Capital Planning and Budget Committee Chair Regent Bartell convened the joint meeting of the Capital Planning and Budget Committee and the Business, Finance, and Audit Committee at 1:21 p.m. in Wylie in the Class of ’24 Reception Room, 4th Floor East Wing of the Memorial Union on the UW-Madison campus. Present were Regents Bartell, Connolly-Keesler, S. Davis, Drew, Falbo, Opgenorth, Smith, Walsh, Wingad, and Womack. Regent Loftus joined by telephone.

I.3.a. **UW Colleges Report on City and County Financial Support** - Vice Chancellor for Administration and Finance Steve Wildeck presented its annual report on *City and County Financial Support of the UW Colleges*.


**Note:** *Operations Review and Audit: Program Review on UW Energy Conservation Efforts, Practices, and Strategy* - Julie Gordon, Director of the UW System Office of Operations Review and Audit presented a review that examined ways in which UW institutions are reducing energy usage. Energy-saving approaches yield both environmental benefits and cost savings. Research was conducted to identify current energy conservation approaches within the UW System, as well as approaches from other universities. The review also examined the extent to which these efforts are part of a broader policy or strategic framework within the UW System. A description of this item is also provided in the December 10, 2009 Minutes of the Business, Finance and Audit Committee and the report may be found on the internet at [http://www.uwsa.edu/audit/EnergyConservation.pdf](http://www.uwsa.edu/audit/EnergyConservation.pdf)

The joint meeting of the Capital Planning and Budget Committee and the Business, Finance, and Audit Committee was adjourned at 2:30 p.m.

Committee Chair Regent Bartell convened the meeting of the Capital Planning and Budget Committee at 2:38 p.m. in the Inn Wisconsin Room of the Memorial Union. Present were Regents Bartell, Drew, S. Davis, and Opgenorth. Regent Loftus was absent.
I.3.c. **UW-Madison Presentation: Building for Our Future – An Update on the Progress of the 2005 Campus Master Plan**

UW-Madison Director of Campus Planning Gary Brown updated the committee on the progress the campus has made with the implementation of its 2005 Campus Master Plan. The presentation summarized major capital improvement projects that were completed and those that are presently in construction as part of the 20-year master plan for the campus.

Brown stated that during one of the most transformational periods on the UW-Madison campus, over 22 major projects have been completed or are underway since the release of the 2005 Campus Master Plan. In just the first five years of the 20-year plan, over 35% of the master plan recommendations have been or are being implemented. Brown shared a summary of major capital improvement projects completed, those that are currently in construction, and those that are in now in design.

I.3.d. **Approval of the Minutes of the October 15, 2009 Meeting of the Capital Planning and Budget Committee**

Upon the motion of Regent Davis and the second of Regent Opgenorth, the minutes of the October 15, 2009 meeting of the Capital Planning and Budget Committee were approved as presented.

I.3.e. **UW-Madison: Authority to Seek a Waiver of s. 16.855, Wis. Stats., to Enable Madison Gas and Electric Company to Design-Build a Walnut Substation Upgrade Project and Authority to Construct the Project**

This item requested authority to seek a waiver of s. 16.855 to enable Madison Gas & Electric (MGE) to design-build a Walnut Substation Upgrade project and authority to construct this project at an estimated total project cost of $4,680,000 ($3,697,200 General Fund Supported Borrowing and $982,800 Program Revenue Supported Borrowing).

This project will install a 30 mVA, 69 kV-13.8 kV transformer, a 13.8 kV switchgear, and construct an approximately 8,600 GSF two-story plus basement switchgear building in the Walnut Substation yard, which is located just east of the Walnut Street Heating and Cooling Plant. The new building will house MGE and UW cable galleries in the basement, MGE switchgear on the first floor, and UW switchgear on the second floor. The MGE transformer will be installed on a concrete pad and associated bussing will be erected on an overhead steel structure. Power cabling connecting the existing American Transmission Company (ATC) 69 kV service facility, the MGE transformer and buss, the MGE/UW switchgear building and the respective MGE and UW distribution networks will be installed in underground concrete encased conduits. The new switchgear building will have ventilation and heating equipment for the removal of excessive heat and moisture control.

The UW-Madison 2005 Campus Utility Master Plan recommended the construction of a new substation to be located on the southwest side of the Clinical Science Center. This additional supply point would provide additional supply capacity to the UW electrical system, increase
the reliability to serve existing loads, and provide alternate power sources for future buildings. Alternative power sources are necessary to obtain certifications, to establish grant eligibility, and to meet the needs of the research programs.

A request to construct a new substation was submitted as part of the UW System 2009-11 Capital Budget and $6,966,000 was enumerated in the state budget for that project. Subsequently, MGE decided to install another transformer and associated switchgear in the Walnut Substation to provide additional capacity to serve their customers located in the near west side of the city. The university decided to partner with MGE in their substation project in lieu of constructing a new university substation. Partnering in this project will provide the university with additional capacity beyond that proposed under the new substation project and it will cost less than the original project enumeration.

Upon the motion of Regent Drew and the second of Regent Opgenorth the Committee approved Resolution I.3.e with Regent Davis refraining from voting due to a professional conflict of interest.

**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 seek a waiver of s. 16.855 to enable Madison Gas & Electric (MGE) to design-build a Walnut Substation Upgrade project and authority to construct this project at an estimated total project cost of $4,680,000 ($3,697,200 General Fund Supported Borrowing and $982,800 Program Revenue Supported Borrowing).

**I.3.f. UW-Madison: Authority to Lease Space for the McBurney Disability Resource Center and the Division of Enrollment Management**

This item requested authority for the Department of Administration to execute a lease with an option to purchase for 26,791 gross square feet of space on two levels at 702 West Johnson Street, University Square, Madison, Wisconsin, on behalf of the UW-Madison Dean of Students’ Office (McBurney Disability Resource Center) and Division of Enrollment Management (Office of Admissions).

The proposed lease of space begins August 1, 2010, or date of occupancy, through August 1, 2020, at an annual rate of $596,100 ($22.25/GSF). The lease provides for two five-year renewal options from August 1, 2020, with a 365 day written notice to review.

After the initial year, the base rental rate will increase 2% percent annually, including each of the five-year renewal options. The lessor, Executive Management, Inc. (EMI) will design and build out the space for the campus. The campus will use the gift funds, which were originally enumerated for the McBurney Center portion of the Gordon Commons project, to pay EMI for the tenant improvements based on the actual costs which are expected to range between $50 and $75 per LSF. The lease will allow the university to construct additional floor space at the second level with no increase in the annual rental rate.
EMI will create a new sixth condominium unit in the University Square Condominium Association to be leased to the UW-Madison. The lease provides an option to purchase condominium unit #6 beginning July 1, 2015, which can be exercised every two years with a six (6) month written notice. The purchase price will be $6,700,000, which is based on the $250/GSF construction cost. The campus will request program revenue enumeration of the purchase of condominium unit #6 as part of its 2015-17 capital budget.

This leased space will provide a location for two existing campus programs: the McBurney Disability Resource Center, which will be relocated from their space at the Middleton Building, and the Office of Admissions, which will be relocated from its current space in the Red Gym.

The relocation of the Office of Admissions to University Square will provide better accessibility to the Office of Admissions’ services by providing greater visibility and easier access for prospective students, parents, and visitors. The vacated space in the Middleton Building will allow other UW-Madison programs to return to campus and thereby save operating funds. The vacated space in the Red Gym will permit the campus to consolidate diversity education programs and address priorities in the Madison Initiative for Undergraduates.

Regent Opgenorth asked about lease and purchase options, to which Facilities Planning Director Gary Brown described the temporary space now being used on Linden Drive. Access for occupants is limited by parking and the need to cross multiple levels to enter the building. The new site will have parking underground and across the street.

Regent Bartell asked about the source of funding for the lease payments and eventual purchase. Miller stated that relocating the McBurney occupants will eventually allow the campus to end current off-campus leases by moving those occupants into the vacated space on campus. Those funds currently used for leasing would be used to purchase the new space resulting in savings after the purchase is complete.

Upon the motion of Regent Drew and the second of Regent Davis, the Committee unanimously 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 authority be granted for the Department of Administration to execute a lease with an option to purchase for 26,791 gross square feet of space on two levels at 702 West Johnson Street, University Square, Madison, Wisconsin, on behalf of the UW-Madison Dean of Students’ Office (McBurney Disability Resource Center) and Division of Enrollment Management (Office of Admissions).
I.3.g. **UW-Madison: Authority to Adjust the Budget of the Microbial Sciences Building Project**

This item requested authority to increase the project budget of the Microbial Sciences Building project by $392,000 Existing General Fund Supported Borrowing for a revised total project cost of $121,657,710 ($51,084,639 General Fund Supported Borrowing, $4,114,000 Program Revenue Supported Borrowing, and $66,459,071 Gifts/Grants).

This request will allow additional mechanical and control work to be undertaken in the building to improve its functionality. The 300,000 GSF Microbial Sciences Building opened in 2007. Since that time, extreme winter weather conditions cause snow to enter the air intakes and collapse the ducts. Also, humid exhaust air will condense and freeze solid in the damper mechanisms. Heating coils on the AHUs in the Penthouse are pressurizing condensate lines which are causing humidifier condensate to back up and flood AHU ductwork. This increase in project funding will provide for modifications to the HVAC system that will halt the system shut-downs that have disrupted the research and teaching in this building. It will also address a number of smaller building issues, i.e., accessibility of the smoke beam detectors in the atrium and revising condensate lines in the BSL-3 and vivarium spaces.

Upon the motion of Regent Opgenorth and the second of Regent Davis, the Committee approved Resolution I.3.g.

**Resolution I.3.g.**

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to increase the project budget of the Microbial Sciences Building project by $392,000 Existing General Fund Supported Borrowing for a revised total project cost of $121,657,710 ($51,084,639 General Fund Supported Borrowing, $4,114,000 Program Revenue Supported Borrowing, and $66,459,071 Gifts/Grants).

I.3.h. **UW-Milwaukee: Approval of the Design Report and Authority to Construct the Central Chiller Installation Project**

This item requested approval of the Design Report of the Central Chiller Installation project and authority to construct the project at a total cost of $6,419,000 ($5,449,200 General Fund Supported Borrowing and $969,800 Program Revenue Supported Borrowing).

The project includes the installation of one 4,000 ton electric drive centrifugal chiller which will be installed in the remaining open bay alongside the existing 3,000 ton chiller. One primary chilled water pump, one condenser water pump, and one secondary chilled water distribution pump will be installed in the Central Heating and Chilling Plant (CHP) basement with piping connections to existing piping headers. All three of the new pumps will be provided with variable frequency drives. Two existing 150 horsepower (HP) lake water pumps in the Lake Water Pumping Station will be replaced with two new 300 HP pumps and one of the existing lake water pumps will be relocated. All three pumps will be provided with variable frequency drives.
The campus initiated a study to determine current and future chiller capacity and efficiency needs. During the summer of 2006, coincident with the study, the campus experienced record cooling loads that reached a new peak of approximately 8,200 tons. The campus chilled water system was not able to keep up with the demand on multiple days and had virtually no reserve capacity for half of the cooling season. The study’s consultant recommended that the condensing steam turbine chiller retrofit approach be abandoned in favor of installing new chiller capacity. This solution will provide the campus with an additional 4,000 tons of cooling capacity; will reduce the cost of producing chilled water by virtue of its it’s higher efficiency; and will provide adequate future reserves.

Upon the motion of Regent Davis and the second of Regent Drew, the Committee unanimously approved Resolution I.3.h.

Resolution I.3.h.

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, the Design Report of the Central Chiller Installation project be approved and authority be granted to construct the project at a total cost of $6,419,000 ($5,449,200 General Fund Supported Borrowing and $969,800 Program Revenue Supported Borrowing).

I.3.i. UW-Milwaukee: Master Plan Initiative Expenditure Plan

This item requested authority to seek enumeration of the School of Freshwater Sciences Research Building Phase I, $50,000,000 General Fund Supported Borrowing (GFSB) ($43,400,000, 2009-11 and $6,600,000 2011-13) as the initial project of the University of Wisconsin-Milwaukee Master Plan Initiative.

This project will construct the initial phase of an Integrated Marine, Freshwater, and Atmospheric Research Laboratory on the site of the existing Great Lakes Research Facility (GLRF). The project will construct a three-story addition of approximately 125,000 gross square feet to the existing Great Lakes Research Facility (GLRF) with possible renovations in the existing building. Shared research support core facilities will be created for computation and visualization, genomics, biosecurity (Biosafety Levels 2 and 3), and trace analysis. The addition will also house research collaboration areas such as conference/meeting rooms, visiting scientist support, and outreach spaces. This proposed project will be the next step of fully developing a Harbor Campus on and around the existing GLRF property.

Freshwater sciences was identified in the university’s master planning process as one of the collaborative research themes to lead the institution forward in its development as an entrepreneurial research institution. UW-Milwaukee will open the nation’s first School of Freshwater Sciences with a mission of promoting transformative research and graduate education. This project is needed to create a research environment that attracts a diverse group of researchers by providing them with both the tools and the colleagues to advance fundamental and strategic science. It will provide state-of-the-art laboratories for interdisciplinary research that will focus on climate systems and forecasting, ecosystem management, environmental health, and integrated marine technologies.
The UW-Milwaukee Master Plan Initiative was adopted in the 2009-11 Biennial Budget (Act 28). Enumeration of the School of Freshwater Sciences Building will expend $50,000,000 of the $123,400,000 GFSB contained in the initiative, unless that amount is reduced by gift and grant funding. The remaining $73,400,000 GFSB, $55,600,000 Program Revenue Supported Borrowing, and $60,000,000 Gifts/Grants will be allocated to additional projects in the Master Plan Initiative at the next meeting of the Board of Regents.

Chancellor Carlos Santiago presented the committee with a summary of the status of prospective projects in the UWM Initiative. Santiago discussed the importance of the Freshwater Sciences research building to the entire southeastern Wisconsin region. The research conducted in the facility and collaboration with industry partners is anticipated to spur the greater Milwaukee region into a national leader in freshwater research.

Chancellor Santiago referred to the coal storage site that is adjacent to the current Great Lakes Research Facility by indicating that his preference would be to examine another potential location if the coal is not relocated. A potential site has arisen that will continue to be explored.

Regent Bartell asked about the process to add the remaining projects and funding in the UWM Initiative. Miller explained that in January 2010, the regents would be asked to approve a plan outlining additional projects requested for enumeration. After approval by the Regents, the plan would be presented to the State Building Commission in January. If approved, the specific projects requested would be introduced as legislation to be acted upon before the Legislature adjourns in the spring.

Upon the motion of Regent Davis and the second of Regent Opgenorth, the Committee unanimously approved Resolution I.3.h.

Resolution I.3.h.

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to seek enumeration of the School of Freshwater Sciences Research Building Phase I, $50,000,000 General Fund Supported Borrowing (GFSB) ($43,400,000, 2009-11 and $6,600,000 2011-13) as the initial project of the University of Wisconsin-Milwaukee Master Plan Initiative, and that the remaining $73,400,000 GFSB, $55,600,000 Program Revenue Supported Borrowing, and $60,000,000 Gifts/Grants will be allocated to additional projects in the Master Plan Initiative at the next meeting of the Board of Regents.

I.3.j. UW System: Authority to Construct Maintenance and Repair Projects

This item requested authority to construct various maintenance and repair projects at an estimated total cost of $18,728,600 ($3,880,200 General Fund Supported Borrowing; $12,114,550 Program Revenue Supported Borrowing; $513,050 Gifts and Grants; and $2,220,800 Program Revenue Cash).

MIL - Multi-Building Energy Conservation ($10,318,600): This project will implement energy conservation opportunities based on a recently completed energy audit of five high-rise
academic buildings on the main campus. The debt service will be paid from the annual energy cost savings from the fuel and utilities appropriation. Project work includes performance of a wide range of energy conservation measures in Bolton Hall, Cunningham Hall, Curtin Hall, Enderis Hall, and Engineering and Mathematical Sciences and will enable UW-Milwaukee to comply with the energy reduction goals stipulated in Executive Order 145 for the buildings covered in this project.

**PLT - Pioneer Farm Bioenergy System Installation ($1,175,000):** This project will create an integrated system for the production and demonstration of bioenergy at the Pioneer Farm. The project will renovate space and install new equipment to provide a scalable anaerobic digestion system, an oilseed extraction system, and a biodiesel processing system. The project will provides practical uses for farm production including the generation of biogas for electricity and/or heat, the production of oilseed meal for use as livestock feed, and the production of biodiesel for use in farm machinery.

**Facilities Maintenance and Repair Requests**

**MIL - Engineering and Mathematical Sciences Fire Egress and Security Improvements ($2,301,400):** This project addresses fire egress and security issues between the four underground parking levels of Engineering and Mathematical Sciences (EMS) that are open 24 hours a day and the occupied spaces of the building that need to be secured on weekends and evenings. These improvements address employee and user health, safety, and protection and the security of assets and materials.

**MIL - Sandburg Hall West Tower Exterior Window Replacement ($1,495,200):** This project replaces all exterior window assemblies with new energy efficient units, restores the exterior envelope integrity, replaces or repairs deteriorated components, and decreases the operational maintenance costs. This is the first phase of exterior window replacements for the original three Sandburg Hall towers.

**RVF - May Hall Exterior Window Replacement ($234,600):** This project replaces all student resident room exterior window units to improve the thermal performance of the building envelope and reduce operational maintenance costs. Project work includes replacing 122 exterior window units in May Hall with new more energy efficient slider window units.

**Health, Safety, and Environmental Protection**

**GBY - Residence Life Fire Alarm Renovation ($337,100):** This project replaces the fire alarm systems in nine student residence apartments (143,700 GSF) to improve smoke and heat detection, provides additional audio/visual alarm signals to meet current ADA code, and improves maintenance. The replacement of the fire alarm systems in Apartments 101 thru 109 will ensure greater security for building contents and improved occupant life safety. Project work includes replacing.

**Utilities Repair and Renovation Requests**

**EAU - Lower Campus Chilled Water and Steam and Condensate Loops ($2,866,700):** This project extends steam and condensate piping from the Upper Campus near the McPhee Center
to the Lower Campus near the School of Nursing, replaces steam and condensate piping from near the School of Nursing to Phillips Hall, and replaces piping through Phillips Hall.

The Upper Campus to the Lower Campus work will include constructing 411 LF of new concrete box conduit containing 8-inch high pressure steam (HPS) and 4-inch condensate pump discharge (CPD) piping from Upper Campus Steam Pit 3DD to Lower Campus near the southwest corner of the Phillips Hall parking lot. Two new steam pits will be constructed; one on the Upper Campus at the top of the slope and one on the Lower Campus at the base of the slope.

Chris Baxter, Associate Professor of Soil and Crop Science and Tim Zauche, Professor of Chemistry from UW-Platteville described how the anaerobic digester would work and the research expected to be conducted at the UW-Platteville farm.

Upon the motion of Regent Drew and the second of Regent Davis, the Committee approved Resolution I.3.j.

Resolution I.3.j.

That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of $18,728,600 ($3,880,200 General Fund Supported Borrowing; $12,114,550 Program Revenue Supported Borrowing; $513,050 Gifts and Grants; and $2,220,800 Program Revenue Cash).

I.3.k. **Report of the Associate Vice President**

Associate Vice President David Miller reported that the Building Commission approved approximately $36M for projects at its October and November 2009 meetings. The funding breakdown for those projects is $17M General Fund Supported Borrowing and $19M Program Revenue Funds.

Miller updated the committee about progress of the revisions to the project delivery methods that is being considered by the legislature by explaining that the Senate Committee on Ethics Reform and Government Operations, and the Assembly Committee on Consumer Protection would hold a joint hearing on the bill on December 15, 2009. Miller was invited to speak and others present at the hearing would also include, Rob Cramer (UW-Platteville), Steve Arndt (UW-Oshkosh), and Alan Fish (UW-Madison).

I.3.l. **Additional items which may be presented to the Committee with its approval**

No additional items were presented to the Committee.

Upon the motion of Regent Drew and the second of Regent Davis the Capital Planning and Budget Committee adjourned at 4:18 p.m.