



The following Motions and Documents were considered by the Board Finance and Property Committee during the Open Session of its March 9, 2021 meeting:

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Agenda Title: **Revised University of Alberta 2021-2022 Budget (with Capital Plan for information)**

APPROVED MOTION 1: THAT the Board Finance and Property Committee rescind the following motion, originally approved at its meeting on February 25, 2021:

*THAT the Board Finance and Property Committee, on the recommendation of the General Faculties Council Academic Planning Committee, recommend that the Board of Governors approve the 2021-22 Consolidated Budget as set forth in Attachment 3 [of the original meeting material]*

APPROVED MOTION 2: THAT the Board Finance and Property Committee, on the recommendation of the General Faculties Council Academic Planning Committee, recommend that the Board of Governors approve the revised 2021-22 Consolidated Budget as set forth in Attachment 1.

Final Recommended Item: 4.

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**Governance Executive Summary**  
**Action Item**

<b>Agenda Title</b>	<b>Revised University of Alberta 2021-2022 Budget (with Capital Plan for information)</b>
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**Motion I**

THAT the Board Finance and Property Committee rescind the following motion, originally approved at its meeting on February 25, 2021:

*THAT the Board Finance and Property Committee, on the recommendation of the General Faculties Council Academic Planning Committee, recommend that the Board of Governors approve the 2021-22 Consolidated Budget as set forth in Attachment 3 [of the original meeting material].*

**Motion II**

THAT the Board Finance and Property Committee, on the recommendation of the General Faculties Council Academic Planning Committee, recommend that the Board of Governors approve the revised 2021-22 Consolidated Budget as set forth in Attachment 1.

**Item**

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation
Proposed by	Todd Gilchrist, Vice President (University Services and Finance) Steven Dew, Provost and Vice President (Academic) Andrew Sharman, Vice President (Facilities and Operations)
Presenter(s)	Todd Gilchrist, Vice President (University Services and Finance) Steven Dew, Provost and Vice President (Academic) Andrew Sharman, Vice President (Facilities and Operations)

**Details**

Responsibility	Vice President (University Services and Finance) Provost and Vice President (Academic) Vice President (Facilities and Operations)
The Purpose of the Proposal is <i>(please be specific)</i>	To propose a revised version of the University of Alberta 2021-22 Budget for recommendation to the Board of Governors.
Executive Summary <i>(outline the specific item – and remember your audience)</i>	<p>The University of Alberta 2021-22 Budget document provides a comprehensive overview of the university's budget, inclusive of all its component parts.</p> <p>The document was originally developed prior to the official release of the provincial budget tabled on February 25, 2021. The estimate for one of the university's main sources of revenue, the Campus Alberta Grant, was based on the last official guidance received from the Government of Alberta, which translated into a 9.7% cut. Similarly, we had received no specific indication related to the former Infrastructure Maintenance Program funds for the upcoming fiscal year and the budget was based on the expectation of these amounts remaining stable.</p> <p>Even though we had already been planning for an incredibly difficult financial challenge, the cut was even worse than anticipated. The budget tabled on February 25 imposed a \$60M cut to the University of Alberta's share of the Campus Alberta Grant, translating into an 11% reduction</p>

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	<p>over the previous year. This is \$7M more than initially anticipated, and it comes on top of a \$110M cut in the past 2 years.</p> <p>It is only due to the transformative work that the institution is undertaking through the University of Alberta for Tomorrow initiative that we can see a path to manage these unprecedented cuts.</p> <p>On a positive note, the February 25 provincial budget did provide an increase of 37% or \$13M to the Infrastructure Maintenance Program grant. While restricted, the grant will assist in addressing the deferred maintenance needs of the institution.</p> <p>In terms of changes to the budget document that had been previously recommended by BFPC, they are not as drastic due to the foresight and conservative approach to developing the University of Alberta budget as originally presented. The changes contained in the new document attached here for recommendation are described as follows:</p> <p>The additional cut to the Campus Alberta Grant resulted in (table 3 on page 11 of the budget document):</p> <ul style="list-style-type: none"> <li>● A decrease in the Government of Alberta grant revenue by \$7M.</li> <li>● A reduction in the maintenance and repairs costs by \$3M.</li> <li>● A reduction in materials, supplies and services costs by \$3M.</li> </ul> <p>The two last bullets refer to reductions primarily driven by the fact that the institution is no longer going to redirect an additional \$5M from operations to maintenance as originally planned, given the increase in Infrastructure Maintenance Program (IMP) dollars (more details below). The additional \$1M reflects a reasonable assumption that the increase in IMP funds will also reduce the requirement of one-off repair costs in the upcoming year.</p> <p>The remaining \$1M has been carried through to the bottom line. As previously described, this was possible because the institution was well-positioned thanks to the extensive planning and actions previously taken.</p> <p>The \$13M increase in IMP dollars resulted in the following (see table 6 on page 16 of the budget document):</p> <ul style="list-style-type: none"> <li>● An increase of \$13M in Government of Alberta grant revenue with an accompanying \$13M increase in maintenance and repair expenses.</li> <li>● Grant revenue remains at the originally estimated amounts of \$35M for the two out years as the additional funding is considered to be a one-time rather than ongoing increase.</li> </ul> <p>In addition, the Campus Alberta Grant revenues have been updated to reflect the estimates provided by the Government of Alberta subsequent to the release of the budget (table 3 on page 11 of the budget document) for the 2022-23 and 2023-24 fiscal years.</p>
<p>Supplementary Notes and context</p>	<p><b>The Capital Plan was recommended at the February 25th BFPC meeting, and is attached here for information only. It will go forward to the March 12<sup>th</sup> Board of Governors meeting for approval.</b></p>

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**Engagement and Routing** (Include meeting dates)

Consultation and Stakeholder Participation (parties who have seen the proposal and in what capacity)  <For information on the protocol see the <a href="#">Governance Resources section Student Participation Protocol</a> >	<u><b>Those who are actively participating:</b></u> <ul style="list-style-type: none"> <li>● Provost and Vice-President (Academic)</li> <li>● Vice President (University Services and Finance)</li> <li>● Vice President (Facilities &amp; Operations)</li> </ul>
	<u><b>Those who have been consulted:</b></u> <ul style="list-style-type: none"> <li>● President's Executive Committee - Strategic</li> <li>● Resource Planning</li> </ul>
	<u><b>Those who have been informed:</b></u> <ul style="list-style-type: none"> <li>●</li> </ul>
Approval Route (Governance) (including meeting dates)	Academic Planning Committee – March 8, 2021 Board Finance and Property Committee (recommendation) – March 9, 2021 Board of Governors (approval) – March 12, 2021

**Strategic Alignment**

Alignment with <i>For the Public Good</i>	Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all. <b>OBJECTIVE:</b> Secure and steward financial resources to sustain, enhance, promote, and facilitate the university's core mission and strategic goals. i. Strategy: Seek and secure resources needed to achieve and support our strategic goals. ii. Strategy: Ensure a sustainable budget model to preserve and enhance our core mission and reputation for excellence in teaching, learning, research, and community engagement.		
Alignment with Institutional Risk Indicator	Please note below the specific institutional risk(s) this proposal is addressing. <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Enrolment Management  <input type="checkbox"/> Faculty and Staff  <input checked="" type="checkbox"/> Funding and Resource Management  <input type="checkbox"/> IT Services, Software and Hardware  <input type="checkbox"/> Leadership and Change  <input type="checkbox"/> Physical Infrastructure           </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Relationship with Stakeholders  <input type="checkbox"/> Reputation  <input type="checkbox"/> Research Enterprise  <input type="checkbox"/> Safety  <input type="checkbox"/> Student Success           </td> </tr> </table>	<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input type="checkbox"/> Student Success
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Legislative Compliance and jurisdiction	<i>Post-Secondary Learning Act</i> BFPC Terms of Reference		

1. University of Alberta 2020-21 Budget (25 pages)
2. Changes to Budget (3 slides)
3. Capital Plan (19 pages) – **unchanged, already approved, for information only**

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# University of Alberta

## 2021-22 Budget



March, 2021

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# 1. Introduction

The University of Alberta's 2021-22 budget was developed during a time of rapid change and increased uncertainty. The emergence of the COVID-19 pandemic at the end of the last fiscal year coupled with large cuts to the provincial government grant meant that the upcoming fiscal year would be unprecedented. To address these challenges, the university launched a major transformation initiative in May 2020 called University of Alberta for Tomorrow (UAT). Through fundamental transformation, our goals are to meet the financial challenge, achieve financial sustainability, position the university for future growth, and become an even stronger driver of economic growth, social change, innovation, and creativity in the province and beyond.

We are doing this by reimagining and restructuring how we organize our academic units and functions, as well as how we provide services across the university, focusing on achieving the savings that are possible with economies of scale, increased levels of specialization and investments in automation. Our short-term financial goal is to reduce our administrative costs through the Service Excellence Transformation (SET), while longer term, our goal is to reinvest in our core mission of teaching, research, and community engagement. On the academic side, through the establishment of three new colleges, which organize 13 faculties into the College of Health Sciences, College of Natural and Applied Sciences, and College of Social Sciences and Humanities, we are building a more collaborative, interdisciplinary, and nimble academy. Maintaining our commitment to accountability and service excellence throughout this transformation will be critical, and we will continually monitor and report on levels of service satisfaction with a clear focus on meeting the needs of all our service users, including faculty, staff and students.

The Government of Alberta released the 2021 provincial budget on February 25, 2021. The University of Alberta's provincial grant (operating) has been decreased by a further 11%, or \$60.1 million in 2021-22. This 11% reduction, combined with cuts in 2019-20 and 2020-21, totals a \$170M reduction in our provincial funding (operating) over the last two and a half years. These cuts also come with the caveat that the institution must handle them in-year as mandated by the Government of Alberta and it is not permitted to post a deficit while managing the cuts as well as any ongoing impacts associated with COVID-19.

## 2. Consolidated Budget

The consolidated budget for the upcoming year, as well as projections for the following two years, are presented below and include all university activities.

**Table 1: Consolidated Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20		2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	872,029	827,563	784,056	739,412	677,204	680,337	
Federal and other government grants	213,653	208,037	210,074	202,366	206,815	209,353	
Student tuition and fees	362,593	395,417	397,202	424,908	450,332	467,728	
Sales of services and products	209,786	216,284	139,424	182,482	205,575	217,335	
Donations and other grants	144,367	133,676	114,735	124,361	126,307	128,368	
Investment income	52,596	90,519	95,505	91,269	92,918	95,938	
<b>Total revenue</b>	<b>1,855,024</b>	<b>1,871,496</b>	<b>1,740,996</b>	<b>1,764,798</b>	<b>1,759,151</b>	<b>1,799,059</b>	
<b>Expense</b>							
Salaries	941,083	916,911	898,580	873,496	857,019	859,962	
Employee benefits	209,241	198,992	210,204	193,052	178,947	189,433	
Materials, supplies and services	279,345	288,450	198,194	239,468	269,377	273,209	
Scholarships and bursaries	135,461	134,735	144,606	142,179	145,285	148,461	
Maintenance and repairs	100,243	95,881	79,926	103,194	89,040	90,078	
Utilities	47,521	51,671	48,124	50,383	52,483	52,519	
Amortization of tangible capital assets	182,376	183,871	157,348	159,873	162,127	172,196	
<b>Total expense</b>	<b>1,895,270</b>	<b>1,870,511</b>	<b>1,736,982</b>	<b>1,761,645</b>	<b>1,754,278</b>	<b>1,785,858</b>	
<b>Annual operating surplus (deficit)</b>	<b>(40,246)</b>	<b>985</b>	<b>4,014</b>	<b>3,153</b>	<b>4,873</b>	<b>13,201</b>	

The Government requires that the university has a balanced budget on a consolidated basis for all fiscal years. This requirement is found in legislation. (Post-Secondary Learning Act, Subsection 78(6): "The board of a public post-secondary institution shall not submit a budget in which consolidated operating expense exceeds consolidated operating revenue unless the board has the written approval of the Minister to do so.")

Public Sector Accounting Standards (PSAS) also require a budgeted Statement of Change in Net Financial Assets and a consolidated budget with expenses by function (the above representation is by object). Additionally, the government requires a consolidated Statement of Cash Flows. All of these statements are derived from the figures included in the consolidated budget. All these statements will appear as comparatives in the institution's annual audited financial statements. Please refer to **Appendix A** for this information.

The consolidated budget for the institution includes the Operating, Ancillary, Research, Capital and Special Purpose funds.

- **Operating** relates to the funds within the university's budget that represent the general operations of the institution. The revenue sources support the core teaching activities and the indirect costs of research. The university's budget process focuses on the allocation of these funds.
- **Ancillary** relates to cost recovery operations within the University of Alberta. These units are expected to be stand-alone enterprises that are funded by their own revenues. Major operations include residence and hospitality services, parking services and utilities.
- **Research** includes the annual spending allocation for research-related endowments and other research funding used in the direct pursuit of research endeavors. These are generally subject to restrictions and can only be used for the purposes for which the funds were provided.
- **Capital** includes both restricted and unrestricted funding used for major capital projects and large deferred maintenance projects.
- **Special Purpose** relates primarily to the Academic Medicine and Health Services Program (AMHSP), and the annual spending allocation for undergraduate student awards and non-research-related endowment funds held by the university. The AMHSP is mainly comprised of various specializations including medicine, pediatrics, family medicine and psychiatry.

The following is the 2021-22 consolidated budget segregated into the various funds identified above.

**Table 2: Consolidated Budget by Fund (2021-22)**

(\$000's)	Ancillary				Special	Total
	Operating	Operations	Research	Capital	Purpose	
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	508,235	-	65,094	92,954	73,129	<b>739,412</b>
Federal and other government grants	22,008	-	162,392	17,966	-	<b>202,366</b>
Student tuition and fees	424,354	554	-	-	-	<b>424,908</b>
Sales of services and products	89,700	75,231	17,422	-	129	<b>182,482</b>
Donations and other grants	8,262	-	89,927	23,058	3,114	<b>124,361</b>
Investment income	15,000	513	52,852	-	22,904	<b>91,269</b>
<b>Total revenue</b>	<b>1,067,559</b>	<b>76,298</b>	<b>387,687</b>	<b>133,978</b>	<b>99,276</b>	<b>1,764,798</b>
<b>Expense</b>						
Salaries	645,034	20,232	157,706	-	50,524	<b>873,496</b>
Employee benefits	145,668	5,155	27,964	-	14,265	<b>193,052</b>
Materials, supplies and services	80,352	26,673	110,610	3,693	18,140	<b>239,468</b>
Scholarships and bursaries	45,840	-	84,480	-	11,859	<b>142,179</b>
Maintenance and repairs	33,407	18,731	2,543	48,413	100	<b>103,194</b>
Utilities	46,191	3,713	479	-	-	<b>50,383</b>
Amortization of tangible capital assets	53,026	10,773	-	96,074	-	<b>159,873</b>
<b>Total expense</b>	<b>1,049,518</b>	<b>85,277</b>	<b>383,782</b>	<b>148,180</b>	<b>94,888</b>	<b>1,761,645</b>
<b>Annual operating surplus (deficit)</b>	<b>18,041</b>	<b>(8,979)</b>	<b>3,905</b>	<b>(14,202)</b>	<b>4,388</b>	<b>3,153</b>

An overview for each individual fund follows, including the key assumptions used in the development of the budget and the projections for the following two years.

## 2.1. Operating Budget

The Government of Alberta released the 2021 provincial budget on February 25, 2021. The University of Alberta's provincial grant (operating) has been decreased by a further 11%, or \$60.1 million in 2021-22. This 11% reduction, combined with cuts in 2019-20 and 2020-21, totals a \$170M reduction in our provincial funding (operating) over the last two and a half years. These cuts also come with the caveat that the institution must handle them in-year as mandated by the Government of Alberta and it is not permitted to post a deficit while managing these two extremely challenging factors.

This is in addition to the impacts of COVID-19 and the ongoing campus closure. The budget was developed with the expectation that the campus would remain relatively closed for the spring and summer months with a gradual reopening in the fall. This was done with the best information available at the time given the evolving nature of the situation. The expectation is that by the beginning of the 2022-2023 fiscal year, the pandemic will have subsided and operations will resume; however, it is uncertain what normal operations will truly look like after this event.

In order to address the continued and expected cuts, the UAT initiative commenced in earnest during the fiscal year with the intention to address the cuts through four major areas:

- Administrative savings (SET) through the development of a more centralized model using service partners, centers of expertise and processing hubs
- Procurement savings through outsourcing opportunities, supply management system enhancements and a reduction in purchasing levels
- Space and facilities savings through the Integrated Asset Management Strategy
- Academic restructuring through achieving economies of scale by providing services through larger academic units.

This also marks a new proactive approach to managing budget reductions. Rather than reacting to cuts in a distributed way after they have occurred, through UAT and SET, the institution is taking action now to address anticipated reductions in the year ahead and through pan-institutional actions. The approach next year will be similar; 2021-22 budget planning reflects the intention to address the cuts anticipated in 2022-23 during the latter half of 2021-22. Given that the largest expenditure for the institution remains salaries and benefits, the need for further savings will result in job losses.

While the overall impacts to the institution involve a number of one-time factors, the overall ongoing impact of the cuts amount to \$34 million. This is composed of the following:

- The \$60M reduction to the Campus Alberta Grant (section 2.1.1.1)
- The \$5M reduction to investment income (section 2.1.1.4)
- The above items are offset by the overall increase in tuition budget by approximately \$29M in comparison to the 2020-21 fiscal year and a reduction of \$2M in the amount of funding required to cover institutional utility costs as well as associated capital / maintenance requirements.

These cuts are being addressed by the SET process and amount to cuts averaging 3% to the faculties and 7% to the administrative units. While these may seem modest, consider that they are on top of 8.3% cuts to the faculties and 12.8% to the administrative portfolios in the previous fiscal year.

## Operating Revenues

### 2.1.1.1. Government of Alberta Grants

As noted in the introduction, the institution received an 11% grant cut in 2021-22 which amounts to \$60 million.

### 2.1.1.2. Federal and Other Government Grants

The largest component of this category relates to the Federal Research Support Fund provided to the institution in order to support research grants provided by the Tri-Council agencies. The amount budgeted for the 2021-22 fiscal year is consistent with the amount forecast for 2020-21 at \$18 million.

### 2.1.1.3. Student Tuition and Fees

The budget incorporates enrollment remaining at the same level as 2020-21. Student numbers for 2020-21 are 33,186 and 8,202 for undergraduate and graduate students respectively (headcount basis). This is the highest enrollment ever experienced at the University of Alberta. The budget incorporates holding that level of enrolment for 2021-22, as well as in the two subsequent years. While the institution does see increased enrolment as a potential opportunity, it still approaches the budget with caution recognizing that the current year represents record enrolment and the unpredictable nature of the potential impacts of COVID-19. This especially holds true for international students and there is no expectation of increase in their enrolment levels due to the impact of travel restrictions and softening demand from certain international markets.

Further details on the tuition increases are presented below for both undergraduate and graduate students for the 2021-22 fiscal year. These proposed rates are based on the second year implementation of the four-year plan developed last year.

#### Undergraduate

Tuition for both incoming and continuing domestic students reflects a 7% increase with an offset of 15% of the increase to be dedicated to student financial support. The same increase is suggested to be applied for the 2022-23 fiscal year, with an expected rate increase equal to projected CPI for 2023-24.

New undergraduate international students will continue to be provided a fixed annual tuition fee based on the assumption of a full course load for their four-year academic career. These students are permitted five years to take the courses without the payment of additional tuition. This tuition methodology is consistent with the government's revision of the Alberta Tuition Framework in February 2020, which requires us to provide international students with more certainty in the cost of their education. These rates are projected to increase for the outlying years by an amount commensurate with the university's expected inflationary cost increases.

Existing undergraduate international students are excluded from the program-based tuition model. For these students, the tuition increase is 4% for all years shown.

The current financial support set aside for both incoming and continuing international students will remain at 7.55% of total international student tuition. This model has been in place since the inception of international tuition differentials at the institution.

#### Graduate

Tuition for incoming domestic graduate (thesis-based) students reflects a 7% increase with an offset of 15% of the increase to be dedicated to student financial support. The same increase is intended to be applied for the 2022-23 fiscal year, with a rate increase equal to projected CPI for 2023-24.

Tuition for domestic graduate (thesis-based) students reflects a 7% increase with a built-in rebate for those admitted prior to Fall 2020 to reduce the overall increase to 2.67% (representing the overall increase in university specific cost drivers). This rebate would be in place for the next three years.

Tuition for both incoming and continuing domestic graduate (course-based) students reflects a 7% increase with an offset of 15% of the increase to be dedicated to student financial support. The same increase is intended to be applied for the 2022-23 fiscal year, with a rate increase equal to projected Alberta CPI for 2023-24.

Tuition for continuing international graduate (course-based) students reflects a 4% increase for all three fiscal years.

Tuition for continuing international graduate (thesis-based) students reflects a 7% increase with a built-in rebate to reduce the overall increase to 2.67% (as described above).

Effective Fall 2020, new international graduate students will be provided a fixed annual tuition fee for four (Masters) and six (PhD) years in order to finish their program. This



tuition methodology was developed in response to the government's recent Tuition Fee Regulation, which required us to provide international students with more upfront certainty in the cost of their education.

The current financial support offset for both incoming and continuing international students will remain at the current level of 7.55% of international student tuition. This model has been in place since the inception of international tuition differentials at the institution.

#### Mandatory Non-Instructional Fees

The following increases to be implemented for 2021-22 will be in place for mandatory non-instructional fees:

- An increase of 1.6% to the Student Health and Wellness fee, Student Academic Support fee and the Athletics and Recreation fee.
- An additional \$3 to the Student Health and Wellness fee for the fall and winter semesters (\$1.50 per student per semester) to fund a sexual violence prevention and coordination function.

#### 2.1.1.4. Investment Income

The investment income projections in each of the following three years have been set at \$15 million. This was reduced from the previous year amount of \$20 million as the increase for last fiscal year was only intended to be temporary as the University continues to reduce its reliance on investment income to fund ongoing expenditures.

#### 2.1.1.5. All Other Sources of Revenues

These revenue streams are budgeted with an increase comparable to Alberta CPI for the year and consideration for the gradual re-opening of campus throughout the next fiscal year which results in increased sales activity as compared to the current fiscal year. It should be noted that these revenues have been impacted by the campus closure in the current year and are expected to rebound partially in 2021-22 and return to normal in 2022-23.

### 2.1.1. Operating Expenditures

Operating expenditures are developed with the consideration of the cuts to be implemented through UAT along with the assumption of a gradual re-opening of the campus with the expectation that the current largely remote work and learning environment will continue for the spring and summer months due to the ongoing COVID-19 pandemic.

2.1.3.1. Compensation

Salaries are expected to decrease year over year reflecting two significant factors:

- Merit pay is expected to increase salaries for existing staff
- This is more than offset by the impact of staffing reductions required to manage the grant reductions.

Benefit costs are expected to increase at a rate of 2.3%, but this will be more than offset by the impact of reduced staffing levels.

We are projecting approximately 400 job losses in 2020-21 (this is in addition to the approximately 400 job losses in 2019-20) with the expectation that an additional 400 job losses will be required in 2021-22 in anticipation of the expected budgetary cuts in the next fiscal year. Please note that these figures are exclusive of any potential reductions in staffing levels as a result of the campus closure in the current fiscal year.

2.1.2. Overall Budget Planning Assumptions

The above discussion provides insights into the assumptions and planning parameters used to develop the operating budget for the next fiscal year. The table below provides a summary of these, along with the similar figures used for the following two years.

<b>Revenue</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Operating Grant	-11.0%	-11.0%	0.3%
Domestic Tuition	7%	7%	2%
Financial aid (holdback of increased domestic tuition dollars)	15%	15%	15%
International Tuition (Existing students)	4%	4%	4%
International Tuition (Program-based)	0%	2%	2%
Financial aid (holdback of international total tuition to be used for student support)	7.55%	7.55%	7.55%
Mandatory Non- Instructional Fees	1.6%	2%	2%

Investment Income	\$15 million	\$15 million	\$15 million
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<b>Expenditures</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
ATB (NASA & AASUA)	TBN	TBN	TBN
Merit (NASA, based on one-step merit) *	0.8%	0.8%	0.8%
Merit (AASUA, based on one-step merit)*	1.2%	1.2%	1.2%
Employee Benefits *	2.3%	2.4%	2.2%
Other Costs**	1.70%	2.20%	2.00%

\* Average per employee across all groups

\*\* Non-salary costs such as materials, supplies, etc.

TBN: To be negotiated

Another key consideration in developing the institutional budget is the underlying sensitivities concerning major revenue sources and expenditure types. The following represent the key sensitivities.

<b>Sensitivity of a 1% Change in 2021-22</b>	<b>Amount (\$millions)</b>
Operating Grant	\$5.5
Undergraduate enrolment	\$2.9
Domestic Tuition Rates	\$2.0
International Tuition Rates	\$1.1
Mandatory Non-Instructional Fees	\$0.3
Investment Income	\$0.2
AASUA Salaries	\$4.0
NASA Salaries	\$2.0
Excluded Salaries	\$0.5
Benefits	\$1.5

Utilities	\$0.5
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The table below provides an overall outline of the following in relation to the operating budget:

- Actual results for the year ending March 31, 2020
- Budget and forecast for the year ending March 31, 2021
- Budget for the year ending March 31, 2022
- Projections for the years ending March 31, 2023 and March 31, 2024

**Table 3: Operating Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	635,292	568,703	568,405	508,235	454,388	455,487
Federal and other government grants	21,679	21,159	21,640	22,008	22,492	22,942
Student tuition and fees	362,593	395,417	397,202	424,354	449,767	467,152
Sales of services and products	99,680	103,944	76,916	89,700	92,674	94,508
Donations and other grants	10,555	10,622	7,040	8,262	8,444	8,612
Investment income	16,012	20,000	20,000	15,000	15,000	15,000
<b>Total revenue</b>	<b>1,145,811</b>	<b>1,119,845</b>	<b>1,091,203</b>	<b>1,067,559</b>	<b>1,042,765</b>	<b>1,063,701</b>
<b>Expense</b>						
Salaries	704,886	681,341	664,774	645,034	635,673	638,501
Employee benefits	163,896	152,464	165,336	145,668	132,689	143,048
Materials, supplies and services	109,301	103,454	50,833	80,352	87,612	88,301
Scholarships and bursaries	42,194	45,977	42,937	45,840	46,849	47,786
Maintenance and repairs	39,719	30,812	30,667	33,407	34,231	34,995
Utilities	41,362	45,221	42,715	46,191	48,206	48,156
Amortization of tangible capital assets	55,070	53,435	50,582	53,026	57,335	61,956
<b>Total expense</b>	<b>1,156,428</b>	<b>1,112,704</b>	<b>1,047,844</b>	<b>1,049,518</b>	<b>1,042,595</b>	<b>1,062,743</b>
<b>Annual operating surplus (deficit)</b>	<b>(10,617)</b>	<b>7,141</b>	<b>43,359</b>	<b>18,041</b>	<b>170</b>	<b>958</b>

## 2.2. Ancillary Enterprises

Ancillary enterprises at the University of Alberta include the following units:

- Augustana Ancillary Services – residences, residence dining, retail dining, and parking
- Campus Services
  - Glen Sather Sports Medicine Clinic
  - Parking operations
  - Residence and dining services on North Campus and Campus Saint-Jean
  - Retail dining on all Edmonton campuses
  - Technology Training Centre
  - University Bookstore
  - University Health Centre Pharmacy
- Commercial property and real estate
- District Energy System (serves the U of A [North Campus], Alberta Health Services, the Government of Alberta, and other proximate customers)

Ancillary enterprises are stand-alone units funded by self-generated revenues, meaning each is expected to cover operating costs as well as establish appropriate and adequate operating and capital reserves. To the extent that debt financing may be utilized for capital enhancements or to address deferred maintenance, revenues must also cover the cost of repayment together with the applicable interest. The university is evaluating the degree to which any of these enterprises (e.g. commercial real estate and parking services) may be able to make net contributions to the broader operating budget. This involves a focused review of each service as well as moving towards the provision of some administrative services as envisioned in the UAT initiative.

COVID-19 has significantly curtailed the revenue streams of units relying heavily on an in-person experience. For example, in 2020-21, residence occupancy rates plummeted from over 80% to 24% and parking revenues were only 40% of a typical year. While immediate measures such as temporary layoffs were taken to reduce expenditures, the financial impact was substantial.

In 2021-22, Campus Services' fiscal outlook is predominantly driven by the return of greater numbers of people to campus for the 2021-22 academic year and augmented by targeted rate increases:

- A proposed 5% increase to all residence rates. This is the third year of three years of such increases originally presented in 2018. This increase comes with a commitment to return to increases more closely aligned with the consumer price index in the medium term.
- A proposed 2% increase to meal plan rates. However, with the elimination of the \$300 flex requirement, students in Lister and Peter Lougheed Hall will actually see a decrease in rates relative to last year.
- Permitted parking rates will increase by 1.7%.

Of particular note, rate increases in the residence system reflect the fact that, for many years, efforts were made to keep student costs as low as possible, which was reflected in the rates charged to students living in residences. Unfortunately, the resulting revenues were not sufficient to cover the system’s operating costs while still allowing for adequate investments in maintenance and renewal activities. As a result, the entire University of Alberta residence system has accumulated a significant deferred maintenance liability of approximately \$68.7 million. Additionally, insufficient operating and capital reserves have necessitated that new residence construction and major refurbishments be mostly debt-financed.

Despite the financial challenges present in our residence and dining operations, we continue to invest in infrastructure to ensure our residences and food service outlets meet the needs of our students, faculty, staff, and visitors. Although last year we deferred an annual \$2 million investment in the HUB residence, this critical work will proceed in 2021-22. The following renewal projects are in varying states of progress to, above all, improve our students’ experience:

	<b>2021-22 Budget (\$000's)</b>	<b>2022-23 Projection (\$000's)</b>	<b>2023-24 Projection (\$000's)</b>
<b>Lister Complex</b>	32,072	7,750	
<b>HUB Residences</b>	2,000	2,000	4,067

*The Lister project was approved in May of 2018 and the improvements in HUB have been ongoing for the past 5 years.*

As mentioned above, many projects, some dating back years, have been debt-financed because insufficient capital reserves were in place to allow acquisitions, new construction, or renovations to proceed otherwise. As of December 2020, the residence system is carrying \$220 million in mortgage debt with terms extending to 2049.

Significant efforts are underway to reduce costs across the residence system and strategically shed residence inventory that is incapable of meeting today’s students’ expectations. While the numbers look unfavourable for the near term, the trajectory remains positive with the expectation that losses will cease by 2023-24.

**Table 4: Ancillary Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20		2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	-	-	-	-	-	-	-
Federal and other government grants	-	-	-	-	-	-	-
Student tuition and fees	-	-	-	-	554	565	576
Sales of services and products	90,280	94,944	45,783	75,231	75,231	95,350	105,276
Donations and other grants	1	-	-	-	-	-	-
Investment income	1,465	1,276	1,400	513	513	25	15
<b>Total revenue</b>	<b>91,746</b>	<b>96,220</b>	<b>47,183</b>	<b>76,298</b>	<b>76,298</b>	<b>95,940</b>	<b>105,867</b>
<b>Expense</b>							
Salaries	20,190	21,106	16,247	20,232	20,232	20,951	20,994
Employee benefits	4,535	5,127	3,946	5,155	5,155	5,422	5,543
Materials, supplies and services	19,515	25,869	19,541	26,673	26,673	30,850	30,615
Scholarships and bursaries	-	1	-	-	-	-	-
Maintenance and repairs	19,719	25,377	14,622	18,731	18,731	21,787	21,898
Utilities	5,670	6,090	5,019	3,713	3,713	3,788	3,864
Amortization of tangible capital assets	11,478	15,742	10,915	10,773	10,773	12,171	13,130
<b>Total expense</b>	<b>81,107</b>	<b>99,312</b>	<b>70,290</b>	<b>85,277</b>	<b>85,277</b>	<b>94,969</b>	<b>96,044</b>
<b>Annual operating surplus (deficit)</b>	<b>10,639</b>	<b>(3,092)</b>	<b>(23,107)</b>	<b>(8,979)</b>	<b>(8,979)</b>	<b>971</b>	<b>9,823</b>

## 2.3. Research

Research revenues at the University of Alberta come from five major sources:

- Government of Alberta grants from a number of Ministries (Jobs, Economy and Innovation, and Alberta Innovates)
- Federal government grants including those provided by the Tri-Council Agencies
- Fee-for-service research activities for outside entities
- Donations and nongovernmental grants
- The endowment spending allocation resulting from research-related endowments

In the current year, the full campus closure during the spring and summer coupled with travel restrictions and restrictions on lab occupancy had a particular impact on research activity. It led to a reduced level of spending on materials, supplies and services thereby reducing the amount of restricted research revenues recognized. It is expected that as restrictions slowly ease up over the next 12 months that research activity will also rebound. The decline in salaries over the fiscal years is driven primarily by reductions in provincial research funding (Jobs, Economy and Innovation, and Alberta Innovates) that occurred in the previous year and is expected to continue over all three budget years.

**Table 5: Research Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20		2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	76,134	80,960	60,842		65,094	66,943	67,443
Federal and other government grants	172,047	167,609	171,948		162,392	167,003	168,251
Student tuition and fees	-	-	-		-	-	-
Sales of services and products	19,650	17,271	16,705		17,422	17,422	17,422
Donations and other grants	99,001	93,312	79,395		89,927	92,378	93,041
Investment income	25,369	48,279	51,460		52,852	54,337	56,443
<b>Total revenue</b>	<b>392,201</b>	<b>407,431</b>	<b>380,350</b>		<b>387,687</b>	<b>398,083</b>	<b>402,600</b>
<b>Expense</b>							
Salaries	162,584	163,588	163,694		157,706	149,820	149,820
Employee benefits	28,829	27,472	28,951		27,964	26,566	26,566
Materials, supplies and services	131,473	131,409	103,236		110,610	129,992	132,591
Scholarships and bursaries	78,135	76,940	84,669		84,480	86,170	87,893
Maintenance and repairs	3,426	4,398	1,587		2,543	2,671	2,724
Utilities	489	360	390		479	489	499
Amortization of tangible capital assets	-	-	-		-	-	-
<b>Total expense</b>	<b>404,936</b>	<b>404,167</b>	<b>382,527</b>		<b>383,782</b>	<b>395,708</b>	<b>400,093</b>
<b>Annual operating surplus (deficit)</b>	<b>(12,735)</b>	<b>3,264</b>	<b>(2,177)</b>		<b>3,905</b>	<b>2,375</b>	<b>2,507</b>

## 2.4. Capital

### 2.4.1. Capital Investments

While there are capital items purchased or funded with operating and other funds (such as learning materials, IT equipment, and certain research focused and renovation projects), the capital budget also incorporates building construction projects and larger scale renewal and maintenance projects and equipment.

Throughout this section, it is important to note that the capital plan and the resulting capital budget are developed as “point-in-time” items. Due to the unpredictable nature with which capital construction and maintenance activities occur (e.g. impacts due to COVID-19 or unpredictability in government grants and approvals or philanthropic gifts), capital projects may be added or the scope changed throughout the year. All material changes, regardless of when they occur, remain subject to the institution’s normal governance and approval processes.

The capital budget included within the University of Alberta’s consolidated budget is subject to complex financial accounting requirements. The figures throughout the capital budget have been restated for the purposes of being presented within the institution’s audited financial statements.



## 2.4.2. Capital Plan Development

The university is required to develop an annual capital and maintenance plan and, further, identify its capital requirements in a submission to the Government of Alberta through the Building and Land Inventory System (BLIMS). Recent submissions, the latest submitted in July 2020, included a number of priorities with a particular focus on renewing and refurbishing existing buildings. The following capital budget is reflective of the information contained within the capital plan and that which is contained within the BLIMS submission.

## 2.4.3. Capital Budget

**Table 6: Capital Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	84,278	100,302	79,748	92,954	83,047	84,780
Federal and other government grants	19,927	19,269	16,486	17,966	17,320	18,160
Student tuition and fees	-	-	-	-	-	-
Sales of services and products	-	-	-	-	-	-
Donations and other grants	29,198	27,182	23,613	23,058	22,229	23,306
Investment income	1,786	-	-	-	-	-
<b>Total revenue</b>	<b>135,189</b>	<b>146,753</b>	<b>119,847</b>	<b>133,978</b>	<b>122,596</b>	<b>126,246</b>
<b>Expense</b>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Materials, supplies and services	2,555	6,871	9,881	3,693	2,653	3,250
Scholarships and bursaries	-	-	-	-	-	-
Maintenance and repairs	37,347	35,176	33,000	48,413	30,250	30,358
Utilities	-	-	-	-	-	-
Amortization of tangible capital assets	115,828	114,694	95,851	96,074	92,621	97,110
<b>Total expense</b>	<b>155,730</b>	<b>156,741</b>	<b>138,732</b>	<b>148,180</b>	<b>125,524</b>	<b>130,718</b>
<b>Annual operating surplus (deficit)</b>	<b>(20,541)</b>	<b>(9,988)</b>	<b>(18,885)</b>	<b>(14,202)</b>	<b>(2,928)</b>	<b>(4,472)</b>

As part of Government of Alberta grants, the University of Alberta is set to receive \$48 million in Infrastructure Maintenance Program (IMP) funding, also known as Capital Maintenance and Renewal (CMR) funding in fiscal year 2021-22. Under the previous Infrastructure Maintenance Program, the University of Alberta received \$34.9 million in 2020-21. The increase in funding is intended to stimulate job growth and support Alberta's economy. However, the expectation is that funding levels revert to 2020-21 levels or lower in 2022-23 and 2023-24 given the forecasted allocation to the sector in Budget 2021.

Due to the nature of Public Sector Accounting Standards that govern our audited financial statements, we have the added complexity of revenue deferrals. In essence, a large portion of the revenue in the capital fund cannot be recognized until the underlying expenses (predominantly amortization of tangible

capital assets) have been incurred. In order to remove this impact, the following four tables provide a view of the capital budget for next year on a “near cash” basis.

**Capital budget - revenue**

Historically, Government of Alberta grants have provided targeted funding for multi-year capital projects (e.g., the Dentistry/Pharmacy Renewal). The Infrastructure Maintenance Program (to be replaced with the Capital Maintenance and Renewal Program) provided the university with a relatively stable \$34.9 million annually (except in 2019-20 when it was reduced to zero) to address critical maintenance needs across the institution, principally by reducing our significant deferred maintenance liability. The following table provides an outline of revenue on a cash basis.

Please note that the following table shows when the revenue will be received by the institution whereas subsequent tables outline when the funds will be either spent (tables 8 and 9) or the resulting asset is capitalized (table 10).

**Table 7: Capital Budget Revenues (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Revenue</b>			
(\$000's)	2021-22	2022-23	2023-24
	Budget	Projection	Projection
<b>Provincial Government Grants</b>			
Capital Maintenance Renewal (CMR) / Infrastructure Maintenance Program (IMP)	47,956	34,914	34,914
Dentistry/Pharmacy Renewal	44,000	56,000	-
UA District Energy System (DES)	1,900	-	-
<b>Subtotal</b>	<b>93,856</b>	<b>90,914</b>	<b>34,914</b>
Other Projects	-	-	-
<b>Total revenue</b>	<b>93,856</b>	<b>90,914</b>	<b>34,914</b>

**Capital budget - materials, supplies and services**

These are expenditures related to projects across campus. These costs are expensed as they do not extend the useful life of the buildings.

The following table outlines materials, supplies and services to be used within the capital fund.

**Table 8: Capital Budget Materials, Supplies and Services (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Materials, Supplies and Services (MSS)</b>			
<b>(\$000's)</b>			
<b>Project</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
UA District Energy System (DES)	2,475	2,653	3,250
<b>Subtotal</b>	<b>2,475</b>	<b>2,653</b>	<b>3,250</b>
Other MSS	1,218	-	-
<b>Total materials, supplies and services</b>	<b>3,693</b>	<b>2,653</b>	<b>3,250</b>

**Capital budget - maintenance and repairs**

These are expenditures related to addressing major maintenance and renewal projects and/or deferred maintenance across campus. These costs are expensed as they do not extend the useful life of the buildings.

The following table outlines maintenance and repair projects planned within the capital fund.

**Table 9: Capital Budget Maintenance and Repairs (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Maintenance and Repairs</b>			
<b>(\$000's)</b>			
<b>Project</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
Michener Park Demo	5,000	500	-
John Scott Library	2,750	3,530	-
CAB Renewal - Phase 2	2,355	-	-
HUB Mall Residence Renewal	2,000	2,000	4,067
<b>Subtotal</b>	<b>12,105</b>	<b>6,030</b>	<b>4,067</b>
Other Maintenance	4,378	-	-
CMR / IMP Maintenance*	31,930	24,220	26,291
<b>Total maintenance and repairs</b>	<b>48,413</b>	<b>30,250</b>	<b>30,358</b>

*\* Remaining CMR / IMP projects listed in lines above and/or in TCA*

**Capital budget - tangible capital acquisitions**

Major renewal projects often involve both repairs and maintenance in addition to capital additions and/or overall building improvements. The following capital projects represent capital additions to buildings as defined by accounting standards. In this case, the expenditures do not appear on the

Statement of Operations; rather they are captured as investments in tangible capital assets on the university's Statement of Financial Position.

**Table 10: Capital Budget Tangible Capital Acquisitions (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Tangible Capital Acquisitions</b>			
<b>(\$000's)</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Project</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
Dentistry Pharmacy Renewal & Repurpose	47,450	55,625	79,130
Lister Centre Classic Towers - Kelsey Hall	19,000	7,750	-
Lister Centre Classic Towers - Henday Hall	13,072	-	-
Brain & Aging Research Building	8,000	1,070	-
Morrison Structures Lab	7,500	1,367	-
Enterprise Square- UAT- HUB	7,500	-	-
Tory - Mechanical Piping System Renewal	4,850	2,115	-
Diwan Pavilion	4,713	-	-
Outdoor Tennis Courts Relocation	4,500	-	-
Education Electrical Distribution Upgrade	2,754	2,750	-
Envision Year 4	2,500	792	-
UA District Energy System (DES)	2,475	2,653	3,250
Fine Arts Building Mechanical and Electrical Renewal	2,245	-	-
Education UAT	-	3,000	-
<b>Subtotal</b>	<b>126,559</b>	<b>77,122</b>	<b>82,380</b>
Other Capital Projects	6,385	1,750	-
CMR / IMP Capital*	6,195	7,944	8,623
<b>Total tangible capital acquisitions</b>	<b>139,139</b>	<b>86,816</b>	<b>91,003</b>
<i>* Remaining CMR / IMP projects listed in lines above and/or in TCA</i>			
<b>Tangible Capital Acquisitions</b>			
<b>Operating</b>			
<b>(\$000's)</b>			
<b>Project</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
<b>Total operating tangible capital acquisitions</b>	<b>40</b>	<b>1,100</b>	<b>1,122</b>
<b>Total tangible capital acquisitions</b>	<b>139,179</b>	<b>87,916</b>	<b>92,125</b>

#### 2.4.4. Deferred Maintenance

Excellence in teaching and research needs to be supported by well-functioning labs, classrooms, and other building infrastructure. Unfortunately, government grants alone have been insufficient in addressing the necessary maintenance activities across our campuses, which has resulted in a

substantial deferred maintenance liability. As of December 31, 2020, the deferred maintenance liability stands at \$385 million, with a five-year projected aggregate liability of \$1.04 billion.

Need that exceeds available resources requires diligent adherence to a system of prioritizing projects. Relying on Government of Alberta parameters, the priorities are:

- **High – Life, Health, and Safety:** Elements presenting a potential for imminent risk to the life, health, and/or safety of facility occupants and users. They may include structural and support failure, major building system failures, or requirements under a multitude of Codes.
- **Medium – Immediate Needs:** Elements demanding attention to prevent them escalating to Priority One, which will lead to serious or prolonged deterioration of a facility or its systems thereby affecting the operability of a facility or its systems.
- **Low – General Need:** Elements that are non-urgent and which can be planned for over a period of time without undue risk to the facility occupants or facility operability.

Current and projected funding levels require investments in addressing deferred maintenance at the University of Alberta to be limited almost exclusively to those deemed “high” priority.

## 2.5.Special Purpose

There are no expected significant changes impacting these funds over the next three years aside from the expectation that spending on materials, supplies and services is expected to rebound (current year spending impacted by campus closure). Overall revenues and expenses are expected to remain relatively stable.

**Table 11: Special Purpose Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	76,325	77,598	75,061	73,129	72,826	72,627
Federal and other government grants	-	-	-	-	-	-
Student tuition and fees	-	-	-	-	-	-
Sales of services and products	176	125	20	129	129	129
Donations and other grants	5,612	2,560	4,687	3,114	3,256	3,409
Investment income	7,964	20,964	22,645	22,904	23,556	24,480
<b>Total revenue</b>	<b>90,077</b>	<b>101,247</b>	<b>102,413</b>	<b>99,276</b>	<b>99,767</b>	<b>100,645</b>
<b>Expense</b>						
Salaries	53,423	50,876	53,865	50,524	50,575	50,647
Employee benefits	11,981	13,929	11,971	14,265	14,270	14,276
Materials, supplies and services	16,501	20,847	14,703	18,140	18,270	18,452
Scholarships and bursaries	15,132	11,817	17,000	11,859	12,266	12,782
Maintenance and repairs	32	118	50	100	101	103
Utilities	-	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-	-
<b>Total expense</b>	<b>97,069</b>	<b>97,587</b>	<b>97,589</b>	<b>94,888</b>	<b>95,482</b>	<b>96,260</b>
<b>Annual operating surplus (deficit)</b>	<b>(6,992)</b>	<b>3,660</b>	<b>4,824</b>	<b>4,388</b>	<b>4,285</b>	<b>4,385</b>

### 3. Concluding Comments

This is a challenging time for the University of Alberta as we respond to a much lower level of government support while dealing with the unique impacts of the COVID-19 pandemic and related campus closure. We continue to live in a time of unprecedented change and uncertainty. The pandemic has the potential to change our planning parameters and assumptions significantly over the coming weeks and months. This budget has been developed with reasonable assumptions and we will proceed forward both on a note of caution and prudence and with a commitment to continued innovation and quality.

#### 4. Appendix A: Supplemental financial information

##### Budgeted Consolidated Statement of Operations with expenses by function

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	872,029	827,563	784,056	739,412	677,204	680,337
Federal and other government grants	213,653	208,037	210,074	202,366	206,815	209,353
Student tuition and fees	362,593	395,417	397,202	424,908	450,332	467,728
Sales of services and products	209,786	216,284	139,424	182,482	205,575	217,335
Donations and other grants	144,367	133,676	114,735	124,361	126,307	128,368
Investment income	52,596	90,519	95,505	91,269	92,918	95,938
<b>Total revenue</b>	<b>1,855,024</b>	<b>1,871,496</b>	<b>1,740,996</b>	<b>1,764,798</b>	<b>1,759,151</b>	<b>1,799,059</b>
<b>Expense by function</b>						
Academic costs and institutional support	1,100,086	1,040,163	977,273	977,945	969,276	992,305
Research	471,604	478,245	453,511	454,099	462,535	468,119
Facility operations and maintenance	142,927	151,877	136,110	147,304	130,073	131,142
Special purpose	99,546	100,914	99,798	97,020	97,425	98,248
Ancillary services	81,107	99,312	70,290	85,277	94,969	96,044
<b>Total expense</b>	<b>1,895,270</b>	<b>1,870,511</b>	<b>1,736,982</b>	<b>1,761,645</b>	<b>1,754,278</b>	<b>1,785,858</b>
<b>Annual operating surplus (deficit)</b>	<b>(40,246)</b>	<b>985</b>	<b>4,014</b>	<b>3,153</b>	<b>4,873</b>	<b>13,201</b>

Please note that the groupings used for Special Purpose and Research are slightly different than those used for the development of the overall budget. In particular, special purpose includes the attribution of amortization in this presentation where it does not in the tables above. Research in this context also includes costs related to the administration of research and costs related to graduate studies.

## Budgeted Consolidated Statement of Cash Flows

(\$000's)	2019-20		2020-21		2021-22
	Actual	Budget	Forecast	Budget	Budget
<b>Operating Transactions</b>					
Annual (deficit) surplus	(14,656)	985	4,014		3,153
Add (deduct) non-cash items:					
Amortization of tangible capital assets	182,376	183,871	157,348		159,873
Expended capital recognized as revenue	(115,828)	(114,694)	(95,851)		(96,074)
(Gain) loss on sale of portfolio investments	20,309	(85,176)	(95,435)		(90,626)
(Gain) loss on disposal of tangible capital assets	1,967	-	-		-
Increase (decrease) in employee future benefit liabilities	1,283	924	14,548		(2,223)
Change in non-cash items	90,107	(15,075)	(19,390)		(29,050)
(Increase) decrease in accounts receivable	(341)	(2,964)	(2,472)		(3,254)
(Increase) decrease in inventories held for sale	139	(44)	(34)		(45)
Increase (decrease) in accounts payable and accrued liabilities	17,177	3,522	3,208		4,222
Increase (decrease) in deferred revenue	(9,016)	(29,589)	133,371		8,845
(Increase) decrease in prepaid expenses	(1,169)	(166)	(158)		(208)
<b>Cash provided by (applied to) operating transactions</b>	<b>82,241</b>	<b>(43,331)</b>	<b>118,539</b>		<b>(16,337)</b>
<b>Capital Transactions</b>					
Acquisition of tangible capital assets	(149,855)	(225,201)	(161,059)		(202,612)
<b>Cash applied to capital transactions</b>	<b>(149,855)</b>	<b>(225,201)</b>	<b>(161,059)</b>		<b>(202,612)</b>
<b>Investing Transactions</b>					
(Purchases) of portfolio investments, net of sales	(5,011)	160,900	(46,284)		100,613
<b>Cash provided by (applied to) investing transactions</b>	<b>(5,011)</b>	<b>160,900</b>	<b>(46,284)</b>		<b>100,613</b>
<b>Financing Transactions</b>					
Debt - new financing, net of (debt repayment)	67,753	(16,051)	(17,466)		(17,336)
Increase in spent deferred capital contributions	60,634	119,244	64,305		105,093
<b>Cash provided by financing transactions</b>	<b>128,387</b>	<b>103,193</b>	<b>46,839</b>		<b>87,757</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>55,762</b>	<b>(4,439)</b>	<b>(41,965)</b>		<b>(30,579)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>19,581</b>	<b>29,442</b>	<b>75,343</b>		<b>33,378</b>
<b>Cash and cash equivalents, end of year</b>	<b>75,343</b>	<b>25,003</b>	<b>33,378</b>		<b>2,799</b>



## Budgeted Consolidated Statement of Changes in Net Financial Assets

(\$000's)	2019-20	2020-21		2021-22
	Actual	Budget	Forecast	Budget
Annual (deficit) surplus	(14,656)	985	4,014	3,153
Acquisition of tangible capital assets	(157,333)	(225,201)	(161,059)	(202,612)
Amortization of tangible capital assets	182,376	183,871	157,348	159,873
Loss on disposal of tangible capital assets	1,967	-	-	-
Change in prepaid expenses	(1,169)	(166)	(158)	(208)
Change in spent deferred capital contributions	(47,716)	4,550	(31,546)	9,019
Change in accumulated remeasurement gains	(182,010)	58,788	144,905	55,539
<b>Increase (decrease) in net financial assets</b>	<b>(218,541)</b>	<b>22,827</b>	<b>113,504</b>	<b>24,764</b>
<b>Net financial assets, beginning of year</b>	<b>1,334,493</b>	<b>1,296,259</b>	<b>1,115,952</b>	<b>1,229,456</b>
<b>Net financial assets, end of year</b>	<b>1,115,952</b>	<b>1,319,086</b>	<b>1,229,456</b>	<b>1,254,220</b>



# University of Alberta 2021-22 Budget

Board Finance and Property Committee - March 9, 2021

## Provincial Budget (tabled on Feb 25, 2021)

- As you are aware, the University of Alberta 2021-22 budget had been developed based on an extremely challenging 9.7% cut, or \$53M.
- The provincial budget imposed an even larger cut to the University of Alberta's share of the Campus Alberta Grant: \$60M (or 11%).
- This is \$7M more than originally anticipated, and it comes on top of a \$110M cut in the past 2 years.
- It is only due to the transformative work that the institution is undertaking through the University of Alberta for Tomorrow initiative that we can see a path to manage these unprecedented cuts.
- On a positive note, the provincial budget did provide an increase of \$13M to the Infrastructure Maintenance Program grant. While restricted, it will assist in addressing deferred maintenance needs.

## Changes to the UofA 2021-22 Budget

- Changes to the University of Alberta Budget as previously presented are not as drastic due to the foresight and conservative approach to its development.
- Table 3 on page 11 of the budget document shows, in addition to the \$7M decrease in GoA revenue:
  - A reduction in the maintenance and repairs costs by \$3M.
  - A reduction in materials, supplies and services costs by \$3M.
- This is due to no longer redirecting additional \$5M from operations to maintenance, as well as \$1M lower one-off repair costs (both as a consequence of the increase in Infrastructure Maintenance Program dollars).
- The remaining \$1M to make up the difference has been carried through to the bottom line.





# DRAFT CAPITAL PLAN Infrastructure

2021-2024





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***The University of Alberta respectfully acknowledges that we are situated on Treaty 6 territory, traditional lands of First Nations and Métis people.***

# Background

The University of Alberta is renowned for its world-leading research, strength of academic programs, and excellence of its students. A key component of success in continuing to attract strong students, researchers, faculty, and staff is the quality of the infrastructure and equipment to ensure leading edge research continues and that it is relevant and responsive to the needs of the 21st century. The buildings, equipment, and grounds are also catalysts for partnerships with other post-secondary institutions, organizations, and businesses. These partnerships are mutually beneficial to industry, public organizations, community, and citizens as they explore, create, and innovate on the campuses while contributing to the needs of Alberta's economy, social fabric, and culture.

The U of A's rolling three year capital plan reflects its academic priorities as outlined in its strategic plan, For the Public Good, and the cascading academic plans across the institution. It also aligns with the U of A's Integrated Asset Management Strategy (IAMS): Taking Care of our Campuses. This strategy sets the direction for the University of Alberta's infrastructure assets, while defining a long-term roadmap. It describes the current state and the conditions that created some of the challenges currently being faced, while also identifying the future direction and actions to be taken. Lastly, it outlines how the institution intends to be effective and efficient stewards of its physical assets (buildings, roads, grounds, and utility infrastructure) through risk based maintenance, triaging critical deferred maintenance, strategic investments, and appropriate partnerships.

An important focus of IAMS is that all students, staff, faculty, visitors, and members of the community are stewards of the university's buildings and grounds and

how each uses the institution today has a direct impact on its future state. IAMS also sets a collective mission, vision, principles, goals, and actions for future-proofing the university's infrastructure and helps guide decisions that meet the needs of learners, faculty, staff, and community, while balancing the risks, opportunities, and fiscal environment within which the institution operates.

## The U of A for Tomorrow

The University of Alberta is in the midst of a significant strategic transformation that will position it for continued success, long-term sustainability, and greater competitiveness amongst post-secondary institutions with research and teaching, and a stronger financial foundation. By 2025, the University of Alberta will have a new faculty structure firmly in place, consolidated administrative services, a smaller infrastructure footprint, and an increased focus on space optimization. Overall, the U of A has more space than other universities in Canada and 50 per cent more lab space than comparative U-15 universities. At the same time, the deferred maintenance liability is forecast to be over \$1 billion in 2023 on the assumption that there is no investment and that future liabilities beyond the upcoming five years are not considered. It is critical that the U of A continues to consolidate its space, remains strategic in its maintenance and capital renewal investments, reduces its volume of buildings, and decants and/or repurposes space that does not meet academic or research purposes. This will be an uncomfortable shift for many faculty, staff, and students on campus, but is paramount to long term sustainability and good fiscal stewardship.



# Context

As Alberta's oldest and largest post-secondary institution, the U of A manages more than 1.7 million square metres of complex facility inventory across five distinct campuses. While the institution emerged from a period of significant growth in formal learning and research spaces, it actively managed aged infrastructure, some of which predates World War I. Greater than 50 per cent of our buildings were built in the post-war (1951-1975) or modern (1976-1990) periods; both of which are known for lower standard construction practices. These buildings, which were built with a projected life-span of 50 to 60 years, are past their life expectancy with many of these buildings' critical systems (mechanical, electrical and building envelope) at or near their end of life—catastrophic building failures are imminent.

In 2021, Alberta continues to be impacted by the global pandemic, changing non-renewable resource policies in the United States of America, and the overall effect on the local economy with a period of considerable economic turmoil. The result has been reduced employment, dramatically reduced revenues for all levels of government, and changing demand and expectations from post-secondary institutions largely manifesting in reduced budgets for publicly-funded organizations. With the additional impacts of COVID-19 on the economy, the U of A recognizes its obligation of greater restraint. However, even in times of fewer resources, failure to invest in maintaining existing infrastructure will only lead to a deepening deferred maintenance deficit, which will impact teaching and research, with no conceivable means of recovery.





To operate and maintain its supported buildings, the U of A relies on grants from the Government of Alberta, with an amount embedded into the Campus Alberta grant to offset general operational and maintenance costs (eg. custodial, utilities and insurance). Additionally, the government provides a variable grant under the Capital Maintenance Renewal (CMR) program, which, at its core is intended to reduce an institution's deferred maintenance liability. While these allocations are appreciated and crucial to the institution, the reality is that, given the size and complexity of the university's infrastructure assets, for decades these allocations have been unable to allow for adequate investments in preventative or reactive maintenance resulting in increasing deferred maintenance liabilities across the institution.

Infrastructure not eligible for government support (e.g. residences, dining facilities, roads, and parking structures) are considered self-funded, meaning all costs related to construction, maintenance, and renewal must be generated by the users of these spaces. All revenue generated from these operations remains within the system as no tuition or government funding is available for any aspect of these operations. Unfortunately, a preoccupation with keeping student residence rates as low as possible resulted in many of the older residences being in poor condition and in dire need of renewal or, as in the case of Michener Park, beyond use resulting in this residence being decommissioned.



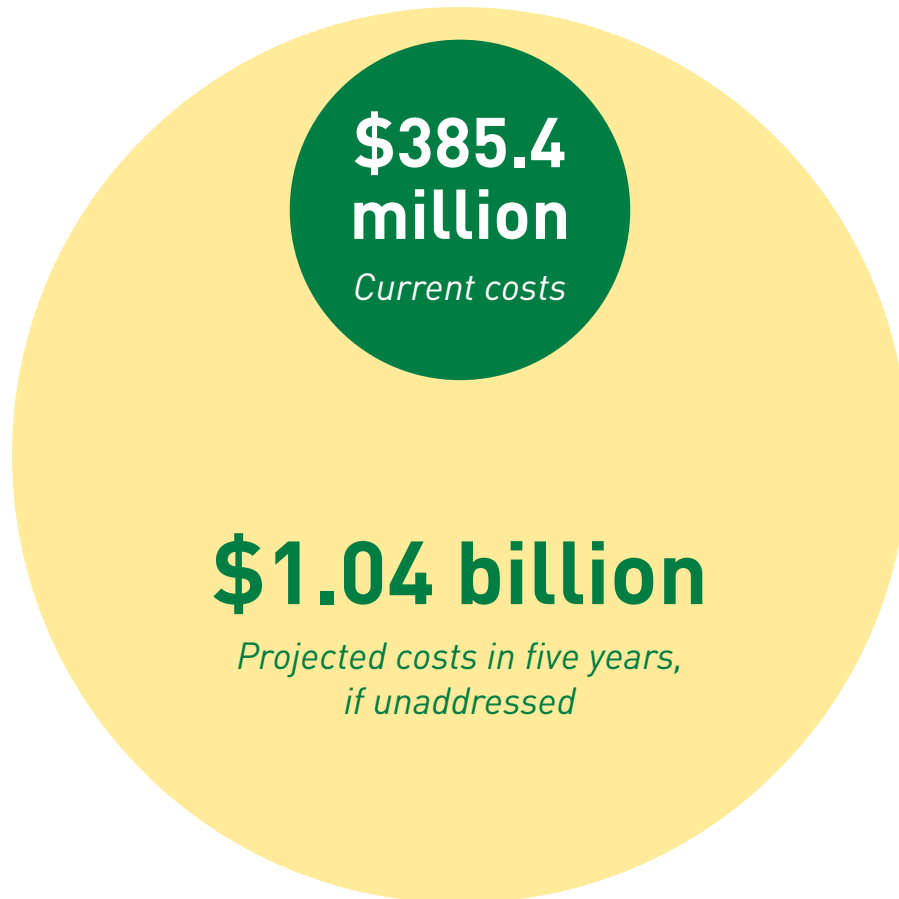


## Deferred maintenance

Deferred maintenance is an area of particular focus as the current liability for the U of A stands at \$385.4 million with a five year projected aggregate liability of \$1.04 billion (as of December 31, 2020). We continue to identify and address deferred maintenance through joint renewal and repurposing projects to maintain, and optimally improve, the condition and functionality of our building inventory. The \$34.9 million in capital renewal (historically through the infrastructure maintenance [IMP] program) has been strategically allocated to priority projects. Access to sustained and predictable funding for deferred maintenance needs to be in the order of \$50 million annually to begin a gradual reduction of this liability. Even this amount would not be sufficient to address ongoing lifecycle renewal and

is well below the industry best practice of two to four percent of the current replacement value invested annually in maintenance and lifecycle renewal.

The U of A has concluded a detailed strategic evaluation of all facilities and is well positioned to employ robust integrated planning with a view to ensuring the most efficient use of existing space, and significant reductions to our ecological and carbon footprint. The results of the evaluation inform where capital renewal and other capital investments will most effectively advance U of A's objectives. This evaluation has also identified buildings where the cost of maintaining or renewing has become prohibitive and, therefore, must be scheduled for decommissioning and demolition.



## Capital plan and budget

This capital plan identifies two major capital projects, both focused on renewal, with total funding of over \$335 million that are underway within the three-year window of this plan. There are also three major capital renewal and preservation projects that require funding that total over \$154 million. Lastly, there are fifteen unfunded smaller capital projects totalling more than \$173 million. These projects demonstrate a commitment to investing in our facilities—investments driven by our priorities for teaching and research—that are possible with the requisite funding.

The capital plan accounts for long-term budget impacts on operations, maintenance, utilities, and debt servicing. These obligations are included in the university's long range budget planning. In some instances, cash-flow expenditures extend beyond the five year planning period. It is also important to recognize that there may be shifts if funding sources are impacted, schedules change, scope is altered, cost estimates are refined, and/or the external environment introduces unanticipated hurdles. The projects identified in years two and onward may slightly evolve as some projects prove more feasible than others based upon shifting funding realities and academic priorities.





# Strategic investments to date

The University of Alberta has had considerable success in identifying opportunities to leverage funding and explore creative partnerships and project delivery models. This has been an inherently delicate endeavour considering the five distinct campuses, each of which serve unique and separate constituencies in Alberta.

## Provincial priority project

The Universiade Pavilion (Butterdome) has been called upon to assist the Government of Alberta respond to provincial emergencies and disasters over the last six years, ranging from the wildfires in Fort McMurray, through to COVID testing for the greater Edmonton area, and lastly, through to an alternate care centre for patients. The building provides incredible flexibility and space to support broader provincial-based needs than solely the interests of students. The building has deferred maintenance needs that need to be remedied prior to continuing to meet the needs of campus, but as important, the needs of the province for critical provincial-based purposes.

Universiade Pavilion (Butterdome)	
Description	Project cost
In order to continue having the Universiade Pavilion accessible as a provincial resource, significant deferred maintenance needs to be addressed for it to be a reliable, safe, and effective space. This ranges from exterior cladding and panels to replace those in disrepair and falling off the building, mechanical air handling units that ensure air changes per hour are at optimal health and safety levels, mechanical/electrical work throughout the building, and replacement of flooring.	<b>\$32.5 million</b>





## Major capital projects

The U of A has defined major capital projects as those exceeding \$20 million. At present there are two major capital projects that are funded, underway, and at varying stages of completion.

Dentistry/Pharmacy Centre		
Description	Project cost	Completion
<p>As one of the premier buildings on North Campus, Dentistry/ Pharmacy Building has served the institution for nearly 100 years.</p> <p>Renewal and repurposing of this building will allow the U of A to effectively use a significant infrastructure asset. The renewed facility will provide new teaching, student-focused academic, and administrative space at the heart of North Campus. In addition to allowing the institution to divest itself of externally-leased space, this project is also addressing major health and safety issues (asbestos, fire safety, and indoor air quality), building code and physical condition issues, as well as focusing building outcomes to reduce its carbon footprint.</p>	<b>\$249 million</b>	2023







Lister Residence Complex - Classic Towers		
Description	Project cost	Completion
<p>The three original residence towers in the Lister Complex are in the process of being renewed to meet current building codes and address deferred maintenance (including the installation of fire suppression systems).</p> <p>The design includes particular attention to amenities such as study areas and social spaces which, by promoting casual interactions between students, positively contributes to student engagement, attachment and success.</p>	<b>\$85.5 million</b>	2022





## Top capital priorities

In support of the institution’s academic and research priorities, the University of Alberta has identified its top three major capital projects (detailed in the following table in priority order), which represent a total of \$154.35 million in funding. These are aspirational in that, until the requisite funding is secured, they remain at the planning stage. However, the planning undertaken has all three projects at a stage where they could commence in very short order once funding is committed. These all focus on existing buildings with the aim of reducing deferred maintenance, renewing access to meet current code requirements, and focusing on student experience and capacity demands.

The priorities that follow are reflective of our 2021 Building and Land Information System (BLIMS) submission to the Government of Alberta.

Education Complex				
Description				
<p>Renew and redevelop (functional renewal) the Education complex to meet the requirements of modern academic teaching and learning pedagogy and renewing the existing electrical building systems, and bring the building up to modern standards for student learning and well-being.</p> <p>Based on comprehensive utilization studies and growth projections, the two education towers have a capacity to be repurposed to accommodate large decant and the closure of other buildings. The primary outcome will be improved building service reliability (renewal of existing mechanical building systems), expanded infrastructure capacity for building renewal, and reduced deferred maintenance in the building.</p>				
Type	Total Project Cost	Funding sources	Government approved	Estimated project timelines
Preservation	\$21.95 million	100% GoA	No	September 2021 – June 2023





## College of Social Sciences and Humanities - Asset Optimization

### Description

Based on the programming and functional assessment of the Faculty of Arts, several initiatives have been identified as an alternative to a new development. A multi-year phased renewal and replacement program will address program pressures, deferred maintenance, and functionality.

Through a multi-year building renewal program, several buildings including Fine Arts, Industrial Design, HUB, and select other buildings would be renewed to accommodate changing program objectives. This would also permit several buildings to be better utilized to decrease operational costs and reduce deferred maintenance while aligning with the Integrated Asset Management Strategy. This project will permit low-quality, expensive-to-maintain buildings to be decommissioned.

Type	Total Project Cost	Funding sources	Government approved	Estimated project timelines
Preservation & Expansion	<b>\$72.8 million</b>	100% GoA	No	December 2021 – January 2027

## Biological Sciences

### Description

An ongoing renewal program for a 60-year-old facility focusing on mechanical and electrical base building infrastructure. As aged infrastructure is starting to fail, the ability to continue teaching and research in this space is at risk. There are significant challenges in renewing the systems in this building as each wing is cross-linked meaning the renewal is most feasibly undertaken for the entire building. As planned, mechanical and electrical system renewals will also support internal architectural renewals.

Type	Total Project Cost	Funding sources	Government approved	Estimated project timelines
Preservation	<b>\$59.6 million</b>	100% GoA	No	May 2021 – June 2024



Beyond our top capital projects, we have categorized additional projects into one of four categories listed below. These categories focus on: 1) emerging capital projects that are unfunded, but could be advanced to a state of readiness if funding becomes available; 2) fully- or partially-funded projects that are shovel ready-to-go; 3) projects that are fully-funded and underway; and 4) projects that will be complete in 2021/22.

## Emerging capital priorities

Recognizing the uniqueness of operating multiple distinct and unique campuses, in addition to the top three identified above, numerous other projects have been identified as institutional priorities and are included in our Building Land Information Management System (BLIMS) submission. These are presented in order to emphasize the breadth and depth of necessary capital investment across the largest inventory of buildings and grounds of any post secondary institution in Canada. For ease of presentation, these, which only highlight key projects, have been grouped by campus and, as with the three above, each is ready to proceed pending the emergence of the requisite funding.

Campus Saint-Jean				
Type	Description	Cost	Funding source	Government approved
Preservation	Campus Electrical Infrastructure	\$8.7 million	GoA	No
Preservation/ Expansion	Science (classroom renewals and expansion)	\$7.85 million	\$4.122 million GoA \$3.728 million GoC	No
North Campus				
New	Plant Based Research and Innovation Centre Greenhouse Facility	\$45.6 million	\$44.594 million GoA \$1.006 million U of A	No
Preservation	Animal Research Lab Renewals in HMRC, MSB, and Bio Sci	\$7.2 million	\$6.2 million GoA \$1 million U of A	No
Preservation	BioSci Wet & Dry Labs	\$13.5 million	GoA	No
Preservation	Cameron Building Envelope	\$24.8 million	GoA	No
Preservation	Chem West Main floor renewal	\$10 million	GoA	No
Preservation	Con Hall - Space Renewal	\$10 million	GoA	No
Preservation	Earth Sciences Building - Infrastructure Renewal	\$14 million	GoA	No

<b>North Campus (continued)</b>				
<b>Type</b>	<b>Description</b>	<b>Cost</b>	<b>Funding source</b>	<b>Government approved</b>
Preservation	NINT EMSO Renewals	\$5 million	EMSO	No
Minor Preservation	IAMS Renovation & Renewal across Campus	\$4.65 million	GoA	No
Minor Preservation	Campus Wide Classroom & Technology Renewals	\$6.4 million	GoA	No
Minor Preservation	HMRC - Supply Side Ventilation Renewal	\$4 million	\$3 million GoA \$1 million U of A	No
Demo	Research Transition Facility (Hazmat & Demo)	\$7.3 million	GOA	No
<b>South Campus</b>				
New	Outdoor Tennis Court Relocation	\$4.5 million	U of A	No

## Partially funded or unfunded priorities

Recognizing the uniqueness of operating multiple distinct and unique campuses, in addition to the top three identified above, numerous other projects have been identified as institutional priorities and are included in our Building Land Information Management System (BLIMS) submission. These are presented in order to emphasize the breadth and depth of necessary capital investment across the largest inventory of buildings and grounds of any post secondary institution in Canada. For ease of presentation, these, which only highlight key projects, have been grouped by campus and, as with the three above, each is ready to proceed pending the emergence of the requisite funding.

<b>Type</b>	<b>Description</b>	<b>Cost</b>	<b>Funding source</b>	<b>Funding gap</b>	<b>Government approved</b>
Preservation	Asset reduction impacts program - (Phase 1)	\$8 million	\$4.5 million GoA \$3.5 million U of A	\$4.5 million	No
Preservation	Brain & Aging Research Building - wet lab fit-up	\$6 million	GoA	\$6 million	No
Preservation	Chemistry East - research labs	\$11 million	GoA	\$11 million	No

Type	Description	Cost	Funding source	Funding gap	Government approved
Preservation	Clinical Sciences Building - envelope renewal	\$18 million	GoA	\$18 million	No
Preservation	Education - electrical vault	\$6 million	IMP/TBD	\$5.5 million	Yes
Preservation	HUB Mall - suite renewals	\$10 million	U of A	\$4.2 million	No
Preservation	Mechanical Engineering Building - redevelopment	\$94 million	\$70 million GoA \$24 million U of A	\$94 million	No
Preservation	Medical Sciences Building - floor renewals	\$82.3 million	GoA	\$82.3 million	No
Preservation	Medical Sciences Building - infrastructure renewal	\$33.6 million	GoA	\$33.6 million	No
Minor Preservation	Campus wide - elevator renewal	\$3.05 million	CMR	\$2.86 million	No
Minor Preservation	Campus wide - radio infrastructure	\$1.5 million	U of A	\$500,000	No
Minor Preservation	Chemistry West - mechanical renewal	\$4.5 million	CMR	\$4.5 million	No
Minor Preservation	Standing-open programs - (trades, HVAC, grounds)	\$7.2 million /year	IMP/CMR	\$3.1 million for FY22	No
Minor Preservation	Other critical deferred maintenance priorities (<\$2.5 million)	\$24.58 million	CMR	\$24.58 million	No
Minor Preservation	RSF standing-open programs and critical priorities - (fume hoods, Canadian Council on Animal Care compliance, biosafety)	\$1.098 million /year	RSF	TBD	Yes
Demolition	Michener Park demolition	\$22 million	U of A	\$16 million	No

## Fully funded projects

This table represents projects that are fully funded regardless of whether they are emerging or in construction. The majority of these projects are in the active construction phase of project delivery, are being actively designed to go into construction, or are substantially complete from a construction perspective.

Type	Project name	Project completion
New	Devonian Gardens: Entry Pavilion	2020-2023
Preservation	Brain & Aging Research Building - Renewal	2019-2023
Preservation	CAB Renewal - Phase 2	2021-2023
Preservation	Chemistry West: 1st and 2nd Flr Renewal	2020-2022
Preservation	Dentistry/Pharmacy Building Renewal	2018-2024
Preservation	Enterprise Square Renovation	2020-2022
Preservation	John Scott Library / ECHA Re-stack	2020-2023
Preservation	Lister Tower Renewals	2019-2023
Preservation	Morrison Structures Engineering Lab	2019-2023
Preservation	Tory Tower Mechanical Renewal	2020-2022
Preservation	Chemistry Electrical Vault	2019-2022
Minor Preservation	Bio Science - Lab & Infrastructure Renewals	2020-2023
Minor Preservation	Clinical Sciences Building - Replacements & Renewals	2020-2022
Minor Preservation	Fine Arts Building - Maintenance & Renewal	2020-2022



# Utilities

University of Alberta owns and operates a district energy system (DES) supplying utility services to the greater campus area. The University's DES partners are Alberta Health Services (Walter C. McKenzie Health Sciences Centre, Kaye Clinic, and Cross Cancer Institute), Alberta Infrastructure (Canadian Blood Services and Northern Alberta Jubilee Auditorium), and others such as St. Joseph's College, St. Stephen's College, and the National Institute of Nanotechnology (leased to the National Research Council). Greater than ten kilometers of service corridors bring steam; electricity; natural gas; compressed air; and domestic, demineralized, and chilled water to our partners.

Operating a DES has many benefits, not the least of which is significantly reduced emissions over conventional energy systems. UAlberta's DES prevents approximately 60,000 tonnes of carbon dioxide emissions from entering the atmosphere every year.

With guidance from Advanced Education, the University of Alberta Utilities department, together with its engineering and regulatory consultants, conducted a review of the long-term capital renewal and maintenance funding liability for the DES and examined potential funding options.

Phase 1 of this work was to review capital renewal and maintenance liabilities for the next 10 years for the DES that serves the University as well as other Government of Alberta funded facilities located in the Greater Campus Area. Stantec Consulting was retained to complete an engineering study to support this work. This study indicated a capital renewal and maintenance liability of approximately \$200 million over the next 10 years. The results of this report are being used to prioritize capital renewal and maintenance spending for the DES.

Capital renewal costs over the next 3 years is estimated at approximately \$43 million. The costs here are indicative of the total costs of renewal, the sourcing of these funds will come from a variety of places including, but not limited to DES Reserve, Government grants, IMP/CMR, etc.

Phase 2 of this work includes discussions and consultation with Government of Alberta stakeholders (Advanced Education, Infrastructure, and Health) to address this liability. To support these discussions, submissions have been made to the GoA through the BLIMS and IMP / CMR processes. Some of the larger value near term projects include: two high priority civil projects (utility service corridor repair at station 1530 and 1540 and the Cooling Plant river water intake) and renewal of the

Heating Plant Emergency Diesel Generator Controls and Switchgear. The funding source for these repairs has not yet been determined.

Other major projects are currently underway to address capital renewal, expansion, and reliability issues. The first is the replacement of the ageing electrical infrastructure in the Heating Plant. Phase six, of approximately ten phases, is currently underway. This project is currently funded through utilities reserves. The second major project is the expansion and renewal of the electrical service from EPCOR's Garneau substation to UAlberta's DES electrical distribution system. This renewal is critical to ensuring a continuous supply of electrical power to UAlberta, Alberta Health Services, and the Government of Alberta facilities, thereby avoiding disruptions like those experienced across Edmonton in the summer of 2017 to a distribution system that contains a high density of critical medical and high-end teaching and research facilities. This project has received regulatory approval and is now moving forward and is being funded via a Government of Alberta grant.



<b>District Energy System</b>			
<b>Project description</b>	<b>Approx. cost</b>	<b>Completion</b>	<b>Alignment</b>
<b>Expansion</b> EPCOR Garneau Substation Switchgear Renewal / North Campus Electrical Feed	\$29.5 million	2024	Alberta Adult Learning System • Accountability  For the Public Good
<b>Expansion</b> Heating Plant - Emergency Diesel Generator Controls & Switchgear Renewal	\$4.128 million	Estimate 2022-2024	100% GoA
<b>Expansion</b> Utilities Civil Infrastructure Renewals	\$14.491 million	Estimate 2022-2024	100% GoA

