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CAPITAL PROJECTS DEPARTMENT

TO: Business Board

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DATE: April 24th, 2003 for May 5th, 2003

AGENDA ITEM: 4(e)

ITEM IDENTIFICATION:

Capital Project - Joseph L. Rotman School of Management Building: Addition of Office Space on the 4th and 5th Floors

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:

None. This is the first time this project has been presented to the Business Board.

HIGHLIGHTS:

The Joseph L. Rotman School of Management has made impressive progress in recent years to improve its academic standing among the very best international schools of management and business. This progress is intimately tied to the quality of the physical facilities and infrastructure which have been established and available within the Rotman Building. These facilities house the various programs offered by the Rotman School of Management as well as classrooms and services in support of the Commerce Program at the University of Toronto.

The proposed project addresses part of the space requirements needed and will serve to maximize the density within the existing building. Additional space for management programs will need to be identified, possibly through the development of the site immediately south of the Rotman Building or through reallocations within buildings in close proximity to the Rotman Building in the years ahead.

This project serves to expand the space available to address the increased academic program needs of the Rotman School of Management. The integrated nature of the various programs offered within the Rotman School do require close proximity of offices, personnel and services and preferably should be expanded within the Rotman Building. Preliminary discussions with Zeidler Grinnell

Partnership Architects, the original architects for the Rotman Building, have identified the possibility to add a fourth and fifth floor to the existing Rotman Building. While such a solution will maximize the personnel that can be accommodated in the building, it is nevertheless an expensive solution and will require the structural strengthening of the building from within the underground parking garage. It is recommended that the original architects be invited to undertake this additional design.

Exploratory investigation has confirmed the feasibility of the project specifically the addition of a fourth and fifth floor; the total project cost for this new construction of an additional 488 nasm (880 gsm) is expected to cost \$4,000,000 when tendered during the summer of 2003.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The project is urgently required. Every effort, post all approvals, will be made to initiate the design work and to finalize the design so that construction can commence as soon as possible, preferably this summer to minimize disruption which will include access into the underground parking garage etc.

The completion of this project will not address all the space requirements of the Rotman School of Management. Additional space will be required, however the current project, while expensive in itself, does provide for an interim solution in advance of any expansive new building program for the Rotman School which would carry with it greater cost outlays. Furthermore, this addition does enable the Rotman School to maximize the density on the present site.

Funding for this addition in the amount of \$3,000,000 has already been fully secured from an external contribution made to the Rotman School of Management. The remaining funds will be derived from either an application submitted to the Ontario Research and Development Challenge Fund [ORDCF] to create the Centre for Entrepreneurship and Creativity, or secured from two other sources :

- i) the balance of the funds from the original Rotman Building Construction Project Fund of \$341,000, and
- ii) additional fund raising in the amount of \$659,000.

The estimated increase in maintenance , operating and utilities costs of the new facilities is expected to be approximately \$85,000 annually. These increased costs, as presently estimated, will be the on-going responsibility of the Rotman School of Management.

Given that the result of the ORDCF application is at yet not confirmed and that the project needs to move forward, the source of funds for the project are most likely to be derived from the Rotman Building Construction Project and additional fund raising.

These funds must be identified and secured prior to the commencement of construction so as to eliminate all cash flow costs. Any shortfall in construction financing will also be the responsibility of the Joseph L. Rotman School of Management.

RECOMMENDATION:

THAT the Vice-President – Business Affairs be authorized:

to expend up to \$4,400,000 to undertake the 4th and 5th floor expansion of the Rotman Building to be funded as follows:

- (i) Contribution of \$3,000,000 from a donor which has already been secured.
- (ii) Contribution of \$341,000 from the Rotman Building Construction Project Fund.
- (iii) Contribution of \$659,000 to be raised from external donors to meet the complete project costs.