

FOR CONFIRMATION**CONFIDENTIAL****IN CAMERA SESSION**

TO: Executive Committee

SPONSOR: Professor Scott Mabury, Vice-President, University Operations

CONTACT INFO: scott.mabury@utoronto.ca

PRESENTER: As above

CONTACT INFO:

DATE: March 19, 2015 to March 24, 2015

AGENDA ITEM: 15(a.)

ITEM IDENTIFICATION:

Capital Project: University of Toronto Mississauga Parking Deck Expansion: Report of the Project Planning Committee - Total Project Cost and Sources of Funding.

JURISDICTIONAL INFORMATION:

The *Policy on Capital Planning and Capital Projects* provide that capital projects with a project budget over \$3 million and up to \$10 million (Approval Level 2), at UTM will be considered by the UTM Campus Affairs Committee and the UTM Campus Council, before being recommended to the Academic Board for approval. Such proposals are then brought forward to the Executive Committee for confirmation.

GOVERNANCE PATH:**A. Project Planning Report: Site and Space Plan**

1. Campus Affairs Committee [For Recommendation] (January 8, 2015)
2. Campus Council [For Recommendation] (February 5, 2015)
3. Academic Board [For Approval] (March 19, 2015)
4. **Executive Committee [For Confirmation] (March 25, 2015)**

B. Execution of the Project: Total Project Cost and Sources of Funding

1. Business Board [for execution of the project] (March 2, 2015)

PREVIOUS ACTION TAKEN:

This item was recommended for approval by the Campus Affairs Committee, on January 8, 2015.

HIGHLIGHTS:

Discussion of the space plan and site can be found in the open session document for this project, “Report of the Project Planning Committee for the University of Toronto Mississauga Parking Deck Expansion”, Item 3, for this meeting.

FINANCIAL AND PLANNING IMPLICATIONS:

a) Total Project Cost Estimate

The estimated Total Project Cost (TPC) is \$9.24 million. Within that total, construction costs are estimated at \$8.1 million.

b) Operating Costs:

Increased operating costs are expected to be minimal and be related to the added lighting capacity on what will be the ‘ground’ level of the parking deck (the existing surface lot) and the new lighting required on the deck level itself. Incremental service costs, such as those related to snow removal, will be minimal with removal of snow from the upper deck level being offset by less removal required on the ground level. Some additional maintenance costs will be incurred and all increased operating or maintenance costs have been provided for within the Parking ancillary budget.

c) Funding Sources

In keeping with the university’s financial guidelines, the parking deck will be paid for by UTM’s Parking Ancillary. Approximately \$3 million will be cash-in-hand from the Parking Ancillary’s Capital Reserve. The balance of up to \$6.24 million will be funded by internal transfer to the Parking Ancillary from UTM’s general Capital Reserves, to be repaid through blended interest and principal over a ten-year period.

The carrying cost of the internal transfer has been included in the multi-year financial and management plan for the Parking Ancillary. As might be expected when an ancillary takes on a large capital project, it is estimated that the operation will experience modest, declining, losses for the next three years: \$172k in 2016-17, \$92k in 2017-18 and \$8.4k in 2018-19.

Those losses will be more than offset by the Ancillary’s Operating Reserve while still allowing for some growth in both operating and capital reserves against unforeseen contingencies. The planned repayment term may be reduced if the interest cost on the internal loan is less than the assumed 8% and/or if lump-sum payments are made from accumulating reserves over the repayment period.

All of these financial demands will be accomplished with no extraordinary parking fee increases beyond the 3% per annum already planned (publicly communicated two years ago) and built into the multi-year financial projections.

In summary, the funding sources for the Parking Deck #2 project are:

• Cash (Parking Ancillary Capital Reserves)	\$3.00 M
• Internal UTM Transfer (General Capital Reserves)	<u>\$6.24 M</u>
Total:	\$9.24 M

At the CaPS Executive meeting of November 25, 2014, \$636,108 of the Total Project Cost was approved for the expenditure on design consulting and permit fees in order to meet the project schedule.

RECOMMENDATION:

Be It Confirmed

THAT the total project cost of \$9.24 million for the UTM Parking Deck Expansion, as outlined in the Project Planning Report dated November 10, 2014 (revised March 2, 2015), be approved in principle, to be funded as follows:

UTM Parking Capital Reserves	\$3,000,000
Internal UTM Transfer General Capital Reserves	<u>\$6,240,000</u>
Total	\$9,240,000

DOCUMENTATION PROVIDED:

Report of the Project Planning Committee, for the University of Toronto Mississauga Parking Deck Expansion dated November 10, 2014 (revised March 2, 2015).