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| SUBJECT | ARTS STUDENT CENTRE - BOARD 2 | |
| REPORT TO | PROPERTY COMMITTEE | |
| MEETING DATE | NOVEMBER 26, 2019 | |
| MATTER TYPE | <input type="checkbox"/> BOARD DISCUSSION NOT REQUIRED | <input checked="" type="checkbox"/> BOARD DISCUSSION REQUIRED |
| ACTION REQUESTED | <p>DECISION REQUESTED IT IS HEREBY REQUESTED that the Property Committee recommend to the Board of Governors, in accordance with the Capital Projects Policy, BOARD 2 approval for the Arts Student Centre to the Board of Governors, as follows:</p> <ol style="list-style-type: none"> 1. approval of revised capital budget of \$10,841,000 and operating budget of \$91,500 as set out in Supplemental Materials 1 to this report; 2. authorization to the University Administration to issue the development permit; 3. authorization to proceed to working drawings and tender; 4. approval of revised Central funding contribution of \$1,526,000; 5. approval of revised schedule; and, 6. approval of revised program. <p>Approval of an additional funding release is not being requested at this time.</p> | |
| REPORT DATE | November 1, 2019 | |
| EXECUTIVE PROPONENT | Peter Smailes, Vice-President Finance & Operations | |
| PRESENTED BY | John Metras, Associate Vice-President Facilities | |
| SUPPORTED BY | Ainsley Carry, Vice-President Students Andrew Szeri, Provost and Vice-President Academic, UBC Vancouver Robin Ciceri, Vice-President External Relations Gage Averill, Dean, Faculty of Arts Michael White, Associate Vice-President Campus & Community Planning Jennifer Sanguinetti, Managing Director, Infrastructure Development Aubrey Kelly, President & CEO, UBC Properties Trust | |



PRIOR SUBMISSIONS

The subject matter of this Report was previously considered by the Property Committee on the following occasions:

1. [June 14, 2018](#) , Board 1 approval for the Arts Student Centre project with a funding release of \$500,000 to commence schematic design.
2. [September 24, 2019](#) , BOARD 1 approval (Revised) as follows:
 - a) new project location to reflect a change in site selection from the Bosque site to Brock Commons site;
 - b) \$750,000 funding release;
 - c) revised preliminary capital and operating budgets and revised schedule; and
 - d) authorization to commence schematic designs for Brock Commons site.

The following executive summary assumes familiarity with the prior submissions and provides a status update from the date of the most recent report.

EXECUTIVE SUMMARY

In accordance with the Capital Projects Policy, this Board 2 approval request for the Arts Student Centre is provided as part of the project management process for construction projects over \$5,000,000.

The Arts Student Centre (ASC) received Board 1 approval on June 14, 2018 for a new building located in the Bosque, west of the UBC Life Building. It received revised Board 1 approval on September 24, 2019 to reflect a change in site to the northeast corner of East Mall and Walter Gage Road (within the broader Brock Commons Phase 2 site) in response to community feedback. Supplemental Materials 2 shows the Brock Commons site; Supplemental Materials 3 illustrates the proposed building massing approach.

The proposed new ASC facility will be integrated into the broader Brock Commons complex at the edge of the Buchanan complex and Arts precinct. Design is being coordinated with the Brock Commons Phase 2 project currently in progress.

The original Board 1 approval was for a 10,739 gsf building in the Bosque, with a capital budget of \$8.315 million. Following initial design and cost estimating, the project budget was increased to \$9.315 million, with additional funding commitments of \$500,000 from the Faculty of Arts plus \$500,000 from Arts students' fees. The budget was increased again at Board 1 (Revised) to \$10.772 million to allow for monies spent to date on the original Bosque site, an allowance for escalation, and projected cost premiums arising from the change in site. The current estimated project cost is \$10.841 million at the completion of the Schematic Design stage, reflecting a better understanding of the site complexities and design. Details on the project capital budget and operating costs are included in Supplemental Materials 1.

The project will be funded through student fees, the Faculty of Arts, IICs, and the Executive has agreed that UBC Central contingency will cover any additional costs arising from the change of site. UBC Properties Trust originally estimated the costs associated with the change in site at approximately \$1.0-1.5 million, to be refined as the project progresses. The current estimate exceeds this amount by \$26,000. These additional costs will be fully funded from UBC Central contingency.

| Funding Source | Contribution | | |
|--------------------------------------|--------------------|--------------------|--------------------|
| | Board 1 | Board 1 (Rev) | Board 2 |
| Student Fees | \$5,315,000 | \$5,815,000 | \$5,815,000 |
| Faculty of Arts | \$2,500,000 | \$3,000,000 | \$3,000,000 |
| Infrastructure Impact Charges (IICs) | \$500,000 | \$500,000 | \$500,000 |
| Total | \$8,315,000 | \$9,315,000 | \$9,315,000 |
| UBC Central* | - | 1,457,000 | 1,526,000 |
| Total | \$8,315,000 | 10,772,000 | 10,841,000 |

* NB – This amount is subject to change through the design and tender process.

Funding sources are unchanged from Board 1 (Revised) with the exception of the increased Central contingency funding amount noted above. Further information on funding sources and financing is included in Supplemental Materials 4.

Board 2 approval is being sought in December 2019, two months ahead of the original schedule. The target dates for Board 3 (June 2020) and project completion (August 2021) are unchanged.

The Arts Student Centre program has been adjusted to reflect the current site and building configuration. The most significant program change is a reduction in the number of dedicated meeting rooms and specialized activity spaces; these have been replaced with flexible-use open areas. The total building area is slightly reduced, from 998 sq.m. (10,740 sq.ft.) to 990 sq.m. (10,640 sq.ft.).

Since Board 1 (Revised) approval in September, 2019, the AUS leadership team has continued to work closely with the Dean of Arts office, the AMS and with UBC Facilities Planning to develop the functional program, ensuring that the project and its new site will meet the needs of Arts students. Campus & Community Planning has guided the public engagement process around site selection and community consultation.

A public open house was held with the Development Permit design on October 16, 2019, at which 32 people signed in. During the consultation period, 18 comments forms were submitted. Feedback varied from those supporting the additional space for student activities and that it should be even bigger to some expressing concern the building will impact existing greenspace or that the design was unattractive. The Peter A. Allard School of Law has been engaged throughout the process of building siting and massing. In October, the Development Application was supported with design development recommendations by the Advisory Urban Design Panel and the Development Review Committee. Staff are confident that recommendations can be fully addressed.

Given that the ASC is an integral part of the Brock Commons public realm, the Brock Commons Phase 2 team (consultants and constituents) have been engaged to ensure the two projects are closely coordinated. Further, the same landscape architect is the consultant for both projects to ensure public realm continuity, consistency and integration across the two projects. The Peter A. Allard School of Law has been consulted on building massing and siting.

Anticipating future climate change, the ASC design team has allocated a location on the roof for a future Air Source Heat Pump that could provide the building with cooling if needed. The roof will be prepped for a screen to be installed should any future mechanical equipment be added.

UBC Properties Trust (UBCPT) continues to provide project management services for the Arts Student Centre project, including providing budget costing and tracking the additional costs of the recent site change to Brock Commons.

Funding release for next stage of project development

No additional funding release is required for the next stage of project development.

SUPPLEMENTAL MATERIALS

1. Capital Budget and Operating Costs
2. Site Map
3. Massing Approach
4. Funding Sources/Financing

Supplemental Materials 1 – Capital Budget and Operating Costs

The following table reflects UBC Properties Trust's Class D capital budget estimate for the ASC and is accurate to +/- 20%. Construction Period Financing and Owner/Design/Escalation Contingency costs have been reduced to reflect the Faculty of Arts' upfront contribution, and the cumulative student fees collected to date. The Bosque Site Planning Sunk Costs reflect monies spent to date on the original Bosque site.

| Project Capital Cost Breakdown | Board 1 (Rev) – Sep 2019 | | Board 2 – Dec 2019 | |
|-------------------------------------|--------------------------|--------------------------------|---------------------|---|
| | \$ | \$/gsf & Notes | \$ | \$/gsf & Notes |
| CONSTRUCTION | | | | |
| Construction | \$5,853,355 | \$545 | \$7,601,000 | As per 100% SD Class D estimate |
| General Conditions | \$0 | Included in construction value | | Included in construction value |
| CM Fee | \$130,000 | | | Included in construction value |
| Construction Contingency | \$310,000 | | | Included in construction value |
| Additional Site Works | \$100,000 | | | Included in construction value |
| Total Construction | \$6,393,355 | \$595 | \$7,601,000 | \$714 |
| CASH ALLOWANCES | | | | |
| FF+E Allowance | \$200,000 | | \$200,000 | |
| UBC IT/AV/Security Allowance | \$200,000 | | \$200,000 | |
| Total Cash Allowances | \$400,000 | \$37 | \$400,000 | \$38 |
| SOFT COSTS | | | | |
| Design Consultants | \$824,500 | | \$824,500 | |
| Project Management | \$395,000 | | \$395,000 | |
| Moving/Keying | \$10,000 | | \$10,000 | |
| Permits | \$80,000 | | \$80,000 | |
| IIC | \$0 | | \$0 | |
| Commissioning + Inspection | \$10,000 | | \$10,000 | |
| Insurance + Legal | \$10,000 | | \$10,000 | |
| Total Soft Costs | \$1,329,500 | \$124 | \$1,329,500 | \$125 |
| Project subtotal | \$8,122,855 | | \$9,330,500 | |
| GST | \$135,652 | | \$155,500 | |
| Building total | \$8,258,507 | | \$9,486,000 | |
| Construction Period Financing Costs | \$20,000 | | \$20,000 | |
| Retained Risk | \$82,585 | | \$95,000 | |
| Owner/Design/Escalation Contingency | \$453,908 | | \$300,000 | Contingency reduced to reflect design evolution & tender timing |
| IIC Funded Civil Works | \$500,000 | | \$500,000 | |
| Bosque Site Planning Sunk Costs | \$456,511 | | \$440,000 | |
| Brock Commons Site Premiums | \$1,000,000 | | \$0 | Allowance applied to Construction value |
| PROJECT TOTAL | \$10,772,000 | \$1,003 | \$10,841,000 | \$1,019 |
| Gross area (sq.ft.) | | 10,739 | | 10,640 |

The table below summarizes the estimated annual operating, capital renewal and cyclical maintenance costs. The Faculty of Arts will be responsible for the annual operating & maintenance cost; the final cost will be calculated based on actual built areas. The Routine Capital program, jointly funded by the Provincial government and UBC, will cover capital renewal & cyclical maintenance costs.

| Estimated Annual Costs (based on a 10,640 gsf building)* | \$ |
|--|------------------|
| Operating & Maintenance Cost @ \$8.60/gsf (space chargeback) | \$91,500 |
| Capital Renewal/Cyclical Maintenance cost @ \$4.44/gsf | \$47,200 |
| Total Estimated Annual Costs | \$138,700 |

Supplemental Materials 2 – Site Map

Image credit: Leckie/PFS presentation to the Advisory Urban Design Panel on October 17, 2019.



Supplemental Materials 3 – Massing Approach

Image credit: Leckie/PFS presentation to the Advisory Urban Design Panel on October 17, 2019.



View north from East Mall at Walter Gage Road



View south from East Mall at Crescent Road

Supplemental Materials 4 – Funding Sources/Financing

Student fees will service an internal loan to the Faculty of Arts in accordance with the terms of a referendum approved by the AUS membership in February 2013. A draft Financing Contribution Agreement between the Alma Mater Society (the AUS's legal entity) and UBC has been prepared and agreed upon in principle with the AMS. Sufficient liquidity is available to provide the estimated \$5.815 million internal financing. An updated payment schedule is included below. The Faculty of Arts Dean's Office originally approved a \$2.5 million contribution to the project. Following increased cost projections for the building in the Bosque site, the Faculty of Arts committed up to \$500,000 more to match an equivalent additional amount contributed by the AUS. The AUS committed to extending fee collection to raise an additional \$500,000, for a total of \$1.0 million in additional funding.

Internal Loan repayment - Student Fees

| | |
|--|--------------------|
| Gross Internal loan amount | \$5,815,000 |
| Projected student fees collected up until loan issuance | (\$1,940,756) |
| <u>Net Internal loan (at issuance)</u> | <u>\$3,874,244</u> |
| <u>Annual debt payment (20 years / 5.75%)</u> | <u>(\$330,951)</u> |
| Projected average student fees per year (FY22 - FY41) | \$418,065 |
| Projected average excess student fees collected (FY22 -FY41) | \$87,113 |

- The internal loan at time of occupancy/loan issuance is reduced by the amount collected in student fees up to that point.
- Excess student fees are often (and typically) applied to the project they are scheduled to finance.
- Current projections show student fees exceeding the annual debt repayments from Year 1
- If these excess student fees are exclusively applied towards debt repayment of ASC, the internal loan can be paid off in approx. 16 years.



Arts Student Centre Board 2 Approval

November 26, 2019

John Metras, Associate Vice-President Facilities



Introduction and summary



Since Board 1 approval in September:

- Area slightly reduced (990 m² vs 998m²)
- Slight increase in budget (by \$69k)
- Public consultation held
- Support received from AUDP & DRC
- Schedule moved ahead by 2 months

Strategic plan alignment



Goals:

- 5. Lead globally & locally...

Core areas and strategies:

- S2. Inspiring spaces
- S3. Thriving communities

Additional details



Some design considerations include:

- Consultation with neighbours for public realm
- Public realm is being designed with Brock 2
- Future consideration of cooling need assessed through life cycle costing

Additional details – Site Map



Image credit: Leckie/PFS presentation to the Advisory Urban Design Panel on October 17, 2019

Additional details – Massing Approach



View north from East Mall at Walter Gage Road

Image credit: Leckie/PFS presentation to the Advisory Urban Design Panel on October 17, 2019

Additional details – Massing Approach



View south from East Mall at Crescent Road

Image credit: Leckie/PFS presentation to the Advisory Urban Design Panel on October 17, 2019

Discussion and decision points



Board 2 approval of the Arts Student Centre as follows:

- approval of revised capital budget of \$10,841,000 and operating budget of \$91,500 as set out in Supplemental Materials 1 to this Board Report;
- authorization to the University administration to issue the development permit;
- authorization to proceed to working drawings and tender;
- approval of revised Central funding contribution of \$1,526,000;
- approval of revised schedule; and
- approval of detailed program.

Approval of an additional funding release is not being requested at this time.