

UNIVERSITY OF TORONTO

UNIVERSITY OF TORONTO SCARBOROUGH CAMPUS COUNCIL

REPORT NUMBER 17 OF THE CAMPUS AFFAIRS COMMITTEE

March 23, 2016

To the University of Toronto Scarborough Campus Council, University of Toronto Scarborough

Your Committee reports that it met on Wednesday, March 23, 2016 at 4:10 p.m. in the Council Chamber, Arts and Administration Building, with the following members present:

Present:

Ms Sue Graham-Nutter, Chair
Professor Brian Harrington, Vice-Chair
Professor Bruce Kidd, Vice-President and Principal, UTSC
Mr. Andrew Arifuzzaman, Chief Administrative Officer, UTSC
Mr. Desmond Pouyat, Dean of Student Affairs, UTSC
Ms Janet Blakely
Mr. Harvey Botting*
Mr. Keith Chen
Ms Ludmila Elias
Professor Sarah D. King
Ms Lydia V.E. Lampers-Wallner
Professor Alice Maurice
Ms Bobbi McFarlane
Mr. Azeem Shaikh
Ms Kirsta Stapelfeldt

Non-voting Assessors:

Ms Liza Arnason
Ms Helen Morissette

In attendance:

Ms Sally Garner, Executive Director, Planning and Budget
Ms Shannon Howes, Manager, Student Policy Initiatives and High Risk
Professor Scott Mabury, Vice-President, University Operations
Ms Michelle Verbrugghe, Director, Student Housing & Residence Life

Secretariat:

Ms Amorell Saunders N'Daw
Ms Rena Prashad (Parsan)

Regrets:

Ms Nourhan Ahmed
Professor Jonathan S. Cant
Ms Kathy Fellowes
Professor William A. Gough
Professor Paul Kingston
Ms Tanya Mars
Professor Mandy Meriano
Ms Vienna Phung
Mr. James Pritchard
Mr. George Quan Fun
Mr. Michael Rebic
Mr. Achala H. Rodrigo
Professor Helen Wu

*Telephone participant

1. Chair's Remarks

The Chair welcomed members and guests to the meeting and introduced the member who participated in the meeting via teleconference.

She drew members' attention to the agenda, which was amended to reflect the deletion of the Compulsory Non-academic Incidental Fees and Request for Fee Increases—Fusion Radio. She explained that the administration had withdrawn the item and that the item would be considered at a future meeting.

To conclude, the Chair reported that the *Operating Plans: Service Ancillaries and Operating Plans and Fees: Student Affairs and Services for UTSC* were presented to the University Affairs Board meeting on March 15th for information. Details on the Proposed *Policy on Open, Accessible and Democratic Autonomous Student Organizations* were also presented at that meeting.

2. Assessors' Reports

There were no Assessor reports.

3. UTSC Student Residence Model

The Chair invited Mr. Andrew Arifuzzaman, Chief Administrative Officer, UTSC, to present the UTSC Student Residence Model to the Committee. Mr. Arifuzzaman's presentation¹ included the following key points:

- The current student residence stock provided accommodation for approximately 5 percent of the student population. Within the existing stock, there was no dedicated space for graduate students or the anticipated growth in student enrolment (i.e. domestic and international).
- The new student residence would offer 750 new beds, structured meal plans, and academic linkages to residence programming;
- Key design elements of the new student residence included: a dining hall, social events space, Student Life resource centre, academic and administrative staff office spaces, and quarters for residence staff;
- Funding for the new student residence would be made through a proposed investment partnership. Pension funds, infrastructure investors, and student housing owner operators had shown interest in the opportunity. It was suggested that funding through an investment partner would help reserve the need for University borrowing for academic priorities while creating a sustainable student residence model; and
- In an investment partnership, UTSC Student Life would manage the operations of the student residence. The investment partner would be involved in the design, building, and completion of the new student residence facility. UTSC intended to engage in extensive

¹ Presentation- UTSC Student Residence Model

discussions with the investment partner to ensure a shared vision for the design was established.

In response to a comment regarding the purpose of involving an investment partner, Mr. Arifuzzaman explained that collaborating with an investment partner would assist the Campus in meeting its student residence needs while preserving university capital for academic priorities.

For clarification, a member asked whether the student residence would be built on University property, and Mr. Arifuzzaman confirmed that it would be.

In response to a question regarding the pricing of the new residence, Mr. Arifuzzaman reported that it would be priced both competitively and appropriately.

A member commented on ensuring that the investment partner adhered to the design and building standards of the University and Mr. Arifuzzaman explained that part of the negotiations would include adhering to the University's design and building standards.

A member asked what percentage of international students lived in residence and Ms Michelle Verbrugge, Director, Student Housing & Residence Life, reported that 17-20 percent of students living in residence were international students.

4. The University's Budget Incorporating UTSC's Budget Envelope

The Chair introduced and invited Professor Scott Mabury, Vice-President, University Operations and Ms Sally Garner, Executive Director, Planning and Budget, to present the University's Budget Incorporating UTSC's Budget Envelope. The presentation addressed the following themes: 2016-17 Operating Budget, Students and Teaching, Faculty and Staff, Infrastructure and Services, University-wide Costs, Funding Sources, Student Aid, and the University Fund (UF). The key points included:

- **2016-17 Operating Budget-** The institutional operating budget for the University in 2016-17 was \$2.31B with \$232M allocated to UTSC. In 2016-17 new expenses and revenues were balanced at \$158M.
- **Students and Teaching-** The total institutional undergraduate enrolment for 2015-16 was 60,902. By 2020 undergraduate growth at UTSC was expected to reach 11, 868, which was an 11 percent increase from the 2015 actual figures. Approaching 2020, there was no planned growth expected for international students and modest enrolment growth was anticipated for graduate program enrolment at UTSC. Entering averages for direct entry undergraduate programs continued to increase and application numbers also increased at the institutional level.
- **Faculty and Staff-** At UTSC, the student to faculty ratio was 30.2 students to 1 faculty in 2014-15, which was the third highest ratio at the University. It was suggested that the high UTSC ratio was due to faculty hiring challenges related to space limitations and the fact that UTSC was primarily an undergraduate division (i.e. larger class sizes). The estimated

institutional compensation budget for 2016-17 was \$1.49B. Included within this budget were the annual special pension payments of \$102M.

- **Infrastructure** - Infrastructure plans related to capital projects highlighted: six major projects under construction, five major projects in the design stage, and five future projects for consideration. At this time, the UTSC Highland Hall project was in the design stage and the UTSC Student Residence was being considered for the future.
- **University-wide Costs**- University-wide costs included: shared service portfolio operations (\$276M), pension special payments (\$102M), non-discretionary expenses (\$124M), and academic initiative funds (\$25M). The rate of university-wide costs plus campus costs for UTSC was comparable to the institution's average, both 30 percent.
- **Funding Sources**- Institutional revenues for 2016-17 were \$2.3B, and \$260M at UTSC. The funding sources were primarily generated from student tuition fees and the provincial operating grant. For 2016-17, the tuition fee increase for domestic undergraduate students² was 3 percent for both incoming and continuing students in non-professional undergraduate programs, and 5 percent for domestic incoming and continuing professional and graduate students. Incoming international students faced a 2-10 percent tuition fee increase while continuing international students' tuition increased by 5 percent.
- **Student Aid**- In 2014-15, the University distributed \$181M in student aid, and \$58M under the 'Student Access Guarantee'. The average net tuition in 2014-15 for undergraduate programs was 51% for the OSAP population of students
- **University Fund (UF)** - In 2016-17 the Provost allocated \$19M from the University Fund for initiatives related to education, access and diversity, research, and structural budget support. In 2016-17, UTSC would receive \$3.3M in UF allocations for capital matching (\$2.0M), Dean's fund (\$1.0M), Student academic progress (\$300K)

A member asked whether the University was allocating funds to contribute to the pension solvency, and Ms Garner reported that the University was only making special payments to the pension deficit in the amount of \$102M annually. Payments to fund the solvency deficit were still under discussion

In response to a question from a member, the Chair reported that with an institutional goal of \$2.0B in the Boundless campaign, the UTSC goal was \$35.0M with \$24.5M already raised.

The Chair commented on the recent provincial announcement regarding grants to assist low-income students with a household income of less than \$50K, and asked if we had data on the number of eligible students with a household income of less than \$50K. Ms Garner reported that once a student applied for OSAP, the University had access to the information. She added that no analysis would be undertaken until greater details on the new Provincial student aid program were available.

² The tuition fee increase cap for domestic undergraduate students is 3 percent.

Professor Bruce Kidd, Vice-President and Principal, UTSC, commented on the successful supports and programs that the UF allocations had fostered at UTSC since 2007-08 and expressed positive sentiments regarding the use of the 2016-17 UTSC UF allocations.

CONSENT AGENDA

On motion duly made, seconded and carried,

YOUR COMMITTEE APPROVED,

THAT the consent agenda be adopted and that the item requiring approval (item 5) be approved.

- 5. Report of the Previous Meeting: Report 15 –Monday, February 8, 2016**
 - 6. Business Arising from the Report of the Previous Meeting**
 - 7. Date of the Next Meeting –Wednesday, April 27, 2016 at 4:10 p.m.**
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8. Other Business

Mr. Arifuzzaman reported that bids for the renovation and expansion of the Recreation Wing (R-Wing) – Highland Hall, would be received by the first week of April, and that he would provide the Committee with an update at the April 27th Committee meeting.

The meeting adjourned at 6:10 p.m.

Secretary

Chair

UTSC Student Residence

UTSC Campus Affairs Committee
March 23rd 2016

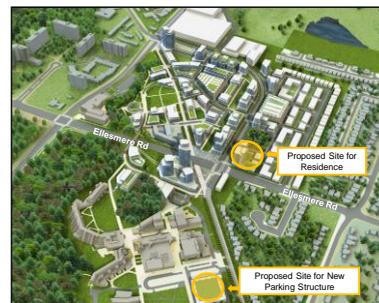
Andrew Arifuzzaman
Chief Administrative Officer

Current Situation

- ~ 5% of students can be accommodated in residence at UTSC
- No dedicated graduate stock
- Much of the existing stock is early 1970's townhouses
- We cannot offer meals plans
- Increased international students are increasing
- Surrounding area beginning to convert to single family homes into unregulated student housing
- Little academic linkages to residence programming
- Need to have a competitive offering for residence



The Project Site



The proposed site for the Residence is centrally located on the UTSC campus, immediately north of Ellesmere Road.

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The Project

UTSC has exhausted its physical capacity to satisfy residence demand based on existing facilities (currently 765 beds), and plans to build a new student residence to be located on its Scarborough Campus.

750 beds

- The Residence is expected to include approximately 750 beds and to primarily house first year undergraduate students.

Key components of the Residence

- Student housing*
- Other facilities** including:
 - suites for residence advisors, residence life coordinators and visiting scholars
 - lounges, laundry and kitchens
 - academic spaces, administration and services offices
 - a student life resource centre
 - social events space
 - dining hall.
- The Residence may also include space for ancillary retail use.

Add it on scope

- The University is considering including a new multi-level parking structure (approximately 500 spaces) and a cogeneration plant within the scope of the Project.

* Student housing will consist of single and double occupancy bedrooms with a combination of private, semi-private and shared washrooms. Approximately 50 of the bedrooms will be accessible. Based on the preliminary program, space requirements for student housing are estimated at approximately 9,000 Net Assignable Square Metres.

** Space requirements for all other facilities (as set out above) are estimated at approximately 4,000 NASM.

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Our Objectives

1. Provide an excellent and competitive student housing experience for 1st year undergraduate students
2. University continue to be the direct provider of residence life services
3. Limit University borrowing and thereby preserving borrowing capacity for core academic infrastructure
4. Develop a methodology that is transparent and ensures that building quality and amenities meet U of T standards
5. Monetize the transaction/development opportunity for U of T

Why a Partnership

- The University feels strongly that a project like this can attract partners who are interested in long-term investment and collaborative partnerships

And

- Helps preserve university borrowing for academic priorities
- Growing private sector investment interest and understanding in the sector
- Create a relevant and sustainable residence model in the Canadian context

The Initial Model

Residence Spec Development → Design → Build → Substantial Completion → Operate

University University University (sale) University and Partner University (Student Life) Partner (Building)

Participating Investors

In February and early March, discussions were held with a targeted number of investors. The aim of the discussions was to seek feedback on the revised commercial structure and transaction process for the UTSC student residence project.

	<ul style="list-style-type: none"> Campus Living Centres Centurion Capital Management & Campus Services Fencate Capital Management Forum Equity Instarac AGF ICP INVESTMENT BOARD HOOPP StoneCap / ALMCO 	<ul style="list-style-type: none"> Student Housing Owner Operator REIT Infrastructure / RE Investor Infrastructure / RE Investor Infrastructure / RE Investor Pension Fund Pension Fund Pension Fund
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The Current Model

Residence Spec Development → Design → Build → Substantial completion → Operate

University University and Partner University (developer) and Partner University and Partner University (Student Life) Partner (Building)

Key Feedback

Fit with investor objective	<ul style="list-style-type: none"> There is strong appetite for the UTSC residence investment. Investors recognize this is a first-of-its-kind transaction.
Size and scope	<ul style="list-style-type: none"> Investors are comfortable with the deal size. There is considerable interest in cogeneration and parking; however, the focus of the transaction should be on the residence.
Commercial structure	<ul style="list-style-type: none"> Investors are comfortable with the revised commercial structure, including: <ul style="list-style-type: none"> long-term investment horizon (any term less than 60 years is more difficult to finance); taking on limited partner role with potential add-ons (i.e. asset management, operations); preference for being invested early in the process (through design development and construction); All investors acknowledge that UTSC will retain control of residence life aspects.
Transaction process	<ul style="list-style-type: none"> The selection process should be as efficient as possible i.e. 8 months, not 2 years. <ul style="list-style-type: none"> This is also critical from UTSC perspective, to meet in-service deadline. Investors expressed reluctance to be involved in a P3-style procurement (investing considerable time, resources and IP with potential of ultimately being unsuccessful).

Proposed Transaction Process

The University intends to undertake a competitive dialogue process through bilateral discussions between the University and prospective long-term investors.

Stage 1: Prequalification of investors → Stage 2: Due Diligence & Letters of Intent → Stage 3: Exclusivity and final negotiations of agreements, Execution of JV and Close

- Target investor groups based on transaction structure
- Confidential one-on-one meetings with Project overview document
- Information Memorandum and Term Sheet
- Preliminary due diligence
- Expression of Interest and Financial Submissions
- Selection of short list investors
- Final due diligence
- Mark-up of Letter of Intent
- Selection of preferred investor and execution of Letter of Intent
- Exclusivity and final negotiations of agreements
- Financial close with preferred investor

Questions

Budget 2016

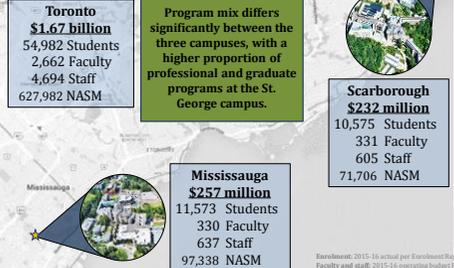
UTSC Campus Affairs Committee
March 23, 2016

Agenda

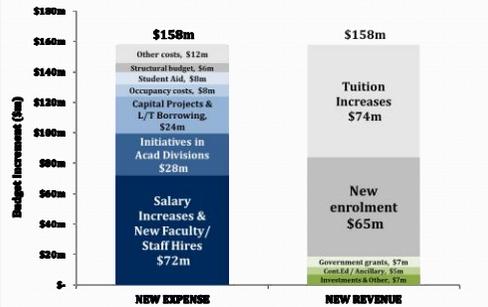
- | | |
|------------------------------|--------------------|
| 1) Students & Teaching | 4) Student Aid |
| 2) Faculty & Staff | 5) Funding Sources |
| 3) Infrastructure & Services | 6) UF and Summary |

2015-16 Operating Budget \$2.16B

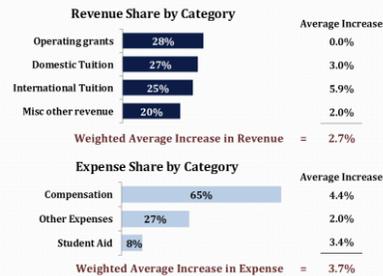
2016-17 Operating Budget \$2.318B



Sources of Funding for New Expenses



Structural deficit challenge



STUDENTS AND TEACHING

Undergraduate enrolment results for 2015-16

Total FTE	2014 Actual	2015 Actual	2015 Variance to Plan
St George	37,836	39,011	1,554
UTM	10,942	11,405	(185)
UTSC	10,088	10,486	(141)
TOTAL	58,866	60,902	1,229

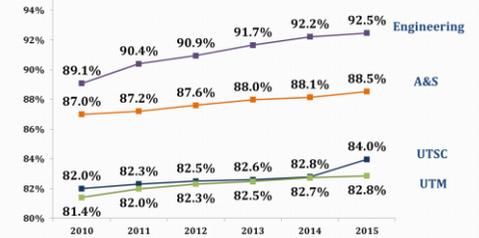
Tri-campus undergraduate plans

Total FTE	2015 Actual	2016 Plan	2020 Plan	5-year Growth Plan	~% Growth
St George*	39,011	38,668	38,325	(686)	(2%)
UTM	11,405	11,904	12,791	1,386	12%
UTSC	10,486	10,841	11,686	1,200	11%
TOTAL	60,902	61,413	62,802	1,900	3%

* Full time UG enrolment in the Faculty of A&S at St. George will remain above current level until returning to original plans in 2019-20.

Demand and quality remain strong

Direct Entry Undergraduate Program Applications					
2010	2011	2012	2013	2014	2015
64,400	67,600	71,500	73,900	75,700	n/a



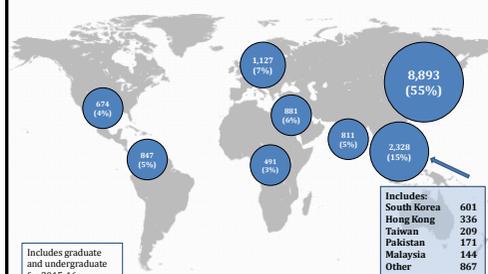
Divisional undergraduate international plans

Division	% Int'l	
	2015 Actual	2020 Plan
APSE	28%	27%
A&S	21%	25%
UTM	18%	19%
UTSC	16%	16%

2015 total international UG students = 13,288 (18.9%)

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International Students by Geographic Region

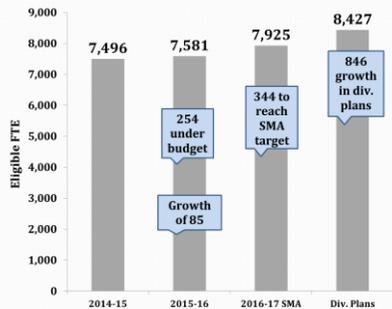


2015-16 UTSC Undergraduate Enrolment

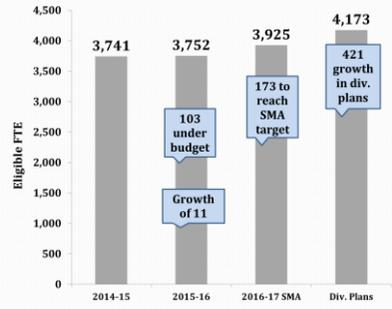
Area of Study	2015-16 FTE	% International
Arts & Humanities	1,818	14%
Social Sciences	3,003	12%
Management	1,439	36%
Life Sciences	1,343	5%
Other Sciences	2,884	19%
TOTAL	10,486	17%

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Divisions plan for 846 more masters students (eligible FTEs)



Divisions plan for 421 more doctoral students (eligible FTEs)



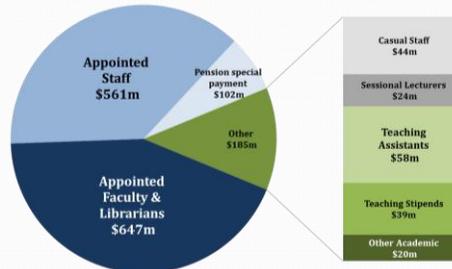
2015-16 UTSC Graduate Enrolment

Program Type	2015-16 FTE	Projected 2020-21
Prof Masters (Env. Sci)	88	95
DS Masters UTSC (Psych & Behavioural Sci)	10	20
DS Masters tri-campus *	32	n/a
PhD UTSC (Psych & Env. Sci)	56	70
PhD tri-campus *	93	n/a
TOTAL	279	

* As per self-declared code in student system

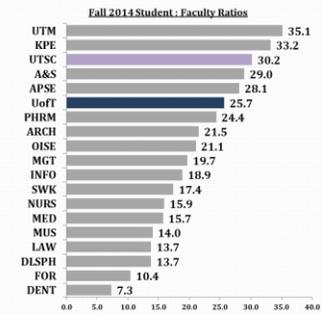


2016-17 Compensation Budget \$1.49B (Est.)



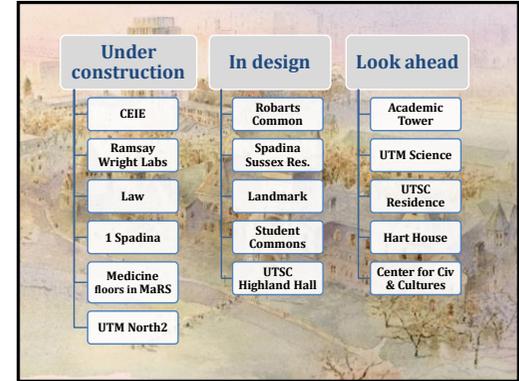
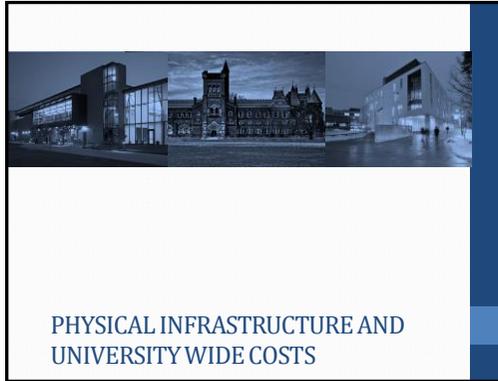
2015-16 Budget \$1.42B + Budget Increase \$72M

UTSC student faculty ratio is a challenge during growth phase

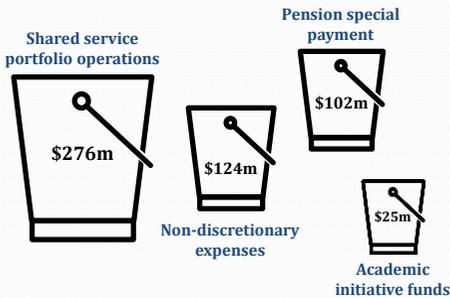


Preliminary Faculty and Staff Hiring Plans at UTSC

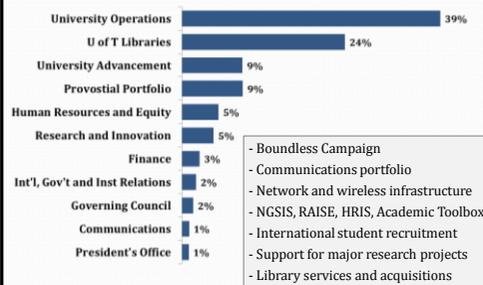
	Faculty & Librarians	Staff
2015-16	351	504
2016-17	+9	+4
2017-18	+10	+8
2018-19	+10	+8
2019-20	+10	+8
2020-21	+10	+8



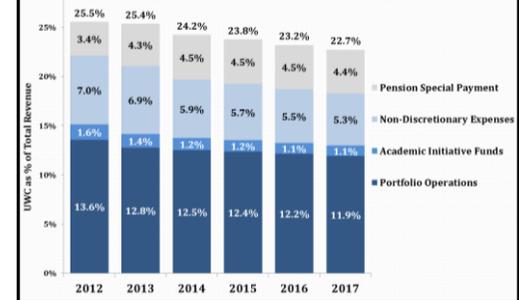
What makes up university-wide costs?



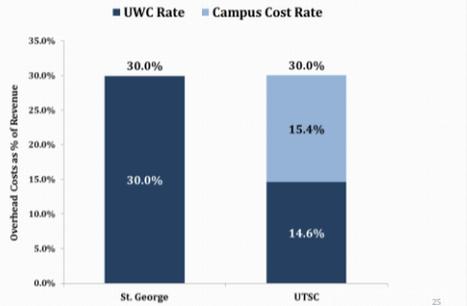
Shared Service Portfolio Operations (\$276m)



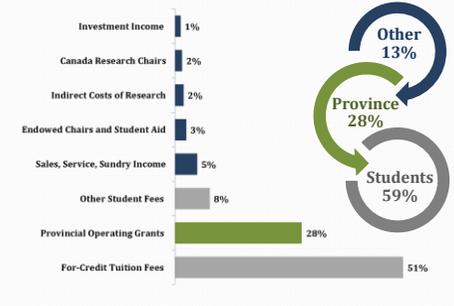
University-wide costs as % of Revenue



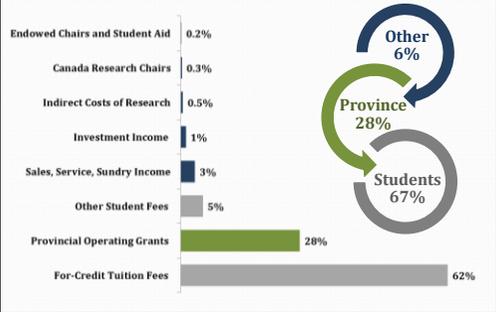
2016-17 University-Wide and Campus Costs



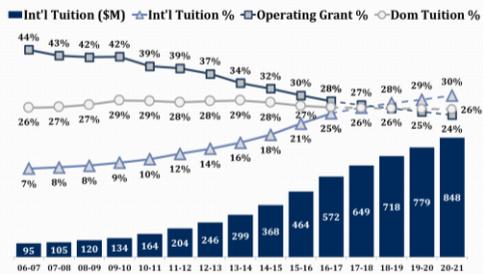
UofT 2016-17 sources of revenue (\$2.3B)



UTSC 2016-17 sources of revenue (\$260m)



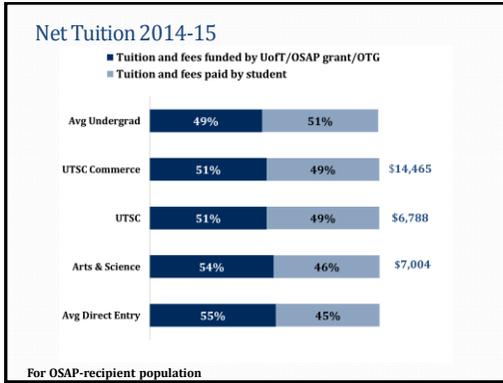
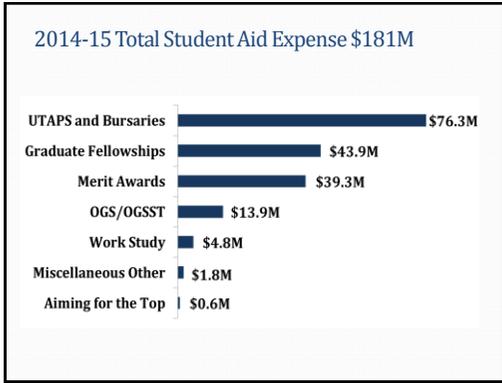
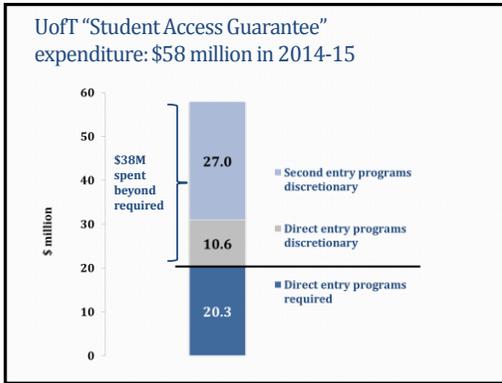
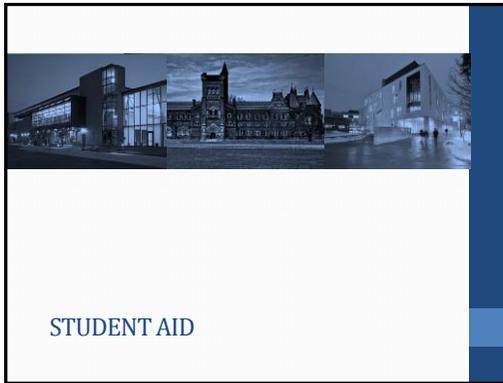
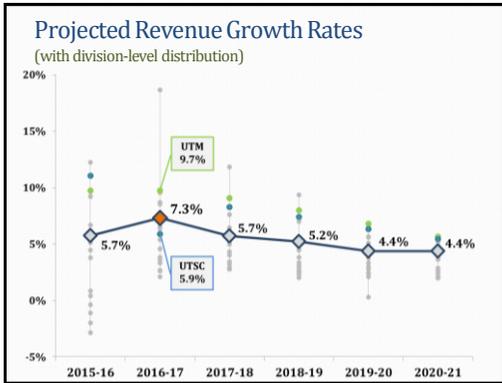
The changing revenue landscape (excludes divisional income)



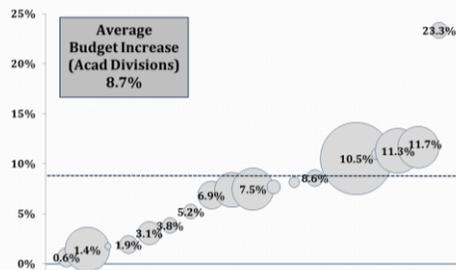
Tuition fee increases for 2016-17 (last year of the tuition framework)

	Incoming Students	Continuing Students
Domestic overall cap = 3%		
Domestic General UG	3%	3%
Domestic Prof and Graduate	5%	5%
International	2-10%	5%

- Budget assumes provincial framework extended
- Weighted average international increase = 5.9%
- Domestic tuition fee for doctoral stream will decrease by \$30



2016-17 Variation in Growth of Divisional Expense Budgets
(i.e. Revenue less University-wide Costs and Student Aid)



UF Allocations \$19 million

- Education \$5.35m**
- Double degrees
 - Deans funds UTM UTSC
 - KPE faculty position
 - Interdivisional teaching
- Access & Diversity \$3.3m**
- TYP joint positions
 - Faculty diversity hiring
 - UG student academic progress

UF Allocations - \$19 million total

- Research \$4.8m**
- Data Science
 - Faculty start-up packages
 - Engineering graduate growth
 - Graduate program innovation
- Structural budget support \$5.7m**
- Medicine basic sciences
 - Architecture new space
 - Nursing clinical teaching
 - Provostial reserve

2016-17 UF Allocations to UTSC: \$3.3m

- Capital matching** \$2.0m
- Dean's fund** \$1.0m
- Student academic progress** (3 positions) \$300k
- Access to pooled funds:**
 - Diversity hiring
 - Start-up funds
 - Interdivisional teaching
 - Data science
 - Graduate innovation

UF Allocations to UTSC (\$19.2M)

Year	UF Base	OTO Capital
2007-08	\$1.0	
2008-09	\$1.4	
2009-10	\$1.1	
2010-11	\$2.2	
2011-12	\$1.0	
2012-13	\$1.7	
2013-14	\$0.8	
2014-15	\$0.2	\$2.0
2015-16	\$0.5	\$2.0
2016-17	\$1.3	\$2.0

UF allocations to UTSC to date are 16% of total UF since 2007-08; UTSC's revenue is 12% of the total university

