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**MEMORANDUM**

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**TO:** BOARD OF GOVERNORS  
**FROM:** BOB CARTER  
**SUBJECT:** 10-YEAR DEFERRED MAINTENANCE PLAN  
**DATE:** MAY 29, 2008

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The purpose of the 10-year plan is to provide the ongoing capital investment necessary to address critical deferred maintenance and reduce the likelihood of a major breakdown, which could have an adverse impact on the operations of the University. As part of the Board approval in May 2006, it was agreed that annual reports on progress would be provided to the Physical Resources and Property Committee (PRPC) and the Board along with a proposal for the next year of activity under the Plan. These annual reports and plan up-dates are then used to support annual consideration of next steps in the implementation of the multi-year financing plan.

Enclosed (Appendix A) for the Board's information is a report submitted to the PRPC in February 2008 listing the projects completed and in progress, that were funded in fiscal 2007-08.

Also enclosed (Appendix B) is the summary page from the proposed 2008-09 update of the 10-year plan, which includes the fiscal 06-07 and 07-08 budgeted amounts (shown under Years 1 and 2). This up-dated plan reflects the provisions of the capital financing plan approved by the Board on April 16, 2008.

Board members will note that for the two-year period 2008-09 and 2009-10, proposed projects total \$32,642,200 million. The University recently has been allocated a total of \$20 million in one-time funding to be used for campus renewal projects from year-end provincial funds for 2007-08 and 2008-09. Unless additional funds are forthcoming from the MTCU, the University may be required to adjust the 2009-10 project list as well if its fiscal situation dictates again that borrowing be restricted.

Both the President and the Council of Ontario Universities have been working with the Ministry of Training, Colleges and Universities to establish base funding for campus renewal at the level required to bring about a significant improvement in universities' facilities condition index over time. In the University of Guelph's case this would require funding in the range of \$20 million per year.

Each of the projects incorporated in the plan reflect the most urgent critical needs, identified in the latest facility condition audits. It is important to keep in mind that changes to the plan may be necessary as a result of unforeseen events such as unscheduled breakdowns, integrated planning priorities that impact physical space, new government regulations or updated facility condition audits. Deferred projects that were originally contemplated for completion in 2008-09 but eliminated from PRPC's original proposal due to the limits of the University's capital financing plan were identified using the Physical Resources' risk-based prioritization matrix. This system weighs three key factors: Likelihood of loss or failure; the severity of loss or failure; and the cost (legal, financial and operational) of deferring the repair/replacement. Based on this assessment, the Administration believes that deferring the projects as indicated, while not desirable, will not place any building at risk of failure.

As was the case in 2007, implementation of the plan will not provide an overall improvement in the FCI but will, at best, hold it steady in the face of growing deferred maintenance requirements.

Notable changes to the updated 10-year plan are as follows:

- Addition of \$1.7 million over 2008-09 and 2009-10 for additional electrical capacity that will be necessary to service new space in Phase 2 that is being considered for continued OVC redevelopment.
- Reduction of approximately \$1.8 million over the three years remaining in the 5-year financing plan.
- \$1.07 million for Utilities conservation initiatives (lighting and water conservation) a portion of the cost of which will be offset by the undergraduate students, faculty and staff contributions and.
- Recently announced one time MTCU funding of \$8.1 million for campus renewal projects to be used to offset the 08/09 planned expenditure.

Project   Title  
Number

Forecast

**EMERGENCY CONTINGENCY**

**EMERGENCY PROJECTS**

620075	CHILLER #2 COOLANT DRAIN	33,027
620076	VACUUM PUMP REPLACEMENT	65,661
620079	NEUTRALIZING TANK BYPASS	6,600
620080	REVISE HUMIDITY/REHEAT CONTROLS	110,000
620082	CUP R.O. SYSTEM BACKUP	35,750
620083	CONCRETE CHIMNEY BREECHING REPAIRS	6,332
620084	ROZANSKI HALL FAN COIL INSULATION	37,577
620085	STEAM LINE REPLACEMENT BETWEEN 29 & 31	88,508
620086	REPLACE BOILER AT FIELDING HOUSE	14,505
620087	REPLACE GORDON STREET DOMESTIC WATER VALVES	20,000
620088	ELECTRICAL REPAIRS: BRINE TANKS	10,500
620091	WATERMAIN REPAIRS	25,000
	EMERGENCY PROJECTS CONTINGENCY	66,540

**TOTAL: EMERGENCY PROJECTS**

520,000

**TOTAL: EMERGENCY CONTINGENCY**

520,000

**PLANNED DEFERRED MAINTENANCE (BUILDINGS)**

**BUILDING INTERIORS**

620081	MISCELLANEOUS CLASSROOM REPAIRS	318,000
	ELEVATOR CROP SCIENCE	38,000

**TOTAL: BUILDING INTERIORS**

356,000

**BUILDING HVAC**

620061	HOT WATER HEATERS JOHNSTON HALL	24,345
620062	HVAC EQUIPMENT ANIMAL SCIENCE	228,000
620063	HVAC EQUIPMENT OVC PATHOBIOLOGY	181,000

**TOTAL: BUILDING HVAC**

433,345

Project Title  
Number

Forecast

**BUILDING ENVELOPE**

620060	ROOFING MAINTENANCE PROGRAM	1,813,000
620071	CAULKING MACNAUGHTON	191,000
620069	REPAIR CREELMAN HALL	496,500
620052	REPAIR JOHNSTON HALL	230,365
620051	REPAIR MACDONALD HALL	193,036
620070	REPAIR OVC MAIN BUILDING	127,300
	REPAIR UNIVERSITY CENTRE	76,400
620077	MACDONALD INSTITUTE PORTICO RESTORATION	127,300
620078	MACDONALD INSTITUTE PARAPET RESTORATION	3,181,300
620089	RAITHBY HOUSE REHABILITATION DESIGN	35,000
	REPAIR MACNAUGHTON	41,400

**TOTAL: BUILDING ENVELOPE**

6,512,601

**TOTAL: PLANNED DEFERRED MAINTENANCE (BUILDINGS)**

7,301,946

**PLANNED DEFERRED MAINTENANCE (INFRASTRUCTURE)**

**INTEGRITY OF SERVICE**

620064	STEAM & CHILLED WATER LINES: LENNOX ADDINGTON	1,300,000
620065	STORM & SANITARY SEWER LINES: REYNOLDS & CUP	382,000
620066	MISCELLANEOUS CAMERA INSPECTIONS AND FLUSHING	95,500
620073	REPLACE FINAL 3 CUP TRANSFORMERS	662,000
620074	REPLACE PCB TRANSFORMERS (ANIMAL SCIENCE & MACDONALD HALL)	748,000
620067	IN-BUILDING 5-YEAR GAS PIPING INSPECTIONS	65,600

**TOTAL: INTEGRITY OF SERVICE**

3,253,100

**TOTAL: PLANNED DEFERRED MAINTENANCE (INFRASTRUCTURE)**

3,253,100

**ENERGY CONSERVATION**

**ENERGY CONSERVATION**

620072	HVAC CONTROLS UPGRADES	509,000
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**TOTAL: ENERGY CONSERVATION**

509,000

**TOTAL: ENERGY CONSERVATION**

509,000

Project Title  
Number

Forecast

**PLANNED EXPANSION**

**PLANNED EXPANSION**

620068 COOLING PLANT EXPANSION

5,537,000

**TOTAL: PLANNED EXPANSION**

5,537,000

**TOTAL: PLANNED EXPANSION**

5,537,000

**TOTAL**

17,121,046

**APPROVED BUDGET**

17,669,000

**REMAINING FUNDS**

547,954

Recap: 10 Year CRITICAL Deferred Maintenance and Utilities Capacity Expansion Plan													
Notes:													
Refer to other Worksheets for supporting data													
Definition: Emergency Contingency - something has broken and needs immediate attention to fix (ie. water leak)													
Definition: Critical, Urgent Repairs - nothing is broken but a significant risk has been uncovered that requires attention (ie. health & safety issue)													
FRP Estimate: no governmental base increase													
Internal cost rate	4%												
Contingency	10%												
Consulting	10%												
Inflation rate	4%												
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Included in 5 Year Financing Plan</div>													
Deferred Maintenance Plan	from:	Total Budget: Revised 10 Year Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Comments
		(Years 1-10)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	
Emergency Contingency		6,260,000	500,000	520,000	550,000	580,000	610,000	640,000	670,000	700,000	730,000	760,000	Year 1 inflated over 10 years
Planned Deferred Maintenance (Buildings)	300	68,522,000	3,708,000	7,498,000	5,195,000	6,576,000	6,583,000	9,141,000	7,145,000	7,261,000	7,551,000	7,864,000	
Planned Deferred Maintenance (Infrastructure)	400	65,221,000	4,471,000	3,605,000	2,495,000	6,023,000	4,544,000	3,686,000	7,086,000	11,973,000	12,191,000	9,147,000	
Utilities Conservation Projects	700	9,309,000	-	509,000	1,072,000	1,095,000	1,117,000	1,142,000	1,166,000	1,042,000	1,069,000	1,097,000	
Facilities Renewal Program (FRP) Projects	500	16,040,800	1,604,000	1,604,000	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	
<b>Totals</b>		<b>165,352,800</b>	10,283,000	13,736,000	10,916,100	15,878,100	14,458,100	16,213,100	17,671,100	22,580,100	23,145,100	20,472,100	
<b>Utilities Capacity Expansion Plan</b>													
		<b>Total Budget: (Years 1-10)</b>											
Cooling Plant Expansion		9,657,000	3,920,000	5,537,000	200,000								
Heating Plant Expansion		2,792,000	-	-	503,000	2,289,000							
OVC Electrical Service (Loop 7)		1,700,000			808,000	892,000							
OVC Essential Power Switchgear		1,156,000				1,156,000							
* <b>Totals</b>	600	<b>15,305,000</b>	3,920,000	5,537,000	1,511,000	4,337,000	-	-	-	-	-	-	
<b>TOTAL</b>		<b>180,657,800</b>	14,203,000	19,273,000	12,427,100	20,215,100	14,458,100	16,213,100	17,671,100	22,580,100	23,145,100	20,472,100	
LESS: Facilities Renewal Program (FRP) Funding	500	16,040,800	1,604,000	1,604,000	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	1,604,100	
LESS: Student Energy Contributions	700	2,960,000			370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	
<b>TOTAL FUNDING REQUIRED</b>		<b>161,657,000</b>	<b>12,599,000</b>	<b>17,669,000</b>	<b>10,453,000</b>	<b>18,241,000</b>	<b>12,484,000</b>	<b>14,239,000</b>	<b>15,697,000</b>	<b>20,606,000</b>	<b>21,171,000</b>	<b>18,498,000</b>	

NOTE: Cells where totals have been changed are highlighted

\*\*For FY 08/09 significant equipment failure costs are not covered

These numbers are a result of building and infrastructure audits. Axelrod excluded.

These are estimates. Actual costs to be determined.