

THE GOVERNING COUNCIL
REPORT NUMBER 93 OF
THE PLANNING AND BUDGET COMMITTEE

December 9, 2003

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, December 9, 2003, 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present

Professor Edith Hillan, (in the Chair)
Professor Shirley Neuman, Vice-President
and Provost
Professor Safwat Zaky, Vice-Provost,
Planning and Budget
Professor Rorke Bryan
Professor Philip H. Byer
Mr. Brian Davis
Professor Miriam Diamond
Ms. Shirley Hoy
Professor Ian McDonald
Professor David Mock
Professor Ian Orchard
Professor Susan Pfeiffer
Mr. Timothy Reid

Professor Pekka Sinervo
Professor J. J. Berry Smith
Mr. Nick Turk-Browne

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Ms. Sheila Brown, Controller and Director
of Financial Services
Professor Ron Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Mrs. Beverley Stefureak, Secretary

Regrets:

Professor Avrum Gotlieb (Chair)
Mr. Sachin K. Aggarwal
Mr. Felix Chee

Professor Sujit Choudhry
Professor Susan Horton

In Attendance:

Professor W. Raymond Cummins, Member of the Governing Council
Ms. Sheree Drummond, Assistant Provost and Special Assistant to the Provost
Professor Vivek Goel, Deputy Provost and Vice-Provost, Faculty
Professor Connie Guberman, Status of Women Officer
Mr. Ashley Morton, President, Students' Administrative Council (SAC)
Professor David Naylor, Dean, Faculty of Medicine, and Vice-Provost (Relations with
Health Care Institutions)
Professor Paul Perron, Principal, University College
Professor Edward C. Relph, Associate Principal, University of Toronto at Scarborough
Mr. Howard Tam, Vice-President, University Affairs, SAC

ITEMS 3, 4, 5 and 6 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

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

Add to Agenda

On motion duly moved and seconded,

YOUR COMMITTEE APPROVED

THAT “Capital Project: Morrison Hall (University College Residence) – Revised Cost/Change of Scope” be added to the Agenda as item 5, with subsequent items renumbered accordingly.

1. Approval of Report Number 92 of October 21, 2003

The report of the last meeting (Number 92 of October 21, 2003) was approved.

2. Business Arising from the Report of the last Meeting

There was no business arising from Report Number 92.

3. *Stepping UP - A Framework for Academic Planning at the University of Toronto: 2004-2010*

Professor Neuman presented *Stepping UP: A Framework for Academic Planning at the University of Toronto, 2004-2010* using PowerPoint to highlight the Mission, Values, Goals and Priorities outlined in the Plan. (Memorandum of November 18, 2003, with attached white paper and PowerPoint presentation attached hereto as Appendix “A”). Professor Neuman expressed her pleasure at being able to speak to an academic plan that was the result of approximately 1000 pages of written responses to the “Green Papers”, several rounds of consultation through focus groups and town hall meetings, a great amount of feedback to the White Paper, later consultations, and many redrafts in response to the feedback. The end result was very much a product of academic colleagues, students, staff, alumni and members of the Governing Council.

Professor Neuman stressed that the goals and priorities for the next six years were necessarily general, as they were meant to provide the framework within which detailed academic planning in the divisions could be done. Much of this was already underway and the results would be evident as proposed allocations in support of divisional academic plans came forward for approval.

Professor Neuman articulated the proposed vision for the University and the mission that supported that vision. In addition to the traditional aspects of a university’s vision – its role in the public stewardship of ideas, in research and in teaching – a significant part of the mission would be to foster an exemplary degree of diversity through excellence and equity. The mission rested on a number of values among which was the recognition of academic freedom not as a license but as a guarantee that work done well would allow the pursuit of intellectual debate without limitation. The faculty wanted the University to support well thought-out risk-taking and, accordingly, the University would value risk-taking based on solid hunches and rigorous investigative methodology. It was already evident as one walked about the campus that intellectual excitement abounded. Fostering this excitement was the sign of a good university. Several of the values spoke to enabling

3. *Stepping UP - A Framework for Academic Planning at the University of Toronto: 2004-2010* (cont'd)

and appreciating the work of students, staff and academic leaders, in addition to faculty work. The University would recruit widely and proactively, developing a wider and deeper pool of candidates for a strong, diverse and excellent faculty, staff and student body. Finally, it would be important for governance and the administration to be consultative, efficient, transparent and accountable.

Professor Neuman spoke next to the goals articulated in the plan, noting that they were closely related to the values and the mission statement. Student recruitment would look beyond the Grade Point Average (GPA), a goal which, though initially thought to be costly to achieve, now seemed within reach at a reasonable cost. There had been significant feedback from faculty that this was worth pursuing.

Interdisciplinary discussions were already underway and one of the goals would be to foster and support such initiatives both in teaching and research.

Finally, Professor Neuman highlighted the goal of aiming to increase total revenues over the next ten years by 30% plus inflation. While this may seem ambitious, if the FTE funding per student were to increase to the national average operating revenues would increase by 30%.

Professor Neuman briefly reviewed the diagram illustrating that the values outlined in the plan supported the mission, which in turn were the underpinning for the vision. She spoke to the priorities of the plan and to a matrix showing the relationship between priorities and goals. Within the next few months a revision to the *Statement of Institutional Purpose* would be proposed. Development of divisional plans was already underway and out of those would evolve recommendations for policy changes and for budget allocations in support of the plans. Finally, a mechanism would be developed to facilitate regular reporting to governance on progress towards the goals outline in the plan.

A member expressed excitement at the outstanding document that had been brought to the Committee. The document set out what the University should strive to do and, in his view, this had not been stated before. It challenged the way the University had been doing things and would require a new way of thinking and openness to change. He wondered how the momentum toward implementation would be maintained over the critical four to six months ahead.

Professor Neuman replied that continued momentum would be a function of several factors. First, in many areas, members of the University community were already working with the plan. Lateral conversations were happening. Many divisions already had very structured processes in place to complete their plans by early to late spring, and she would be responding to the plans over the summer. Secondly, work was being done in the Provost's Office to support the continuing process. Professor Goel and Ms. Nolan were organizing a workshop in January about enabling lateral conversations. Effective academic planning had to be a bottom-up process. Universities were traditionally structured in a way that encouraged isolation and there would be the need to support committed faculty in overcoming that. A "futures day" was being organized for next fall with a number of events that would nurture ongoing intellectual discussion. All in all, she believed there would be enough continuing activity to keep up the momentum needed for successful implementation of this plan.

3. *Stepping UP - A Framework for Academic Planning at the University of Toronto: 2004-2010* (cont'd)

Members noted some minor amendments to the proposed resolution. Professor Neuman clarified that the date on the plan and correspondingly in the proposed resolution should be November 27, 2003. The pages of what was being approved in principle should read pages 1 to 35 (rather than 1 to 33).

Mr. Morton was invited to speak. He began by saying that a couple of the items in this plan were truly spectacular. In particular, he was delighted to see that admissions policy would focus on factors other than the GPA. This would attract a broader pool of students, an outcome that he saw as positive. He actively supported the goal of increased revenue and recognized that government funding up to the national average would achieve this. Since there had been no government commitment to this as yet, he hoped that the goal would not be achieved through increased tuition fees.

Mr. Morton expressed one disappointment, that being that there was no reference to the importance of good student leadership and participation in achieving the goal of a top-ranked university. In his view, Value 6 in the PowerPoint presentation should recognize student contribution. *Stepping UP* mentioned students twice, on pages 17 and 19, but only with respect to money. He encouraged the companion papers to expand on the role that students could play and the contribution they could make to building a quality University community through student governments, student societies, sponsored lecture series, social venues, etc.

Professor Neuman replied that the latest version of the companion papers now had a section on student responsibilities.

A member echoed Mr. Morton's comments on the changed focus for admissions. He also applauded the attention to interdisciplinary activity and hoped that it would extend to the undergraduate programs. He noted that the matrix suggested a strong relationship between priorities and the goal of achieving a 30% increase in revenue over the next ten years. However, it might be problematic to hinge this plan on what may or may not happen. Was there any way to determine if the other goals of the plan could be achieved even if the boost in revenue were not?

Professor Neuman indicated that statement of the goal related to revenue generation was necessary. While everyone would like to see this achieved and clearly there was an urgent need for new resources for some aspects of the plan, it had been carefully constructed so as to rely not too heavily on new resources. Some goals would be achieved with attitudinal change, and the Deans had been asked to plan on realignment of priorities, without counting on new funding soon.

Numerous members spoke in strong support of the plan and complimented the Provost on both the process throughout which there had been active listening and an outcome that was both enabling and encouraging. They saw the document as exciting, forward thinking, and linking the University's history to innovation. They applauded the inclusion of equity and diversity, the focus on interconnectiveness between excellence in research and excellence in teaching, the holistic view in linking curricular with co-curricular and extra-curricular, and the document's boldness in challenging the University community to rethink positions. A member was pleased that the document focused on the importance of planning regardless of budget situation. It provided a solid framework for grassroots

3. *Stepping UP - A Framework for Academic Planning at the University of Toronto: 2004-2010* (cont'd)

planning and it articulated values that all within the University community could embrace to various degrees. The document took seriously what the University did in a tri-campus setting and it was praiseworthy in the attention it paid to enhancement of the quality of life for faculty, staff and students. It was comprehensive, written in plain language, readable, forward looking and allowed for measurement of progress independent of the annual budgeting process. Finally, several members reported that colleagues were already engaged in discussions directed toward implementation of the plan. They saw this as strong wide-ranging support for the document.

During the comments, members had asked how governance would be assured that the important dimension of student life would be addressed in an equivalent way to the academic focus. Another asked when the *Statement of Institutional Purpose* would be coming forward, noting that ideally the new one should be included in next year's calendar.

Professor Neuman responded to the first question by noting that already work was underway at UTM and UTSC, as well as within the Colleges, to ensure that planning would go beyond what happened in the classroom. Also, there were requests for approval of capital projects that directly addressed quality of life, e.g. the Wellness Centre at UTM.

To the second question, Professor Neuman indicated that a small working group would be assigned to have a revised *Statement* ready to come to Governing Council in the spring.

A member hoped that the Report and the comments by the Chair to the Academic Board would accurately reflect the enthusiastic and whole-hearted support for the plan from the Planning and Budget Committee.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the key priorities and the framework for planning as outlined in pages 1 to 35 of *Stepping UP: A Framework for Academic Planning at the University of Toronto – 2004-2010*, dated November 27, 2003, attached hereto as Appendix "A", be approved in principle.

4. *Capital Project: University of Toronto at Scarborough – Science Laboratory Upgrades – Project Planning Report*

Professor Venter reviewed his memorandum of November 20, 2003 and the accompanying Project Planning Report (both attached hereto as Appendix "B") for the Science Laboratory Upgrades at the University of Toronto at Scarborough (UTSC). He acknowledged the hard work of Professor Relph, who was present to respond to questions if required. The Report identified a comprehensive four-phase plan to expand facilities for science-based programs at UTSC. This was the first phase, anticipated to be completed by the beginning of the fall term in 2004.

Professor Venter noted that the \$4.3 million required to fund this project would come from a combination of Provincial Government Funding (SuperBuild 2002) and a mortgage

4. Capital Project: University of Toronto at Scarborough – Science Laboratory Upgrades – Project Planning Report (cont'd)

to be repaid from Enrolment Growth Funds. This project would not increase the borrowing beyond what was identified in the Capital Plan reviewed by Business Board on November 10, 2003.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the Project Planning Report for the Renovation and Expansion of Science Facilities at the University of Toronto at Scarborough, Phase 1 2003-04: Science Teaching Laboratories be approved in principle.
2. THAT the project scope of renovation of six chemistry teaching laboratories and eleven biology teaching laboratories, and associated mechanical systems and preparation areas, be approved at a cost not to exceed \$4,300,000 with the funding sources as follows:

i) Provincial Government Funding (previously identified as SuperBuild 2002)	\$1,830,000
ii) Mortgage to be repaid from Enrolment Growth Funds	<u>\$2,470,000</u>
	<u>\$4,300,000</u>

5. Capital Project: Morrison Hall (University College Residence) – Revised Cost/Change of Scope

Professor Venter reviewed his memorandum of December 8 which had been circulated electronically to members and placed on the table (attached hereto as Appendix “C”). This was a very unusual circumstance in which the administration was required to request approval for a significant change in the project cost and revised sources of funding. There was, as well, a minor change in scope.

In January 2003, this project had been approved at an estimated cost of \$24 million. The price envelope had been based on the independent quantity survey estimates provided by Hady Construction (the construction arm of the Sorbara Group) who had been hired for their expertise. The project had gone to tender with a response from five bidders. The bids received had ranged from 19% higher than the estimated cost at the lower end to 35.5% higher than the estimated cost. This last bid had been received from the firm who had done the original cost estimate.

Professor Venter indicated that these unusual circumstances had not occurred in the last thirty capital projects. The administration had spoken to the bidders and reviewed very carefully where costs could be reduced. They had been unsuccessful in bringing down the costs. This project had tremendous external support but the lowest tender was still

significantly higher than the estimated cost. Nevertheless, this was a request for approval to continue with the project. The increased cost would come from \$1.5 million of

5. Capital Project: Morrison Hall (University College Residence) – Revised Cost/Change of Scope (cont'd)

additional fund-raising and \$2.46 million in additional borrowed funds to be repaid from residence revenue.

There had not been sufficient time to complete a risk analysis. This would be done before the project went to the Business Board on January 19, 2004 and Professor Venter was able to indicate that the residence should be in a payback position during the first year of operation.

Professor Venter indicated that, because this project would extend the borrowing limit beyond what was presented in the Capital Plan, approval of it would force a more selective approach to and further delay of some of the other important projects that were awaiting funding, e.g. modest renovation of the property at 155 College Street and the creation of a Multi-Faith Centre on the St. George Campus. The University was coming to the end of what it could responsibly afford and this revised project needed to be considered in the context of total affordability.

Professor Perron spoke. He recalled the lengthy discussion and consultation that this proposal had undergone over the past four years. It was a project that had great support from alumni, one that would be transformational for the College. It had had a tremendous impact on all aspects of the College, but most particularly on fund-raising. Since discussions began, the College's endowment had increased from \$10 million to \$25 million allowing for programs for student aid and endowed chairs. In his view, the project had brought the University College community together and he believed it was important that this galvanized environment continue.

A member asked if he had understood correctly that the pre-estimate and the highest bid had come from the same company, and, if so, what had been the value of getting a pre-estimate. Professor Venter confirmed the member's understanding and noted that estimates were always secured on all projects from external quantity surveyors for inclusion in Planning and Budget Committee approvals. Professor Venter said that there was no logical explanation for the variance on this mis-estimate. Mr. Bisanti added that he had never before encountered this large an error in estimating and that the contractor in question had been unable to give an explanation. He confirmed that, during the entire design process, considerable review and consultation had resulted in cost-cutting to allow this project to stay within the original budget. The exterior design could not be significantly modified because of City of Toronto restrictions related to the approval to build on site 22. Rooms could not be eliminated because fewer revenue-generating rooms would negatively impact the financial model, with the unacceptable result that revenue would not meet the required level to service the mortgage. Cost savings were very limited. Those found were off-set by the additional expense to add air-conditioning to the Ferguson Hall Dining Room, a request specifically made by the lead donor to allow the Dining Room to be more functional and accessible all year round. Mr. Bisanti concluded by expressing his concern about this embarrassing situation into which the University had been placed, for which there had been no warning.

A member asked what the likely term of the mortgage would be. Professor Venter replied that, normally, the term would be 25 years with a rate to be determined by the Controller. The administration was hoping to reduce the term to 20 years. This would be considered

5. Capital Project: Morrison Hall (University College Residence) – Revised Cost/Change of Scope (cont'd)

carefully with a firm recommendation prepared for the Business Board's consideration of this item.

A member asked if there were likely to be any other surprises with this project. Mr. Bisanti believed not. The cost increase had arisen in unusual and anomalous circumstances and he did not anticipate any further problems. Site 22 was a difficult location for construction given the single access point and the tightly adjacent buildings. However, the construction contingency had been increased to \$1.5 million which he hoped would be sufficient.

Noting that the additional fund-raising of \$1.5 million from University College needed to be completed within the next year, a member asked what the plan was in the event that this did not happen. Professor Perron responded. The College had averaged \$4 million a year in fund-raising over the past several years and he did not anticipate a problem with achieving this goal in the 18 months before the building was scheduled to open.

A member recalled that in former discussions around this project Professor Perron had indicated that anticipated savings projected in the original financial plan would be used to upgrade the older residences. He wondered, given this unanticipated and significant increase in cost, if that were now less likely to happen. Professor Venter indicated that the administration had re-examined the whole University College complex. Part of the earlier plan had been to air condition rooms in the older residences. This now did not seem possible. Certainly, too, there would be less opportunity for addressing deferred maintenance in the older residence. However, all the needs were being looked at and trade-offs were being considered. He assured the Committee that there was in place a commitment from the Principal that he would endeavour to do the deferred maintenance.

Professor Perron added that the College had in place engineering plans for deferred maintenance over the next twenty-five years. This year, \$1.79 million had been spent for upgrading mechanical, electrical and a number of other items at Whitney Hall. According to the College's estimates, there would not need to be any major maintenance required for the next five years. He acknowledged there was somewhat less money to work with, but even with the very conservative plan for this new residence, it was expected to generate \$500,000 surplus in the first year. He anticipated that within the first few years, the College would be in the financial position of having enough revenue generated to address major maintenance. Finally, he was convinced that, with the assistance of the Vice-President and Chief Advancement Officer who was committed to this project, donors would be identified for upgrading the older buildings and for continued support of the residence bursaries.

Mr. Morton requested and was granted permission to ask a question. He recalled that University policy required cost recovery on ancillaries. Given the significant increase in the capital cost of this residence, he wondered if the increased cost would be passed on to students via higher residence rates. Professor Perron said that University College residences now have the second lowest rates among campus residences. The students had voted to increase rates sufficiently to build this residence. There would be increases in

residence costs initially but the financial plan called for them to level at 5% annually in 2005. He believed that the first few years would be difficult but that five years into the life of the residence increases would reduce to 3% per year.

5. Capital Project: Morrison Hall (University College Residence) – Revised Cost/Change of Scope (cont'd)

Mr. Morton asked if this was consistent with what had been approved in governance initially. Professor Perron replied that University College would retain its cost position relative to other residences.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the minor change of scope to the approved Project Planning Report for the new University College Residence to air-condition the Dining Hall and Drama Studio be approved in principle.
2. THAT the revised funding arrangements, including furnishings and finance costs, for the University College residence expansion be approved at an estimated cost of \$28,000,000 with the funding as follows:
 - (i) \$10,000,000 from donations received and pledged from externally secured contributions,
 - (ii) An additional \$1,500,000 to be secured from additional external fund-raising by University College.
 - (iii) \$1,485,000 contribution from the UC residence ancillary
 - (iv) \$800,000 contribution provided by the UC food service ancillary
 - (v) \$50,000 allocation from the University Investment Infrastructure Fund in support of space for the Drama Program.
 - (vi) A mortgage in the amount of \$14,165,000 to be amortized over a period of 25 years and to be repaid by University College from residence revenues and the UC ancillary.

6. Faculty of Medicine: Proposal to Disestablish the Undergraduate Department of Anatomy and Cell Biology

The Chair referred members to the memorandum from Professor Zaky dated November 28, 2003 (attached hereto as Appendix “D”) recommending the closure of the undergraduate Department of Anatomy and Cell Biology. There were no questions.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the Undergraduate Department of Anatomy and Cell Biology be disestablished effective January 1, 2004.

7. School of Graduate Studies: Proposal for a Collaborative Master’s and PhD Program in Health Services and Policy Research

In a memorandum dated November 28, 2003, Professor Zaky had advised the Committee that there were no budgetary implications to the proposed collaborative Master's and PhD program in Health Services and Policy Research. Members had no questions.

8. Date of the Next Meeting; Tuesday, February 3, 2004

The Chair reminded members that the next regular meeting was scheduled for Tuesday, February 3, 2004.

The meeting adjourned at 6:45 p.m.

Secretary

January 6, 2004

Chair