

Space Utilization Initiative

July 2010

Space Utilization

Executive Committee

- SVP Jones, VP O'Brien, CFO Pfitzenreuter

Team Members

- Space Management
- Facilities Management
- Budget Office
- CPPM - Planning & Architecture
- AHC - Facilities
- Real Estate

Space Utilization

Charge:

- Improve the utilization of University space to decrease operating and lease costs on the Twin Cities Campus by \$10M annually and to reduce the University's space inventory and demand for leased space.
- Develop system-wide processes and metrics to claim back space with or without major program cuts.

Principles

- a) **Sustainable:** The University should not have more space than it can afford to operate, maintain, and support.
- b) **Aligned:** The University should provide the correct type, quality, and quantity of space required for programs to function effectively.
- c) **Managed:** The University should provide tools and incentives for maximizing the efficiency and effectiveness of its space resources.

Space Changes 1999 – 2009

Space Change FY 99 to FY 09

6/15/2010

<u>Space</u>	FY '99	FY '09	Committed	Projected	Change	Percentage	Source
Supported GSF	14,150,660	15,088,458	641,863	15,730,321	1,579,661	11.2%	FM Cost Report
Non-Supported GSF	6,089,985	7,005,618	625,411	7,631,029	1,541,044	25.3%	FM Cost Report
Total Lease SF	453,032	611,550	-	611,550	158,518	35.0%	REO Lease Report
Total:	20,693,677	22,705,626	1,267,274	23,972,900	3,279,223	15.8%	
People - TC Campus							
Total FT Degree Seeking (UG)	20,757	27,636		27,636	6,879	33.1%	IRR
Total FT Degree Seeking (G)	6,727	9,484		9,484	2,757	41.0%	IRR
Total Employee Headcount	20,690	22,995		22,995	2,305	11.1%	IRR
Expenditures							
	HEPI Adjusted				Change		
	FY'99	FY'09					
Systemwide Total	\$ 2,331,089	\$ 2,533,839			\$ 202,750	8.7%	Annual Report, Common Fund
Sponsored Research	\$ 495,532	\$ 583,500			\$ 87,968	17.8%	OVPR Website, 1999 & 2008
Committed Space							
	Supported	Non-Supported	Lease				
Cancer / Cardio	280,000	-	-				
CMRR Expansion	67,382	-	-				
FM Landcare Facility - New	21,000	-	-				
FM Landcare Facility - Old	(46,107)	-	-				
Medical Bioscience Bldg	121,500	-	-				
Recreation Center Expansion	-	145,000	-				
Science Teaching & Student Services	115,000	-	-				
TCF Bank Stadium	21,000	480,411	-				
Weisman Addition	2,200	-	-				
1701 University Ave SE	38,500	-	-				
2001 Plymouth Ave N	21,388	-	-				
Total:	641,863	625,411	-				

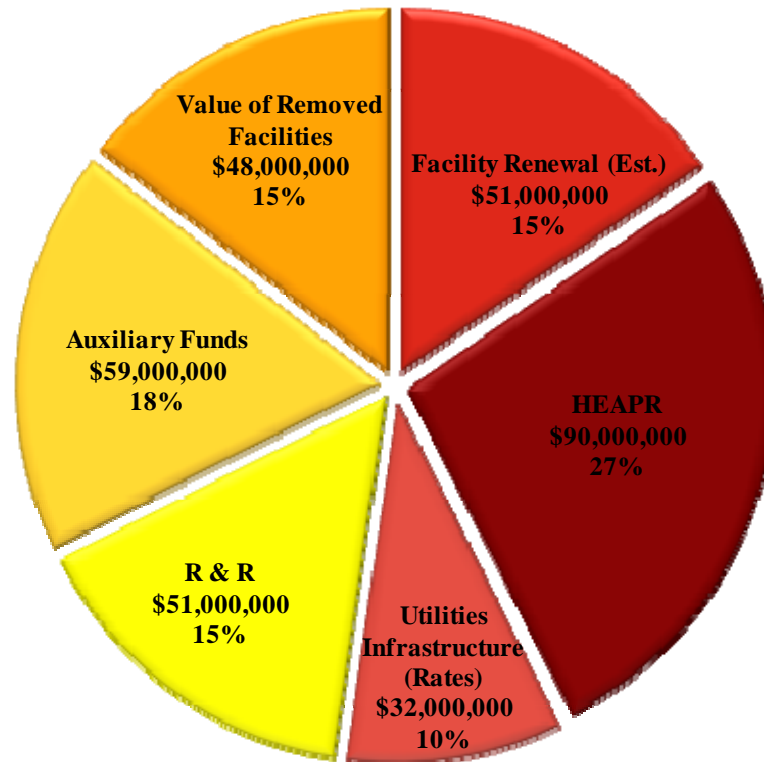
Capital Need Exceeds Available Funding

(System-wide)

Required Capital to Maintain current FCNI Ratio: \$160 Million per year

Actual Funding (average over the last 4 years): \$83 Million per year

Actual Renewal Investments FYs 07-10: Total \$331M



Costs of Space

Construction + Operations + Renewal + Debt Service + Insurance

Operations:

- Custodial / Waste / Grounds
- Maintenance
- Utilities
- Repair & Replacement

Operation Cost Examples:

- Molecular & Cellular Biology: \$26.72 / asf
- Heller Hall: \$19.61 / asf
- Jones Hall: \$15.17 / asf
- Mondale Hall: \$9.35 / asf
- Magrath Library: \$7.35 / asf

\$10 Million

Equates to:

- approx. 1 million supported gross square feet
- approx. 2/3rds of all supported space added since 1999
- approx. 8 percent space cut for all supported units on campus

Outcomes:

- will require a broad culture / attitude change about space use
- will not be free. It will cost money to save money
- will not be fast or easy (if we want to minimize chaos)
- will not be anything other new. Other organizations and institutions have successfully made these kinds of changes.
- **are worth pursuing**

Space Summary

Total Gross Square Footage	22,097,937	Total enclosed area of the building
<i>Less structural area</i>	<i>(2,257,592)</i>	<i>Interior walls, exterior walls, structural columns etc.</i>
<i>Less nonassignable area</i>	<i>(6,652,539)</i>	<i>Building service (toilets, custodial, etc), public circulation, mechanical areas</i>
Total Assignable Square Footage	13,187,806	Area available for programmatic uses
<i>Less non-supported ASF</i>	<i>(6,051,728)</i>	<i>Auxiliary Services, Athletics etc.</i>
Total Supported ASF	7,136,078	
ASF to GSF Ratio	60%	
1 Million GSF Equivalent	596,789	
Percentage Reduction Goal	8.4%	

What does an approx.
8% reduction look like?

	TOTAL			3%	6%	9%
Board of Regents, Office of	13,762	0.2%				
Internal Audit, Office of	2,150	0.0%				
General Counsel, Office of the	11,970	0.1%				
Athletics, Dept of Intercolleg	-	0.0%				
President, Office of the	26,563	0.3%				
International Programs, Ofc of	22,612	0.3%				
MN Extension	36,287	0.4%				
System Acad Admin Acad Units	17,014	0.2%				
System Acad Admin, Sr VP	20,084	0.2%				
Information Technology, Ofc of	170,319	1.9%				
Equity & Diversity	28,007	0.3%				
Human Resources, Office of	38,969	0.4%				
VP for Research, Office of	51,902	0.6%				
Scholarly & Cultural Affairs	91,857	1.0%				
University Relations	60,556	0.7%				
Auxiliary Services	-	0.0%				
Capital Planning & Proj Mgmt	8,768	0.1%				
Facilities Management	300,993	3.4%				
Public Safety	19,471	0.2%				
University Health & Safety	46,744	0.5%				
University Services	10,612	0.1%				
Controller's Office	24,923	0.3%				
University Finance	9,528	0.1%				
		11.3%	1,013,091	30,393	60,785	91,178
Acad Affairs&Provost, Sr VP	42,683	0.5%				
Ag Experiment Station	116,525	1.3%				
Biological Sciences, Col of	283,814	3.2%				
Carlson School of Management	156,364	1.7%				
Continuing Education, Col of	79,868	0.9%				
Design, College of	126,923	1.4%				
Education/Human Dev, Col of	332,639	3.7%				
Food, Ag & Nat Res Sci, Col of	779,208	8.7%				
Institute of Technology	1,098,138	12.2%				
Law School	183,436	2.0%				
Liberal Arts, College of	765,979	8.5%				
Public Affairs, HHH Inst of	59,037	0.7%				
Student Affairs, Vice Provost	457,143	5.1%				
The Graduate School	21,166	0.2%				
Undergrad Ed, V Provost & Dean	531,122	5.9%				
University Libraries	592,444	6.6%				
		62.7%	5,626,489	168,795	337,589	506,384
AHC Shared Units	356,980	4.0%				
Dentistry, School of	180,312	2.0%				
Health Sciences Administration	177,675	2.0%				
Medical School	961,805	10.7%				
Nursing, School of	37,579	0.4%				
Pharmacy, College of	103,324	1.2%				
Public Health, School of	184,671	2.1%				
Veterinary Medicine, Col of	335,170	3.7%				
		26.0%	2,337,516	70,125	140,251	210,376

TC Space by Use

(Supported and Non-Supported)

Use	Total ASF	%
Office Space	3,551,625	26.9%
Laboratories	2,452,914	18.6%
Special Use Facilities	1,551,045	11.8%
Residential	1,521,780	11.5%
Support Facilities	1,445,674	11.0%
General Use Facilities	1,023,256	7.8%
Study Facilities	680,861	5.2%
Classrooms	546,068	4.1%
Health Care (Human & Animal)	414,583	3.1%
	13,187,806	

Source: Space Management

Categorized by HEGIS use code.

ASF shown = GSF – Building walls and FM support spaces (mechanical rooms, restrooms, hallways ,elevator shafts etc.)

Definitions at: http://www.spacemanagement.umn.edu/services/use_codes.pdf

Premise

- The University has more space than it can afford to operate, maintain and support, with limited options for new funding sources.
- Attempting to operate and maintain the current inventory with insufficient resources results in a lower overall space quality and a poor alignment with purpose.
- There is little incentive at the present to maximize the efficient use of space, limit the addition of new space, or control cost.

Approach

Decommission Buildings

+

Terminate Off-Campus Leases

+

Charge Full Costs for
Non-University Tenants

+

Consistently Apply
Supported / Non-Supported Designations

= \$10 M

Buildings to Evaluate

Buildings to Evaluate			FCA	Annualized
	GSF	Operating \$	10 Year Need	10 Year Need 5%
Eddy Annex	4,000	\$ 24,574	\$ 1,933,648	\$ 96,682
Music Education	7,238	\$ 10,017	\$ 1,061,151	\$ 53,058
Norris	64,508	\$ 213,067	\$ 14,660,711	\$ 733,036
Tandem	33,376	\$ 80,415	\$ 3,033,547	\$ 151,677
In Process	109,122	\$ 328,073	\$ 20,689,057	\$ 1,034,453
1701 University Ave SE	38,590	\$ -	\$ -	\$ -
Eddy Hall	31,701	\$ 215,465	\$ 22,838,030	\$ 1,141,902
Fraser	95,983	\$ 463,195	\$ 8,596,561	\$ 429,828
Klaeber Court	14,870	\$ 100,477	\$ 1,876,687	\$ 93,834
Landcare	46,107	\$ 76,584	\$ 12,515,868	\$ 625,793
Peik Gym	20,151	\$ 89,154	\$ 4,033,628	\$ 201,681
ReUse & AHC Warehouse	63,384	\$ 81,880	\$ 2,951,565	\$ 147,578
Vet Anatomy	14,901	\$ 4,835	\$ -	\$ -
Wesbrook	40,421	\$ 245,623	\$ 2,140,435	\$ 107,022
Williamson	87,635	\$ 637,807	\$ 7,947,248	\$ 397,362
Tier	517,514	\$ 1,915,020	\$ 62,900,022	\$ 3,145,001
1901 Univ. Ave	10,385	\$ 96,235	\$ 16,856,540	\$ 842,827
2221 Univ. Ave	124,237	\$ 413,015	\$ -	\$ -
Anderson Hall	80,322	\$ 503,071	\$ 5,976,313	\$ 298,816
Armory	72,709	\$ 317,433	\$ 11,526,725	\$ 576,336
Bell Museum	80,229	\$ 451,844	\$ 17,206,522	\$ 860,326
Bio-Sci Greenhouse	11,470	\$ 144,704	\$ 51,794,586	\$ 2,589,729
Biosystems/Ag Eng	57,264	\$ 355,697	\$ 15,104,181	\$ 755,209
Child Development	47,578	\$ 396,956	\$ 5,492,053	\$ 274,603
Children's Rehab	71,221	\$ 702,214	\$ 6,070,719	\$ 303,536
Cooke Hall	87,194	\$ 637,966	\$ 18,740,120	\$ 937,006
Diehl Hall	194,544	\$ 1,803,440	\$ 10,201,363	\$ 510,068
Engineering & Fisheries Lab	33,401	\$ 178,177	\$ 11,518,077	\$ 575,904
Field House	89,362	\$ 172,791	\$ 2,076,309	\$ 103,815
Hodson Hall	82,273	\$ 935,509	\$ 7,639,163	\$ 381,958
Masonic Clinic	88,791	\$ 902,567	\$ 16,181,060	\$ 809,053
MN Geological Survey	43,225	\$ 192,665	\$ 7,729,963	\$ 386,498
Peik Hall	63,771	\$ 352,722	\$ 2,803,634	\$ 140,182
Shepherd Lab	98,212	\$ 1,310,000	\$ 5,698,318	\$ 284,916
VCRC	99,260	\$ 1,098,483	\$ 945,113	\$ 47,256
Vet Isolation Facilities	10,081	\$ 165,346	\$ 2,086,304	\$ 104,315
VFW Cancer Center	25,977	\$ 424,305	\$ 15,250,648	\$ 10,782,353
Tier 2	1,407,735	\$ 11,202,418	\$ 230,897,711	\$ 6,926,931
Grand Total	2,034,371	\$ 13,445,511	\$ 314,486,789	\$ 11,106,385

Decommission – Mothball or Demolish

Overall Criteria

- Significant facility condition deficiencies
- Cost to renovate near to or exceeds cost to replace
- Current facility does not allow efficient space utilization
- Not a major historical significance for University (for demo only)
- Current building does not provide flexibility of use

Tier 1:

- Could be vacated more easily

Tier 2:

- Would require more extensive investment, planning, and coordination

Leases to Evaluate

Leased Premises	Units	Sq Ft	Annual Cost
MN Technology	AHC	19,201	\$462,285
MN Technology	AHC	19,200	\$422,144
Dinnaken Office	AHC	30,042	\$476,544
UTEC	CEHD	140	\$2,682
St Anthony Center	AHC	1,668	\$23,062
Univ Episcopal Community	Office Internat'l Programs	10,000	\$172,672
2829 University	AHC	14,138	\$277,429
2829 University	AHC	14,138	\$276,186
2829 University	OIT / Vacant	8,970	\$182,670
Affinity Plus	AHC	1,641	\$33,641
UEL	CEHD	1,508	\$68,666
UEL	OVPR	3,030	\$55,096
UEL	OVPR	2,004	\$30,349
		125,680	2,483,426

NUTS & Non-Supported Space

Non-University Tenants (NUTs)

- Better alignment needs to occur between the revenue received from a lease to a NUT and the expense imposed by the NUT occupying University space.

Supported versus Non-Supported Space

- The Brenner Report (1994) established principles for Supported and Non-Supported space.
- Cost pools have blurred the distinction with Pooled and Direct charges.
- What is the appropriate billing model for facility costs?
 - What space belongs in the pool and what should be direct billed?
 - What rate differentiation should occur within the pool?

Next

- Continue to communicate the need for change
- Finalize list of next buildings to be decommissioned
- Policy Changes - ?
- Standards & Guidelines - ?
- Tools & Information - ?
- Incentives for alternative work arrangements - ?

Questions / Discussion