



**Report of the Building and Property  
Committee GD20-27**

Board of Governors Meeting of December 10, 2020

**Secretariat**

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The following items arise from the Building and Property Committee (BPC) meeting of December 4, 2020. They are presented to the Board of Governors for its consideration.

**I. FOR APPROVAL BY THE BOARD OF GOVERNORS**

**1. Southwest-Northeast Smart Energy Grid Project: [BP20-30]  
Request for Budget Increase**

The Building and Property Committee considered a request to increase the total funded budget of the Southwest-Northeast Smart Energy Grids Project by \$1,139,000, from \$8,900,000 to \$10,039,000 in order to complete the project's construction phase. The project is being funded by an Energy Conservation Loan (\$4,200,000) with the balance covered by the deferred maintenance allocation of the capital budget (\$5,839,000). The University also successfully applied for subsidies from various private and public bodies to support this project.

The project will modify existing heating systems and install heat recovery systems with the view to create an energy recovery loop to link the main 18 buildings of the southwest and north-east districts of the downtown campus.

The project is contributing to:

- paving the way for McGill's energy transition to carbon neutrality by converting most HVAC systems to low-temperature hot water, a necessary step to integrate renewable energy production systems in a near future;
- meeting increasing demand in year-round cooling from research activities and other specific uses in buildings (e.g. IT cabinets); and
- increasing the level of comfort during shoulder seasons.

This project is expected to generate annual energy savings in the order of \$280,000 (12% below reference) and reductions in greenhouse gas emissions of 1,669 tCO<sub>2</sub>e (24% below reference), increase the level of service to building users during shoulder seasons, and increase support to research activities.

In March 2019, the Board of Governors, approved to proceed to the construction phase with a budget of \$7,909,850, bringing the total project budget, including taxes, rebates, soft costs and contingencies to \$8,900,000. The additional \$1,139,000 requested

funding will cover: (i) an increase in the construction contingency (mainly involving costs related to modifications due to unforeseen site conditions); (ii) security costs related to the COVID-19 pandemic; and (iii) internal project management recovery fees.

The construction phase began in May 2019 and is expected to be completed by March 2021.

By resolution, the Committee recommended to the Board of Governors to approve the request for an additional \$1,139,000 for the completion of the project's construction phase, as presented below.

*Be it resolved that the Board of Governors, on the recommendation of the Building and Property Committee, approve a funded budget increase of \$1,139,000 to complete the construction phase of the Southwest-Northeast Smart Energy Grids Project (Project 17-133), to bring the total funded budget from \$8,900,000 to \$10,039,000.*

*Be it further resolved that the Board of Governors approve that the Vice-Principal (Administration and Finance), the Associate Vice-Principal (Facilities Management and Ancillary Services) or the Director, Project Management, be authorized to sign contracts pertaining to this project on behalf of The Royal Institution for the Advancement of Learning/McGill University, provided that the total amount of the contracts does not exceed the total budget amount, and that the contracts are reviewed by Legal Services.*

### **3. Boiler Conversion at Ferrier Power House**

[BP20-31]

The Building and Property Committee considered a request to approve in principle to proceed with the project in the Downtown Powerhouse involving the replacement and electric conversion of Boiler #2.

The Committee also reviewed the request to proceed with Lot 1A of the project involving the pre-purchase of boilers and the completion of the project design phase in order to proceed to tender. The funding required for Lot 1A is \$5,335,276.

The total project budget is estimated at \$23.8 million. The project will mainly be funded by the *Ministère de l'Enseignement supérieur* (MES) in the form of capital allocations for deferred maintenance projects as well as funds allotted through an internal loan, which will be repaid over time through savings from energy conservation. The project will also receive external funding of \$1M from the Low Carbon Energy Fund (LCEF) along with various provincial climate action programs.

The existing boiler (#2) located in the Downtown Powerhouse is experiencing structural issues, and as a result, a replacement is required to address the situation. The existing boiler, which is fueled by natural gas, will be replaced by two (2) electric boilers. This project will allow the University to reduce its GHG emissions by 13% per year, consequently making this project one of the most important elements of McGill's Energy Management Plan to become carbon neutral by 2040.

The project is divided into two main work packages:

- Lot 1: Main Construction Package
  - Lot 1A: Pre-purchase of two (2) replacement boilers
  - Lot 1B: Pre-purchase of the electrical apparatus
  - Lot 1C: Construction
- Lot 2: Installation of temporary boiler

The construction phase is planned to begin in the Spring 2021 with completion anticipated for the Spring 2022. The funding required at this time is \$5,335,276, including: (i) \$1,040,696 in order to complete the design phase and proceed to tender for the construction (Lot 1C and Lot 2); and (ii) \$4,294,580 for the pre-purchase of the boilers based on tender results.

By resolution, the Committee recommended to the Board of Governors to approve, in principle, the project in the Downtown Powerhouse, involving the replacement and electric conversion of Boiler #2, and to proceed with Lot 1A, as presented below.

*Be it resolved that the Board of Governors, on the recommendation of the Building and Property Committee, approve, in principle, Downtown Powerhouse: the replacement and electric conversion of Boiler #2 (Project number 18-125), with an estimated total budget of \$23.8M, subject to approval of each lot/sublots when tender results are available.*

*Be it further resolved that the Board of Governors, on the recommendation of the Building and Property Committee, approve Lot 1A of the project, Downtown Powerhouse: the pre-purchase of the boilers for the replacement and electric conversion of Boiler #2 (Project number 18-125), at a total cost of \$4,294,580 and \$1,040,276 in design phase funding, to bring the total amount committed to this project thus far to \$6,335,138.*

*Be it further resolved that the Board of Governors approve that the Vice-Principal (Administration and Finance), the Associate Vice-Principal (Facilities Management and Ancillary Services) or the Director, Project Management, be authorized to sign contracts and any other agreements relating to this project on*

*behalf of The Royal Institution for the Advancement of Learning/McGill University, provided that the total amount of the contracts does not exceed the total budget amount, and that the contracts are reviewed by Legal Services.*

## **II. FOR THE INFORMATION OF THE BOARD OF GOVERNORS**

### **1. Update on Work Plan for Monetization of the Student Residence Portfolio [BP20-27]**

The Building and Property Committee received an update on the Work Plan for the monetization of the student residence portfolio.

At its meeting of June 18, 2020, the Executive Committee, on the recommendation of the Building and Property Committee, approved in principle, the monetization of McGill University's Student Residences portfolio, based on a proposed transaction framework with the understanding that any recommended transactions would follow appropriate governance approvals. The Executive Committee also authorized the University to prepare the necessary documentation and bring to market the Student Residences portfolio, with the objective of publishing requests for proposals in the Fall 2021 or earlier, as deemed appropriate by the Vice-Principal (Administration and Finance) and the Provost and Vice-Principal (Academic), taking into account market conditions and subject to regular reporting on the anticipated publication of the requests for proposals to the Building and Property Committee and Board of Governors.

The Committee was informed that the transaction framework remained the same as what was approved by the Executive Committee in June 2020; however, the roadmap for the marketing had been revised as a result of the impact of the COVID-19 pandemic on the student residence portfolio. It was noted that:

- The student residence occupancy and revenue levels would be instable for the Winter 2021 term and may only return to attractive levels as of the Fall 2021.
- The occupancy of the student residences had experienced more than a 50% drop. It was expected that the dorm-style residences would remain closed and hotel-style apartments would remain at 50% single-occupancy capacity until a vaccine became available. Food programs were also expected to remain closed.
- The current outlook for a possible delivery of a vaccine in the second quarter of 2021 may stabilize operating results by the fall of 2021, at which time, it was anticipated that it would be appropriate to launch the marketing campaign. The necessary preparations would be carried-out in the meantime.

The Building and Property Committee and Board of Governors will continue to receive updates on this file as the University proceeds with the next steps outlined in the roadmap.

**2. Update on Possible Disposition of Properties (Mansions) [BP20-28]**

The Building and Property Committee received an update on the strategy for the disposal of selected downtown properties. The University Master Plan calls for the disposal of several properties that are no longer suitable for academic purposes and which are at the end of their useful life. The revenues from the disposal of these assets will contribute to the financing of the Master Plan. The Committee received information on the properties identified for possible disposal and reviewed the proposed roadmap and timeline to bring to market these properties.

**3. Update on the Fiat Lux Library Project [BP20-26]**

The Building and Property Committee received an update on the latest developments on the Fiat Lux Library Project.

The Committee was informed that the *Ministère de l'Enseignement supérieur* had approved the *Fiche d'avant project*, which would now be evaluated by the *Conseil des Ministres*. It was expected that a decision by the Quebec government to proceed to the next phase of the project, involving the development of the *Dossier d'affaires*, would be made by February 2021.

The Board of Governors will receive a presentation on the Fiat Lux Project at its February 2021 meeting.

**4. Biannual Report on the Status of Implementation of the McGill University Master Plan [BP20-32]**

The Building and Property Committee received the third biannual report on the implementation of the McGill University Master Plan. The report outlined the activities and initiatives, including summaries of selected planned and ongoing projects. The report also included details regarding specific objectives and implementation measures.

The Committee reviewed the report, focusing on the University's progress toward achieving the plan's overall objectives and selected interventions.

**5. Update on Possible Federal Funding for Construction and Renovation Projects [BP20-22]**

The Building and Property Committee received an update on possible federal funding for construction and renovation projects. In the Summer 2020, the *Ministère l'Enseignement supérieur* (MES) had asked each university to prioritize 5 construction and renovation projects, which met the government criteria for funding. The list was submitted by McGill to the MES on August 3, 2020. On October 23, 2020, the MES informed the University

that it was being considered for federal funding of up to \$12,729,400. The University was asked to select from among the five submitted projects those that could be carried out in accordance with program requirements and within the maximum budget allocation. The two selected projects were submitted to the MES on October 27, 2020.

**6. Review of Past Construction and Renovation Projects (Contingencies) [BP20-23]**

As requested at its last meeting on October 23, 2020, the Building and Property Committee received information on the status of contingency approvals and expenditures for construction and renovation projects. The Committee reviewed the details on the status of construction contingencies showing change order amounts approved within general contractor mandates.

**7. Report and Review of Major Construction Projects with Financial Summary [BP20-34]**

The Building and Property Committee received a report on major construction and renovation projects, including a financial summary of capital projects funded by proceeds of the \$190 million bond allocation.

It was noted that as of October 31, 2020, a total of \$103,602,462 of the bond had been spent on the listed capital projects.

**8. Other Updates and Reports**

The Committee received the following updates and reports for information:

- Quarterly Report on Purchases, Leases, and Construction Projects [BP20-21]  
Between \$1 million and \$6 million
- Update on Board Approval of BPC Items

**END**

**December 2020**