

These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

Minutes

Senate Committee on Finance and Planning

Tuesday, November 21, 2006

2:30 – 4:15

238A Morrill Hall

Present:

Judith Martin (chair), Daniel Feeney, Steve Fitzgerald, Lincoln Kallsen, Joseph Konstan, Mikael Moseley, Kathleen O'Brien, Kathryn Olson, Terry Roe, Karen Seashore, Charles Speaks, Warren Warwick, Aks Zaheer

Absent:

Rose Blixt, Marcie Jefferys, Thomas Klein, Michael Korth, Ian Macmillan, Richard Pfutzenreuter, Justin Revenaugh, Thomas Stinson, Michael Volna, George Wilcox, John Ziegenhagen

Guests:

Lesley Krueger (Office of the Vice President for University Services); Vice President Charles Muscoplat, Greg Cuomo (Director of Operations, UMore Park)

[In these minutes: (1) Twin Cities campus master plan; (2) UMore Park]

1. Twin Cities Campus Master Plan

Professor Martin convened the meeting at 2:35 and turned to Vice President O'Brien to lead a discussion of the Twin Cities campus master planning process.

Vice President O'Brien distributed copies of a handout and reviewed the contents. She noted the 1993 regental campus master planning principles (which embraced the concept of a master plan for each campus) and that a Twin Cities plan had existed since 1996.

That plan, after a two-year comprehensive process that included reliance on an advisory committee of about two dozen faculty, staff, and community members and outside consultants, and had a set guiding principles. Those principles are: instilling a sense of community, identification and preservation of natural features, creating a cohesive system of open spaces, achieving a balanced system for movement and access, and promotion of the optimization and rationalization of campus facilities, increasing the mix of uses on campus, developing connections, fostering accessibility and a sense of safety and security, promoting architectural integrity, preserving historic buildings and landscapes, and facilitating and ensuring healthy collaborative ventures [most of the preceding a direct quote from the handout]. The campus master plan is a land-use plan, Ms. O'Brien said, as well as a plan on how the University operates and how it might grow and develop over time.

In 2004 President Bruininks charged her with the responsibility for updating the Twin Cities campus master plan, Vice President O'Brien related.

She convened a group of faculty and administrators (including Professor Martin, who now chairs this committee, and Professor Neckar in Architecture) that met for about six months. The group revisited the existing plan and talked with a number of groups around campus as well as to individuals who have been involved in campus master planning around the country. The group came to several conclusions:

the 1996 plan should be retained and updated, the plan should be linked to University operations, and it should be used as a living document.

At present it is not operationalized, not living, and not integrated with the governance system, but it is a good framework, so the University need not start over again.

Professor Speaks commented that there should be, but is not, any reference to the master plan being aligned with and supporting the academic mission and the goal of being among the top three public research universities. One could build a campus that would be a disaster for getting to the top three. Vice President O'Brien agreed. That gets to the point that the master plan has not informed the operations of the University, and she pointed to the charge to the Steering Committee to update the master plan:

the first item in the charge is to "align and integrate the Master Plan with University core processes such as strategic positioning, academic planning[,] and funding.

Even that language, Professor Speaks said, covers only part of the academic mission. Ms. O'Brien agreed and said that is why his description of how the plan is now used was accurate.

Vice President O'Brien reviewed the other elements of the charge, which included taking advantage of major initiatives scheduled for the next decade, focusing on "growing a campus" instead of building buildings, instilling principles of sustainability, optimizing the distinction of being the largest research university that bridges the Mississippi River, and increasing ownership in the master plan by the University community and ensure there is broad and meaningful consultation with key constituencies.

Professor Konstan said that at some point someone needs to operationalize how people interact on campus in terms of moving around, staying in clusters, and so on.

Professor Martin said there are guiding principles in the original master plan that instruct the work of the current group.

Professor Konstan said these charges are very abstract and there is need for something one can measure, look at, that is more concrete. Professor Martin responded that the precinct plans provide a greater level of detail. So the approach, Professor Konstan concluded, is to worry about the flow of people within the precincts, and to say that it is OK for people to stay within the precincts. Some will do that, Professor Martin conceded, and it must be possible to do so.

Vice President O'Brien reviewed the schedule for updating the master plan, which ends with a request for regental approval in the spring of 2008.

The Committee looked over an organizational chart identifying the Master Plan Steering Committee (co-chaired by Vice President O'Brien and Professor Martin), issue-based work teams, and the staff team. The work teams are labeled, and have as co-chairs:

Enhancing the Campus (Jerry Rinehart, Denise Guerin), Natural Features and Open Spaces (Lance Neckar, Art Erdman), Movement and Access (Kevin Krizek, Bob Johns), Community Connections, Collaborative Ventures & Safety (Sheila Ards, Becky Yust), and Design and Preservation (Terry Bock, Judith Martin). Each of the teams is directed to address several issues:

enhancing the learning environment, alignment with strategic positioning, sustainability, benchmarking, technology impacts, and operationalizing the plan.

The Committee also reviewed briefly the charges to the work teams, which contained a set of more detailed questions. Professor Zaheer suggested the Steering Committee needs to develop a set of high-level directions and not devolve everything to the work teams and that it should state design principles. Ms. Krueger said the Steering Committee will meet and deal with these issues on an ongoing basis and will provide direction to the work teams.

Professor Konstan said one of his concerns is that a lot of decisions on transport, for example, will depend on other decisions.

The Committee, for example, is involved in the food and beverage RFP, and the question of whether dining will be spread around or centralized has implications for questions before the work teams. It would be helpful to have a principle enunciated that could be operationalized, measured, and visible to the community. Ms. Krueger said the staff team will work to ensure that there is coordination among the work teams.

Professor Konstan asked if it was the goal that faculty, staff, and students could move around the campus without going

outside. If so, and goal is to be retained, there are implications (lockers, space, etc.). One point of a campus master plan is to learn lessons from the past.

Professor Roe suggested that the plan should include the notion that it will evolve over time. He also urged that it should contemplate the impact on the community and how to bring the community to campus. He was, he recalled, an advocate of opening the Campus Club to the public. Ms. Krueger noted that one of the work groups is focused on community connections.

Vice President O'Brien related that she recently saw statistics on where University faculty and staff live. Ten to fifteen years ago, the near neighborhoods would have had a higher percentage of University employees than they do now, and those concentrations provided a natural connection between the University and neighborhoods. With fewer faculty and staff living close, there is more distance.

Ms. Olson said that the "Enhancing the Campus" work team has no researchers and that there is very little representation from the St. Paul campus on all of the teams. There should be one person doing lab research because those fields have specialized needs—and it is difficult to understand if one has not done it. And there are people on the St. Paul campus who would be interested in working with the groups.

Professor Hendel asked how the five work teams are involved in major projects, such as the football stadium. They are not, Vice President O'Brien said, because they are not working on capital planning or the six-year capital plan.

Professor Hendel asked if there should be a connection; Professor Martin suggested the connection should occur through the subcommittee Professor Hendel chairs, on capital projects and campus master planning. Ms. O'Brien said that the work teams have a resources list and bring in people with expertise for more in-depth discussions.

Professor Warwick commented that the University does not exist by itself and that there are good colleges around it; the University should tie into those colleges, which provide graduate and professional students.

Professor Martin thanked Vice President O'Brien and Ms. Krueger for their presentation.

2. UMore Park

Professor Martin now turned to Vice President Muscoplat for a presentation on UMore Park.

Dr. Muscoplat presented a series of slides about UMore Park, beginning with the membership on and charge to the steering committee.

The charge includes creating a vision and defining new opportunities for UMore Park that maximize its value, support the academic mission, and add value to the endowment, and continuing the tradition of contributing to the state by creating a new community that is the "pinnacle of public engagement, of translational research, of education that spans the lifetime." The Regents' goal is develop UMore Park to further the mission; they will develop a long-range master plan that puts a priority on University responsibilities and needs and also considers regional planning and economic development.

The Board of Regents adopted a set of principles in February, 2006; based on those principles, the steering committee recommends transforming UMore Park into a "sustainable University-founded community for the 21st century. With the University's imprimatur, it will be distinctive like no other community"; without that imprimatur, it would be just another suburban community.

The community would have 20,000 – 30,000 people live, work, and play, would have an enhanced quality of life, would be environmentally sensitive and energy efficient, would be intellectually and culturally rich, and that would grow the University endowment to support its goals.

UMore Park is a once-only opportunity, Dr. Muscoplat said. It is a 12-square-mile site near Rosemount, Minnesota, similar in size to Edina or Golden Valley. It is the largest contiguous property in the nation owned by a public research and land-grant university. It is also in the path of development currently being driven by others. Comprehensive plans are a first step towards realizing a University-founded community, and its plans need to dovetail with those of surrounding counties, cities, and towns. The Metropolitan Council Mandatory Planning Act requires comprehensive planning by counties, townships, and cities

in 2008 and the plans must be updated every 10 years; UMore Park is covered by the act so the University must develop plans.

Dr. Muscoplat referred to a couple of maps to describe the development pressures in the area and noted that there are large demands being made on that region.

He reported that the Steering Committee hired an acclaimed land-use planning firm, Sasaki, and had also consulted with a number of key constituents (faculty, local communities, regional government, etc.) They also conducted site visits to similar developments elsewhere in the country. The faculty urged building a community founded on University research across all disciplines, focus on sustainability in education, health, and energy, and provide a research platform for a top-three university.

Local governments are excited that the University has begun to develop plans for UMore Park. Local and national developers say the University is key to success, because it is University research and engagement that will differentiate it from every other community.

The land-use planning firm, Sasaki, analyzed regional trends and demographics, site characteristics and natural resources, and did a market analysis and considered development strategies. The net increase in population in the area around UMore Park is expected to increase 43% between 2000 and 2030 (an increase of about 160,000 people). Dr. Muscoplat told the Committee he is not saying what UMore Park might be worth, but he believes it is a very large number.

The vision for UMore Park

is "as a place in which the University collaboratively engages its expertise in teaching, research and outreach across all disciplines in the creation of a new 'community' dedicated to educational excellence, renewable energy, and healthy lives."

It is to be a place "to discover, invent, design, build and evaluate the physical, socio-economic and institutional 'infrastructure' of the 21st century.

The community itself will be about 5000 acres, adjoining 2840 acres the University gave to the state in return for support for the football stadium; the 2840 acres will be managed by the DNR and remain undeveloped. There is also adjacent park land.

The land deeded to the state is more environmentally sensitive and protected, Dr. Muscoplat said, but the University has the right to do research on the land forever.

There is also land reserved for agricultural research that will be integrated into the community.

Other universities have developed planned communities. The University of British Columbia converted about 1000 acres to one for student, senior, and faculty housing, recreation, and retail. The UBC community, however, is not used as part of the institutional mission and is intended to grow the institution's endowment. Stapleton, Colorado converted an airport (4700 acres) into a planned community, a public-private partnership, that has been very successful.

By 2020 Stapleton will have 30,000 residents, employ 35,000 people in 13 million square feet of retail and office space, and have a predicted \$36 billion economic impact on the region.

There are three scenarios for UMore Park, Dr. Muscoplat said:

- A:
Hold the land without development (allows the mature to mature; the risk is the plans of others will control the destiny and value and the University misses academic opportunities)
- B:
Sell the land at wholesale prices (simple, natural market demand will dictate speed and price; there would be modest gains from periodic sale of parcels the risk again is that the University misses academic opportunities)
- C:
Develop a new community (this advances the University's academic mission and regional academic development and maximizes value; the risk is that it is a bold undertaking over 25-30 years).

Their recommendation is option C: "transform UMore Park into a vibrant, intellectually and culturally rich, sustainable new community for the 21st

century built to further the University's legacy" and "maximize the value of the property to grow the University's endowment to advance the academic mission for generations to come." The development would leverage the University's imprimatur as a top-three university, establish a national model for design principles and sustainable development, and create dynamic public-public and public-private partnerships [mostly a quote from the slide].

The master planning guidelines for UMore Park call for governance oversight by the Board of Regents, that it be grounded in the core academic mission, that there be guidelines for ongoing research, academic, and community engagement, and that it be managed as an entire acreage together. The master plan is to be brought to the Regents in 2007.

There would be a development team appointed from the senior officers and operating structures to manage the endeavor for the next 25-30 years.

Dr. Muscoplat invited questions and comments.

This could be a disaster in 30 years, Professor Konstan observed, recalling the Disney community in Florida. There is no doubt the University can assemble the expertise; the plan assumes continuing engagement on a site a long way from the Twin Cities campus. Is there any example of where the University has kept up a 50-year engagement? Professor Martin noted the Arboretum, but Professor Konstan said it does not require the same level of engagement that UMore Park would. There is nothing like it in the world, Dr. Muscoplat said.

Professor Konstan said there are two extremes. How would it be crafted if the University does not touch it for five years, it survives, and the University gets the benefit? Or how would the University structure deals so it was pushed to stay involved—or it would not receive revenues? The outcomes are that the University is the governor of development but not the community and it does not get picked off. UBC and Stapleton are separate corporations; the Board of Regents will not give up control, so UMore Park will likely be a hybrid. He said he believed the University could do this; some of the land would get sold but a lot would not (schools, etc.), and from some of it the University would collect rental in perpetuity. There could be endowed chairs that do research on the site. There are two larger risks involved, he concluded:

(1) the University could do a bad job of it and harm its reputation (it can always walk away from the project and sell the land), or (2) it is bold and could be a great project if the University is careful. He wondered if the Regents could adopt a resolution calling for continued active planning, in order to discourage claims to the land.

Professor Warwick said he believed this is a project the University can sell this idea to the people of the state and that he would vote in favor of anything to encourage the University to proceed.

Professor Roe acknowledged that a lot of thinking had gone into the proposal but said it sounds utopian and too centrally-planned. There are a number of contingencies and liabilities and one must ask the economic question: what are the returns? There are questions of property rights.

Just because the University has a lot of faculty experts does not mean it is the best agency to carry out this plan. It comes down to profitability and social stakes: why can the University do this better? Dr. Muscoplat said they believe the community will be self-sustaining in the beginning (from the sale of gravel on the land) and that when the University seeks a partner, many will bid and will pay a lot of money to participate. Except for a few million dollars at the beginning, the University will not need to spend more money. Money will come from land sales, gravel, and the community developer. The bid process, he added, will need to be very transparent.

Who will own the schools, businesses, and home, Professor Roe asked? At Stapleton, on the retail areas were retained by the community; the rest of the land was sold. Dakota County is the only county that has given away planning rights to cities, so the University has been having a lot of meetings with the authorities of Empire Township (which is where UMore Park is located). There is both skepticism and enthusiasm on the part of the local authorities.

There is a short-term financial risk, Mr. Cuomo said, but when the gravel is mined, the revenue will be produced. Once there is a master developer, there is almost no risk, because even if the project were a financial debacle for the developer, the University would still own the land.

Professor Konstan said he was not worried about the financial implications but said the University should consider a

plan whereby it retains title to the land (so, for example, it has the land if it needs to build a campus there in 150 years). He said he was more worried about the University achieving the reputation it seeks if it handles this project poorly. (The likelihood of handling it poorly probably increases in 20-30 years, when the University could lose interest, which could hurt the University's reputation.)

He said this is an exciting proposal and he was not arguing against pursuing it, but he suggested the University not cash in to get the revenues too quickly and ensure that the project remains tied to so research endeavors can continue.

Professor Martin commented that if one looks at regional development for the last 50 years, it has pushed west, south, and north, but not far southeast. There are enormous possibilities in that area, especially along the corridor to Rochester. The Metropolitan Council expects there will be an additional million people in this region by 2030. The Twin Cities has NOT been a place for planned communities; that is outside the norm for the area. This would be a new model, on the scale of development one sees in cities in the southwest.

Professor Martin's observation is the reason for his question, Professor Roe said: Why is the University better able to do this, instead of a private developer?

Professor Seashore said she shared the concerns. The University must retain a privileged relationship with the schools so that someone can't come in, screw up, and make the University look bad. It would be a novel relationship—their schools, not the University's, but the University retains authority. UMore Park is a bigger experiment than the other planned communities, especially if the University retains a research link—there will need to be buildings and faculty members.

Professor Feeney said there is a link between economic sustainability and the goals of UMore Park. He characterized the view of Professor Roe as favoring selling the land in the hope that the sales would produce funds to foster research, unless the model of University Grove is repeated, with the University retaining title to the land. Once the land is sold, the University will have to deal with a lot of other groups. Harvard sold the land but kept the retail space and receives a lot of money, Professor Konstan observed, but Professor Seashore said that Harvard does not have a good reputation in the community.

Mr. Cuomo said none of the points raised during this meeting have not been raised before. In terms of leasing the land, people won't buy when they don't own the land.

That is a model, he said, but one has to be concerned about the market. In terms of owning the retail space, the Board of Regents has asked if that is part of the University's mission. In terms of Professor Roe's question about whether the University is a better organization than others to develop this project, the University has a lot of expertise and it can team with others as needed.

Professor Martin said if the University sells the land, it can insist on covenants and easements and so on, which developers will follow. Mr. Cuomo agreed and said the University can retain control without owning all the land.

Professor Roe talked about the need for a property rights structure and incentives for depreciation, management, and so on.

Professor Zaheer concurred, and said it will be very difficult for the University to walk the fine line between making money and doing research.

The Board of Regents wants to maintain control; Harvard wants to make a lot of money and structures its contracts to do so.

It is almost an impossible task to structure contracts and incentives for the people involved in them without ownership. This will be extremely difficult to pull off without clear guidelines—which there will not be. Mr. Cuomo agreed there is always a fine line between the financial mission and the academic mission. Minnesota is not like Harvard; it is more about service.

This is a 25-30-year project, Professor Martin observed once again; she pointed out that the Minneapolis riverfront project started in 1972.

What one is seeing now along the river is the end of a 30-year process that originally had no funding behind it. What made it work was public investment first; one must have confidence that over time the world will shift for UMore Park as it did for the riverfront.

Mr. Cuomo reported that at Stapleton, the retail activity has grown faster and the housing slower than predicted; one cannot plan 25 years in the future. One has to take the vision and go forward.

Ms. Olson asked about research:

She said she was not sure she would buy a home in a community that will be a research subject for the rest of her life. What incentives exist for people to buy in such a community? There will not be cameras in every yard, Mr. Cuomo observed; research might look at things like electricity and water use. Two "bad" things about the research are that it is not utopian and doing it means the University will not be trying to make as much money as possible. The idea is to create research opportunities in the vein of people studying people, but not coming into their homes. That would need to be explicit, with an opt-out provision, Ms. Olson suggested, but that might erode the research objectives.

Professor Warwick said one must think about history: The University started before the state, one guiding principle.

Another to think about is how land donated to education should be used; what are the purposes set forth by the pioneers and by the donors? He said he was entranced by the potential of the project. The founders of the University were willing take a risk to improve life for students and the state. One should not make assumptions that mean one must doubt the project.

Professor Roe said that implementation will be tricky. In the case of the riverfront, public investment made private investment more likely. The question is how to implement that approach in this case. There are urban planning experts who can advise on how to attract private investment. He maintained, however, that it is virtually impossible to plan centrally something this large.

Mr. Cuomo said all these points were well-taken; the project is not simple but it is exciting and could provide tremendous benefit to the University.

Professor Martin asked if buses can get there.

Mr. Cuomo said they can and that light rail has also been proposed; he agreed that people needed to be able to move in and out of the area.

Professor Martin thanked Dr. Muscoplat and Mr. Cuomo for the presentation and discussion, and adjourned the meeting at 4:20.

-- Gary Engstrand

University of Minnesota