



Budget and Finance Committee

January 29, 2021

Minutes

The meeting was called to order at 9:00 a.m. by Governor Barnhill via video conference. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill, Kelly, Kumar, Stancato and Thompson; Paul Beavers, Faculty Representative, Linda Beale, Faculty Alternate Representative; Jasmine Coles, Student Representative and Marcella Eid, Student Alternate Representative

Committee Members Absent: Jasmine Coles, Student Representative

Also Present: Governors Busuito, Gaffney, and Land; and President Wilson; Provost Clabo; Vice Presidents Burns, Decatur, Lanier, Lessem, Lindsey, Schweitzer, Staebler, and Wright; and Secretary Miller

APPROVAL OF MINUTES, OCTOBER 30, 2020

ACTION: Upon motion made by Mr. Beavers, and supported by Governor Stancato, the Minutes of the October 30, 2020 Meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

There were no proposed transfers from the FY 2020 contingency reserve this month.

MCGREGOR MEMORIAL CONFERENCE CENTER ELEVATOR MODERNIZATION PROGRAM

Mr. Davenport, Associate Vice President for Facilities, reported that there was a plan to address the dated elevator equipment in the McGregor Memorial Conference Center with a complete renovation and correction of other structural issues. This is an important project, as the central kitchen for the university's catering operation is on the lower level of this facility. Governor Thompson asked if this project was on the list of elevator projects identified for service throughout the university. Mr. Davenport confirmed that it was on the list, and a complete prioritized list of elevators that will be addressed this fiscal year will be provided. Last year a complete study was done for all of the elevators to understand their condition and expected replacement costs with anticipated funding needs identified

at approximately \$62 million. The total cost for this project is \$695,000 and funding sources are from the McGregor Memorial facility reserve and Deferred Maintenance.

Mr. Davenport advised that the university annually allocates \$6 million for deferred maintenance. Governor Thompson asked about other projects planned for the deferred maintenance reserves. Mr. Davenport advised that many of the projects are under the \$500,000 threshold to come before this committee, but he will provide a planning summary for 2021 for the Board. In response to a question from Governor Thompson about review of projects under \$500,000, Mr. Davenport confirmed that they do not come to the Board, but are reviewed by a CPPC group, which is a group of university stakeholders that review all capital projects on the docket. Governor Barnhill asked that the administration provide an informational report for the Budget & Finance Committee members of the deferred maintenance projects planned for the coming year.

ACTION: Upon motion made by Governor Thompson and supported by Governor Kelly, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to proceed with the design, solicitation of bids and the award of contracts for the modernization of elevators at a cost not to exceed \$695,000. The motion carried.

STATE HALL RENOVATION

Mr. Davenport provided an overview of the next steps in the process for the State Hall renovation project. He advised that the purpose of this recommendation is to approve funds to develop the schematic design, design development and construction document phases of the project, which will help define precisely how much the project will cost. For the next nine to twelve months, university staff will be working with the architect engineer to determine what the programming should look like and how the project will unfold. Initial meetings have been held with stakeholders across campus to help understand the programming aspect. Further discussions will be held to add context to this process. Those stakeholders will be reengaged once the design development phase is completed.

Governor Barnhill asked Mr. Davenport about the stakeholders involved thus far, and whether or not students and faculty have been included. Mr. Davenport advised that there were comprehensive discussions that included academic leadership, faculty and students.

Governor Busuito asked for an explanation of the numbers provided for the design and consultant fees. Mr. Davenport advised that the university will not be engaging in any construction work at this phase of the project. The estimated construction of the facility is \$85 million. Professor Beale asked about the portion of the funds coming from the fund for non-recurring project reserves, and for an explanation of that fund. R. Cooke will research that fund and advise.

Governor Stancato asked about the timing of and for an overview of the project. Mr. Davenport advised that it will take approximately nine to 12 months to determine the exact

programming and exact design, and to work through the construction documents to determine the price for the project. Governor Barnhill asked for clarification of the use of the \$6 million in design and consulting fees. Mr. Davenport advised that these funds go to both architectural and engineering services. They work together and share information as they design the project and create understanding of the complete programming around the project. They are digging very deep into the mechanic, electrical, and plumbing infrastructure and the building envelope, including the windows and the roof. Their work builds the construction documents that, once completed, are then introduced and shared with contractors who will then put pricing to all of the work that was designed, helping the university arrive at the total expected cost of the project.

Mr. Davenport noted that with an \$80 million project, it would don't be unreasonable to spend \$8 million in design and architectural design fees. Governor Thompson asked if in terms of annual cost, if it is typical for this phase to be 10% and whether costs can go up. She also asked whether or not this is a contemplated project for the 2020 bonds sale. Mr. Davenport noted that this project was planned to be funded by those bond proceeds. He advised that there was preliminary pricing developed to estimate what the programming would look like. That preliminary pricing originally was in the \$80 to \$85-million-dollar range. Mr. Davenport believes that the \$6 million will cover these costs and at this point no additional funding for the design development phase will be needed.

ACTION: Upon motion made by Governor Stancato, and supported by Governor Kumar, the Budget and Finance Committee recommended that the Board of Governors authorize the President or his designee, to award contracts to provide design and pre-construction services for the comprehensive renovation of State Hall at a cost not to exceed \$6,000,000. The motion carried.

INFORMATIONAL REPORT: MAJOR CAPITAL PROJECTS

Mr. Davenport reviewed the report on Major Capital Projects. He advised that the pandemic essentially delayed all projects but work has picked back up. He specifically highlighted the elevator modernization project at Scott Hall, advising that COVID hit the elevator mechanic poll hard, which put quite a delay in the progress of that work. The project also experienced procurement delays from materials coming in from China. These issues have extended the project into August. The Matthei addition experienced some problems with the conductors that went undetected and caused some damage to the new building after construction. They are working with their partners on finding a solution to get that project back online. He concluded his report by advising that both the Arena project and the Hilberry project are going well.

PURCHASING EXCEPTIONS

Mr. Ken Doherty, the Associate Vice President of Procurement & Strategic Sourcing, presented the informational report on purchasing exceptions. He advised that the items fall into three different categories, compatibility, renewals, where the contract is not based on competitive bids, and those based on scientific judgement. There are a few items in the report that are based on the university's response to the COVID 19 pandemic. Governor

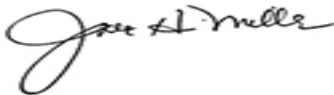
Thompson asked for clarification of an item listed as a purchase by UPG. AVP Doherty advised that the purchase was initiated when the pandemic first hit. The university was setting up testing at the 400 Mack facility, and to expedite the acquisition of the equipment, it was purchased through UPG with the intention that Wayne State would fund it. It took some time to work through the mechanics of the university purchasing the equipment from UPG and transferring the asset from the University. VP Schweitzer concurred with that description, and there was a shortage of these testing machines, and the university was fortunate to acquire one, which has been a great resource to the people of Detroit. The equipment has been used to test thousands of individuals who otherwise would not have been able to be tested.

Professor Beale asked about a reference to a Center in the College of Engineering, described as industry X, and she does not recall that such a center has been chartered. Provost Clabo advised that this may be a misuse of the term, and that the university has to be very precise in the language used, as in this instance, when the center is a building. She will go back to the College of Engineering and make sure that the term is being correctly used.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:35 a.m.

Respectfully submitted,



Julie H. Miller
Secretary of the Board