

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

September 7, 2006

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 7, 2006 at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Anthony Baraga, Frank Berman, John Frobenius, Steven Hunter, and Lakeesha Ransom.

Staff present: Senior Vice Presidents Frank Cerra and Robert Jones; Vice President Kathleen O'Brien; Executive Director Ann Cieslak; Provost David Carl; Associate Vice President Michael Perkins; and Interim Associate Vice President Michael Berthelsen.

Student Representatives present: Melissa Herbst and Cassie McMahon.

CAPITAL BUDGET AMENDMENT

A. MN Molecular Cellular Therapeutics Center, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and Vice President for University Services the FY2006 Capital Budget is amended to increase the budget for the following project:

Renovation of the Molecular Cellular Therapeutics Building, Twin Cities Campus.

Scope of Project: Renovation of approximately 2,500 square feet of existing building to accommodate lab/research for two new University programs.

Cost Estimate: \$2,131,000.

Capital Funding: Mayo Foundation Grant \$1,204,000; Academic Health Center Internal Loan \$927,000.

Estimated completion date: January 2007.

Vice President O'Brien noted that the committee reviewed the item at its July 2006 meeting.

The committee voted unanimously to recommend approval of the capital budget amendment for the Molecular Cellular Therapeutics Building, Minneapolis, Twin Cities campus.

CAPITAL PLANNING & PROJECT MANAGEMENT SEMI-ANNUAL REPORT AND PROJECT DELIVERY MODEL OVERVIEW

Associate Vice President Perkins presented the Capital Planning and Project Management (CPPM) Semi-Annual Report. The report provided an update on all building projects at the University that are currently in progress or have recently been completed, as detailed in the docket materials. Perkins also presented information on the new project delivery model employed by CPPM.

As part of the CPPM Semi-Annual Report, Perkins explained that there are approximately 420 active small to mid-range projects at the University, to which \$79.2 million has been budgeted and \$38.5 million committed. He reviewed the status of several large scale University projects on all campuses and highlighted potential budget challenges.

Perkins introduced Katharine Anderson, coordinator of the new project delivery model project, to provide details about the effort. Anderson reported that the new delivery model took 18 months to develop and was officially instituted on August 17, 2006. She stated that the result of the effort is a concise project delivery method which provides a road map for both project managers and customers/clients. Perkins added that the delivery model will enhance the oversight capabilities of CPPM and result in more projects being delivered on time and on budget.

In response to a question from Regent Berman, Perkins stated that although several projects with budget challenges were recently approved by the Board, the initial cost estimates originated up to two years ago as part of the University's legislative requests.

FACILITIES CONDITION ASSESSMENT UPDATE

Vice President O'Brien introduced Interim Associate Vice President Berthelsen to present the Facilities Management Facilities Condition Assessment (FCA), a comprehensive evaluation of the condition of the institution's campus facilities and infrastructure portfolio, as contained in the docket materials. Berthelsen provided an overview for all campuses of gross square feet, estimated replacement value, and the projected short-term renovation and restoration needs. Highlights of his presentation included:

- Greater than 75 percent of University facilities are over 25 years old and greater than 40 percent are over 50 years old;
- Heating, ventilation, and cooling systems (HVAC) account for over 40 percent of the projected ten-year facility project needs of the institution;
- The University is planning \$110 million of renewal investments for FY2006-2007 and FY 2007-2008; and
- The University's Facility Condition Needs Index (percentage of facilities that need renovation/replacement within the next ten years) reveals the University's needs as greater than the national average for higher education institutions.

In response to a question from Regent Frobenius, Berthelsen stated that the projected 10-year facility needs figure of \$2.2 billion is probably low. He added that this preliminary estimate primarily assists the University in identifying and prioritizing projects.

FACILITIES MANAGEMENT TRANSFORMATION PROJECT UPDATE

Vice President O'Brien introduced Associate Vice President Berthelsen to provide information on the Facilities Management Transformation Project, as detailed in the docket materials. Berthelsen explained that this project was initiated in December 2005 as part of the administrative strategic positioning effort. He identified the following goals of the transformation project:

- a more customer-focused organization;
- a culture of accountability; and
- cost effective and quality service.

Berthelsen reported that the first phase of the project developed recommendations in such areas as performance-based evaluation and improving organizational processes. He explained that teams are currently working on implementing the recommendations.

COMMITTEE WORKPLAN, 2006-07

Vice President O'Brien summarized the development of the committee workplan for the coming year in accordance with Board of Regents Policy: *Board Operations & Agenda Guidelines*. O'Brien detailed the topics proposed for discussion each month. The committee expressed support for the workplan.

CONSENT REPORT

There were no Consent Report items this month.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Items contained in the docket, including:

- University activities to secure a lease of classroom, laboratory, and office space for University of Minnesota Rochester in the Centerplace Galleria Mall, downtown Rochester;
- Progress update and final project review regarding the Northrop Auditorium exterior stabilization project; and
- Final project review of the following projects over \$5 million:
 - a. Labovitz School of Business;
 - b. 717 Delaware Street SE, Phase I; and
 - c. Herbert M. Hanson Jr. Hall and Skyway.

The meeting adjourned at 4:45 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary