



# University of Toronto

OFFICE OF THE GOVERNING COUNCIL

## Appendix “B” to Report 126 of AB

TO: Planning and Budget Committee

SPONSOR: Ron Venter, Vice-Provost, Space and Facilities Planning

CONTACT INFO: 416-978-5515; ron.venter@utoronto.ca

DATE: January 20<sup>th</sup>, 2004 for February 3<sup>rd</sup>, 2004

AGENDA ITEM: #5

### **ITEM IDENTIFICATION:**

Approval of the Project Planning Report for the Phase 8 Residence at the University of Toronto at Mississauga [UTM].

### **JURISDICTIONAL INFORMATION:**

Under the Policy on Capital Planning and Capital Projects, the Planning & Budget Committee reviews Project Planning Reports prepared for a capital project and recommends to the Academic Board approval in principle of the project.

### **PREVIOUS ACTION TAKEN:**

Demand for residence at the University of Toronto at Mississauga has grown steadily over the past few years. With the opening of Erindale Hall (Phase 7) in September 2003, UTM now provides 1023 residence spaces for single undergraduate students, graduate students, and students with families. With seven residential complexes, UTM offers a variety of housing options to its students – three- and four-bedroom townhouses, two- and four-bedroom apartments, and bachelor suites. Of the 1023 spaces available, approximately 800 are exclusively for single undergraduate students – a population that also represents the college’s primary enrollment expansion pool in the next two years. Approximately 12% of UTM students live on campus, while an estimated 25% of newly admitted first year students live in residence. At the same time however, approximately 76% of the 800 available spaces have been taken by first year students who benefit from the University’s first year housing guarantee. Like other colleges, this has come at the expense of upper year students who, either have to compete aggressively for a limited number of available spaces, or who self-select out of even applying for residence because they are acutely aware of the limited opportunity to return to campus. The increased number of first year students living on campus, combined with college’s enrollment expansion plans, will only increase the demand among students wishing to return to residence – a demand that our current housing inventory is incapable of meeting.

### **BACKGROUND:**

The proposal for the Phase 8 Residence calls for the addition of 418 single beds to the college’s housing stock. The 418 spaces will be configured as a traditional dormitory, with every two bedrooms sharing a semi-private washroom. Eighteen of the spaces will be occupied by residence dons and professional staff i.e. Residence Life Coordinator, and eight of the 400 remaining spaces are barrier-free rooms for students with disabilities.

This important project will position UTM to successfully meet their enrolment growth targets, which are projected to grow to a campus headcount of plus 11,000 by 2006, and will significantly contribute to the realization of their shared vision and aspirations.

The Project Planning Report provides the analysis and arguments that serve to highlight the very different context of the UTM campus from that on the St. George campus. UTM is a suburban campus, not as readily accessible by public transit as is St. George and where students have minimal access to nearby rental housing stock as an alternative to on-campus housing. Both of these factors lead to a very different dynamic for the student housing market as it affects UTM. Furthermore, residences are playing an important role in the recruitment efforts at UTM and if the academic goals at UTM are to be realized it is necessary for UTM to *maintain* that recruitment success and *retain* the students they recruit in the first instance. As is noted in the Project Planning Report, extremely limited (and declining) space for upper-year students will present an increasingly difficult challenge in that regard: a challenge that will continue even with the addition of 418 beds in Phase 8.

This project also represents a significant departure from recent approaches to residence construction at UTM, if not the entire University. The project recognizes that it is the quality of the student experience, the sophisticated programming and the strong sense of community that enriches our students' lives. Accordingly, UTM is committed to building a residence that is well designed and consistent with the overall campus aesthetic; that provides superior accommodation; that facilitates vital and informed programming; and that can be built at a cost of around \$55,500 per bed. The gross square metre per student planned for this residence is estimated at 26.2 which is certainly low as compared to other residences. This is intentional to maintain a quality construction at affordable pricing while also using the available student activity space in Coleman House to advantage.

The time lines for the completion of this project are important and ambitious. To achieve the maximum impact upon recruitment and retention, it is necessary to target August, 2006 as the opening date. To meet this deadline will require an immediate start with the expectation that construction should commence no later than December 2004.

Under the Policy on Capital Planning and Capital Projects, the Project Planning Committee will continue through the implementation phase. The Working Executive of the Project Committee will comprise the lead User, a Planner and Implementer all of whom have been intimately associated with the project definition since its inception; this membership is:

**User:** Chris McGrath and Mark Overton [Co-Chairs]

**Planner:** Gail Milgrom

**Implementer:** Julian Binks

This Working Executive will be expanded to include a Project Manager, Mr. Ben Louie, appointed by the Chief Capital Projects Officer.

#### **FINANCIAL AND/OR PLANNING IMPLICATIONS:**

##### **Borrowing capacity for the Capital Plan:**

Reference is made to the June 19<sup>th</sup>, 2003 Business Board Meeting, Item 6 documentation: "The University's current borrowing capacity has been conservatively estimated by management to be \$620 million."

The current level of borrowing for the Capital Plan and Other Requirements, including all approvals by Business Board through to December 31<sup>st</sup>, 2003 amount to 621.84 million. Additional approvals anticipated at Business Board on January 19<sup>th</sup>, 2004, for projects already approved by the Planning & Budget, plus an additional approval by the V-P Business Affairs has increased the level of borrowing to the end of January, 2004 to \$627.8M.

### **Phase 8 Residence at UTM**

In tabling the UTM Phase 8 Residence Project Planning Report and the particular recommendation it is also necessary to disclose that there are a number of very important projects that should preferably be initiated in the near future and for which it is unlikely that external funding can be identified and secured. These projects include the modest renovation of the recently acquired Board of Education property at 155 College Street [for the Faculty of Nursing and departments within the Faculty of Medicine], the establishment of a modular Library Storage facility and other important priority projects that will compete for the limited borrowing available and include the UTM Phase 8 Residence as well as science and infrastructure facilities at the University of Toronto at Scarborough. The cumulative projected cost of these additional projects is currently estimated to be in the range of \$70-80 million. In addition to the above, further funding will need to be raised to address the deferred maintenance issues.

As a result of the reduced capacity to fund additional capital projects, the UTM Phase 8 Residence Project Planning Report is being tabled for approval in principle. The intent of tabling this report at this time is:

- to identify the need and the planned solution for expanded residence capacity at UTM,
- to advance a limited expenditure to be used to immediately commence the design phase of the project so as not to jeopardize the project but indeed to maintain the possibility that the project, if subsequently approved, could be opened in September, 2006 to coincide with the new academic year and the timely recruitment opportunities.
- to explore alternative funding models or arrangements, including lease back arrangements, concurrently with the early design phase.
- Undertake the detailed risk analyses of the financial models. Based upon traditional approaches on residence financing the preliminary modeling is favourable based on the \$55,524 cost per bed.

The recommended approach at the present time, supported by UTM, is to allocate \$300,000 from the UTM Operating Budget to initiate the design work required to be undertaken by external consultants. This is necessary to advance the project definition and to fully explore all funding options as well as leaseback opportunities and conditions if the September 2006 opening date is to be met.

The entire project, including the funding options and recommendation to proceed with the project will be resubmitted at a later date for final approval by the Planning & Budget Committee. The project when completed will establish a 418 bed residence and a dining hall facility within 6430 and 650 nasm respectively.

### **RECOMMENDATIONS:**

It is recommended to the Academic Board:

Subject to the project returning to Planning and Budget Committee for consideration of further funding sources when those can be identified,

1. THAT the Project Planning Report for the Phase 8 Residence at the University of Toronto at Mississauga [UTM] be approved in principle;
2. THAT the proposed residence be located on the UTM Campus on the site(s) identified for residence accommodation within the UTM Master Campus Plan;
3. THAT the project scope identified in the Project Planning Report, to establish a 418-bed student residence totaling approximately 11,000 gross square meters at an estimated cost of \$26.215 million, be approved;
4. THAT funding in the amount of \$300,000 to initiate the design of the Phase 8 Residence at UTM be from the UTM Operating Budget.