University of Iowa Public-Private Partnership (P3) Update

February 13, 2019

Presentation to Staff Council
Reliable utility system focused on a sustainable future
University of Iowa – Utilities P3

Solid Line = Ownership
Dotted Line = Services Agreement

New Relationship

Reliable utility system focused on a sustainable future

University of Iowa Partner
University of Iowa – Utilities P3

Value Proposition

**University of Iowa**
Upfront resources to further invest in the quality of education and research for Iowans

**Reliable utility system focused on a sustainable future**

New Relationship

**Value Proposition**

**Partner**
Steady financial return for 50 years along with tax advantages

University of Iowa Partner
This partnership is.....

....not a sale of University assets
....not a strategy to eliminate employee jobs
....not forgoing our responsibility to the environment
....continuing our commitment to providing faculty, staff, & students research opportunities within the utility system
....providing needed resources to invest in our University
Public-Private Partnership (P3)

• What is a P3?
  • Contractual agreement between a private sector company and a governmental body like the University of Iowa.

• How will the Utility System P3 work?
  • UI will enter into a professional services agreement for the operation and management of the UI Utility System for 50 years. In return the University receives an upfront payment that will be invested in the endowment.
Public-Private Partnership (P3)

• Through the UI budget process ….
  • Endowment earnings will be invested in core missions of the University as well as strategies in support of the UI’s Strategic Plan.

• The University continues to own the Utility System.

• The Operator will maintain the utility system in good working order; similar to University standards.
Scope of Services

- Main Steam/Power Plant
- Chilled Water
- Water
- High Quality Water (*under consideration*)
- Utility distribution pathways/tunnels (*under consideration*)
- Fuel procurement (*under consideration*)
UI Committed to Employees

• Based on experience of other P3 initiatives at other universities it is expected that the new operator will hire ~80% of existing employees.

• Utility system employees not offered employment with the operating entity will retain a university position.

• The intent of the P3 agreement is not to reduce staff.
Partnership Commitments

- Campus-wide sustainability efforts will be continued.
- Utility System will be able to operate coal-free by 1/1/2025.
- New operator will continue to explore new sources of bio-fuels creating sustainable, lower-cost fuel options.
- Utility System facilities will be maintained in similar or better condition.
Process Overview & Timeline

Dec. ’18 - March ’19
• Transaction Formulation, Due Diligence

April – May
• Issue Request For Qualifications

June – September
• Issue Request For Proposal

October – Dec. 2019
• Select Winning Bid, BoR Evaluation, Finalize Concession Agreement

FY 2021
• Resources first allocated

*University retains right to exit exploration until agreement is signed.
Governance Information Sessions

2/12 Faculty Senate
2/13 Staff Council
2/19 UI Student Govt.
3/04 Graduate & Professional Student Govt.
3/05 West Campus info session (MERF 2117)
3/06 East Campus info session (IMU 348)
Public-Private Partnership (P3) website

Utility System Public-Private Partnership (P3)

Nationally, as well as in Iowa, institutions of public higher education continue to balance mounting budgetary pressures while providing a high-quality, affordable educational experience. In Iowa, the governor has asked the public universities to explore options that will allow them to discover additional resources through partnerships.

The University of Iowa is exploring new partnerships because there is a meaningful gap in available resources to help execute and support the UI’s Strategic Plan 2016-2021, which was approved by the Board of Regents, State of Iowa in 2016.

A public-private partnership (P3) that aligns with the UI’s values, while adding long-term usefulness to utility assets, will improve the future for the university and outcomes for students and Iowans through investment into the core missions of teaching, research, and scholarship.

FAQ
Find answers to the most frequently asked questions related to the University of Iowa Utilities System P3.

Project Timeline
The overall timeline has several distinct timeframes, (RFQ, RFP, and allocation of resources), which will provide significant opportunity for campus feedback.

Project Overview Sheet
Download a PDF with information regarding this project.

For questions regarding the project, please contact terry-johnson@uiowa.edu.
Questions?
University of Iowa – The Why

Our Mission – Education and Research
Our History - Funding

State Funding

- 64.3%
- 28.3%

Tuition

1990 - 2018
Our Current - Funding

State Funding vs. Tuition

- State Funding: 70% in 1990, 29.3% in 2018
- Tuition: 20% in 1990, 64.5% in 2018

University of Iowa – The How
Our Future – Student Recruitment

Iowa – Births per 1,000 Residents
1986 - 2016

Iowa Department of Public Health
University of Iowa – The How

Our Future – Student Recruitment

Projected Growth of 18 Year-Olds
2012 - 2029

Demographics and the Demand for Higher Education, 2016 - Nathan Grawe
Growth of Students Attending National 4 Year Institution

2012 - 2029
Growth of Students Attending Elite National 4 Year Institution
2012 - 2029

Demographics and the Demand for Higher Education, 2016 - Nathan Grawe
Implications of Changing Demographics

*What does the future look like?*

- **Challenging Marketplace (Iowa)**
  - Reduction in student population
  - Increased interest in elite schools

- **Challenging Marketplace (Region)**
  - Iowa is not alone in challenges
  - Upper Midwest and Northeast facing similar changes

- **Opportunities**
  - Balance required to serve the state while responding to market conditions
  - University of Iowa is positioned to compete due to:
    - Strong nationally ranked programs
    - 5-year tuition plan
    - University commitment to prioritization
    - State support of new partnerships
University of Iowa Strategic Plan

*Improving Outcomes for Students and Iowans*

**Students**
- Increase Retention Rate
- Increase Graduation Rate
- Increase Experiential Opportunities

**Faculty**
- Increase peer reviewed research
- Increase citations
- Increase awards and National Academy Membership

**Iowans**
- Increase access to quality health care
- Increase economic development through:
  - Commercialization of university technology and
  - Increase the workforce through increased graduation rates
University of Iowa Budget Allocation Model
Driving Innovation and Collaboration

☑ Shifts the power, responsibility, and incentives from central administration to the colleges and units
☑ Local decisions will provide better opportunities for students, faculty, and staff
☑ Spurs local innovation and encourages collaboration
☑ Implemented in FY 19
University of Iowa Path Forward Teams

Advancing the Strategic Plan

- Four work groups comprised of shared governance
  - Student Success
  - Research and Discovery
  - Engagement and Economic Development
  - Diversity, Equity, Inclusion, and Collaboration

- Each of the four work groups has chosen critical tasks from the UI Strategic Plan

- Work groups have identified objectives and tactics to guide progress on the prioritized critical tasks within the coming year

- Annual reports identifying progress will be delivered
Implementation of the University of Iowa Strategic Plan will require additional resources

Total resources needed each year = $31M/year

- Shared responsibility between the university, state, and students/families
- UI will generate through realignment, savings, and other activities
  - $11M per year
- UI requests the state funds a portion of the strategic plan
  - $7M (3.2% increase) from the state
- UI will request the remaining to be funded by resident and nonresident undergraduate, graduate, and professional students
  - $13.1M (% increases vary)
University of Iowa Strategic Plan

Better Outcomes Through Investment

✔ Investment in programs such as:
  ✔ Undergraduate research, service learning, capstone projects, internships, writing-intensive courses, and leadership development, among others

✔ Increase 4 Year Graduation Rates

✔ Increase Retention Rates

✔ Thus reducing cost while improving opportunities for careers and graduate and professional schools
University of Iowa Strategic Plan
Better Outcomes Through Investment

✔ Investment in programs such as:
  ✔ Research centers, infrastructure, and additional post doctoral students will …

✔ Increase peer reviewed research

✔ Increase in nationally recognized faculty

✔ Grow access to additional resources in order to perform research and scholarship
Outcomes - Iowans

University of Iowa Strategic Plan
Better Outcomes Through Investment

- Increased access to quality health care
- Increased economic development through:
  - Commercialization of university technology, and
  - Increased workforce through higher graduation and retention rates