

2025-26 Capital Budget

A. The Nature of University Capital Expenditures

The Capital Budget for 2025-26 sets out Western's planned capital spending in the context of the proposed Long-Range Space Plan, as outlined in Table 13 of the Operating Budget. The various elements of capital spending are grouped into nine categories as shown in Table 14.

Category 1 shows all new construction, while categories 2 to 7 show renovations to existing space. Category 1 expenditures are usually funded from general University funds, the major exceptions being projects funded all or in part from external research grants, private funds, government, student contributions, and Housing construction – the latter being funded from the Housing budget. Categories 2 to 5 are funded primarily from general University funds and government, while category 6 is funded from Housing operations, and category 7 is funded by the Ancillary Unit undertaking the work. Categories 8 and 9 involve carrying costs and loan repayments, other expenditures such as purchases of land and buildings, and transfers from the Capital Budget for other purposes. Planned capital expenditures for 2025-26 total \$252.6 million.

Categories 2 to 5 involve **Maintenance, Modernization, and Infrastructure (MMI)** and are eligible to receive funds from the annual MMI transfer from the Operating Budget to the Capital Budget. These types of expenditures are directed at the modification of existing space and the renewal and expansion of the utilities and infrastructure of the University.

In planning future expenditures on MMI, it is useful to consider the Current Replacement Value (CRV) of our campus capital assets. Recent increases in overall construction and renovation costs have increased Western's buildings and infrastructure CRV. In addition, the successful integration of Brescia University College into Western on May 1, 2024 added 30,075 gross square meters of space across 6 major buildings. As shown in *Figure E*, our buildings and infrastructure have a CRV of approximately \$5,452 million (as at February 24, 2025).

Figure E
CURRENT REPLACEMENT VALUE (BUILDINGS AND INFRASTRUCTURE)

	Western University	CRV (\$M)	Square Metres	Major Buildings
1	Major Non-Residential Buildings	3,419	599,479	80
2	Utilities and Infrastructure	230		
3	Subtotal, Eligible for MMI	3,649	599,479	80
4	Housing	1,344	278,522	15
5	Other Ancillary Buildings	460	71,983	11
6	Total	5,452	949,984	106

The University has approximately 599,500 gross square metres spread amongst eighty major non-residential buildings. The non-residential buildings, including utilities and infrastructure, are the physical assets generally eligible for MMI expenditures.

The University also has 279,000 square metres of Housing space in twelve major undergraduate residences, three major apartment buildings, and numerous smaller buildings for graduate students in Platt's Lane Estates. Other than Housing, there are many buildings which are operated largely or entirely as ancillaries: Western Student Recreation Centre, Thompson Recreation and Athletic Centre, TD Stadium, Boundary Layer Wind Tunnel, Western Day Care, the Ivey Spencer Leadership Centre, and facilities at the Research Parks.

With this background in mind, we describe the nine categories of University capital expenditures:

1. **New Construction.** This category includes projects which create new buildings, including housing, additions to existing buildings, and other new facilities such as parking structures or lots, power plants and athletic fields. It does not include projects which improve the space within existing buildings or projects which upgrade other existing facilities.
2. **Major Building Renovations.** This category involves major maintenance and renovation expenditures on non-residential building projects, with project timelines of more than one year. Renovations to major buildings will continue to be a part of our capital planning given that 68% of the 599,500 square metres in major buildings were built before 1995.
3. **Utilities and Infrastructure Projects.** This category involves projects with values greater than \$10,000 directed at the upgrading and new installation of utilities and other infrastructure, including boilers and chillers, electrical, water and sewer distribution systems, and sustainability and energy conservation initiatives such as deep energy retrofits. Construction of a new Chiller Plant or major Power Plant expansion would be included in category 1.
4. **Modernization of Instructional and Research Facilities.** This category includes the renewal and modernization of classrooms, laboratories, libraries, and other space used for instruction and research, as well as upgrades to information technology. These expenditures are critical to maintaining Western's reputation as a leader in the quality of teaching and research. These projects are sometimes funded by the units themselves with operating or research funds.
5. **General Maintenance and Modernization Projects.** This category consists of a wide variety of maintenance and modernization projects which are not included in categories 2 to 4. Such projects include roof replacement, interior and exterior painting, road, bridge, sidewalk repair, and general maintenance of structures and systems. Projects to advance the Open Space Strategy may be included in this category. A provision for unforeseen projects forms part of the allotment in this category which is based on historical experience.
6. **Housing Renovations.** This category includes all maintenance and modernization expenditures on University residences and apartment buildings. Construction of a new residence or apartment building would be included in category 1. Maintenance and modernization expenditures, projected to be \$16.3 million in 2025-26, are funded from Housing revenues. Housing has always set aside adequate funds to manage its maintenance expenditure.

7. **Ancillary Projects.** This category includes capital expenditures on Ancillaries other than Housing, including Hospitality Services, the Book Store, Parking Services, student fee-funded units, self-funded support units, and self-funded research units. These units pay a charge to the University for the space they occupy.
8. **Carrying Costs and Debt Repayments.** This category consists of principal repayments and interest on debt for capital projects.
9. **Other Capital Expenditures.** This category includes asset acquisitions and other miscellaneous expenditures. It has been an established principle in Western's Campus Development Strategy (formerly the Campus Master Plan) that the University pursue, as appropriate, the purchase of lands contiguous to University property as lands become available. Western will continue to seek to protect the Regional Facilities zoning around the main campus and to buy land near our campus when it comes up for sale. The University will also look to acquire strategic physical assets.

Table 14 also includes Line A through M, additional information that is relevant to understanding the capital budget funding and financing, and maintenance expense metrics. Line A shows total sources of funding for the Capital Budget, including use of debt; line B, sources of funds less expenditure; line C, the accumulated capital reserve at year-end; and line D, capital debt outstanding at year-end. Details of these items are shown in Tables 16 and 18. Changes in the capital reserve (line C) result from funding less expenditure (line B). Thus for 2023-24, line B shows a net source of \$65.1 million, the difference between funding of \$150.8 million and expenditure of \$85.7 million. In years where the expenditure exceeds sources of funding, the reserve is drawn upon as planned, as is forecasted in the 2025-26 budget for (\$111.1 million).

Line E shows the replacement value of non-residential buildings and utilities and infrastructure, the assets eligible for MMI spending, while line F shows the ratio of the annual MMI expenditure to the replacement value. For example, in 2023-24, MMI expenditures were \$39.6 million, while the estimated replacement value of non-residential buildings, utilities, and infrastructure was \$3,024 million. The ratio of the two is 1.3%, as shown in line F. This ratio represents the contribution of maintenance, modernization and infrastructure expenditure to the replacement value of the buildings and infrastructure. Modernization and infrastructure expenditure is included as these projects often result in major renovation and infrastructure upgrades that relieve deferred maintenance expense.

Line G of Table 14 shows the annual transfer from the Operating Budget to the Capital Budget for Maintenance, Modernization, and Infrastructure (the MMI transfer). The annual transfer increased to \$16.0 million in 2024-25, after having been maintained at \$15.5 million since 2017-18. This consistent level of funding commitment has established Western as a leader among Canadian universities in maintaining its facilities and dealing with deferred maintenance.

Line H of Table 14 shows the ratio of the annual MMI transfer to total MMI expenditures; for example, in 2023-24, the transfer was \$15.5 million, and expenditures were \$39.6 million, so the ratio is 39.2%. This ratio will fluctuate with the level of MMI expenditure each year. Other sources of funding for MMI expenditures can include the annual capital facilities renewal grant from the Province, special Provincial grants, additional one-time allocations from the University's Operating Budget, one-time allocations from the Province, fundraising, and borrowing. This amount represents how much of the annual MMI expenditure is funded by transfers from the annual Operating Budget.

Line J contains an estimate of maintenance spending, defined narrowly as spending required to bring aging facilities up to their condition when originally built. Whenever Western undertakes a major maintenance project, there is also modernization of the facility, and whenever we carry out a major modernization project, there is generally some maintenance expenditure; it is thus difficult to separate the two. Line J is calculated on the assumption that 2/3 of the expenditures in categories 2, 3, and 5 involve maintenance (the remaining 1/3 is modernization), while 1/3 of the expenditures in category 4 involve maintenance (the remaining 2/3 is modernization). While the ratio of maintenance to modernization would vary by project and by year, Facilities Management considers them a reasonable average over several years.

The value of line J in 2023-24 is \$22.4 million, or 0.7% (line K) of the replacement value in that year. A standard target in industry for this ratio is 2.0%; if large buildings last an average of 50 years, then average maintenance spending should be 2.0% of replacement value. When the actual ratio is consistently lower than 2.0%, as has been the case at Western and most Canadian universities recently, the level of deferred maintenance will grow. As Western renovates aging buildings, there will be years that deferred maintenance will decline as a result.

Major capital projects are outlined in Table 15. The projects reflect the Long-Range Space Plan (outlined in Table 13) and are assigned to one of the nine categories. Where possible, the year and month of the start and end of the project(s) are shown.

The list in Table 15 presents a variety of capital projects supporting academic, student and research spaces, as well as utilities and infrastructure improvements. With new construction projects, Western continues to utilize its scarce developable land in the core campus, often by using existing parking lots. This increases the pressure on available parking, and we continue to plan for construction of additional parking structures at the periphery of campus.

B. Sources of Funding and Capital Expenditures in 2025-26

Table 16 displays sources of funding for budgeted capital expenditures with estimates of comparative data for 2024-25. There are five major sources of funding: 1) Government grants; 2) Western's Operating Budget; 3) One-time funds from Internally Restricted Net Assets; 4) Borrowing; and 5) Other sources.

The University must carefully balance its available resources for use in capital expenditures. For example, projects financed by debt require an ultimate funding source, and one-time funding from Internally Restricted Net Assets, such as allocations from the Major Strategic Opportunities Fund, must be used strategically since they can be exhausted.

Table 17 shows expenditures in categories 1 and 2 for 2024-25 (estimates as of March 18, 2025) and 2025-26 (current proposals).

In alignment with the priorities in our Strategic Plan, Western is continuing our capital plan in support of "growth and impact". We closely monitor construction market conditions and have been adjusting our capital plan and related timing of projects accordingly.

Table 14
CAPITAL BUDGET SUMMARY, 2021-22 TO 2025-26
(\$000)

Category	Purpose	Actual 2021-22	Actual 2022-23	Actual 2023-24	Projected 2024-25	Budget 2025-26
	New Construction					
1	New Construction (Table 17, line 14)	31,367	35,439	34,712	51,369	129,523
	Maintenance, Modernization, and Infrastructure (MMI)					
2	Major Building Renovations (Table 17, line 22)	27,539	11,321	5,608	14,928	24,553
3	Utilities and Infrastructure Projects	7,513	6,673	10,178	10,831	31,031
4	Modernization of Instructional and Research Facilities	8,925	10,682	12,053	7,743	10,608
5	General Maintenance and Modernization Projects	7,871	14,076	11,736	15,256	32,742
	Sub-Total MMI	51,848	42,751	39,576	48,758	98,934
	Other					
6	Housing Renovations	6,682	6,514	3,972	7,533	16,294
7	Ancillary Projects	2,859	2,261	1,637	2,845	4,847
8	Carrying Costs and Debt Repayments	963	904	839	800	800
9	Other Capital Expenditures	12,543	6,072	4,965	1,203	2,225
	Sub-Total Other	23,047	15,751	11,413	12,381	24,166
10	Total Expenditures	106,262	93,941	85,701	112,508	252,623

Line		Actual 2021-22	Actual 2022-23	Actual 2023-24	Projected 2024-25	Budget 2025-26
	Sources of Funding, Reserves, and Debt					
A	Total Sources of Funding, Including Debt (Table 16)	136,617	117,561	150,839	113,838	141,532
B	Sources of Funding less Expenditures	30,355	23,620	65,139	1,330	-111,091
C	Capital Reserve, Year End (Table 18)	184,067	207,687	272,825	274,155	163,064
D	Capital Debt Outstanding, Year End (Table 18)	328,661	320,623	312,246	303,552	294,608
E	Replacement Value of Non-Residential Buildings, Utilities & Infrastructure, \$M	2,162	2,414	3,024	3,649	3,824
F	MMI Expenditures/Replacement Value	2.4%	1.8%	1.3%	1.3%	2.6%
G	Annual MMI transfer from Operating to Capital Budget	15,500	15,500	15,500	16,000	16,000
H	MMI transfer/MMI Expenditures	29.9%	36.3%	39.2%	32.8%	16.2%
J	Estimate of Maintenance Expenditure	31,590	24,940	22,366	29,924	62,420
K	Maintenance Expenditure/Replacement Value	1.5%	1.0%	0.7%	0.8%	1.6%
L	Number of Major Buildings	98	99	99	106	106
M	Total Gross Square Meters (000's)	903	905	905	950	950

Category 8 does not include carrying costs and loan repayments for Residences and Apartments, Research Park and the Ivey Business School Foundation.

Line B is equal to Line A Total Sources of Funding less Total Expenses.

The change in line C from one year to the next is equal to Line B.

Line J consists of 2/3 of Category 2, 3 and 5 and 1/3 of Category 4.

Table 15
MAJOR CAPITAL PROJECTS

		Category	Start	End
1	Projects Underway, or in Advanced Planning			
2	New Engineering Building	1	Q1 2025	Q3 2026
3	Undergraduate Residence -- University Drive Location	1	Q1 2025	Q3 2026/ Q2 2027
4	Renovations to Create the Donald K. Johnson Leadership Centre in Toronto (Ivey)	2	Q1 2025	Q2 2026
5	The Bioconvergence Centre -- Interdisciplinary Research & Experiential Learning Facility	1	tbd	tbd
6	Pathogen Research Centre Facility	1	tbd	tbd
7	Renewal of Facilities at the West Campus (formerly Brescia)	2	tbd	tbd
8	Replacement of University Drive Bridge	1	tbd	tbd
9	University-wide Campus Sustainability/Energy Conservation/Infrastructure Projects (multiple stages -- ongoing)	1,3&5	Ongoing	
10	Pedestrian-friendly Campus Initiatives -- Open Space Strategy	1&5	Ongoing	
11	Projects in Various Planning Stages			
12	New Facilities for Health Sciences -- to support Enrolment Expansion	1	tbd	tbd
13	Social Sciences Centre Realignment/Expansion	2	tbd	tbd
14	Multi-Sport Field House -- with Parking Garage	1	tbd	tbd
15	Projects for Future Consideration (requires funding plan)			
16	Western Commons -- Gathering/Collision Spaces	1	tbd	tbd
17	Graduate and Upper-Year Housing -- Platt's Lane East	1	tbd	tbd
18	Modernization of Schulich School's Medical/Dental Facilities	2	tbd	tbd
19	Renewal/Replacement of Chemistry Laboratory Facilities	2	tbd	tbd
20	Western in Downtown London	1&2	tbd	tbd
21	Ivey Spencer Hotel and Conference Centre Renewal	2	tbd	tbd
22	New Space for the McIntosh Gallery	1&2	tbd	tbd
23	New Research Initiatives/Partnerships at the Research Parks	1	tbd	tbd
24	Multi-Level Parking Structures	1	tbd	tbd
25	Residence Renovation Projects	6	tbd	tbd
26	Renewal: University Community Centre, Law Building, Spencer Engineering Building, Elborn College	2	tbd	tbd
27	Asset Acquisitions	9	tbd	tbd

Dates may use calendar quarters as an estimate of the anticipated construction start and end periods. Projects completed in multiple phases may reference multiple end dates.

Table 16
CAPITAL BUDGET: SOURCES OF FUNDING
(\$000)

		Projected 2024-25	Budget 2025-26
1	<i>Government Grants</i>		
2	MCU Annual Capital Grant (Facilities Renewal Program)	7,331	7,300
3	CFI BRIF - Pathogen Research Centre Facility	0	7,363
4	Ministry of Environment and Climate Change Canada (Decarbonization Incentive Program)	1,555	3,175
5	CFI SDRI Biotherapeutics Centre Renovation	0	950
6	Department of Natural Resources Canada (Zero Emission Vehicle Infrastructure Program)	438	0
7	<i>Sub-Total</i>	9,324	18,788
8	<i>Operating Budget</i>		
9	Operating Budget MMI Transfer - Base	16,000	16,000
10	Operating Budget MMI Transfer - Base (Ancillaries)	600	600
11	Operating Budget - FRSF Transfer	3,000	3,000
12	Operating Budget - CRC Transfer	880	816
13	Operating Budget - New Engineering Building	5,772	3,418
14	Operating Budget - Building Addition to support Enrolment Expansion Health Sciences	9,000	0
15	<i>Sub-Total</i>	35,252	23,834
16	<i>Major Strategic Opportunities Funding (MSOF) and Undistributed Investment Returns</i>	10,276	6,069
17	<i>Borrowing</i>		
18	Expansion of Residence Capacity	9,394	61,633
19	<i>Sub-Total</i>	9,394	61,633
20	<i>Other</i>		
21	Student Contribution - Western Student Recreation Centre	1,429	1,600
22	Sports & Recreation Services - Student Contribution for Artificial Turf Playing Fields	231	231
23	Student Contribution - New Engineering Building	200	200
24	Energy Conservation Incentives (Rebates)	300	200
25	Unit Contributions	37,064	7,836
26	Projects Funded by Housing	7,533	16,294
27	Projects Funded by Ancillaries	2,835	4,847
28	<i>Sub-Total</i>	49,592	31,208
29	Total Sources of Funding (In-Year)	113,838	141,532

Table 17
CAPITAL EXPENDITURES FOR NEW CONSTRUCTION AND MAJOR BUILDING RENOVATIONS
2024-25 and 2025-26
(\$000)

		Projected 2024-25	Budget 2025-26
1	<i>Category 1: New Construction</i>		
2	Undergraduate Residence - University Drive Location	6,600	61,634
3	New Engineering Building	6,600	32,000
4	Pathogen Research Centre Facility	1,675	14,271
5	The Bioconvergence Centre - Interdisciplinary Research & Experiential Learning Facility	4,300	12,300
6	Multi-Sport Field House -- with Parking Garage	100	2,500
7	Health Sciences 4th Floor Addition	1,450	2,550
8	Ronald D. Schmeichel Building for Entrepreneurship and Innovation	17,250	2,181
9	Additional Space for Health Sciences - to support Enrolment Expansion	100	1,675
10	Biomedical Research Facility - Phase 1 of Medical School Project	823	223
11	Building Addition to consolidate Faculty of Education Clinics	4,000	189
12	Graduate and Upper-Year Housing - Platt's Lane East	2,400	0
13	Western Commons - Common/Gathering Spaces	6,071	0
14	<i>Total, Category 1</i>	<i>51,369</i>	<i>129,523</i>
15	<i>Category 2: Major Building Renovations</i>		
16	Renovations to Create the Donald K. Johnson Leadership Centre in Toronto (Ivey)	1,400	17,000
17	Social Sciences Centre Realignment/Expansion	0	4,000
18	Renewal of Facilities at the West Campus (formerly Brescia)	0	3,000
19	Weldon Library Modernization	9,848	530
20	Elborn College, Faculty of Health Sciences Expansion of Physical & Occupational Therapy	3,257	0
21	Fanshawe Boathouse/Rowing Centre Renewal	423	23
22	<i>Total, Category 2</i>	<i>14,928</i>	<i>24,553</i>

Table 18
CAPITAL RESERVES AND DEBT AT FISCAL YEAR END
(\$000)

		Actual 2021-22	Actual 2022-23	Actual 2023-24	Projected 2024-25	Budget 2025-26
1	A. Capital Reserves					
2	General Capital Fund	47,218	56,427	50,586	47,522	17,956
3	Designated Capital Fund	136,849	151,260	222,239	226,633	145,108
4	Total Capital Reserves	184,067	207,687	272,825	274,155	163,064

		Actual 2021-22	Actual 2022-23	Actual 2023-24	Projected 2024-25	Budget 2025-26
5	B. Capital Debt					
6	New Construction, Major Renovations & Other	0	0	0	0	0
7	Housing	50,561	41,061	31,257	30,552	85,008
8	Research Park	12,300	11,662	10,994	10,200	9,600
9	Unused and Invested Debenture Proceeds	265,800	267,900	269,995	262,800	200,000
10	Total Capital Debt	328,661	320,623	312,246	303,552	294,608

Line 2 includes the required \$6 million general capital reserve fund.

Line 3 includes fund balances for large capital projects.

Long-Term Financial Trends

The Operating and Capital Budgets represent Western's proposed spending in the near future, however, the University continues to operate within a long-term planning horizon. As such, there are important long-term financial trends which must be understood when evaluating these budgets. Three such financial trends are: capital reserves and debt, employee future benefits, and deferred maintenance.

A. Capital Reserves and Debt

Table 18 displays Capital Reserves and Debt for fiscal years ending April 30.

Capital Reserves are divided into two categories:

- the General Capital Fund, which includes funds not yet designated for specific purposes and funds designated for future projects.
- the Designated Capital Fund, which has been assigned to specific capital projects.

Capital Debt is divided into the following categories:

- **New Construction, Major Renovations, Infrastructure, and Other** – represents debt on projects that are largely new construction, additions to existing buildings, other new facilities, non-residential projects that involve major maintenance, and renovations to existing space. It also includes debt on purchases of property.
- **Housing** – debt required for new construction, maintenance, and modernization projects for University residences and apartment buildings.
- **Research Park** – debt incurred by the Research Park.
- **Unused and Invested Debenture Proceeds** – unused proceeds from Western's debenture issuances that have been committed and invested until specific capital projects require the funding.

Capital Debt is a resource that can help Western advance its Long-Range Space Plan and Campus Development Strategy. However, while debt is an important component in our planning, financing requires an ultimate funding source. As a result, careful consideration must be taken to balance the levels of debt and ensure repayment and service costs remain financially sustainable for Western.

Western's Capital Debt consists of \$190 million and \$100 million debentures issued in 2007 and 2017, respectively. In 2013, the University also obtained a \$100 million fifteen-year amortizing facility, to finance a residence capital project. The University's debentures necessitate an annual credit rating. Standard & Poor's completed its review in February 2025 and the credit rating was upgraded to AA+, from AA. The outlook was changed to Stable, from Positive as a result of the upgrade.

The Board of Governors has approved a Capital Debt Policy that outlines the principles used in guiding the University's overall capitalization and debt management strategy. The policy requires compliance with two ratios, and also utilizes monitoring ratios as part of its debt management strategy. The capital debt, as well as the policy ratios are shown in *Figure F* for the years ending April 30.

Figure F
CAPITAL DEBT and POLICY RATIOS

		Compliance Ratios		Monitoring Ratios	
	Debt (\$M)	Net Assets-to-Debt Ratio (greater than 0.5x)	Debt Burden (less than 5%)	Debt per FTE (\$)	Debt/Revenues Available for repayment (%)
2021	345.9	3.7	1.9%	9,810	30%
2022	328.7	4.2	2.8%	8,907	30%
2023	320.6	4.6	1.8%	8,434	27%
2024	312.2	5.4	1.7%	7,920	23%
2025p	303.6	5.5	1.4%	7,421	22%

The projected debt is based on Board-approved projects with allowance for other projects, which may be presented to the Board during the period under consideration.

B. Employee Future Benefits

Subject to eligibility rules set within various collective agreements, the University provides medical, dental, and life insurance benefits to eligible employees after their employment with Western ends.

The obligation for these employee future benefits is projected by actuarial valuation every three years. In the years between valuations, an extrapolation of the actuarial valuation is used to determine the projected benefit obligations. At April 30, 2024, the University's accrued benefit liability relating to the employee future benefit plans was \$408.7 million (2023 - \$420.7 million). The annual expense for non-pension employee future benefits in 2024 was \$22.8 million (2023 - \$23.3 million).

Amongst major research universities, Western historically has one of the largest employee future benefits liabilities. *Figure G* outlines the University employee future benefits, the obligation and expense for years ending April 30.

Figure G
EMPLOYEE FUTURE BENEFITS (EFB) AS A % OF TOTAL EXPENSES

	EFB Obligation (\$M)	EFB Expense (\$M)	Total University Expenses (\$M)	EFB Expense as % of Total
2020	561.8	21.9	1,182	1.9%
2021	565.3	30.1	1,137	2.6%
2022	478.6	27.6	1,212	2.3%
2023	420.7	23.3	1,323	1.8%
2024	408.7	22.8	1,399	1.6%

C. Deferred Maintenance

Deferred Maintenance is defined as work on the maintenance of physical facilities that has been deferred on a planned or unplanned basis to a future budget cycle or postponed until funds become available. To avoid increasing the size of the deferred maintenance backlog, it is necessary to carry out replacement of facility components on an annual basis.

The estimates of deferred maintenance are different from estimates of debt or employee future benefits. There are actual contracts in place for the first two categories that allow us to make reasonable estimates. For deferred maintenance, this is not the case; therefore, we have to find other ways to quantify this liability. The University uses a capital-asset management system common to the sector to assess, track, and report on the condition of facilities. The system requires that each major component of a building – roof sections, classrooms, heating, ventilation, air-conditioning systems and so on – be inspected, either entirely or on a sample basis. Data on the findings of these inspections are entered into a central database. The system uses industry-standard cost and lifecycle data to forecast the timing and costs of capital renewal projects. Cost forecasts also include soft costs and automatic renewal requirements to maintain assets.

The University, in coordination with all other Ontario universities, has completed a campus-wide facilities data review, conducted by a common vendor for the sector. This common approach has the benefit of improving consistency in estimates and in comparability across institutions. Western will continue to assess about 20% of its facilities data each year, however, with this analysis complete, the variability in estimates moving forward are more likely to reflect rising costs, versus changes in the estimation process.

As of February 24, 2025, the Facilities Management Division estimates that deferred maintenance at Western is \$348 million for non-residential buildings and \$57 million for residences. Approximately 62% of the deferred maintenance for non-residential buildings relates to mechanical and electrical requirements. Other major components include maintenance driven by code requirements and maintenance for roofs and windows.

A common measure for determining the overall condition of facilities is the ratio of deferred maintenance over Current Replacement Value (DM/CRV) of the facilities. The calculation as at February 24, 2025, is outlined in *Figure H* as follows:

Figure H
DEFERRED MAINTENANCE TO CURRENT REPLACEMENT VALUE

		Non-Residential Buildings	Combined Residences
1	Current Replacement Value (CRV)	\$3,649 million	\$1,344 million
2	Deferred Maintenance (DM)	\$348 million	\$57 million
3	DM/CRV	9.5%	4.3%

The average age of Western's buildings is 37 years and 68% of our buildings were built before 1995. Western's residences are funded through rents which cover maintenance; the University has never had a problem with deferred maintenance on residences. A ratio of 9.5% (Deferred Maintenance/Current Replacement Value) for non-residential buildings indicates a significant need for maintenance funding.

If the average component of a large building lasts 50 years, then on average, maintenance spending should be 2.0% of replacement value. This level of spending is a standard target in the industry. When the actual ratio is consistently less than 2.0%, as has been the case at most Canadian universities, the volume of deferred maintenance will grow. Failure to adequately address deferred maintenance results in substandard facilities and could result in the failure of critical systems. Based on the Current Replacement Value of our facilities at \$3,649 million, spending on major maintenance for campus buildings at 2.0% should be in the range of \$73 million annually.

As explained at the start of the Capital Budget, the annual maintenance transfer is used for Maintenance, Modernization, and Infrastructure (MMI). The Administration is sometimes asked by faculty and staff if the MMI transfer is too large. As lines G and E in Table 14 show, the ratio of the MMI transfer to the Current Replacement Value of our non-residential buildings, utilities, and infrastructure has been below 1% in recent years (*Figure I*).

Figure I
MMI TRANSFER TO CRV RATIO 2021-22 to 2025-26

		Actual 2021-22	Actual 2022-23	Actual 2023-24	Projected 2024-25	Budget 2025-26
1	MMI (\$M)	15.5	15.5	15.5	16.0	16.0
2	CRV (\$M)	2,162	2,414	3,024	3,649	3,824
3	Ratio	0.72%	0.64%	0.51%	0.44%	0.42%

Thus, the MMI transfer from the Operating to the Capital Budget is less than a quarter of the 2.0% required to keep deferred maintenance from growing. Continuation of this MMI transfer is essential to maintaining a safe and reliable campus infrastructure, which supports modern research and teaching, and sustains faculty, staff, and student morale.

Line J of Table 14 presents an estimate of maintenance spending from all sources, with maintenance defined as spending required to bring aging facilities up to their condition when originally built. The last time the ratio of this estimate to current replacement value was about 2.0% was 2010-11. A projected ratio of 1.8% for 2025-26 will be higher than in recent years, but below the 2.0% target. Additional funding, from provincial and federal sources, continues to be required to catch up and maintain the 2.0% target over the long-term. Achieving the 2.0% target over time is required to sustain the condition of Western's facilities.