

Minutes
Capital Planning and Budget Committee
Thursday, February 10, 2011

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 1:05 p.m. in Room 1920 in Van Hise Hall on the UW-Madison campus. Committee members present were Regents Bartell, Loftus, S. Davis, Drew, Manydeeds, Smith, Falbo, Wingad, and Womack. Regent Bradley participated by phone. Regents Walsh and Drew were absent.

The Committees met jointly for a report given by UW Colleges.

I.3.a. UW Colleges: Report on City and County Financial Support

The committee heard a presentation of the 2010 UW Colleges Report on City and County Financial Support. UW Colleges Chancellor Ray Cross stated that the colleges are educating a record number of 15, 000 students this year. Vice Chancellor for Administrative and Financial Services Steve Wildeck stated that local municipalities provided \$9.4 million of financial support to UW Colleges in 2010 and discussed the partnerships between the UW Colleges and the counties and cities.

The joint meeting ended at 1:30 p.m.

Committee Chair Regent Bartell convened the meeting of the Capital Planning and Budget Committee at 1:39 p.m. in Room 1418 of Van Hise Hall. Committee members present were Regents Bartell, Loftus, S. Davis, Drew, and Manydeeds.

I.3.b. Approval of the Minutes of the December 9, 2010 Meeting of the Capital Planning and Budget Committee

Upon the motion of Regent Loftus and the second of Regent Manydeeds, the minutes of the December 9, 2010 meeting of the Capital Planning and Budget Committee were approved as presented.

I.3.c. UW-Madison: Authority to Lease Space for the UW-Madison Graduate School

This item requested authority for the Department of Administration to enter into a new lease agreement for 19,000 square feet of animal holding space on behalf of the UW-Madison Graduate School.

This five year lease will provide the Wisconsin National Primate Research Center with holding facilities required for the quarantine of non-human primates prior to their introduction to the colonies on campus. The current temporary holding facilities cannot adequately handle the number of non-human primates required for campus researchers.

This leased space will provide a fully functional holding facility including equipment and a generator. The lessor will complete minor tenant improvements such as small repairs and

painting. Minimal tenant improvements will be required to improve the security of the facility; tie alarms back to the UW Police Department (UWPD); and install a mound system to handle animal waste.

The university agreed to upgrade the animal waste system at an estimated cost of \$105,000 and the security upgrades required by the UWPD are estimated at \$200,000. The Graduate School will pay for these tenant improvements with Federal Funds provided to the Wisconsin National Primate Research Center.

Leasing the facility will immediately provide a state-of-the-art facility for quarantine and holding of nonhuman primates. This facility is capable of handling additional large animals for other UW schools and colleges if needed.

Regent Loftus inquired about police services that will be required by the campus police at a location not contiguous to the campus, to which Associate Vice President David Miller answered that the center will be staffed around the clock by the center's staff, and that police would respond in emergencies.

Regent Bartell asked what the use of this facility would be and how those needs are currently met. John Levine, Director National Regional Primate Center, answered that the space would be used primarily for isolation and quarantined subjects and that the current facility is now overcrowded.

Upon the motion of Regent Loftus and the second of Regent Davis the Committee approved Resolution I.3.c.

Resolution I.3.c.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted for the Department of Administration to enter into a new lease agreement for 19,000 square feet of animal holding space on behalf of the UW-Madison Graduate School.

I.3.d. UW-Madison: Authority to Acquire Seventy-five Acres of Land for the Future Expansion of University Research Park II

This item requested authority to acquire 75 acres of land in the Town of Middleton, Dane County for \$5,650,000 Existing Program Revenue Supported Borrowing plus closing costs and any necessary environmental abatement costs.

Approval of this request will permit the acquisition of a seventy-five acre parcel of land south of the current boundary of the University Research Park II development for the continuation of the park. University Research Park, Inc. negotiated the purchase price after completion of an appraisal of \$6,500,000. The parcel is unimproved and is presently leased for farming. An environmental audit and soil samples demonstrate no major environmental risks.

Residual UW System bonding authority will be used to finance the acquisition and University Research Park will pay the principle and interest on the bonds on behalf of the Board of

Regents. UW-Madison and University Research Park will enter into an agreement to transfer parcels to University Research Park for development as needed at no additional cost.

The acquisition of the 75 acres will provide an additional 16 sites for at least 1,000,000 square feet of buildings, 100 companies, and 2,500 employees. Acquisition of this land will defer the park's movement to the north into property currently farmed by the College of Agricultural and Life Sciences and will also defer the relocation of a transmission tower.

Regent Bartell asked when the northern section would be developed and whether any roads were developed in that section. Greg Hyer from the University Research Park responded by explaining that the northern section would not be developed until ten to fifteen years in the future and that at this time no roads are being developed in the northern section. Hyer added that the city of Madison agrees with the planning and zoning of this property.

Upon the motion of Regent Loftus and the second of Regent Manydeeds 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, authority be granted to acquire 75 acres of land in the Town of Middleton, Dane County for \$5,650,000 Existing Program Revenue Supported Borrowing plus closing costs and any necessary environmental abatement costs.

I.3.e. UW-Madison: Authority to Accept a Gift of Six Acres of Land from the University of Wisconsin Foundation

This item requested authority to accept a gift of approximately six acres of land located in the Town of Cross Plains, Dane County, from the University of Wisconsin Foundation. The appraised value of this gift is approximately \$350,000.

The parcel consists of undeveloped woodland and two ponds and is located adjacent to conservancy land owned by the Board of Regents and managed by the UW Arboretum.

The property donors, through the University of Wisconsin Foundation, are Loyal and Bernice Durand, who are both professors emeriti at the UW-Madison and have been generous supporters of the campus for a number of years. The Durands are noted for their service activities at UW-Madison and are lifelong hikers, campers, and environmentalists.

The land, which is an existing nature conservancy, consists of approximately 2.5 acres of open water and upland oak woods. It is now primarily used for research by UW faculty, students, and nature organizations. This gift of land would add a portion of a pond, shoreline, and upland oak woods to the conservancy. A Phase I Environmental Site Assessment of the parcel shows no adverse environmental conditions.

Regent Bartell asked who would be responsible for the parcel's upkeep, to which Miller responded that there would be no substantial upkeep required since the parcel is undeveloped. Upon the motion of Regent Loftus and the second of Regent Manydeeds 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 accept a gift from the University of Wisconsin Foundation of approximately six acres of land located in the Town of Cross Plains, Dane County. The appraised value of this gift is approximately \$350,000.

I.3.f. UW Hospital and Clinics Authority: Approval to Construct an Autopsy and Pathology Suite Located in the Wisconsin Institutions for Medical Research Building

This item requested approval to construct an Autopsy and Pathology suite, which will be located within the Wisconsin Institutes for Medical Research (WIMR) building on the UW-Madison campus, at a total cost of \$11,000,000 Program Revenue-Operating Funds.

This project will construct a new 14,500 ASF/17,000 GSF Autopsy and Pathology suite to be located in the planned “wedge” structure between towers two and three of the WIMR building. The Department of Administration will review and approve the design and specifications of this project as required by s. 16.85(14), *Wis Stats*.

The University of Wisconsin Hospital and Clinics (UWHC) and the Department of Pathology were notified by the Veteran’s Administration Hospital that it plans to terminate all space leasing agreements within the next two years. This action will leave the UWHC and the Department of Pathology without a facility to perform medical and forensic autopsies and without space for their surgical pathology laboratories and office support. As in all academic institutions, the autopsy service at the University of Wisconsin Hospital and Clinics is necessary for education, quality assurance, research, and compassionate care

A goal of the suite construction is to consolidate pathology operations and move them to the WIMR building to gain efficiencies. The project will also extend the pneumatic tube system from the hospital to WIMR building to allow the rapid transfer of specimens from operating rooms and other areas of the hospital to the pathology area.

Director of UWHC Facilities Planning Andrew Howick explained to the committee that the project will be funded by hospital operational funds and managed by the state. He continued by saying that the value and the actual building will default to campus ownership upon substantial completion.

In response to a question from Regent Loftus, Miller confirmed that the Hospital Authority can undertake the construction of this project by itself, in the same manner that the Children’s Hospital project was constructed, and that the project would not need State Building Commission approval.

Upon the motion of Regent Loftus and the second of Regent Manydeeds the Committee approved Resolution I.3.f.

Resolution I.3.f.

That, upon the recommendation of the UW Hospital and Clinics Authority and the President of the University of Wisconsin System, approval be granted to construct an Autopsy and Pathology suite, which will be located within the Wisconsin Institutes for Medical Research (WIMR) building on the UW-Madison campus, at a total cost of \$11,000,000 Program Revenue - Operating Funds.

I.3.g. UW-Green Bay: Authority to Purchase Three Parcels of Land Totaling 61.78 Acres

This item requested authority to purchase three parcels of land totaling 61.78 acres located along and adjacent to County Road A and Point Comfort Lane in the Town of Scott, Brown County, at an acquisition cost of \$335,000. The funding for this purchase will be provided by UW Foundation and a federal grant from the U.S. Fish and Wildlife agency.

In 2008 and 2010, the owner and the university acquired two independent appraisals for all three properties. The 2008 value of the parcels was \$335,000 and the 2010 value was \$360,000.

The first parcel consists of 57.70 acres of coastal wetland and adjacent woodland habitat along the eastern shore of the Bay of Green Bay in Brown County, Wisconsin. The acquisition of this property will link three existing tracts of land owned and managed by the University of Wisconsin as a nature preserve.

The second parcel consists of 2.51 acres that border County Road A and provide direct access to Wequiock Creek.

The third parcel consists of 1.57 acres that allow direct access to the waters of Green Bay. This parcel will be an important site for accessing and sampling the waters of Green Bay for scientific studies.

This acquisition will provide an intact, coastal wetland complex, part of which is already owned and managed as a natural area. The acquisition will be managed by the university as natural areas that will offer opportunities to study the long-term effects on bird migrations, water quality, and evolving habitat communities.

Miller explained that the campus worked hard to acquire the federal grant funding that supports the purchase of this land. Regent Bartell introduced UW-Green Bay Chancellor Thomas Harden who commented that the acquisition of this property will greatly enhance the academic opportunities for student research at the Green Bay campus.

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

Resolution I.3.g.

That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, authority be granted to purchase three parcels of land totaling 61.78 acres located along and adjacent to County Road A and Point Comfort Lane in the Town of Scott, Brown County, Wisconsin, at an acquisition cost of \$335,000.

I.3.h. UW-Whitewater: Approval of the Design Report for the Multi-Sport Facility – Phase III Project and Authority to Adjust the Budget and Construct the Project

This item requested approval of the Design Report for the Multi-Sport Facility-Phase III project and authority to construct the softball building portion of the project for \$650,000 by substituting \$350,000 Program Revenue Supported Borrowing for gift funds for a total project cost of \$650,000 (\$350,000 Program Revenue Supported Borrowing, \$60,000 Gift Funds, and \$240,000 Program Revenue-Cash).

This project will construct 2,145 GSF of space to support the university's softball program. The new building will be located at the existing van Steenderen Softball Complex within the university's Multi-Sport Facility. The building will contain a pressbox, a team locker and shower room, a coach's office and locker room, and public restrooms. Site work will include a new paved entrance plaza, a paved ramp, new concrete and landscape block retaining walls, and site fencing. The building and surrounding site is designed to connect with and provide access to the upper and lower levels of the existing softball grandstand seating structure. The plaza will provide access to the public restrooms from Coulthart Pavilion during non-softball events. The building will be used primarily during the university's softball season, but will be used year-round for office functions, meetings, recruiting, and other related functions.

In the 2007-09 biennium, the Board of Regents supported seeking enumeration of the Multi-Sport Facility Phase III project at a total cost of \$5,886,000 (\$2,450,000 PRSB and \$3,436,000 Gift Funds). This phase of the project included construction of a track/soccer building and a softball building. Upon completion of an athletic master plan, the campus decided to reduce the scope of the project and eliminated the PRSB portion of the request. Unfortunately, they were unable to raise enough gift funds to construct both buildings. In November 2007, the campus conducted another vote to support construction of the softball building only.

In 2006, university students approved a segregated fee of \$3.32 to support the Multi-sport Phase III Softball project. In March 2007, the gift portion of the Phase III project (with a reduced scope) was enumerated. In November 2007, students approved a \$10.20 segregated fee to support the Baseball Field Turf project. Later, gift funds were raised for the turf project which allowed for the transfer of \$1.90 of that project's segregated fee to the softball project. The total segregated fee for the softball project is \$5.22 which will last for a term of ten years, or until 2017.

Miller began his description of the project by explaining that there is a lot of site development including drainage, the construction of retaining walls, etc. included in this project in addition to the construction of a softball building. He commented that the institution began planning these Sports I, II, and III facility improvements in the late 1990s and that trying to project what needs will required that far in the future is a difficult task. He continued by saying that the Turf project that was envisioned to be program revenue supported but a donor came forward and that project wound up being funded with gift funds. The softball portion of this project was envisioned to be gift funded, but unfortunately there were not enough gift funds available to fund the whole project. In answer to a question from Regent Bartell, Miller explained that the pavilion and turf portions of this facility improvement project were both gift funded.

In response to a segregated fee question from Regent Loftus Miller explained that the segregated fee supporting this project is in the annual operating budget that that was approved

in June. Regent Bartell said that he understood that it is difficult to budget for these projects so far in that future, but he strongly believed that funding projects with gift funds and then switching that funding support to segregated fees should be avoided. He continued by saying that campuses should be very conservative budgeting with gift funds unless there is confidence that they will be raised and that it was unfortunate that only one third or less was actually raised on the project's original expectation of gift funding.

Regent Loftus asked if there were segregated fees connected to the original project? UWSA Senior Architect Maura Donnelly explained to the committee that there were six total projects that were part of this athletic complex that have gone on for over 8 years. She said that with the smaller gift projects it's hard to tell a donor that they have to wait two years until the project would be enumerated. Regent Bartell recognized this situation as a process problem they are still trying to solve.

Regent Loftus asked for information the conversation with the students. Deputy Assistant Chancellor for Student Affairs Steve Summers stated that the campus went back to the students as required to get approvals to reallocate funds from the turf project to the softball portion of the project and the students were fully supportive of the reallocation the fees.

Regent Bartell stated that he thought it was not a good idea to use gift funds as a project funding placeholder. Regent Davis stated that he agreed with the Chair that switching the funding as was done in this project poses a risk to our credibility with the students because funding that was originally scheduled as one type gets switched and it could limit our flexibility in the future.

Upon the motion of Regent Loftus and the second of Regent Davis the Committee approved Resolution I.3.h.

Resolution I.3.h.

That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, the Design Report for the Multi-Sport Facility-Phase III project be approved and authority be granted to construct the softball building portion of the project for \$650,000 by substituting \$350,000 Program Revenue Supported Borrowing for gift funds for a total project cost of \$650,000 (\$350,000 Program Revenue Supported Borrowing, \$60,000 Gift Funds, and \$240,000 Program Revenue-Cash).

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

Associate Vice President Miller reported that the building commission approved \$32M for projects at its December meeting. The funding breakdown for those projects is \$20M General Fund Supported Borrowing and \$12M Program Revenue Funds.

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

No additional items were presented to the Committee.

The meeting was adjourned at 2:30 p.m.