

FOR RECOMMENDATION

CONFIDENTIAL

IN CAMERA SESSION

TO: Planning and Budget Committee

SPONSOR: Professor Scott Mabury, Vice President, University Operations

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DATE: December 10, 2013 for January 15, 2014

AGENDA ITEM: 10

ITEM IDENTIFICATION:

The Report of the Project Planning Committee for the Centre for Engineering Innovation and Entrepreneurship – Financial Implications and Funding Sources

JURISDICTIONAL INFORMATION:

The Committee considers reports of project planning committees and recommends to the Academic Board approval in principle of projects (i.e. space plan, site, overall cost and sources of funds). 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. 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

A. Project Planning Report

- 1. Planning and Budget [for recommendation] (January 15, 2014)**
2. Academic Board [for recommendation] (January 30, 2014)
3. Business Board [for recommendation] (January 27, 2014)
4. Governing Council [for approval] (February 27, 2014)

B. Execution of the Project

1. Business Board [for approval] (January 27, 2014)

PREVIOUS ACTION TAKEN:

In March, 2012, Governing Council approved the allocation of Site 10 (47- 55 St. George Street – Simcoe Hall Parking Lot) to FASE for a five year period to enable the initiation of a capital project. This item anticipates that the motion before the Planning and Budget Committee, in open session, to recommend for approval in principle the Report of the Project Planning Committee for the Centre for Engineering Innovation and Entrepreneurship, dated November 22, 2013, has been approved. As well, it is anticipated that the project scope totalling 7,513 nasm (15,026 gsm) for the CEIE space program, and that the project scope for a single level of underground parking (2,900 gsm), both to be located on Site 10 (47- 55 St. George Street – Simcoe Hall Parking Lot) have been approved in principle.

HIGHLIGHTS

Discussion of the space plan and site can be found in the open session document for this project.

FINANCIAL IMPLICATIONS:

a) Total Project Cost Estimate

The project planned for Site 10 comprises two distinct components:

- the Centre for Engineering Innovation & Entrepreneurship [CEIE] with a space program of 7,513nasm (15,026 gsm) and
- a single level of underground parking (53spaces) to be positioned on the second floor below grade and accessed from Galbraith Road (estimated area, including the ramp access, is approximately 2,900 gsm]

The Total Project Costs (TPC) for each component are provided separately. The estimated TPC cost for the CEIE project is \$94,747,000; the TPC for the parking requirement is estimated at \$5,173,000.

The TPCs provide estimates or allowances for:

- Construction costs based on a stipulated sum form of tender. The construction cost includes building to LEED equivalent silver standards
- Construction assumes poured concrete structure with a mix of solid masonry and glazed panel exterior treatment.
- A construction contingency of 10% of the estimated construction cost.
- HST where applicable
- Relocation of a physical geography laboratory as a secondary effect.
- Permits and insurance
- Professional fees including Architect, Engineers, Audio-visual consultants, Project Management and miscellaneous consultants
- Data and Telephone terminations/switchgear
- Furniture and A-V equipment
- Miscellaneous costs such as signage donor recognition and overall project contingency.
- Total financing costs are included and determined based on available funding within a detailed cash flow analysis.

b) Funding Sources

The University has committed to funding 36% of the cost of the 500 seat auditorium in recognition that the Faculty of Applied Science and Engineering needs can be met with a 300 seat classroom and that the programming of a 500 seat classroom is to benefit other divisions within in the university. \$4,320,000 represents 36% of the total estimated cost of the facility, however, the precise value will be determined once the final design is completed and the costs of construction, large screen and seating have been determined.

The funding sources for the CEIE space program are as follows:

○ Capital Campaign	
▪ pledged	\$ 21,699,000
▪ outstanding	\$ 9,925,000
○ Faculty of Applied Science and Engineering	\$ 29,803,000
○ Provost Central Funds (contribution to the Faculty of Applied Science and Engineering for the building)	\$ 9,000,000
○ Provost Central Funds (contribution for the Auditorium to benefit all divisions)	\$ 4,320,000
○ Borrowing	\$ 20,000,000
○ Total	\$ 94,747,000

The funding sources for the underground parking facility are as follows:

○ Central Funds:	\$ 3,673,000
○ Faculty of Applied Science and Engineering:	\$ 1,500,000
○ Total	\$ 5,173,000

It should be noted that the Engineering Society within the Faculty of Applied Science and Engineering operates a capital fund designed to enhance infrastructure of undergraduate student spaces. The society is very supportive of the extensive undergraduate facilities planned for the Centre for Engineering Innovation and Entrepreneurship and have specifically committed \$1M to name the student club space in the lower level of the building. It is expected that an internal loan assigned to the FASE will be required for a portion of the funding.

c) Cash Flow

An estimated cash flow analysis to evaluate, at quarterly intervals, the rate of anticipated expenditure for the life of the project reflecting the rate at which the funds are to be received has been prepared.

The Capital Campaign for the outstanding amount of \$9.925 million is well advanced and will continue during the design stage, and through to construction and commissioning of the facility. It is anticipated that there will be a positive cash flow throughout most of the construction phase and that there will be an interest contribution of \$1.14 million to the project.

APSE has set a target of \$17,800,000 as an additional fund raising goal; if successful the \$20,000,000 borrowing can be reduced. The outstanding amount is optimistically targeted to be in place by the end of the first quarter of 2014.

In addition to the very significant philanthropic contributions made in support of the project, the Faculty of Applied Science and Engineering will be submitting applications to the recently announced CFI [Canadian Foundation for Innovation] to secure financial support for the infrastructure of some of the relevant nerve centres to be housed within the CEIE such as the Institute for Robotics and Mechatronics. Should other Federal and or Provincial infrastructure funding opportunities appear on the horizon within the next two years appropriate submissions through the University will be made.

New donors will be encouraged and stimulated by the fact that matching university funds are still available within the committed funds.

d) Secondary Effects

To make way for construction, the current occupants of 49 St. George Street, the Transitional Year Program (TYP), are being relocated to 123 St. George Street. Renovations are currently underway to accommodate this group. Offices, student lounge and computing space and new accessible entrance and washroom are within the scope of renovations being undertaken for TYP. TYP will have dedicated spaces on the basement, first and second floor. Woodsworth College will also have dedicated spaces in the building and there are some facilities that will be shared by both building occupants. The anticipated total project cost for the renovation of 123 St. George Street, approximately \$1,000,000, is being funded centrally and being undertaken separately from the CEIE project.

RECOMMENDATION:

Be It Recommended to the Academic Board:

1. THAT the project for the Centre for Engineering Innovation & Entrepreneurship [CEIE] with a space program of 7,513nasm (15,026gsm), as outlined in the Project Planning Report dated November 22, 2013, be approved in principle with a total project cost of \$94,747,000 to be funded as follows:

○ Capital Campaign	
▪ pledged	\$ 21,699,000
▪ outstanding	\$ 9,925,000
○ Faculty of Applied Science and Engineering	\$ 29,803,000
○ Provost Central Funds (contribution to the Faculty of Applied Science and Engineering for the building)	\$ 9,000,000
○ Provost Central Funds (contribution for Auditorium to benefit all divisions)	\$ 4,320,000
○ Borrowing	\$ 20,000,000
○ Total	\$ 94,747,000

And

2. THAT the project for a single level of underground parking (~53/55 spaces) with a space program of approximately 2,900 gsm, as outlined in the Project Planning Report dated November 22, 2013, be approved in principle with a total project cost of \$5,173,000 to be funded as follows:

○ Central Funds:	\$ 3,673,000
○ Faculty of Applied Science and Engineering:	\$ 1,500,000
○ Total	\$ 5,173,000

And

3. THAT the project will not proceed to tendering and construction until pledges for the outstanding Capital Campaign amount of \$9,925,000 or complemented from additional funding from the Faculty of Applied Science and Engineering.

And

4. THAT the maximum amount of long term borrowing not exceed \$20 million.

DOCUMENTATION PROVIDED:

- Report of the Project Planning Committee for The Centre for Engineering Innovation and Entrepreneurship, dated November 22, 2013.