9-12-2013

Consultative minutes 09/12/2013

Consultative Committee

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September 12, 2013

Committee members present: Jim Hall, Nancy Helsper, Heather Waye, Janet Ericksen, Ray Schultz, Chad Braegelmann, Jean Rohloff, Jim Barbour, Molly Donovan, LeAnn Dean. Absent: Allison Wolf, Joey Daniewicz

Guest: Vice-Chancellor Lowell Rasmussen.

Chair Schultz welcomed our guest, Lowell Rasmussen. HEAPR funding was the first topic he addressed. By way of background, he explained that it is at least a two process that includes planning, allocation, awarding of bids and actually accomplishing the project. This year, improvements were made in HFA with HEAPR funding. There were hopes in the 2013 session of supplemental funding to the HEAPR appropriation, but the Minnesota Legislature only funded state capitol improvements. UMM is getting ready to submit requests for this year. There are more restrictions to what projects may be funded with HEAPR funding now than in the past. For example, programmatic improvements are not eligible. Because of the nature of capital improvement needs at Morris and the difficulty of raising the 1/3 bond debts required, Lowell is proposing an incremental approach which would ask central U of M administration to shift dollars that would have gone to major capital bonding requests to smaller more incremental allocations in HEAPR and R&R. This proposes that UMM use a combination of HEAPR, R&R and local funding to realize our physical facility improvement projects. [see accompanying handout]. This approach has the advantage that there is more flexibility in what are acceptable projects. In order to make this model work, central administration would have to double or triple our R&R and HEAPR allocations.

The question was asked about residence hall funding. This is an entirely separate funding stream since ORL is a free standing auxiliary.

The question of improvements to Camden was asked. But, given the costs involved, we aren't in a position to move forward to hire an architect and invest even in the planning steps. Since R&R allocations are made based on a formula, we are sometimes at a disadvantage because of the age of our buildings.

The question was asked if the lobbying for HEAPR funding falls on Lowell and Jacquie. Lowell responded that the U of M central administration lobbying efforts are system wide. We do talk to our local legislators to encourage their support. It was pointed out that the student lobby effort is also very important. Lowell stated that it isn't that we don't understand the problem, it's that we don't have the right tools.

Lowell was asked what kind of implementation pace would be allowed if this blended approach were to be approved. He said we would need something like $3-5M a biennium. More than that would overwhelm our local planning and implementing infrastructure. This would be a manageable amount that would allow us to complete projects.

Lowell explained the first item on the Preliminary 2014 HEAPR request—the blue gas scrubber replacement for the Biomass plant. The Biomass plant has been offline since May. We are doing well in realizing energy from the turbines, but the green house gas reduction process is stalled at the moment. [see handout]

We asked what can we do as faculty, staff and students. Lowell replied that there is nothing we can do right now. Our UMM administration will make the case and meetings are ongoing to correct the biomass plant issue.

Lowell told us about a blog called "Campus Matters" written by Michael Higgins that includes much information and commentary of interest in the area of physical facilities management.

Lowell was asked if there were any updates to the campus master plan. He said, in one sense, this approach would inform the campus master plan in the capital projects area. Lowell is compiling data and metrics that would answer some of the questions the RAR process called for. The consulting firm Site Lines has been hired to do a comparative analysis. They were asked to identify comparable campuses. That report hasn't been received yet.

Lowell was asked if the central administration seemed interested in this funding approach. He said "We're getting close" and Pam Wheelock had indicated that it had some interesting aspects. Chancellor Johnson is meeting with President Kaler today and this is on their agenda.

In terms of our goal to increase enrollment, would our infrastructure be adequate for additional students? Lowell replied that our first goal is to make better use of existing space and that we need to look at what facilities make us money. The Planning Committee is working on the optimal enrollment size question.

Prompted by a question about Blakely, Lowell responded that we've been given permission for a dual-use facility (first floor for academic offices and floors 2-3 for a residence hall). We may have to look at planning for a new residence hall and discussions are continuing between ORL and other units.

On the topic of the One Stop unit currently on the first floor of Behmler and expanding into what was formerly the Behmler Conference room, Lowell explained that $200,000 for extensive renovation was received with reticence at campus governance committees. The current set-up is a type of trial balloon to see if it is a workable option. The lack of communication across campus about the One Stop was noted. Lowell mentioned that the small conference room on the 2nd floor (formerly Career Center Conference room) can be used for small meetings.

Someone asked what the open space in Computing Services was currently being used for. Jim said he had created a plan for creating offices, but that involved air handling and other challenges. It was suggested that space be utilized in some way, given our many chronic space deficiencies —for example, a dance studio.

In a continuation of the One Stop discussion, Lowell pointed out that given the rigid and separate set of policies required by Financial Aid, Business Office and the Registrar, there needs to be an interface between them for better service to students. We're now allowed to use the UMTC One Stop software. It was pointed out that students don't always "get it" in terms of the One Stop concept. It was suggested that more information be included in new student orientation and advisor training. More communication is key.

Lowell reported that the new HR, IT, Finance system known as ESUP (Enterprise Systems Upgrade Program) is moving ahead. It has a steep learning curve, but "it's there and we will use it."

When asked how local funds will be used in the incremental HEAPR and R&R blended approach, Lowell envisions that $400,000 of the $700,000 now paid to central to pay our debt (but paid by FY15) will be dedicated to capital improvements. The Planning Committee and other campus governance groups will weight in. Right now we have $1M across campus budgets that are carried forward each year as a type of insurance policy or to pay for expenses that one year's budget could not accommodate. We need to develop a policy such that people will have confidence that they can submit and be granted funding when they face an emergency or want to realize more long term goals. It's an issue of trust.

The committee thanked Lowell for the information and the discussion. Cancellor Johnson will be our guest at next week's meeting.

Respectfully submitted,

LeAnn Dean

March 2013

Rethinking the Capital Investment programs for the Morris Campus.

Morris is a campus of 1800 students with an eclectic combination of historical, mid seventies and new buildings. The composition of the buildings is directly related to the distinctly different education missions from which this campus has evolved.

In the past, the Morris campus has benefited from the U of MN system wide approach to meeting critical capital investment and infrastructure improvements in the last decade.

The Central administration and Board of Regents have made significant investments in the campus academic facilities to continue the high quality educational experience students expect from any U of MN campus.

The traditional approach to major building investments is to select major building renovation or new construction (depending on programmatic needs) and to ask the State of MN to bond for the projects selected by the capital review process.

Typically the State of MN bonds for 2/3 and the U of MN bonds for 1/3 of the project costs. Since these projects are multi million dollar projects the campus can only expect to participate in the biennial bonding requests once or twice in any given decade.

In addition to the major capital bonding requests, each biennium the State of MN allocates repair and maintenance dollars to help maintain and prolong the functionality of the current inventory of existing space.

These dollars are then allocated out across the U of MN space inventory on a formulaic basis. Morris has benefited from using these dollars to maintain and protect the building infrastructure to insure the buildings can serve the maximum number of years before replacement/renovation is required.

The first consideration is to understand the challenges facing the capital programs at Morris:

- Meeting the preservation requirements of the Secretary of the Interior. The historical aspect of the mall buildings is well documented and listed in the national historic registry.

- The mid seventies buildings represent the transition from a two year agricultural high school to the current four year public liberal arts campus. The building programs in the 70's do not meet today's educational demands.

- The campus is under pressure to systematically update and renew the technology and digital infrastructure to support both traditional and mobile learning outcomes.

- The mission of instructor lead education in smaller class sizes requires a dedicated classroom, laboratory, and research space for a finite number of students

The academic mission, physical diversity and regulatory limitations of national historic buildings in which the current space inventory operates has created one of the reasons to consider looking at Morris through a different investment strategy.

As second consideration in rethinking the capital investment process is related to student numbers. We are well suited to serve the 1800 students with the current space inventory, but have some chronic space problems that are manifested in spaces that are too small to make the major capital bonding bills, but are too large to be addressed with traditional R&R or HEAPR allocations. In addition, we have enough space, but not the right space for 21st century educational needs. Using

HEAPR to improve infrastructure does not address the programmatic or IT needs required by our faculty and students.

The smaller buildings in this category have become the space of last resort in the campus building inventory. They are generally old, have high facility condition needs, and are used as secondary space with little ability to impact the academic instructional needs of the campus. They are also on the National Registry, and Morris is proud to have them in the mix of our building space. We will not be delisting them or tearing them down.

Morris sees an opportunity to recapture the functionality of these small spaces by providing a code-compliant digitally robust teaching and research spaces with each building dedicated to one of the major programmatic instructional areas of the campus. These discipline based learning communities would augment the traditional learning experience of students and extend the research and development resources needed on campus.

These spaces would provide faculty offices and dedicated research rooms for undergraduate use. This would change the space inventory from spaces of last resort to frontline academic instructional and undergraduate research centers.

The third consideration in rethinking how Morris manages its space and capital investments is related to the cost of education and operation.

Morris invests in students' education in a manner that is different due to its mission, and its commitment to the public liberal arts experience. As U of MN cost studies have indicated, Morris spends more on educating its students than many of the other U of MN campuses.

The makeup of high need and significant percentages of first generation students drive how we invest in education on this campus. In any scenario we envision, any major capital debt will not increase the revenue stream, or increase student numbers. In all likelihood it would require shifting dollars from our educational programs to capital programs. These are long term commitments that cannot be reversed. The unintended consequences of shifting resources from instructional to capital may undermine the ability of the Morris campus to serve the current student body.

The national reputation Morris has earned is built on strong academic programs with award winning professors. Changing that matrix by incurring significant new debt raises questions about how effective that would actually be for the long term mission of the campus.

So to recap, the drivers for rethinking how we manage our capital inventory are:

- The current capital tools available to upgrade or improve the space inventory at Morris do not fit the small scale nationally listed mall buildings (too small for capital bonding, too big for HEAPR). Thus, these spaces have been stuck in a kind of "no-man's land for over ten years.

- The mid seventies building boom leaves Morris with several very large older buildings that need renovations to meet the needs of the campus. One of the large renovations (Briggs Library) has been submitted for inclusion in the capital bonding bill two times in the last six years and has not made the final list. It currently is listed for inclusion in 2018. The PE center was designed before title nine and has serious space utilization problems and is not even on the six year plan yet. These two projects combined produce a potential of $40- 50 million in bond debt under the traditional whole building renovation approach.

- With a stable student body, no significant new space is required which would increase revenues to pay for capital debt. New space will not increase student numbers above 1800. Increasing revenues to cover campus capital debt does not seem to be an option. We cannot build our way to increased student numbers.

- Controlling cost of instruction is critical for the U of MN and Morris. With a balanced budget with current debt payments, Morris has a sustainable fiscal environment. It cannot add significant bond debt and must understand how to maintain existing facilities without increasing campus debt payments which will impact the budget for 20 years.

- Finally, on a small self-contained campus, it is almost impossible to take any major build complex off line for the traditional whole building renovation process. We do not have swing space to accommodate large building renovations.

The proposal is for Morris to not participate in the State capital bonding requests over the next ten years. We cannot manage the 1/3 bond debt associated with the mid seventies building needs.

What we propose instead is an incremental approach that would ask the U of M Administration to shift dollars that would have gone to major capital bonding requests to smaller more incremental allocations in HEAPR and RR. By not participating in bonding bills there is a value added to the U to promote those facilities that will increase revenues or student numbers on other campuses, at the same time strengthening the ability of the Morris campus to fulfill its mission.

We would like to use a combination of HEAPR, R&R, and Campus funds currently being used to cover sequestered debt to continue a "pay as you go" approach that would allow us to get to some of our smaller buildings, and do smaller renovations within our larger buildings.

The attached spreadsheet attempts to redefine how Morris can manage its resources and improve the utilization and functionality of the campus space inventory and provide new undergraduate research space tied to disciplines.

The spreadsheet lays out a debt restricted incremental approach to improving and upgrading the campus space. It also redefines how we will manage space in the future.

The increases in HEAPR and RR and also be combined with annual allocation of $400,000 for the Morris campus that currently goes to cover sequestered debt, once that debt is repaid.

Thus we leverage three funding sources to get to the ability to improve infrastructure, improve classrooms and research capabilities and fund the IT/digital infrastructure in these spaces.

The spreadsheet shows how we would manage the projects to meet the cash flow.

Morris would need to double the current HEAPR allocation and increase the R&R allocation to be able to manage the inventory improvement program. However, at the end of ten years we would have touched every noncompliant space on campus and provided a new level of space functionality tied directly to student numbers in the newly envisioned mall digital community spaces. (National Historic Mall Buildings)

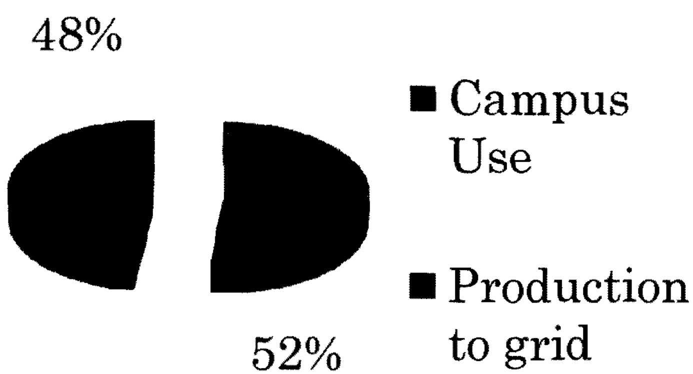
This is a pay as you go plan that will result in no debt payments and much more modest renovation plans for the mid seventies buildings. As you can see the larger mid seventies building are done in two phases over two biennium's.

Morris will still look for opportunities to seek private support for program space that will generate the 1/3 debt requirement. If donors are identified, Morris will ask that consideration be given to inclusion in the bonding request.

WE PRODUCE MORE RENEWABLE ELECTRICITY THAN WE USE – BUT THAT'S NOT THE WHOLE STORY.

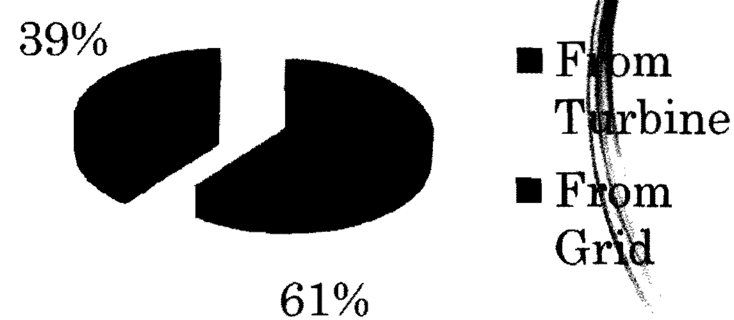
Wind Production

9,941,022 Kwh total



Wind Use

5,112,492 Kwh used on campus



8,449,504 Kwh total campus use in FY 13

A vocabulary for measurement

The Return on Physical Assets – ROPA[SM]

Sightlines

Annual Stewardship	Asset Reinvestment	Operational Effectiveness	Service
The annual investment needed to ensure buildings will properly perform and reach their useful life ***"Keep-Up Costs"***	The accumulated backlog of repair and modernization needs and the definition of resource capacity to correct them ***"Catch-Up Costs"***	The effectiveness of the facilities operating budget, staffing, supervision, and energy management	The measure of service process, the maintenance quality of space and systems, and the customers opinion of service delivery

Asset Value Change

Operations Success

UNIVERSITY OF MINNESOTA MORRIS

PRELIMINARY 2014 HEAPR REQUEST
University of Minnesota
ALL CAMPUS MASTER_V1_9.2.13

New #	Category	Campus	Bldg #	Building	District	Project Description	Total HEAPR Eligible List	$100M	Capital Project #	CPPM - PM	Design Level Est	Months to Construct	New Notes (2014)	Priority
40	Building Systems	04-UMM	754	Heating Plant		Flue gas scrubber replacement	700,000	700,000			PD (50%)	C (3-6 months)		
41	Building Systems	04-UMM	721	Behmler Hall		HVAC upgrades	470,000	470,000			Concept	E (9-12 months)		
42	Building Systems	04-UMM	724	Blakely Hall		Elevator Installation	400,000	400,000			Concept	E (9-12 months)		
43	Building Systems	04-UMM	745	Humanities		HVAC upgrades	380,000	380,000			Concept	E (9-12 months)		
44	Building Systems	04-UMM	747	Student Center		Edson Auditorium Interior upgrades	300,000	300,000			PD (10%)	E (9-12 months)		
45	Building Systems	04-UMM	752	Rodney A Briggs Library		Fire alarm improvements	160,000	160,000			Concept	D (6-9 months)		
46	Accessibility	04-UMM	752	Rodney A Briggs Library		Restroom accessibility	160,000	160,000			Concept	D (6-9 months)		
47	Building Systems	04-UMM	721	Behmler Hall		Fire alarm improvements	130,000	130,000			Concept	D (6-9 months)		
48	Building Systems	04-UMM	745	Humanities		Fire sprinkler/alarm installation	100,000	100,000			Concept	D (6-9 months)		
49	Building Systems	04-UMM	750	Science Auditorium		Water line replacement	100,000	100,000			Concept	C (3-6 months)		
50	Building Systems	04-UMM	753	Physical Education Center		Facility upgrades	90,000	90,000			Concept	D (6-9 months)		
51	Health & Safety	04-UMM	758	Humanities Fine Arts		Stair Hand & Guardrail Code Upgrade	90,000	90,000			CD (95%)	B (1-3 months)		
52	Building Systems	04-UMM	750	Science Auditorium		Exterior wall and stair repair	60,000	60,000			Concept	C (3-6 months)		
53	Health & Safety	04-UMM	700	Campus Wide		Pedestrian lighting upgrades	50,000	50,000			Concept	C (3-6 months)		
54	Building Systems	04-UMM	747	Student Center		Exterior envelope upgrades	40,000	40,000			CD (95%)	B (1-3 months)		
55	Building Systems	04-UMM	708	Saddle Club Barn		Electrical service upgrade	30,000	30,000			PD (50%)	C (3-6 months)		
56	Utility Infrastructure	04-UMM	732	Education		Domestic water line replacement	40,000	40,000			Concept	D (6-9 months)		
Total			17				3,300,000	3,300,000						0

LOOKUP TABLE

System/Uniformat Codes		TC Utility Codes		Design Level / Months to Construction Start	
B20	EXTERIOR ENCLOSURE	1.013	CHILLED WATER UTILITIES-MPLS	Concept	
B30	ROOFING	1.014	DOMESTIC WATER UTILITIES-MPLS	Feasibility	
C10	INTERIORS	1.015	STORM SEWER UTILITIES-MPLS	PD	PreDesign (25,50,75,95,100)
D10	CONVEYING	1.016	SANITARY SEWER UTILITIES-MPLS	SD	Schematic Design (25,50,75,95,100)
D20	PLUMBING	1.026	STEAM UTILITIES-MPLS	DD	Design Development (25,50,75,95,100)
D30	HVAC	1.027	ELECTRIC UTILITIES-MPLS	CD	Construction Documents (25,50,75,95,100)
D40	FIRE PROTECTION	2.306	CHILLED WATER UTILITIES-ST PAUL		
D50	ELECTRICAL	2.307	DOMESTIC WATER UTILITIES-ST PAUL	a_Ready	
F10	GENERAL RENOVATION	2.308	STORM SEWER UTILITIES-ST PAUL	b_1-3 Months	
F10.1	RESTROOMS	2.309	SANITARY SEWER UTILITIES-ST PAUL	c_3-6 Months	
F10.2	ACCESSIBLE ENTRANCE	2.362	ELECTRIC UTILITIES-ST PAUL	d_6-9 Months	
F10.3	ANNUAL POOL	2.363	STEAM UILITIES-ST PAUL	e_9-12 Months	
F10.4	PLAZA OR HARDSCAPE			f_More than 12 Months	