



TO: Business Board

SPONSOR: John Bisanti, Chief Capital Projects Officer

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DATE: April 28th, 2003 for May 5th, 2003

AGENDA ITEM: 4(b)

ITEM IDENTIFICATION:

Capital Project - University of Toronto at Scarborough, Student Centre

JURISDICTIONAL INFORMATION:

Pursuant to Sector 5.2.(b) of its Terms of Reference, the Business Board approves expenditures for, and the execution of, approved Capital Projects.

PREVIOUS ACTION TAKEN:

The project was brought to the Business Board on November 19, 2001, and approval granted to the Vice-President, Business Affairs, to expend up to \$1,000,000 for design and site development work.

HIGHLIGHTS:

The approved Student Centre Building at the University of Toronto at Scarborough was comprised of 2,418 net assignable square metres, or approximately 4,352 gross square metres, on a site facing Military Trail, adjacent to the Recreation Centre and connected to the Bladen Building. This significant entrance site had been identified for this purpose in the Campus Master Plan 2001.

The total project cost was estimated at \$13,923,000 in 2003 dollars with the point of tender being January 2003.

During the implementation process a consultant was engaged to recommend a food service strategy for the new Student Centre that would ensure the provision of quality food operations. The Swanston Report examined the optimum mix of services, operating structure and service specifications and also tabled recommendations regarding the other revenue generating services. It was concluded that it would be preferable for an effective and flexible business operation to enlarge the kitchen facilities of the Pub/Café and to

allocate more space to the food franchises. The current design of the building reflects these recommendations. It results in an increase of 228 net assignable square metres [nasm] or 9.4%.

Other changes in scope include titanium exterior siding which will enhance the quality appearance of this gate-way location, custom millwork for the restaurant/pub and an increase in the kitchen equipment requirements as recommended by the food services consultants. The building was initially envisioned as a stand-alone building. The cooling system for the building was designed as such; however it was considered preferential for the electrical and heating elements to be accommodated through the centralized campus infrastructure services. Recent studies of the functional capacity of the mechanical and electrical infrastructure on campus have indicated that this is not possible. Provision for these services, a new boiler and an electrical upgrade, is now included in the total project cost as originally intended.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The funding centre-piece for this project will be derived from a student levy advanced and approved by the students at the University of Toronto at Scarborough. The student referendum held in March 2001 at UTSC approved, by a two thirds majority, a levy of \$60 per session per full time student, and \$18 per session per part-time and summer session student. This levy is indexed to the consumer price index and is to be continued throughout the lifetime of the mortgage. This funding is matched, at 50% for each student levy dollar raised, by the University of Toronto to a maximum contribution of \$3,748,695. In addition, the project will receive \$975,000 from the UIIF [University Investment Infrastructure Fund]. Other contributions to the project are fund-raising by the University of Toronto at Scarborough and from business income generated by the Student Centre.

As a result of the change of scope of the project, the cost was re-estimated at 90% completion of all drawings and had increased from the approved cost of \$13,923,243 to \$14,777,000. This cost increase was of considerable concern to all participants, but fortunately with the projected increase in student enrolments some flexibility was possible. The feasibility of the financial model was carefully re-developed and re-assessed by the Financial Services Department, Ms. Shelia Brown, to interpret the risk associated with the project. Attached as Appendix "A" is a Financial and Risk Analysis on the Student Centre prepared by the Financial Services Department.

In March 2003 the Student Centre was tendered to five (5) invited general contractors. The tender closed on April 24th with four contractors submitting a bid and one declining. The bid differential between the four bids was approximately 13% however, the low bid was approximately 10% under our estimated construction budget.

As a result of the favourable tender price the project will be able to incorporate the design elements which the students were actively pursuing within the original \$13,923,000. In addition, the project will be charged its proportionate share of the campus wide mechanical and electrical infrastructure costs.

The overall project will be funded as follows:

Student Levy (Upfront Fees)	\$1,250,000
Provost Contribution	\$3,748,695
UIIF	\$ 975,000
Donations	\$1,000,000
Mortgage	<u>\$6,949,305</u>
	\$13,923,000

UTSC and the student body at UTSC under the aegis of the Scarborough Campus Students' Union will assume responsibility for all cost overruns on this project should this occur, as well as undertaking to carry all operating cost associated with the Student Centre. The new UTSC Student Centre is planned to be completed by September 2004.

RECOMMENDATION:

THAT the Vice-President - Business Affairs be authorized:

- (a) To expend up to \$13,932,000 for the construction of the University of Toronto at Scarborough Student Centre.
- (b) That the Funding for the project be arranged as follows:
 - (i) A contribution of \$3,748,695 from the University of Toronto for the 50% matching of the student levy support.
 - (ii) A one-time-only contribution of \$975,000 from the University Infrastructure Investment Fund. [UIIF]
 - (iii) A \$1,000,000 contribution to be secured from fund raising by the University of Toronto Scarborough. [UTSC]
 - (iv) Cash contribution in the amount of \$1,250,000 from the Student Levy support already collected, and
 - (v) A mortgage to be amortized over a period of approximately 25 years in the amount of \$6,949,305 with payments forthcoming from the planned student levy income. Student levy income will continue until such time as the mortgage is fully paid.