The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS
COMMITTEE ON FINANCE
May 16 and 17, 2001

The Committees on Grounds and Buildings and Finance met jointly on the above date at UCSF–Laurel Heights, San Francisco.

Members present: Representing the Committee on Grounds and Buildings: Regents Atkinson, Davies, Eastin, Hopkinson, O. Johnson, S. Johnson, Kohn, Kozberg, and Marcus; Advisory members T. Davis, Morrison, and Seymour
Representing the Committee on Finance: Regents Atkinson, Davies, Hopkinson, S. Johnson, Kozberg, Lee, Miura, and Preuss; Advisory member Morrison

In attendance: Regents Lansing, Montoya, Moores, and Sayles, Faculty Representative Viswanathan, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Drake, and Gurtner, Interim Vice President Gómez, Chancellors Bishop, Carnesale, Cicerone, Dynes, Greenwood, Orbach, Tomlinson-Keasey, Vanderhoef, and Yang, and Recording Secretary Bryan

The meeting convened at 12:00 noon with Finance Committee Chair Preuss presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of March 15, 2001 were approved.

2. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR CENTER FOR THE MEDICAL INVESTIGATION OF NEURODEVELOPMENTAL DISORDERS (M.I.N.D. INSTITUTE), DAVIS CAMPUS**

The President recommended that:

A. With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Davis: UC Davis Center for the Medical Investigation of Neurodevelopmental Disorders (M.I.N.D. Institute): preliminary plans, working drawings, construction, and equipment – $38,840,000, to be

funded by State lease revenue bonds to be repaid from State funds appropriated annually for support of the Institute ($28,566,000), hospital reserves ($3,728,000), and State operating funds ($6,546,000).

B. The Committee on Finance recommend that the Treasurer be authorized to provide interim financing not to exceed $28,566,000 to construct the facilities to house the M.I.N.D. Institute, subject to the following conditions:

(1) Funding shall be appropriated for the M.I.N.D. Institute project by the State of California Legislature to pay for the interest costs when incurred during interim financing.

(2) The Legislature shall authorize The Regents to provide interim financing for the M.I.N.D. Institute and authorize the use of State Public Works Board (SPWB) lease revenue bonds to reimburse The Regents for interim construction expenditures incurred.

(3) The Legislature shall authorize the use of State general funds appropriated for the M.I.N.D Institute to pay the annual debt service associated with the SPWB lease revenue bonds to be issued to reimburse the interim construction financing by The Regents.

(4) A Preliminary Resolution of the SPWB authorizing the lease revenue bonds for the M.I.N.D Institute shall be adopted by the SPWB.

It was recalled that at the January 2001 meeting The Regents approved planning funds of $1.6 million for a 100,000-gross-square-foot building complex on the grounds of the UC Davis Medical Center for the M.I.N.D. Institute, a facility that will focus on the study and treatment of neurodevelopmental disorders such as autism, attention deficit and hyperactivity disorders, learning disorders, and Tourette's Syndrome as part of a larger initiative to support promising research projects at UC campuses.

The major goals of the M.I.N.D. Institute project are as follows:

- To facilitate an innovative, multidisciplinary approach to the diagnosis and treatment of children and adults with neurodevelopmental disorders.

- To bring together the country's leading experts of neurodevelopmental disorders systematically to identify and evaluate the causes, treatments, and potential cures for autism.

- To train students, educators, and health care professionals in a variety of disciplines more effectively to diagnose and treat individuals with neurodevelopmental disorders.

- To develop and demonstrate best practices in the education and care of children with autism and similar disorders.

- To use video conferencing and telemedicine technology to partner with schools and other health care providers throughout California to develop more effective programs for children with neurodevelopmental disorders.

The development of the M.I.N.D. Institute has been bolstered by a dedicated group of parents who secured increased State funding support for the program. The annual appropriation for the M.I.N.D. Institute for 2000-01 is $6 million for research and for start up and facility development purposes, plus a one-time appropriation of $28 million. Included in the budget proposed by Governor Davis for 2001-02 is an increase of the permanent appropriation to $8 million to be used for research and facility development. In the future, the annual $8 million permanent appropriation will support research and the debt service for the lease revenue bond financing to be issued by State Public Works Board for the capital project.

Project Description

The design specifications are complete and the project cost estimate has been adjusted to reflect the current bid climate. Based on this information, the initial phase of the proposed development will consist of approximately 99,607 gsf. The project will be located on a vacant 3.5-acre parcel of land at the eastern edge of the Medical Center campus in Sacramento. The estimated completion date for construction is December 2002.

The project is a complex with the major components being a resource center, clinic and academic offices, and a laboratory. The Clinic and Academic Building will have an outpatient clinic on the first floor and academic and administrative offices on the second floor.

CEQA Classification

In accordance with the California Environmental Quality Act, and the University of California Procedures for the Implementation of CEQA, a Tiered Mitigated Negative Declaration has been prepared to analyze the potential environmental effects of the proposed M.I.N.D. project.

Financial Feasibility

Project costs of $38,840,000 will be funded from three sources:

- $28,566,000 for construction cost will be financed by the SPWB, and $3,000,000 for interest expense for interim financing is to be appropriated by the State in the 2001-02 Budget Act. As in previous SPWB funding for other University projects since the mid-1980s, SPWB will lease the building site and issue lease revenue bonds to finance the construction costs. The University will build the project under an agreement with SPWB in which SPWB will retain ownership of the facility until repayment in full of the SPWB bond, after which ownership will be passed to the University.

  Under the lease, the University will pay rent to SPWB for the facility, which will constitute the revenue from which SPWB will repay interest and principal on the SPWB bonds issued to finance the facility. The estimated annual debt service of approximately $2.7 million will be repaid from a portion of the $8 million annual State appropriation to the M.I.N.D. Institute. If the Legislature fails to appropriate sufficient funds to make the rental payments, The Regents is obligated to pay rent from any lawfully available funds. When the obligations are retired, the site and facility leases will terminate and The Regents will obtain clear title to the building.

- $3,546,000 for preliminary plans and working drawings will be funded from the 2000-01 State appropriation to the M.I.N.D. Institute.

- The remaining $3,728,000 cost will be funded from hospital reserves.

Legislative approval is required to authorize the lease revenue bonds to be issued by SPWB and to use the State appropriation as the repayment source for the financing. The University is working with the Department of Finance to include specific language authorizing use of State funds to support the capital project in the Budget Act of 2001-02. Regental approval of this item is contingent on this legislative approval.

The President will return to the Board for approval of the lease of the site and the building to SPWB prior to the completion of construction and issuance of the SPWB bonds.

Senior Vice President Mullinix reported that Regent Kozberg had raised a concern about the use of lease revenue bonds in that there may not be the anticipated appropriations to service the bonds. Hospital Director Marsh has indicated that, although the hospital has been aware it could lose appropriations for the program in the longer term, support for the program is very strong and a loss of appropriations is not expected. If it were to happen, other hospital revenues could be substituted.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

3. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, AND APPROVAL OF EXTERNAL FINANCING FOR CAL-(IT)^2 FACILITY, IRVINE CAMPUS**

The President recommended that:

A. With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Irvine: Cal-(IT)^2 Facility – preliminary plans, working drawings, construction, and equipment – $54.3 million, to be funded from the State through the California Institutes of Science and Innovation program ($28.5 million), external financing using the "Garamendi" funding mechanism ($10 million), gift funds ($10.8 million), and federal grant funds ($5 million).

B. The Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed $10 million to finance the Cal-(IT)^2 Facility, subject to the following conditions:

(1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

(2) Repayment of the debt shall be from the campus' share of the University Opportunity Fund.

(3) The general credit of The Regents shall not be pledged.

D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was noted that the Irvine campus proposes to design and construct a facility of approximately 68,700 asf to support the California Institute for Telecommunications and Information Technology. The Cal-(IT)^2 Facility is one of two facilities being built for the Institute. The other facility would be constructed at the partner campus, the

University of California, San Diego. UCSD's facility was approved by The Regents at its March 2001 meeting.

It was recalled that the California Institute for Telecommunications and Information Technology will combine teams of UCI and UCSD faculty, students, and research professionals with leading California telecommunications, computer, and software companies to research the scientific and technological components required to bring about the "new Internet." Over the next decade, digital wireless links will extend the Internet throughout the world. At the same time, tens of millions of households and businesses will be able to switch from slow modems to super-fast broadband Internet connections. An all-optical architecture will dramatically increase the Internet's capacity to support new users and more demanding applications. Cal-$(IT)^2$ faculty, industry partners, and students will conduct the basic research needed to create the scientific and technological components behind this transformation.

Cal-$(IT)^2$ will research and develop technologies to extend the reach and capacity of the new Internet that, in turn, will enable revolutionary advances in applications important to California's economy. These advances will assist California in maintaining its leadership role in Internet and information technology. To address the full scope of the new Internet, interdisciplinary research teams have been organized into five primary research areas:

- Materials and Devices: The Internet of the future – one that is accessible throughout the world – demands breakthroughs in the technology of materials and devices, the fundamental building blocks of the new system. This research will focus on four areas: wireless communications, photonic networks, molecular materials, and micro-electro-mechanical systems.

- Networked Infrastructure: Focus will be placed on building the infrastructure that will undergird the new Internet by improving wireless link controls, cellular and Internet protocols, audio and video processing, and security mechanisms.

- Interfaces and Software Systems: Research will focus on developing software technologies associated with large-scale wireless networks and a secure meta-computing environment.

- Strategic Applications: Research in developing knowledge and devices that will benefit all segments of society include civil infrastructure and disaster management; digitally enabled medicine, including telescience and bioinformatics; wireless communication systems to promote intelligent transportation; and new media arts.

- Policy, Management, and Socio-Economic Evolution: Focus will be placed on developing privacy and intellectual property policies that will help shape government and international policies and standards so that all sectors of society

can benefit from the information revolution as well as investigating technology that will allow the delivery of education to all students, regardless of location or income.

Through this institute, UCI and UCSD will establish a test-bed for new information technologies by providing a research base on the campuses in a geographic area that is home to a concentration of telecommunications and information technology companies widely predicted to be the stimulus for major economic growth in California over the next decade.

Project Description

The Cal-$(IT)^2$ Facility will be approximately 68,700 assignable square feet consisting of specialized laboratories, interdisciplinary dry research laboratories and offices, conference and public facilities, and administrative space.

Specialized laboratories will include leading-edge research laboratories and support facilities including a high-quality clean room providing a nanoscale fabrication laboratory. This facility will be connected to the existing Integrated Nanoscale Research Facility located in the Engineering Gateway Building. A synthesis and characterization laboratory will also be constructed to analyze polymers and materials developed in the clean room facilities. Interdisciplinary dry laboratories and offices will be constructed to support Cal-$(IT)^2$ research. These spaces will be designed in a generic, flexible manner to facilitate reconfiguration to accommodate changes in research and project teams.

The Cal-$(IT)^2$ Facility administration area will include offices and support spaces for the Institute's associate director and related administrative staff. The building will also include conference and public use spaces equipped with communication systems to enable interaction between Institute personnel and researchers worldwide.

The project site is located within the Engineering Quadrangle of the campus, directly adjacent to and connected to the Engineering Gateway Building. Construction of the facility is scheduled for occupancy in March 2004.

CEQA Compliance

Appropriate environmental documentation will be prepared and presented for consideration at the time of the project's design approval.

Financial Feasibility

It is proposed that the cost of the Cal-$(IT)^2$ Facility be funded with State funds through the California Institutes of Science and Innovation program, gift funds, external financing using the Garamendi funding mechanism, and federal grant funds. Under the Garamendi mechanism, incremental indirect cost recovery generated by federal contracts and grants made possible as a result of the project is used to pay for operations and maintenance of the project and for debt service. The project is forecasted to pay for itself with net new federal indirect cost recovery. Although it is not anticipated that there will be early-year shortfalls, the Government Code allows these to be reimbursed in future years – recognizing that as research buildings are completed, faculty, and therefore research dollars, will be coming on-line gradually. If shortfalls occur on a project-to-project basis, the campus' share of the University Opportunity Fund will provide the amounts required. If the shortfalls occur throughout the first three full years of occupancy, the campus may be reimbursed from additional overhead above and beyond debt service and costs of operation and maintenance that is generated as a result of the building in later years. To the extent that there are annual surpluses, they flow through the regular distribution process for indirect costs. For purposes of placing debt in the market, the University pledges the University Opportunity Funds as the repayment source for these projects. The campus anticipates that the federal funds that will come from various federal agencies will be used for the equipment budget.

The campus is still in the midst of the gift campaign and is not requesting interim financing for gift funds. If all of the gift funds are not in hand at the time of construction bidding, the campus will advance the funds necessary to comply with Regental policy regarding bids and awards so that the project may proceed, or the project will be deferred until the necessary funds are available.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

4. **UPDATE ON THE IMPLEMENTATION OF SB 1953 COMPLIANCE, MEDICAL CENTERS AT THE IRVINE, SAN DIEGO, AND SAN FRANCISCO CAMPUSES**

It was recalled that the Alfred E. Alquist Hospital Facilities Seismic Safety Act (Senate Bill 1953) required that the Office of Statewide Health Planning and Development (OSHPD) issue standards for the seismic evaluation and strengthening of existing acute care hospital structures in California. OSHPD included in these standards a reporting system of Structural Performance Categories, or SPC ratings, to identify the probable

performance of buildings subjected to the average expected ground shaking with 10 percent probability that it would be exceeded in 50 years. In addition, OSHPD developed a system on Nonstructural Performance Categories, or NPC ratings, to identify the probable seismic performance of nonstructural systems within hospitals.

In November 2000, the Regents were provided summary information regarding capital improvements required at each of the five UC teaching hospitals to satisfy seismic safety mandates established by the legislature in Senate Bill 1953.

Irvine Campus

The UC Irvine Medical Center plans to address the mandates established by SB 1953 based on an allocation of $235 million of State lease revenue bond funds. The proposed UCIMC SB 1953 Upgrades program includes construction of a new 162,500 assignable-square-foot hospital facility to replace UCIMC's main acute care facility, Building 1, as well as modest structural or non-structural seismic corrections to Building 1A and the Medical Center's steam plant, primary electrical facility, and utility tunnel. The additional $5 million in Teaching Hospital Infrastructure funds will address high-priority non-seismic needs through a proposed series of renovations that will include improvements to diagnostic imaging, ambulatory care, and multi-specialty facilities.

Since becoming part of the University in 1976, UCIMC has become a significant public health resource in Orange County. While maintaining a commitment to serving the uninsured and Medi-Cal populations, the Medical Center also provides a substantial portion of the county's specialized medical care. As the county's only Level 1 Trauma Center, UCIMC is vital to the area's disaster response and must remain fully operational and capable of meeting emergency medical needs in the event of an earthquake.

The Medical Center site contains over 40 structures of varying ages. UCIMC, licensed for 462 beds, has 391 beds currently in service in three inpatient facilities that are a combination of old and new. Building 1, the main hospital building with 205 beds, was completed in 1960. Buildings 1A (102 beds) and Building 3 (84 neuropsychiatric beds) were completed 1981 and 1993, respectively. These three inpatient facilities house the Medical Center's general and psychiatric acute care functions, including intensive care functions, surgical units, pediatrics and obstetrics, nuclear medicine, pharmacy, pathology, and emergency.

SB 1953 Compliance

The facilities at the UCI Medical Center subject to SB 1953 compliance were evaluated by a structural engineer who determined that the main hospital facility, Building 1, must be seismically upgraded by 2008 or replaced. Building 1A, the Inpatient Tower, requires non-structural bracing of equipment and building systems. In addition, several critical support facilities require modest structural and non-structural seismic upgrades.

Hospital Replacement Plan and Future Needs: Building 1, constructed in 1960, consists of a five-story tower and a one-story wing built of steel framing with concrete shear walls that act as bearing walls. A detailed structural evaluation determined that the building has serious structural deficiencies and fails to meet the minimum criteria set forth in SB 1953. To upgrade the building to current standards would require adding new concrete walls and buttresses and strengthening existing walls. In addition, the seismic upgrade would trigger extensive code-related work that would require the building to be gutted. In order to accomplish the upgrade, a new inpatient facility of approximately 65,000 asf would have to be constructed to provide staging space during construction and to provide additional space required to maintain the hospital's existing service capacity based on current codes.

The cost of renovating Building 1 and constructing the staging facility was estimated to be at least comparable to that of building a new hospital. Of equal concern was the operational disruption that would result from a protracted ten-year retrofit in an occupied acute care facility. Furthermore, the retrofitted facility would still be an older building with little flexibility, fragmented services, and little potential for increased operational efficiency. Consequently, the decision was made to construct a new facility that will provide a state-of-the-art hospital with long-term flexibility to change over time and cost benefits that will make it operationally much more cost effective.

The Medical Center also needs to replace 49,000 asf in three seismically poor buildings – Building 2, which is located on the site identified for the replacement hospital and will be demolished as part of the project, and Buildings 10 and 25, which contain a number of essential acute care support functions such as pharmacy operations, radiology, and pathology. A parking structure, rated seismically poor, also currently occupies the site and will need to be demolished and replaced elsewhere. The amount of existing space to be replaced on a strict square footage basis totals 167,500 asf; however, to meet current codes and licensing requirements, the functions now housed in this 167,500 asf would require more square footage.

The replacement hospital facility will provide 162,500 asf through the State hospital lease revenue bond program to accommodate 186 licensed beds (19 fewer beds than in the existing main hospital building), as well as operating rooms, support laboratories, the blood bank, and other acute care functions. The remaining space requirements will be addressed with additional funding to be determined. There are a number of additional required project costs that are not eligible for lease revenue bond funding,

including programming fees, purchase of movable equipment, and moving costs. The Irvine campus will use a combination of hospital reserves, gifts, and other sources for these program components.

In addition to addressing SB 1953 requirements, the Medical Center has also identified a number of improvements needed to respond to the growing demand for services and to improve operational efficiencies. These improvements include construction of additional space to provide an expanded emergency department, four additional operating rooms, interventional rooms, catheterization laboratory, diagnostic imaging and nuclear medicine facilities, and additional licensed beds. The campus and Medical Center are currently working to identify alternative funding sources, including gifts and federal funds, so that expansion of the new hospital may be implemented in conjunction with the current project.

Central Plant Seismic Corrections: Modest structural and non-structural seismic corrections are required in the steam plant, primary electrical facility, and utility tunnel for SB 1953 compliance. The steam plant is the only one of the three structures that requires seismic upgrade. The seismic corrections will comply with the 2002 deadline for NPC 2 non-structural improvements and the 2008 deadline for structural corrections and NPC 3 non-structural corrections. Some upgrades of utilities are needed to maintain operations during the transitional period required for relocating activities from Building 1 to the new facility.

Buildings 1 and 1A Non-Structural Seismic Corrections: Because the replacement hospital facility will not be completed until 2007, non-structural bracing is required in Building 1 to comply with the 2002 deadline for Non-structural Performance Category 2. This work will be funded by hospital reserves. Building 1A also requires bracing of equipment and building systems to comply with NPC 2 and NPC 3 requirements.

Project Schedule

NPC 2 corrections required by January 2002 in Buildings 1 and 1A and the central plant facilities will be implemented immediately, with construction beginning in July 2001 and continuing through December 2001. Construction of the replacement hospital facility and remaining NPC 3 corrections in Building 1A and the Central Plant are scheduled to begin in 2004, with completion in late 2007.

Seismic Deficiencies Not Addressed by SB 1953 Requirements

In addition to the problems that will be addressed as part of the UCIMC SB 1953 Upgrades program, a number of other seismically deficient buildings have been identified. Because they are not inpatient facilities, these buildings are not eligible for SB 1953 funding. Four permanent buildings have been identified as needing structural upgrades. Two of these facilities – the Medical Pavilion II and the Cancer Center, completed in 1989 and 1991 respectively – were downgraded after similar buildings did not perform well in the Northridge earthquake. The Outpatient Care and Support building and the Outpatient Support building are also seismically deficient. The Medical Center is working to identify funding for structurally upgrading these four facilities. The Medical Center site also contains a number of old temporary buildings, many of which are already vacant, that are seismically deficient and will eventually be demolished. Due to continuing severe space shortages, options for upgrading some of these buildings for use until permanent space can be provided are being evaluated.

Infrastructure Projects

In addition to the projects that will effect compliance with SB 1953 mandates, the UCI Medical Center is proposing a series of non-seismic renovations to support current initiatives that will be funded with $5 million of Teaching Hospital Infrastructure funds. To fulfill its commitment to the community as the area's principal trauma and emergency center, UCIMC is developing a number of new programs consistent with its five-year strategic plan. The proposed infrastructure projects include the following four remodels in Building 1A: upgrading a radiographic/fluoroscopic room; converting administrative and recovery space to provide a new laboratory for use in the diagnosis and treatment of trauma and stroke patients; construction of a new Magnetic Resonance Imaging unit; and relocating and expanding recovery rooms to accommodate the expansion of specialty surgical services. Three remaining renovations include construction of a new ambulatory care suite for the plastic surgery department, remodel of the gastro-intestinal laboratory, and remodel of a multi-specialty suite to provide current technology and to accommodate increased demand for ambulatory care services.

Regent Hopkinson noted that a certain amount of the funding has yet to be determined. Hospital Director Cygan responded that sources of supplemental funding have not yet been identified. He reported that a capital campaign to raise $25 million to $50 million is being considered and that the campus is working with the federal government to find other fund sources. He stated that at the November meeting, when the campus has a better idea of what its fundraising capabilities are for the hospital replacement project, a decision will be made as to how large the replacement hospital should be and a final plan will be presented to The Regents.

Committee on Finance Chair Preuss observed that the plans that have been described for the University's hospitals are examples of the tremendous financial demands that are coming from all sides of the University.

Regent O. Johnson asked whether plans for energy conservation are part of the retrofitting. Dr. Cygan responded that the hospital will be as energy efficient as possible and that a cogeneration plant may be included in the construction project.

Regent Lee raised the issue of funding for the new hospital construction. Dr. Cygan believed that no campus would be able to meet the seismic mandate of SB 1953 without lease revenue bonds. Vice President Gurtner noted that all the projects under discussion are seismic projects that have been approved by the SPWB. The bonds related to them appear to be solid and secure.

San Francisco Campus

The UC San Francisco Medical Center plans to address the mandates and other code-triggered deficiencies through non-structural and structural upgrades at an estimated cost of approximately $25 million to meet SB 1953 requirements for 2002 and 2008 at the Parnassus campus and $4 million for 2002 at Mount Zion. There is no plan to retrofit Mount Zion Hospital to meet 2008 requirements because Mount Zion's existing inpatient use is not expected to continue beyond 2008.

Presidential approval has been requested for the $2.7 million, 2002 Parnassus compliance project, and the Chancellor's approval has been requested for the non-State funded $4 million, 2002 Mount Zion compliance project. Approval will be requested for the 2008 compliance project at a future meeting.

SB 1953 Findings

The acute care section of UCSF Medical Center is comprised of two main hospital sites: UCSF Medical Center at Parnassus and UCSF Medical Center at Mount Zion. Engineering consultant teams performed surveys at both sites to develop information to complete the required SB 1953 nonstructural and structural evaluations described below.

UCSF Medical Center at Parnassus

The UCSF Medical Center at Parnassus is located on the northern slope of Mount Sutro. The Parnassus hospitals (Moffitt Hospital and Long Hospital) and clinics are located on three blocks along Parnassus Avenue. The 15-story main hospital is licensed for 579 beds, includes 751,187 gross square feet of area, and is composed of two adjoining buildings called Moffitt-Long Hospitals. Moffitt was designed in 1950 and Long in 1973. The acute care portion includes 662,278 gross square feet of area of Moffitt-Long Hospitals. Three other structures are also vital to acute care at Parnassus: the Emergency Entrance Structure, the Magnetic Resonance Imaging Building, and the Central Utilities Plant.

The engineers concluded that the Parnassus buildings are rated as follows: Moffitt Hospital is NPC 1 and needs retrofitting by 2002 to meet NPC 2 and retrofitting by 2008 to meet NPC 3. Long Hospital is NPC 2 and needs retrofitting by 2008 to meet NPC 3. The Central Utility Plant is NPC 2 and needs retrofitting by 2008. The Emergency Structure and the Magnetic Resonance Building are NPC 3 and do not need SB 1953 retrofits before 2030. The consultants also identified specific structural items in Moffitt Hospital that may need to be upgraded by 2008 for OSHPD to meet an SPC 2 rating. These upgrades are included in the compliance plan costs, but the campus is reviewing the requirement for this work with OSHPD. The campus has developed the appropriate scope, budget, and schedule for projects at Moffitt-Long.

UCSF Medical Center at Mount Zion

The Mount Zion campus is located in San Francisco's Western Addition neighborhood. The acute care section of this campus site is comprised of Buildings A, B, D, and R. The engineering consultants concluded that all the Mount Zion buildings are rated NPC 1 and require retrofitting by 2002 to meet NPC 2. To comply with the above-described 2002, nonstructural, SB 1953 requirements, the campus has developed the appropriate scope, budget, and schedule for the SB1953 Mount Zion 2002 project.

Hospital Master Plan

UCSF is developing an overall facility master plan that incorporates planning for seismic performance under SB 1953. This plan recognizes that Moffitt and Long Hospitals can remain operational with some retrofitting by 2002 and 2008, but that upgrading Moffitt Hospital to meet the 2030 SB 1953 SPC requirements would not be cost effective and that Moffitt must instead be entirely replaced by 2030. While Long Hospital is generally in better condition and technically complies with SB 1953 structural requirements, it was designed and constructed to be integral with Moffitt and is also anticipated to need complete replacement by 2030. In addition, the limited use of facilities at the Mount Zion site to accommodate overflow surgical patients from the Parnassus campus site is not projected to extend beyond January 1, 2008. Therefore, UCSF is examining multiple scenarios to replace Moffitt and Long Hospitals with a fully conforming facility at different locations. The evaluation of these scenarios and selection of a location for the replacement hospital will involve a two-year academic and physical planning process. The campus would like to replace the hospital as soon as possible but does not have a funding plan that would allow a new hospital to be completed and occupied before 2030. If facilities on which State SB 1953 lease revenue bond funds have been expended are demolished or their acute care functions eliminated prior to retirement of the bonds, the hospital would have to reimburse the State for those funds.

Initial work is beginning on a financial plan for the new hospital. A possible first step would be site selection and/or acquisition. Once a location for the new hospital is

selected and submitted to The Regents for approval, it will take a minimum of ten years to complete the new facility.

Estimated Cost of Proposed Improvements/Financing Plan

The projected cost to implement 2002 and 2008 SB 1953 requirements is approximately $32 million. This estimate was developed using industry data, detailed consultant reports, and actual UCSFMC experience. Of this amount, $25 million will be funded under the State Lease Revenue Bond program. In November 2000, The Regents approved the allocation of State Lease Revenue Bonds and infrastructure funds to the University's Teaching Hospitals. This approval allocated $25 million of State Lease Revenue Bond funds to the UCSF Medical Center for 2002 and 2008 seismic work related to SB 1953. The $5 million of infrastructure funds approved for UCSF are for non-seismic capital improvement projects.

Infrastructure Projects

In addition to the projects needed for compliance with SB 1953 requirements, the UCSF Medical Center is planning to undertake an extensive renovation and expansion of its Emergency Department that will be funded using $5 million of Teaching Hospital Infrastructure funds supplemented by hospital reserves. To maintain UCSF Medical Center's status as a regional referral center, overcome significant operational issues, and improve the overall financial situation, a series of additional projects are being planned, including the following: Moffitt/Long Hospitals Operating Room expansion, which will increase surgical capacity and greatly improve the care delivered in the Post Anesthesia Care Center; the addition of 12 inpatient medical/surgical beds in Moffitt Hospital; renovation and expansion of a neurosurgery intensive care unit; additional capacity for the Ambulatory Care Imaging Center; additional cooling and emergency power capacity for Moffitt/Long Hospitals; and establishment of a Women's Health Center of excellence at the Mount Zion campus. The UCSF Medical Center is in the process of identifying alternative funding sources for the projects.

San Diego Campus

The UC San Diego Medical Center operates two sites, Hillcrest and La Jolla, to provide a full spectrum of services required to meet the educational, clinical, and research needs of the School of Medicine, attract a diverse patient mix, and maintain its commitment to provide care to indigent patients.

The Hillcrest site is a major provider of care to Medi-Cal and uninsured patients. UCSDMC provides almost 50 percent of all inpatient care to the uninsured in San Diego County. The Hillcrest site requires the majority of SB 1953 compliance expenditures and, due to the age of the facility, has very serious utility infrastructure needs and significant problems related to inadequate space to accommodate current programs and technology. Hillcrest has three structures in addition to the main hospital that will need

to be upgraded as part of the SB 1953 effort: the Telecomm Building, the Central Plant, and the Utility Bridge. The problem facing UCSDMC is how to make current seismic and other improvements in a cost-effective manner during the intermediate term until the resources can be mustered to support the ultimate replacement of the Hillcrest hospital. The Medical Center is investigating facility and funding options and will develop a long-term plan to address these issues.

Thornton Hospital on the La Jolla campus was designed in the 1980s and completed in 1993. The building is in full compliance with all structural requirements. Minor nonstructural work will be required by 2008 in the critical care service areas and in the remaining acute care portions of the building by 2030.

SB 1953 Findings

UCSD conducted a preliminary analysis of all buildings for SB 1953 in February 1998. Upon completion of this analysis, two additional structural engineers performed a peer review confirming the findings. At Hillcrest, requirements for the 2002 deadline are directed at non-structural upgrades. Design has been completed and drawings were submitted to OSHPD for review and approval in November 2000. For the 2008 deadline at Hillcrest, structural upgrades to the chiller at the Central Plant and Utility Bridge will be required to meet SPC 2 requirements, and nonstructural upgrades will be required at all four Hillcrest buildings to meet NPC 3. Thornton Hospital is in full compliance with the structural requirements of SB 1953. The nonstructural scope will involve additional bracing of fire protection piping.

Hospital Master Plan

UCSD is developing a facility master plan that incorporates seismic performance under SB 1953. The Hillcrest Hospital facility has serious problems. Because of the urgency of the seismic correction requirements, the campus is proceeding with the State-funded upgrades, but the work will be done in increments responding to the time requirements of SB 1953. At the same time, the campus is continuing to pursue additional funds from other sources and investigate options that would allow it to replace selected parts of the existing Hillcrest facility which have not yet been upgraded with State funds. The goal would be to retrofit for immediate requirements while planning an incremental replacement of much of the existing hospital over the next 29 years. The campus recognizes that if facilities on which State SB 1953 lease revenue bond funds have been expended are demolished or their acute care functions eliminated prior to retirement of the bonds, the hospital will have to reimburse the State for those funds. This effort is intended to minimize the investment of funds into an antiquated, obsolete facility by planning for the phased build-out of a new building that meets present-day requirements in an efficient facility. The overall concept for Thornton is to meet the SB 1953 requirements through the necessary minor upgrades.

Infrastructure Projects

In addition to the projects that would effect compliance with SB 1953 mandates, the UCSD Medical Center is also proposing a series of non-seismic renovations to support current initiatives that will be funded partially with $25 million of Teaching Hospital Infrastructure funds. The proposed infrastructure goals include renovating Emergency Department triage and care space, assisting patients to find their way, augmenting safety and security measures for physicians, nurses, and staff, and remodeling physician and nurse work and utility areas. The Labor and Delivery Department facility must be renovated to meet the hospital's current patient volume and modern code requirements and to accommodate modern hospital equipment and technology. The Post Anesthesia Care Unit inside the operating rooms suite needs renovation, as do sewer, elevator, ventilation, steam condensate, and automatic fire sprinkler systems.

The Committees recessed at 12:20 p.m.

. . . . . .

The Committees reconvened on May 17, 2001 at 10:35 a.m.

Members present: Representing the Committee on Grounds and Buildings: Regents Atkinson, Connerly, Davies, Fong, Hopkinson, O. Johnson, S. Johnson, Kohn, Kozberg, and Marcus; Advisory members T. Davis, Morrison, and Seymour
Representing the Committee on Finance: Regents Atkinson, Bagley, Connerly, Davies, Fong, Hopkinson, S. Johnson, Kozberg, Lee, Miura, and Preuss; Advisory member Morrison

In attendance: Regents Lansing and Montoya, Faculty Representative Viswanathan, Secretary Trivette, General Counsel Holst, Senior Vice President Mullinix, Vice Presidents Broome and Gurtner, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Greenwood, Tomlinson-Keasey, and Vanderhoef, and Recording Secretary Bryan

5. LONG RANGE CAPITAL PLANNING

Vice President Hershman recalled that the three segments of higher education have been struggling to reach an agreement on a new bond issue. Speaker Hertzberg, who is carrying a bond bill, has made it clear that the bond issue will not be as large as was contemplated originally, given the State's energy problems. The segments put forward a compromise proposal for consideration, the first component of which is $4 billion to be divided equally among the three segments over a four-year period. It would provide $333 million a year for the University, an increase of about $120 million over the amount provided by the previous bond issue. A second increment over the four years is $200 million for new campuses and off-campus centers that would enable the University to get funding for UC Merced separate from the needs of existing campuses. An increment of $200 million is proposed for joint projects among the segments.

Another increment of $200 million would go to the community colleges. Finally, a $200 million reserve would be established. Mr. Hershman was hopeful that the Legislature would proceed with the proposal.

Regent Kozberg asked what K-12 would ask for as part of the bond issue. Mr. Hershman believed the amount would be between $6 billion and $8 billion. The bond issue was planned originally to appear on the March ballot, but it is expected that the State's energy bond initiative planned for August may force postponement to November to give it the best chance of winning.

Mr. Hershman reported that a work group has been formed to conduct a comprehensive examination of the University's capital needs. The group includes representatives from all the campuses and will be assisted by an advisory group of Regents. A housing task force that The Regents and the administration have put in place will coordinate its efforts with the needs assessment work group. It was his expectation that this coordinated effort will provide a total picture of the University's needs and the options for paying for them.

The meeting adjourned at 10:45 a.m.

Attest:

Secretary