Administrative Affairs Council Minutes
April 25, 2008
Conference Call – 10:30 a.m.

Participants
Bob Kuntz and Greg Ross – BSC
Alvin Binstock and Mark Lowe – DSU
Corry Kenner and Don Jorgenson – LRSC
Steve Bensen – MaSU
Ron Dorn and Jonelle Watson – MiSU
Jim Borkowski – MiSU-BC
Mike Renk and Mike Ellingson – NDSCS
Karla Mongeon-Stewart and Bruce Frantz – NDSU
Bob Gallager, Alice Brekke, Larry Zitzow, and Rick Tonder – UND
Trudy Collins and Ron Palmer – VCSU
Laura Glatt, Cathy McDonald, Darci Trenda, and Deanna Dailey – NDUS

Proposed Deferred Maintenance Calculator Criteria
In early 2007, the North Dakota Association of Physical Plant Administrators (NDAPPA) created a work group consisting of representatives from NDSCS, LRSC, UND, and MiSU. The group worked with Tamara Barber, former NDUS Director of Financial Reporting, to review the campus master plan process, including deferred maintenance. This subcommittee developed, and NDAPPA supported a new methodology for determining deferred maintenance valuations. This was presented to the Administrative Affairs Council last year, but a final decision was postponed pending the results of the NDSU independent review of their deferred maintenance, as this independent review may provide the NDUS with some additional insight and information that would be useful to all.

In recent weeks, the NDSU independent review has been completed and NDSU’s deferred maintenance value has nearly doubled for Type I and II facilities. There was some discussion regarding the basis for the increase. In response to a concern, Ms. Glatt said that she would have a difficult time recommending that NDSU be allowed to use the external evaluation amount while other campuses use a different methodology and lesser amount. However, she said this will ultimately be decided by the Chancellor and/or SBHE.

Ms. McDonald prepared documents comparing the NDAPPA proposed deferred maintenance calculator independent review performed at NDSU.

In response to a concern about the per square foot cost assigned to the various building types, Mr. Tonder said the data comes from RSMeans, which is very close to what it would currently cost to replace the building.
After some discussion regarding the pros and cons of each method, Ms. Glatt asked each of the institutional representatives to state their preference between the two options:

1. Use 2007-09 values, updated to reflect inflation, less the $6 million provided by the legislature last year
2. Use the new NDAPAA calculator model

Their responses are as follows:

UND (Bob Gallager) – Prefers option 1, in addition to continuing to work with NDAPPA on moving to a new methodology. Can also support a blended approach.

MiSU-BC (Mr. Borkowski) – He said they do not have expertise or the funds necessary to bring in a specialist to determine their deferred maintenance value and as such, they have to rely on some type of formula. Mr. Borkowski pointed out that it appears that MiSU-BC 2007-09 value is significantly under-estimated. He suggests a blended amount for option 1 and 2.

MiSU (Ron Dorn) – Prefers option 1 or a blended amount.

VCSU (Trudy Collins) – Prefers using an updated 2007-09 value. She added that she would like to see another category added to criteria “C” to include buildings older than 35 years in the new proposed model.

BSC (Bob Kuntz) – Prefers option 2.

LRSC (Don Jorgenson) – Prefers a blended amount of option 1 and 2.

NDSU (Bruce Frantz) – Prefers option 1.

NDSCS (Mike Ellingson) – Prefers option 2, but could support a blended method, as well.

DSU (Alvin Binstock) – Prefers option 1 and added that he’s not sure option 2 is ready for public use.

MaSU (Steve Bensen) – Prefers option 1, or some kind of a blended method.

Ms. Glatt the will take the feedback into consideration in moving this to resolution through the Chancellor.

Foundation-Owned Buildings
Ms. McDonald said she received a response from each campus and BSC was the only one to report having a foundation-owned building(s) listed on the OMB facilities worksheets. According to the Office of Management and Budget (OMB), foundation-owned buildings are not to be included on the worksheets. Ms. Glatt said she will work with OMG and BSC to resolve this issue.
Other
Ms. Glatt said that at the very end of budget process, Chancellor Goetz added $4 million in deferred maintenance specifically geared toward academic and research labs. Ms. Glatt asked if anyone had suggests for an objective basis for the distribution of this funding, since the NDUS Office does not have any data on the condition or status of labs. In response to a question about where this came from, Ms. Glatt said it is her understanding that it largely came from discussions between the Chancellor and the VPs for Research. Mr. Gallager suggested the NDUS use the same formula to distribute this $4 million as the formula used to distribute the other deferred maintenance funding. In response, Ms. Glatt said she did not believe that would be appropriate since we cannot assume the labs are universally in the same condition as other campus facilities. She said for example, some campuses have recently constructed or completely renovated their labs. Mr. Binstock asked if the system is only provided with $20 million in deferred maintenance from the state, does the $4 million for research and academic labs remain in tact? Ms. Glatt said she is unsure. There was some suggestion that UND/NDSU split one-half of the funding, with the remaining nine campuses sharing the balance.

Future Meeting Dates
May 6, 2008
June 10, 2008
July 22-23, 2008
September 9, 2008
October 14, 2008
November 13, 2008
December 9, 2008