



TO: Business Board

SPONSOR: Ron Swail, Assistant Vice-President, Facilities and Services

CONTACT INFO: 416-978-5855 email: ron.swail@utoronto.ca

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AGENDA ITEM: 6(c)

ITEM IDENTIFICATION:

Annual Report on Deferred Maintenance for the Year 2011

JURISDICTIONAL INFORMATION:

The Business Board is responsible for University owned or leased property, including the district energy system and equipment and any general policies governing the maintenance of buildings and grounds.

PREVIOUS ACTION TAKEN:

The 2010 Deferred Maintenance report was presented for information at the meeting of January 31, 2011.

HIGHLIGHTS:

The University's total deferred maintenance liability on academic and administrative buildings presently stands at \$422M, up substantially from last year's figure of \$338M. The increase is attributable to the re-audit program taking place at St. George where over 25 buildings were audited in 2011. The new audit process is more rigorous than the original process and the fact these buildings were originally audited 10 years ago has resulted in the increased volume of deferred maintenance items. Going forward, as UTM and St. George continue to re-audit buildings, the University's deferred maintenance liability is anticipated to rise. As with previous reports, the vast majority of deficiencies are still focused at St. George with \$380M of the total \$422M liability.

Our combined facility condition index (FCI) is now 13%, up by two percent from the previous year. Our institutional FCI is higher than the COU average across the sector of 10%. Ten percent is the lower threshold for buildings in "poor" condition. UTSC, with the re-audit of all of their nine buildings in 2010, has seen a spike in their FCI which now stands at 12%. St. George's FCI now stands at 14.5%, up from the previous report. Again the reason for the FCI shift is the re-audit program. The UTM portfolio has a stable FCI at 2.3%, in the "excellent" range, but this is anticipated to increase as the portfolio is re-audited in the coming years.



While the volume of deferred maintenance items has increased, it is important to note that the priority one items, repairs which should be undertaken within a year, has steadily trended down over the years. The funds that have been provided to address deferred maintenance have been utilized to address the most pressing deficiencies. In fact, the priority one deficiencies at St. George, which has 98% of the priority one deficiencies, have been reduced to \$21M from a high of over \$75M several years ago. A wide range of repairs have been undertaken over the past year including: roof replacements, building envelope, heating, ventilation and air conditioning improvements, elevator modernizations, improvements to lecture halls and study spaces, renovations to high use washrooms, and security/life safety improvements.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

We are receiving significant internal funding, \$11.6M in 2011, to address this issue at St. George. While the University receives some external funding from the Province, this funding has been reduced from \$5M to \$3.2M in 2010. This liability will be with us for a very long time into the future. With stable and significant funding, we will be able to manage this issue and minimize, although not eliminate, the chance of an unforeseen problem having major consequences to the University's mission and operating budget.

RECOMMENDATION:

Report is for information.