



University of Toronto

OFFICE OF THE VICE-PRESIDENT AND PROVOST

FOR INFORMATION

TO: Business Board

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DATE: January 8th, 2007 for January 15th, 2007

AGENDA ITEM: 6

ITEM IDENTIFICATION:

The University of Toronto Capital Plan [2006-2011]

JURISDICTIONAL INFORMATION:

Under the *Policy on Capital Planning and Capital Projects* (June 28, 2001), the Planning & Budget Committee reviews the Capital Plan of the University of Toronto for recommendation to the Academic Board.

Specifically, the *Policy on Capital Planning and Capital Projects* outlines the following in Section 1.B:

“The Governing Council shall adopt, from time to time, Capital Plans. The Capital Plans, which are the outcome of the University’s academic planning process, set out the major Capital Projects¹ to which the University has assigned priority for a specified period of time.² Such plans are normally adopted for multi-year periods and are updated, as required, to reflect progress made and new or altered priorities. Capital Plans include all capital projects (above a specified cost), which are expected to be in planning and or implementation stage during the period of the Capital Plan. A Capital Plan provides provisional estimates of overall costs and sources of funds.”

¹ Capital Project: A capital project is (a) new building, (b) building alterations, (c) infrastructure investment that involves more than system improvements, e.g., space reorganization, expansion or conversion to new uses. Significant open space projects are also Capital Projects.

² Priority represents an ordering among needs. Needs may be established in a variety of ways: through an approved divisional plan linking the quality and effectiveness of academic programs to space requirements, through an external assessment of academic programs, through the introduction of a new or expanded program or service, through an assessment of space using provincial or institutional standards, or through the availability of a fixed sum of money for a project congruent with the University’s plans.

PREVIOUS ACTION TAKEN:

On February 10, 2005, the Governing Council approved the report entitled *The University of Toronto Capital Plan [November 8, 2004 – December 31, 2010]*.

Revised capital projects lists have been regularly presented to the Planning & Budget Committee and the Business Board.

From 1999 to the present time the Governing Council of the University of Toronto has approved the construction of 62 new projects estimated at \$1.058 billion. The University added 343,970 gross square metres of space for academic purposes 2,425 residence spaces, and parking for 2,437 cars. The University spent \$257.0 million on infrastructure and related minor renovations and \$139.5 million on student activity space. However, in virtually all categories space remained below the Council of Ontario University space standards. While projects were financed through capital grants from the provincial government, CFI and advancement, the majority, \$614.85 million, was financed by the University, increasing its allocated internal and external borrowing to \$768.0 million.

HIGHLIGHTS:

While it has only been two years since consideration of the last capital plan, there has been significant development on all three campuses. With the double cohort now flowing through the system, attention has been focused in academic planning on graduate expansion. Thus it is appropriate to update the capital plan. The update primarily involves removal of projects that have been completed, or found not to be feasible, and addition of projects that relate to the academic priorities of the institution. This has been prepared in conjunction with a *Real Estate Strategy* and a *Borrowing Strategy Review* which will be presented to the Business Board and also presented to the Planning and Budget Committee for information. These three documents together will be used to frame an integrated approach to managing our existing real estate holdings and setting priorities for new developments.

The Capital Plan [2006 – 2011] is divided into three main sections (with three appendices).

Section 1, 'Background', provides background and detailed information about the currently approved and implemented plan which has extended from 1999 to the present time. It references the nine key criteria that were articulated in the 2004 Capital Plan document that involved a methodology that allows for academic priority and recognizes financial prudence. These criteria are outlined in Appendix 1 of the document.

Section 2, 'Looking Forward', considers the new demands on space, deferred maintenance and facilities renewal for the upcoming years across the three campuses. [Appendix 2 of the document reviews briefly the major zones on St. George where further development in the next few years might be anticipated.]

Section 3, 'Capital Plan', looks at the unique challenges posed by the University's historic buildings and heritage areas; the desire to harmonize priority projects for deferred maintenance and facilities renewal; physical plant requirements; and energy conservation. This section also references the recent update to the capital program, with a detailed list of projects and their status in Appendices 3 and 3.1 of the document.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The capital expansion in the recent past has relied heavily on long-term borrowing. Future projects will have to make more judicious use of borrowing, particularly when that borrowing is to be financed from the operating budget. However, there will continue to be reliance on borrowing when the full costs of a project cannot be covered from external sources and where the capital support requires borrowing – for example the capital resources that accompany the graduate and medical expansion. Thus, there will need to continue to be borrowing allocated to specific projects. It will be proposed that borrowing capacity be allocated with consideration to projected borrowing capacity, based on cash flow analysis.

The projects that are included within the capital project list all represent significant requirements for ensuring that the University is able to appropriately deliver its programs. All individual projects that are brought forward will have clearly defined how the funding program for that project is to be achieved.

RECOMMENDATIONS:

For information.