



**FOR APPROVAL**

**CONFIDENTIAL**

**IN CAMERA**

**TO:** Business Board

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

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**PRESENTER:** Christine Burke, Director, Campus and Facilities Planning

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**DATE:** February 16, 2016 for February 29, 2016

**AGENDA ITEM: 11**

**ITEM IDENTIFICATION:**

Capital Project: 167 College Street Communications House and Swing Space Conversion – **Execution of the Project.**

**JURISDICTIONAL INFORMATION:**

Section 5.2 (b) of the terms of reference for the Business Board states that the Board is responsible for “approval of capital expenditures for, and the execution of, approved projects, as required by approved policies.”

**GOVERNANCE PATH:**

**A. Project Planning Report – Project Planning Report, Cost and Source of Funds**

1. Planning and Budget [for recommendation] (March 2, 2016)
2. Academic Board [for approval] (March 17, 2016)
3. Executive Committee [for confirmation] (March 29, 2016)

**B. Execution of the Project**

1. **Business Board [for approval] (February 29, 2016)**

**PREVIOUS ACTION TAKEN:**

In 2015, the University of Toronto was approached by the owner of 167 College Street with their intention of selling the property. The Salvation Army, the long term tenant at the time, had plans underway to move their operations to another location. The University purchased the building at 167 College Street, a 2-storey brick men’s shelter, (south-west corner of College and McCaul Street) as a future development site in April 2015. The existing building, thought to be constructed in the 1950s, is approximately 5167 gross sq ft or 480 gross square metres per floor, for a total of approximately 1438

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gross sq metres or 15478 gross sq ft including the full basement. The Salvation Army had occupied the building for 25 years and many of the building's systems, including electrical, windows, interior finishes, and asphalt paving, are in need of repair. The Real-Estate Transaction and Financing of 167 College Street was approved at Business Board on June 18, 2015. In order to expedite the renovation of the former Salvation Army building, at the December 11, 2015 CaPS meeting, an expenditure of up to \$826,763 in interior demolition costs, included in the Total Project Cost, was approved.

**HIGHLIGHTS:**

The University does not plan on developing the project site for at least another 5-10 years. Until this time, the proposal is to convert 167 College Street into office space for a new group of University of Toronto Communications (UTC) combined with the Division of University of Advancement (DUA) Communications and Marketing team (ACM), creating a “Communications House” as well as to house much needed St. George campus swing space.

In February 2015, following a comprehensive review of institutional communications, the University of Toronto Communications portfolio was created with David Estok appointed in the new position of Vice-President Communications. The mandate of the new portfolio is to transform University Communications such that communications more coherently supports the University's strategic goals related to funding, reputation, and ranking. The portfolio was created by consolidating a number of existing decentralized communications and marketing teams into one group, with the intent that it would be working in close association with the Division of University Advancement's Communications & Marketing team.

The Communications House will serve as a testing bed for combining these two portfolios together. Staff from these groups are currently scattered between Prichard Alumni House, Simcoe Hall, and the Lillian Massey building, in spaces that are not conducive to collaborative communications work. The proposed group of people moving to this building would be approximately 42 people from UTC, including 34 existing FTE staff plus an additional 8 growth positions, as well as 30 people from ACM, including 27 existing staff and 3 growth positions.

In addition, over a third of 167 College Street will be devoted to swing space for academic and administrative staff in need of temporary office space during renovation or new capital build projects. This swing space proposal has received support from various departments, as finding office space for units in need of temporary accommodation throughout the project implementation phase has been an on-going challenge. The lack of transition space on campus has hindered the University's efforts to meet its long term space goals (as outlined in the strategic planning document “*Towards 2030*”). Providing on-campus swing space would facilitate a more efficient, cost effective, and expedient way of renovating other campus facilities to meet new and emerging programmatic needs as well as comply with updated statutory requirements.

The goal of this project is to create reasonable quality administration and swing space within a feasible budget until the University is ready to redevelop the site. The building has been operating as a men's shelter with large common sleeping quarters, a dining hall, and some administrative offices and support

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spaces distributed on all 3 levels of the building. Although structurally sound, it is in poor condition and is not barrier-free, with the ground floor raised 6 steps above exterior grade. It is to be converted into a mix of private offices, a media room with shared open workspaces, meeting and interview rooms, staff lounges, and other support spaces. As various academic and administrative departments may be housed here, the swing space must be designed with maximum flexibility in mind.

There is currently not enough free contiguous office space on campus to house the entire Communications portfolio, nor is there any significant amount of swing space. Preliminary cost analysis suggests that renting the same area of similar quality space off-campus for swing space would cost the university approximately \$250,000 to \$320,000 per year at a rate of \$16-\$20 per net square foot for rental. If the rental spaces needed renovation in order to meet the needs of the University, additional costs on top of the rental cost would be incurred. If the space were to be used by the University for at least 10 years, a comparable amount of off-campus space would cost the university \$2.5 to \$3.2 million to rent for that time period. Moving and furniture costs, renovation costs, and operating costs are not included in this estimate. In addition, it should be noted that the convenience of having swing space on campus rather than having to spend university resources searching for and renovating off-campus spaces whose location may not be as ideal as 167 College Street, should also be a quantifiable factor in the cost benefit analysis.

Preliminary scope review by Design and Engineering has brought forth a scope of renovation that includes the full interior gutting of the building, and creation of a new interior layout with new finishes, furniture, and mechanical and electrical upgrades throughout.

### **Secondary Effects**

At least 61 existing FTE staff members will be re-located from Prichard House and Lillian Massey into 167 College Street to form the new Communications House. Approximately 401 nasm of office or assigned workstation space and additional support space will be vacated as a result. Campus & Facilities Planning is currently engaged in a shared space review of spaces occupied by the Offices of the Vice Presidents and the Provost which includes the above listed buildings; this will help inform how the resulting vacated space should be re-accommodated.

### **Schedule**

As the university is anticipating several renovation projects in the immediate future, there is some urgency in completing this project in order to have this swing space available as a resource as soon as possible. Completion date is scheduled for November 2016. The proposed schedule for the Project is as follows:

March 2016	Executive Committee confirmation
May 2016	Municipal Approvals, as required
May 2016	Tender contract
June 2016	Construction Start
November 2016	Full Operational Occupancy

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**FINANCIAL IMPLICATIONS:**

**a) Total Project Cost**

The total estimated project cost for the Project, 167 College Street Communications House and Swing Space Conversion, is **\$5,041,321**.

At the December 11, 2015 CaPS meeting, an expenditure of up to **\$826,763** in interior demolition costs, included in the Total Project Cost, was approved to proceed with the interior demolition work.

**b) Funding Sources**

The Total Project Cost of **\$5,041,321** is to be funded by Central Reserve Funds.

**c) Operating Costs**

The building operation costs with the new systems in place are projected to be approximately \$118 /gsm or \$180.54 / nasm.

**RECOMMENDATIONS:**

Be It Resolved:

Subject to Governing Council approval in principle of the project

THAT the Vice-President, University Operations be authorized to implement the capital project for the 167 College Street Communications House and Swing Space Conversion at a total project cost of \$5,041,321.

**DOCUMENTATION PROVIDED:**

*Report of the Project Planning Committee for the 167 College Street Communications House and Swing Space Conversion, dated January 15, 2016.*