Minutes  
Physical Planning and Funding Committee  
Thursday, November 4, 2004

Committee Chair Regent Salas convened the meeting of the Physical Planning and Funding Committee at 2:30 p.m. in Room 1511 of Van Hise Hall on the UW-Madison campus. Present were Regents Gottschalk, Mc Pike, and Smith.

I.3.a. Approval of Committee Minutes

The minutes of the October 7, 2004 meeting of the Physical Planning and Funding Committee stood approved as distributed.

I.3.b. Report of the Assistant Vice President

Assistant Vice President Miller reported that the Building Commission approved about $10 million for various projects at their October meeting. (For details, please see the chart at the end of these minutes.) Miller also reported that the construction cost index has risen about 10 percent from August of 2003 to August of 2004. He also noted that the cost of certain building materials has also escalated by as much as 20 percent during that same period of time.

I.3.c. UW-Extension: Wisconsin Geological and Natural History Survey Storage Facility Purchase

This item requested authority to purchase a storage facility and land of approximately 1.5 acres in the village of Mount Horeb, Wisconsin, at a price of $735,000 ($675,000 All Agency - General Fund Supported Borrowing and $60,000 Agency Funds).

The proposed site is located at 211 and 201 Blue Mounds Street, in the village of Mount Horeb, Wisconsin, and will serve the Wisconsin Geological and Natural History Survey (WGNHS), a division of the UW-Extension. It consists of a 25,490 square feet storage facility, office areas, parking, three loading docks, and an overhead drive-in door. The property allows for storage and future expansion opportunities for the WGNHS.

The average of two independent appraisals ($792,000) was the starting point in negotiations with the owner. The owner agreed to sell the properties to the university for $735,000. A Phase One Environmental Site Assessment was completed and found no major environmental concerns. The owner has agreed to remove an empty fuel oil tank from the property prior to closing and there are no major maintenance issues.

This project will provide funds for the purchase of the warehouse and office space that will be used by the WGNHS to more efficiently curate, access, and study their extensive collections of Wisconsin geologic samples and data. The collections function as a geologic library and consist of representative samples from surface exposures, drill cuttings, and cores. They also include thin sections, field notes, maps, reports, geological and geophysical logs, chemical analyses, and related materials. The samples and related paper and digital records are fundamental data sets that directly support published WGNHS
maps and reports, educational materials, field trips, informed responses to service requests, as well as a broad understanding of the geology of the state. The library currently supports WGNHS and University of Wisconsin applied and basic research projects involving public health and safety, land-use priorities and planning; availability of nonmetallic mineral resources; groundwater quality, quantity, and protection; and natural and man-made hazards.

To facilitate the redevelopment of the Kenilworth Building, UW-Milwaukee has agreed to fund the costs of moving the sample library from the current location to Mount Horeb.

Upon the motion of Regent Smith and the second of Regent McPike the Committee approved Resolution I.3.c.

Resolution I.3.c.

That, upon the recommendation of the UW-Extension Chancellor and the President of the University of Wisconsin System, authority be granted to purchase a storage facility and land of approximately 1.5 acres in the village of Mount Horeb, Wisconsin, at a price of $735,000 ($675,000 All Agency - General Fund Supported Borrowing and $60,000 Agency Funds).


This item requested approval of the Design Report and authority to construct the Phase I core project of the Healthstar Interdisciplinary Research Complex (IRC), at an estimated budget of $133,920,000 ($10,369,000 General Fund Supported Borrowing–Healthstar, $13,031,000 existing General Fund Supported Borrowing, and $110,520,000 Gifts/Grants funds).

In August of 1996, the Board of Regents authorized UW System Administration and the UW-Madison chancellor to pursue legislative approval of a multi-year Healthstar Program, which was expected to utilize $50 million in state funding and at least $100 million in outside funding, as part of the 1997-99 Capital Budget. The Interdisciplinary Research Complex is a component of that Healthstar Program that was subsequently enumerated at a maximum of $72 million General Fund Supported Borrowing, $18 million Program Revenue Supported Borrowing, and a minimum of $120 million Gifts, Grants, and Other Receipts, for a total of at least $210 million.

The Interdisciplinary Research Complex (IRC) will be the final phase of the Healthstar initiative. The project will replace outdated research facilities and will unify the University of Wisconsin Medical School program on the UW-Madison west campus, near University Hospital and Clinics, the Waisman Center, the School of Pharmacy, and the Health Sciences Learning Center.

Phase I of the IRC project will consist of two laboratory towers on a three-story base. The east laboratory tower will be five stories and the center tower will be seven stories. The base will contain image science research space on two stories, and vivarium space which will house non-human primates, rodents, and various other species. The project will also provide space for associated building services.
University of Wisconsin Medical School Dean Phil Farrell spoke briefly to the committee to explain how the new research space will help the university compete for grant funding from the National Institutes of Health.

Pending additional fundraising, construction of enhancements to Phase I may occur. These enhancements include an additional 28,500 ASF/49,400 GSF of construction consisting of vivarium space in the central tower base and remodeling work in the Clinical Sciences Center (CSC) K4/1 module to accommodate gross anatomy instructional laboratory space and an autopsy facility. Completion of the seven story center tower and construction of a Phase II west tower are long term goals. When funds are raised to construct additional space, the university will return to the state Building Commission for authority to construct those phases of the project.

The project will be constructed using a construction manager-at-risk process, which will expedite completion of the project by sequencing construction so portions of work can be bid and constructed as plans are developed for those portions, while plans for other portions are still being developed.

Much of the university's medical school research space is currently located in aging and inadequate facilities that inhibit the use of modern research technologies. This space is located at multiple sites on the central campus that are not close to the hospital or to other research space in the Clinical Science Center and the Waisman Center. In addition, while the Medical School has increased research grants from $70 million in 1999 to over $200 million in 2004, laboratory space has not increased to support this research.

A total of over $80 million in grants/gifts has been raised to date. Major funding commitments currently include $15 million from GE Medical for the Imaging Center, an additional $15 million from a local foundation soon to be announced, and various NIH grants and matching funds totaling approximately $27 million. The NIH grants require that the space be occupied by April 2008. Completion of the project will also serve as a catalyst for fund raising for the eventual Phase II project.

Upon the motion of Regent Smith and the second of Regent Gottschalk the Committee approved Resolution I.3.d.

Resolution I.3.d.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Phase I core project of the Healthstar Interdisciplinary Research Complex (IRC), at an estimated budget of $133,920,000 ($10,369,000 General Fund Supported Borrowing—Healthstar, $13,031,000 existing General Fund Supported Borrowing, and $110,520,000 Gifts/Grants funds).

I.3.e.  UW-Madison: Grainger Hall Graduate School Addition (Design Report)

This item requested (1) approval of the Design Report and authority to: (2) increase the project scope and budget by $500,000 Gift Funds, and (3) construct a Grainger Hall Graduate School Addition project at an estimated total cost of $40,500,000 ($10,000,000 existing General Fund Supported Borrowing and $30,500,000 Gift Funds).
This project will construct a 103,715 ASF/167,030 GSF five story addition on the east side of Grainger Hall to house the Graduate School of Business. The addition will include state-of-the-art classrooms and offices, space for student professional organizations and team projects, and suites for the fourteen centers of expertise.

The addition will be designed to match the existing exterior finishes of the facility and will feature a prominent new entrance for the Graduate School of Business at the northeast corner of the addition. Interior finishes will also complement those in the existing facility and connections to the existing building will be achieved in a seamless manner.

The project scope and budget are being increased to include minor remodeling on the first floor of the existing Grainger Hall. This work will include the connection of the undergraduate computer lab with the library, the reorganization of the undergraduate student organization area, and the remodeling of food service areas.

This addition to Grainger Hall will allow the Graduate School of Business to bring their professional programs (i.e., MBA and executive education) up to the quality level of its undergraduate education and research programs. In order to achieve this goal, the MBA program is being restructured around fourteen career specializations which are called centers of expertise. The graduate school program will become the first career focused MBA program in the country.

In order for the proposed MBA program model to succeed, additional space is required to accommodate the educational, research, and entrepreneurial activities of the Graduate School of Business. The proposed addition will provide the space to deliver graduate programs rich in applied team projects. Simultaneously, the relocation of the MBA program to the new space will increase the space available in the existing facility for undergraduate programs, Ph.D. programs, faculty, and staff.

An expedited design process has been used to facilitate progress of this project because a stipulation has been made by the primary donor that the project be completed by August of 2007.

Upon the motion of Regent Gottschalk and the second of Regent McPike the Committee approved Resolution I.3.e.

Resolution I.3.e.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to the Design Report be approved and authority be granted to: increase the project scope and budget by $500,000 Gift Funds; and construct a Grainger Hall Graduate School Addition project at an estimated total cost of $40,500,000 ($10,000,000 existing General Fund Supported Borrowing and $30,500,000 Gift Funds).

I.3.f. UW-Madison: University Ridge – Phase III
This item requested authority to design and construct a University Ridge-Phase III project which consists of an outdoor short game practice area, a new driving range, and a nine hole academy course at an estimated project cost of $3,688,000 ($2,488,000 Program Revenue Supported Borrowing–Athletics, and $1,200,000 Program Revenue-Cash).

A more extensive expansion project was enumerated as part of the 2001-03 Capital Budget at a cost of $15,560,000 ($10,134,000 Program Revenue Supported Borrowing and $5,426,000 Gifts Funds). Since that time, however, a number of factors have contributed to the establishment of different priorities for University Ridge. These factors include new golf coaches, a new athletic director and the relationship of this project to the overall athletic department financial plan. The driving range and academy course improvements will allow the course to apply for “First Tee” program grants targeted for youth golf programs, and permit the expansion of this program to University Ridge.

The program revenue cash funding component of this project will be covered by the existing cash reserves. Revenue generated from the course is expected to cover the debt service. Should any gift funds be raised for this project, they will be substituted for bonding.

This project will add a new short game practice area for use by the university's golf teams. It also will reconstruct and enlarge the existing practice tee area and add a new nine hole academy course. The academy course will offer a high quality golf opportunity for beginners, youth, and elderly by providing a shorter length, a lower cost, and a quicker paced play than the championship eighteen hole course. The revenue which will be generated by the academy course is essential to the success of the overall business plan of the golf course.

Upon the motion of Regent Smith and the second of Regent McPike the Committee approved Resolution I.3.f.

Resolution I.3.f.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to design and construct a University Ridge-Phase III project which consists of an outdoor short game practice area, a new driving range, and a nine hole academy course at an estimated project cost of $3,688,000 ($2,488,000 Program Revenue Supported Borrowing–Athletics, and $1,200,000 Program Revenue-Cash).

I.3.g.  UW-Milwaukee: Kenilworth Building Redevelopment – Approval of Master Term Sheet

This item requested approval of the proposed agreements contained in the Master Term Sheet with Weas Development Corporation for the redevelopment of the Kenilworth Building at an estimated total project cost of $68,717,413. The redevelopment of the property will be funded by bonds issued by the Redevelopment Authority of the City of Milwaukee (RACM) and underwritten by UW-Milwaukee’s (UWM) commitment to an operating lease. UWM will contribute institutional resources to an Administrative Affairs building associated with the redevelopment. The redevelopment of the Kenilworth Building was discussed with the Board of Regents and the state Building Commission in the context of the Long Range Development Plan for UW-Milwaukee.
Two UW-Milwaukee students spoke in support of the redevelopment project and explained how students use the building for their assigned projects and how the space enables a critical exchange of ideas. Regent Salas commented on how hard the university has worked to include the interests of the local community as they have worked through the process of planning for this project.

In February of 2004, the state Building Commission directed the Department of Administration's Division of State Facilities to issue a Request for Proposal for the Redevelopment of the UW-Milwaukee Kenilworth Building. In June of 2004, the Building Commission approved a request to allow the state to enter into negotiations with Weas Development to refine the functional requirements and the associated financing plans before entering into a final agreement for the redevelopment of the Kenilworth Building.

The Kenilworth property consists of a 490,502 square foot building on a 2.47 acre parcel of land located one mile south of the UWM campus. The university and DOA will partner with the private developer to rehabilitate the Kenilworth property to provide improved academic space, new residential space for upper class, graduate, and married students, some private residential condominiums and retail space, and parking to support those facilities. This redevelopment will create public green space and access to an adjacent bicycle trail and thereby the lakefront, which will make a portion of the property taxable, and will improve the appearance of the neighborhood.

It is expected that the Board of Regents will subdivide the Kenilworth property into two parcels; the parcel containing the existing 490,502 square foot building (the “UWM Parcel”) and the southeast loading-dock corner of the property (the “Condominium Parcel”).

Greater detail of the leases involved in this project can be found in the supporting documentation of this item. Generally speaking, the developer will convert the existing building into two buildings separated by pedestrian green space providing access to the Oak Leaf Trail. The west building will include approximately 179 apartments intended for approximately 370 upper class, graduate, and married students, approximately 144 parking spaces, and 10,000 square feet of street level retail space. The east building will include instructional, office, and studio space for the Peck School of the Arts, approximately 82 parking spaces, and 16,500 square feet of street-level retail space. After the UWM Parcel is developed, it will be leased back to the Board of Regents, with an option for the Board to purchase the property at fair market value. The Board of Regents will lease all of the retail spaces (a total of 26,500 square feet) to the developer for a term of 30 years.

The Board of Regents will also lease to the developer a condominium parcel on which the developer will build private residential condominiums and will later seek Building Commission approval to sell the parcel to the development corporation. In exchange for the fair market value of the parcel the Board will receive a building within two miles of the northwest edge of the main UWM campus to house the displaced Administrative Affairs function.

Upon the motion of Regent Gottschalk and the second of Regent McPike the Committee approved Resolution I.3.g.

Revised Resolution I.3.g.
That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, approval be granted to implement the Kenilworth Redevelopment Project in conjunction with Weas Development Company, the Redevelopment Authority of the City of Milwaukee (RACM) and the Milwaukee Development Corporation and for the officers of the Board to execute the agreements and other documents required to implement the project in accordance with the Master Term Sheet for the project at an estimated total cost of $68,717,413, funded by bonds issued by RACM based on UWM’s commitment to an operating lease.

I.3.h. **UW-Stevens Point: Naming of the University Center the "Lee Sherman Dreyfus University Center"**

This item requested authority to Requests authority to name the University Center, the “Lee Sherman Dreyfus University Center.” This request is in accordance with University of Wisconsin Board of Regents Policy, Resolution # 7166 dated March 8, 1996, which requires that every request to name or dedicate facilities after a person be brought to the Physical Planning and Funding Committee for discussion in closed session at least one month prior to requesting formal Regents action. Further, the policy states that if the request involves a living individual who has been formally associated with the University of Wisconsin System, or has held a paid public office, a five-year waiting period is normally required unless a situation is presented where a gift stipulates the naming. This naming is not a condition of a gift. This proposal involves naming the UW-Stevens Point University Center, the “Lee Sherman Dreyfus University Center.” The proposed naming was discussed in closed session by the Board of Regents in October 2004.

Regent Salas commented on how great a contribution Lee Sherman Dreyfus has made to the state as a governor, and to the UW System as a regent, and as the pre-merger President of UW-Stevens Point as well as that campus’ first chancellor after merger. He also noted how glad he was to have heard so much positive input from UW-Stevens Point students and former students who are in favor of this naming of the University Center which provides gathering places for all of its students, faculty, staff, alumni, and guests.

Lee Sherman Dreyfus was the ninth president of Wisconsin State University Stevens Point from 1967-1972, and the institution’s first chancellor from 1972-78, following the merger of the state campuses that created the UW System. Prior to coming to UW-Stevens Point, Dreyfus was a professor of speech, radio and television at UW-Madison. Dreyfus' colorful tenure as chancellor ended when he was elected Wisconsin’s 40th chief executive in 1978, and took the oath of office as Governor of Wisconsin on the front lawn of Old Main. He was also named to the Board of Regents in 1989, and served until 1996.

Dreyfus was at UW-Stevens Point (1967-1978) when the campus was experiencing a growth spurt and provided vision for so many new ideas and innovations during that time. Chancellor Dreyfus was a major spokesperson in the system merger in 1971, and provided leadership in getting Chapter 36.09 (5) passed into law at the same time as the merger. That Chapter states that students shall have primary responsibility for determining those things having to do with student life/activity and also suggests they should be allowed input into most University decisions. Dreyfus really liked students and believed they should be responsible citizens, involved in shaping their own campus environments. While students of may not remember him, they know Chapter 36 and know that because they go to school in this state, they are recipients of some great opportunities that he clearly saw when others did.
not. It is an appropriate tribute that the student center, which is governed and funded by students, be named for Lee Sherman Dreyfus after his long battle to make sure that students were involved in the shared governance process at the University.

Upon the motion of Regent McPike and the second of Regent Smith the Committee approved Resolution I.3.h.

Resolution I.3.h.

That, upon the recommendation of the UW-Stevens Point Chancellor and the President of the University of Wisconsin System, authority be granted to name the University Center, the “Lee Sherman Dreyfus University Center.”

I.3.i. **UW-River Falls: Dairy Science Teaching Center Budget Increase**

This item requested authority to increase the budget of the Dairy Science Teaching Center project by $3,156,000 existing General Fund Supported Borrowing for an estimated total project cost of $10,369,000 ($6,713,000 General Fund Supported Borrowing, $3,156,000 existing General Fund Supported Borrowing and $500,000 Gift Funds).

This project will construct dairy farm facilities at the Mann Valley Farm for the UW-River Falls College of Agriculture, Food, and Environmental Sciences. The new facilities, totaling 68,000 GSF, will accommodate a 96 cow milking herd and 192 young replacement cows necessary to support instruction and research. The project will provide facilities to house dairy cattle throughout all stages of life and will support instruction in state-of-the-art dairy industry practices and technology. Construction will also provide facilities to handle animal waste using the highest available environmental standards.

Bids received in July of 2004, resulted in a total project cost more than $3 million over budget. Negotiations with the apparent low bidders occurred in an attempt to identify changes in scope and materials that could produce the costs savings necessary to allow this project to proceed. However, this effort was not successful in identifying sufficient savings. In addition, the apparent low bidders would not extend their bids beyond sixty days. Therefore, the project will be re-bid, incorporating approximately $120,000 of cost savings items that were identified during negotiations.

The scope of this project has been revised several times in response to new programmatic requirements and budget considerations. When it became apparent during programming that the initial budget, enumerated in 1999-2001, was inadequate to construct a complete replacement farm, the project was revised to be funded and built in two phases: a Phase I project funded in the 1999-2001 biennium, and a Phase II project funded in the 2003-2005 biennium. Bids for the Phase I work that were received in December of 2002 would have resulted in a budget that was thirty-eight percent over the construction estimate. Since the project scope could not be reduced enough to still produce a useable facility that could be built within the Phase I budget, the project was delayed until Phase II funding became available as part of the 2003-2005 Capital Budget. Both Phases were then combined into a single project of reduced scope.
The fact that the bid results exceeded the construction estimates is believed to be the result of recent steep price hikes in the cost of construction materials and the effect of strong construction market. While a variety of cost savings options were discussed with the apparent low bidders in an attempt to negotiate savings, a number of these options would have resulted in a project that would not have met the minimum requirements for a core dairy facility. Cost savings in the specification of various materials were pursued, however, with the result that approximately $120,000 of cost savings can be achieved without compromising the functionality of the facility. Therefore these savings will be incorporated when the project is re-bid. In addition, an escalation factor has been built into the budget to address continued construction inflation.

Upon the motion of Regent Gottschalk and the second of Regent McPike the Committee approved Resolution I.3.i.

Resolution I.3.i.

That, upon the recommendation of the UW-River Falls Chancellor and the President of the University of Wisconsin System, authority be granted to increase the budget of the Dairy Science Teaching Center project by $3,156,000 existing General Fund Supported Borrowing for an estimated total project cost of $10,369,000 ($6,713,000 General Fund Supported Borrowing, $3,156,000 existing General Fund Supported Borrowing and $500,000 Gift Funds).

Adjournment

The Physical Planning and Funding Committee meeting was adjourned at 3:25 p.m.
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<th>Project / Funding</th>
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<td>MSN</td>
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<td>Biotech Building Addition Budget Increase</td>
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<td>Kemp Residence Hall at Kemp Natural Resources Station - Woodruff</td>
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<td>RVF</td>
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**October SBC Meeting TOTAL** $10,286,000