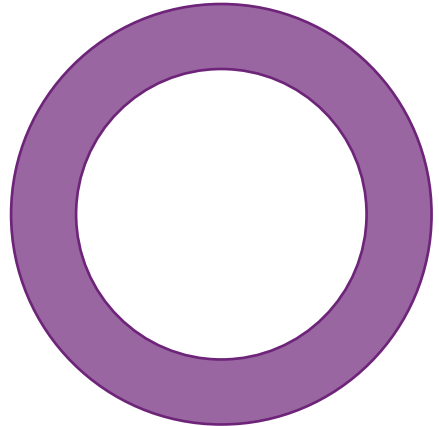
2025-26



2026-27



2027-28



2028-29 Onwards



Annual Deferred Maintenance Budget



Annual Loan

DEFERRED MAINTENANCE BY CAMPUS

	DEFINITION	ST. GEORGE	MISSISSAUGA	SCARBOROUGH
TOTAL CURRENT REPLACEMENT VALUE	The cost to replace all academic and administrative buildings on campus	\$5.56B for 117 buildings (up \$330M)	\$0.96B for 26 buildings (up \$223M)	\$0.64B for 11 buildings (up \$45M)
DEFERRED MAINTENANCE BACKLOG	The cost of major repairs and upgrades needed to fix a building's deficiencies	\$1.24B (up \$249M)	\$73.2M (down \$28M)	\$141.6M (up \$41.5M)
FACILITY CONDITION INDEX	Total deferred maintenance backlog / total Current Replacement Value	22.3% (up 3.3%)	7.7% (down 6.1%)	22.2% (up 5.3%)
PRIORITY-ONE NEEDS	The cost of deficiencies that are recommended to be addressed within the next year	\$420M (up 30.6%)	\$6.1M (down 84.7%)	\$47.7M (up 152.5%)

UTM's Facilities Condition Index (FCI) is the most favourable of the three campuses – **7.7%**, compared to UTSC and St. George at over 22% each.

A prudent, proactive infrastructure renewal program has contributed to UTM improving its deferred maintenance performance. All three major indices of deferred maintenance performance have improved for UTM in the tri-campus 2024 DM report. This data informed the UTM share of the financing request.

[2024 U of T Deferred Maintenance Report](#)