

FOR RECOMMENDATION

CONFIDENTIAL

IN CAMERA

TO: Business Board

SPONSOR: Professor Scott Mabury, Vice President, University Operations

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DATE: September 9, 2015 for September 21, 2015

AGENDA ITEM: 16a

ITEM IDENTIFICATION:

Capital Project: Report of the Project Planning Committee for the Recreation Wing (R-Wing) Renovation and Expansion “Highland Hall” University of Toronto Scarborough – **Financing Requirement.**

JURISDICTIONAL INFORMATION:

Under the *Policy on Capital Planning and Capital Projects*,

“...proposals for capital projects exceeding \$10 million must be considered by the appropriate Boards and Committees of the Governing Council on the joint recommendations of the Vice President and Provost and the Vice President, University Operations. Normally, they will require approval of the Governing Council. Execution of such projects is approved by the Business Board”.

“If a project will require financing as part of the funding, the project proposal must be considered by the Business Board.”

GOVERNANCE PATH

1. UTSC Campus Affairs Committee [for recommendation] (September 16, 2015)
2. UTSC Campus Council [for recommendation] (September 17, 2015)
3. **Business Board [for financing] (September 21, 2015)**
4. Academic Board [for recommendation] (October 1, 2015)
5. Executive Committee [for endorsing and forwarding] (October 21, 2015)
6. Governing Council [for approval] (October 29, 2015)

For Execution

1. Business Board [for financing] (September 21, 2015)

PREVIOUS ACTION TAKEN:

In April 2014, Governing Council approved in principle the Project Planning Report for the Recreation Wing (R-Wing) Renovation and Expansion “Highland Hall” University of Toronto Scarborough, with a project scope of approximately 4,237 new NASM (8,178 GSM) of new construction and 2,223 NASM (4,291 GSM) of renovation of the R-Wing at UTSC, to be funded as follows:

UTSC Operating Funds	\$ 7.72 million
Capital Campaign Funds (Target)	\$ 5.00 million
Provost Central Funds (To Match Donations)	\$ 5.00 million
Ontario Major Capacity Expansion Program	<u>\$30.80 million</u>
Total	\$48.52 million

Since Governing Council approval in April 2014, the project did not receive the anticipated provincial support through the Ontario Major Capacity Expansion Program. Although the site and space program outlined in the Report of the Project Planning Committee for the Renovation and Expansion of the Recreation Wing (R-Wing) “Highland Hall” University of Toronto Scarborough, dated November 20, 2014 have been approved, governance approval of proposed funding sources and execution of the project is required. The project planning report has been submitted for information with changes occurring only on pages 36 and 37 - project schedule and the funding sources. It was recommended that the report not be retitled as “Revised” and that changes to the schedule and funding sources be fully outlined in this report.

HIGHLIGHTS

A Project Planning Committee, which included faculty, staff, undergraduate and graduate students, was struck in 2013, and met through the summer and fall of that year. On the completion of the work of this committee the project has moved through the governance process and was approved in principle on April 2, 2015 contingent on the Major Capital Expansion program funding. The anticipated funding for the project was through the Province’s Major Capacity Expansion Program, however this funding was not awarded to UTSC. UTSC has now identified other funding sources to allow this project to proceed and address the additional space needed on the campus to keep pace with undergraduate growth.

Though the project planning report has been approved, the funding of the project and execution of the project requires resubmission for governance approval of the revised funding plan. The project planning report has been submitted for information (as there are no changes in size, function or location of project) but changes occur in project schedule and the funding sources (pages 36 and 37) of the report; It was recommended that the report not be revised, but attached for information, and those changes be fully outlined in this report.

Further the estimated project cost and the scope has not changed for this project only the funding sources have changed. The project construction schedule has been slightly delayed but moving the project through Governing Council cycle 1 (2015/16) will not have a significant effect on substantial completion of the project. This has been further outlined below.

In order to meet the August 2017 occupancy date, a special UTSC Campus Council meeting was called to discuss the “Highland Hall” project so that it could be brought through governance in cycle 1. This allows for the project schedule to achieve an occupancy date of August 2017. The construction date moves from the previous anticipated start of August 2015 to a construction start of December 2015.

Below outlines projected key scheduling dates for the project (*new governance dates and project construction dates)

Current Construction Schedule	
Tender Award	December 2015
Substantial Completion	Anticipated August, 2017
Previous Construction Schedule	
Tender Award	August 2015
Substantial Completion	Anticipated July 2017

Governance Cycle 1	Governance Cycle 2
UTSC Campus Affairs: September 16	UTSC Campus Affairs: September 16
UTSC Campus Council (Special Meeting) Sept 17	UTSC Campus Council: October 14
Business Board: September 21	Business Board: November 2
Academic Board: October 1	Academic Board: November 19
Executive Committee: October 21	Executive Committee: December 7
Governing Council: October 29	Governing Council: December 15

FINANCIAL IMPLICATIONS:

a) Total Project Cost Estimate

The total estimated project cost for the renovation and expansion of the R-Wing is \$48,514,000. At the January 23, 2014 CaPs Executive meeting, the expenditure of \$2,931,695 in consulting fees, included in the Total Project Cost, was approved. This project cost remains the same. The funding sources have been revised as outlined below.

b) Funding Sources

The funding sources for the project are UTSC Operating Funds \$38.514 (up to \$15 million in borrowing), a target of \$5 million in Capital Campaign funds, and \$5 million of Provost Central Funds to match donations for a project total of: \$48.514 million.

Previous MTCU Proposal Funding Plan (Millions)		Revised Proposed Funding Plan (in Millions)	
Gov Support	30.80	Borrowing	15.00
Cash	7.70	Cash	23.50
Capital Campaign	5.00	Capital Campaign	5.00
Provost Central Funds	5.00	Provost Central Funds	5.00
Total	48.50	Total	48.50

Note: Any shortfall in combination of Capital Campaign Funding and Provostial match will require UTSC operating funding and will not draw upon further long-term borrowing.

FINANCIAL IMPLICATIONS

a) Total Project Cost Estimate

The total estimated project cost for the renovation and expansion of the R-Wing is \$48,514,000. At the January 23, 2014 CaPs Executive meeting, the expenditure of \$2,931,695 in consulting fees, included in the Total Project Cost, was approved.

b) Funding Sources

The funding sources for the project are as follows:

UTSC Operating Funds		\$ 23,514,000
Financing	\$ 15,000,000	
Capital Campaign (targeted amount)		\$ 5,000,000
<u>Provost Central Funds</u>		<u>\$ 5,000,000</u>
Total		\$ 48,514,000

c) Co-Effects

Additional costs will be associated with the co-effects of the project:

- Removal of the portables on the S-Wing field and rehabilitation of the field
- Renovation of facilities vacated by the departments and units relocated to the new Highland Hall

The project costs for these co-effects are not included in the scope of the R-Wing renovation and expansion and will be funded from other UTSC sources.

d) Operating Costs

The annual utilities, building and maintenance costs of the new Highland Hall are estimated to be \$945,000 and will be incorporated into the UTSC operating budget.

RECOMMENDATION:

Be It Recommended to Governing Council

THAT the project for the Renovation and Expansion of the Recreation Wing (R-Wing) at the University of Toronto Scarborough, with a project scope of 4,237 net assignable square metres (nasm) (8,178 gross square metres (gsm)) of new construction and 2,223 nasm (4,291 gsm) of renovation and a total project cost of \$48,514,000; as outlined in the Project Planning Report dated November 2014 and approved in principle by the Governing Council on April 1, 2015, be amended to reflect the following revised sources of funding:

UTSC Operating Funds (Cash)	\$ 23,514,000
Financing \$ 15,000,000	
Capital Campaign (targeted amount)	\$ 5,000,000
<u>Provost Central Funds</u>	<u>\$ 5,000,000</u>
Total	\$ 48,514,000

DOCUMENTATION PROVIDED:

- Report of the Project Planning Committee for the Renovation and Expansion of the Recreation Wing (R-Wing) “Highland Hall” University of Toronto Scarborough, dated November 20, 2014 (Revised Pages 36 and 37, August 2015)