City of Edmonton
Office of the City Auditor

Historic Resources Management
Program Audit

November 10, 2021

OCA00863 - Attachment 1

Report Summary

Background

Historic resources are buildings, structures, fragments, landscapes, or features that represent an important development in Edmonton. Historic resources may have a unique architectural style or have been associated with a prominent person or event in Edmonton's history.

There are 1,104 currently identified city and privately-owned resources and the program's annual budget is $2.3 million. The Planning and Environmental Services Branch (Branch) manages the Historic Resources Management Program.

Audit Objectives

To determine if the City's Historic Resources Management Program (HRMP) is effective in protecting historic resources, we evaluated whether:

- HRMP has an effective governance structure to meet the program's objectives.

- HRMP is managing the resources effectively to meet the program's future needs.

- HRMP identified, managed, and protected the Historic resources in Edmonton.[1]

What we found

The Branch's governance structure is generally effective. The roles and responsibilities and procedures to designate historic resources are clear. The program also tracks historic resources through the *Register and Inventory of Historic Resources* listing (Listing) which is available to the public.

In addition to the day-to-day operations, the Branch conducts quarterly projection and analysis to assess the program's financial health. Their analysis shows there is sufficient funding to sustain the current grant programs. The Branch has also projected future funding challenges and is exploring different options and tools to address them.

---

[1] We conducted this engagement in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

When we reviewed the program's guiding documents, we found that they are outdated and the information does not reflect current practice. Specific to the management plan, the Branch has not fully implemented some of the activities and has not recently reviewed whether they are relevant.

We compared the historic resource Listing to internal records and could not reconcile. We identified duplicate and inaccurate information in the Listing. There are a few instances where there are multiple records for the same property. Also there are few demolished properties and properties that should not have been on the List.

Lastly, the Branch relies on informal discussion to identify and remediate maintenance issues after awarding the grants. The Branch does not formally assess the historic resources' condition after the grant disbursement.

Recommendations

We made three recommendations to the Branch:

Recommendation 1

Regularly update its historic resource guiding documents.

Recommendation 2

Review and update the City's Register and Inventory listing periodically for accuracy and completeness.

Recommendation 3

Formalize the approach to assess the ongoing condition of historic resources after the completion of grant-related rehabilitation work and identify potential remediation actions.

Why this is important

With clearer guiding documents, more accurate inventory and a better understanding of historic resource conditions, management can make more informed decisions in managing and protecting Edmonton's historic resources.

Background

Historic Resources

There are 1,104 privately owned and City owned historic resources in the *Register and Inventory of Historic Resources* listing as of May 2021. These historic resources are subject to two levels of protection.

- **Register (Designated)** - Once a structure is designated as a Municipal Historic Resource, it is put on the Register and is legally protected from demolition or inappropriate alteration under City Policy.

- **Inventory** - The Inventory is a list of resources that merit conservation but are not legally protected. They qualify for designation as a Municipal Historic Resource.

Table 1: Historic Resources by Protections and Category

	Designated	Inventory
Privately Owned	142	899
City Owned	23	40

The number of designated historic resources has grown 32% from 2015 to the end of 2020.

Total Municipal Historic Resources Designations
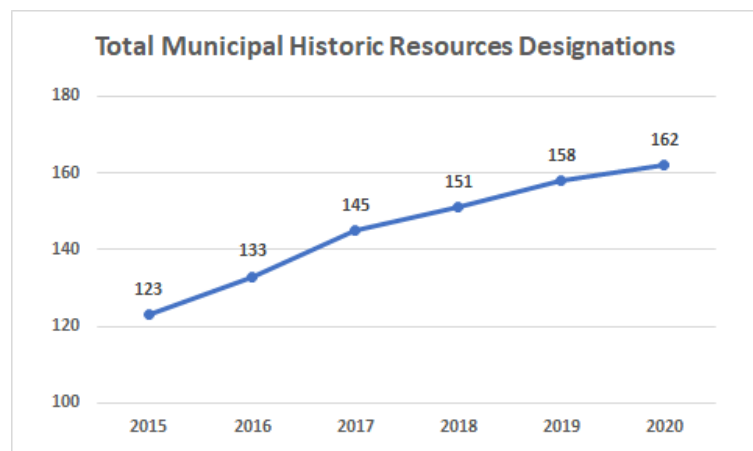
Historic Resources Management Program

The City is committed to preserving historic resources that represent our past and enhance our urban environment. The Historic Resources Management Program (HRMP) was put in place to identify, facilitate, and manage the protection and reuse of Edmonton's Historic Resources.

The Planning and Environmental Service Branch (Branch) within the Urban Planning and Economy Department is responsible for the HRMP. Within the Branch, two principal planners manage the HRMP with oversight of a Senior Planner.

The HRMP is funded by the Heritage Reserve. The annual tax levy commitment to the Heritage Reserve is $2.3 million. The total program expenditure in 2019[2] is $2.8 million. This includes:

- Rehabilitation Incentives: $1.37 million
- Maintenance Incentives: $125,000
- City-owned Historic Resource Capital Projects: $865,000
- Other Heritage Commitments: $330,000

Governance Structure

The Branch and the City Council are directly involved in the designation of buildings and the grant program. The Edmonton Historical Board provides recommendations to the City but is not directly involved in the formal designation process.

City Council
- Pass Bylaws to designating structures as Municipal Historic Resource.
- Approves all historic resource Rehabilitation Grants.

Edmonton Historical Board
Historic Resources Review Panel
- An advisory board that reviews nominations and amendments to the Inventory that may warrant designation

Urban Planning and Economy Department
- Conduct preliminary of review and evaluation of designation of historic resource applications.
- Deputy City Manager of the Urban Planning and Economy Department approves/rejects/modifies the recommendations.
- Maintain and update the Register and Inventory of Historic Resources
- Conduct preliminary review of incentives applications.

---

[2] The outbreak of the COVID-19 pandemic impacted the HRMP program in 2020. Therefore, 2019 financial information is presented.

Governance

Key Findings

The Branch has generally implemented effective governance structures. The roles, responsibilities and authority for designating historic resources and for awarding grants are generally clear.

The Branch developed guiding documents, which include policies, procedures and the Historic Resource Management Plan. However, the guiding documents are outdated and the information does not reflect current practice. The Branch also has not fully implemented some of the activities in the current management plan and has not recently reviewed whether the management plan activities are relevant.

City Policy

The City Policy C405B *Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton* guides the identification, management, protection and promotion of historic resources. However, we found this document is out of date.

- The City Policy was initially developed in 2008, and the Branch has not updated it since then.

- Some requirements in the policy are inconsistent with the practices, for example,

    ○ There is a requirement for full payment of taxes and levies in the current policies. The current practices do not verify this.

    ○ The policy required three estimates of construction costs when applying for the incentives.The actual practice only requires one.

    ○ The policy refers to a *Maintenance Incentive Agreement* for the payment terms and conditions of maintenance incentives. However, most of the maintenance incentives do not have a maintenance agreement in place.

- The policies and procedures do not address or make reference to City-owned historic resources, such as Mill Creek Trestle Bridge, John Walter House, Children's Shelter, etc.

  - These historic assets are managed by different business areas. The City's current approach is to treat them similar to non-historic assets when making rehabilitation decisions.

  - Management identified that the lack of a clearly defined approach to the management of City-owned historic assets had resulted in several properties falling into significant disrepair, and other properties being demolished.

Management Plan

The Branch developed a management plan that set a long-term strategy to manage historic resources. However, we found the management plan is outdated and the Branch has not fully implemented some strategic activities.

- The ten-year plan was developed in 2009. To date, the Branch has not updated this plan.

- When we reviewed the plan activities, ongoing day to day activities were completed, but some strategic activities were not being implemented, for example:

  - The City-owned assets are not reviewed to determine heritage value and place a high priority on their designation.

  - The Branch has not developed a formal communication plan to promote HRMP.

  - The methodology to review an inventory of significant natural landscapes and trees is not in place.

Why is it important?

Guiding documents provide consistent guidance to City employees and stakeholders on their day-to-day activities and decision making. It helps align operational activities to the program's objectives. Regular review of the guiding documents promotes management to focus on the most important and current strategic and operational issues within the program.

Recommendation 1

Update guiding
documents

Regularly update historic resources guiding
documents.

👤 Responsible Party

Planning and Environmental Services Branch
Manager

✓ Accepted by Management

Management Response

Policy C450B - Policy to Encourage the Designation
of Municipal Historic Resources in Edmonton and the
Historic Resource Management Plan are the heritage
program's guiding documents. Scoping the
preparation of a new Historic Resource Management
Plan is currently underway. An update of Policy
C450B would flow from this work and be approved
with the new management plan. In the Urban
Planning Committee report UPE00724, the Planning
and Environment Services Branch will identify the
resources necessary to prepare this new
management plan. This report is anticipated to be
presented to the Urban Planning Committee in Q1
2022 and to state that the Administration will prepare
an unfunded service package as part of the
2023-2026 budget submission to prepare a new
Historic Resource Management Plan.

📅 Implementation Date

December 31, 2024

Historic Resources Listing

Key Findings

The Branch maintains the City's *Register and Inventory of Historic Resources in Edmonton* (Listing). This Listing includes properties that are classified as Inventory and Designated historic resources. The properties that the Branch adds to the Listing are mainly from conducting area studies, owners submitting applications, and community members making requests. This Listing is available to the public through the City's website and includes detailed information such as address, construction year and zoning for each property.

However, we found information for some of the properties are duplicated and inaccurate.

- The Heritage Planners keep a master summary to track the City's Designated historic resources. There are 165 Designated historic resources as of April 2021. However, the Listing contains 176 Designated records. There are several factors that have created this discrepancy such as:

  - There are 18 duplicated properties on the Listing that should be removed;

  - The Listing includes 2 properties that are not designated and should not be included on the listing; and

  - The Listing did not include 6 designated properties because they were not entered into the database.

- There are 939 properties classified as Inventory as of April 2021. However, the Listing contains 983 Inventory records. We found instances where:

  - Information was entered into the database multiple times leading to duplication.

  - Properties that have been demolished are not updated in the database.

Why is it important?

The Branch needs accurate, complete and up-to-date historic resources listing when developing strategies and making decisions about historic resources preservation. Periodical review of the listing enables management to update the listing for accuracy and completeness.

Recommendation 2

Update Historic Resource Listing

Review and update the City's Register and Inventory listing periodically for accuracy and completeness.

Responsible Party

Planning and Environmental Services Branch Manager

Accepted by Management

Management Response

Administration has recently completed a full review and update of the Register and Inventory to address issues with accuracy and completeness. Going forward, a review and update will be conducted on an annual basis.

Implementation Date

December 31, 2021

The review and update for 2021 has been completed. Future annual reviews will be incorporated into the program's annual work plan.

Assess Historic Resources' Condition

Key Findings

We found the processes and procedures for historic resource designation and for awarding grants are generally clear. The Historic Resources Review Panel provides recommendations to add properties to the inventory of historic resources. The Council approves Bylaws and rehabilitation grants when properties are designated as historic resources. The Branch reviews grant applications; enters into a *Rehabilitation Incentive and Maintenance Agreement* with the property owners; confirms work done and releases the grants funding.

The City's designation bylaw and the standard *Rehabilitation Incentive and Maintenance Agreement* require historic resource owners to properly maintain their properties. Although the heritage planners informally contact property owners after grants are released, the Branch does not formally assess the historic resources' condition after grant disbursement. The Branch does not have a record of assessment of the historic resources' condition and cannot confirm whether properties are properly maintained.

Why is it important?

HRMP is publicly funded. Preserving historic resources in good condition is key in demonstrating the effectiveness of the usage of public funding. Assessing the conditions and proactively identifying changes in the historic resources conditions after the completion of grant-related rehabilitation work helps the Branch to be aware of and be responsive to deterioration or damages.

Recommendation 3

Assess Historic Resources' Condition

Formalize the approach to assess the ongoing condition of historic resources after the completion of grant-related rehabilitation work and identify potential remediation actions.

	Responsible Party
👤	Planning and Environmental Services Branch Manager
⊘	**Accepted by Management**
	Management Response Currently, the Administration only has resources to conduct post-rehabilitation inspections on an opportunity basis. As the result of Recommendation 3, Administration will: Formalize a risk-based approach to assessing the post-rehabilitation condition of Municipal Historic Resources based on available resources, heritage importance, and the scale of public investment.
📅	**Implementation Date** March 31, 2023

Acknowledgement

We would like to thank the staff in the Planning and Environmental Services Branch for sharing their knowledge and time throughout the review. It was greatly appreciated.