



University of Toronto

CAPITAL PROJECTS DEPARTMENT

TO: Business Board

SPONSOR: Nick Zouravlioff, Acting Chief Capital Projects Officer

CONTACT INFO: 416-976-7636 or email: [nick.zouravlioff @utoronto.ca](mailto:nick.zouravlioff@utoronto.ca)

DATE: October 31, 2006 for November 9, 2006

AGENDA ITEM: 4(e)

ITEM IDENTIFICATION:

Capital Project – Science Building at University of Toronto at Scarborough: Appropriation Increase

JURISDICTIONAL INFORMATION:

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

PREVIOUS ACTION TAKEN:

This project was originally approved by the Governing Council in June 2005 at a cost of \$31.5 million. In May 2006, the Governing Council approved a somewhat expanded project including a full basement to provide additional support services and to permit a connection to the Science wing of the original building. The cost was \$33.089 million.

HIGHLIGHTS:

Phase 1 included a new building of 2,983 net assignable square metres (nasm) (32,108 gsf) or a maximum of 5,075 gross square metres (54,600 gsf), adjacent to the existing Science Wing overlooking Highland Creek Valley. The project also includes the rectification of several deferred maintenance issues, plus renovations to existing research facilities that were built some 40 years ago.

The project was tendered in June 2006 to four pre-qualified general contractors and closed in August 2006.

The low bidder was approximately 20% above the budget or \$3.831 million. The main variances occurred with the mechanical component which was 40% over and the electrical component which was 20% over the estimated budget.

A detailed review and analysis were conducted and tenders from the general contractors with the two lowest bids were reviewed. All contractors received ample competitive pricing from all trade disciplines. The cause of the higher than expected prices is the current level of construction activity in the marketplace which is reflected in some of the tender numbers received.

The project team has worked with the lowest qualified bidder and was able to reduce the cost by \$468,000 without impacting scope and still maintaining the integrity of the design. Responding to the market conditions the project team also reviewed the estimates for other contracts and secondary effects that are primarily electromechanical installations and adjusted these upward by \$450,000. Project contingencies were also adjusted accordingly. Finally a review of the financial charges applicable resulted in a reduction of \$259,000.

The new revised Total Project Cost is **\$37.089 million** or an increase of **\$4.0 million**.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The Total Project Cost for the project is \$37.089 million, an increase of \$4.0 million.

The annual operating costs of the facility are estimated at \$300,000. These costs will be re-evaluated once the building is operational and carried from the operating budget of the University of Toronto at Scarborough.

The revised sources of funds to date include:

1. Cash allocation of \$3,000,000 in 2004/2005 from UTSC's operating budget.
2. An allocation of \$10,089,000 from UTSC operating budget.
3. Debt in the amount of \$24.0 million, an increase of \$4.0 million.

RECOMMENDATION:

THAT the Vice-President, Business Affairs be authorized to execute the University of Toronto at Scarborough (UTSC) New Science Building Project, for an increased cost not to exceed \$37.089-million, using the following sources of funds:

- | | |
|---|------------------|
| a. 2004-05 cash allocation from the UTSC operating budget | \$ 3.000 million |
| b. Further cash allocation from the UTSC operating budget | 10.089 million |
| c. Borrowing, to be repaid, with interest, from the UTSC operating budget | 24.000 million |

And

THAT the senior financial officer responsible for financial matters be authorized to arrange such interim and long term borrowing as required, from either internal or external sources.