



University of Toronto

OFFICE OF THE VICE- PROVOST, SPACE AND FACILITIES PLANNING

TO: Planning and Budget Committee

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DATE: April 25th, 2005, for May 10th, 2005.

AGENDA ITEM: 4

ITEM IDENTIFICATION:

Project Planning Committee for the Varsity Centre for Physical Activity and Health.

JURISDICTIONAL INFORMATION:

Under the Policy on Capital Planning and Capital Projects, the Planning & Budget Committee reviews Project Planning Reports prepared for a capital project and recommends to the Academic Board approval in principle of the project.

PREVIOUS ACTION TAKEN:

There have been no previous approvals of the current Project Planning Report for the Varsity Centre for Physical Activity and Health. A new Project Planning Committee was established in November, 2004. The Committee, with particularly strong and enthusiastic student representation, has diligently assembled a creative phased plan for Varsity Centre that addresses the needs of the students, the University community and the neighbouring community.

The proposed facility represents a major contribution in support of the Stepping-UP initiatives of the University of Toronto.

Following the precise identification of the phased-in plan, a series of informative town-hall meetings and smaller group meetings were held to solicit response and ideas from students, internal university neighbours, members of various Governing Council committees and the community. The Provost was directly involved in each of these meetings and was able to learn first-hand of the likes and dislikes of the attendees. It should suffice to indicate at this juncture that the feedback received from all who attended these information meetings was exceptionally positive; suggestions, as appropriate, have been incorporated into the report. A copy of a typical presentation is provided as an attachment to this memorandum.

BACKGROUND:

The Varsity Stadium site has played an important role in the history of the University of Toronto and the city of Toronto for over a century. The revitalization of Varsity Stadium has been a goal of the

Faculty of Physical Education and Health for the past 40 years. The first Users Committee for *Varsity Centre* was struck in 1998 and since that time a variety of projects have been explored. These projects ranged from private partnerships to the extensive redevelopment of the Bloor-Devonshire sector. Most recently, a proposal discussed with the Toronto Argonauts, in collaboration with Soccer Canada, would have provided a 25,000 seat stadium. This facility would have had an athletics and special event focus, accommodating professional football and soccer in addition to the University athletics programme. These plans required the use of both Site 12 and Site 21 to accommodate the extensive facilities. The required space plan could not be accommodated on the site within the available budget envelope which led the administration, after careful consideration, to discontinue the project. The former Varsity Stadium was demolished in 2002. Since 2002 the existing grass field has continued to be used with temporary stands, change-rooms and storage facilities being erected as required.

HIGHLIGHTS:

Varsity Centre 2005 will be implemented solely by the University of Toronto and will provide facilities to serve the University and its immediate community. The philosophy of Varsity Centre is that of a *physical activity for all* facility. The new stadium will contain an artificial surface and both a regulation size football and soccer field. There will be a *competitive plus training* level running track, and seating for 5,000 people. A high tech air supported structure over the playing field will significantly extend the use of the field throughout the winter months. The Varsity Centre will provide indoor training facilities and athletic support space. The Centre will also provide non-athletic student space in the form of a café/student meeting space and a child minding/babysitting space. Renovating and expanding the existing Varsity Arena is also a part of the new Varsity Centre 2005. Extensive community consultation has shown strong community support for this facility. The Varsity Centre for Physical Activity and Health is to be built in four phases over a number of years and as funding for each subsequent phase is secured. The project can be built as-of-right, that is, without requiring additional zoning approvals from the City (the height of the bubble in Phase 2 being the only possible exception).

Project Phases

Phase 1:	A	Master Design
	B	5,000 seats, public washrooms, change rooms, media gondola, entrances
	C.	Field, track, lights, scoreboard, fencing, landscaping
	D	Foundations and services as required below the field track for the bubble
Phase 2:	A	Bubble installation
	B	Off-site track and field throwing events

Prior to the commencement of Phases 3 & 4 it will be necessary to address the Electrical Infrastructure expansion on the NE Campus to provided the required power needs for the new Athletics Facility and the Arena Renovation.

Phase 3: New Athletics Facilities (3792 nasm)

Phase 4: Arena Renovation

Project Schedule

The following schedule outlines the best case scenario with respect to project completion dates, but will require that all funds for Phases 2, 3 & 4 are secured for in advance of the formal project approval.

May 2005	Planning & Budget Committee Approval; start of approvals
June 2005	Approval by Governing Council
June 2005	Appointment of Consultants; start of Phase 1A
April 2006	Commencement of Phases 1B, 1C and 1D
Fall 2006	Completion of Phase 1; Phases 2A and 2B, provided funds are in place
April 2007	Commencement of Phases 3 & 4, provided all funds are in place
Fall 2008	Completion of Varsity Centre for Physical Activity and Health

To maintain the proposed schedule, showing completion of Phase 1 by the fall of 2006, the consultants must be appointed by the end of June 2005, coinciding with Governing Council approval of the Project Planning Report. Working within established policy guidelines the architect selection process must begin immediately following the approval by the Planning and Budget Committee. A Request for Proposals [RFP] will be posted immediately with the short-listing of firms anticipated within two weeks following the posting.

Under the Policy on Capital Planning and Capital Projects, the Project Planning Committee will continue through the implementation phase. The Working Executive of the Project Implementation Committee will comprise the lead User(s), a Planner and Implementer all of whom have been closely associated with the project planning and definition since its inception; this membership is:

User:	Bruce Kidd/ Liz Hoffman
Planner:	Elizabeth Sisam/ Shirley Roll
Implementer:	Julian Binks

This Working Executive will be expanded to include a Project Manager to be appointed by the Chief Capital Projects Officer. Furthermore, given the importance of this project to the student body, it is also recommended that two students, representing all students, be invited to participate on the Executive Committee. The students on the Project Planning Committee have recommended that these representatives be the co-chairs of the Council of Athletics and Recreation, both of whom are students elected by the student body.

Student representatives will also be invited to serve on the Architects Selection Committee.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

All projects that are advanced for consideration by the Planning & Budget Committee are evaluated against a stringent set of academic criteria. These criteria are detailed in the Capital Plan tabled at the Planning & Budget Committee, December 12th, 2004¹. The Stepping-UP initiative targets the need to improve the student experience for all students on campus. The Varsity Centre for Physical Activity and Health will serve as an exciting new node of activity on the campus in support of physical fitness and health. It has the enthusiastic support of all student groups on campus who have also actively contributed as members of the Project Planning Committee in the development of the proposed

¹ The nine criteria by which all capital projects are assessed are:

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| 1. Mission Objectives of the University, | 2. Policy Objectives & Legislative Requirements, |
| 3. Provincial Space Standards, | 4. Strengthening Scholarship, |
| 5. Providing Academic Leadership, | 6. Student Experience, |
| 7. Economic Consistency, | 8. Resources, |
| 9. Deferred Maintenance. | |

phased-in facility. The cost of the project will be supported entirely by the University with additional support being provided by the Faculty of Physical Education and Health.

It is to be noted that the University made the firm commitment to contribute the sum of \$14,000,000 to advance the immediate development of the first phase of the project. A further clarification, again to accelerate the development of the project, identified that no student levy would be required to complete Phase 1 of the project. This university contribution will provide the new-found momentum for the initial phase and serve to generate support and interest from friends of the University to support the subsequent phases and bring the entire project to a successful conclusion.

Borrowing capacity for the Capital Plan: The maximum borrowing capacity available to the University, as outlined in the Capital Plan presented to Planning & Budget on December 12th, 2004] was approximately \$112 million². At present the borrowing capacity as of March 31st, 2005 has been reduced to \$89 million.

The Varsity Centre is identified in the Capital Plan with a projected borrowing contribution of \$14 million which will be increased to \$16,386,100, the revised full cost of Phase 1 of the project. All additional phases, i.e. Phases 2, 3 and 4 will require full funding to be in place prior to the approval of each phase. Of this required total cost, \$14 million will be available from the operating budget of the University of Toronto. The balance of \$2,368,100 will be provided through a short term mortgage to be paid from the operating budget of the facility.

Operating Costs:

The annual operating costs of the facility, Phase 1, are estimated at \$1,400,000. These costs will be carried from revenues resulting from the operating budget of the Faculty of Physical Education and Health and rental of the facilities.

Financial Analysis & Risk:

A detailed assessment and risk analysis of the project has been completed by Financial Services with particular focus on the \$2,386,000 to be provided from the operating budget of the new facility.

As a result of the commitment to carry the \$14 million mortgage by the University of Toronto operating budget, the risk in Phase 1 is limited to construction cost overruns. If the Phase 1 project costs increased by 10% the financing costs are estimated to increase by \$800,000 (based on a 6% interest rate). This would require that the short term loan, in the amount of \$2,368,000, to be carried by the operating budget of the new facility be increased from 5 years to 12 years.

In addition, the fallback position for the repayment of the \$2,386,000, in the event that revenues do not materialize as planned or construction costs increase, is from trust funds³ held by the Faculty of Physical Education and Health. It is important that the planned flows to this trust fund be maintained and not be used for any other purposes until this project has been completed.

Given the details provided, and assuming that the flows to and the availability of the trust funds are maintained, Financial Services is of the view that the Varsity Phase 1 project is considered to be a low risk venture.

² The Capital Plan data is based on all capital project approvals up to, but not including the Business Board approvals on November 8th, 2004.

³ Current balance in this trust fund identified specifically for Arena/Stadium Renovations is \$500,000. There is an annual allocation in the amount of \$875,000 to this trust account which would increase the available balance up to \$2,250,000 in 2006-07.

RECOMMENDATIONS:

It is recommended to the Academic Board:

1. THAT the planned four phases Varsity Centre space and facilities program located on site 21 be approved in principle;
2. THAT the planned first phase of this multi-phased project for Varsity Centre be approved to allow for completion of the track and field plus the immediate support facilities at a total project cost of \$16,386,000 from the following sources:
 - (i) Contribution in the amount of \$14,000,000 to be acquired from a mortgage, amortized over twenty-five years, to be repaid from the operating budget of the University of Toronto, and
 - (ii) Contribution in the amount of \$2,386,000 to be acquired from a mortgage, amortized over five years, to be repaid from the operating budget of the new facility.
3. THAT all subsequent phases, consistent with established policy, will require formal approval by Governing Council and will require that the Project Planning Reports for each phase be reviewed by either the Planning and Budget Committee or the Accommodations and Facilities Directorate.