



# University of Toronto

OFFICE OF THE VICE-PROVOST, SPACE AND FACILITIES PLANNING

TO: Planning and Budget Committee

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

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

DATE: December 8<sup>th</sup> for December 9<sup>th</sup>, 2003

AGENDA ITEM:

## ITEM IDENTIFICATION:

University College Residence: Significant change in project cost, revised sources of funding and minor change of scope.

## JURISDICTIONAL INFORMATION:

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

## PREVIOUS ACTION TAKEN:

The UC Residence has received numerous approvals in recent years. The most recent approval by the Planning and Budget Committee for the University College Residence was tabled on June 17<sup>th</sup>, 2003 and subsequently approved by Governing Council. The planned site and the scope of the project as approved on June 17<sup>th</sup>, 2003 remain intact except for the need to air-condition Ferguson Hall and the Drama Studio which has been added at minimal cost. The current re-submission is required as a result of a significant increase in the costing of the project at the post-tender stage and the need to identify additional sources of funding.

The initial Project Planning Report for the University College residence expansion was approved in April, 2002 and again in September, 2002 with approval by Governing Council on October 31<sup>st</sup>, 2002. The key revisions to the Project Planning Report had been the need, supported by the City, to relocate the new residence entirely on site 22 [post April, 2002 approval], to immediately north of Sir Daniel Wilson Residence and improvements to the overall layout of the building and the interface with St. George Street and the Back Campus [post September, 2002 approval]. The proposed residence, as designed, will be approximately equal in height to Sidney Smith Hall (on the west side of St. George Street) and have 274 residence beds within 9,329 gross square metres. The new facility will also include 800 gsm for the kitchen/servery. The average gross square metre area per bed is now 30.8 which represents an improved use of space from the user perspective while not being excessive.

## BACKGROUND:

The demand for residence places at the University of Toronto, especially places for first year students, has grown steadily over the last few years through to 2003. While the number of residence beds on the St George

campus has increased, all residences will need to extensively market their facilities to match the increased supply with the student demand across all years. University College has a critical need for student housing on the St. George campus. It currently can house only 11% of its students. This compares unfavorably with similar colleges notably Victoria, St. Michael's and Trinity where the corresponding numbers are 24%, 24% and 36% respectively.

In January 2000 a Project Committee [Users' Committee] was established. The Principal of University College chaired this Project Committee composed of students, faculty and staff. Key alumni also formed an informal advisory group to the Principal. Over the next two years the College examined a number of potential building sites. The initial site proposed was the western edge of the back campus. By April, 2002 the location had shifted and it was proposed, following a study by the architectural firm of A.J. Diamond Donald Schmitt and Company to add a north/south wing to complete the eastern edge of the Sir Daniel Wilson residence quadrangle and to also use an approved building site, Site 22, a parking site immediately north of Sir Daniel Wilson. The Sir Daniel Wilson residence quadrangle is presently zoned UOS (University Open Space) within the City of Toronto zoning by-laws and as such would require re-zoning before any structure could be built. Numerous town hall meetings took place to discuss this particular option. College Council unanimously approved both the need for the residence and the proposed location. The University College Alumni Association and University College Committee both unanimously recognized the need for a residence and supported this location.

The revised plan, referred to as the Sir Daniel Wilson quad site model was tabled and approved at Planning & Budget on April 16<sup>th</sup>, 2002. Thereafter, the planned UC residence was approved by the University Affairs Board and the Academic Board respectively. The new residence wings were to be constructed in a modified dormitory style, with washrooms and small common kitchens shared by "clusters" of single student bedrooms. Two bedrooms were designed to be fully accessible, and the layout of all spaces was to incorporate the principles of universal design. Additionally, common space was designed to have multi-purpose use.

The design and detailing of the new residence was to be of a good quality, with good exterior finishes to be compatible with the historic buildings that surround the site. Part of the addition to the Sir Daniel Wilson residence was to eliminate the surface parking from Site 22, and thereby allow the creation of an improved east-west pedestrian walkway and sight lines connecting the Back Campus to St. George Street, adjacent to the University College Union building. A total of 28 parking spaces were to be lost from this site, resulting in a net decrease of approximately \$28,800 annually to the parking ancillary of the University. The existing sunken rose garden south of the UC Union was to be re-located and incorporated into the over-all University College landscape plan. In addition, a pedestrian loggia was recommended along one side of the new n/s wing to provide an additional covered amenity along one of the most heavily trafficked pedestrian routes through the site.

This particular siting of the UC residence was unfortunately not well received by the City of Toronto in large measure as a result of the University Open Space zoning. In a memorandum, dated May 27<sup>th</sup>, 2002, the Planning & Budget Committee was informed that the City of Toronto was opposed to the siting of the residence on University Open Space, and recommended that the proposed residence should preferably be entirely located on the St. George Street parking site, immediately north of Sir Daniel Wilson Residence.

This relocation required that a taller building envelope be accommodated on the parking lot site [site 22] to permit the required 274 beds. This change in scope from the original submission also necessitated other adjustments, most notably to the dining hall, utility infrastructure and the drama centre. All required changes were investigated within the guidelines recommended by the City of Toronto to address the density needs of the project. The Vice-President, Business Affairs approved an allocation of \$50,000 to undertake this investigation to provide a clearer definition of the project scope and the total project cost.

In September 2002, the Planning and Budget Committee approved the revised Project Planning Report for the UC residence expansion. The approvals continued through the Academic Board, University Affairs Board, Business Board culminating with Governing Council approval on October 31<sup>st</sup>, 2002. The residence was to be

totally located on site 22 with 274 beds, including 5 Dons and one residence life coordinator. Following governance approval the architectural firm, Zeidler and Grinnell, was appointed to develop the design. Discussions with the City of Toronto continued, the design concepts were reviewed by the Design Review Committee [DRC], redesign occurred and ultimately a design emerged to construct a tower on a very difficult and bounded site. As with all such sites, and compounded by its immediate proximity to the more traditional buildings on the St George campus, various views and concerns have been raised. These concerns have been fully explored in the design of the building and while each critic has valid points of view, it does appear that the building has been carefully optimized within the difficult set of constraints imposed by the site, the City requirements as well as the massing on the site itself.

Under the Policy on Capital Planning and Capital Projects, the Project 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:** Principal Paul Perron

**Planner:** Jennifer Adams

**Implementer:** Julian Binks

This Working Executive has expanded to include a Project Manager, Randy Poland, appointed by the Chief Capital Projects Officer. Initial asbestos removal and service relocation projects have been tendered, awarded at \$500,000, and are nearing completion.

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

The P & B Committee approved, on June 17<sup>th</sup>, 2003, a Total Project Cost [TPC] for the residence estimated in the range of \$24,039,382 to \$25,539,382. This price envelope was based on the independent quantity survey estimates provided by Hady Construction (the construction arm of the Sorbara Group) who had been expressly hired for their expertise. Business Board subsequently approved the execution of the project at a cost of \$24,039,382.

Regular University procedures were used to secure tendered bids on the project. Five bids were received for the planned project construction and ranged from a low of \$19,957,000 to a high of \$22,474,000. These figures regrettably range from 19.4% to 34.5% above the original construction budget cost estimate of \$16,710,000 of the \$24,039,382 TPC. Discussions with the lowest bidding contractor have taken place to review the significant shift from the anticipated pricing and to ascertain where, if any, savings through cost reductions could occur. It is to be noted that the proposed site is a difficult construction site and savings are minimal on the project as designed.

The revised TPC is \$28,000,000, approximately \$4 million greater than the approved estimate. A breakdown of the elements of the TPC is attached to this memorandum for information. The revised funding sources as well as the previously approved sources are recorded in Table 1.

Proposed funding for the project includes \$11,500,000 in donations of which \$10,000,000 is currently secured and pledged. In addition, \$1,485,000 in UC residence ancillary contributions, \$800,000 in UC food service ancillary contributions and a \$50,000 allocation from the University Infrastructure Investment Fund [UIIF] (to help support the maintenance of the drama space) increase the funds available by \$2,335,000 to a total of \$13,835,000. To proceed with the project at the new elevated cost will, in addition to the funding sources cited above, require a mortgage in the amount of \$14,165,000. The Principal of UC has also made the commitment to raise the additional \$1,500,000 of the approximate \$3,960,000 increase in the mortgage, thus reducing the additional mortgage required to \$2,460,000.

**Table 1:** Summary of changes in the cost and sources of funding

<b>Funding/ Cost</b>	<b>Item/ Element</b>	<b>Previous approval</b>	<b>Revised</b>
	Dining/servery cost	2,767,216	3,600,000
	Residence cost [274 beds]	21,272,166	23,950,000
	Drama Studio		450,000
<b>Total Project Cost</b>		<b>24,039,382</b>	<b>28,000,000</b>
<b>Funding: Sources</b>	Donations received	10,000,000	10,000,000
	Donations to be received		1,500,000
	UC Residence Ancillary	1,485,000	1,485,000
	UC Food Ancillary	800,000	800,000
	UIIF	50,000	50,000
	Mortgage	11,705,000	14,165,000
<b>Total Funding Sources</b>		<b>24,400,000</b>	<b>28,000,000</b>

The total external funding in support of this residence is significant and as a result the modeling indicates that the project is financially sound even though the cost is \$87,409 per bed. A separate assessment of the risk analysis for this project within the context of the UC ancillary as a whole will be prepared by Sheila Brown and Lou Ranalli, Financial Services Department and submitted to the Business Board. Proposed monthly bed rates for September 2005 are set at \$650 for the new residence and \$624 for existing residences. The average annual increase to bed rates is calculated at ~7% per year on existing residences and ~6% per year on new residences increasing room rates to \$821 for all residences in 2008/09.

The College continues to examine existing residences and their infrastructure to ensure that they are maintained at the highest quality for their particular market niche.

Assumptions carried within the business case include a mortgage rate of 8% over a 25 year amortization period. All cost overruns that could occur with this project as a result of unexpected difficulties with this relatively difficult site will be the responsibility of University College.

**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 at the Business Board Meeting on November 10<sup>th</sup>, 2003, is \$620.64 million. The previously approved UC Residence project was included within the Capital Plan with an assigned mortgage of \$11,705,000. The revised cost will add an additional \$2,460,000 to the total borrowing of the University.

This increase in the mortgage for the UC Residence will extend the borrowing required by the University by some \$3 million over the conservative guideline of \$620 million.

In forwarding this particular recommendation it is also necessary to disclose that there exists 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 creation of the Multi-faith Centre on the St George Campus and other important

priority projects that will compete for the limited borrowing available. The cumulative projected cost of these additional projects is currently estimated to be \$33 million. In addition to the above, further funding will need to be raised to address the deferred maintenance issues.

#### **RECOMMENDATIONS:**

That the Planning and Budget Committee recommend to the Academic Board:

1. THAT the minor change of scope to the approved Project Planning Report for the new University College Residence to air-condition the Dining Hall and Drama Studio be approved in principle.
2. THAT the revised funding arrangements, including furnishings and finance costs, for the University College residence expansion be approved at an estimated cost of \$28,000,000 with the funding as follows:
  - (i) \$10,000,000 from donations received and pledged from externally secured contributions,
  - (ii) An additional \$1,500,000 to be secured from additional external fund-raising by University College.
  - (iii) \$1,485,000 contribution from the UC residence ancillary
  - (iv) \$800,000 contribution provided by the UC food service ancillary
  - (v) \$50,000 allocation from the University Investment Infrastructure Fund in support of space for the Drama Program.
  - (vi) A mortgage in the amount of \$14,165,000 to be amortized over a period of 25 years and to be repaid by University College from residence revenues and the UC ancillary.

**Project Title: University College Residence**

**TABLE 1: Total Project Cost Estimates**

Column 1 will be completed with the Project Planning Report.

Column 1-5 will be included in the Project Implementation Report.

Items	Project Planning Report	Concept Design	Design Devel't	Drawings @ 90%	Tender	100% Complete
Construction Cost			16,754,000		20,453,455	
Construction Contingency			1,050,000		1,500,000	
Applicable GST			411,272		604,876	
<b>Total Construction Costs, including taxes</b>			<b>\$18,215,272</b>		<b>\$22,558,331</b>	
Infrastructure Upgrades in Sector			0		0	
Secondary Effects			0		0	
Demolition			185,000		185,000	
Landscaping			250,000		250,000	
Permits & Insurance			259,200		221,156	
Professional Fees			1,875,528		2,047,490	
Computing Infrastructure			50,000		50,000	
Telephone Terminations			0		0	
Audio/Visual			0		0	
Moving			1,000		1,000	
Staging			0		0	
Furnishings: Department			850,000		850,000	
Furnishings: Classrooms			0		0	
Equipment			525,000		555,175	
Security & access systems			110,000		127,059	
Signage: Interior & Exterior			20,000		19,000	
Signage: Donor Recognition			10,000		10,000	
Groundbreaking & Building opening			10,000		10,000	
Miscellaneous			15,000		60,089	
Project Contingency			663,000		495,700	
Finance Costs			1,000,000		560,000	
<b>Total Project Cost Estimate GST included</b>		<b>\$0</b>	<b>\$24,039,000</b>	<b>\$0</b>	<b>\$28,000,000</b>	<b>\$0</b>