

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM  
**Capital Planning and Budget Committee Minutes**  
**Thursday, December 08, 2022**

The December 8, 2022, meeting of the Capital Planning and Budget Committee, which was held in Gordon Dining & Event Center on the UW-Madison campus and via Zoom Videoconferencing, was called to order at 10:46 a.m. by Committee Chair Regent Ashok Rai.

A. Calling of the Roll

Present: Regents Ashok Rai, Dana Wachs, Angela Adams, Rodney Pasch, and Cris Peterson

Present via Zoom: Regent Jill Underly

Unable to Attend: Regents Brianna Tucker and Scott Beightol

B. Declaration of Conflicts

Before considering any items on the agenda, Committee Chair Regent Rai 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 interest were declared.

C. Approval of the Minutes of the September 29, 2022, Meeting of the Capital Planning and Budget Committee

After receipt of a motion and second, the minutes of the September 29, 2022, meeting of the Capital Planning and Budget Committee were approved as presented.

D. Proposed Consent Agenda

1. UW-Madison: Authority to Complete the Design and Construct the UW Managed Law School 4<sup>th</sup> Floor Renovation
2. UW-Madison: Authority to Complete the Design and Demolish UW Managed Materials Science Engineering Building's 1974 and 1967 Additions
3. UW-Madison: Authority to Complete the Design and Construct the UW Managed WisPIC Parking Lot Reconstruction
4. UW System: Authority to Construct All Agency Maintenance and Repair Projects
5. UW System: Authority to Construct Minor Facilities Renewal Projects

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

E. UW-Madison: Authority to Purchase 5.92 Acres of Land and Building

Senior Associate Vice President Roe explained there is an opportunity to acquire land and its associated building from the UW Credit Union along University Avenue. This acquisition would give the university the ability to provide swing space for the decanting of several buildings on

the main campus such as the Humanities building and the former Extension building on Lake Street. The site provides parking for 321 vehicles and the building has about 76,000 gross square feet. The bank uses the building for trading, as its main data center, officing for senior executives and the board conference room.

UWCU is in the process of constructing a new facility that will open in summer 2024. They will leave all the existing furniture in place, facilitating a smooth move in for university occupants. Two appraisals were undertaken and resulted in values of \$14,400,000 and \$15,350,000. The university proposes to use federal indirect funds to cover the purchase and closing costs for the site.

Associate Vice Chancellor of Facilities Planning and Management, Cindy Torstveit added that the purchase could potentially move the schedule for the decommissioning of the Humanities building up by 2 years.

Resolution E. was moved by Regent Wachs, seconded by Regent Peterson, and adopted unanimously on a voice vote.

F. UW-Madison: Authority to Complete the Design and Construct the UW Managed Grainger Hall 2<sup>nd</sup> and 5<sup>th</sup> Floor Renovation

SAVP Roe indicated that the Wisconsin School of Business has highly ranked undergraduate and graduate programs. Their current building opened in 1991. The school recently completed a Facilities Master Plan to address growth and make recommendations regarding upgrades and modernization of their current space. Areas targeted for renovation or modernization include classrooms, the Learning Commons, the Business Emerging Leaders offices, and admissions. These upgrades will help address increased enrollment in undergraduate, graduate and Master of Business Administration programs. This project addresses needs on the 2<sup>nd</sup> and 5<sup>th</sup> floors of Grainger Hall.

Resolution F. was moved by Regent Pasch, seconded by Regent Wachs, and adopted unanimously on a voice vote.

G. UW-Madison: Authority to Increase the Budget of the UW Managed Computer, Data and Information Science Building

In December 2021, this board approved a total project budget for the new Computer, Data and Information Sciences Building project at \$230 M. SAVP Roe stated that UW Madison's Computer Science department is a highly ranked and respected department. The Board's previous actions approved the acquisition and relocation of a building from the DPI to house publishing and printing services as well as the demolition of the two facilities building located on the new building site.

The project went out for bidding in November. Unfortunately, the bids exceeded the approved budget. Our projects continue to experience material cost increases, supply chain disruptions such as electrical transformers went from a 16-week lead time to 56 weeks, and a tight labor market.

There are roughly 10 general contractors who are pre-qualified to bid on a project of this size. Of those 10, 5 routinely do not bid so the contractor pool was minimal to start.

These factors make it increasingly difficult to estimate projects. Despite everyone's best efforts to estimate the project, we are about 15% over bid. After carefully considering the pros and cons of rebidding, accepting the bids, or waiting to rebid later in the spring, the University chose to proceed with the current bid.

Associate Vice Chancellor Torstveit provided additional information on the decision to proceed. If the university declined the bid, re-evaluated and re-designed and then re-bid, it would take another 6-8 months and would not yield much in results. The university plans to accept the bid and then work with their team to work on value engineering. The project is fully funded by gift and grant so they will work with the Foundation to do additional fundraising.

Regent Pasch inquired about cybersecurity and the infrastructure related to wireless when designing a new building. AVC Torstveit first explained that the data center for the entire university will not be located in CDIS. Secondly, she assured the committee that her team works closely with the Division of Information Technology and the Office of Cybersecurity to follow security protocols.

Regent Rai asked if FF&E (furniture, fixtures & equipment) was included in the bid. SAVP Roe stated it is included. Regent Rai expressed interest in how much value engineering can be placed on FF&E vs. construction. AVC Torstveit stated that they don't want to limit the infrastructure or cut out important components to the building like what happened to the Humanities building. SAVP Roe also indicated that there is huge competition in the computer science field and several large universities are building brand new computer science buildings. It is important that UW-Madison has the right kind of facilities to attract and maintain the high-quality, high ranked programs they offer.

Regent Pasch inquired about space utilization and enrollments. SAVP Roe replied that future growth was taken into consideration. AVC Torstveit added that they work closely with the Registrar's office and Schools, Colleges & Divisions along with their own Space Management office to ensure that the space is utilized. She stated they track usage and make adjustments in order to better utilize spaces.

Resolution G. was moved by Regent Peterson, seconded by Regent Adams, and adopted unanimously on a voice vote.

#### H. UW-Stevens Point: Authority to Construct the Albertson Hall Replacement Building

Albertson Hall opened in 1970. A 1985 addition rounded out the 6-story facility, originally designed to house print, television, and other multimedia learning resources in one building. Given its age, the infrastructure is in dire need of repair or replacement. The HVAC system is non-functional as its fiberboard ductwork has failed in numerous places and the exterior exhaust intakes are positioned above the loading dock, filling the building with truck fumes.

The building sits in a 100-year flood plain and routinely leaks. Although the building does have ADA accessible ramps, on grade access is not available.

One very disturbing result of continued water penetration into the exterior envelope has been the downward settling of exterior bricks, causing window glazing to break. A facility assessment undertaken as part of the project's design process, indicated the cost to repair the exterior façade, replace all plumbing, mechanical and electrical systems led the team to conclude that it's more cost effective to replace the existing facility.

As part of the design process, it was determined that the use of high-density book storage and the relocation of the museum to another facility would permit the university to replace the 202,000 square foot building with a smaller, 152,000 square foot building, on the same site. The university has relocated all occupants and library holdings to temporary sites. A new Learning Commons, Student Success Center, and creation of a new one-stop student services area (bursar, registrar, and financial aid offices located in other parts of campus) will provide a modern student-centered facility. Relocation of these services into the new building allows the university to demolish the 51,000 gross square foot Park Student Services Center once it is vacant. An overall reduction in square footage by nearly 100,000 gross square feet.

The project's total cost is \$96M and you've already approved construction of a back-up data center.

UW- Stevens Point's Chancellor, Thomas Gibson, was invited to the table to supplement SAVP Roe's request. Chancellor Gibson stated that the Albertson Replacement project has been a critical capital project for several years. It aligns with his strategic imperatives: advance academic excellence, improve inclusive excellence and support enrollment and growth.

Regent Pasch asked about the number of stacks there will be for the library. Chancellor Gibson replied that they are reducing the number of stacks and that the vast majority of their collection will be retrieved electronically.

SAVP Roe assured Regent Wachs that the new building will have modern HVAC since he expressed concern about the fiberboard ductwork and how buildings were constructed in the distant past.

Resolution H. was moved by Regent Adams, seconded by Regent Wachs, and adopted unanimously on a voice vote.

#### I. UW System: Semi-Annual Status Report on Leasing Activity

SAVP Roe provided an update on the P3 projects on several campuses.

At UW-Superior, UWSA retained the services of a real estate consulting firm, Brailsford & Dunlavey in 2021 to determine if sufficient market demand exists to support the development of various community and campus athletic facilities. Through community interviews and in-

depth market analysis, they determined that there is sufficient external market support to develop an indoor turf fieldhouse, two additional sheets of ice for hockey, as well as 250 beds of student housing to replace existing beds.

An RFI was issued in September to determine developers' interest. Eleven real estate professionals submitted information and four were shortlisted. The next step is to issue an RFP to the four shortlisted developers early in the new year.

UWSA expects to receive pro formas for each use as well as cash flow models for expected costs specific to UW-Superior. Work sessions and interviews will be scheduled with each team. DOA will be managing the student-housing component.

At UW-Parkside, like UW-Superior, Brailsford & Dunlavey was retained to determine market demand for the construction of several athletic facilities, including a baseball stadium and outdoor turf soccer fields. Currently the UW-Parkside baseball team plays in a minor league stadium located in Kenosha 7.5 miles from campus, while soccer is played in a regional municipal park in neighboring Racine, 4 miles from campus.

As part of the assignment, other commercial uses such as restaurants, gift shops, coffee shops, or service-based office uses, and even market-based multi-family housing are being explored. The overall goal is to generate excitement and encourage non-academic activities for students, staff and faculty including the surrounding community.

To date, the consulting team has spent time interviewing local officials and will continue with research and other meetings prior to finalizing a market report.

At UW Oshkosh, UWSA hired AECOM, another of the real estate consulting group stable, to complete a market analysis for the development of a youth and collegiate sports complex on the Meritor/former AxelTech site proximate to campus. The buildings and larger site were recently purchased by Cummins Inc., an Indiana-based engineering and manufacturing firm.

Although Cummins has not yet announced their future intent for the site, the university continues to investigate future uses for the site, should it become available for lease or purchase. The concept is to re-locate campus sports facilities to the riverfront site, along with development of a variety of dining and retail options to create a centralized sports-entertainment district for the broader Fox River Valley.

The goal is to energize the area and stimulate community engagement with UW-Oshkosh leading to increased desirability for current and future students. An initial market feasibility report is due after the new year.

Regent Rai expressed his appreciation to the Chancellors for their enthusiasm on P3 development. He reiterated the importance of our land assets and ways to properly use them to engage the community, provide revenue streams and grow enrollment.

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

SAVP Roe invited Pat Rebholz, Assistant Director UW Managed Program, to provide an overview and share some progress slides of the program.

Pat briefly reviewed a cross section of the projects in the UW-Managed Program: from laboratory renovations, to brand new buildings to arboretum bridges. He shared that the program has crossed the ½ Billion mark in the 7 years it's been implemented.

Regent Pausch asked to confirm that there is reimbursement money when research grants pay for capital projects. SAVP Roe stated that if the grant allows, the universities can use federal indirect funds for these projects. She also added that some projects are funded solely by a donor.

Regent Rai gave his appreciation to Pat for the work he has achieved in the UW Managed program in the short time it has been available. He stated the quality of projects, the ability to manage them in-house and the flexibility that it allows is impressive.

K. Report of the Senior Associate Vice President

SAVP Roe gave an update on the 2023-25 Capital Budget. Capital Planning & Budget (CPB) had the opportunity to revisit the budget request in November. For several reasons that's been helpful for CPB. It allows an opportunity to recalculate inflationary impacts which are lessening somewhat as well as allowing more time to get farther into the design process to ascertain if the original budgets were adequate or not. During this time, the Department of Administration reinforced its schedule standards, causing CPB to recalculate project budgets to accommodate updated estimated bid dates.

CPB submitted a 2023-25 Biennial Capital Budget request that includes 4 systemwide programs, 16 major projects, and 10 planning projects. The total request was \$2.7 billion. The amount of borrowing requested was a total of \$1.9 billion; more specifically \$1.6 billion of General Fund Supported Borrowing and \$369 million of Program Revenue Supported Borrowing. From the state's perspective, \$1.8 billion is new borrowing since \$141 million of the program revenue borrowing is residual or redirecting existing borrowing to another use.

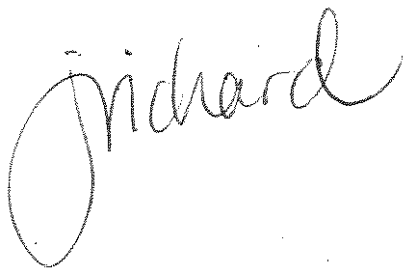
At the end of November 2022, CPB created new budget tables. CPB did not recalculate the 2025-27 nor 2027-29 project budgets. The new figure is \$2.4 Billion. Most of the reduction in borrowing is reflected in the program revenue category. The new overall borrowing figure is \$1.9 Billion or \$1.8 Billion after removal of the residual figure.

CPB hoped the decrease would be greater based upon slowing of inflation, but extended schedules wiped out those gains. They will be working with DOA over the next month to answer questions and encourage them to include all the projects in the Governor's Budget Recommendation due out sometime in February of 2023.

Regent Wachs inquired about the communication between the Governor's Budgetary staff and UWSA. SAVP Roe stated that the only communication so far has been related to inflation and schedule impacts. It is normal to not have a lot of communication right now especially if they intend to put forth the entire request and don't have questions. However, in the spring there may be more conversations.

The Capital Planning and Budget Committee meeting adjourned at 11:30 am.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard". The signature is written in dark ink and is positioned above the printed name.

Janis Richard  
Committee Clerk