

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**Thursday, October 13, 2011**

**10:30 - 11:30 a.m.**

**600 McNamara Alumni Center, West Committee Room**

**Committee Members**

Dean Johnson, Chair  
Clyde Allen, Vice Chair  
Laura Brod  
John Frobenius  
Venora Hung  
David Larson

**Student Representatives**

Kathryn Holmquist  
Molly Tomfohrde

**A G E N D A**

1. Capital Budget Amendment - Action - K. O'Brien/A. Friedman/M.Perkins (pp. 2-7)
  - A. Cardiology Department Building/Infrastructure Systems Upgrade - VCRC 2<sup>nd</sup> Floor, (UMTC)
2. Real Estate Transactions Threshold Report - K. O'Brien/R. Pfitzenreuter/S. Weinberg (pp. 8-11)
3. Consent Report - Review/Action - K. O'Brien (p. 12)
4. Information Items - K. O'Brien (p. 13)



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Facilities Committee**

**October 13, 2011**

**Agenda Item:** Capital Budget Amendment

review       review/action       action       discussion

**Presenters:** Vice President Kathleen O'Brien  
Vice President Aaron Friedman  
Associate Vice President Mike Perkins

**Purpose:**

policy       background/context       oversight       strategic positioning

In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, review of the Capital Budget Amendment for the following project:

- A. Cardiology Department - Building/Infrastructure Systems Upgrade - Variety Club Research Center 2<sup>nd</sup> Floor, located on the Twin Cities East Bank Campus.

**Outline of Key Points/Policy Issues:**

The attached Project Data Sheet addresses the basis for the request, project scope, construction document cost estimate, and schedule. A map locating the project on the campus is also attached.

The Cardiovascular Division of the University of Minnesota Medical School has 31 physician faculty members who are housed in the Variety Club Research Center (VCRC) building. The VCRC was built in 1951 and was the first Heart Hospital in the United States. With the opening of the University of Minnesota Medical Center in 1986, the building was converted to faculty/staff offices and research space. Over the last 4 years, the division has made great strides in advancing research, improving teaching, growing its clinical programs, and stabilizing its financial health. Its growth, mission, and funding are now limited by the physical facility.

**Background Information:**

An amendment to the Fiscal Year 2012 Capital Budget is being requested at this time for the Cardiology Department - Building/Infrastructure Systems Upgrade - VCRC 2nd Floor Project.

This transaction was reviewed by the Board of Regents in September, 2011.

**President's Recommendation for Action:**

The President recommends approval of amending the Fiscal Year 2012 the Capital Budget by \$856,000 to provide funding for the Cardiology Department - Building/Infrastructure Systems Upgrade - VCRC 2nd Floor project.

**Cardiology Department – Building/Infrastructure Systems Upgrade  
Variety Club Research Center (VCRC) 2<sup>nd</sup> Floor  
Twin Cities Campus  
Project No. 01-069-10-1876**

**1. Basis for Request:**

The Cardiovascular Division of the University of Minnesota Medical School has 31 physician faculty members who are housed in the Variety Club Research Center (VCRC) building. The VCRC was built in 1951 and was the first Heart Hospital in the United States. With the opening of the University of Minnesota Medical Center in 1986, the building was converted to faculty/staff offices and research space. Over the last 4 years, the division has made great strides in advancing research, improving teaching, growing its clinical programs, and stabilizing its financial health. Its growth, mission, and funding are now limited by the physical facility.

The Cardiovascular faculty and staff occupy the 2<sup>nd</sup> floor of the VCRC, which has not been remodeled since at least 1986. The faculty number has grown over 50% since that time. The facilities have not kept pace with either the technology or space needed to fulfill the teaching or research mission and to support this number of faculty. In addition, the poor condition of the hallways and space is such that the Division faces major hurdles in recruiting national level faculty.

A large conference room designed for medical education is too small to accommodate the Division faculty and trainees and its air handling infrastructure is significantly undersized. It has no video capabilities, which is a major problem for an area of medicine that is dependent on imaging of a beating organ. Consequently, many major teaching conferences have been moved to remote sites. Similarly, there also are no video conferencing facilities requiring the division to move its video conferences to remote sites. This has impeded the Division's state-wide teaching mission and prevented research collaborations.

In addition to the lack of adequate conference and meeting room space, the facility is poorly lit, has stained and threadbare carpet, and low ceilings. The wiring for IT networks is inadequate to support the teaching, clinical and research missions. Access to the hospital network cannot be accommodated due to the unavailability of network wiring. The imaging and interventional cardiology sections cannot even meet in the Division offices because they lack access to X-ray, MR, and CT imaging files.

The goal of the Cardiovascular Division of the University of Minnesota is to be a Top 10 program. This renovation will provide a new, enlarged, modern conference room that is large enough to hold the Division faculty and students. The room will have modern video capabilities. In addition, the project will provide video capable meeting rooms for faculty and students, will add support staff space, and update the lighting, wall coverings, and flooring. As importantly, the division plans to display the history of the Cardiovascular Division, starting with the legendary inception of cardiovascular surgery, continuing with the development of medical devices (such as heart valves, pacemakers, and heart catheterization tools), progressing to revolutionary new therapies for heart failure (from drugs to transplantation), and leaving room for our current work in cell therapy and transcatheter/robotic devices.

## 2011-2015 Capital Budget Goals:

Ensure research productivity and impact by:

- Providing space conducive to the conduct of contemporary research in order to enhance competitiveness
- Providing regulatory, code and life safety upgrades for facilities which leverage the highest priority funded research
- Creating flexible spaces that adapt to new science and research trends.

Protecting public assets and investment by:

- Leveraging facility investment to advance the academic mission and priorities
- Improving facility conditions, addressing code deficiencies, life safety and accessibility requirements
- Making infrastructure investments that ensure reliability over the long term, lower energy and operating costs and advance environmental stewardship

### 2. Scope of Project:

The project consists of infrastructure, fire/life/safety, and ADA improvements to the 2<sup>nd</sup> floor of VCRC. Improvements include complete fire sprinkler installation of the second floor, upgrade of existing non-compliant restrooms to meet current ADA requirements, install of HVAC equipment and A/V equipment within a renovated conference room, and cosmetic upgrades to corridors and select offices. Square foot area to be renovated: 5,337 SF. Seating capacity of main conference room: 81.

### 3. Master Plan or Precinct/District Plan:

This project is in compliance with the University of Minnesota Twin Cities Campus Master Plan: 2009. According to the plan, this project is a renovation of an existing building on an established site within the Health and Housing District.

### 4. Environmental Issues:

The University has completed a hazardous material survey of the existing conditions in the building affected by this project. Hazardous material located within the work area is primarily floor tile/mastic and pipe insulation. This material will be removed by the University prior to construction.

### 5. Cost Estimate:

Construction Cost	\$758,500
Non Construction Cost	<u>\$ 97,500</u>
Total Project Cost	\$856,000

### 6. Capital Funding:

Dept of Medicine	\$500,000
Medical School Administration	\$131,000
FM Repair & Replacement	<u>\$225,000</u>
Total Project Cost	\$856,000

**7. Annual Operating and Maintenance Cost and Source of Revenue:**

Operating and maintenance cost include: Utilities (fuel/heat, electrical, water), maintenance, custodial, waste, grounds, and administrative.

It is anticipated there will be no change in annual operating costs for this area as the result of this project.

**8. Time Schedule: (Additional milestone maybe added or substituted if appropriate.)**

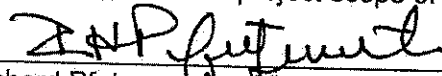
Complete Design	May 2011
Establish Construction Guaranteed Maximum Price	June 2011
Begin construction	November 2011
Complete construction	February 2012

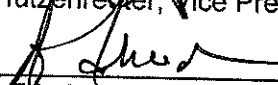
**9. General Contractor, Architect:**

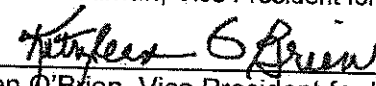
Design - Bid - Build Contractor:	Award Construction, Maplewood, MN
Architect:	C.M. Architecture, Minneapolis, MN

**10. Recommendation:**

The above described project scope of work, cost, funding, and schedule is appropriate:

 8/24/11  
\_\_\_\_\_  
Richard Pfitzenreiter, Vice President and Chief Financial Officer

 8/26/11  
\_\_\_\_\_  
Dr. Aaron Friedman, Vice President for Health Sciences and Dean, Medical School

 8/24/11  
\_\_\_\_\_  
Kathleen O'Brien, Vice President for University Services

# Location Map – Variety Club Research Center



University of Minnesota

Minneapolis Campus



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Facilities Committee**

**October 13, 2011**

**Agenda Item:** Real Estate Transactions Threshold Report

review       review/action       action       discussion

**Presenters:** Vice President Kathleen O'Brien  
Vice President/CFO Richard Pfitzenreuter  
Susan Carlson Weinberg, Director of Real Estate

**Purpose:**

policy       background/context       oversight       strategic positioning

To discuss the current thresholds for Board of Regents approval of real estate transactions and the recommended threshold increases.

**Outline of Key Points/Policy Issues:**

The current Board of Regents Policy: *Reservation and Delegation of Authority*, states that "The Board of Regents reserves to itself authority to approve the purchase or sale of real property having a value greater than \$250,000 or larger than ten (10) acres" and all "leases of real property, easements and other interests in real property if the initial term amount to be paid by or to the University exceeds \$250,000, consistent with Board policies".

With the reduced schedule of Board of Regents meetings and increased focus on significant strategic issues, the University administration is considering increasing this threshold. The administration's recommendation is to increase the value threshold for real property purchases and sales to \$1,250,000, and the initial term amount threshold for leases of real property, easements and other interests in real property to \$1,250,000. The recommendation is to retain 10 acres as the size threshold for real property purchases and sales.

The administration reviewed real estate activity brought before the Board of Regents beginning July 1, 2007 through August 31, 2011. During this 50 month period, 14 real estate purchase and sale transactions have been brought before the Board of Regents. The recommended increase in the value threshold for real estate purchases and sales would reduce the number requiring Board of Regents action to 7.



During this 50 months period, 29 real estate lease and easement transactions have been brought before the Board of Regents. The recommended increase in the initial amount threshold for real estate leases and easements would reduce the number requiring Board of Regents action to 10.

The details for these 43 real estate transactions approved by the Board of Regents during this past 50 month period, and those that would continue to require Board of Regents action with the recommended \$1,250,000 threshold for real estate purchase, sale, lease and easement transactions, are described in the report following this page.

### **Background Information:**

The current Board of Regents thresholds for real estate purchase, sale, lease, and easement transactions were approved in April, 2001.

**RECOMMENDATION TO INCREASE AMOUNT THRESHOLD  
FOR BOARD OF REGENTS APPROVAL FOR REAL PROPERTY  
PURCHASE, SALE, LEASE AND EASEMENT TRANSACTIONS TO \$1,250,000  
(RETAINING 10 ACRE THRESHOLD FOR PURCHASE AND SALE TRANSACTIONS)**

**Real Property Purchases and Sales  
Approved by the Regents, July 1, 2007 through August 31, 2011**

Real Property Purchases and Sales  
of 10 or More Acres

	<u>Acres</u>	<u>Amount</u>
350 Acres, Lake County Wilderness Research Center	350	1.00
90.07 acres, Tschimperle Land, Landscape Arboretum	90.07	\$6,160,000
Sale of 64.299 acres to MnSCU, UMore Park	64.299	\$1,900,000
Sale of 27.479 acres, Ballfields Parcel, UMore Park	27.479	\$1.00

Real Property Purchases and Sales  
of \$1,250,000 or More

	<u>Acres</u>	<u>Amount</u>
90.07 acres, Tschimperle Land, Landscape Arboretum	90.07	\$6,160,000
1701 University Avenue SE, Minneapolis	0.49	\$2,500,000
Sale of 64.299 acres to MnSCU, UMore Park	64.299	\$1,900,000
1.39 acres, UP Railroad, for CMMR Addition	1.39	\$1,396,422
2609-2613 4 <sup>th</sup> Street SE, Minneapolis	0.668	\$1,250,000

Real Property Purchase and Sale Transactions that Would No Longer  
Require Board of Regents Approval Due to Number of Acres or Amount

	<u>Acres</u>	<u>Amount</u>
617 S. Broadway, Rochester	0.71	\$1,190,000
701 S. Broadway, Rochester	0.84	\$1,025,000
Sale of 0.25 acre to Doran	0.25	\$1,000,000
527 Oak Street, Minneapolis	0.114	\$525,000
0.505 acre, UP Railroad, for CMMR Addition	0.505	\$504,252
724 First Avenue SW, Rochester for UMR	0.21	\$400,000
518 Ontario Street SE, Minneapolis	0.15	\$289,000

**Real Property Lease and Easement Transactions**  
**Approved by the Regents, July 1, 2007 through August 31, 2011**

Real Property Lease and Easement Transactions  
with Initial Term Amount of \$1,250,000 or More

	<u>Initial Term Amount</u>
99-Year Lease for U of M Hormel Institute	\$84 million
40-Year Mining Lease at UMore Park	\$75 million
10-Year Lease at 320-1 <sup>st</sup> Av. SW, Rochester	\$23 million
50-Year Land Lease for 615 Washington Ave Hotel	\$16 million
25-Year Agreement, New DECC Arena, Duluth	\$11 million
10-Year Lease for Pediatrics at UMMC-Fairview Riverside	\$6,300,000
Central Corridor LRT Easement	\$5,555,000
15-Year Lease to PETNET	\$3,052,530
20-Year Sublease at Willmar	\$2,700,000
3-Year Lease for Physics Warehouse	\$2,359,539

Real Property Lease and Easement Transactions that  
Would No Longer Require Board of Regents Approval

	<u>Initial Term Amount</u>
5-Year Lease for Soudan Underground Laboratory	\$1,140,000
CME World Symposium, Manchester Grand Hyatt, 2012	\$790,762
Walden University, 2011	\$550,076
USA Cup Soccer, 2009	\$542,395
J. Robinson Wrestling Camp, 2011	\$514,559
American Society of Virology Meeting, 2011	\$489,950
Walden University, 2010	\$438,429
J. Robinson Wrestling Camp, 2010	\$429,108
Walden University, 2009	\$420,048
3-Year Lease at 111 Third Ave. So., Minneapolis	\$394,688
USA Cup Soccer, 2010	\$355,083
CME at Venetian Casino Resort	\$339,364
UMD Student Housing at Edgewater Express, Duluth	\$337,749
51-Month Lease at 102 S. Broadway, Rochester	\$313,599
J. Robinson Wrestling Camp, 2009	\$307,185
Easement for 26 Acres at Fens Research Facility Wetland Bank	\$296,400
5-Year Lease to MHEC for WBOB	\$287,930
US Bank Lease, West Bank Skyway	\$280,000
USA Cup Soccer, 2011	\$252,304



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Facilities Committee**

**October 13, 2011**

**Agenda Item:** Consent Report

review       review/action       action       discussion

**Presenters:** Vice President Kathleen O'Brien

**Purpose:**

policy       background/context       oversight       strategic positioning

There are no consent agenda items for the October Facilities Committee meeting.



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Facilities Committee**

**October 13, 2011**

**Agenda Item:** Information Items

review       review/action       action       discussion

**Presenters:** Vice President Kathleen O'Brien

**Purpose:**

policy       background/context       oversight       strategic positioning

There are no information items for the October 2011 Facilities Committee.