



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: UTSC Campus Affairs Committee

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DATE: Tuesday, February 7, 2017

AGENDA ITEM: 6

ITEM IDENTIFICATION:

Revisions to the University of Toronto Policy on Capital Planning and Capital Projects

JURISDICTIONAL INFORMATION:

Pursuant to Section 4.2.1 of the Terms of Reference of the Planning and Budget Committee, "... policy governing the approval of capital plans and projects and recommends such plans and projects to the Academic Board for consideration."

GOVERNANCE PATH:

1. UTM Campus Affairs Committee [for information] (February 9, 2017)
- 2. UTSC Campus Affairs Committee [for information] (February 7, 2017)**
3. UTM Campus Council [for information] (March 2, 2017)
4. UTSC Campus Council [for information] March 1, 2017)
5. Planning & Budget Committee [for recommendation] (March 30, 2017)
6. Business Board [for information] (April 6, 2017)
7. Academic Board [for recommendation] (April 20, 2017)
8. Executive Committee [for endorsement and forwarding] (May 4, 2017)
9. Governing Council [for approval] (May 18, 2017) (at UTM)

PREVIOUS ACTION TAKEN:

In October 2013, the Governing Council approved revisions to the *Policy on Capital Planning and Capital Projects*. Revisions were required as a result of the establishment of the UTM and UTSC Campus Councils and their standing committees,

specifically their role regarding consideration of capital projects on their respective campuses.

Prior to that, in 2012 revisions to the *Policy* were brought forward arising from a recommendation of the *Task Force on Governance* to streamline consideration of capital planning and capital projects. The most significant change was moving from two levels of review and approval to three levels depending on total project cost.

HIGHLIGHTS:

As part of the approval of the current *Policy on Capital Planning and Capital Projects* (effective July 1, 2012), it was expected that the administration would undertake a review of the *Policy* no later than five years after its effective date to ensure that the *Policy* continued to meet the University's needs. The review of the *Policy* included preliminary consultation within the Campus Planning and Project Management units within UPDC, followed by robust consultation with the Faculties of Arts and Science, Medicine and Applied Science and Engineering, as well as with UTM and UTSC, and with the Design Review Committee. The review of the *Policy* in light of the past 4 years' worth of projects has resulted in the proposed changes:

Currently, there are three levels of review and approval depending on total project cost:

Project Budget \$3 million or less: (Approval Level 1)

- 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).
- Authority to approve capital projects less than \$3 million 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.

Project Budget over \$3 million and up to \$10 million (Approval level 2)

- Capital projects over \$3 million and up to \$10 million will be considered by the Planning and Budget Committee for projects at the St. George campus and by the respective Campus Affairs Committees and Campus Councils for projects at University of Toronto Mississauga and University of Toronto Scarborough 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. Execution of such projects is approved by the Business Board.

Project Budget over \$10 million (Approval level 3)

- Proposals for capital projects exceeding \$10 million must be considered by the appropriate Boards and Committees of Governing Council on the joint recommendation of the Vice President and Provost and the Vice President,

University Operations. The Planning and Budget Committee will consider projects at the St. George campus and the respective Campus Affairs Committees and Campus Councils will consider projects at University of Toronto Mississauga and University of Toronto Scarborough and recommend them to the Academic Board for consideration. Normally, they will require approval of the Governing Council. Execution of such projects is approved by the Business Board.

Project Budget Increases

- For projects requiring Level 3 approval, any budget increase exceeding the lesser of 10% or \$3M of the original total project cost, and where funds are available, must be approved by the Business Board.
- Project budget increases required for projects receiving Level 1 and 2 approval must be approved by the same authority providing the original authorization. In a case where a budget increase pushes the project into the next approval level, and funds are available, the spending increase must be approved by the authority of that higher level.

Changes in Scope

- Irrespective of cost issues, a re-submission to the appropriate approval level is required where significant changes to a space program have been introduced.

Three changes to the current *Policy on Capital Planning and Capital Projects* are proposed:

- (1) That, in acknowledgement of the current size and scope of projects on our three campuses, and with the established expertise of the Capital Projects and Space Allocation Committee (CaPS) and its Executive in reviewing and approving projects greater than \$100,000 (and currently up to \$2.99M), the threshold for consideration as a Level 1 project be increased to \$5M from \$3M, and that the threshold for consideration within the Level 2 approval process be increased to include any projects with a value of between \$5M and \$20M. These changes to thresholds are proposed as a result of inflationary changes to infrastructure costs and in order to allow for a more efficient, though no less accountable, governance review process for projects.
- (2) That, in order to provide further clarity and efficiency, while maintaining accountability and transparency, in the governance process, the threshold for project budget increases being considered for Level 3 approval be established at 10% of the original total project cost, a change from the current “lesser of 10% or \$3M of the original total project cost”. Total Project Costs increases less than 10% can be approved by the Vice-President of University Operations for all three project levels providing that the total cumulative amount of all the increases are within the 10% limit and below the threshold of the original project approval authority.
- (3) That “Changes in Scope” be further clarified to include only changes representing a cardinal deviation from the project’s stated purpose per the

project Planning Report, as determined by the Vice-President, University Operations.

- (4) That, all projects be managed according to standardized processes instituted and maintained under the authority of the Vice-President of University Operations as part of a tri-campus capital program portfolio.

FINANCIAL IMPLICATIONS:

There is no resource implication associated with the approval of this policy document.

RECOMMENDATION:

Presented for information.

DOCUMENTATION PROVIDED: