



## BUDGET BRIEF CONTEXT FOR 2019-20 BUDGET

### DESTINATION PROJECT – NEW SCIENCE AND ACADEMIC BUILDING OPERATIONAL COSTS

The construction of Destination Project – Phase I, the new science and academic building was completed in January 2019. The new facility is 38,430 m<sup>2</sup>, which is approximately 23% of the current total m<sup>2</sup> of all University of Lethbridge buildings and 99% of the size of University Hall (38,814 m<sup>2</sup>). There will be approximately 350 faculty and staff that will be moving into the facility. This new, exciting addition to the Lethbridge campus will have a profound and positive effect on the teaching and research activities at the University and for the people of southern Alberta, but along with the additional space and new opportunities come additional costs to operate the building.

It is estimated that \$3.5 million per year (approximately 3.5% of the University's Campus Alberta grant) will be required to operate this new science and academic facility. The latest in technology and the most environmentally friendly equipment and services are being implemented in the new facility to reduce its operating costs and carbon footprint, but, of course, even efficient buildings require resources to operate.



The most significant component of the operating costs is utilities, estimated at 34% of the total required operating costs for the facility. The 2017-18 actual cost of utilities for the University was \$4 million. The estimated utilities cost of operating the new science and academic building is \$1.2 million, which represents an increase of 30% to our current utility costs.

University Hall will be maintained and the space repurposed for essential University programs, meaning that the University will not realise significant savings when many students, academic employees, and non-academic employees move into the new building.



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The U of L embarked on this important project with the promise from the Provincial Government, understanding and expectation that new operating funding would be available to support this infrastructure. However, the fiscal environment in the province has deteriorated since the building funding was confirmed and thus the Provincial Government has not confirmed whether any such continuing operating funding will be provided.

The Provincial Government has only allocated in its budget \$2 million for operating lights on (operating) funding for all the 26 Alberta post-secondary institutions. This funding is only allocated as one-time funding if an institution receives any of this funding and it is not on-going, meaning that if there are one-time funds allocated to an institution, that institution will need to find the funds in future years to operate a facility. Obviously, this will have a significant impact on institutions as they will then be responsible for finding operating budget funds in future year for building operating costs.

On February 19, 2019 the University was informed that it would receive a one-time grant in the amount of \$3 million for operating funds for the new science and academic building. This one-time funding is very much appreciated, although it is 14% below the required annual funding for the facility and it has only been granted as one-time funding. If no further operating funds are received from the Provincial Government, the University will need to reallocate funds from elsewhere in its operating budget to keep the new facility operating.

University senior administration continues to inform and request to Advanced Education the critical need to have continuing operating funding for the new facility.

### *Strategies to address facility operation needs in the future:*

The University of Lethbridge uses a scenario-based approach when creating its budget. We analyze how a range of increases/decreases to the Campus Alberta Grant would impact our budget, as well as tuition fees scenarios. For the 2019-20 budget, we have been analyzing the effect of potentially having to absorb the additional costs associated with the opening of the new facility. Effectively, this would mean having to divert this amount of money from the existing budget to meet the new costs, which would have serious budget consequences for the University.

### *Estimated operating costs for the new science and academic building:*

The estimated cost to operate the new facility is \$3.5 million. Laboratory space is costlier to operate due to the higher demand for utilities for research equipment, especially if the equipment is operating 24/7. The operating costs for laboratory space are \$101 per m<sup>2</sup> and operating costs for office/classroom space are \$76 per m<sup>2</sup>. It is important to note that in the 2011-12 fiscal year, the University received \$96.25 per m<sup>2</sup> for lights on funding for Markin Hall (Business and Health Sciences new facility). The combined lights on funding requirement for the Destination Project is \$90.75 per m<sup>2</sup>, which recognizes the more cost efficient mechanical and electrical systems in the new facility.



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The below operating costs include costs of services, as well as the additional personnel needed to operate and maintain the facility.

PROJECTED OPERATING COSTS:	Lab Space	Office/Classroom Space	TOTAL DESTINATION PROJECT - PHASE I	Projected Operating Costs \$/m <sup>2</sup>	Lab Space	Office/Classroom Space
Utilities	\$ 793,800	\$ 393,750	\$ 1,187,550	Utilities	\$35.00	\$25.00
Electrical	\$ 113,400	\$ 78,750	\$ 192,150	Electrical	\$5.00	\$5.00
Operations & Mechanical Systems	\$ 158,760	\$ 110,250	\$ 269,010	Operations & Mechanical Systems	\$7.00	\$7.00
Project Management	\$ 68,040	\$ 47,250	\$ 115,290	Project Management	\$3.00	\$3.00
Campus Planning	\$ 22,680	\$ 15,750	\$ 38,430	Campus Planning	\$1.00	\$1.00
Facilities Office	\$ 68,040	\$ 47,250	\$ 115,290	Facilities Office	\$3.00	\$3.00
Facility Operations & Maintenance	\$ 45,360	\$ 31,500	\$ 76,860	Facility Operations & Maintenance	\$2.00	\$2.00
Equipment maintenance (fume hoods, licenses)	\$ 340,200	\$ -	\$ 340,200	Equipment maintenance (fume hoods, licenses)	\$15.00	\$0.00
Caretaking	\$ 226,800	\$ 157,500	\$ 384,300	Caretaking	\$10.00	\$10.00
Building Maintenance	\$ 113,400	\$ 78,750	\$ 192,150	Building Maintenance	\$5.00	\$5.00
Grounds Maintenance	\$ 113,400	\$ 78,750	\$ 192,150	Grounds Maintenance	\$5.00	\$5.00
Security	\$ 226,800	\$ 157,500	\$ 384,300	Security	\$10.00	\$10.00
				TOTAL	\$101.00	\$76.00
<b>TOTAL</b>	<b>\$2,290,680</b>	<b>\$ 1,197,000</b>	<b>\$3,487,680</b>			
Building m <sup>2</sup>	22,680	15,750	38,430			
Projected Operating Costs \$/m <sup>2</sup>	\$101.00	\$76.00	\$ 90.75			