

The Regents of the University of California

COMMITTEE ON FINANCE

March 15, 2000

The Committee on Finance met on the above date at UCSF - Laurel Heights, San Francisco.

Members present: Regents Atkinson, Davies, Hopkinson, S. Johnson, Lee, Montoya, Pannor, and Preuss; Advisory member Miura

In attendance: Regents O. Johnson, Khachigian, Kozberg, Leach, Moores, Nakashima, Sayles, Taylor, and Vining, Regent-designate Kohn, Faculty Representatives Coleman and Cowan, Secretary Trivette, General Counsel Holst, Senior Vice President Kennedy, Vice Presidents Broome, Darling, Gomes, and Gurtner, Chancellors Berdahl, Bishop, Carnesale, Dynes, and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 9:32 a.m. with Committee Chair S. Johnson presiding.

1. **REVERSION OF PROPERTY TO THE STATE, BAY AREA RESEARCH AND EXTENSION CENTER, SANTA CLARA COUNTY**

The President recommended that:

- A. The Regents hereby resolve that the approximately 17-acre Bay Area Research and Extension Center (BAREC) property in Santa Clara County is no longer necessary for agricultural research.
- B. The Secretary be authorized to execute a quit claim deed or other appropriate documentation conveying The Regents' interest in BAREC to the State of California, if requested by the State.

It was recalled that in 1952 and 1963 parcels of land making up the Bay Area Research and Extension Center property were conveyed to The Regents from the State Director of Finance for use in agricultural research. Over the years, BAREC, as one of the University's ten agricultural research and extension centers, has contributed to California agriculture. Currently it supports programs on turf grass, water management, integrated pest management, and field crops. The conveyance to the University contains a stipulation that:

"... In the event The Regents of the University of California shall by resolution at any time determine that the whole or any part of the property granted and conveyed hereunder is no longer desirable or necessary for use in agricultural research, the fee title to said property described in such resolution shall revert to and vest in the State of California upon the recording of such resolution in the official records of the County of Santa Clara, State of California."

As a result of budget negotiations between the University and Department of Finance, Item 6440-001-0001 – For Support of University of California, Schedule (a), Provision: 17 of the Budget Act of 1999 states:

“Of the amount appropriated in Schedule (a), \$2 million is for cooperative extension, contingent upon an assessment that land in Santa Clara County currently used for cooperative extension is available to the State for other purposes without restriction.”

The “land in Santa Clara County currently used for cooperative extension” is the land comprising BAREC. The \$2 million is a permanent allocation to the UC Cooperative Extension budget and is in exchange for the University’s returning the BAREC land to the State.

Program Evaluation

The Division of Agriculture and Natural Resources (DANR) has determined that the value of the augmentation for Cooperative Extension is of substantially greater benefit to its overall program than continued research at BAREC and that research needs served by the center can be addressed at other sites. The decision to recommend reversion of BAREC was driven by the need to increase funding for UC Cooperative Extension programs. Cooperative Extension absorbed significant budget cuts in the early 1990s. Besides the loss of more than 50 farm advisor positions, these reductions have significantly affected DANR’s ability to deliver research-based educational information to user communities across the state. The \$2 million permanent augmentation in the Budget Act of 1999 from this action will be used to begin to restore the UC Cooperative Extension program capabilities.

A number of groups and individuals have expressed their concerns with the University’s discontinuing agricultural research at BAREC. President Atkinson wrote to Regents concerning this issue in a letter dated August 16, 1999. While acknowledging public concerns, the President, with the concurrence of the Vice President for Agricultural and Natural Resources, recommended that the Board determine that BAREC is no longer necessary for agricultural research and that the property should revert to the State.

An appropriate transition period to allow the completion of short-term research and transfer of other existing activities at BAREC will be negotiated with the State. A task force will be appointed by DANR to:

- C relocate longer-term research projects to the local area, to other division sites (there are nine other research and extension centers), or to cooperator sites;
- C recommend possible replacement or relocation of BAREC agricultural infrastructure; and
- C recommend bridge funding where needed for researchers to establish new test sites and lots.

Property Evaluation

BAREC is located on the north side of Winchester Boulevard approximately one block east of its intersection with Stevens Creek Boulevard in the City of Santa Clara. The level site is bordered by older single-family residences to the north, east, and west, strip commercial development to the southwest, and the Valley Fair regional shopping center to the south. Given its long public-use history, the property is not presently zoned, although the local General Plan calls for moderate density residential. Following its reversion to the State, any development on the site would involve a thorough public approval process. Because of the use restrictions applicable to its ownership, the University has not had the BAREC land appraised. Free of the restrictions applicable to the University's ownership, however, this property is believed to have a fair market value in excess of \$1 million per acre. The unrestricted value would ultimately be dependent upon the zoning and entitlement of the property. As restricted for the University's use, the property's value is comparable to agricultural land valued at approximately \$10,000 per acre. In effect, the University's use of the BAREC land is analogous to a no-cost lease renewable for so long as the land is used for agricultural research.

In accordance with University procedures, the project, defined as the determination of lack of necessity and the related reversion of the BAREC land, has been classified as exempt from the California Environmental Quality Act.

Vice President Gomes noted that BAREC is the smallest of the University's agricultural research centers. It was originally a deciduous fruit field station. Currently there are 15 projects being conducted at the site under the direction of 9 principal University investigators. Seven of the projects will end this year. A two-year closure plan would allow for the collection of meaningful data on all of the projects. He noted that the recommendation is based on extensive analysis that showed that the benefits to California citizens and communities from the strength of the Cooperative Extension program warrant the action.

Regent Kozberg asked about Senator Vasconcellos' opinion of the reversion plan. Mr. Gomes explained that the proposal was postponed previously in deference to his request for time to explore alternatives. In the interim, several meetings have taken place with the Senator and Assembly Member Alquist. Regent Taylor noted that the State is in a strong fiscal position currently. He wondered whether the Department of Finance had been asked to reconsider its stance on the issue of BAREC. Mr. Gomes responded that Senator Vasconcellos had hoped that the University could retain both the site and the \$2 million allocation, but after extensive efforts to secure other options from the State, he has decided not to oppose the reversion.

Regent Hopkinson asked why BAREC is viewed as not contributing to the University's overall research objectives. Mr. Gomes reported that, because of its small size and urban location, the relative value of the property to the University's mission has been the subject of discussions for 15 years. Regent Leach observed that the central coast

needs a research facility that can be more actively involved in helping agriculture in the area.

Regent Davies commented that he understood the objections of locals who would prefer retaining the research facility to being confronted with a new development, but he believed that, for the benefit of the University and at the same time the public, the opportunity should be taken to enhance the budget of Cooperative Extension.

Regent-designate Miura observed that the 2000-2001 budget provides \$1 million to find a site for a satellite campus for UC Santa Cruz. She asked whether the BAREC site might be used for that purpose. Mr. Gomes responded that the option had been discussed but that the State was not interested in conveying control of the property for any use other than agricultural. He noted that 12 sites, including BAREC, were evaluated for use by the Santa Cruz campus and that the BAREC site was deemed unsuitable.

Regent Nakashima believed that representatives of city and county government were not contacted about the reversion of the BAREC property. He reported that Senator Vasconcellos had led him to believe that it may be possible to persuade the State to negotiate further. Mr. Gomes informed him that he had met with officials and supervisors from Santa Clara and San Jose. He recalled that the University has asked the State six times in the past 15 years for control of the property so that it could close the unit and use the income to build a facility in Salinas. The request has always been denied. Regent Nakashima maintained that the decision to allow the property to revert should be postponed until other options could be studied further. He pointed out that if control of the property could be secured, the University could sell it and use the money to purchase a significant parcel elsewhere in the coastal area. Mr. Gomes noted that further postponement could jeopardize the availability of the \$2 million annual allocation, which is included in this fiscal year's State budget.

Regent Hopkinson emphasized that the property is not zoned. Mr. Gomes estimated that the value of the land could be between \$17 million and \$35 million, depending on the kind of zoning that is allowed. The land in its current state is valued at only about \$10,000 per acre.

Regent Leach recalled that the item had been on the agenda several times and had been deferred in an effort to secure a better deal from the State. Senator Vasconcellos has concluded those talks without success. Regent Leach believed that it would be unfair to University employees to jeopardize a budget enhancement that will provide money to restore past salary and program cuts.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Atkinson, Davies, Hopkinson, S. Johnson, and Preuss voting "aye," and Regents Lee, Montoya, and Pannor voting "no."

2. **REPORT ON NEW LITIGATION**

General Counsel Holst presented his **Report on New Litigation**. By this reference the report is made a part of the official record of the meeting.

The meeting adjourned at 10:00 a.m.

Attest:

Secretary