University Space Priorities Working Group  
Meeting Summary  

Meeting Date: Tuesday, December 11, 2013

Members in attendance: Barbara Albrecht, Robert Berne, John Billings, Corey Blay, Mary Cowman, Rajeev Dehejia, Mariam Ehrari, David Engel, Wen-Jui Han, Angela Kamer, Perri Klass, Marty Kurth, Ted Magder (chair), Laurence Maslon, Panos Mavromatis, Rosemary Scanlon, Andrew Schotter, Matt Stanley, David Vintinner, Larry White, Diane Yu

Members unable to attend: Allyson Green, James Jacobs, Tony Saunders, Jalal Shatah

1. Call to order and announcements (Ted Magder)

In addition to members of the Working Group listed above, Executive Vice President Martin Dorph, Senior Vice President Lynne Brown, Vice President Alicia Hurley, and Chief of Staff Richard Baum attended the meeting as invited guests. In addition, NYU Registrar Roger Printup and classroom consultant Tom Hier, presented virtually. Michael Patullo attended as staff coordinator.

The group briefly discussed the agenda for its first deliberative meeting, to be held on Thursday, December 13, including the decision to limit attendance to members of the Working Group only.

2. Financing of NYU Real Estate Projects (continued) (Martin Dorph)

Executive Vice President Martin Dorph continued his presentation, which was begun at the November 29 meeting of the Working Group. He began his remarks by addressing three questions, which were submitted by members of the Group in advance:

- If debt service is projected to remain at 7% of the annual operating expense budget, how is the projected 100 million of debt service per year?
  
  Answer: This capacity comes from projected budget growth between now and 2021—the budget is expected to grow from $2 billion currently to approximately $3.4 billion in 2021. The small margin between the growth rate of expenses (primarily personnel) and that of revenue (largely driven by tuition) will provide increasing revenue over time and allows for capital projects and debt service without increasing the percentage of the overall budget devoted to these expenditures.
Within the funding envelope of $3 billion for new space development, the model accounts for $1.4 billion in new debt. Where does the remainder come from? Answer: The remainder comes from the following sources: 1) $900 million in additional operating margin (see slide #17); $200 million in fundraising; and $100 million to sell rights of land to private hotel developer (which is no longer possible under ULURP). In addition, as a point of clarification, approximately $1.7 billion of the project is financed by debt, but, due to amortization, total debt only increases by $1.4 billion.

A critical aspect of the planning discussions focused on “off ramps”—strategies that could be employed to limit the scope of the project if it became financially untenable for the University. Is it correct to assume that the large portion of these “off ramps” will occur in the first few years of the project? What if budget shock comes later in the cycle? Answer: Yes. The majority of decisions will need to be made between now and 2015. If shock happened later, there are options (such as administrative reengineering and other operating budget moves) that would have to be undertaken to make financial adjustments.

Dorph then focused the discussion on the remainder of his prepared remarks. He noted that, for the purposes of his financial projections, the “full build” option was used, which included the full Zipper building prior to being reduced by ULURP. He listed two primary options for the southern block:

- East side (Zipper Building) – total of 800,000 square feet
- West side (Morton Williams site)
  - If NY School Construction Authority (SCA) vests – 70,000 square feet for NYU
  - If SCA does not exercise option – 155,000 square feet for NYU (including 25,000 square feet of community space)

As part of the analysis, Dorph detailed a number of further development options, which include building on the South Block, acquiring a new site for development on the scale of the South block proposal, and leasing and renovating necessary space (see slide #24). He then compared the cost breakdowns for each of these options (see slides 26-27) and concluded that building on the NYU-owned land on the southern superblock is more cost effective than all of the other options considered.

Working Group members asked the following questions:

- How has the ULURP decision affected the plan for the planned tower at the corner of Houston and Mercer Sts?
  Answer: The City Council approved the building, but rejected the hotel usage. The financial model assumed that this would be sold to private developer. NYU can look at this site for academic space.
- Why is Tisch IPA given so much specific attention in the models?
Answer: It is the academic unit with the longest-standing and most specialized needs and, thus, it is important to consider whether it could exist in either option for building on the southern block.

- To what extent can the Zipper Building be constructed in phases?

Answer: The entire base must be built at once and decisions about whether or not to phase must take into account the inconvenience of constructions in already-occupied buildings and the added costs.

[Dorph’s presentation is available on the “Documents” page of the Working Group’s Web site.]

3. Discussion of NYU representation to open space organization (Alicia Hurley)

Vice President Alicia Hurley summarized the requirements that ULURP mandated with regard to the creation of an Open Space Oversight Organization, on which NYU will have one representative. She indicated that the Working Group should provide the administration with a recommendation on the appointment of the NYU representative. In addition, Senior Vice President Lynne Brown indicated that the Group should advise as to the type of person NYU should appoint and on the parameters and requirements for reporting back to the University.

Hurley discussed the various options for potential candidates, and the advantages and disadvantages of each option, and indicated that the person must be able to attend meetings and be available during the summer. She also indicated that the appointee should be able to be a strong advocate to preserve NYU’s interests in the process.

The Working Group agreed to take up discussion on this topic at its December 13 meeting.

[A copy of the letter to President Sexton from Vice President Hurley outlining NYU’s responsibilities with regard to open space is available on the “Documents” page of the Working Group’s Web site.]

4. Current usage of general purpose classrooms (Roger Printup, Tom Hier)

Registrar Roger Printup and consultant Tom Hier presented to the group virtually and provided statistics on the utilization rates of general purpose classrooms. Both presenters, which have extensive experience in the scheduling and analysis at various higher education institutions, noted that NYU’s classrooms are operating at a “higher level of utilization” than the typical rates seen at other institutions. For comparable private institutions, Hier noted, the utilization is likely to be between 40-60%. NYU’s averages about a usage rate of 72%, and reaches even higher percentages during peak hours.

Printup noted that the high utilization rates are exacerbated by the increasing demand for technologically-equipped classrooms and the makes it difficult to clean and maintain classrooms due to the lack of down time. In addition, because of the lack of available capacity at peak times, NYU would be unable to absorb classrooms needs that would arise if there is a sudden need to n de-commission or evacuate entire buildings or floors in
emergency situations (i.e. fires, floods, etc.). Such high utilization rates also substantially increase relative long-term maintenance costs, due to the intensified wear and tear from extremely high traffic and usage.

Most of the surplus classroom availability, Printup noted, is during the 8:00 AM time slot and on Fridays. The tension around using these times has always hinged on balancing the administration’s desire to distribute more equitably the utilization rates with the standard twice a week class meeting schedule (i.e., Monday-Wednesday and Tuesday-Thursday), coupled with a student/faculty desire to teach/take classes at convenient times (i.e. after 9:30 – 10:00 AM on Mondays through Thursdays only). In addition, Printup emphasized that it is important for the University’s physical spaces to be responsive to changes in pedagogy (i.e., departmental decisions about course sizes and sequencing). Decisions about how to better utilize the existing capacity at many institutions and assign more classes to Fridays, they noted, are not trivial and often command more time and resources than are gained in the long run.

Members of the Working Group asked the following questions:

- What is the typical size of the theoretical margin of unused space that an institution should maintain?
  Answer: It is important for a university to be able to relocate classes quickly in the event of a building malfunction or unfortunate event on campus. The size of the margin varies based on the size and capacity of the institution.

- How would the utilization of virtual instruction tools and pedagogies (like “flipping” classrooms) affect the need for space?
  Answer: The space needs depend on how the instruction is altered. It could mean that an increased number of smaller classrooms are needed for discussion, and that the large lecture halls freed up may not be correctly sized for the need.

- Can we see statistics about the match between classroom sizes and class enrollment?
  Answer: We can prepare this analysis, but, anecdotally, the number of very small classrooms (10-15 students) has been reduced in favor of creating 20-25-seat classrooms.

- What kind of measurement number is being used for the total classroom space?
  Answer: Classroom utilization is measured in room-hours.

[A description of the firm Biddison Hier, Ltd, as well as a chart on average room utilization at NYU, are available on the “Documents” page of the Working Group Web site.]