

3/31/2015

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.3. Capital Planning and Budget Committee

Thursday, April 9, 2015
10:45 a.m.-12:15 p.m.
UW-Waukesha
1500 N. University Drive
Room C101
Waukesha, Wisconsin

- a. Approval of the minutes of the February 5, 2015 meeting of the Capital Planning and Budget Committee
- b. UW Colleges Presentation: Facilities Partnerships with Counties and Cities
- c. UW-Milwaukee: Authority to Sell Excess Property of a Condominium Unit located at 161 West Wisconsin Avenue, Milwaukee, Wisconsin
[Resolution I.3.c.]
- d. UW-Stevens Point: Approval of the Design Report for the Chemistry-Biology Science Facility Project and Authority to Increase the Budget and Construct the Project
[Resolution I.3.d.]
- e. UW System: Authority to Construct All Agency Maintenance and Repair Projects
[Resolution I.3.e.]
- f. Regent Policy Document Review and Proposed Removal of Policies
 1. RPD 19-2, Parking and Transportation Planning
[Resolution I.3.f.1.]
 2. RPD 19-3, Auxiliary Enterprise Reserves
[Resolution I.3.f.2.]
 3. RPD 19-6, Distribution of Biennial Minor Project Allocations
[Resolution I.3.f.3.]
 4. RPD 19-11, Auxiliaries Infrastructure
[Resolution I.3.f.4.]
- g. UW-Milwaukee: Authority to Enter into Lease of Space Agreements for the Purpose of Academics and Housing
 1. Authority to Enter into a Lease of Space to Support Student Housing at Cambridge Commons Resident Hall
[Resolution I.3.g.1.]
 2. Authority to Enter into a Lease of Space to Support Student Housing at Riverview Residence Hall
[Resolution I.3.g.2.]

3. Authority to Enter Into Agreements to Support the Peck School of the Arts and Student Housing
[Resolution I.3.g.3.]

- h. Report of the Associate Vice President
 1. State Building Commission Actions
 2. 2015-17 Capital Budget Update
 3. Delegated Gift Funded Projects
 4. Other Updates

Authority to Sell Excess Property of a
Condominium Unit located at 161 West
Wisconsin Avenue, Milwaukee, Wisconsin,
UW-Milwaukee

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to sell excess property identified as the fifth floor condominium unit of the Plankinton Building, which is located at 161 West Wisconsin Avenue, Milwaukee, Wisconsin.

THE UNIVERSITY OF WISCONSIN SYSTEM

REQUEST FOR BOARD OF REGENTS ACTION APRIL 2015

INSTITUTION: UW-Milwaukee

REQUEST: Authority to sell excess property identified as the fifth floor condominium unit of the Plankinton Building, which is located at 161 West Wisconsin Avenue, Milwaukee, Wisconsin.

PROJECT DESCRIPTION: The property encompasses 10,232 gross square feet of commercial office building space, which was originally purchased in 1994 by the State of Wisconsin through the Board of Regents of the University of Wisconsin System (BOR) and the Grand Avenue Corporation (GAC), as part of a purchase agreement for 108,285 gross square feet total, including the entirety of the fifth, sixth, and seventh floors of the building.

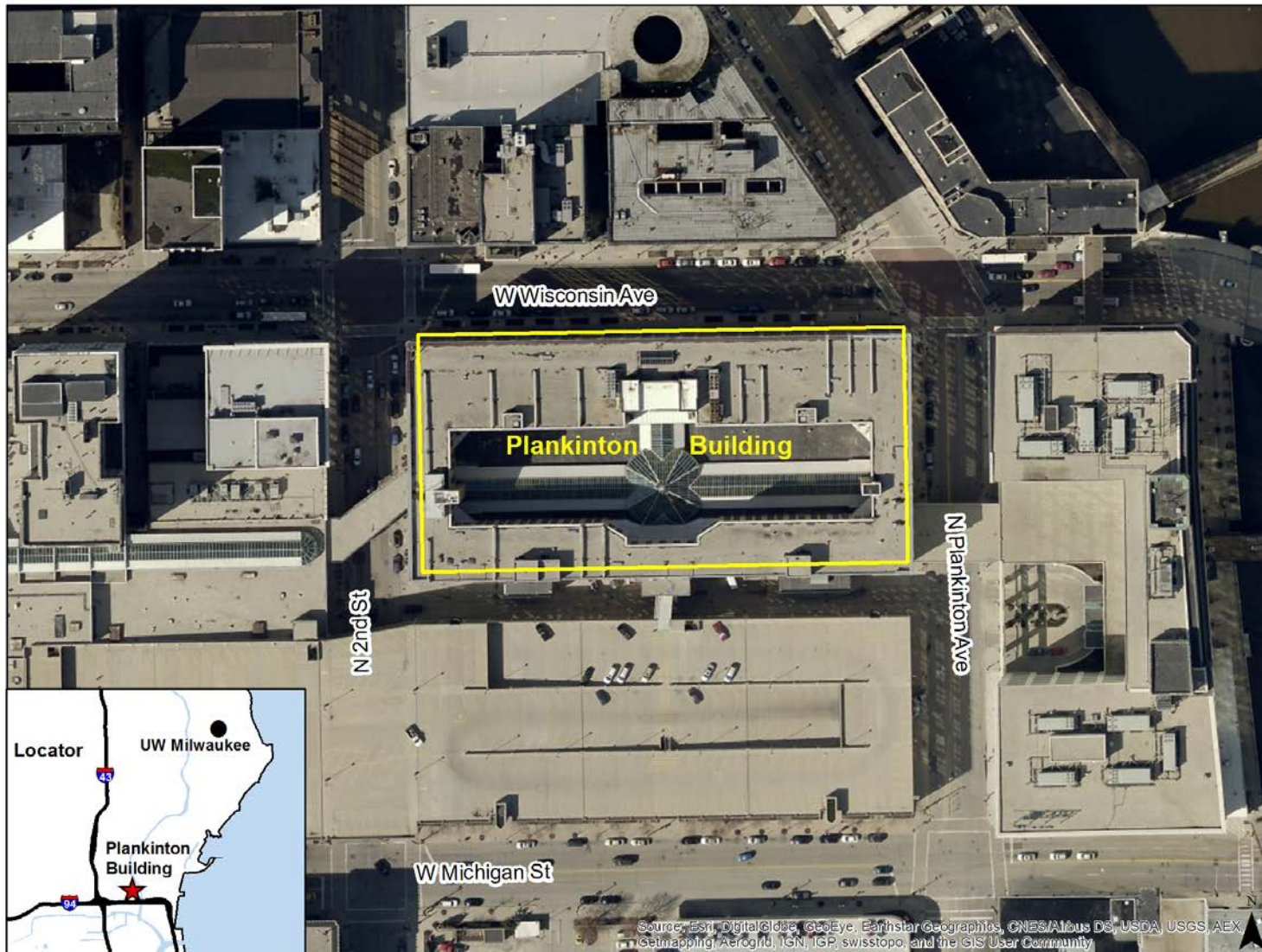
The Plankinton Building is listed as a contributing facility of a historical district (West Town) on the Wisconsin Historical Society (WHS) inventory. However, after investigation by the WHS in July of 2014, it was deemed that the proposed sale of the condominium unit would not affect any historic properties and therefore will not require conveyance with a historic covenant. The purchase was originally made with the intent to serve as the University Center for Continuing Education and utilized split-funded borrowing of \$9,750,000 General Fund Supported Borrowing (GFSB) for the academic component of the facility and \$1,500,000 Program Revenue Supported Borrowing for the food services component.

Following the purchase, UW-Milwaukee proceeded with redevelopment of the sixth and seventh floors to meet programming requirements for the School of Continuing Education (SCE), with the fifth floor remaining undeveloped. Over time, the SCE determined that the fifth floor space was not necessary to meet its programmatic needs.

PROJECT JUSTIFICATION: Approval of this request will permit the university to sell the property at a goal price of \$265,000; based on the results of two appraisals, which were independently conducted in the fall of 2014 (Moegenburg Research: \$280,000/September 26, 2014; and Appraisal Resource Group: \$250,000/October 22, 2014). UW-Milwaukee proposes that proceeds of the sale be utilized by the university to pay off the debt for the facility.

The sale of this property will save the university \$10,000 annually by alleviating the ongoing annual condominium association fees for space that is underutilized at present and not likely necessary for the SCE program in the foreseeable future.

PREVIOUS ACTION: None.



Approval of the Design Report for the
Chemistry-Biology Science Facility
Project and Authority to Increase the
Budget and Construct the Project,
UW-Stevens Point

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the UW-Stevens Point Chancellor and the President of the University of Wisconsin System, the Design Report for the Chemistry-Biology Science Facility project be approved and authority be granted to increase the project budget by \$332,000 (\$82,000 Program Revenue-Cash and \$250,000 Campus Funds) and construct the project for a revised estimated total cost of \$75,332,000 (\$75,000,000 General Fund Supported Borrowing, \$82,000 Program Revenue-Cash and \$250,000 Campus Funds).

THE UNIVERSITY OF WISCONSIN SYSTEM

**REQUEST FOR
BOARD OF REGENTS ACTION
APRIL 2015**

INSTITUTION: UW-Stevens Point

REQUEST: Approval of the Design Report for the Chemistry-Biology Science Facility project and authority to increase the project budget by \$332,000 (\$82,000 Program Revenue-Cash and \$250,000 Campus Funds) and construct the project for a revised estimated total cost of \$75,332,000 (\$75,000,000 General Fund Supported Borrowing, \$82,000 Program Revenue-Cash and \$250,000 Campus Funds).

PROJECT DESCRIPTION: This project will construct a new 97,646 ASF/176,500 GSF Chemistry-Biology Science Facility on a current surface parking lot located on the eastern edge of campus adjacent to the central campus core. The building will house classrooms, teaching labs, teaching lab support spaces, research labs, offices, shared administrative and building support spaces, and a central stock room.

The siting of the building is consistent with the Campus Master Plan, responding to the adjacent campus mall and existing Science Building to the west. The loss of the surface parking lot is being resolved with by adding capacity to other existing campus surface lots. The four-story portion of the building is organized within a flexible laboratory module framework and is east-west oriented to maximize the potential for controlled daylighting. A fifth story contains a mechanical penthouse.

Additional funding requested will support a small food service area on the first floor lobby, a vegetated green roof over a portion of the building, and documentation required to achieve Leadership in Energy and Environmental Design (LEED) certification.

PROJECT JUSTIFICATION: This project was enumerated in the 2013-15 Capital Budget and a pre-design study for the project was completed in 2012. The construction of the facility will address documented space needs deficits in Biology, Chemistry, and campus general assignment classrooms.

In addition to space needs, the existing Science Building is no longer able to support infrastructure-intensive teaching and research laboratories or contemporary classrooms. Following completion of this project, the existing Science Building will be backfilled with less intensive space uses that address campus deficits in other academic programs.

BUDGET AND SCHEDULE:

Construction	\$60,327,300
Design	\$3,717,000
DFD Mgt.	\$2,579,100
Contingency	\$4,500,600
Equip.	\$3,136,000
Other Fees	\$1,072,000
TOTAL	\$75,332,000

SBC Approval	Apr. 2015
A/E Selection	Oct. 2013
Design Report	Jan. 2015
Bid Opening	Sep. 2015
Start Construction	Nov. 2015
Substantial Completion	Jun. 2017
Final Completion	Dec. 2017

PREVIOUS ACTION:

August 23, 2012
Resolution 10101

Recommended that the Chemistry-Biology Building, at an estimated total project cost of \$75,000,000 General Fund Supported Borrowing, be submitted to the Department of Administration and state Building Commission as part of the UW System 2013-15 Capital Budget request. The project was subsequently enumerated at that level and source of funding.

REVISED

Approval Authority to Construct All Agency
Maintenance and Repair Projects,
UW System

CAPITAL PLANNING AND BUDGET COMMITTEE

Revised Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct maintenance and repair projects at an estimated total cost of \$4,314,800 (\$2,866,900 Program Revenue Supported Borrowing and \$1,447,900 Agency Cash).

THE UNIVERSITY OF WISCONSIN SYSTEM

**REQUEST FOR
BOARD OF REGENTS ACTION
APRIL 2015**

INSTITUTION: University of Wisconsin System

PROJECT REQUEST: Authority to construct the maintenance and repair projects listed below at an estimated total cost of \$4,314,800 (\$2,866,900 Program Revenue Supported Borrowing and \$1,447,900 Agency Cash).

FACILITY MAINTENANCE AND REPAIR

INST	PROJ. NO.	PROJECT TITLE	GFSB	PRSB	CASH	GIFT/GRANT	TOTAL
MSN	15C2X	Camp Randall Storm Drain Repl	\$ -	\$ -	\$ 805,000	\$ -	\$ 805,000
MSN	14E10	Chadbourne/Barnard Central Kitchen Roof Repl	\$ -	\$ -	\$ 365,900	\$ -	\$ 365,900
MSN	15C2Y	Fieldhouse Bleacher Safety Upgrades	\$ -	\$ -	\$ 277,000	\$ -	\$ 277,000
FMR SUBTOTALS			\$ -	\$ -	\$ 1,447,900	\$ -	\$ 1,447,900

ENERGY CONSERVATION

INST	PROJ. NO.	PROJECT TITLE	GFSB	PRSB	CASH	GIFT/GRANT	TOTAL
OSH	13E5P	Multi-Bldg Energy Conservation Phase IV	\$ -	\$ 2,866,900	\$ -	\$ -	\$ 2,866,900
URR SUBTOTALS			\$ -	\$ 2,866,900	\$ -	\$ -	\$ 2,866,900

	GFSB	PRSB	CASH	GIFT/GRANT	TOTAL
APRIL 2015 TOTALS	\$ -	\$ 2,866,900	\$ 1,447,900	\$ -	\$ 4,314,800

PROJECT DESCRIPTION:

Facility Maintenance and Repair Requests

MSN – Camp Randall Stadium Storm Drain Replacement (\$805,000): This project replaces ~1,800 LF of storm drain piping and hanger rods under the sixth floor west overhang to address safety concerns relative to the age and weight of the existing materials. Project work includes removal and replacement of two cast iron storm drain pipe risers and laterals and pipe hangers running under the length of the sixth floor west overhang. The replacement piping material will be a lighter weight material and suitable for above ground installation. The new hangers will be ductile iron galvanized ridged couplings for stainless steel application that meets the drainage requirements for the upper deck.

The current storm piping system and hanger rods have reached the end of their useful life and present a safety hazard to the spectators seated on the west side of the stadium, under the upper deck. Design of the piping replacement was completed in 2014 (13E2I).

MSN – Chadbourne Hall/Barnard Hall Central Kitchen Roof Replacement (\$365,900): This project replaces 18,365 SF of roof coverings and completes all other associated ancillary work to maintain the building envelope integrity and prevent damage to the building and its contents. Project work includes replacing the roofing system with a new Ethylene Propylene Diene Monomer (EPDM), 90-mil fully adhered roof system with a 30-year non-prorated warranty for

labor and materials. Crickets and saddles will be used to direct waters to drains, using tapered polyisocyanurate insulation to obtain an R-value of 25. A peel and stick type vapor retarder will be part of the new roof system and will be turned up at all penetrations and walls to the full height of the system. Concrete pads will be used on a limited basis and the final layout will require confirmation of the structure's ability to support. The project also includes a grease pan and filters to collect oil, fat, and grease from the kitchen exhaust.

The roof sections are approximately five years old. A review of roof warranties was conducted for the past year and it was determined that University Housing will be responsible for the replacement of this roof in its entirety. This roof continues to require patching several times a year. A leaking roof on a food production area can lead to a number of sanitary issues and potentially require the facility to be shutdown. This building is a primary dining location and shutting down this facility for any length of time is not an option. It is imperative that this roof is replaced as soon as possible to eliminate the risk of any possible shutdown.

MSN – Fieldhouse Bleacher Safety Upgrades (\$277,000): This project upgrades the main floor bleachers to comply with ICC 300-2012 standards for existing facilities. Project work includes retrofitting the fieldhouse entrance, stairs, bleachers, and guard rails with ~2,300 LF of an infill panel of 4-inch square open wire mesh or equivalent. The current railings have already been tested and confirmed to meet code requirements for strength and flexibility.

This project is required to bring the bleachers in the occupied bleacher area in compliance with current standards. The City of Madison Fire Department has reviewed and approved the specifications.

Energy Conservation Requests

OSH – Multi-Building Energy Conservation Phase IV (\$2,866,900): This project implements three energy conservation opportunities based on a comprehensive investment grade energy audit for 26 buildings. Energy conservation measure one will be installed throughout the Halsey Science Complex. Energy conservation measures two and three upgrade various buildings throughout the campus. These energy conservation measures include (1) converting the constant volume air distribution system for laboratory fume hoods to a variable air volume system, (2) interior building lighting upgrades, and (3) building envelope improvements.

The Halsey Science Complex air handling units AC-6, AC-9, AC-10 will be converted from constant volume to variable air volume (VAV) by installing variable frequency drives (VFDs) on the supply and return fans, adding VAV boxes at the zones, and converting fume hood exhaust to variable volume control. Air handling unit AC-11 will also be converted from constant volume to VAV with the installation of VAV boxes at the zones. Interior building T-12 light fixtures will be replaced with T-8 florescent fixtures and efficient compact fluorescent lamps in various buildings throughout campus. Exterior door seals will be replaced and foam caulk will be applied to the exterior building skin to reduce infiltration in selected buildings throughout campus.

The Department of Administration and the University of Wisconsin System embrace high-performance green building standards and energy conservation for state facilities and operations. 2005 Act 141 requires each agency to develop energy cost reduction plans. Plans must include

all system and equipment upgrades that will pay for themselves in energy cost reductions over their useful life. The energy savings performance contracting program provides a process for UW System to effect energy cost reductions in existing buildings and utility systems.

This project will assist UW–Oshkosh in complying with these energy reduction goals. The implementation of the energy conservation measures identified in this request will result in an anticipated annual energy cost savings of approximately \$350,551 with a simple payback of 11.7 years. This is below the state energy fund simple payback requirement of 16.07 years or a 20-year payback with repayment at a 5.25% bond rate and a 3% inflation rate.

PROJECT JUSTIFICATION:

UW System Administration continues to work with each institution to develop a comprehensive campus physical development plan, including infrastructure maintenance planning. After a thorough review and consideration of All Agency Project proposals and infrastructure planning issues submitted, and the UW All Agency Projects Program funding targets set by DFD, this request represents high priority University of Wisconsin System infrastructure maintenance, repair, renovation, and upgrade needs. This request focuses on existing facilities and utilities, targets the known maintenance needs, and addresses outstanding health and safety issues. Where possible, similar work throughout a single facility or across multiple facilities has been combined into a single request to provide more efficient project management and project execution.

BUDGET AND SCHEDULE:

Program Revenue Supported Borrowing.....	\$ 2,866,900
Agency Cash.....	\$ <u>1,447,900</u>
Total Requested Budget	\$ 4,314,800

PREVIOUS ACTION: None.

Removal of Regent Policy Document
19-2, "Parking and Transportation
Planning," UW System

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the removal of Regent Policy Document 19-2, "Parking and Transportation Planning," from the Regent Policy Documents because it is obsolete.

Removal of Regent Policy Document
19-3, "Auxiliary Enterprise Reserves,"
UW System

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents rescinds Regent Policy Document 19-3, "Auxiliary Enterprise Reserves," from the Regent Policy Documents because it is superseded by Regent Policy Document 21-6, "Program Revenue Calculation Methodology and Fund Balances Policy."

Removal of Regent Policy Document
19-6, "Distribution of Biennial
Minor Project Allocations,"
UW System

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the removal of Regent Policy Document 19-6, "Distribution of Biennial Minor Project Allocations," from the Regent Policy Documents because it is obsolete.

Removal of Regent Policy Document
19-11, "Auxiliaries Infrastructure,"
UW System

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the removal of Regent Policy Document 19-11, "Auxiliaries Infrastructure," from the Regent Policy Documents because it is obsolete.

REGENT POLICY DOCUMENT REVIEW AND PROPOSED REMOVAL OF FOUR POLICIES RELATED TO CAPITAL PLANNING & BUDGET

BACKGROUND

The UW System Board of Regents' policies are codified in Regent Policy Documents (RPDs) that have been adopted over time, some dating back to the creation of the UW System. The Board has adopted these policies under the authority granted in Chapter 36, Wis. Stats. The RPDs address a wide array of subjects, including academic policies and programs, contracts, student activities, and trust and investment policies.

In February 2011, the President of the Board of Regents formally announced the beginning of a process to review and update the RPDs. The review process would result in updating and revising current policies, eliminating obsolete ones, or identifying areas in which new policies are needed. Each policy was to be analyzed in light of its original purpose and whether that purpose still exists, and the likely effects of any revisions.

At its April 2015 meeting, the Capital Planning Committee will consider removal of four Regent Policy Documents that are no longer relevant or applicable.

REQUESTED ACTION

Adoption of Resolutions I.3.f.1., I.3.f.2, I.3.f.3, and I.3.f.4, authorizing the Executive Director of the Board of Regents to remove RPD 19-2, "Parking and Transportation Planning;" RPD 19-3, "Auxiliary Enterprise Reserves;" RPD 19-6, "Distribution of Biennial Minor Project Allocations;" and RPD 19-11, "Auxiliaries Infrastructure;" from the Regent Policy Documents.

DISCUSSION

The Office of Capital Planning and Budget has identified four Regent Policy Documents that are obsolete. Included are RPDs that endorse time-specific reporting requirements or have been replaced by other policies.

The Board of Regents Office has developed a set of guiding principles to direct the analysis of the Regent Policy Documents. These principles include consideration of the extent to which a policy establishes a fundamental principle, serves as an enduring statement, and provides broad and strategic statements that memorialize and communicate the Board's expectations for the UW System and/or UW institutions.

Summarized below are four RPDs, along with brief descriptions of their purpose and history, their status including a reason for removal or rescission, and any ramifications of removal or rescission.

1. RPD 19-2, Parking and Transportation Planning

In July 1980, the Board of Regents adopted Resolution 2222 to comply with statutory mandates related to parking and transportation planning and the development of an employee rideshare program. This resolution, subsequently codified as RPD 19-2, also required each campus to implement a transportation plan by January 1982.

The requirements of RPD 19-2 were time-sensitive, requiring a transportation plan be produced nearly thirty years ago. Currently, transportation and parking planning occurs as part of broader campus planning processes covered in RPD 19-15, "Physical Planning Principles." There are no ramifications for removing RPD 19-2, as it includes time-specific and obsolete planning requirements.

2. RPD 19-3, Auxiliary Enterprise Reserves

In December 1985, the Board of Regents adopted Resolution 3436, subsequently codified as RPD 19-3, as a response to a legislative audit recommendation that Regents carefully define the accumulation of auxiliary reserves. The policy statement was also developed to guard against excess reserves by consolidating the number of reserve categories from seven to three (capital, debt service, and operations). In April 1986, the Board amended the policy to limit institutions' accumulation of auxiliary reserves based on obligations and enrollments.

In June 2014, the Board of Regents adopted resolution 10371, subsequently codified as RPD 21-6, "Program Revenue Calculation Methodology and Fund Balances Policy," which addresses the accumulation of several types of program revenue funds, including auxiliary funds and which supersedes RPD 19-3. As such, RPD 19-3 should be rescinded.

3. RPD 19-6, Distribution of Biennial Minor Projects Allocations

RPD 19-6 describes the process by which Minor Projects Allocations from the State Building Commission will be distributed within the UW System. The original policy, developed in October 1987 with the adoption of Resolution 3915, was modified in October 1989 with the adoption of Resolution 5340.

The state's biennial budget no longer includes Minor Projects Allocations, rendering RPD 19-6 unnecessary and obsolete. As such, there are no ramifications for removing RPD 19-6.

4. RPD 19-11, Auxiliaries Infrastructure

In March 1992, the Board of Regents adopted Resolution 6059, endorsing the UW System's Auxiliaries Infrastructure Task Force Report. This report examines the infrastructure associated with auxiliary functions across the UW System, primarily residential life facilities, food service facilities, and student unions, and includes several recommendations related to the financing, marketing, support, and planning surrounding such auxiliary units.

RPD 19-11 should be removed from the Regent Policy Documents as it merely endorses recommendations in a report. Furthermore, this report is now considered obsolete. There are no ramifications to removing RPD 19-11 as the report's goals have been made redundant by current planning and operational best practices and principles used by institutions and the Office of Capital Planning and Budget.

Adoption of Resolutions I.3.f.1., I.3.f.2, I.3.f.3, and I.3.f.4, is a small step toward making the Regent Policy Documents a more cohesive set of policies that provide broad, strategic and enduring statements of the Board's expectations.

RELEVANT REGENT POLICIES

RPD 19-2, "Parking and Transportation Planning"

RPD 19-3, "Auxiliary Enterprise Reserves"

RPD 19-6, "Distribution of Biennial Minor Project Allocations"

RPD 19-11, "Auxiliaries Infrastructure"

RPD 21-6, "Program Revenue Calculation Methodology and Fund Balances Policy"



Regent Policy Document 19-2 (*formerly Regent Policy Document 80-5*)

Parking Facilities and Transportation Planning

- A. All future parking and transportation-related capital budget projects shall be in compliance with the provisions of §§ 36.11 (8e), 36.11 (8m) and 16.82 (5), created by Chapter 221, Laws of 1979, as follows:
1. Sec. 36.11 (8e) PARKING FEES. The Board shall direct each institution within the System to charge a parking fee for the parking of motor vehicles by students, faculty, academic and classified staff and visitors at campus. The Board shall require the fee to be sufficient to recover the costs of the construction and maintenance necessary for the parking facilities. Nothing in this paragraph shall be deemed to require the recovery of the costs of land for parking facilities. Nothing in this paragraph shall be deemed to require that all users of the parking facilities be charged a parking fee. College campus facilities owned by a county are not required to charge a parking fee.
 2. Sec. 36.11 (8m) TRANSPORTATION PLANNING. The Board shall direct the administrative officers of each campus to work with the regional planning commissions and the local authorities of the community in which the campus is located to evaluate the transportation needs of the campus population. The Board shall require each campus to develop a transportation plan for the campus to effect energy resource conservation and efficient use of transportation resources. The plan shall include pedestrian walkways, bikeways, bike routes, bicycle storage racks, car and van pools and, to the extent feasible, improved mass transit services. The transportation plans shall detail parking management strategies which provide incentives for the use of mass transit and high occupancy vehicles. The transportation plans shall be implemented by January 1, 1982.
 3. Sec. 16.82(5). The Department of Administration shall develop and implement a comprehensive group transportation program for state employees, in cooperation with all agencies, as defined in s. 16.52(7) and shall promote and encourage participation in the group transportation program. The program may include car pooling and van pooling service. In addition, the department shall promote and encourage alternate means of transportation for state, municipal and federal employees and persons in the private sector including but not limited to mass transit and bicycle

commuting. The department may provide contract group transportation of state employees from designated pickup points to work sites and return in the absence of convenient and public scheduled transportation. Any driver of a van that is utilized by the department for a van pool shall have completed a driver safety training course approved by the department. Nonstate employees may be permitted to participate in van pools when necessary in order to provide viable van pool service for state employees. Group transportation shall be provided for a fee which recovers the full cost of administration, maintenance, operation, insurance and depreciation of the group transportation program, plus interest for general purpose revenues utilized for the program, except as provided in s. 16.843(2)(bm) The department shall calculate interest recoverable under this subsection by applying the average earnings rate of the state investment fund for each quarter to the average general purpose revenues utilized under s. 20.903(2)(b) for group transportation purposes in the same quarter. No less often than annually, the department shall assess the interest payable under this subsection as of the most recently completed quarter and shall deposit the amounts collected into the general fund. No person is deemed to be in the course of employment while utilizing group transportation.

(NOTE: Except for the University of Wisconsin-Madison, it may be assumed that the University of Wisconsin System will be primarily responsible for administering sec. 16.82(5) through delegation from the Department of Administration.)


- B. The 1981-83 biennial capital and operating budgets shall include the necessary funding requests to enable each university to implement the transportation plans as approved by the Board for each university in order to comply with the January 1, 1982 deadline established under s. 36.11 (8m).
- C. The Transportation Plan shall include the following fiscal provisions:
 - 1. Management of parking utilities will remain decentralized within the System under individual university administrations.
 - 2. Financing of the parking operations and development of new spaces will continue to be based on fee-supported parking. Fees will be charged for parking privileges sufficient to recover the costs of construction, current and deferred maintenance, and operations.
 - 3. Long-term (beyond ten years) financing for surface parking facilities should be avoided whenever possible.
 - 4. Advance Land Acquisition Funds may be requested to purchase land and, in some cases, to relieve bonded indebtedness at a number of universities, thus enabling them to responsibly replace parking spaces lost to building projects and to provide for the reduction of university-related, on-city street parking in order to conform with municipal zoning ordinances or regulations as required by s. 13.48 (13).
 - 5. Parking development should be phased incrementally to respond to changing conditions and to ensure against over-building.
- D. The Transportation Plan shall include the following Physical Planning provisions:

1. Current parking and transportation programs will be examined, including car and van pooling, bicycling, walking, and transit availability. Where appropriate, economic/energy feasibility studies will be made, including cost/benefit analyses, to evaluate alternative parking and transportation strategies, with special attention to their energy conservation impacts.
2. Community/area geographic and demographic characteristics, including employee and student housing locations, will be considered.
3. Current and projected transportation modes will be examined in relation to faculty and staff activities and to student academic and employment needs.
4. Cooperation with municipal, state, and regional transportation programs and planning efforts will be encouraged.
5. Impact on the physical environment will be considered

History: Res. 2222 adopted 7/11/80.

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Regent Policy Document 19-3 (*formerly Regent Policy Document 85-5*)


Auxiliary Enterprise Reserves

Approves policy recommendations in Section 4.0, Reserve Category Recommendations in Section 5.0, Evaluation of Cash and Investment Accumulations Recommendation in Section 6.0, Documentation of Capital Needs Recommendation in Section 7.0, and the Response to the Auxiliary Reserve Reduction as Required by Wisconsin Statutes in Section 8.0 of the University of Wisconsin System Policy Statement on Auxiliary Enterprise Reserves. The full document may be obtained from the University of Wisconsin System Office of Business and Finance.

History: Res. 3436 adopted 12/6/85. (Includes 1986 amendment.)

OFFICE OF THE BOARD OF REGENTS

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Regent Policy Document 19-6 (*formerly Regent Policy Document 87-14*)

Distribution of Biennial Minor Projects Allocations

The policy for the distribution of biennial minor projects allocations from the State Building Commission consists of the following elements:

General Guidelines:

1. Each chancellor will be allocated a portion of the minor project fund. Each university will be fully responsible for developing projects that can be funded within its allocations, including any bid overruns.
2. System Administration will retain a contingency fund to be used with discretion for emergency projects, amplifying the available equipment funds for college projects, or other special problems that will arise. This contingency is not intended to bailout college projects that come in over budget. Prior to the end of the biennium any unused contingency funds will be distributed to the Chancellors.
3. Individual project implementation will follow the current procedure involving a program/request document for approval by System Administration and the Division of State Facilities Management.
4. Each university is encouraged to consider its planning list for the capital budget and implement those minor projects it had planned to accommodate. It is recognized, however, that it may be desirable to reconsider priorities within that list and also that needs may have arisen that would require some substitutions to the list. The objective is to achieve some planning flexibility for the campus within a known budget framework.
5. System Administration will keep a record of the allocation to each campus and debit project budgets against those commitments. Post-bid budgets will be used to determine the presumed cost of the project.
6. All funds that have not been authorized for expenditure by the Board of Regents prior to March 1 of the odd-numbered year will revert to the System Administration-held contingency fund for redistribution on a system wide basis.

Formula for the Distribution of Funds:

1. System Contingency: A System-held contingency of 10% of the System fund for minor projects will be


established to meet unanticipated problems.

2. Flat Distribution: A similar lump sum amount will be allocated to each chancellor. This flat distribution recognizes that minor project funds are needed universally and that they are the principal means by which a campus can keep its space relevant to contemporary teaching and research needs.
3. Percent of System General Purpose Revenue funded Gross Square Feet: The remaining monies will be distributed on the basis of each campus' percent of the total University System space funded by General Purpose Revenue. This allocation recognizes that a campus with more space has an inherently greater need to revise that space. The source of this information is the latest space inventory data submitted to System Administration and confirmed.

History: Res. 3915 adopted 10/9/87; amended by 89-6.

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Regent Policy Document 19-11 (*formerly Regent Policy Document 92-1*)


Auxiliaries Infrastructure

The Board endorses the recommendations in the Auxiliaries Infrastructure Task Force Report. The full document may be obtained from the University of Wisconsin System Office of Physical Planning and Development.

History: Res. 6059 adopted 3/6/92.

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Authority to Enter into a Lease of
Space to Support Student Housing at
Cambridge Commons Resident Hall,
UW-Milwaukee

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, approval be granted to enter into a new lease of approximately 241,535 gross square feet of space at the Cambridge Commons Residence Hall on behalf of UW-Milwaukee.

THE UNIVERSITY OF WISCONSIN SYSTEM

**REQUEST FOR
BOARD OF REGENTS ACTION
APRIL 2015**

INSTITUTION: The University of Wisconsin–Milwaukee

REQUEST: Approval for the Department of Administration to enter into a new lease of approximately 241,535 gross square feet at the Cambridge Commons Residence Hall on behalf of UW-Milwaukee, as detailed below.

State Functions at Leased Location	Student Housing
Lease Location	2323 N. Cambridge Avenue, Milwaukee, WI 53211
Type of Negotiation or Selection Process	Sole Source
Lessor	UWM Real Estate Foundation, Inc.
Anticipated Occupancy Date	Immediate
Lease Term	30 years
Renewal Option(s)	Yes – to be negotiated with DOA
Space Type	Student Housing
Escalation Rate	None
Square Feet	Approximately 241,535 GSF
Breakdown of Gross Cost FY 2016	Base Rent: \$3,120,000/\$12.92 GSF + tax reimbursement Estimated Operating Costs: \$1,917,200/\$7.94 GSF
Gross Cost FY 2016	\$5,037,200/\$20.85 GSF + tax reimbursement
Funding Source	UW-Milwaukee Program Revenue

DESCRIPTION: The facility was originally developed in 2009 by the UWM Real Estate Foundation on land owned by the UWM Real Estate Foundation and at UW-Milwaukee’s request to provide needed campus supported housing for undergraduate students. UW-Milwaukee students currently occupy the facility and UW-Milwaukee manages it pursuant to a Management Agreement with the UWM Real Estate Foundation dated August 17, 2009. The requested lease would replace the existing Management Agreement and, as detailed below, provide financial and other benefits to UW-Milwaukee.

While this request is specific to the Cambridge Commons Residence Hall, simultaneous with this request, UW-Milwaukee is also submitting requests to lease the Riverview Residence Hall and the Kenilworth Square facility from the UWM Real Estate Foundation. It will likely be financially

advantageous to combine the leases into one master lease for two or more of these facilities. As such, UW-Milwaukee requests flexibility to combine any or all of these leases to the extent that they are each individually approved.

JUSTIFICATION: Leasing the Cambridge Commons Hall in lieu of the existing Management Arrangement with the UWM Real Estate Foundation is anticipated to provide a number of benefits to UW-Milwaukee. The base rent will be fixed for five years with set increases thereafter. This will provide UW-Milwaukee with more predictability in its housing costs. Further, as UW-Milwaukee will contract directly with students for housing in the Cambridge Commons Residence Hall, all revenues collected by UW-Milwaukee in excess of its base rent obligations to the UWM Real Estate Foundation will remain with UW-Milwaukee.

Additionally, the existence of a long-term lease for the Cambridge Commons Residence Hall will allow the UWM Real Estate Foundation to reduce the cost of its existing debt service over the life of the lease, which results in a lower rental rate than currently experienced by UW-Milwaukee. Specifically, the UWM Real Estate Foundation intends to reissue its existing bonds on the facility and retire existing sub-debt, thereby taking advantage of current low interest rates and eliminating interest rate uncertainty. As the UWM Real Estate Foundation does not make a profit on its investment in this facility, but rather operates it for the benefit of UW-Milwaukee, any savings in debt service realized by the UWM Real Estate Foundation directly benefits UW-Milwaukee in the form of a lower base rent.

PREVIOUS ACTION: None.

Authority to Enter into a Lease of
Space to Support Student Housing at
Riverview Residence Hall,
UW-Milwaukee

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, approval be granted for the Department of Administration to enter into a new lease of approximately 146,789 gross square feet at the Riverview Residence Hall on behalf of UW-Milwaukee, as detailed below.

THE UNIVERSITY OF WISCONSIN SYSTEM

**REQUEST FOR
BOARD OF REGENTS ACTION
APRIL 2015**

INSTITUTION: The University of Wisconsin–Milwaukee

REQUEST: Approval for the Department of Administration to enter into a new lease of approximately 146,789 gross square feet at the Riverview Residence Hall on behalf of UW-Milwaukee, as detailed below.

State Functions at Leased Location	Student Housing
Lease Location	2340 N Commerce Street, Milwaukee, WI 53212
Type of Negotiation or Selection Process	Sole Source
Lessor	UWM Real Estate Foundation, Inc.
Anticipated Occupancy Date	Immediate
Lease Term	30 years
Renewal Option(s)	Yes – to be negotiated with DOA
Space Type	Student Housing
Escalation	None
Square Feet	Approximately 146,789 GSF
Breakdown of Gross Cost FY 2016	Base Rent: \$1,820,000/\$12.40 GSF + tax reimbursement Estimated Operating Costs: \$1,229,000/\$8.37 GSF
Gross Cost FY 2016	\$3,049,000/\$20.77 GSF + tax reimbursement
Funding Source	UW-Milwaukee Program Revenue

DESCRIPTION: The facility was originally developed in 2006 by the UWM Real Estate Foundation, on land owned by the UWM Real Estate Foundation, at UW-Milwaukee’s request, to provide needed campus supported housing for undergraduate students. UW-Milwaukee students currently occupy the facility and UW-Milwaukee manages it pursuant to a Management Agreement with the UWM Real Estate Foundation dated March 1, 2006. The requested lease would replace the existing Management Agreement and, as detailed below, provide financial and other benefits to UW-Milwaukee.

While this request is specific to the Riverview Residence Hall, simultaneous with this request, UW-Milwaukee is also submitting requests to lease the Cambridge Commons Residence Hall and the Kenilworth Square facility from the UWM Real Estate Foundation. It will likely be financially advantageous to combine the leases into one master lease for two or more of these

facilities. As such, UW-Milwaukee requests flexibility to combine any or all of these leases to the extent that they are each individually approved.

JUSTIFICATION: Leasing the Riverview Residence Hall in lieu of the existing Management Arrangement with the UWM Real Estate Foundation is anticipated to provide a number of benefits to UW-Milwaukee. The base rent will be fixed for five years with set increases thereafter. This will provide UW-Milwaukee with more predictability in its housing costs. Further, as UW-Milwaukee will contract directly with students for housing in the Riverview Residence Hall, all revenues collected by UW-Milwaukee in excess of its base rent obligations to the UWM Real Estate Foundation will remain with UW-Milwaukee.

Additionally, the existence of a long-term lease for the Riverview Residence Hall will allow the UWM Real Estate Foundation to reduce the cost of its existing debt service over the life of the lease, which in turn benefits UW-Milwaukee students. Specifically, the UWM Real Estate Foundation intends to reissue its existing bonds on the facility thereby taking advantage of current low interest rates and eliminating interest rate uncertainty. As the UWM Real Estate Foundation does not make a profit on its investment in this facility, but rather operates it for the benefit of UW-Milwaukee, any savings in debt service realized by the UWM Real Estate Foundation directly benefits UW-Milwaukee in the form of lower base rent.

PREVIOUS ACTION: None.

Authority to Enter Into Agreements to
Support the Peck School of the Arts and
Student Housing, UW-Milwaukee

CAPITAL PLANNING AND BUDGET COMMITTEE

Resolution:

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, approval be granted for the Board of Regents to enter into a new ground lease and the Department of Administration to enter into a new operating lease for approximately 456,000 gross square feet at the Kenilworth Square facility on behalf of UW-Milwaukee, and assign the right to purchase in the existing operating lease to the UWM Real Estate Foundation.

THE UNIVERSITY OF WISCONSIN SYSTEM

**REQUEST FOR
BOARD OF REGENTS ACTION
APRIL 2015**

INSTITUTION: The University of Wisconsin-Milwaukee

REQUEST: Approval for the Board of Regents to enter into a new ground lease and the Department of Administration to enter into a new operating lease for approximately 456,000 gross square feet at the Kenilworth Square facility on behalf of UW-Milwaukee, and assign the right to purchase in the existing operating lease to the UWM Real Estate Foundation.

DESCRIPTION: In connection with the Kenilworth Square Redevelopment project approved by the Board of Regents and the Building Commission in 2004, the Board of Regents, on behalf of UWM, leased land owned by the Board to the Redevelopment Authority of the City of Milwaukee (RACM) under a ground lease. The ground lease allowed the Kenilworth Square facility to be leased to RACM for 66 years in exchange for, among other things, RACM issuing bonds and redeveloping the facility to UWM's specifications. RACM in turn, leased the redeveloped property back to UWM through an operating lease with the Department of Administration (DOA) on behalf of UW-Milwaukee. The space was intended to provide for junior, senior, and graduate student housing, as well as for studio and performance space for UW-Milwaukee's Peck School of the Arts and retail space. The duration of the operating lease was 26 years beginning in fiscal year 2007 and it currently requires UW-Milwaukee to make a rent payment of \$3,115,456 for fiscal year 2016. Rent payments increase by 4% each year.

When entering into these agreements, the parties intended that in the future the State of Wisconsin would issue bonds to purchase back RACM's interest in the property for no less than the outstanding debt. In fact, the bonding in support of this project was enumerated in 2013 Wisconsin Act 20. As such, the operating agreement allows UW-Milwaukee to purchase back RACM's interest in the property by paying off the existing RACM bonds.

UW-Milwaukee wishes to exercise this purchase option to significantly lower its leasing costs and to recapture its equity in the project so that value does not continue to accrue to RACM. However, in lieu of issuing state bonds to pay off the existing RACM bonds, the UWM Real Estate Foundation has agreed to replace RACM in the transaction and borrow the money necessary to retire the RACM bonds by means of a new bond issuance. The significant financial benefits that would accrue to UW-Milwaukee are detailed below.

DOA, on behalf of UW-Milwaukee, would enter into a new ground lease with the UWM Real Estate Foundation for its remaining term. Additionally, DOA, on behalf of UWM, would enter

into a new operating lease with the UWM Real Estate Foundation to lease back use of the property for UWM, the general terms of which follow:

State Functions at Leased Location	Peck School of the Arts and Student Housing
Lease Location	1915-25 East Kenilworth Avenue, Milwaukee, WI
Type of Negotiation or Selection Process	Sole Source
Lessor	UWM Real Estate Foundation, Inc.
Anticipated Occupancy Date	Immediate
Lease Term	25 years
Renewal Option(s)	Yes – to be negotiated through DOA
Escalation Rate	2% annually to match debt repayments
Space Type	Academic, Student Housing, Retail
Square Feet	Approximately 456,000 GSF
Breakdown of Gross Cost FY 2017	Base Rent: \$3,100,000/\$6.80 GSF + tax reimbursement Estimated Operating Costs ¹ : \$1,750,000/\$3.84 GSF
Gross Cost FY 2017	\$4,850,000/\$10.64 GSF + tax reimbursement
Funding Source	UW-Milwaukee Program Revenue

While this request is specific to the Kenilworth Square facility, simultaneous with this request, UW-Milwaukee is also submitting requests to lease the Riverview Residence Hall and the Cambridge Commons Residence Hall from the UWM Real Estate Foundation. It will likely be financially advantageous to combine the leases for two or more of these facilities. As such, UW-Milwaukee requests flexibility to combine any or all of these leases to the extent that they are each individually approved.

JUSTIFICATION: Replacing RACM with the UWM Real Estate Foundation and executing new ground and operating leases with the UWM Real Estate Foundation, in lieu of the existing agreements, will result in reduced annual rent payments by UW-Milwaukee. Under the existing operating lease with RACM, UW-Milwaukee will pay \$3,240,074² in rent for FY 2017. Under the proposed operating lease with the UWM Real Estate Foundation, it is anticipated that UWM will pay \$3,100,000 in rent for FY 2017 for the same property, subject to the anticipated costs of debt service at the time of bond issuance.

Unlike the existing bonds, the UWM Real Estate Foundation anticipates that the new bonds will not require mandatory redemptions from surplus rent payments. As such, any rent paid by UW-Milwaukee to the UWM Real Estate Foundation under the operating lease that is not used for debt service will be available for capital replacement and other strategic investments. Currently, surplus rent payments are applied to the outstanding principal of the bonds and the benefit of these payments inures to RACM.

¹ Operating costs for Housing and PSOA only. Retail pays its own costs

² The rent payment is smaller for the first year of the lease (FY 2016).

PREVIOUS ACTION:

December 07, 2012
Resolution 10161

Granted authority to modify the 2013-15 Capital Budget recommendation, which was previously submitted to the Department of Administration in September 2012, with the following additional request for enumeration:
UW-Milwaukee: 1915 East Kenilworth Place Lease Buyout at \$65,300,000 Program Revenue Supported Borrowing