



Finance, Revenue and Bonding Committee
General Bonding Subcommittee

-March 11, 2019-

Co-Chairs, Ranking Members, and Members of the Committee, thank you for giving us the opportunity to update you on the transformative building initiatives that you have made possible at the University of Connecticut. My name is Susan Herbst, President of the University of Connecticut and with me today is Radenka Maric our Vice-President of Research, Scott Jordan, our CFO and Dr. Andy Agwunobi, CEO, UConn Health.

The University has benefitted tremendously from the UCONN 2000 Infrastructure Improvement Program established by the General Assembly in 1995. We are now in the third phase of this 32-year program, which is designed to modernize, rehabilitate and dramatically expand the physical plant of the University. This phase, which extends through FY27, includes the NextGenCT and the Bioscience Connecticut initiatives. The Bioscience initiative is nearly complete at UConn Health and the NextGenCT program at Storrs and the Regional Campuses is moving along aggressively.

Since the beginning of UCONN 2000, we have seen improvements in many facets of the University such as a 252% increase in freshmen applications, significant growth in student quality and diversity, a 63% increase in undergraduate enrollment, much higher retention rates than ever before, and we are conferring degrees to over 3,900 or 84% more students a year. The University is now ranked 22nd out of 191 public research universities by US News as compared to 38th in the late 90's.

Next Generation Connecticut Capital Program Overview

In 2013, building upon the success of the strategic investments made in our capital program, the General Assembly enacted NextGenCT. The original goals of the program were to hire and support outstanding faculty, train graduates to meet the future workforce needs of Connecticut, develop preeminence in our research and innovation programs, and initiate research and industry partnerships that lead to economic development. The cornerstones of this effort is the development of new facilities and renovation of critical infrastructure. Since we only received operating funding for the first year of the program, our faculty hires and enrollment gains have not been as high as we would like. However, the capital component of NextGenCT is making much progress. It has already supported the historic move of the Greater Hartford campus to downtown Hartford and expansion of critical programs at the Stamford campus as well as renovations at the Avery Point and Waterbury campuses.

Since the NextGenCT initiative began in the fall 2013, we've funded 174 new faculty (98 in STEM fields) and enrolled 1,677 additional undergraduate students (with 1,208 or 61% more in engineering). We have graduated 27% more STEM undergraduates and 25% more STEM graduates since NextGenCT began. Our faculty also made dramatic increases in research productivity at Storrs during this time. For example:

- research awards increased by \$69M or 73%; and
- research proposals increased by \$126M or 23%.

Now in its fifth year, the NextGenCT initiative is moving forward, making strategic investments in Connecticut's future, laying critical groundwork for economic development, and creating hundreds of construction jobs in the process.

Major investment has been necessary to support new and renovated laboratories for STEM research and teaching, classrooms, academic support, residence halls, parking, utilities, information technology, equipment and critical infrastructure upgrades.

Since NextGenCT began, we have:

- Completed a new 212,000 square foot residence hall, which is home to approximately 730 STEM students;
- Opened a 115,000 square foot Engineering and Science building;
- Completed the new downtown Hartford Campus and the Stamford Residential Housing facility (summer 2017);
- Started the renovation of the Gant Science Complex - a 285,000 square foot science and engineering complex; and
- Finished major renovations to numerous facilities, including academic buildings.

The University is moving forward on several other projects to meet the needs of our expanded enrollment and new faculty. Other NextGenCT projects include the addition to the Fine Arts building, and construction of a new STEM Research Center building (*aka* Science 1).

The campus growth has also required major infrastructure upgrades, such as steam line replacement, sewer system upgrades, a supplemental water supply, and various other underground utility improvements.

Governor's Recommended Capital Plan

The Governor has recommended that \$94.4M be deferred from FY20 and reallocated in FY21 and FY22. While this additional deferral is not ideal and will impact the pace of some of our STEM facilities, the University can make this work. On the positive side, the deferral evens out funding over the life of the program which will be helpful in managing the out years of NextGenCT.

As you may be aware, this follows the deferrals of the NextGenCT program in the enacted FY18 & FY19 biennial budget. \$334.1M in projects were deferred and the bonding program was extended by three years from FY24 through FY27.

Both of these deferrals have required us to adjust our priorities within the capital program. While we can make this proposed deferral work, additional deferrals are extremely problematic. Many of the remaining projects are interdependent and a delay to one project will impact and result in delays to multiple projects. In order to avoid additional costs associated with further delaying or shutting down projects in construction, it is critical that future levels of capital funding remain intact to support major projects that are phased over multiple years.

Innovation Partnership Building

In collaboration with industry partners and entrepreneurs, this fall UConn opened the Innovation Partnership Building, which is our first building in our Technology Park at the Storrs campus, made possible by \$169.5M in state bond authorizations.

The Tech Park will enhance Connecticut's global competitiveness and will become a critical component of the State's future economic growth by attracting and retaining the world-class industry partners who have invested nearly \$80M to develop their new technologies in collaboration with the University of Connecticut.

UConn Health

The groundbreaking for the first Bioscience Connecticut project took place on June 11, 2012. Just over six years later, nearly all projects associated with Bioscience Connecticut are complete and the UConn Health campus has been transformed into a modern, state-of-the-art academic medical center campus. Key construction projects that have been finalized include the Main Building Research Lab Renovations, the Technology Incubator Addition, the Academic Addition and Renovations, the Outpatient Pavilion, a new hospital bed tower known as the University Tower, three new parking garages, and many roadway improvements both on and off campus. The final project, Renovations to the Clinical Area of the Main Building, is under construction and is scheduled to be complete this spring.

Additionally, UConn Health has implemented a new Electronic Medical Record system (EMR). This was a \$98M project for an electronic medical record system that integrates all of UConn Health's inpatient and outpatient services. \$41M of the cost was supported with State bonds. The remainder of the project was funded by reallocated UCONN 2000 Storrs funds and UConn Health operating funds.

The renovation of the clinic building to be completed this spring marks the final capital project under the Bioscience Connecticut initiative and, consequently any state general obligations bond funds for UConn Health. UConn Health's campus now includes 24 buildings comprising 3.6M gross square feet, with a current replacement value of \$1.6 billion. It is imperative that UConn Health keep up with maintenance of these buildings and the campus to ensure that these investments are protected. UConn Health requested deferred maintenance funding in the amount of \$11.1M and \$8M over the biennium. The Governor's bonding proposal does not include funding for this request. We look forward to working with the administration and the General Assembly in future years to address these needs.

Conclusion

In conclusion, we are meeting many of the key goals established for Bioscience CT, NextGenCT and the Tech Park. While these deferrals are challenging, the University is committed to protecting the core tenets of the capital components of NextGenCT and ensuring that Connecticut reaps the economic benefits of the program.

Thank you for your strong support of the University of Connecticut.

UConn Presentation to Finance, Revenue & Bonding Committee



UCONN 2000 Capital Program

The UCONN 2000 capital program will continue the transformation of modernizing, rehabilitating and expanding the physical plant of the University

- 32 year UCONN 2000 capital program totaling \$4.3B in State-supported bonds
 - Phase I & II: \$962M from FY96-05 is complete
 - Phase III: \$3.3B from FY05-2027 is underway
- The State approved a revised bonding schedule in October 2017 which deferred significant funding to future years and required multiple projects to be delayed, re-scoped and cancelled

Bonds in Statute (\$M)	
FY96-FY99	\$382.0
FY00-FY05	580.0
FY05-FY19	2,384.4
FY20	291.6
FY21	186.2
FY22	101.4
FY23	98.0
FY24	85.0
FY25	70.1
FY26	63.6
FY27	40.6
Total	\$4,282.9

Note: Approximately \$900M of other funds have also been utilized to support the capital program at Storrs: \$259M in other State bonds (i.e. Tech Park, Law School, Waterbury, Stamford); \$341M in special obligation bonds (UConn funded); \$201M+ in operating, gift, grant and research funds (UConn funded); \$82M tax exempt lease (UConn funded); and \$17M in federal funds.

UCONN 2000 Capital Program Status

While the Bioscience CT program is nearing completion, the NextGenCT program is well underway and in its 6th year

- For FY20-FY27, \$936.5M of authorized bond funds are committed to projects that are already under construction or are in planning/design
 - 96% of FY20 funding will support projects in construction

Bonds (\$M)	Current Statute	Governor Proposed Statute	Proposed Deferrals
FY20	\$291.6	\$197.2	(\$94.4)
FY21	186.2	260.0	73.8
FY22	101.4	190.5	89.1
FY23	98.0	125.1	27.1
FY24	85.0	84.7	(0.3)
FY25	70.1	56.0	(14.1)
FY26	63.6	14.0	(49.6)
FY27	40.6	9.0	(31.6)
Total	\$936.5	\$936.5	\$0.0

- The proposed deferral will delay phase 2 of Gant Science Building Renovation and various deferred maintenance / renovation projects

NextGenCT Proposed Project Plan

Projects		Prior Auth	FY20	FY21	FY22-FY27	FY20-FY27 Total	Status for FY20
Science Program	NW Quad: Gant Science Building Renovation	\$87.6	\$0.0	\$47.8	\$112.6	\$160.4	Construction
	NW Quad: STEM Research Center Science 1*	20.0	35.0	88.0	97.3	220.3	Construction
	NW Quad: Science Program Supplemental Utility Plant & Enabling Infrastructure*	35.8	82.9	65.0	19.0	166.9	Construction
	Engineering Lab Renovations	1.6	1.4	1.0	1.0	3.4	Construction
	EEB Biodiversity Education & Research Greenhouse Repairs	0.1	0.8	2.3	0.0	3.1	Design
	Classroom & Lab Renovations	17.9	2.7	5.4	33.0	41.1	Construction
	Torrey Demolition				12.5	12.5	
	Deferred Maintenance-All Campuses	28.8	13.8	11.6	30.2	55.6	Construction
	Major Equipment (Faculty Start-up)	26.3	6.6	6.4	29.5	42.5	Construction
	Total Science Program		\$143.1	\$227.5	\$335.1	\$705.7	
Academic Priorities	Fine Arts Repairs & Production Facility*	31.1	5.9			5.9	Construction
	Classroom & Lab Renovations	17.9	2.7	5.4	13.0	21.1	Construction
	Major Equipment (Faculty Start-up, ITS)	51.2	6.6	6.4	29.5	42.5	Construction
	Total Academic Priorities		\$15.1	\$11.8	\$42.5	\$69.4	
Deferred Maintenance	Code Correction Repairs & Watershed Compliance	20.5	4.7	0.3	0.9	5.9	Construction
	ESCO-Energy Improvements (State DEEP Program)	21.6	9.0		0.0	9.0	Construction
	Historic Buildings Exterior Repairs (per SHPO agreement)	1.0	0.5	0.5	3.7	4.7	Construction
	Pedestrian Safety Improvements-Wayfinding, Streetscapes & Roadways	5.9	3.3		2.2	5.5	Construction
	Wastewater Treatment Plant (Sewage) Repairs				35.3	35.3	
	Deferred Maintenance-All Campuses	14.4	13.8	11.6	31.7	57.1	Construction
	Total Deferred Maintenance		\$31.3	\$12.4	\$73.8	\$117.5	
Contingency		7.7	8.4	27.9	44.0		
Grand Total Projects		\$197.2	\$260.0	\$479.3	\$936.5	Total Authorization	
Current Funding in Statute		\$291.6	\$186.2	\$458.7	\$936.5	Remaining	
Proposed Funding in Statute		\$197.2	\$260.0	\$479.3	Proposed plan delays Phase 2 of Gant renovations & various renovation/DM projects.		
Change in Current Statute vs Proposed Statute			(\$94.4)	\$73.8	\$20.6		

*Project is or is anticipated to be constructed under a Project Labor Agreement.

Capital Program Challenges

Instability in funding will negatively impact the execution of the capital plan

Negative Impacts:

- Project delays result in increased costs and reduced project scopes
- Starting and stopping projects due to funding changes affects bid responses and pricing

Solutions:

- Since the long-term capital plan includes projects with funding phased over multiple years, it is essential that the State commitment remain intact
- UConn will continue to identify funding strategies to mitigate the negative impacts of the prior capital funding deferrals while limiting the impact to the strained operating budget

Major NextGenCT Buildings Opened



UConn Hartford Campus

~\$140M; 3 bldgs & 215,000 sqft
Completed August 2017



Werth Residence Hall

~\$96M; 212,000 sqft & 730 beds
Completed August 2016



Engineering & Science Building

\$94M; 115,000 sqft
Completed October 2017



Monteith Building Renovation

~\$24M; 73,000 sqft
Completed August 2016



Stamford Residential Housing

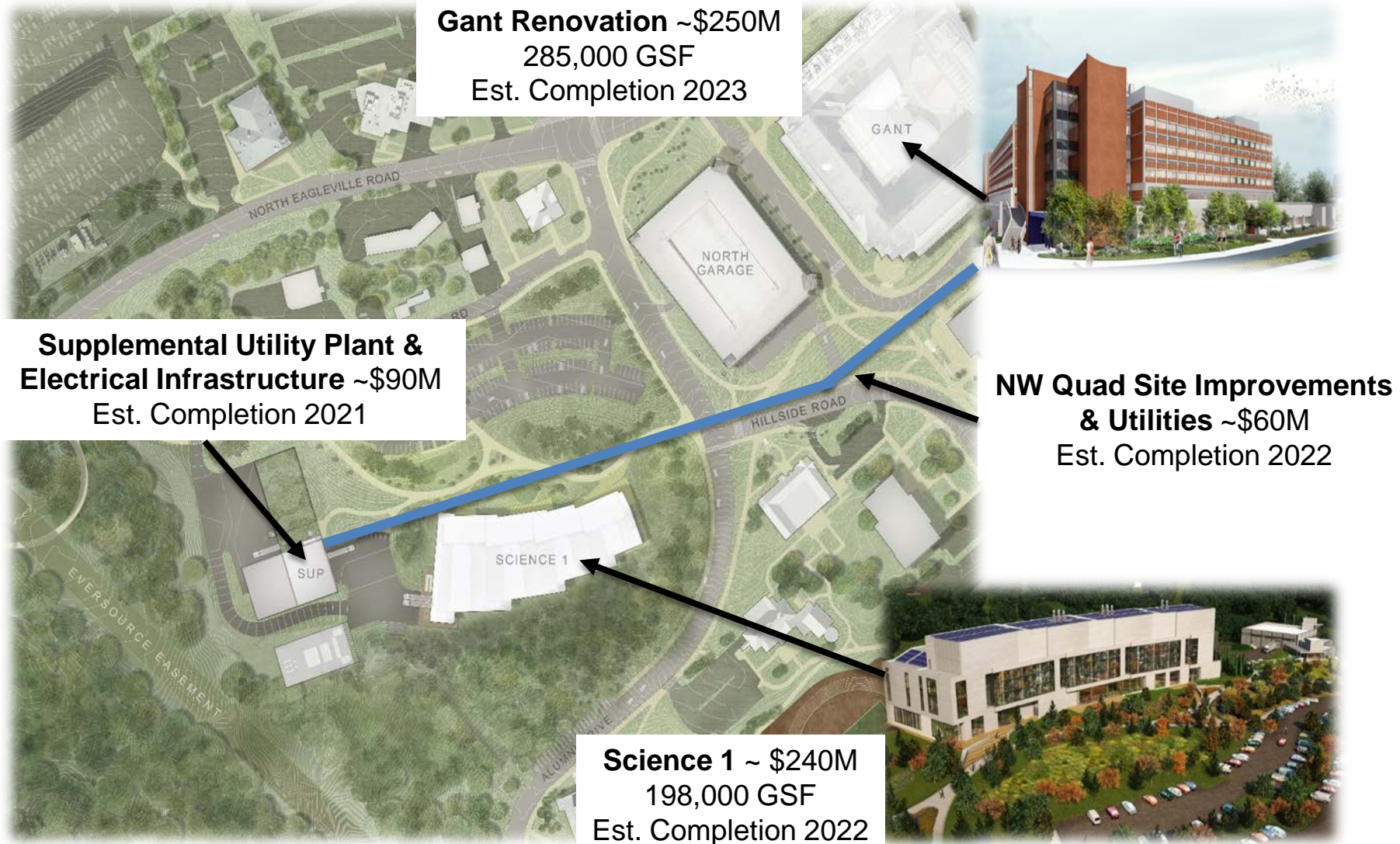
Multiple facilities housing nearly 425 students
Completed August 2017 & 2018



Putnam Refectory Renovation

~\$19M; 42,000 sqft
Completed August 2016

Science Program Projects Underway ~\$640M



UConn Health Capital Request

The clinic building renovation to be completed this spring marks the final capital project under the Bioscience Connecticut initiative and consequently, any state general obligations bond funds for UConn Health.

- It is imperative that UConn Health continue to maintain the 24 buildings on its campus (3.6 million GSF, with a current replacement value of \$1.6 billion).
- A Facilities Condition Assessment of the buildings on campus estimates the total 10 year non-recurring and recurring (deferred maintenance) costs to maintain the buildings/facilities is \$321.5M.
- The biennial capital request (\$11.1M in FY20 and \$8M in FY21) represents the bare bones amounts needed to address the projects identified as “critical.”
- The Governor’s bonding proposal does not include funding for this request. We look forward to working with the administration and the legislature in future years to address these needs.

	Request 2020	Request 2021	Projection 2022	Projection 2023	Projection 2024
Facility Renewal costs - Nonrecurring Costs	3,100,000	-			
Facility Renewal Costs - Deferred Renewal Costs	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Totals	11,100,000	8,000,000	8,000,000	8,000,000	8,000,000
Governor Budget 2/20/19	-	-			
Variance	(11,100,000)	(8,000,000)			

UCH: Bioscience Connecticut

Making Connecticut a Leader in Bioscience

- Stimulate short and long term economic activity / job creation
- Spur bioscience innovation
- Train more future healthcare providers & scientists for CT
- Meet healthcare needs of CT's future & provide access to state-of-the-art care

- \$796M initiative (\$578M State bonds; \$218M UCH funds)
 - Projects are currently 98% complete
 - All projects are expected to be completed in spring 2019



UCH: Bioscience Connecticut Impact

Construction Jobs (through March 1, 2019):

- Over 6,200 jobs created
- Over 3,142,000 hours worked on the projects
- 85% of construction contracts awarded to Connecticut companies - valued at \$435M
- Hospital Project Veteran worker participation – 3% (41,855 hours worked)

Small/Minority Business participation on Bioscience CT projects:

Contractor Type	Requirement	Current
Small Businesses	25%	36%
Minority/Women's/ Disadvantaged Businesses	6.25%	23%

UCH: Bioscience Connecticut Projects



New Hospital Tower

- 169 private rooms
- New and expanded Emergency Department
- New Operating Rooms
- Opened: May 2016



Research Space Renovation

- Renovated 205,000 square feet of 238,000 square feet of existing research facilities: completed May 2017
- 28,000 square foot incubator lab addition to Cell & Genome Sciences Building to foster new business start-ups (i.e. TIP): Completed January 2016

UCH: Bioscience Connecticut Projects



Education Construction

- Addition and Renovations to Academic Building
- Allowed for 30% enrollment growth in Medical and Dental Schools
- Supports new, modern curriculum, including Team Based Learning
- Addition: completed Summer 2016
- Renovations: completed May 2017



Outpatient Pavilion

- 306,000 square foot, state-of-the-art, multispecialty outpatient clinical building on lower campus: completed January 2015
- 1,400 car parking garage: completed November 2013
- Private financing of \$203M through TIAA-CREF

Jackson Laboratory for Genomic Medicine

- Internationally renowned research leader
- New building on lower Health Center campus dedicated to personalized medicine
- Collaborating with universities and hospitals in the region
- Opened October 2014

