

THE GOVERNING COUNCIL
REPORT NUMBER 101 OF
THE PLANNING AND BUDGET COMMITTEE

January 25, 2005

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, January 25, 2005, at 4:10 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Professor Avrum Gotlieb (in the Chair)
Professor Miriam Diamond, Vice-Chair
Professor Vivek Goel, Vice-President and
Provost
Professor Safwat Zaky, Vice-Provost,
Planning and Budget
Mr. Bruce G. Cameron
Professor Jane Gaskell
Ms Shaila Kibria
Mr. William R. J. Lumsden

Regrets:

Professor Donald Brean
Professor Philip H. Byer
Mr. P.C. Choo
Professor Donald Dewees
Mr. Timothy Reid
Mr. Stephen C. Smith
Professor Lisa Steele

In attendance:

Professor Diane Doran, Interim Dean, Faculty of Nursing
Ms Helen Lasthiotakis, Director, Policy and Planning, Office of the Vice-President and
Provost
Professor Peter Lewis, Vice-Dean, Research, Faculty of Medicine
Ms Marny Scully, Director, Enrolment, Planning and Statistics
Ms Elisabeth Sisam, Director, Campus and Facilities Planning

Professor Ian McDonald
Professor David Mock
Professor Robert Reisz
Professor Anthony N. Sinclair
Professor Pekka Sinervo
Professor J. J. Berry Smith

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Professor Ronald D. Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Ms Cristina Oke, Secretary

ITEMS 4, 5 AND 6 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

ALL OTHER ITEMS ARE REPORTED TO THE ACADEMIC BOARD FOR INFORMATION.

The Chair welcomed members to the meeting.

1. Report of the Previous Meeting

Report Number 100 of December 7, 2004 was approved.

2. Business Arising from the Report of the Previous Meeting

There was no business arising.

3. Senior Assessor's Report

(a) Academic Plan

Professor Goel informed members that the application deadline for the second round of allocations from the Academic Initiatives Fund (AIF) was February 10, 2005. The synthesis of *Stepping UP* would be included as an insert in the *Bulletin*, and articles about divisional academic plans would be included in the Spring issue of the *U of T Magazine*. Additional information about the *Stepping UP* process would be posted on the University's website.

(b) Budget Review Process

Professor Goel indicated that the Budget Review Committee was continuing its work, and was now focused on implementation issues. The Committee had considered a number of possible budget models.

(c) Postsecondary Review (Rae Review) Strategy

Professor Goel reported that the recommendations of the Rae Review were expected to be released in late February. The provincial budget was expected to be announced in April. Key messages for advocacy were being prepared for distribution to members of the Governing Council and its Boards and Committees. Members of the senior administration remained cautiously optimistic about the recommendations of the Rae review.

(d) Varsity Site Project

Professor Goel advised members that the Project Planning Committee for the Varsity Site Project had been working diligently since November. A presentation would be coming forward to the Planning and Budget Committee in the next cycle. It was anticipated that formal recommendations concerning the project would be brought to the Planning and Budget Committee at its April meeting.

4. Canada Research Chairs Program: New Financial Model

Professor Goel recalled that the Canada Research Chairs Fund (CRCF) had been created in the budget year 2000-01 to provide funding in support of clusters of academic activity resulting from the federal government's Canada Research Chairs' Program. This financial model had applied to faculties other than the Faculty of Medicine. The proposed new financial model was intended to address the lack of indexation of the funds awarded by the federal government and to simplify the administration of the funds. It would also provide a clear basis for the sharing of costs between the divisions and the central administration. This model was consistent with that used within the Faculty of Medicine.

Professor Goel explained that, under the new model, the central CRCF would be dismantled, and the transfers that had been made since the beginning of the program would be returned to divisional base budgets. Effective May 1, 2005, a CRC award would be administered as a

4. Canada Research Chairs Program: New Financial Model (cont'd)

research account in the name of the appropriate faculty member. The annual amount set up in this research account would be the value of a Tier 1 or Tier 2 CRC grant less the standard university-wide costs. Central funding would be provided for an annual \$10,000 research allowance, and, in the absence of indexation by the government for the award, for annual salary and benefit increases. Professor Goel noted that, without the proposed changes, the CRCF would have been depleted. Under the new model, divisions would have to be selective in the amount of research support that was provided to CRC holders.

A member asked whether the transfer to divisional base budgets would include the total amount of salaries and benefits for faculty at the time of their appointment to a Canada Research Chair. Professor Zaky replied that amount being transferred to the division's base budget would equal the amount provided to the division over the course of the CRC program. The intent of the original CRCF model for faculties other than the Faculty of Medicine had been to provide resources that would allow the faculties to make new faculty appointments.

Dean Sinervo commented that the calculations carried out by the Faculty of Arts and Science had demonstrated that insolvency of the current CRCF would result if the existing policy was not changed. The proposed model was a straightforward way of staunching the flow of funds. Professor Goel added that the new model was supported by the Deans.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

That the new funding model for Canada Research Chairs, as described in the memorandum from the Vice-President and Provost dated December 20, 2004, attached hereto as Appendix "A", be approved.

5. Capital Project: Bahen Centre for Information Technology (BCIT) – Project Closure Report

Professor Venter informed members that the Bahen Centre for Information Technology (BCIT) project had been one of the first projects in the current Capital Plan. The Planning and Budget Committee had recommended approval of the project in October 1999 at an estimated cost of \$88,136,578.¹ The project was approved at a revised cost of \$108,811,000 in 2001/02. In 2003, the Vice-President, Business Affairs, and the Vice-President and Provost, approved a revised cost of \$110,815,576, in accordance with the provisions of the *Policy on Capital Planning and Capital Projects*. Since the opening of the building in the fall of 2002, additional costs had been identified. The total cost of the BCIT was confirmed in October 2004 by Financial Services to be \$112,205,062. Approval was now being sought for that amount, in order to bring closure to the project, as required by policy.

Professor Venter explained that there had been numerous commissioning difficulties with the building that were being clarified and rectified. In order to close the account on the original capital project and to establish the necessary internal loans (mortgages), it was planned that a BCIT Closure Project be established by the Accommodation and Facilities Directorate (AFD) upon the request of Facilities and Services, at an anticipated cost of \$125,000, of which \$41,601 would be transferred from the original BCIT Capital Project.

¹ The report of the meeting is available at <http://www.utoronto.ca/govcncl/bac/reports/pbrep/P&Brep5499Oct19.pdf>

5. Capital Project: Bahen Centre for Information Technology (BCIT) – Project Closure Report (cont'd)

A member asked how the BCIT Closure Project would relate to the Capital Project for the Department of Mathematics which involved the completion of the sixth floor of the BCIT. Professor Venter replied that the two projects were separate, although heating and cooling of the building would be addressed in each project.

A member referred to the 40% greater cost than originally proposed for the BCIT Capital Project and asked whether that was typical for such projects. Professor Venter replied that the project had been undertaken prior to the creation of the positions of Vice-Provost, Space and Facilities Planning and of Chief Capital Projects Officer, and before the approval of the *Policy on Capital Projects and Capital Planning*. In order to have the facility ready on time to accommodate expanded enrolment, the project had been designed as it was being built. The scope of the project had changed substantially as the design was completed. The member suggested that the increase in the cost of the project could be seen as value added rather than as a cost overrun. A former Chair of the Planning and Budget Committee recalled that, at the time this project had been initiated, it had been recognized that there would be changes to the project as it developed.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the revised and final total project cost for the Bahen Centre for Information Technology [BCIT] which is required to be increased from \$108,811,00, the cost previously approved by the Governing Council, to \$112,189,469, be approved.
2. THAT full closure be brought to the BCIT capital project as a result of the earlier mortgages, established for the Faculty of Arts & Science and the Faculty of Applied Science and Engineering in 2003, plus the following mortgage and cash contribution to address all remaining costs associated with the project:
 - i) A mortgage in the amount of \$960,000 to be amortized over 20 years or less and to be repaid from the operating budget of the Office of the Vice-President Business Affairs
 - ii) A cash contribution in the amount of \$960,000 to be paid from the 2004/05 operating budget of the Office of the Vice-President and Provost.

Documentation is attached hereto as Appendix “B”

6. Capital Project: Centre for Health Improvement and System Performance (CHISP), 155 College Street – Project Planning Report

The Chair welcomed Professor Diane Doran, Interim Dean, Faculty of Nursing, and Professor Peter Lewis, Vice-Dean, Research, Faculty of Medicine, to the meeting for this item.

Professor Venter recalled that, in April 2002, the University, for a cost of \$17 million, had purchased property from the Toronto District School Board that included office buildings at 155 College Street and 263 McCaul Street, a warehouse building at 255/257 McCaul Street, and a parking garage at 240 McCaul Street. At its meeting on May 18, 2004, the

Planning and Budget Committee had recommended for approval the capital project for the renovation of 155 College Street. The building would be shared by the Faculty of Nursing

6. Capital Project: Centre for Health Improvement and System Performance (CHISP), 155 College Street – Project Planning Report (cont'd)

(floors 1, 2 and 3), the Department of Health Policy, Management and Evaluation of the Faculty of Medicine (floor 4), and the Department of Public Health Sciences of the Faculty of Medicine (floors 5, 6 and 7). Classrooms and other shared space would be located throughout the building. The estimated cost of the project was \$24,140,000.

In order to advance the early design of the project, the Business Board, in June 2004, had approved an allocation of \$1,300,000 to hire external consultants. Exploratory work undertaken by the consultants had identified the inadequate state of the infrastructure of the building. In order to address the identified problems, it was necessary to expand the scope for the project and increase the cost of the project by \$4 million. Included in the expanded project scope were:

- an increased amount of demolition and new partitions;
- replacement of air handling units, ductwork, induction unit piping, electrical wiring, telephone and data wiring;
- new mechanical controls;
- modifications to the main electrical panel.

The additional \$4 million would be allocated from the infrastructure fund held by the Provost.

A member asked about the status of the parking facility. Mr. Bisanti replied that the demolition of the parking facility had been an AFD project, which had been completed. The lot was now paved, and would be landscaped. Professor Goel added that the site at 256 McCaul, including the adjoining parking lot, was the largest open site on the campus after the Varsity site. The \$17 million purchase of property had been a good investment for the University.

A member requested clarification of the change in scope that had resulted from the work of the external consultants. Professor Goel replied that the cost of renovations was often not fully known until walls had been removed and the infrastructure exposed.

A member asked for clarification of the basis on which contingency amounts were decided. Mr. Bisanti replied that amounts set aside for contingencies were based on past experience and general industry practice.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

1. THAT the expanded scope for the Center for Health Improvement & System Performance [CHISP] project at 155 College Street to address the additional infrastructure needs, as described in Appendix “C” attached hereto, be approved in principle;
2. THAT the objective of addressing the infrastructure and deferred maintenance needs of the building be approved in principle;
3. THAT the funding for the project be approved at an estimated total project cost of between \$28,000,00 and \$28,140,000 from the following sources:

6. Capital Project: Centre for Health Improvement and System Performance (CHISP), 155 College Street – Project Planning Report (cont'd)

- (i) \$11,192,000 to be financed by an internal loan (mortgage), amortized over twenty years, to be repaid from the operating budget of the Faculty of Medicine, and
- (ii) \$12,947,000 to be financed by an internal loan (mortgage), amortized over twenty years, to be repaid from the operating budget of the Faculty of Nursing, and
- (iii) \$4,000,000 from the one-time-only fund identified in the 2004/05 operating budget of the Office of the Provost for academic projects seriously restricted by shortcomings in infrastructure and deferred maintenance.

7. Enrolment Report, 2004-05

The Chair reminded members that the Planning and Budget Committee was responsible for monitoring planning activities, including enrolment planning. Professor Zaky explained that members had received the annual report on current enrolment. A report on enrolment projections for 2005-06 would be presented later in the year. He noted that enrolment was essentially on target, only sixty-eight students or 0.1% below plan. The increase in number of international students was the only significant trend in the report. The enrolment of new full-time, full fee-paying international students at the undergraduate level had increased by 41.5% from 2003-04 to 2004-05. The intake of international graduate students was 27.6% higher in 2004-05 than in 2003-04. At 8.8%, international student enrolment at the University was at its highest level in 27 years.

A member referred to the statement in the report that the funding requirement for the enrolment growth for the university system in 2004-05 would exceed the funding available by \$22 million (\$110 million required versus \$88 million available), and asked how the University of Toronto would be affected. Professor Zaky replied that the shortfall for the University would likely be \$5 million, as it would receive only 80% of the funding that had been expected for enrolment growth. The member asked whether this shortfall would be absorbed centrally or be applied proportionately to divisions. Professor Goel replied that no decision had been made on how the shortfall would be absorbed.

A member asked for clarification of the reference to categories of applications. Professor Zaky replied that categories included provincial, national, international, transfer, and direct-entry. Professor Goel added that a list of categories could be provided to the member.

The member asked how the increase in tuition fees for international students had affected enrolment. Professor Zaky replied that the number of applications from, and admission of, international students had increased substantially. The member asked whether there had been a shift in applications and admissions to students from affluent countries. Invited to respond, Ms Scully said that the country or origin of the University's international students had remained stable over the years. Professor Zaky indicated that recent country of origin information for international students was posted on the University of Toronto website, and that the link could be provided to the member.

The member asked how targets for part-time students were determined. Professor Zaky replied that the targets were based on past experience.

7. Enrolment Report, 2004-05 (cont'd)

A member noted the increase in enrolment of doctoral students and asked what impact the increase had on Basic Income Unit (BIU) revenue. Professor Zaky replied that funding had been capped for graduate students, which had resulted in 2,600 unfunded BIU's for graduate students.

A member pointed out that Table 1 reflected enrolment in BIU eligible programs , including international students who did not generate BIUs. It did not record BIU eligible enrolment. Professor Zaky undertook to change the heading in the table.

8. Capital Project: Department of Anthropology: Project Planning Committee, Terms of Reference and Membership

The Committee received for information Professor Venter's memorandum of January 11, 2005 which outlined the terms of reference and the membership of the Project Planning Committee for the Department of Anthropology, proposed to be relocated to the Hughes Building. There were no questions.

9. Capital Project: Civil Engineering Design Studio – Project Planning Committee, Terms of Reference and Membership

The Committee received for information Professor Venter's memorandum of January 11, 2005 which outlined the terms of reference and the membership of the Project Planning Committee for the Interdisciplinary Design Studios within the Department of Civil Engineering. There were no questions.

10. Capital Project: Upgrades to Sunnybrook-Women's College Health Science Centre

The Chair indicated that the Planning and Budget Committee received for information all plans for construction upgrades and new building to be undertaken by the Sunnybrook-Women's College Health Science Centre. The two projects that were being undertaken were an in-fill addition to the Emergency Department and an expansion to the Central Utilities Plant. There were no questions.

11. Date of the Next Meeting

The Chair reminded members that the next regular meeting of the Committee was scheduled for Tuesday, March 1, 2005, beginning at 4:10 p.m. in the Council Chamber.

12. Other Business

There was no other business.

The meeting adjourned at 5:20 p.m.

Secretary

Chair

February 3, 2005