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2019 CAPITAL BUDGET BRIEFING NOTE

Economic Development and Culture's Building Condition Audits

Issue/Background:

At Budget Committee on February 4, 2019, Motion 2b - *Motion to Amend Item (Additional) moved by Councillor Shelley Carroll was **carried***:

Economic Development and Culture

That the General Manager, Economic Development and Culture provide a budget briefing note on the following:

- f. whether delays to Building Condition Audits in the 2019 budget will risk increased costs or irreparable damage to heritage properties in the Economic Development and Culture portfolio;

Key Points:

The following is the response to question f in Motion 2b:

f. whether delays to Building Condition Audits in the 2019 budget will risk increased costs or irreparable damage to heritage properties in the Economic Development and Culture portfolio;

Included in the "Unmet Capital Needs" identified by Economic Development and Culture is \$0.700 million in capital funding for *Building Condition Audits* that could not be accommodated within the City's current debt targets given the limitations on debt servicing costs and therefore were not included in the 2019 – 2028 Staff Recommended Capital Budget and Plan for EDC.

Building Condition Audits (BCA) are a recognized and valued tool in responsible property management. Qualified professionals assess the existing condition of building fabric and systems to identify immediate, short-term and long-term needs and estimated costs, providing valuable data for capital budget planning. In the absence of this information being kept up-to-date, the division risks falling into an erratic pattern of emergency response to avoid irreparable damage to City assets, or even permanent loss. This disrupts budget planning and resource management.

Several EDC properties are without any condition audit, and many existing BCAs are out of date. The industry standard is to update the information every five years in order to capture the change over time that buildings and landscapes, exposed to variable environmental and technical

circumstances, experience. Staff mitigate the risk using their professional expertise in working with a large portfolio. With 40 (not including the St. Lawrence Theatre and Toronto Centre for the Arts which are now under TO Live management) heritage properties and 100 buildings, the EDC portfolio is of a size that the professional Capital Assets staff, through project work, active observation and communication with building users, is responsive to changing state of good repair priorities due to unexpected change. This strategy works well to avoid most irreparable damage to the heritage portfolio, but does disrupt project budget planning when urgent projects result in deferral of planned projects. As a result, there are some unquantifiable increased costs to the City, both for the urgent, unplanned projects and deferred projects, which are subject to increased deterioration and inflationary cost increases.

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