BOARD OF REGENTS COMMITTEE ON PLANNING AND FACILITIES MEETING

September 5, 2019

I. CALL TO ORDER

Committee Chair Moore called the meeting to order at 8:46 a.m. on Thursday, September 5, 2019, at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai‘i 96822.

Committee members in attendance:  Committee Chair Randy Moore; Committee Vice Chair Alapaki Nahale-a; Regent Eugene Bal; and Regent Wayne Higaki.

Committee members excused: Regent Jan Sullivan.

Others in attendance: Board Chair Ben Kudo; Regent Simeon Acoba; Regent Kelli Acopan; Regent Michael McEnerney; Regent Robert Westerman; Regent Ernest Wilson; (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; Interim Vice President for Community Colleges Erika Lacro; Vice President for Legal Affairs/University General Counsel Carrie Okinaga; Vice President for Academic Planning and Policy Donald Straney; Vice President for Research and Innovation Vassilis Syrmos; Vice President for Information Technology/Chief Information Officer Garret Yoshimi; Vice President for Budget and Finance/Chief Financial Officer Kalbert Young; University of Hawai‘i at Hilo (UHH) Chancellor Bonnie Irwin; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES

Regent Bal moved to approve the minutes of the April 4, 2019, and May 1, 2019, meetings, seconded by Regent Higaki, and the motion carried unanimously.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony.

IV. AGENDA ITEMS

A. Fiscal Biennium (FB) 2019-2020 and 2020-2021 Capital Improvement Project (CIP) Budget:

1. Recommend Board Approval of the FB 2019-2021 CIP Expenditure Plan
2. **Recommend Board Approval of the Fiscal Year (FY) 2020-2021 CIP Supplemental Budget Request.**

3. **6-Year CIP Plan Update**

VP Gouveia explained that she would be providing an overview of the FB 2019-2021 CIP expenditure plan which incorporates the most recent legislative appropriations and actions, and the FY 2020-2021 CIP supplemental budget request which would be submitted to the Governor for consideration for inclusion into the legislative budget request. These are within the context of the broader 6-year CIP plan that is updated annually based on legislative appropriations and university priorities. VP Gouveia described this as a holistic and strategic approach to CIP.

Classrooms, laboratories, and student spaces were prioritized with a focus on improving the learning and research environment and providing agile and flexible spaces. The CIP plan was aligned with academic programming. Facilities in the worst condition were prioritized using data to support decisions and feedback was obtained from the classroom committee. The university has also been shifting to the culture of shared space in order to maximize utilization of space.

There are three categories of CIP projects: major CIP projects; renew, improve, and modernize (RIM) projects; and planning projects to support long-term projects. The deferred maintenance backlog is projected to be $812 million; $125 million is needed annually to maintain the status quo. VP Gouveia reviewed the legislative appropriations over the last biennium and noted that in FY 2019, 38 percent or $85.6 million of the university’s budget request was funded by the Legislature.

In FY 2018, 67 percent or $145.4 million was funded. The Legislature awarded the university a total of $236,521,000 for FY 2020 and $93,300,000 for FY 2021. VP Gouveia provided the details of the appropriations, including $79 million in FY 2020 and $49 million in FY 2021 for RIM projects and $41 million in FY 2020 for a student success center at the University of Hawai‘i at Mānoa (UHM).

Regent Westerman arrived at 8:59 a.m.

Regent McEnerney questioned the $4 million power purchase agreement buyout for the community colleges. Associate Vice President (AVP) Mike Unebasami answered that an analysis had been done on revenue generation and it was the ideal time to buy based on that analysis.

Regent Bal questioned the $11.65 million hangar acquisition. AVP Unebasami explained that they received a 30 year deed from U.S. Department of Education with an abrogation clause. The lease has increased from $60,000 a year to $1.2 million a year. The property cannot be commercialized under the lease agreement. Purchasing the property allows the University to save lease monies and to commercialize the property. They already have some interested parties, and the revenues can be used to offset lease rent to pay DOT.
Regent Nahale-a questioned the modular price difference at the UHH College of Pharmacy. VP Gouveia explained that when the school was first designed, the plans were for a three-story building, with the third floor including research space. The Legislature did not appropriate sufficient funds for that design so plans were changed and the third story was removed. The first and second floors are for office and instructional use. The modular site will house research activities.

Regent Westerman questioned the use of the modular space and whether the plan was to eventually eliminate all modular sites. UHH Vice Chancellor for Administration Kalei Rapoza replied that it would be ideal to have a new building, but they are working within their current financial means. Currently, research activities are done off campus so the modular space can be refitted and support research activities.

Regent Acoba asked about front loading the budget request for FY 2020-2021 and decreasing the budget request for the following years, and whether the deferred maintenance will decrease in subsequent years if the requested amount is appropriated by the Legislature. He also asked why certain projects were chosen and some were not. VP Gouveia explained that charts are updated each year based on appropriations to the best that can be forecasted. Projects that reduced deferred maintenance, older projects, and multi-purpose projects were prioritized.

Regent Acoba asked if the clinical research center was supposed to be placed in the empty space at the Cancer Center. Director Randy Holcombe explained that the plan was to build out the first two floors of the empty space. There is currently not enough legislative-appropriated funding to carry out the design plans for the first and second floors, but there is a possibility of getting matching funds from the National Institutes of Health.

Regent Wilson questioned the amount of funds going toward research facilities and the amount of research funding we expect to receive. Director Holcombe responded that the Cancer Center brings in about $20 million of federal funds every year to support research. The goal of the early phase clinical research center is to provide a service to cancer patients in Hawai’i for which they currently have to travel to the mainland. VC Rapoza explained that active research is expected to be conducted in the UHH modular facilities, which will hopefully bring in additional research funds.

Regent Higaki asked how many additional floors are still available at the center, if HVAC was included in the plans and if there was contemplation to allow private companies space. Randy Holcombe replied that two floors were still available, the 3rd and 4th floors and that HVAC was included in the plans for the anticipated. The 3rd floor was set aside as a biotech incubator space where private companies would be housed and said that he envisioned the 4th floor to become more lab space.

Chair Kudo asked if the deferred maintenance amount had increased and if there was anything that could be done to decrease that amount. VP Gouveia stated that they had tried to address that in the 6-year CIP plan and that $125 million a year is needed to maintain the status quo. Prior to 2016, special facilities, which are revenue-generating,
were not included in the deferred maintenance backlog, and now all buildings are included.

Chair Kudo asked what the net change from 2013 to 2019 was. VP Gouveia said that there was about 30 percent increase. President Lassner stated that there was some positive change in general funded facilities and that they were making a reduction in the backlog across the campuses. Chair Kudo questioned the increase in 2025 in Mānoa and Hilo’s deferred maintenance numbers. VP Gouveia replied that the figures were last year’s projections before the monies were received from the Legislature and does not reflect the work done in the past year.

VP Gouveia presented the FY 2020-2021 supplemental budget request which includes $236.5 million in general obligation bonds, including $60.5 million for UHM RIM projects, $6 million for UHH RIM projects, $35 million for UHWO Campus Center Phase 2, $10.5 million for community college capital renewal and deferred maintenance, and $46 million for the Honolulu Community College (HonCC) science building.

Regent McEnerney questioned how the rail and sewer issues were going to impact HonCC science building construction. VP Gouveia said that they had been working closely with HART and there should be no interruption by HART construction despite the close proximity.

Regent Westerman asked why the community colleges deferred maintenance seems minimal in comparison to the other colleges. VP Gouveia said that they are evaluated in the same way but have been fortunate to receive most of the monies they have requested each year so can do a better job planning on what they can do because they have more confidence in what they will receive.

Regent Acoba questioned the building of the general education building on the West O‘ahu campus and if that meant that the College of Education was transferring to West O‘ahu. VP Gouveia said that the building is for students on campus and does not mean that the College of Education was transferring from Mānoa.

It was clarified that the 6-year CIP plan provides context and is a planning tool, and not for board approval, but rather, the committee acknowledges receipt of the plan.

Regent Higaki moved to recommend board approval of the FB 2019-2021 CIP expenditure plan, Regent Bal seconded the motion, and with unanimous approval, the motion carried.

Regent Bal moved to recommend board approval of the FY 2020-2021 CIP supplemental budget request, Regent Higaki seconded the motion, and with unanimous approval, the motion carried.

Committee Chair Moore acknowledged receipt of the 6-year CIP plan.

**B. Mānoa Long-Range Development Plan**
VP Gouveia provided an update and presentation on UHM's long-range development plan highlighting the objectives of optimizing infrastructure, space utilization, and building resilience. The planning process involved students, faculty, and key members of administration in determining campus needs and fulfilling UHM's objectives and mission.

Regent Acopan departed at 10:13 a.m.

Board Chair Kudo questioned regarding the proposal to reduce the overall campus building square footage, mainly by removing portables and consolidating needs, asking if even more could possibly be reduced to assist with repair and maintenance needs. VP Gouveia noted that the plan focuses on the main campus and did not include the lower campus, student housing, and a few other areas. Regent Kudo noted that $100 million or $10.60 per square foot per year would be necessary to maintain repair and maintenance and that square footage would need to be reduced from 9.4 to 6.7 million square feet in order to live within the means of the average appropriation amount of $85 million per year.

VP Gouveia noted that reducing campus square footage is a priority for purposes of improving efficiency, reducing the deferred maintenance budget, improving energy efficiency, and recapturing land for future use. She also highlighted a portable demolition program and plan to increase pedestrian and bicycle circulation by shifting vehicular traffic external to the main campus grounds. VP Gouveia also highlighted possible public-private partnership opportunities.

Board Chair Kudo asked if there was a target reduction in square footage. VP Gouveia replied that the end goal is an approximate 500,000 square foot reduction, focusing on the non-athletic non-student housing areas. Board Chair Kudo noted the challenge of maintaining facilities and suggested that administration have an ambitious goal, such as 10% or 900,000 square feet, to reduce square footage in addition to pursue revenue-generating opportunities.

Regent Westerman suggested looking into the Complete Streets program and other opportunities for possible sources of additional funding.

Regent Wilson suggested that with all the tremendous changes taking place in our society that the board have a strategic discussion about the overall needs of the future, such as transportation needs since we are moving toward an electric car society, as well as what the classroom needs might look like going forward.

Regent Nahele-a asked what the board could do to accelerate the direction the University is headed, such a policy change or creating additional language in the plan.

Committee Chair Moore noted that approval of this agenda item would be with the understanding that there would be an opportunity for further discussion at the full board meeting. Regent Bal moved to recommend approval of the Mānoa long-range development plan, Regent Higaki seconded, and with unanimous approval, the motion carried.

C. FY 2018-2019 Fourth Quarter CIP Status Report as of June 30, 2019
VP Gouveia provided a CIP status report on construction projects over $5 million and design projects over $1 million. She reported that other than the Life Sciences Building, which was anticipating $15 million in change order to build in redundancy to HVAC and adding lab and case work back to the project now rather than deferring it later when it will cost more, that all other projects were going according to normal within standard deviation.

Regent Wilson reminded the committee that the “cost to complete” column was recently added to the report and that it is helpful in providing additional context.

Regent Westerman asked for clarification on the pharmacy building changes and whether the amount was $9 or if it was intended to be $9 million. VP Gouveia replied that it was a $9 change as noted in the materials, and not $9 million.

D. Public-Private Partnerships (P3) Update

VP Young provided an update on P3 projects. He noted that since the last update, Chris Woodard had been hired as the Director for the Office of Strategic Development and Partnership. This office will help foster P3 opportunities. VP Young provided updates on the Atherton innovation space and student housing project, which is owned by the UH Foundation and leased by UH, and is currently under an exclusive negotiation agreement; the NOAA graduate housing project, which is in negotiations for an exclusive negotiating agreement and pre-closing agreement; and the UHWO University Village project, which is being repositioned and restructured.

Regent McEnerney asked if Greystar was going to manage the new campus housing and if that would be a conflict of interest if they did given that they manage nearby Hale Mahana. VP Young replied they are price setting less than Hale Mahana and the plan is to negotiate so risk is not all on UH.

Regent Acoba asked if Hunt would run the Atherton facility and Greystar the NOAA project. VP Young answered that it is a possibility, but there is still a lot to be negotiated on both projects.

Regent Moore asked if the landowner in either of the projects subordinates the land to the lender in the event of a foreclosure. VP Young stated that something like that would not be allowed in negotiation.

V. ADJOURNMENT

There being no further business, Regent Bal moved to adjourn the meeting, Regent Higaki seconded the motion, and with unanimous approval, the meeting was adjourned at 11:25 a.m.

Respectfully Submitted,

Kendra Oishi