University of Washington
Faculty Council on University Facilities and Services
February 4, 2021
10:00 a.m. - 11:30 a.m.
Zoom

Meeting Synopsis:

1. Call to order
2. Review of the minutes from January 7, 2021
3. Announcements
4. Annual report – Nate McKee and Lacey Racich
5. P3s and West Campus master plan follow up – Mike McCormick
6. Good of the order
7. Adjourn

1. Call to order

The meeting was called to order at 10:00 a.m.

2. Chair’s Update

Chair Borys updated the council on various P3 proposals and major UW campus projects.

There is work underway to establish a new council focusing on technology which would update FCUFS’ responsibilities within UW services. Discussions will continue within the senate to finalize the new council’s reach.

3. Review of the minutes from January 7, 2021

The minutes from January 7, 2021 were approved as written.

4. Annual report – Nate McKee and Lacey Racich

Nate McKee (Director of Learning Technologies) and Lacey Racich (Director of Health Sciences Academic Services & Facilities) joined the council for a review on health science department classrooms at UW and future campus projects.

- Reported on major stages and components of pandemic response and management; South Campus classrooms were impacted directly by UW Medicine response; all responses involved partnership with UW Facilities; departmentally controlled classrooms were difficult to account for
- HUB and South Campus Center were managed to provide students with some study space and services
• Classroom vacancies have provided opportunity for some renovations that would be difficult under normal scheduling restrictions—Mithun is now the firm handling design of classroom renovations under small contracts
• Getting ready for increased classroom use will involve more tech availability for more hybrid deliveries

5. **P3s and West Campus master plan follow up – Mike McCormick**

Mike McCormick (Associate Vice President, UW Facilities Asset Management) shared a PowerPoint with the council (Exhibit 1) and discussed design proposals for West Campus developments, the cost of space, and the value of a UW leasing relationship. See attachment.

6. **Good of the order**

Nothing was stated.

7. **Adjourn**

The meeting was adjourned at 11:26 a.m.

Minutes by Alexandra Portillo, faculty council analyst, xanport@uw.edu

**Present:**
- **Faculty Code Section 21-61 A:** Ann Marie Borys (chair), Ashely Emery, Bill Erdly, Andy Hoofnagle, Gundula Proksch, Sandeep Vaidya
- **Faculty Code Section 21-61 B:** Matt Weatherford, Alena Wolotira
- **Faculty Code Section 21-61 C:** Lou Cariello
- **Guests:** Mike McCormick, Lacey Racich, Nate McKee, Elizabeth Hyun

**Absent:**
- **Faculty Code Section 21-61 B:** Bruce Balick, Natalia Muzyka

**Exhibits**

Exhibit 1 – P3’s and West Campus—Follow-up discussion
UNIVERSITY OF WASHINGTON

P3’s and West Campus
Follow-up discussion

FCUFS

February 2021
West Campus Vision

A place where people come together to do big things

The University of Washington has designated the West Campus area as an “Innovation District” with the intention of creating a dynamic and interdisciplinary urban community that will merge education and student life with cutting-edge UW research, pioneering public/nonprofit institutions and private companies.

The UW’s vision for the West Campus “Innovation District” is to create a place where students and faculty experts across multiple fields — including public health, engineering, life sciences, social work, public policy and the humanities — can partner with business, government, nonprofit organizations and the Seattle community to solve critical challenges. The Innovation District will be a place to discover answers to the big questions facing the people of Seattle, the state of Washington and the Pacific Northwest region. It’s a place to create an inclusive spirit and leverage a culture of entrepreneurial thinking and innovation mindsets.
West Campus
Projects Underway

Filer
UDSB
W27
West Campus Green Planning
Fritz Hedges Park
West Campus Green & Waterfront Trail

Implementation Planning

- Working with Michael Van Valkenburgh Associates
- Planning a phased approach to West Campus Green & Waterfront Trail
- Pre-requisite for developing W27 and other sites adjacent to Green

Phase 1

Phase 2/3

Final Phase
W27 Development

Reviewing initial RFP Responses

- Narrowed to three developers
- Reviewing design with UWAC and deal terms/partnership with ACRE

Alexandria  BioMed  Wexford
Enabling the Vision
Partnering with developer leverages land value & encourages mixed occupancy

TRADITIONAL MODEL
- Capital $
- State, Philanthropy & Debt
- Ops. & Maintenance

WEST CAMPUS MODEL
- Rent
- Rent + Ops. & Maintenance
- State & Philanthropy
- Ground Lease Revenue
- Developer
- Industry Partners
- Government & NGO Partners
### Understanding the Cost of Space

*Partnering with developer leverages land value & encourages mixed occupancy*

<table>
<thead>
<tr>
<th>Approx. Annual Cost PSF</th>
<th>Life Sciences</th>
<th>W27 (Prelim.)</th>
<th>UDSB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>$5</td>
<td>$5</td>
<td>$2</td>
</tr>
<tr>
<td>Custodial</td>
<td>$1.50</td>
<td>$2</td>
<td>$1</td>
</tr>
<tr>
<td>Maintenance (incl. Grounds &amp; PM)</td>
<td>$3.50</td>
<td>$6</td>
<td>$3.25</td>
</tr>
<tr>
<td>Renewal</td>
<td>$10</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Debt Service / Rent</td>
<td>$27</td>
<td>$45-65</td>
<td>$45</td>
</tr>
<tr>
<td>Ground rent revenue</td>
<td>$0</td>
<td>($42)</td>
<td>($7)</td>
</tr>
<tr>
<td><strong>Total Cost of Space</strong></td>
<td><strong>$47 psf</strong></td>
<td><strong>$16-36 psf</strong></td>
<td><strong>$44 psf</strong></td>
</tr>
</tbody>
</table>

**Notes:**
1. Utilities, custodial, and maintenance costs for leased space are passed through to tenant in addition to rent.
2. Rent generally includes debt service, taxes, renewal, management, and overhead & profit.
3. Debt service for LSB is for 70% of total project cost - 30% was equity/donor funded.
4. W27 assumes fitout is funded by state/donor, so debt service is not included in rent.
5. Ground rent revenue assumes ~30,000 SF is leased by UW (total building is ~340,000 SF).
6. Ground rent revenue PSF drops as UW leases more space.
7. Rent escalates over time while debt service remains steady.
Demands exceed sources by ~$137M per year

- **Growth** – investments that add new square footage
- **Renewal** – renovations or replacement of the existing physical infrastructure
- **Strategic** – investments that have the potential to take the University in new directions through efficiencies, technologies, partnerships, etc.
- **Clinical** – investments that support the mission and objectives of the Clinical Enterprise
Discussion/Questions

1. Leveraging land value with P3’s: Can P3 projects broaden our impact? Are we willing to spend more over the long term on projects in order to preserve debt capacity for campus renewal & clinical investments?

2. Space Utilization: Can we normalize costs for owned space and leased space?

3. Potential Risks: What are the potential risks? What mitigation strategies should we have in place? What is our threshold for tolerance of these new types of risk?