

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM  
**Capital Planning and Budget Committee Minutes**  
**Thursday, February 9, 2023**

The February 9, 2023 meeting of the Capital Planning and Budget Committee, which was held in Union South on the UW-Madison campus and via Zoom Videoconferencing, was called to order at 8:45 a.m. by Committee Chair Regent Ashok Rai.

A. Calling of the Roll

Present: Regents Ashok Rai, Dana Wachs, Angela Adams, Scott Beightol, Cris Peterson, and Jill Underly

Present via Zoom: Regents Brianna Tucker and Rodney Pasch

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 December 8, 2022, Meeting of the Capital Planning and Budget Committee

After receipt of a motion and second, the minutes of the December 8, 2022, meeting of the Capital Planning and Budget Committee were approved as presented.

D. Proposed Consent Agenda

1. UW-Madison: Authority to Increase the Budget of the UW Managed Primate Center Backup Generator
2. UW-Stout: Authority to Sell Single-Family Residence

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

E. UW-System: Authority to Revise and Use Evaluation Criteria for Major Capital Project Requests

Senior Associate Vice President Alex Roe explained that each biennium, UW System Administration staff apply approved evaluation criteria to the major capital project requests submitted for consideration in the UW System capital budget request.

Approved criteria have been applied in this manner since the 1999-2001 biennium and they have been periodically updated and enhanced as needed to reflect current systemwide initiatives, priorities, and goals of the Board of Regents.

Last updated in February 2019, these criteria assist in developing a biennial capital budget

request and a six-year capital plan that address the most critical needs, highest academic priorities, and most cost-effective solutions to maintain and develop each institution's physical environment.

The recommended revisions emphasize the 2023-28 Strategic Plan commitment to stewardship through accountability and integrity and support the purpose-driven service in both the resulting facilities and associated planning processes.

The proposed modifications address two primary shortcomings of the current evaluation criteria: consideration of net new square footage in specific but rare contexts, and demonstration of appropriate diligence and management of past capital budget funding authority and project enumerations relative to the proposed capital plan.

These shortcomings were identified during the current biennial planning cycle and the proposed revisions intend to resolve these issues for the pending and future planning cycles.

Regent Rai expressed gratitude for the changes as well as acknowledging that students expressed sustainability concerns and the Capital Planning and Budget (CPB) team incorporated those concerns into the criteria. He also reminded the committee that a lot of work and data is put into creating the final list of projects for the Capital Budget consideration. Understandably, no campus wants to be ranked last on the list but the criteria is in place to assure every project is given a thorough evaluation. The final ranking of each project needs to be respected thereafter.

Regent Beightol requested that the Attachment A document be corrected to reflect there are six criteria and not four. SAVP Roe acknowledged and assured the correction will be made.

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

F. UW-System: Authority to Amend RPD 13-5, "Capital Projects Solely Managed by the UW System: Approval and Signature Authority"

As SAVP Roe explained, the current policy requires any projects of more than \$1,000,000 be presented to the Board of Regents for formal approval prior to execution. Additionally, only Chancellors can approve such projects at or below the \$1,000,000 threshold for Board approval. The proposed changes would permit a Chancellor to delegate approval authority for capital projects solely managed by the UW System to other university employees providing that the Chancellor has requested and received approval for the specific delegation from the UW System President.

Additionally, the current policy permits the UW System President to approve the related design and construction contracts for capital projects solely managed by the UW System up to \$1,000,000. Due to the volume of projects exceeding the current \$1,000,000 threshold, the

policy has been modified to increase this threshold to \$5,000,000. Providing the UW System President contract signature authority up to \$5,000,000 also aligns with recently expanded signature authority provided to the UW System President for grants and contracts under Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting".

Regent Pasch expressed his approval and understanding of raising the threshold to \$5 million. However, he voiced his concern about the delegation of authority by the Chancellor to another person who does not have the same accountability as the Chancellor as well as inquiring about the purpose of adding that language to the policy. SAVP Roe reassured Regent Pasch that if the Chancellor was to delegate responsibility to another staff member, the delegation would have to be approved by the CPB office as well as the UW System President. She also explained that the Chief Financial Officer at each campus is required to sign all funding letters for a Division of Facilities Development project. If other staff were delegated by the Chancellor, it would most likely be the CFO as they are part of the line of accountability. SAVP Roe concluded that some Chancellors are very busy and may want to delegate this task to their CFO so language was added to cover those needs.

Regent Rai reiterated that the funds addressed in RPD 13-5 are gift and grant dollars. SAVP Roe verified that these dollars are very restricted given they are from donors or through grants.

Regent Beightol asked if the policy was reviewed by the Chancellors. SAVP Roe confirmed that the Chancellors and CBOs were given the policy to provide feedback and comments. All but one recommendation was incorporated into the policy.

Regent Wachs agreed that safeguards are in place and the updates were necessary.

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

G. UW-Madison: Host Campus Presentation: "Transforming the Built Environment"

Cindy Torstveit, Associate Vice Chancellor for Facilities Planning and Management at UW-Madison, gave an overview of UW-Madison's capital project program which is crucial to the success of the university and its mission of research, education, and outreach. This complex program requires effective collaboration across the university and with partners from UW System and the State of Wisconsin.

The presentation provided an update on UW-Madison's efforts to transform its built environment. A significant number of capital projects are underway currently, however the challenge presented by aging academic and research facilities is significant. Competing institutions are moving faster to address facility needs in support of their missions. If UW-Madison wants to achieve their goals, they also need to do more and do it faster, or they will continue to fall behind.

UW-Madison's capital projects support its world-class research, education, outreach programs, and strategic priorities. The strategies of understanding the current portfolio, leveraging existing delivery options, pursuing targeted demolition, and using common sense financial strategies continue to inform university actions.

Regent Wachs inquired about how do you build a project now while keeping in mind the future needs that may be very different. He referenced the retrofitting of electron microscopes that did not exist at the time the building was originally constructed. AVC Torstveit stated that it is important to be flexible. UW-Madison does their best to build capacity and flexibility during the design process for their future needs as well as keep up with the industry trends. In addition, right now with their utility projects, they are creating systems that could take on additional buildings if they expand. She said they are thinking ahead and planning for future growth or needs. SAVP Roe added that the systems that go into a building have a lifespan of 30-35 years. They know the structure will remain but the infrastructure will need to be updated. Therefore, they plan a strong base structure for each building. Unfortunately, the current buildings do not have that base size nor the floor loading capacity since building codes have changed.

Regent Rai inquired if UW-Madison has enough flex space to complete all the projects they want while remaining open and continuing to educate their students. AVC Torstveit stated that the approvals from the Board for flex space is a great start and they can better visualize the progress. However, she feels the amount needed is not there yet because several spaces are either being built or need a year or 2 before they are available. With the utilization study and facilities condition assessment, UW-Madison will continue to identify flex space and understand their portfolio. She stated they are on a good path.

Regent Rai asked AVC Torstveit if UW-Madison is the only university that does not have their own bonding authority in comparison to their peer group. AVC Torstveit confirmed that the universities they identify as their peer group and are the state's flagship university, UW-Madison is the only one who does not have their own bonding authority.

Regent Beightol inquired about UW-Madison's financial strategies and where they would deploy most of their resources on. AVC Torstveit stated that the real estate for public & private partnership (P3) is creating a lot of success. She gave examples of universities that have mastered this partnership and explained that industries are moving to those states to be close to the research and the industry talent. This is a return on investment for Wisconsin.

Regent Beightol stated he only has two meetings remaining in his Board of Regents term and wanted to know what Regent policies would AVC Torstveit see as impeding their progress. She responded that the change to the threshold in RPB 13-5 was very helpful. She would advocate for the 25% design review be pushed for schedules to keep moving forward. Though she indicated that the CPB team knows UW-Madison's concerns and tries to be as flexible as allowed.

Regent Beightol strongly urged the Board to advocate for bonding authority. Regent Rai as well as Regent President Walsh agreed to the urgency and importance of bonding authority to keep our national recognition and reputation. The current matrix of borrowing does not allow for UW-Madison to move quickly enough to remain competitive.

Regent Pasch encouraged the use of the Strategic Plan as a means to carry the message of economic development, increasing student enrollments, creating new programs and the biggest challenge, addressing facility's needs.

Regent Underly added that the universities infrastructure is no different than other infrastructures in the state like roads and bridges. Deferred maintenance needs to be addressed to avoid our infrastructure from crumbling.

#### H. Report of the Senior Associate Vice President

SAVP Roe stated that UW-Madison is planning to bring forth an update on the West Campus Innovation plan in the near future. Hopefully prior to Regent Beightol's last meeting.

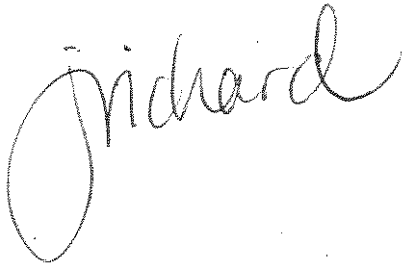
The State Building Commission met last Friday and approved all the University's requests. SAVP Roe anticipates that the next SBC meeting for projects will be held in May.

As for the capital budget, the Department of Administration has been diligently working on finalizing the Governor's Recommendation for the 2023-25 Biennial Capital Budget. CPB has received numerous requests for clarification from them over the last few months. CPB does not have any detailed information on the recommendation at this time. CPB anticipates that the capital budget will be released after the Governor's Budget address on February 15<sup>th</sup>. Although the Governor sometimes refers to projects or initiatives during his biennial budget address, he most likely will not release the capital budget. SAVP Roe stated they are anticipating the State Building Commission Capital Budget hearing will be scheduled for some time in mid-March.

Lastly, CPB hired their first sustainability coordinator, Liz Davey. She is getting up to speed with meeting all the institutional sustainability staff. She will be spearheading the effort to update Regent Policy 19-15 and will be working with the CPB team and others to advance President Rothman's strategic plan initiatives around sustainability and the built environment.

The Capital Planning and Budget Committee meeting adjourned at 9:43 am.

Respectfully submitted,

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

Janis Richard  
Committee Clerk