



University of Toronto

OFFICE OF THE VICE-PRESIDENT AND PROVOST

TO: Planning and Budget Committee

SPONSOR: Vivek Goel, Vice-President and Provost

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DATE: November 30, 2004 for December 7th, 2004.

AGENDA ITEM: 4

ITEM IDENTIFICATION:

The University of Toronto Capital Plan.

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 14, 2002, the Governing Council approved the report entitled “December 2001 – Capital Plan for Buildings and Projects in Excess of \$2 million.”

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 42 new projects estimated at \$847 million. Of this total expenditure, \$503 million will be required to be borrowed. This increases the total borrowing of the University to approximately \$658 million. The recommended maximum of funds to be borrowed by the University, as approved by Business Board in June, 2004 given the current assets, is \$770 million. The remaining borrowing capacity is therefore \$112 million.

HIGHLIGHTS:

The University of Toronto Capital Plan [November 8, 2004 – December 31, 2010] is divided into five sections.

Section 1 provides background and detailed information about the currently approved and implemented plan which has extended from 1999 to the present time. Table 1 lists all projects broken down into four areas (academic projects, infrastructure projects, residences & colleges, and student activities).

Section 2 outlines the *Criteria for the Selection of Capital Projects*. These criteria are intended to provide the basis upon which decisions are made to place a capital project on the Capital Projects List and within a specific category (current approved Capital Plan, Short-Term Capital Plan, Long Term Capital Plan). These criteria will also be used to determine the movement of a capital project from one category to another on the Capital Projects List.

Section 3 illustrates the parameters that are relevant to the decision making process. These include site capacity and costs, infrastructure/deferred maintenance, opportunities, and debt capacity.

Section 4 outlines the Capital Projects List, including the Current Capital Plan projects, the Short-Term Capital Plan projects, and the Long-Term Capital Plan projects. The projects in the Long-Term Capital Plan category are ones that are highly rated projects (based on the aforementioned criteria) but that will require identification of full funding prior to the formal approval and commencement of the project.

To assist in the understanding of which projects are included in the various planned stages of the Capital Plan, colour coding (for colour copies) as well as border coding (for black and white copies) have been used in Section 4 and 5 of *The Capital Plan of the University of Toronto*.

The colour coding and border coding used are as follows:

For the **current, approved Capital Plan** the colour code is Gold and the border code is a single, solid line.



For the **Short-Term Capital Plan [November 8, 2004 to December 31, 2010]** the colour code is Claret and the border code is a double line.



For the **Long-Term Capital Plan beyond 2010**, the colour code is Blue and the border code is a broken line.



Section 5 identifies, by sector, the Short Term Capital Plan projects [Claret] and Long Term Capital Plan projects [Blue] that are planned and which have been assessed in the context of the criteria provided in Section 2.

Approval is being sought for the *Criteria for the Selection of Capital Projects* as outlined in Section 2. The reporting requirements and approval process as outlined in Section 3 of the “*Policy on Capital Planning and Capital Projects* (June 28, 2001), will continue to be used.

The development of the Short-Term Capital Plan projects list and the Long-Term Capital Plan projects list requires that careful consideration be given to the identification of all projects that could be undertaken and that the academic priority of each project be carefully assessed and interpreted in light of finite resources. In short, difficult choices will be required to be made and each project must be evaluated with respect to the approved criteria.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The projects identified within the Short-Term Capital Plan [November 8, 2004 to December 31, 2010] are projects that are anticipated to be initiated within that time frame, i.e. 2004 to 2010 and could be allocated a specific level of borrowing from the available borrowing capacity of the University. This allocation of borrowing capacity in support of a particular project cannot be extended indefinitely; if the full cost of the project is not realized within a defined period of time, the allocation of the borrowed funds could be shifted to another project.

It should also be noted that the intent is not to rapidly exhaust whatever borrowing capacity is available to the University; rather, the approach is to carefully assess the merit, consistent with the established criteria, of each project to be undertaken in the short term and to seek the necessary external support for the project to be realized. This will require that a set of projects are identified, but reviewed regularly to assess the changing status of the resources available.

RECOMMENDATIONS:

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

1. THAT the University of Toronto *Criteria for the Selection of Capital Projects* as defined in Section 2 of the attached Capital Plan be approved, superceding the Report entitled *December 2001 – Capital Plan for Buildings and Projects in Excess of \$2 million* approved by the Governing Council on February 14, 2002.
2. THAT an updated Capital Projects List as described in Section 4 of the attached Capital Plan be tabled at the appropriate Governing Council Board or Committee meeting at which approval is sought, pursuant to the *Policy on Capital Planning and Capital Projects*, for a capital project.