

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Facilities Committee

February 13, 2003

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 13, 2003, at 9:35 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: H. Bryan Neel, presiding; Anthony Baraga, Robert Bergland, Frank Berman, and David Metzen.

Staff present: Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, and Kathleen O'Brien; Interim Vice President David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Richard Pfitzenreuter and Steven Spehn.

Student Representatives present: Cameron Brauer and Aaron Street.

INFORMATION ITEMS

Vice President O'Brien announced the reorganization plans for University Services and highlighted progress on five focus areas established by the President. By reorganizing, the department intends to improve service, accountability, and stewardship. O'Brien briefly discussed an expert panel established to advise the administration regarding the delivery of design and construction services at the University.

O'Brien updated the committee on actions the University is taking to address security needs, and announced that the University recently received the Grand Award from the American Council of Engineering Companies of Minnesota for an engineering solution related to the Elmer L. Anderson Library.

In response to the April 2002 Semi-Annual Report of the Student Representatives, the formalization of student input and involvement with the pre-design process for University construction projects was noted.

CONSENT REPORT

There were no items this month in the Consent Report.

REAL ESTATE TRANSACTIONS

Vice President O'Brien presented the following real estate transactions to the committee for action:

Acquisition by Eminent Domain of McLaughlin Gormley and King (MGK) Company Property at 1715-5th Street Southeast, Minneapolis

Regent Neel noted that copies of two letters opposing the use of eminent domain to acquire the McLaughlin Gormley and King (MGK) Company property were distributed to committee members.

Real Estate Director Susan Weinberg presented a resolution authorizing the acquisition by eminent domain of MGK Company property located at 1715-5th Street Southeast, Minneapolis, as noted in the docket materials.

Weinberg stated that the University intends to use the property to construct four outdoor tennis courts and other sports fields and facilities as part of the Sports and Fields and Facilities District Plan, Phase I, for the Twin Cities Campus. She reviewed the history of the negotiations to purchase this property since 1991, and reported that the MGK Company had not responded to the University's most recent offer in November 2002. While the University is willing to continue to negotiate for the sale of this property, she asserted that authority to commence eminent domain procedures is warranted at this time.

Regent Berman, referring to a previous committee report regarding the need for additional recreational sports facilities, commented on the immediate need for the various parcels of land for which the administration seeks Board approval to acquire by eminent domain. Several regents concurred and noted that the University does not enter into eminent domain procedures without due consideration and justification.

A motion was made, seconded, and the committee voted unanimously to recommend adoption of the resolution.

Acquisition by Eminent Domain of Approximately 2.4 Acres of Union Pacific Railroad Property in the Area of Oak Street Southeast, Minneapolis

Weinberg presented for approval a resolution authorizing the acquisition by eminent domain of approximately 2.4 acres of Union Pacific Railroad property in the area of Oak Street Southeast, Minneapolis, as noted in the docket materials. The parcels would be used for intercollegiate athletics and recreational sports facilities as part of the Sports and Fields and Facilities District Plan, Phase I, for the Twin Cities Campus and for either future expansion or buffer to the Lion's/Translational Research Lab and Magnetic Resonance Research Center.

Weinberg reported that for several years the University has attempted to negotiate a purchase of this property, which is currently leased by the University and used for snow storage. The Union Pacific Railroad rejected the University's November 2002 offer and advised that the property was not for sale.

A motion was made, seconded, and the committee voted unanimously to recommend adoption of the resolution.

Acquisition of 50.21 Acres, Carlton County for the Cloquet Forestry Center

Weinberg presented for approval the acquisition of 50.21 acres of land in Carlton County for the Cloquet Forestry Center for \$99,900, as noted in the docket materials. The land is contiguous to the Cloquet Forestry Center and will be used for forestry research.

A motion was made, seconded, and the committee voted unanimously to recommend the approval of this real estate transaction.

REAL ESTATE TRANSACTION

Vice President O'Brien presented the following real estate transaction to the committee for review and action:

Acquisition by Eminent Domain of Former Century Mill Property at 545 Oak Street Southeast, Minneapolis.

Real Estate Director Susan Weinberg presented for approval a resolution authorizing the acquisition by eminent domain of the former Century Mill property at 545 Oak Street Southeast, Minneapolis, as noted in the docket materials. The intended use of the property is to construct intercollegiate athletics and recreational facilities as part of the Sports and Fields and Facilities District Plan, Phase I, for the Twin Cities Campus.

Weinberg reported that the University has attempted to negotiate a purchase of this property for several years. The most recent University offer was rejected by the owner.

A motion was made, seconded, and the committee voted unanimously to recommend approval of the proposed acquisition.

CAPITAL BUDGET AMENDMENTS

Vice President O'Brien presented the following amendments to the FY 2003 Capital Budget for review, as found in the docket materials:

Molecular & Cellular Biology Building, Twin Cities Campus

- Amend the FY 2003 Capital Budget by \$1,422,000 to incorporate additional funding for the Molecular & Cellular Biology Building project located on the Twin Cities, Minneapolis, East Bank campus.

O'Brien reported that this capital budget amendment is required to fund settlement of the construction contract claim entered into by the University in December 2002. Regent Metzen noted that the Litigation Committee reviewed this

settlement.

Visitor Center, Phase II, Minnesota Landscape Arboretum Chanhassen, Minnesota

- Amend the FY 2003 Capital Budget by \$14,338,000 to incorporate additional funding for the Visitor Center, Phase II project located at the Minnesota Arboretum, Chanhassen, Minnesota.

Vice President O'Brien reported that the new Visitor Center is a key component of the Minnesota Landscape Arboretum Foundation's Master Plan for the Arboretum. This capital budget amendment will complete the financing for this project, which is funded entirely by private sources. The committee recognized Peter Olin, Director, Minnesota Landscape Arboretum, for his successful fundraising efforts.

Both capital budget amendments will be presented to the committee for action in March.

ST. PAUL CHILLER PLANT: NEEDS AND ANALYSIS

Vice President O'Brien introduced the topic and observed that the St. Paul Chiller project has been discussed a number of times with the Board. This more detailed presentation, including the project's scope, phases, funding source, and rationale, is warranted prior to the Board's action on schematic plans anticipated at the March 2003 meeting. A copy of the presentation is on file in the Board Office.

Associate Vice President Spehn reported that the project will replace obsolete chillers in existing buildings on the St. Paul campus with a central chilled water plant that can be expanded to serve the entire St. Paul campus and accommodate future campus growth. Spehn reviewed the project's rationale, various options considered, and projected cost savings resulting from the project. It is anticipated that funding for the first three phases of the four-phase project will be with Higher Education Asset Preservation and Replacement (HEAPR) funds. The total project cost is \$44.2 million over six years, and Phase I will require approximately 57 percent of the current HEAPR allocation.

Several committee members expressed concern about the percentage of HEAPR funds allocated to this project and the effect it would have on other University facilities projects, especially with current funding challenges. It was suggested that the committee discuss priorities for new construction, renovation, and maintenance. O'Brien clarified that the project is cost-effective, essential to the research mission on the St. Paul campus and the number one priority among HEAPR-eligible projects. A priority list of HEAPR-eligible projects and a facilities condition assessment report will be shared with the committee at a future meeting.

QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT (2nd QUARTER FY03)

Associate Vice President Spehn presented the Quarterly Capital Improvement Plan Report for the second quarter of FY03, including the Major Capital Budget Project Report, as found in the docket materials. The Major Project Schedule and the Project Schedule Variance Report are on file in the Board Office.

Spehn provided an overview of those projects reaching completion during the second quarter and those still in process. During FY02 there were three capital budget amendments totaling \$1 million to existing projects and nine amendments totaling \$17 million for new projects.

Vice President O'Brien reported that in light of current budget challenges, a temporary hold has been placed on awarding contracts for facilities projects.

WHITEWATER PARK: IMPACT ON UNIVERSITY PROPERTY

Vice President O'Brien presented a summary of the Mississippi Whitewater Park project and its impact on land owned by the University, as detailed in the docket materials. The park is planned to be built on land currently owned by the University and by Xcel Energy, and on land that would be created by filling in part of the river. A copy of the presentation is on file in the Board Office.

Harvey Turner, Director, University Planning, provided the committee with the history of the project, the involvement of University staff, and noted that the first cost estimate of the project is \$18.6 million, excluding University land, damages and relocation costs. Given the current state budget situation and the requirement of a state or local match for the federal funds allocated to this project, no development is expected in the near future. Updates on the project will be provided as necessary.

The meeting adjourned at 11:30 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

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