

SUBJECT UBC OKANAGAN | ACADEMIC CAPITAL PROJECTS UPDATE

MEETING DATE DECEMBER 5, 2019

Forwarded on the Recommendation of the President

APPROVED FOR SUBMISSION



Santa J. Ono, President and Vice-Chancellor

Received by the Finance Committee FOR INFORMATION

Report Date October 22, 2019

Presented By Deborah Buszard, Deputy Vice-Chancellor and Principal, UBC Okanagan
 Rob Einarson, Associate Vice-President Finance & Operations, UBC Okanagan

EXECUTIVE SUMMARY

Following discussion at the September 2019 Board of Governors meeting regarding financial strategies to address pressing current and future space needs at the Okanagan campus, the following report presents an update on academic capital projects and the associated financial strategies.

STRATEGIC CORE AREAS SUPPORTED

- ✓ People and Places
- ✓ Research Excellence
- ✓ Transformative Learning
- ✓ Local / Global Engagement

DESCRIPTION & RATIONALE

Current and Future Space requirements:

UBC Okanagan has an acute space shortage. As the academic reputation and research intensity of the campus has increased, so has the student campus population – from 7000 students to more than 10,000 between 2010 and 2018. However, the only new academic building completed over this period is the Commons Building. Championed and funded partially by students, it added much needed student space on campus and a large classroom, but no research labs, teaching labs or faculty offices. Gaps in those areas have been growing and are unaddressed to date.

According to the recent space inventory draft report, the Campus’ overall space shortfall is as high as 52% (compared to BCU and COU Benchmark Standards). To provide some context, to match these standards, the Campus would need to build the equivalent of 3 EME Buildings (Engineering, Management and Education, 177,800 sq.ft).

In addition to gaps in research labs, teaching labs and academic office space, the campus experiences other space constraints, such as:

- Limited student space
- Limited capability to enable cross-campus and remote curriculum delivery: Current campus inventory includes only 3-4 classrooms that are fully digitally equipped to support curriculum delivery across the two campuses or connections with community partners.
- Few classrooms that can accommodate large numbers of students (over 100); this is a serious limitation to delivering innovative curriculum.

Short Term Academic Capital Project status:

A number of short term, interim solutions are being pursued to alleviate current space pressures, including leased space and modular buildings. These include:

Engineering Lab Modular Space (5,000 sq ft) – January 2020

- Teaching labs
- Estimated cost \$3M
- Fully funded from UBCO reserves
- Allows for larger lab sections for students and repurposed space in EME research labs to accommodate 15 professors

Innovation Precinct 1 (16,000 sq ft) – Fall/Winter 2020

- Engineering: 9,000 ft of research space, 30 desks for ~50 grad students
FCCS: 2,000 ft, research studios, up to 40 students
Shared space: 5,000 sq ft
- Estimated cost: \$12M
- UBC portions are fully funded from UBCO reserves, and separate industry partner space is funded from a commercial lease
- Provides for Engineering research projects and collaboration with engineering industry partner; FCCS receives necessary studio space

Office Modular (4,500 sq ft) – Fall 2020

- 20 offices and 16 workstations
- Estimated cost \$3.2M
- Fully funded from UBCO reserves
- Provides urgently needed academic office space

1545 Innovation Drive – (13,000 sq ft) – Fall/Winter 2020

- Leased space would include 50-60 office spaces in approx. 6,000 sq ft, and 7,000 sq ft high head space
- 10-year lease; (5+5 year term)
- Estimated cost \$4M for capital improvements
- Fully funded from UBCO reserves and operating budget

In total, these projects add 38,500 sq. ft by 2021, at a cost of \$22M funded from UBCO reserves. (The research greenhouse, at a cost of \$4M from UBCO reserves, is not included in above calculation of short term, interim bridging projects).

Near to medium term Academic Capital Project status:

Interdisciplinary Collaboration and Innovation Building (ICI): In addition to the short-term interim projects named above, planning is progressing toward a new academic building. A master plan (including backfill) and financial strategy to advance the ICI building for Executive 2 approval is near completion. Expected to be approximately 165,000 gsf., and house 100 research professors and 400 research students and post-doctoral scholars, the ICI building will support academic programs and collaborative research across four themes. It will be designed with flexibility as a paramount principle to provide shared and specialized research facilities and infrastructure.

A preliminary allocation of space, based on current and immediate needs, includes:

- *Interdisciplinary Learning Spaces:* interactive, active-learning focused spaces, accommodating diverse learning expectations and styles: 22%
- *Interdisciplinary Research Spaces:* spaces for collaborative and interdisciplinary research, designed to be as flexible and adaptable as possible: 44%
- *Workspaces and Administrative:* faculty offices and shared workspaces for support staff: 24%
- *Student Services:* 10%

These space allocations represent a minimum requirement toward meeting current needs.

The cost of the ICI building is estimated to range between \$115-130M. Given investments made from UBCO's reserves in the previously listed projects, UBCO has the capacity to invest \$10M from its Excellence Fund and reserves. Additionally, its current budget will enable it to take an internal loan of \$35 million at UBC's internal loan rate of 5.75 percent. UBC Okanagan Faculties will contribute to shared research infrastructure through a variety of mechanisms, including start-up funds for the research faculty to be housed in the building.

This leaves a potential gap in the range of \$65-\$80M. Donor potential would likely not exceed \$8-10M, based on current estimates, narrowing the gap to \$60M.

The campus does not have additional resources to contribute. The recent TREK fund allocation to UBCO partially addresses the widening gap in per student funding between the two campuses, and will form the nucleus of the forthcoming campaign to secure matched donor funds. The \$4M income per annum will reduce the student-funding differential between campuses from \$2200 to \$1600 per student. (see table 1)

Given the above considerations, two options exist for securing the remaining funding:

- a) Finance through an additional UBC internal loan: UBCO is at the limit of its ability to service additional borrowing. The remaining funding gap could be addressed through support from the UBC system with a capital investment or additional debt service.
- b) Government investment: Historically, the Provincial Government has not invested in research infrastructure for UBC Okanagan. Given the urgent nature of the project, Option b therefore carries more risk when combined with uncertainty on whether federal programs such as the Strategic Infrastructure Fund (SIF) program will be re-launched.

Table 1

All Faculties			
Total Student Financial Assistance - All Funds - Fiscal 2018/19			
Number of Recipients		Award * \$/Recipient	Including Trek
			Award * \$/Recipient
UBC V	040	24, 5,600	5,600
UBC O	797	4, 3,364	3,990
Okanagan Shortfall per Student		(2,235)	(1,610)
Okanagan Shortfall Total			(7,722,404)

* Award amount includes bursary, academic merit-based, hybrid and work learn/work study.