UNIVERSITY OF TORONTO

OFFICE OF THE VICE-PRESIDENT, UNIVERSITY OPERATIONS

FOR APPROVAL:

TO: Planning and Budget Committee

SPONSOR: Scott Mabury, Vice President, University Operations

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DATE: May 9, 2012 for May 16, 2012

AGENDA ITEM: Revisions to the University of Toronto *Policy on Capital Planning and Capital Projects*.

JURISDICTIONAL INFORMATION:

The Planning and Budget Committee considers campus master plans and policy governing the approval of capital plans and projects and recommends such plans and projects to the Academic Board for consideration.

HIGHLIGHTS

In 2001, the Governing Council approved the *Policy on Capital Planning and Capital Projects*, which formalized the planning and implementation processes of all new capital projects in excess of $2 million. That *Policy* has served the University well and, in the decade since its approval, has guided the planning and construction of capital projects with a total value of $1.6 billion on the three campuses of the University of Toronto.

In June 2010, the Task Force on Governance, recognizing that much of the transactional load within Governing Council related to the approval of capital projects, asserted that "the appropriate role of governance would be fulfilled through the review and approval of capital plans and related budgetary envelopes, and review and approval of significant projects exceeding a particular threshold" and made the following recommendation:

Recommendation 17 – Streamline Consideration of Capital Planning and Capital Projects

> *THAT the administration undertake a review of the Policy on Capital Planning and Capital Projects (2001) with a view to refining the review and approval process related to capital planning and capital projects, introducing the review and approval of capital plans and related budgetary envelopes, and refining the review and approval of significant projects exceeding a particular threshold. In conjunction with this review, the relevant Chairs and the Secretariat will review and make recommendations on revisions to the terms of reference of the Planning and Budget Committee and the Academic, Business and University Affairs Boards to clarify their respective roles.*

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As a result, it is proposed that the *Policy* be updated to address the matters summarized below:

- Inflation during the past decade, particularly in the construction industry, indicates that the $2 million minimum threshold for review of projects at Governing Council should be increased to a level in keeping with the current environment. (A $2 million project in 2001, according to the Statscan Construction Cost Index for Toronto, would have a value of $3.1 million in 2012.)

- The 2001 *Policy*, as intended, was a mix of policy and detailed procedures developed at that time to guide the University through a period of significant expansion. Given the knowledge and experience gained during those years, it is appropriate now to separate policy from procedure. The former should comprise statements of principle, assignment of authority and mechanisms of accountability; the latter derive from the policy and are intended to address operational practices that may change from time to time but consistently ensure the policy's intent is fulfilled.

- The policies and procedures contained in the 2001 *Policy* contain references to committees and university departments that no longer exist or have changed names. A freshening of the document is required.

- There is a need to strengthen the coordination and integration of project review between and among central and divisional offices. Such integrated oversight and review is to be accomplished by a capital projects and space allocation committee and an executive committee that will provide a level of scrutiny greater than currently practiced. Established by the administration, the committees' membership would include representation from the institutional offices responsible for the planning, implementation and maintenance of facilities, as well as, the appropriate academic and divisional representation and that of the Planning and Budget Office and the Chief Financial Officer's. Proposed terms of reference for both bodies are included with the revised *Policy* to provide members with complete contextual information; the terms are not for approval.

The significant changes to the *Policy* are summarized below:

- There will be three levels of review and approval depending on total project cost; the 2001 *Policy* had two levels.

Level 1 Review and Approval

- Authority to approve projects on the St. George campus with a value less than $3 million is delegated to the Capital Projects and Space Allocation Committee (CaPS, formerly AFD) by the Vice-President University Operations. (Level 1).

- The limit for approval of projects by the Capital Projects and Space Allocation Committee is raised from a range of $50,000 to $2,000,000 to $100,000 to $3,000,000.

- Authority to approve capital projects less than $3,000,000 on the UTSC and UTM campuses is delegated to the UTM Space Planning and Management Committee and the UTSC Campus Design and Development Committee established by the Principal and Vice President of the respective campus.

Level 2 Review and Approval

- An Executive Committee of CaPS will review projects in the $3,000,000 to $10,000,000 range (Level 2) and provide a written report with recommendations to the Vice President and Provost and the Vice President University Operations. Projects in this range will be considered for detailed review by the Planning and Budget Committee and recommended to the Academic Board for consideration. It is expected that such projects will be placed on the Board's consent agenda and be confirmed by the Executive Committee of the Governing Council.

- The CaPS Executive Committee will also review Interim Reports of Project Planning Committees with an expected total project cost greater than $3 million to ensure integration with overall institutional priorities and that capital plans of divisions are thoroughly vetted.

- Projects in the range of $3,000,000 to $10,000,000 that require borrowing will be submitted to Business Board for approval of their execution. (Level 2)

Level 3 Review and Approval

- The Executive committee of CaPS will review projects over $10,000,000 (Level 3) and provide a written report with recommendations to the Vice President and Provost and the Vice President University Operations.

- Projects $10,000,000 and over will be submitted to all the required Committees and Boards of Governing Council. (Level 3).

For Information

- Terms of Reference for new Project Planning Committees are currently provided to the Planning and Budget Committee for information. In keeping with the recommendations of the Task Force on Governance regarding reports for information, it is proposed that, following review by the CaPS, the Vice President and Provost and the Vice President University Operations, the Terms will be posted on the Governing Council website and the terms of reference for new Project Planning Committees will no longer be placed on the agenda of the Planning and Budget Committee.

Under the new *Policy* the following projects would not have proceeded to consideration by the Governing Council, but would have had full review by the Planning and Budget Committee, followed by "consent" consideration by the Academic Board and confirmation by the Executive Committee:

- Fuel Train on the St. George Campus - $6.1 million
- St. George Back Campus Fields Projects – in camera
- Interim Project Planning Report for the Faculty of Dentistry
- Centre for Microsatellite Science and Technology - $5.4 million
- UTM Parking Deck - $6.5 million
- UTM Teaching Laboratories Renovation Phase 1 - $8.6 million
- St. George Campus Data Centre Renewal - $5.2 million
- Renovation of the Innis College Town Hall - $3.2 million

Resource Implications

There are no resource implementations associated with the approval of this policy document.

Policy Review

It is expected that the administration will undertake a review of the *Policy* no later than five years after its effective date to ensure that the *Policy* continues to meet the University's needs.

Recommendation

Be It Recommended to the Academic Board:

THAT the revised *Policy on Capital Planning Projects* be approved, to be effective July 1, 2012.