Committee on Planning and Facilities Meeting

Summary of August 6, 2015 meeting

The Committee discussed and recommended for board approval 7 proposals, and received 2 updates on land planning at UHWO and UHH.

Regarding the 7 proposals recommended for board approval by the committee:

1. UH Mānoa: $1.4M Construction Management Service Contract for Marine Laboratory Buildings 1 & 2 Coconut Island
   The management contract was procured by a low bid process and price is based on the DAGS schedule of 6 – 10% of construction cost with an increase because of unique location. The project will reduce DM by $3M.
   The committee raised concerns about inhouse staff shortage. Administration will seek legislative support again in the coming legislative session. The project will reduce $3M of DM.

2. UH Mānoa: $1.49M Consultant Contract for a Mānoa campus-wide infrastructure trunk line
   A consultant contract to provide a comprehensive approach to upgrade stressed infrastructure systems into a single trunk line that all buildings can plug into. It will advance sustainability, right sized for demand and growth and linked to all current and future buildings. It will provide an inventory, assessment, and provide schematics for prioritized phased implementation based on availability of funds. Contract is $1.5M and construction cost $250M - $350M over 20 years. Addressing $100DM, in addition to not yet quantified energy savings.
   Concerns/comments that were raised included that the schematics seem premature versus conceptual drawings; and assurance that the implementation would be phased, underground, and incorporated into new construction.

3. UH Mānoa: $7M Construction Contract for the William S. Richardson School of Law Community Legal Outreach Center (CLOC) to be funded with $3.5M in GO Bonds and $3.5M in taxable revenue bonds
   The original proposal was sent back to committee for further review and Administration presented a stand alone office and clinical meeting space, descoped utilizing value engineering, but now needs a separate HVAC system. The cost decreased from $1000 a square foot to $833 per square foot. A space utilization study shows no other space to conduct program on campus, although there is ongoing work to get better data and align disparate databases to compare with peers and benchmarks to help determine need. A maintenance reserve fund is built into the cost at 1.5% of the depreciation value. FF&E is expected to be at 5 – 10% of the cost. There is a reserve fund of $2.3 million in
private donations that could be used for FF&E, operational reserve or a debt service reserve fund. Administration reported that the financial analysis is based on assumptions provided by the law school regarding enrollment increases and savings from personnel attrition from expected retirements, and conversion of temporary to general funded positions. Although the project has a risk of cost overruns, based on the assumptions made by the law school, Administration stated that the obligations can be satisfied.

Comments/Concerns by the committee included strong support from ex officio member Regent Acoba, and other concerns raised about adding to the DM and RM situation; need for a space utilization assessment that included a complete inventory database and metrics to determine need in light of economic and financial situation UH is facing regarding addressing RM and DM; burdening undergraduate tuition if assumptions are not met; that law school is operating at a deficit but now seeking to incur debt service and O&M costs, and in the face of persistent counter-support that the professional schools should be self supporting with no state funding.

4. UH Mānoa: $50M Design-Build Construction Contract for the Snyder Replacement building using repurposed GO Bonds
   Administration presented a proposal to repurpose $30M in unrestricted GO bonds that will lapse on June 30, 2016, with $20M of $44M current appropriation for a total of $50M for a design build of a new Snyder building to be located near the biomed buildings instead of renovating the current Snyder building. The new plan will be a catalyst for transformation to implement other priority projects and co-locate aligned academic programs. The net impact to Mānoa campus will be a decrease of $416K in CRDM, because demolishing building and building out a new Kuykendall. Both funding sources are GO bonds and the project is in alignment with the purpose, with no debt service enuring to UH. No reserve is required but it is good best practice not currently employed.

Concern/comments included strong support of the new strategic direction, synergy incorporating multiple projects, effective use of space and legislative funds within earmarked restrictions and limitations; aligns and facilitates the intent of the moratorium; request for a needs assessment for the swing space to understand the use of project to depleting the RM, and serving as swing space for others.

5. UH Mānoa: Lease renewal for the John A. Burns School of Medicine use of the 7th and 8th floors of the medical office building at the Kapi'olani Medical Center for Women and Children

Sublessor recently secured a new master lease and now JABSOM has the opportunity to execute an option to extend sublease for up to 5 years. JABSOM needs the space to comply with regulations.
Comment raised to clarify that the authorization is limited to this option only and not an open authorization.

6. University of Hawai‘i at West O‘ahu: $33.7M Construction Contract for the Administration and Allied Health Facility
   The project is funded by GO bonds; Bid opening was May 2016; Construction completion is scheduled for April 2018; Operating with 1.5% reserve for RM at $550k a year. Infrastructure trunk planning is also under consideration and incorporating LRDP into the larger land development plan. The building will provide for programs needed based on regional population demand anticipated in areas of health, STEM, intracampus articulation implementation, anticipated enrollment growth.
   Concerns/comments raised included ensuring coordination and avoid duplication of programs; recognition of space needed for additional staff and faculty for enrollment growth, and ensuring that it will incorporate infrastructure trunk line planning like UH Manoa.

7. Approval of Fiscal Year 2016 System (UOH 900) CIP Appropriation Projects
   Lump sum CIP prioritization on health and safety

   Administration provided a presentation on projects for 2016, and deferred UHM $2.3M study for further review as it involves both infrastructure and academic planning and was not time sensitive. Comments raised included ensuring that projects are closely monitored and prioritized.

B. Items for Discussion

1. Update on University of Hawai‘i at West O‘ahu Master Plan
   Administration provided a history and background, conceptual plan, next steps to update the LRDP, and provided a timeline for the RFQ for a master developer, with a selection by March 2016, and negotiating an agreement by June 2016.
   Regarding an update on call for offers for student faculty housing at UHWO, based on input, the timeline is solicitation in October 2015, with selection by March 1, 2016. Size and allocation of use for student and faculty housing is under consideration dependent on cost efficiencies with a minimum of 100-200 beds for Tokai students, as part of building an international environment on at least a break even basis. Operations efficiencies under consideration to close the gap between self operating or leveraging Mānoa student housing.

2. Update on University of Hawai‘i at Hilo’s University Village Phase II Call for Offers:
   Chancellor Straney reported that the calls for offers received were focused on more residential than vibrant commercial development envisioned, so terminated and regrouping on framing new proposal for near future but no timeframe at the moment.