



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Business Board

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DATE: January 24, 2022 for February 2, 2022

AGENDA ITEM: 8

ITEM IDENTIFICATION:

Annual Report on Deferred Maintenance for the year 2021

JURISDICTIONAL INFORMATION:

Pursuant to Section 5 of the *Terms of Reference* of the Business Board, the Board "... is responsible for University owned or leased property including physical plant." Further, according to Section 5.3 (c.) the Board receives an annual report from the President or designate on deferred maintenance.

GOVERNANCE PATH:

1. Business Board [for information] (February 2, 2022)

PREVIOUS ACTION TAKEN:

The *Annual Report on Deferred Maintenance for the year 2020* was presented for information at the meeting of February 3, 2021.

HIGHLIGHTS:

The combined current replacement value of all academic and administrative buildings at the University of Toronto increased slightly to \$5.3B. The total deferred maintenance liability across all three campuses' academic and administrative buildings is \$820.5, up by \$26.8M from 2020. The University's combined facility condition index (FCI) remains stable at 15.5%.

The ability to, year-over-year, address deferred maintenance needs has direct and unequivocal consequences on:

- our ability to maintain the organization’s ranking and attract top research and teaching talent,
- the reliability of our building systems and the prevention of unexpected failures and incidents,
- the student experience on campus when participating in every facet of academic life and community, and
- the resilience of our facilities in the face of climate change and imminent environmental events.

The University’s deferred maintenance funding continues to lag behind all peers in Ontario and Canada. For the University’s St. George campus, the current deferred maintenance investment of 0.75% of the replacement value of all campus buildings is below:

- the provincial average investment of 1.45%,
- the national average investment of 2.07%, and
- the well-established sector-specific standard investment of 1.5 to 3.0% that is necessary to maintain overall infrastructure health of post-secondary facilities.

To catch up with our peers while appropriately spending the deferred maintenance budget we have been allocating our funding differently. In 2019, the St. George campus pioneered a new model to strategically prioritize the allocation of deferred maintenance funding. In this comprehensive model, each asset is assigned a weighted risk score every year based on a variety of criteria: the physical condition of the asset, space use, and the impact of failure—all within the context of long-range capital planning. Funding is then prioritized for building systems with the highest risk scores—ensuring fiscally responsible spending while meeting the University’s needs.

We are beginning to see early evidence that our targeted approach is effectively addressing the highest risk infrastructure on our campus. Between 2020 and 2021, we decreased the proportion of our deferred maintenance identified as highest risk. Over time, we are aiming to change the risk profile of our entire infrastructure portfolio.

We have also continued to play an important leadership role in the post-secondary sector in Ontario. As chair of the Council of Ontario Universities table on deferred maintenance, the University of Toronto led the selection of a new auditor for the province and the establishment of key tools, including a deferred maintenance database. Fully leveraging the robust new data, we dedicated resources to analyze trends for all institutions and develop forward-looking projections of the FCI for the entire province. Our role has also extended to advocacy with the Ministry of Colleges and Universities and the Ministry of Infrastructure for greater infrastructure funding for the sector.

FINANCIAL IMPLICATIONS:

In fiscal 2021–22, \$32.5M is being invested in the deferred maintenance program on the St. George campus.

As reported in the 2021 budget report, deferred maintenance funding remains a key budget risk for the institution. The current level of funding for the St. George campus would have to be increased to \$63.2M to match the 1.45% average level of investment by our peers in Ontario.

The deferred maintenance budget is reviewed on an annual basis through the budget process. Last year, a 10-year budget plan was submitted to bridge the gap in funding with our peers and ensure our ability to meet our long-term infrastructure needs. Aligned with the 10-year budget plan, an additional \$2.5M in base funding is sought for fiscal 2022–23 for the St. George campus.

Our deferred maintenance liability is significant and will have to continue to be managed strategically into the future. Our comprehensive deferred maintenance risk model focuses on maintaining a vibrant campus experience while ensuring the reliability of our facilities and decreasing the chance of an unforeseen problem having major consequences for the University's academic and research mission and operating budget.

RECOMMENDATION:

For information

DOCUMENTATION PROVIDED:

- *Deferred Maintenance Annual Report 2021*