

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM
Capital Planning and Budget Committee Minutes
Thursday, June 4, 2020

The June 4, 2020 meeting of the Capital Planning and Budget Committee was held via WebEx Videoconferencing and was called to order at 9:00 a.m. by Committee Chair Regent Jones.

A. Calling of the Roll

Present: Regents Scott Beightol, Mike Jones, Tracey Klein, Carolyn Stanford Taylor, and Olivia Woodmansee.

Unable to attend: None.

B. Declaration of Conflicts

Before considering any items on the agenda, Committee Chairman Jones asked if any Board members wished to declare any conflicts of interest as per Regent Policy Document 2-4, "Ethics and Conflict of Interest Policy for the UW System Board of Regents." No conflicts of interests were declared.

C. Approval of the Minutes of the February 6, 2020 Meeting of the Capital Planning and Budget Committee

After receipt of a motion and second, the minutes of the February 6, 2020, meeting of the Capital Planning and Budget Committee were approved as presented.

D. UW-Madison: Authority to Complete the Design and Construct the UW-Managed Chemistry 2nd Floor Wang Lab Remodel Project

This item completes the design and constructs the UW-Managed Chemistry 2nd Floor Wang Lab Remodel project to reconfigure a former electronics lab into research lab space suitable for chemical biology including a warm-room. The project includes new finishes in the lab, office/workroom, and graduate workstation area, along with required updates to mechanical, electrical, plumbing, sprinkler, IT, fire alarm, and lighting systems. Existing moveable equipment located in a Mathews Building temporary lab space will be relocated to the new research laboratory.

Senior Associate Vice President for Capital Planning and Budget Alex Roe briefly described this request by saying that the project will remodel space in the Mathews wing of the Chemistry Building to support Prof Tina Wang, a biological chemist who joined the department last July. The project will renovate space to accommodate her

research, and the goal of the project is to start construction later in the year so Professor Wang can move into the new space in late Spring 2021.

Resolution D. was moved by Regent Woodmansee, seconded by Regent Beightol, and adopted unanimously on a voice vote.

E. UW System: Semi-Annual Status Report on Leasing

Ellen Rosner, Real Estate Leasing Specialist updated the committee on the status of leasing activity from December 1, 2019, through May 31, 2020. Ms. Rosner reported that two leases for new space were executed for UW-Madison during the last six months, and four leases were amended to add space, three of which were expanded using grant funds.

F. UW System: Semi-Annual Status Report on UW Solely Managed Capital Projects

UW-Managed Assistant Director Patrick Rebholz reported on gift and grant funded projects that were underway at UW institutions and solely managed by the University of Wisconsin System from December 1, 2019, through June 1, 2020. He stated that the value of all the projects has increased by about \$4.5 million since the last report in December. He added that there are 26 active projects, and some of those with a budget less than \$1 million are studies to better understand their cost and schedule; \$43.7 million of the active projects include both design and construction; and one project, valued at \$1.9 million, is on hold.

Mr. Rebholz noted that since the program's inception in July 2015, seventy-two projects have been completed, and the total value of the projects involved in the program is approximately \$130 million. There are 22 active projects in design, bidding, or construction at this time and 22 projects that are completed and working on close-out activities.

Mr. Rebholz concluded his report by providing some program statistics and spoke about the "Architect/Engineer (A/E) On-Call" process of soliciting new firms within the program that began last winter.

Regent Jones asked if the architecture and engineering projects were well received by the campuses and Mr Reboltz replied that they were and that 30 of 33 potential projects have used the on-call firm selection method.

Regent Beightol asked if preference is given to Wisconsin-based architectural firms and diverse contractors. Mr Reboltz replied that all the firms used are Wisconsin-based and that the program strives for diversity. Regent Stanford Taylor asked about minority

business participation and said she would like to see information about that aspect at some point.

Regent Beightol asked why the UW-Madison Primate Center Generator project was on hold and Mr. Reboltz answered that it was put on hold when bids came in high in 2019 and the university decided it could not afford the additional cost. He said the generator project is related to another project being managed by DOA and that the design and scope of both projects are being re-evaluated to find a solution. Ms. Roe added that UW System has had conversations with DOA to jumpstart the project it manages and continue coordination between the two projects. In response to a question from Regent Beightol, UW-Madison Vice Chancellor Heller assured the committee that no research dollars would be lost because of the project's delay.

G. UW System: Status Report on Facility Use During Covid-19 Pandemic

Real Estate Leasing Specialist Ellen Rosner reported on the use of Board of Regents facilities as part of the state's response to the COVID-19 pandemic resulting from Executive Order #72. She stated that the uses ranged from isolating those infected with the virus who were unable to quarantine at home, to health care workers or emergency responders who were exposed to the virus and did not want to expose other household members.

Ms. Rosner stated that UW System has continued to negotiate agreements with various operators to use Board of Regent facilities since the report's May 1 end date, however, the number of requests to use those facilities has declined. The Brown County Health Department announced that as of June 5 they will vacate the three residence halls they were using on the UW-Green Bay campus as an emergency command center and an isolation and support facility, since the center is no longer needed.

Ms. Rosner reported that the UW-Madison DeJope Residence Hall, which was prepared as a location for UW Hospital staff to self-isolate between shifts, was used by approximately 8 to 10 staff each night and has since been vacated and returned to the university. Lowell Hall was also made available and has also been vacated and returned to the university. She added that UW-Eau Claire Brewer Hall is still being used as a hotline call center by the health department, and the Marshfield Clinic is still housing seven medical staff in Chancellor's Hall. She explained that at UW-Platteville, only one staff person used the Cooper Living Learning Center for quarantine and that individual eventually tested negative. She concluded her report by saying an agreement between Pierce and St. Croix Counties and UW-River Falls was not executed due to the lack of need.

Regent Olivia Woodmansee asked if there is an end date when the facilities need to be vacated so they can be cleaned and readied for student use in the fall. Ms. Rosner

explained that the facilities need to be returned by August 15th and that the agreements require the users to clean the facilities according to CDC guidelines.

Regent Beightol asked what plans are in place about reserving some capacity on the campuses in case there is a resurgence of the virus. Ms. Rosner explained that some institutions are reserving about 10% percent of their rooms for students and DOA is issuing RFIs for hotel rooms or apartment space for use as possible isolation or quarantine facilities.

H. UW System: 2021-27 Capital Plan: Capital Project Requests Summary and Process Improvement Proposal

Ms. Roe's summary provided an update about development of the 2021-23 Capital Budget and 2021-27 Capital Plan. In fall of 2019, UW institutions submitted their capital plan requests to the Office of Capital Planning and Budget where staff evaluated each proposal according to the approved Board of Regents criteria and issued evaluation comments back to the institutions. She explained that the universities' project requests predate the COVID-19 pandemic before the institutions moved to online learning and are based on the institutions' master plans, strategic initiatives, and student support needs. Ms. Roe explained that the final 2021-27 Capital Plan and 2021-23 Capital Budget proposals would be presented to the Board at its August meeting.

Ms. Roe defined the three categories of projects: major, minor, and instructional space. She said the universities submitted 185 capital project requests and provided a brief overview of those proposals regarding their value, project type, the limited amount of new space, and space to be demolished, renovated, or replaced for each of the three biennia. She also informed the committee about the estimated impact the requested projects would have on the universities' operational budgets and segregated fee rates and described the various types of funding sources available.

In response to a question from Regent Beightol about the effect of the pandemic and declining state revenues on the capital proposals, Ms. Roe responded that the Governor has declared construction an essential business; the construction industry is recognized as an economic driver; and that System has been encouraged to move its program forward.

Next, Ms. Roe spoke about Process Improvement Proposals by describing the improvements that were developed to enhance the scoping, budgeting, and development of capital projects. She added that this effort results from the desire of President Cross to address the recent scope and budget challenges of some of UW System's capital projects. She explained that the new strategy includes efforts to improve defining the project scope; capturing non-facility project costs; identifying enabling issues and actions; and establishing project parameters and goals.

Ms. Roe showed a Projects Process Flow Chart that was developed during the last five months with President Cross, and recently with DOA. She explained areas of change that include completing a full feasibility study and starting design before requesting enumeration; refreshing the feasibility study to address any new developments; delaying Board and Building Commission approvals; and collaborating with others to pursue legislative changes.

Regent Klein commented that the improvements are a great step in the right direction and she and Regent Beightol thanked Ms. Roe for putting this new process in place. Regent Beightol asked if there is any indication from DOA that the University should have the authority to bond so it would be able to create even more improvements and efficiencies. Ms. Roe replied that DOA wants to work collaboratively to improve the processes of both agencies and considers the University's projects to be well defined and funded appropriately, however, she knows of no indications of its support for the University to have program revenue bonding authority.

- I. Report of the Senior Associate Vice President
 1. Update on Program Revenue Projects Financing Status

In response to a request received at the April Regents Meeting, Ms. Roe presented a table showing projects that rely on either program revenue borrowing or cash funds from segregated fees, housing, parking, or dining. She stated that there are two groups of projects ; the first includes those financed with only program revenue, either borrowing or cash, that benefit housing, dining, student unions, recreation centers, fields, parking lots and ramps; the second includes those that upgrade central utilities, and landscape or other outdoor improvements.

She explained that she has been working with Senior Associate Vice President for Finance Julie Gordon to produce a financial evaluation of each project included in the table, and added that Ms. Gordon developed a list of questions that are posed to each institution regarding financial balances, cash flow, and debt service to determine if the institutions have sufficient resources to move forward.

Ms. Roe briefly reviewed the projects shown in the table that are supported with program revenue funding by saying that thirteen of those projects are being delayed; five projects are being cancelled; nine are on hold; twelve are moving forward through design and will then undergo financial review before proceeding into construction; nine will proceed with design and then pause; sixty-seven are expected to move forward; and sixteen are in the financial review process. She concluded her report by saying that once the 2021-23 Capital Budget request is finalized, those proposals will be reviewed by Ms. Gordons team to ensure financial resources are available to fund the projects.

2. State Building Commission Actions

The State Building Commission met on May 30 and approved all the projects previously approved by the Board, which included: at UW-Madison, the purchase of two parcels within the campus boundary and construction of the Gymnasium/Natatorium Replacement project with approval to demolish the existing building; at UW-Eau Claire, the Towers Hall Renovation project budget increase; at UW-Whitewater, the Fuel Reliability Upgrade project; at UW-River Falls, the release of Building Trust Funds(BTF) for planning the Science and Technology Innovation Center for \$2M BTF; as well as eight other All Agency projects.

Ms. Roe reported that Commission members asked many questions about the University's our program revenue supported projects and they were assured that they are important projects that should be moved forward. She added that there will be a Building Commission meeting held during either the last week of July or the first weeks of August, and that a few additional projects might be brought to the Board for approval at a special meeting to be held either at the end of June or early in July.

3. Other Updates

There were no other updates.

The Capital Planning and Budget Committee meeting adjourned at 9:55 a.m.