

MINUTES

BOARD OF REGENTS' COMMITTEE ON PLANNING AND FACILITIES MEETING

May 6, 2015

I. CALL TO ORDER

Committee Chair, Barry Mizuno, called the meeting to order at 12:36 p.m. on Wednesday, May 6, 2015, at the University of Hawai'i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A, 2420 Correa Road, Honolulu, Hawai'i 96822.

Committee members in attendance: Committee Chair Barry Mizuno; Committee Vice Chair Jan Sullivan; Regent Stanford Yuen.

Members excused: Regent Ben Kudo, Regent Jeffrey Portnoy.

Others in attendance: Regents' Chair Randy Moore; Regent Simeon Acoba, Regent Chuck Gee, Regent Helen Nielsen, Regent Lee Putnam, Regent Michelle Tagorda (ex officio committee members); Vice President for Administration Jan Gouveia; Vice President for Legal Affairs and University General Counsel Darolyn H. Lendio; Vice President for Research Vassilis Syrmos; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; Interim UH Mānoa (UHM) Chancellor, Robert Bley-Vroman; UH Hilo (UHH) Chancellor, Don Straney; Executive Administrator and Secretary of the Board of Regents Cynthia Quinn; and others as noted.

II. APPROVAL OF THE MINUTES OF THE APRIL 1, 2015 MEETING, APRIL 1, 2015 JOINT MEETING OF THE COMMITTEES ON PLANNING & FACILITIES AND COMMUNITY COLLEGES, AND AUGUST 18, 2014 JOINT MEETING OF THE COMMITTEES ON PLANNING & FACILITIES AND BUDGET & FINANCE

Regent Yuen moved and Vice Chair Sullivan seconded the motion to approve the minutes of the April 1, 2015 meeting, the April 1, 2015 joint meeting of the Committees on Planning & Facilities and Community Colleges, and August 18, 2014 joint meeting of the Committees on Planning & Facilities and Budget & Finance, which were unanimously approved.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary of the Board Cynthia Quinn announced that the Board Office received no written testimony, and no individuals had signed up to testify.

IV. AGENDA ITEMS

A. For Information:

1. UH Mānoa: Update on Facilities and Space Utilization

VP Gouveia said there was a reference at the last meeting in relation to space utilization to the 2012 from the APPA Report that gave rise to the question of space utilization. The University of Hawai'i (UH) has a significant deferred maintenance (DM) backlog and large Capital Improvement Project (CIP) requests that provides opportunities to incorporate best practices for space utilization analysis to ensure that moving forward buildings are designed for the most efficient use of space, and with a discipline to evaluate existing space before investing in new space.

She provided a report on how UH is addressing space utilization, specifically UHM. In order to be an effective analysis, there needs to be good data and criteria, and an embedded process for evaluating as part of the overall approach to dealing with facilities. In terms of data, she provided an overview of the eFacilities AiM (AiM) assessment inventory management system and its four basic functionalities of work order management, space planning, property data management, and asset tracking. Campuses annually update the information, which makes it fairly static. Campuses also use different space utilization software to do analysis of raw data, but there is no integration of the two systems.

In terms of processes and procedures, UHM space planning guidelines were published last month and made available online, which standardizes metrics for office, class and lab space. UHM also has a Campus Facilities Planning Board (CFPB) that reviews and advises the chancellor on new construction projects, consulting architect selections for planning and design projects greater than \$1 million, space renovation and alterations, and biennium and supplemental CIP programs. The data in AiM is evaluated in the context of the standards, and provide information upon which the CFPB can base its decisions regarding space utilization.

The committee had the following comments and questions: noted that at last month's joint meeting of the committees on Planning & Facilities and Community Colleges the long range development plan (LRDP) for Hawai'i Community College (HawCC) raised concerns about coordinating shared spaces between UHH and HawCC, and whether space analysis was being considered; the need to do better in LRDP planning, consider LRDP by island and geographic location versus by campus; the need to figure out goals, measures and objectives that are lacking in the current LRDP planning approach; looking more at shared facilities to avoid duplication; report back on progress and approach for implementing concrete guidelines, criteria, and justification for decision making that is based on goals; requested a copy of the UHM Space Planning Guidelines, and asked how the current shortage of space for colleges is addressed in the plan; and concurred with the more strategic outlook for LRDP planning and sharing of facilities to avoid duplication of programs (e.g., culinary program kitchens are expensive, with cooperation among the schools regarding program objectives, these programs could be taught differently and possibly share facilities, which might result in a more interesting program overall).

Regarding space analysis for UHH and HawCC, it was recognized that programs create the need for facilities, and the intent from a facilities standpoint is to provide the most efficient proposition. The LRDP presented was at a high level and more detailed

information of programs is needed in order to determine space needs. The committee's comments and concerns will be adequately addressed before returning to the committee.

VP Gouveia noted the geographic approach to LRDP was a shift from the traditional way LRDPs were done, and personally agreed the university needed a more holistic, comprehensive and strategic evaluation of all programs given the limited resources, facilities and property. Regarding incorporating these values into the decision making process, a plan is underway to develop the CIP budget within the context of those parameters. This year they anticipate having campuses include in their supplemental budget for projects and release of the \$45 million lump sum appropriation, a breakdown by project, evaluation of existing or alternate space, energy efficiency criteria and plans to address DM, capital renewal (CR), and health and safety matters. Capturing this information on an individualized basis will help decision makers prioritize limited funding.

A copy of the UHM Space Planning Guidelines will be provided to the committee, and it was noted that not all campuses have a formal committee structure like the CFPB at UHM, and instead decisions regarding space are made by the chancellor with input from stakeholders.

2. Update on 2016 Capital Improvements Project Budget Request

VP Gouveia referenced the handout entitled "UH Capital Improvements Program for Fiscal Biennium 2015-2017" (Attachment 1) that shows how the CIP budget approved by the board in October 2014 fared against what actually happened in the 2015 legislative session. The chart breaks down for each fiscal year of the biennium the CIP budget request, the Governor's executive CIP budget, the House's version of the budget, the Senate's version of the budget, and the final budget that was approved in conference.

The governor's budget funded only 2 items, Health, Safety & Code Requirements (HSCR) and Capital Renewal & Deferred Maintenance (CRDM), at a total of \$107 million for the biennium, significantly less than the approximately \$397 million UH requested for the biennium. The Legislature appropriated \$10 million for Minor CIP, with additional legislative initiatives that UH did not request. The \$44.4 million of Lump Sum CIP for Higher Education, gives UH the most flexibility to apply the resources to areas of highest need, and could be seen as financing the HSCR, CRDM, and Minor CIP in UH's original request.

In addition, UH added line items, shown on the chart, including: \$6 million for the Marine Center Relocation, that was in the board's CIP budget last year, but changes the funding from revenue bonds to general obligation bonds; \$3 million for softball stadium work; \$0.5 million for minor repair of the Waikīkī Aquarium; \$1.5 million for design and construction of HawCC portable trailers; \$1 million for design of Phase II (auditorium and restaurant) of the Culinary Institute of the Pacific; and \$2.5 million for PV project at Kaua'i Community College (KauCC).

VP Young explained that the Administration & Allied Health Facility at UH West O'ahu (UHWO) shows \$24 million being appropriated for the upcoming biennium, with a subsequent proviso that isolates \$17.5 million to repay an EB5 federal loan, and

expenditure of those funds are conditioned upon UH granting a long-term 25 year lease for \$1.00 rent to the High Technology Development Corporation (HTDC) for the Mānoa Innovation Center (MIC) which is HTDC's current location. In addition, \$6.5 million was intended for the Administration & Allied Health Facility at UHWO, to supplement the \$28 million appropriation in the current biennium. This makes a total of \$34 million available for this project, but until administration brings forth the lease for board approval, these funds cannot be considered unrestricted and available for the project.

The committee had concerns and comments on: why there was no appropriation for the 2nd year of the biennium; what the impact would be if UH did not comply with the proviso; requested an explanation why the board approved CIP request for Snyder Hall and Kuykendall Hall were withdrawn by administration and the status of these projects; noted the struggle with developing trust and confidence with the Legislature and how pulling back on a budget request that was approved undermines that trust and confidence in UH; what was the cost to get Snyder operable in the interim until funding is secured deferred CIP is not cost free in that every deferral puts the university farther behind with little sympathy from the legislature whether similar issues with Kuykendall that costs will exceed estimates and whether facing unbudgeted need to get it safe and functional during the interim; noting that UH has been unsuccessful in getting legislative support for revenue bonds or general obligation bonds to address DM, and the need to look into borrowing money soon because the longer they wait the more it will cost in construction and rising interest rates; process and allocation of the \$44.4 million of Lump Sum CIP for Higher Education the status of the Clarence T.C. Ching Athletics Complex; the consequence of not extending the MIC lease to HTDC; and noted the lack of legislative support trend, the onerous budget condition, and the need to figure out how to get more support.

VP Young explained that CIP appropriations are effective for the fiscal biennium in which it was appropriated plus one additional year. These appropriations are available as early as July 1, 2015 and carry over until June 30, 2018. If UH does not follow the proviso it cannot use the funds and the money will lapse on July 1, 2018.

Regarding Snyder Hall, Chancellor Bley-Vroman said they were concerned that UHM's fiscal situation might not make it possible to cover the debt service on revenue bonds that were part of the package. The project would cost significantly more than anticipated and they sensed the Legislature was not going to fund the full amount. He is working with UHM facilities staff, VC Cutshaw, and VP Gouveia on a comprehensive approach for putting projects forward that will provide a more accurate holistic view and clearer method of formulating and evaluating projects, and funding before going to the board and Legislature. Snyder is still a very high priority, because it provides advanced lab, classroom and office space, and hopes to have a request for the board in time for the supplemental budget. This was an embarrassing lesson to learn, and hopefully they can reestablish confidence by more carefully formulating what is being done on these projects. It will test their new process, and if all goes well, they will put forward a realistic and credible plan with appropriate funding mechanisms for the supplemental budget. IAVC Meder added that they are currently assessing what can be done in the interim to make Snyder safe and operable while minimizing costs, and identifying the spaces to concentrate populations in order to efficiently utilize less space, and finding swing space

to relocate people in preparation for the remodel.

Committee Chair Mizuno stated for the record this was another reason why the board passed a moratorium on future construction, because UH cannot afford the buildings it has and everyone must keep this in mind.

While Kuykendall building is not as complicated as Snyder because it is mainly classroom, lecture and office building, it is projected to cost more than the estimated \$40 million. IAVC Meder agreed that Kuykendall houses one of the most intensely used classrooms at UH, and the planning office is using new data to identify other spaces to use as swing. Consultants expect to see 6.5% annually in escalating construction costs, and estimated that by the time this project was ready for construction the funding would fall short. However, Kuykendall can be easily bifurcated because there is a four story classroom building and a separate 7 story office tower. The current plan is to focus on the classroom building because it has the greatest need, with sufficient money in the request to fund the renovation. The office tower can be done separately with other CR and DM money over time. He recognized that the more comprehensive, strategic approach would have been to bifurcate the project into two projects at the beginning.

VP Young said the \$44.4 million Lump Sum CIP for Higher Education is the most flexible because the appropriation language is very broad and general, and the funds could be used for any CIP project throughout any campus in the system. The original board request was focused towards the \$200 million for DM requests, and \$44.4 million is a fraction of the request. The list of CIP expected for Fiscal Year 2016 will surpass \$44.4 million, and he expects there is already a schedule and inventory of projects that will be the primary targets for these funds.

IAVC Meder confirmed that the Clarence T.C. Ching Athletics Complex is substantially completed, with a small areas (e.g., vending areas, press box, and larger meeting room for students which was originally planned as a computer room and changed later) remaining for completion at a later date in accordance with the 2011 plan. These areas being completed were not part of the original project, which is substantially complete. He indicated he would provide a more specific update to the committee.

VP Gouveia said if UH did not extend the MIC lease to HTDC then the \$24 million would not be available for use as the funds are contingent upon lease execution. These are capital CIP funds, which have a natural expiration date of June 30, 2018, and if not encumbered, would return to the state. President Lassner explained that the MIC is a two story building with parking located across from faculty housing on 40,000 square feet of prime land owned by the university. The building is owned by the university, constructed by the state on university land. The building was under a 25 year lease to HTDC that has expired. The decision regarding the lease has business, political and real estate use implications to be discussed with the board. He added that at some point the EB5 loan will have to be paid off.

At this time, VP Gouveia introduced Todd Kanja, the new Director of the Office of Capital Projects.

V. EXECUTIVE SESSION

Upon motion by Vice Chair Sullivan and second by Chair Moore, the Committee unanimously approved convening in executive session, pursuant to HRS §92-5(a)(3). The committee convened in executive session at 1:37 p.m. Following a motion to come out of executive session by Chair Moore and seconded by Vice Chair Sullivan, the motion was unanimously approved, and executive session was adjourned at 2:03 p.m.

Committee Chair Mizuno said that the committee discussed in Executive Session the consideration and negotiation concerning acquisition or lease of public property, pursuant to HRS §92-5(a)(3), in regards to the acquisition or lease of the Atherton YMCA property on University Avenue, O‘ahu.

VI. ADJOURNMENT

There being no further business, on the motion of Regent Yuen and seconded by Vice Chair Sullivan, with unanimous approval, the meeting was adjourned at 2:04 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents