SUBJECT	1540 Innovation Drive, Kelowna
SUBMITTED TO	Property Committee
MEETING DATE	September 9, 2020
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	Action requested - Final approval IT IS HEREBY RESOLVED that, in accordance with the Capital Projects Policy and with authority delegated by the Board of Governors, the Property Committee approves BOARD 1, BOARD 2 and BOARD 3 for the 1540 Innovation Drive renovation project (Kelowna, BC) as follows: *i.* approval of final capital and operating budgets; *ii.* approval of final funding sources and financing, if applicable; *iii.* authorization to proceed to award construction contracts; and, *iv.* approval of final funding release of $12,431,542.
LEAD EXECUTIVE	Lesley Cormack, Deputy Vice-Chancellor and Principal, UBC Okanagan
SUPPORTED BY	Ananya Mukherjee Reed, Provost and Vice-President Academic, UBC Okanagan Peter Smailes, Vice-President Finance & Operations Philip Barker, Assoc. Vice-President & Vice-Principal, Research & Innovation, UBC Okanagan Bryce Traister, Dean, Faculty of Creative & Critical Studies Rehan Sadiq, Executive Associate Dean, School of Engineering Rob Einarson, Associate Vice-President, Finance & Operations, UBC Okanagan John Metras, Associate Vice-President, Facilities Jennifer Sanguinetti, Managing Director, Infrastructure Development Aubrey Kelly, President & CEO, UBC Properties Trust

PRIOR SUBMISSIONS

The subject matter of this submission has been considered previously by the Property Committee on the following occasions:

1. November 28, 2017 (CLOSED SESSION)
   Action/Follow up: Purchase the property at 1540 Innovation Drive, Kelowna, BC.

The following Executive Summary assumes familiarity with the prior submissions and provides a status update from the date of the most recent submission.

EXECUTIVE SUMMARY

In accordance with the Capital Projects Policy, this Board 1, 2 & 3 approval request for the 1540 Innovation Drive project is provided as part of the project management process for construction projects over $5,000,000. The Board of Governors has delegated to the Property Committee the authority to make decisions on its behalf for construction projects between $5 million and $20 million. The aggregate estimated value of the 1540 Innovation Drive project is $12,431,542.

In December 2017, UBC purchased a property and building at 1540 Innovation Drive in Kelowna, a 1.36 acre land parcel with a 24,400 square foot warehouse/office building.

This property is of strategic importance to the university and the local economy. It will facilitate innovation and co-location partnerships with local technology companies, support graduate student needs, and help address the shortage of academic space at UBC Okanagan.

Located north of the northeast corner of campus and UBC Innovation Precinct (see location plan in Appendix 1), the property offers some immediate relief/swing space to help address an acute academic space shortage.

Development of 1540 Innovation Drive is a critical step in realizing plans for the UBC Innovation Precinct. In 2015, the university identified a largely undeveloped 60 acre area at the northern of end of the UBCO campus as a future Innovation Precinct – a site that would become a dynamic, transformative part of campus that would catalyze creative new partnerships. A significant portion of this site is being developed as zones in which for- and not-for-profit entities are housed to work with UBC researchers and knowledge creators. These shared spaces will allow UBC to interact with external partners in new ways, collaborating to find solutions to real-world problems while deploying innovative new technology solutions and providing new education and training opportunities. The Precinct will not only be a place to curate new ideas, test boundaries and make ground-breaking new discoveries, but it will provide new and exciting opportunities for interdisciplinary collaboration, experiential education and hands-on learning. 1540 Innovation Drive will be the first site on the Innovation Precinct where these new and productive partnerships can take place.

Since the property purchase, a set of base building improvements was completed as a minor capital project that readied the building for the functional program that will serve the School of Engineering, the Faculty of Creative and Critical Studies and leave space for a future research partner. As outlined in the property purchase submission, the provision of these spaces relieves critical needs on the main part of the campus. Urgently needed space will be vacated in the current Engineering/Management/Education (EME Building), freeing 5,000 square feet for teaching, research, and limited office/meeting space for the School of Engineering. (i.e. for backfill). The project will create research space for several existing faculty members who do not currently have research space and for new faculty to be hired for approved engineering and creative programs. It will also be possible to vacate the sub-standard "University House" building and make this space available for alternate, more suitable uses.

The following Functional Program has been developed with the faculties who will occupy these spaces:

1540 Innovation Drive – Functional Program		
Program Component	**Net Area (m^2)**	**Net Area (ft^2)**
School of Engineering	946.8	10,191
Faculty of Creative & Critical Studies	230.5	2,481
Shared, Collaborative Use Space	330.1	3,553
Future Research Partner (shelled space)	650.5	7,002
Total Net Area	**2,157.9**	**23,227**

The School of Engineering space will house lab facilities for up to twelve Engineering faculty, including laboratories for materials research and digital manufacturing. There will also be space for up to 60 graduate students. The Faculty of Creative and Critical Studies space will provide studio space for Masters of Fine Arts (MFA) students with a workshop area and space for art displays/open houses. This space will house eight faculty and up to 20 graduate students.

The shared spaces include collaborative space, storage, washrooms and utility (mechanical and electrical) space. The fit-out of the shelled space for the future research partner will be funded by that entity and is not part of this project.

The project will be funded out of UBCO reserves as follows:

1540 Innovation Drive – Funding		
Phase	**Amount ($)**	**Source**
Phase 1 – Base Building *(not part of this approval)*	$2,460,769	UBCO Reserves
Phase 2 – Tenant Improvements *(subject of this report)*	$12,431,542	UBCO Reserves
Total Cost	**$14,892,311**	

Phase 1, the base building work, is not part of this approval as it falls below the $2.5 million threshold for capital projects approval per Policy FM 11 (Capital Projects Policy).

Operating costs are already being covered by the UBCO operating budget (since the building was purchased).

The project is being managed by UBC Properties Trust who produced the following schedule:

MILESTONE	TARGET DATE
Executive 1	January 2019
Executive 2 + 3	August 2020
Board 1, 2 & 3	September 2020
Construction Start	September 2020
Construction Completion	April 2021
Occupancy	May 2021
Board 4	June 2023

In order to be as efficient as possible, the decision was made to complete the design for both the base building and the tenant fit-outs together but with separate construction contracts and tenders. The base building work is completing now and the estimate contained in this report represents tendered values accurate to +/- 5%. The detailed cost breakdown is shown in Appendix 2. Because of this desire for efficiency and the scale of the project, the approval request is for a combined Board 1, 2 and 3 approval.

Risks to the project include the impacts of the current pandemic, including potential delays at manufacturing sites and the impacts of physical distancing at the actual construction site. Both design and construction contingencies have allowed for this uncertainty.

APPENDICES

1. Context Map of Location and Images of Site
2. Detailed Capital Budget

Appendix 1 – Context Map of Location and Images

Exterior view of building

Context Plan showing site

Main Floor Lobby Renderings

Appendix 2 –Capital Budget and Operating Costs

Capital Budget

UBC Properties Trust has provided the following project cost estimate for the tenant improvements to 1540 Innovation Drive. These are tendered values with an accuracy of +/-5%.

Project Capital Cost Breakdown	$	$/sf
Construction Costs		
Construction	7,654,692	
General Conditions	1,234,800	
CM Fee	190,400	
Construction Contingency	500,000	
Total Construction	**9,579,892**	
Cash Allowances		
FF+E	500,000	
Design/Owner Contingency	40,000	
UBC IT	50,000	
Secure Access	50,000	
Misc UBC Costs (incl keys, etc.)	35,000	
Moving & Storage	100,000	
Audio Visual	40,000	
Total Cash Allowances	**815,000**	
Soft Costs		
Consultants	824,700	
Permits	358,865	
Insurance & Legal	70,000	
Total Soft Costs	**1,253,565**	
Building Subtotal	**11,648,457**	
Project Management	448,000	
GST	212,000	
Building Total	**12,308,457**	
Construction Period Financing	0	
Extraordinary Escalation/future conditions	0	
Retained Risk	123,085	
TOTAL PROJECT	**$12,431,542**	**$535**
Area (Square Feet)	23,227	

Operating Costs

Annual operating costs are already being covered within the UBCO operating budget.

1540 Innovation Drive

September 10, 2020

John Metras, Associate Vice-President Facilities

Introduction and summary

Tenant improvements to 1540 Innovation Dr will:

- Help to alleviate critical UBCO space shortage especially with research space in short term
- Facilitate innovation and co-location partnerships with local technology companies & support graduate student needs

Strategic plan alignment

Goals:

- 1. Lead globally in research excellence…

Core areas and strategies:

- S2. Inspiring spaces
- S6. Collaborative clusters

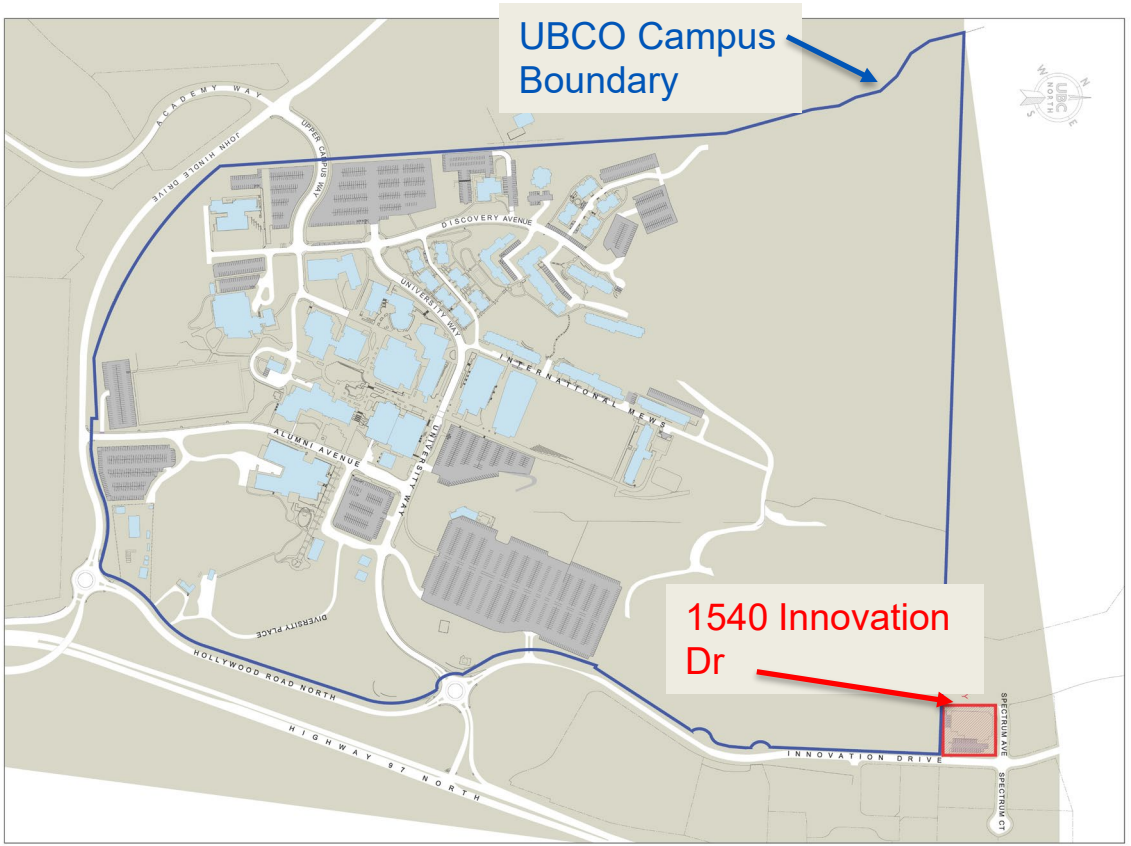
Additional details

- Building is 24,400 ft^2 warehouse purchased in 2017
- Will house 20 research faculty + 80 research grad students in Engineering and Creative & Critical Studies
- Will support Outlook 2040

Additional details

- Base building improvements nearing completion (separate project)
- Includes space for future research partner
- Current capital cost est is $12.432 m for TI work
- Funding anticipated from UBCO reserves

Additional details – Site Map



Additional details – Project Images

View from street

Main Floor Lobby rendering

Discussion and decision points

Board 1,2,3 approval of the 1540 Innovation Dr. project:

1. approval of final capital and operating budget;
2. approval of final funding sources and financing;
3. authorization to proceed to award construction contracts; and
4. approval of final funding release of $12,431,542.