## 2.38 Government-Owned Buildings and Properties

### Introduction

The Department of Transportation and Works (formerly the Department of Works, Services and Transportation) is responsible for managing and maintaining approximately 650,000 square metres of floor space in 851 Government owned buildings and properties. The Engineering Support Services Division has responsibility for the facilities management of these buildings and properties which includes maintaining a government building inventory, a preventative maintenance program and an energy maintenance program. The Division also provides technical support to the Department's four regional offices which are responsible for the performance of maintenance and operational services. Figure 1 shows the number of sites, buildings, area, and estimated replacement cost of the building inventory per region as at 31 March 2004.

**Figure 1**

**Department of Transportation and Works**
**Building and Property Inventory**
**31 March 2004**

| Region | Sites | Buildings and Properties | Floor Area Square Metres | Estimated Replacement Cost |
|---|---|---|---|---|
| Avalon | | | | |
| St. John's East | 61 | 97 | 149,435 | $ 291,726,750 |
| Avalon/Extern | 45 | 123 | 58,751 | 91,105,050 |
| Mount Scio/Central | 14 | 27 | 141,665 | 231,170,500 |
| Total Avalon | 120 | 247 | 349,851 | 614,002,300 |
| Central | 118 | 349 | 154,254 | 202,821,350 |
| Western | 91 | 172 | 105,273 | 153,876,100 |
| Labrador | 68 | 83 | 39,579 | 58,713,500 |
| **Total** | **397** | **851** | **648,957** | **$ 1,029,413,250** |

Source: Department's Engineering Support Services, Works Branch Database

The Department's 2003-06 Strategic Plan stated that a greater pressure is being placed on funding due to increased repair and maintenance costs on its aging asset portfolio. As outlined in Figure 2, 379 of the 851 buildings with an estimated replacement cost of $111 million in the Department's database did not show the date of construction. The remaining 472 buildings were constructed between 1739 and 2003. Of the 472 buildings with construction dates, 200 with an estimated replacement cost of $639 million are greater than 30 years of age.

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**Figure 2**

**Department of Transportation and Works**
**Age Range of Buildings and Properties**
**31 March 2004**

| Age Range Since Construction | Number of Buildings and Properties | Estimated Replacement Cost | Percentage of Estimated Replacement Cost |
|---|---|---|---|
| No age indicated | 379 | $ 110,566,250 | 10.8% |
| Greater than 30 | 200 | 638,797,750 | 62.1% |
| Between 25 - 30 | 73 | 34,309,700 | 3.3% |
| Between 20 - 24 | 67 | 96,087,100 | 9.3% |
| Between 10 - 19 | 99 | 142,441,750 | 13.8% |
| Less than 10 | 33 | 7,210,700 | 0.7% |
| **Total** | **851** | **$ 1,029,413,250** | **100.0%** |

Source: Department's Engineering Support Services, Works Branch Database

Figure 3 outlines costs incurred to maintain Government's buildings and properties for each of the last five years.

**Figure 3**

**Department of Transportation and Works**
**Annual Costs Relating to Buildings and Properties**
**For the Years Ended 31 March**

| Costs | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| Utilities | $9,467,625 | $10,093,955 | $9,905,156 | $11,655,137 | $11,409,951 |
| Operating | 4,509,944 | 4,971,820 | 4,885,434 | 5,000,168 | 5,203,591 |
| General Maintenance | 3,123,643 | 2,942,097 | 3,388,740 | 2,981,532 | 2,370,016 |
| Programmed Maintenance | 1,821,975 | 2,265,799 | 1,848,911 | 1,621,722 | 1,054,525 |
| Capital | 4,574,179 | 4,176,824 | 4,452,276 | 3,776,200 | 3,130,946 |
| **Total** | **$23,497,366** | **$24,450,495** | **$24,480,517** | **$25,034,759** | **$23,169,029** |
| Total Square Feet | 6,245,952 | 6,413,233 | 7,030,174 | 7,030,174 | 7,066,045 |
| **Average Cost per Square Foot** | **$3.76** | **$3.81** | **$3.48** | **$3.56** | **$3.28** |

Source: Department's Engineering Support Services, Works Branch

## 2.38 Government-Owned Buildings and Properties

### Scope and Objectives

The objectives of the review were to determine whether the Department has adequate systems and processes to:

- determine and monitor the condition of the government owned buildings and properties;
- forecast required annual maintenance expenditures for government owned buildings and properties and to determine the effectiveness of the maintenance program; and
- forecast long-term capital needs for the government owned buildings and properties, including required expenditures, planned expenditures, funding sources for the planned expenditures and capital work priorities.

### Conclusions

Government owned buildings are in need of significant repairs. In January 2004, the Department projected that it needed $261 million over 20 years in order to keep Government's buildings maintained and to extend their useful life. Furthermore, the Department indicated that it needs $173 million of the $261 million within the next five years.

Officials at the Department have expressed concern about the lack of funding provided to maintain Government's buildings. These concerns date back as far as April 1998 when a Departmental review indicated that "*… the current dilemma is that there is insufficient money in the present budgets to perform the normal level of maintenance and improvements required, particularly on the exterior envelopes of buildings.*" The review concluded that "*… 40% of the buildings will encounter premature failure of major components or the building itself and will require replacement at an earlier time than the normal predicted economic life.*"

Over the past five years the Department has requested a total of $25.3 million for maintenance funding and it has received $23.4 million. Also over this period the Department has requested a total of $55.0 million for capital alterations and improvements and has received only $21.9 million. As a result, the required work is not being performed and therefore the condition of the Government buildings is deteriorating.

The Department's database of buildings is not complete in that the age of the building is not always indicated. As a result, it is not possible to calculate the overall average age of the buildings. For example, there were 379 of the 851 buildings in which no age was indicated. Of the 472 buildings with construction dates, 200 had an estimated replacement cost of $639 million and are greater than 30 years of age.

The Department does not use a risk based system to identify and prioritize its maintenance work. Instead, each of the four Regional Directors sets the priorities for the allocation of the maintenance funding within their Region. As a result, there is no Province-wide risk or priority basis for what work is performed with the funding provided.

Although the Department has started to assess the condition of Government buildings, the process is far from complete. The Department has identified 60 buildings of different ages which are in excess of 2,000 square metres and which are used for a variety of purposes. The concept was to identify a representative sample. Consultants assessed 13 of these buildings and the Department has indicated that it should assess the remaining ones in order to get more accurate cost estimates. However, the Department has not performed any assessments to date. As a result, the Department does not have the information necessary for a comprehensive plan to address the nature, amount and timing of future capital expenditures.

Government has a number of significant vacant buildings, e.g. the old Janeway, the Grace General, and the Miller Centre. The Department does not have a plan to devolve Government of its vacant buildings. Government's vacant buildings have a total area of 66,500 square metres and an estimated replacement cost of $149 million.

## Findings and Recommendations

### Condition of the Government Owned Buildings Portfolio

A major strategic priority identified by the Department in its Strategic Plan for 2003-06 was the appropriate stewardship of public infrastructure, including its buildings and properties. The overall goal of this priority is stated to be the undertaking of preventative maintenance and repair/support activities directed towards achieving the maximum useful life of government assets. The Department identified that in order to achieve this goal it would be necessary to optimize the use of available funding by focusing on critical maintenance requirements.

In 2003-04, the Department retained a consultant to conduct facility condition assessments on a sample of Government owned buildings maintained by the Department throughout the Province. In January 2004 the consultant along with a team from the Department's Design and Construction Division selected a sample of 13 buildings to determine the repairs and improvements that were necessary over the next 20 years. The purpose was to determine the required deferred maintenance and capital alterations and improvements in order to extend the useful life of the buildings. The estimated replacement cost of the 13 buildings selected for assessment was $120 million.

The consultants produced 13 reports, one for each building assessed. It was determined that $35 million in maintenance and capital alterations and improvements was required over the next 20 years to extend the useful life of the buildings. Of the estimated $35 million in maintenance and capital alterations and improvements, $23 million or 66% of the total will be required within the next 5 years.

Based on the results of the consultant's study, the Department prepared a 20 year projection of estimated deferred maintenance and capital alterations and improvements costs on the entire building portfolio. The Department assumed that the estimated deferred maintenance and capital alterations and improvements for the 13 buildings was representative of Government's entire buildings and properties portfolio. The Department determined that the $120 million represented 13.5% of the $887 million replacement cost of the entire building and property portfolio as at August 2003, excluding vacant building sites such as the old Janeway, the Grace General, and the Miller Centre. The Department then used the $35 million estimated deferred maintenance and capital alterations and improvements on the 13 buildings examined and projected the total estimated deferred maintenance and capital alterations and improvements costs to be $261 million ($35 million / 13.5%).

The $261 million was comprised of $95 million related to deferred maintenance costs and $166 million relating to capital alterations and improvements. Of the $261 million required over the next 20 years, the Department determined that $173 million or 66% will be required within the next 5 years to extend the useful life of the buildings.

Figure 4 provides details on the projected costs.

**Figure 4**

**Department of Transportation and Works**
**Projected Costs for Buildings and Properties**
**31 March 2004**

| Cost Category | Projected Repairs |
|---|---|
| Immediate | $ 25,245,100 |
| Deferred Maintenance | 54,393,700 |
| Placeholder | 15,347,600 |
| Total Maintenance | 94,986,400 |
| Discretionary Renewal | 21,900,300 |
| Upgrade/Betterment | 70,709,220 |
| Future Renewal | 73,563,400 |
| Total Capital | 166,172,920 |
| **Total** | **$ 261,159,320** |

Source: Department’s Design and Construction, Works Branch

Our review indicated the following:

- There is a need for significant funding to be made available to keep Government buildings and properties maintained. Although the Department estimates that $173 million will be required over the next five years, representing an average annual requirement of $34.6 million annual funding for maintenance and capital averages, only approximately $9.4 million in funding has been provided. Departmental officials indicated that a submission will be provided to Cabinet outlining the future funding requirements versus the current level of funding.

- In January 2004 the Department determined that $53 million would be immediately required as priority 1 costs, i.e. required to maintain functionality of its buildings and properties throughout the Province. However, the Department was provided with only approximately $8.4 million in 2003-04. As a result, there is a significant shortfall in the funding provided versus the funding required.

- Although the Department has a Micro Roofer Software Program which specializes in estimating costs for repairs to roofs, this software was not used by the consultant when they assessed the 13 buildings in their sample.

- The Department has indicated that it intends to undertake an additional 40 or more building assessments to obtain more information in projecting estimated costs and that it intends to also use its Micro Roofer Software Program for these assessments. Officials have indicated that no financial or human resources are available to complete these assessments.

- The consultants indicated that there were limitations in performing the condition assessments in that some of the findings were based on random sampling and some on visual review of the surface conditions.

## Maintenance Management

### General and Programmed Maintenance

The Department categorizes maintenance into two categories: general maintenance and programmed maintenance. General maintenance pertains to day-to-day occurrences where some form of repair or service is required, while programmed maintenance pertains to planned project

maintenance. A major strategic objective identified by the Department in its 2003-06 Strategic Plan pertained to building infrastructure programs and the provision of effective and efficient preventative maintenance. The Plan also stated that it is critical that the Department use modern technology and new tools available for optimizing preventive maintenance programs to sustain the useful life of its infrastructure.

In January 2004, the Department estimated that it would cost $95 million over 20 years to address maintenance costs related to Government's buildings and properties. Of the $95 million projected maintenance costs, $89 million is expected to be required over the next 5 years.

During 2003-04 the Department spent $3.4 million on general maintenance and programmed maintenance. Figure 5 provides information on these expenditure categories during the past 5 years and shows the average amount spent per square foot of the total square footage of all Government owned buildings and properties considered to be in use. The information provided by the Department for purposes of inclusion in the Figure reflected square feet rather than square metres.

**Figure 5**

**Department of Transportation and Works**
**Government Owned Buildings**
**Maintenance Costs**
**Years Ended 31 March**

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| Gross Area-Square Feet | 6,245,952 | 6,413,233 | 7,030,174 | 7,030,174 | 7,066,045 |
| General Maintenance | $3,123,643 | $2,942,097 | $3,388,740 | $2,981,532 | $2,370,016 |
| **Average Cost per Sq. Foot** | $.50 | $.46 | $.48 | $.42 | $.34 |
| Programmed Maintenance | $1,821,975 | $2,265,799 | $1,848,911 | $1,621,722 | $1,054,525 |
| **Average Cost per Sq. Foot** | $.29 | $.35 | $.26 | $.23 | $.15 |
| Total Maintenance Costs | $4,945,618 | $5,207,896 | $5,237,651 | $4,603,254 | $3,424,541 |
| **Average Cost per Sq. Foot** | **$0.79** | **$0.81** | **$0.75** | **$0.65** | **$0.48** |

Source: Department's Engineering Support Services, Works Branch

## 2.38 Government-Owned Buildings and Properties

The Department has identified that it has approximately 7 million square feet of building and property space that it has to maintain. These buildings and properties are aging and Departmental officials indicated that, as a result, annual maintenance costs should be increasing. Our review indicated the following:

- The Department does not use a risk based approach to identify and prioritize required maintenance. Each of the regions submits a list of maintenance projects for each building in its portfolio along with an estimated cost. The Regions are provided with a budget by the ADM of the Works Branch of the Department. Each of the four Regional Directors sets the priorities for the allocation of the maintenance funding within their Region. Funds for building maintenance are divided among the Regions based on the square footage of area of floor space that each Region is responsible for. General maintenance priorities are established by building management staff and based on day to day wear and tear, client requests and deficiencies identified through various building inspections. As a result, there is no Province-wide risk or priority basis for what work is performed with the funding provided.

  Although until 2000 the Department used a Federal Government Preventative Maintenance Support System, it was not Y2K compliant and to date has not been updated. This system was being used by the Department to plan its preventative maintenance program. In the absence of this program, the Department does not have any comprehensive basis to plan its maintenance activities.

- Although the Department has a preliminary projected estimate of $95 million over 20 years, there is no plan currently in place to address the timing of the funding and the priority of the work.

- As Figure 5 shows, average maintenance cost per square foot declined in each year since 2001. Departmental officials have expressed concerns about the low level of funding provided for maintenance and the resulting increase in capital costs that will be required in future years.

  Departmental officials still agree with a conclusion outlined in an internal report prepared in April 1998 which indicated that "*… the current dilemma is that there is insufficient money in the present budgets to perform the normal level of maintenance and improvements required, particularly on the exterior envelopes of buildings.*" The report went on to state that "*…there is a major list of outstanding work which needs to be carried out to keep the buildings in proper condition … in the last couple of years,*

(maintenance funding has been) *reduced over one million dollars per year below a sustainable level for basic maintenance and operational items."* A review at that time of 17 buildings concluded that deferred maintenance at that time amounted to $12.1 million or $70 million when projected over the entire population. The review concluded that "… *40% of the buildings will encounter premature failure of major components or the building itself and will require replacement at an earlier time than the normal predicted economic life."*

- Prior to the 2003-04, the Department did not have a system that could be used to provide information on the maintenance cost history for its buildings and properties throughout the Province. As a result, the Department did not have ready access to the information necessary to adequately monitor and plan maintenance costs. In 2003-04, the Department implemented a new system to provide this information.

- In August 1996, the Department acquired a Micro Roofer Software Program which would estimate the cost of roof maintenance and/or replacement and assign a priority on a Province-wide basis. At that time, the Department identified 48 buildings (representing $226 million or 22% of the total replacement cost) that were to be inspected using this software. However, as at January 2004, only 24 inspections (representing $75.2 million or 7.3% of the total replacement cost) have been performed and entered into the software program, with 20 of these dating back to 2001 and prior.

  Furthermore, there are no plans in place to use this software program to estimate the cost of roof maintenance and/or replacement and assign a priority for all buildings and properties.

- Monies budgeted for maintenance work is included with the operational expenditure budget. Therefore, when operating expenses increase (e.g. heat, light, security, cleaning and snow-clearing), the amount available for maintenance work decreases. As expected, operating costs are generally increasing annually and therefore, monies budgeted for maintenance are being used to cover operating costs. For example, an official at the Department indicated that snow-clearing costs in the Avalon Region during 2003-04 exceeded budget by $250,000 and that this amount was reallocated from maintenance. As the chart shows, the amount spent on maintenance each year is less than the amount budgeted.

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| **Budget** | $5,069,800 | $5,307,100 | $5,626,900 | $4,854,218 | $4,417,404 |
| **Actual** | $4,945,618 | $5,207,896 | $5,237,651 | $4,603,254 | $3,424,541 |
| **Difference** | $ 124,182 | $ 99,204 | $ 389,249 | $ 250,964 | $ 992,863 |

Note: The Budget amount for 1999-00 does not include the Labrador Region.

### Capital Planning and Budgeting

Sound management practices would require the Department to preserve Government's buildings and properties and extend their useful lives through capital alterations and improvements. Therefore, it is important to periodically inspect the condition of the buildings and properties and establish priorities for capital alteration and improvements. Since capital alterations and improvements often result in major expenditures, it is also important that future funding requirements be identified.

In January 2004, the Department estimated that it would cost $166 million over 20 years to address capital alterations and improvements related to Government's buildings and properties. Of the $166 million projected capital alterations and improvement costs, $84 million is expected to be required over the next 5 years.

During 2003-04 the Department spent $5.6 million on capital alterations and improvements. Capital alterations and improvements are comprised of specific capital projects as approved by Treasury Board and block funding used for the maintaining of Government's buildings and properties. Of the $5.6 million $3.1 million was spent on block funding. Overall approved block funding has decreased from $4.6 million in 1999-00 to $4 million for each of the last two years. Figure 6 provides information on the block expenditures during the past 5 years and shows the average amount spent per square foot of the total square footage of all Government owned buildings and properties considered to be in use and maintained by the Department of Transportation and Works. The information provided by the Department for purposes of inclusion in the Figure reflected square feet rather than square metres.

**Figure 6**

**Department of Transportation and Works**
**Government Owned Buildings**
**Capital Alterations and Improvements Costs (Block Funding)**
**Years Ended 31 March**

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| Gross Area-Square Feet | 6,245,952 | 6,413,233 | 7,030,174 | 7,030,174 | 7,066,045 |
| Capital Alterations and Improvements (Block Funding) | $4,574,179 | $4,176,824 | $4,452,276 | $3,776,200 | $3,130,946 |
| **Average Cost per Sq. Foot** | **$0.73** | **$0.65** | **$0.63** | **$0.54** | **$0.44** |

Source: Department's Engineering Support Services, Works Branch

Our review indicated the following:

- The Department does not use a standard consistent risk based approach to identify and prioritize required capital block funding. A letter is issued to all Departments requesting submissions identifying capital requirements. When these submissions are received, they are provided to the applicable Regional Director who performs an assessment. The Regional Director prioritizes the projects and submits a listing to the head office. Senior officials at the head office in consultation with regional directors complete their own assessment of the listings provided by the four Regional Directors and they produce a listing of projects to be funded. The allocation of the block funding among the Regions is based on square footage of floor space. There are no formal written criteria used to determine which projects will be undertaken from the regional allocations. For example, the criteria used could be based on life safety and accessibility or based on ensuring that the buildings are weather tight. As a result there is no Provincial-wide risk or priority basis for what work is performed with the funding provided.

- Although the Department has a preliminary projected estimate of $166 million over 20 years, there is no plan currently in place to address the timing of the funding and the priority of the work.

## 2.38 Government-Owned Buildings and Properties

- The annual budget is currently determined from updates provided by the 4 Regions relating to the capital funding they identify as being required. The identified need for funding always exceeds the amount provided and as a result, the identified capital improvements are not always completed. This, therefore, is contrary to the Department's strategic objective of preserving Government's buildings and properties and extending their useful lives through capital block funding. As the chart shows, the amounts requested by the Regions for capital alterations and improvements each year is always more than the approved funding.

| | 2000 | 2001 | 2002 | 2003 | 2004 | Total |
|---|---|---|---|---|---|---|
| Amount Requested by the Regions | $8,110,000 | $12,051,000 | $11,385,000 | $17,089,000 | $13,321,000 | $61,956,000 |
| Amount Requested by Department from Treasury Board | $12,428,000 | $9,600,000 | $10,565,000 | $11,000,000 | $11,430,000 | $55,023,000 |
| Funding Approved by Treasury Board | $4,600,000 | $4,600,000 | $4,715,000 | $4,000,000 | $4,000,000 | $21,915,000 |
| Actual Costs | $4,574,179 | $4,176,824 | $4,452,276 | $3,776,200 | $3,130,946 | $20,110,425 |
| **Average Cost per Sq. Foot** | **$0.73** | **$0.65** | **$0.63** | **$0.54** | **$0.44** | |

Source: Department's Engineering Support Services, Works Branch

- Over the past 5 years, the Regions have requested a total of $62.0 million for capital alterations and improvements, of which the Department requested $55.0 million from Treasury Board. Treasury Board has approved only $21.9 million. Expenditure under capital block funding in 2004 is 31.6% lower than in 2000. The overall capital funding budget, for other than specific projects, has remained at approximately $4 million for the last 5 years. During 2003-04, while the capital budget submissions from the regions totalled $13.3 million, the Department requested $11.4 million from Treasury Board, which is 2.9 times more than the $4.0 million approved. Although expenditure was approved for $4 million in 2003-04 the Department only managed to spend $3.1 million allowing $869,054 to lapse.

Departmental officials indicated that the amounts requested by the regions over the past five years as shown in the chart do not represent the total funding required to address the need for alterations and improvements. The regions do not include everything in their submissions because funding has been restricted to approximately $4 million per year Province-wide. Officials indicated that with everything included, the annual requirement would be in excess of $50 million.

- One of the goals outlined in the Department's Strategic Plan pertains to the development and implementation of effective replacement/disposal strategies including buildings and properties. An objective under this goal is to review and refine criteria to determine when assets should be acquired or disposed of. Our review indicated that funding has not been identified or approved in order to either put surplus buildings in a saleable state or otherwise dispose of the existing buildings. As at 31 March 2004 Government had a number of vacant building sites with a total area of 66,500 square metres and an estimated replacement cost of $149 million. The old Janeway, the Grace General, and the Miller Centre account for $121 million of the $149 million estimated replacement cost and 47,400 of the 66,500 square metres.

**Recommendations**

*The Department should:*

- *Complete detailed condition reports on all of its significant Government owned buildings and develop a long-term capital plan which outlines the nature, amount, and timing of required funding;*

- *Use a risk based approach to identify and prioritize required maintenance and capital alterations and improvement; and*

- *Develop a strategy to dispose of vacant buildings which are determined to be of no further use and outline the nature, amount and timing of required funding.*

**Department's Response**

*The report states that the department's database of buildings is not complete in that the age of the buildings is not always indicated. The department acknowledges this and will attempt to obtain the information for all buildings. This may be difficult with older buildings or buildings*

*which have been built in sections over a number of years. Rather than guessing a date the department has, up to this time, left the data field blank.*

*The report further states that the department does not use a risk-based system to identify and prioritize maintenance work. This is not accurate. Each region is required to rank projects with consideration to the same priority ranking for the selection of projects. This ranking provides priorities in the order of (i) structural remediation or repair; (ii) life and fire safety; (iii) building envelope integrity; (iv) accessibility; (v) indoor environment and air quality; (vi) interior finishes; (vii) client requested upgrades/betterment; and, (viii) site improvements.*

*The report also states that the department does not have a plan to devolve government of its vacant buildings. The department has recognized that it has a responsibility to any potential buyer to ensure that we disclose everything we can about the property. To that end, prior to disposal, it is necessary to have environmental assessments conducted of these properties. This is especially important in those cases where the buildings were not maintained by the department when operational. The department has arranged and funded this work to be carried out within the limitations of our annual budget. In the case of the Grace Hospital, the department has actively attempted to find a purchaser via the issuance of Expressions of Interest. To date, the marketplace has not presented a willing buyer.*

*With respect to the draft report's reference to the Miller Centre, as this building remains in operation, it is presumed the reference was meant to be the adjacent Old General Hospital - a facility whose title is currently held by a private developer.*

*On the matter of maintenance projects, while it is true that there are a substantial number of priority projects identified, the department recognizes that it is not practicable to address undertaking all of these in a single year. During the fiscal 2004/05 budget process, the department identified additional projects that would be undertaken if it received an additional $2M to $4M in block funding for alterations and improvements; unfortunately additional funding was not provided.*

*Finally, the report states that there is no plan currently in place to address the timing of the funding and the priority of the work for maintenance and capital works projects. The department advises that while there is no long term commitment of funding for the work identified, the work itself is identified and prioritized. On an annual basis, we do receive a budget for such work and it is applied to top priority projects.*