

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM  
**Capital Planning and Budget Committee Minutes**  
**Thursday, July 6, 2023**

The July 6, 2023 meeting of the Capital Planning and Budget Committee, which was held in the Student Union Room 2120-2130 on the UW-La Crosse campus and via Zoom Videoconferencing, was called to order at 10:45 a.m. by Committee Chair Regent Dana Wachs.

A. Calling of the Roll

Present: Regents Dana Wachs, Edmund Manydeeds, Evan Brenkus, Jim Kreuser, Cris Peterson, Ashok Rai, and Mark Tyler

By Videoconference: Regent Joan Prince

B. Declaration of Conflicts

Before considering any items on the agenda, Committee Chair Regent Wachs 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 June 8, 2023, Meeting of the Capital Planning and Budget Committee

After receipt of a motion and second, the minutes of the June 8, 2023, meeting of the Capital Planning and Budget Committee were approved as presented.

D. Proposed Consent Agenda

1. UW-Madison: Authority to Sell 1,067 SF of Property Containing Part of the Wisconsin Energy Institute to the City of Madison
2. UW System: Authority to Construct All Agency Maintenance and Repair Projects
3. UW System: Authority to Construct Minor Facilities Renewal Projects

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

E. UW-Madison: Authority to Increase the Budget for the UW Managed Chemistry 2<sup>nd</sup> and 4<sup>th</sup> Floor Lab Renovation

Senior Associate Vice President Alex Roe informed the Board that this project increases the previously approved budget for the Chemistry 2<sup>nd</sup> and 4<sup>th</sup> floor renovation projects by \$2M for a new total of \$12,952,000. When the new DOA managed Chemistry Tower project was developed, the 4<sup>th</sup> floor was shelled out intending to return one day when funds were available. Funds are now available to complete the 17,000 square feet of unfinished space into research labs, offices, and various support spaces for research. Meanwhile, on the 2<sup>nd</sup> floor of the Daniels Building, they are renovating about 2,000 square feet of lab space into an educational suite.

Due to cost escalation increases based upon lead times and labor shortages, the previously approved estimate has been revised upwards. There are still unprecedented delays in electrical equipment and copper wire as well as Wisconsin suffering from a state-wide labor shortage.

SAVP Roe reiterated that this project is not affiliated with the DOA managed Chemistry project. The contractor of the new tower has vacated the Tower Site and is in the process of vacating the Daniels Building so there is no overlap of two contractors working within the same footprint or contract limit lines.

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

F. UW-Madison: Authority to Design and Construct the UW Managed Engineering Hall Sprinkler Piping and Gas Distribution Piping Phase II

SAVP Roe explained that UW-Madison is requesting authority to finish design and construct Phase 2 of the Engineering Hall Sprinkler and Gas Distribution piping project at an estimated cost of \$10,000,000 Gift/Grant Funds. Phase I is nearly complete.

This project is important because it will appropriately protect the occupants and physical environment in areas that house oxidizing gases, flammable gases, and flammable liquids. The code dictates the quantity that UW-Madison is allowed to store under certain conditions. By adding a sprinkler system, they can store more of these gases and liquids and safely manage the quantities required by their researchers in the building.

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

G. UW-Madison: Authority to Increase the Budget of the Chemistry Addition and Renovation

SAVP Roe provided a quick background on the project. A deteriorated building was demolished and a new ten level, undergraduate chemistry teaching tower was constructed. Critical HVAC and exhaust systems serving the existing research and teaching labs in the Daniels and Mathews chemistry buildings were replaced. The Board of Regents during the February meeting toured the new facility.

During the final testing of the facility before occupancy, several unforeseen issues arose that delayed the opening of the facility including fire safety issues and an unexpected significant mechanical system failure. As a result, upgrades were required to the smoke control system of the new tower. Additionally, the large exhaust duct plenum unexpectedly collapsed during final testing and required a complete rebuild and adjustments. Additional upgrades were necessary to ensure exhaust safely moved out of the research labs. Responsibility for causation is underway.

This budget increase allows UW-Madison to financially complete the project. Through conversations with DOA, \$7.4M of residual General Fund Supported Borrowing was identified to cover these costs from projects that bid significantly under a few years ago.

The Department of Administration is working with the Department of Justice to evaluate potential recovery options and responsibility from the various contractual parties. Any such potential recovery options will likely take a significant amount of time. As additional information becomes available from DOA and DOJ, updates will be provided by System Staff to the Board.

Regent Kreuser inquired that if the litigation against the contractors recovers \$7.4M will it replenish the funds needed for this increase. In addition, he inquired if the contractors involved will continue to work on UW projects. SAVP Roe confirmed the money recovered will replenish the residual state funds. DOJ and DOA determine whether contractors can continue to be given projects.

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

H. UW-Madison: Authority to Increase the Budget of the Veterinary Medicine Addition and Renovation

Again, SAVP Roe provided a quick background. This project is constructing a new three-story building just north of the School of Veterinary Medicine (SVM). The new facility will include research and biosafety laboratories as well as offices, conference rooms, and shared collaboration/interaction spaces to support the teaching hospital. The existing clinical space will be expanded to increase access to the small and large animal isolation suites that are required to meet accreditation standards, increase the quantity of specialized surgery environments and equipment, provide imaging space for horses and cattle, and separate patient access to medical oncology services. The new building is in the process of being completed and they expect to begin moving in this fall of 2023.

Recently, UW-Madison was able to hire a new international researcher who is studying a BSL-3 select agent. They are upgrading an existing lab to accommodate her research, which focuses on bacterial-host interactions and the relationship to drug resistance of antibiotics. A portion of the budget increase, approximately \$10M is to accommodate renovation of the existing BSL-3 lab. Funds are available through the university's grant program.

The pandemic-related challenges of the past three years have highlighted the importance of high quality, secure biological research laboratories at the university. It was unexpectedly discovered that the safety containment areas around the biosafety level 3 (BSL-3) labs need to be upgraded to ensure pathogenic viruses are safely contained in the labs.

In addition, unprecedented increases in materials costs, supply-chain disruptions, and an increasingly tight labor market have impacted costs during construction and the original contingency that was established pre-pandemic is not sufficient.

The Department of Administration has estimated that the costs to rework and upgrade the mechanical systems as well as restore the project's contingency is about \$14M. In conjunction with the Department of Administration, we have identified residual General Fund Supported Borrowing to cover a portion of this expense. We are redirecting funds from other projects which came in significantly under budget, towards this cost. In addition, the university is providing another \$4M in gift/grant and other university funds to assist in ensuring that the needs of the project are met.

As with the Chemistry project, the Department of Administration is working with the Department of Justice to evaluate potential recovery options and responsibility from the various contractual parties. Any such potential recovery options will likely take a significant amount of time. As additional information becomes available from DOA and DOJ, updates will be provided by System Staff to the Board.

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

I. UW-Madison: Authority to Increase the Budget and Construct the College of Letters and Science Academic Building

SAVP Roe requested to construct the College of Letters and Science Academic Building and increase the budget by \$27,550,000 for a total project cost of \$115,991,000. Funds are provided by grant overhead and other various revenue sources.

As addressed in previous Board meetings, UW-Madison is working diligently to relocate all departments out of the Mosse Humanities building. This project will create a new unified home for the Department of History and nine other ethnic studies departments, programs, and centers by consolidating and co-locating spaces currently spread across eight facilities. Consolidation of these departments provides for enhanced student engagement and collaboration where students can pursue learning independently or within a larger learning community.

This project was enumerated in the 2021-23 biennium, prior to the inflationary increases that have occurred in the last couple of years along with the supply chain challenges and in general increased labor costs due to labor shortages. Therefore, the increase in budget will not only address cost escalations related to inflation but ensures the programmatic requirements of the Departments are not cut from the scope. Additionally, it adds a cistern for improved stormwater management, and removes five structures to facilitate construction of the building.

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

Regent Rai asked if the current inflation estimate for the project is aligned with DOA's recommended 6% when the project was enumerated. SAVP Roe explained that the design team calculates the budget based on real time inflation rates.

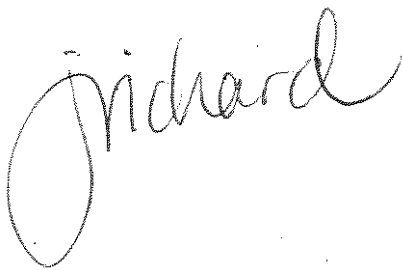
J. Report of the Senior Associate Vice President

SAVP Roe reviewed the Capital Budget that Governor Evers signed into law July 5th. She explained that the state's surplus dollars have been incorporated into the Capital Budget in the form of "Segregated Revenue" funds. These funds are in lieu of GFSB funds.

The total budget approved was \$943.6M and comprised of \$540.7M Segregated Revenue, \$249M PRSB (of which \$148M is residual from other projects), and \$154M Cash. \$8M is designated for design and planning.

The Capital Planning and Budget Committee meeting adjourned at 11:03 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