

The Regents of the University of California

**COMMITTEE ON GROUNDS AND BUILDINGS**

November 16, 2010

The Committee on Grounds and Buildings met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents DeFreece, Hime, Johnson, Makarechian, Schilling, and Zettel; Advisory members Anderson and Hallett

In attendance: Regent Cheng, Regent-designate Mireles, Faculty Representative Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Executive Vice President Brostrom, Vice President Lenz, and Recording Secretary McCarthy

The meeting convened at 3:00 p.m. with Committee Chair Schilling presiding.

1. **PUBLIC COMMENT**

There were no speakers wishing to address the Committee.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meeting of the Committee on Grounds and Buildings of September 14, 2010, and the joint meeting of the Committees on Grounds and Buildings and Finance of September 16, 2010, were approved.

3. **APPROVAL OF AMENDED STATE CAPITAL IMPROVEMENTS BUDGET CONSISTENT WITH THE FINAL 2010-11 BUDGET ACT**

The President recommended that the 2010-11 State Capital Improvements Budget be amended as follows:

A. Approve revised State funding in 2010-11 for the following projects:

- (1) \$128,953,000 for working drawings and construction for the Los Angeles campus, CHS South Tower Seismic Renovation; and
- (2) \$613,000 for preliminary plans and working drawings for the San Diego campus, Scripps Institution of Oceanography (SIO) Research Support Facilities; and

B. Authorize the use of the Garamendi financing mechanism for the San Diego campus, Clinical and Translational Research Institute.

[Background material was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

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

4. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, HEDRICK REPAIRS AND REFURBISHMENT, LOS ANGELES CAMPUS**

The President recommended that:

- A. The 2009-10 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Campus: Hedrick Repairs and Refurbishment – preliminary plans, working drawings, construction, and equipment – \$44,985,000, to be funded from the Los Angeles campus’ share of University of California Housing System Net Revenue Fund Reserves.

To: Campus: Hedrick Repairs and Refurbishment – preliminary plans, working drawings, construction, and equipment – \$26,545,000, to be funded from external financing (\$21,360,000) and the Los Angeles campus’ Housing Net Revenue Fund Reserves (\$5,185,000).

- B. The Hedrick Repairs and Refurbishment project scope is consistent with the scope approved by the Regents in May 2008. The scope includes the replacement and repair of the mechanical, electrical, plumbing, fire alarm and elevator systems; and replacement of the interior finishes and exterior windows. The proposed budget reduction is due to the receipt of favorable bids.

**Deletions shown by ~~strikeout~~; additions by underscore**

- C. The President be authorized to obtain external financing not to exceed \$21,360,000 to finance the Hedrick Repairs and Refurbishment project. The Los Angeles campus shall satisfy the following requirements:

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

- (2) As long as the debt is outstanding, housing net revenues from the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

- D. The President be authorized to execute all documents necessary in connection with the above.

[Background material was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

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

**5. APPROVAL OF UNIVERSITY OF CALIFORNIA 2011-12 BUDGET FOR STATE CAPITAL IMPROVEMENTS AND ACCEPTANCE OF THE 2010-20 CONSOLIDATED STATE AND NON-STATE CAPITAL FINANCIAL PLAN**

The President recommended that, subject to concurrence of the Committee on Finance:

- A. The 2011-12 Budget for State Capital Improvements be approved, as presented in the document titled *2010-20 Consolidated State and Non-State Capital Financial Plan*; and
- B. The *2010-20 Consolidated State and Non-State Capital Financial Plan* be accepted.

[Background material was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz stated that this item was to approve the request for approximately \$768 million in State capital outlay funds: \$761.2 to support 41 major projects and \$7.4 million for equipment for four projects. Of these projects, 15 are for the design and construction of new facilities, and 26 are for renovation of existing facilities or improvement of campus infrastructure. Mr. Lenz anticipated the use of State lease-revenue bonds until a new general obligation bond would be placed before the voters by the Governor and the Legislature.

Mr. Lenz reported that the 2010-20 Consolidated State and Non-State Capital Financial Plan (the Plan) brought together the annual Budget for State Capital Improvements, the UC Five-Year Capital Program State Funds, and the Annual Report on Campuses’ Ten-year Capital Financial Plans. This report required by the Legislature included UC’s integrated academic, physical, and capital plans, along with the current financial feasibility based on the Campuses’ Ten-Year Capital Financial Plans and Physical Design Frameworks. The Plan proposed more than \$15 billion in funding for education and general campus projects, as well as funding for health science projects from auxiliary fees, funded facilities, and UC medical centers. Approximately 35 percent of the projects would be funded by the State; 31 percent would be funded by external financing; 21 percent from campus, auxiliary or hospital reserves; and 12 percent from gift funds.

Regent Zettel asked if the Plan’s expectation of \$450 million of annual State support was realistic, given the recent report from the Legislative Analyst’s Office and Governor Schwarzenegger’s calling a special legislative session regarding an almost \$25 billion State budget deficit. Mr. Lenz replied that the University had previously been successful in having general obligation bonds approved by the voters every two years. In 2008, there was insufficient voter support to put a bond measure on the ballot. Given the financial climate in 2010, the University sought support for \$450 million a year for general campus projects and another \$100 million per year for UC’s medical facilities. He acknowledged the current request is optimistic, given the financial condition of the State. Since a general obligation bond had not passed since 2006, UC had pursued lease-revenue bonds with some success. UC had succeeded in obtaining \$344 million in lease-revenue bonds and another \$9 million from the remaining 2006 general obligation bonds. Mr. Lenz emphasized that the University must represent the needs of the campuses within the Ten-year Plan, in case funds would become available. For instance, there could be further federal stimulus funds available in the future. He recommended submission of the Plan with prioritized projects and continued work with the incoming State administration.

Regent Zettel commented that the Plan could be scaled back if funding were insufficient. Mr. Lenz concurred and reported that the prior year UC received \$353 million of its \$686 million request.

Regent Hime commented that, since projected funding would be from lease-revenue bonds, voter approval would not be necessary. Mr. Lenz stated that he considered the next opportunity for a general obligation bond to be in 2012. In response to a further question from Regent Hime, Mr. Lenz commented that combining higher education with K-12 funding would optimize the bond’s chance of success.

In response to a question from Faculty Representative Simmons, Mr. Lenz confirmed that the debt service on lease-revenue bonds had normally been covered by the State as an annual appropriation in UC’s operating budget.

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

**6. APPROVAL OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR CLINICAL AND TRANSLATIONAL RESEARCH INSTITUTE BUILDING, SAN DIEGO CAMPUS**

The President recommended that:

- A. The 2010-11 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Clinical and Translational Research Institute Building – preliminary plans, working drawings, construction, and equipment – \$269,000,000 to be

funded from external financing (\$249,000,000), School of Medicine funds (\$10,000,000), Preoccupancy Indirect Cost Recovery (\$7,000,000) and Campus funds (\$3,000,000).

- B. The Clinical and Translational Research Institute Building project scope include: approximately 189,000 assignable square feet of dry and wet research laboratories and core space, clinical trials research space, offices, and administrative support space, as well as increased capacity and expanded distribution of utilities infrastructure.
- C. The President be authorized to obtain external financing of \$249,000,000 to finance the Clinical and Translational Research Institute Building project. The San Diego campus shall satisfy the following requirements:
  - (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
  - (2) Repayment of the debt shall be from the General Revenues of the San Diego campus and as long as the debt is outstanding the General Revenues of the San Diego campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
  - (3) The general credit of the Regents shall not be pledged.
- D. The President be authorized to execute all documents necessary in connection with the above.

[Background material was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz stated that this item requested approval of a project budget of \$269 million, including external financing of \$249 million, for UC San Diego's Clinical and Translational Research Institute Building. This new research facility would consist of 311,000 gross square feet, including 189,000 assignable square feet. The project's cost is projected to be \$765 per gross square foot; building costs are projected to be \$503 per gross square foot, less than comparable facilities. The project would be located in the undeveloped portion of the East Campus Health Sciences neighborhood, North Canyon area. The facility would provide research laboratories, core office and administrative support, and an interdisciplinary program supporting medicine, neurosciences, pathology, and pharmacology departments. The project includes an increase in chilled water, high temperature hot water, and emergency power capacity to support the new building.

Mr. Lenz reported that this facility was recently awarded a \$37.2 million Clinical and Translational Science Award from the National Institutes of Health. Funding for debt service, plant operation, and maintenance would be financed through the Garamendi

mechanism approved as part of the 2010-11 budget, which would enable the use of indirect cost recovery generated by research to cover costs. Mr. Lenz noted the Academic Senate's legitimate concerns about funding of debt service and operational costs, and pointed out that projects were reviewed on an individual basis.

In response to a question from Regent Makarechian, UCSD Assistant Vice Chancellor Shawn Sheffield said the moveable equipment for the new facility would come largely from relocated existing laboratories. Regent Makarechian asked if the \$3 million budgeted for the project from campus funds was available. Ms. Sheffield responded that this amount was from funds allocated for infrastructure operations related to the East Campus.

Regarding plans to increase chilled water, high temperature hot water, and emergency power capacity systems at the new facility, Regent Makarechian asked what steps were being taken to avoid problems experienced by UCSF Mission Bay. Mr. Lenz commented that consultation would occur between the San Diego campus and UCSF regarding potential pitfalls. Regent Makarechian noted that UCSF's utilities problems resulted in a \$60 million cost overrun and were still unresolved. Associate Vice Chancellor Boone Hellmann noted that UC San Diego is using a separate engineering firm for that portion of the project. Regent Makarechian noted that UCSF had taken those exact steps, but still had a huge problem. Regent Makarechian suggested that Mr. Hellmann talk to counterparts at UCSF regarding this issue. Mr. Lenz noted that he would be visiting UC San Diego and would review UCSF's utilities problems with the San Diego team.

Regent Makarechian also asked how a budget was determined for the Clinical and Translational Research Institute Building if a contractor had not yet been hired. Mr. Hellmann responded that the initial budget was based on comparables from similar facilities, such as the Sanford Consortium for Regenerative Medicine, which is currently under construction, the USC Molecular and Computational Biology Building, UC Santa Barbara's Bioengineering Building, and a number of other projects on the UC San Diego campus. He stated that, as the design process continues, cost checking would take place by an independent cost estimator, the architect's cost estimator, and the construction manager/general contractor's internal cost controller.

Regent Makarechian asked Mr. Hellmann to report back to the Committee with the final estimate for the project prior to contract. Mr. Hellmann responded that the future design presentation to the Committee would specifically cover both the utilities issue and cost controls for the project.

Faculty Representative Anderson asked about the continued flow of funds from indirect cost recovery, given that faculty would be moving to the new facility from other laboratories. Ms. Sheffield responded that financial modeling projected indirect cost recovery very conservatively, at about three percent, while historically over the past five years indirect cost recovery had actually been eight or nine percent, not including the recent infusion of American Recovery and Reinvestment Act funds. Mr. Anderson asked about start-up funds for any additional projected faculty and researchers. Ms. Sheffield

responded that UCSD Health Sciences had included funding necessary to recruit outstanding faculty.

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

7. **CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT AND APPROVAL OF THE UC DAVIS SACRAMENTO CAMPUS 2010 LONG RANGE DEVELOPMENT PLAN, DAVIS CAMPUS**

The President recommended that, upon review and consideration of the Environmental Impact Report (EIR), the Committee recommend that the Regents:

- A. Certify the EIR for the UC Davis Sacramento Campus 2010 Long Range Development Plan (LRDP).
- B. Adopt the Mitigation Monitoring Program for the Final EIR.
- C. Adopt the Statement of Overriding Considerations included in the Findings.
- D. Adopt the Findings pursuant to the California Environmental Quality Act.
- E. Adopt the UC Davis Sacramento Campus 2010 LRDP.

[Background material was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Schilling noted that Committee members had been provided with a proposed action item requesting approval of the UC Davis Sacramento campus' proposed 2010 Long Range Development Plan (LRDP). Attached to the item in support of the proposed LRDP is an Environmental Impact Report (EIR), Mitigation Monitoring Program and Findings prepared pursuant to the California Environmental Quality Act to analyze the impacts of the LRDP and copies of all public comments received and responses prepared by the University. The members of the Committee had reviewed and considered the information contained in the environmental documents, including all comments received in writing or presented to the Committee that day, and had balanced the specific benefits of the proposed action against unavoidable adverse environmental effects.

Vice Chancellor John Meyer stated that he represented Chancellor Katehi who was hosting Governor Schwarzenegger's Climate Summit that day at UC Davis. Mr. Meyer recalled that UC Davis presented the LRDP and Physical Design Framework for the general Davis campus in July 2009. The LRDP of the current item was for the independent Sacramento campus containing UC Davis' medical and other facilities.

Mr. Meyer pointed out that the UC Davis Sacramento campus is home for three

professional schools: medicine, nursing, and key programs for the graduate School of Management. This campus houses robust research enterprise and is responsible for one-third of UC Davis' extramural research funding. The Sacramento campus also contains an acute care hospital. Given its close location to the State Capitol, the Sacramento campus is uniquely positioned to advance health care initiatives. Mr. Meyer stated that the UC Davis Health System is one of the region's major economic drivers.

Vice Chancellor and Dean of the School of Medicine Claire Pomeroy noted that the Sacramento campus LRDP and Physical Design Framework integrated a dynamic clinical environment with a thriving academic presence. She pointed out recent milestones including the opening of the new Education Building, a \$100 million philanthropic grant from the Gordon and Betty Moore Foundation to help start the Betty Irene Moore School of Nursing, the development of the Institute for Regenerative Cures, and the completion of the state-of-the-art Surgery and Emergency Services Pavilion.

Dr. Pomeroy described the UC Davis Health System, which brings together the School of Medicine, the Medical Center, UC Davis' primary care network, the faculty practice medical group, and the Betty Irene Moore School of Nursing, all of which share a single vision and strategic plan. The vision of the Health System is to advance health through bold innovation. Dr. Pomeroy emphasized the system's core values of excellence, innovation, diversity, social responsibility, leadership, teamwork, and collaboration.

UC Davis' Health System utilizes a new inter-professional model. Dr. Pomeroy noted the example of the Rural-Programs in Medical Education (PRIME), which improves the accessibility and quality of care for underserved rural populations. UC Davis also has many pipeline programs for K-12 students to stimulate their interest in science and health careers. UC Davis was one of the first 12 Clinical and Translational Science Centers awarded by the National Institutes of Health, a recognition of UC Davis' leadership in translating innovative discoveries into ways of improving health. For example, Dr. Pomeroy pointed out Davis' Medical Investigation of Neurodevelopmental Disorders (M.I.N.D.) Institute, which utilizes a unique collaborative approach to understand neurodevelopmental disorders and respond to the growing epidemic of autism.

UC Davis operates a thriving clinical enterprise, including the largest hospital and only Level One trauma center in the Sacramento region, as well as UC's largest primary care network with sites in more than ten communities. UC Davis has taken a lead role in creating the California Telehealth Network, which includes partnerships with other UC colleagues, with State and federal agencies, and eventually over 800 sites across the state. The California Telehealth Resource Center is currently under construction.

Dr. Pomeroy stated that the Sacramento campus is the site of 74 percent of the UC Davis Health System; eight percent is associated with Davis' basic science departments on the general Davis campus; the remainder is on four dozen leased facilities around the area. She emphasized that the Sacramento campus benefits from both room to expand and exceptional community support. The original 60-acre site was purchased by the University in 1978; 20 more acres were acquired prior to the 1989 LRDP; the current



campus has grown to 140 acres. New educational facilities have enabled consolidation of medical training in Sacramento. The increased space has allowed development of new research facilities, so that research funding had quadrupled during the past decade to more than \$200 million in external funding at the current time. New inpatient and outpatient facilities have enabled UC Davis to meet the region's critical health care needs.

Dr. Pomeroy called attention to the stable financial position of the Sacramento campus over the past two decades. She noted that \$1.6 billion in capital investments had been made in the UC Davis Sacramento campus since it was acquired in 1978. Approximately 50 percent of this funding came from patient care revenue; 30 percent from long-term debt; less than 14 percent from State appropriations; five percent from grants or State ballot propositions; and less than one percent from philanthropic gifts.

Dr. Pomeroy explained that the 2010 LRDP and the Physical Design Framework were the result of a three-year planning process. The process included consideration of the UC Davis Strategic Plan for the campus as a whole, the vision for UC health across all campuses, and input from community stakeholders. Dr. Pomeroy reiterated that the Sacramento campus benefitted from strong community support. She reported that over the past three years, the UC Davis Sacramento campus had conducted numerous meetings with key community groups.

Executive Director Michael Boyd presented the specifics of the LRDP, which combined safe, attractive, patient-centered facilities with a thriving academic campus and generous amounts of open space. Currently the campus has 3.4 million square feet of facilities; the proposed LRDP would provide the flexibility to expand to 6.6 million square feet by 2025. Future development would be driven by assumptions linked to growth in student enrollment, research programs, and patient care activities. Based on these assumptions, the average daily population could grow from 12,500 to 19,700 by 2025. Utilizing parking structures instead of surface lots would increase open space and building sites. The LRDP provides a major open space in the center of campus, a north-south open-space mall connecting the main hospital complex with the education and research facilities, and an east-west mall connecting outpatient facilities with the academic core. The plan also provides for smaller open spaces adjacent to all major buildings.

With nearly one million patients and visitors annually, a robust circulation framework is necessary. Traffic impact on residential neighborhoods would be limited. The EIR identified significant unavoidable environmental impacts, which would be partially mitigated by methods such as emission control, noise abatement, and a transportation management program. Six letters were received from public agencies on the EIR; all of these comments have been addressed in the final EIR. There were no comments from members of the public and no opposition expressed during the public meetings and hearings regarding the EIR.

Mr. Boyd turned to the goals of the Physical Design Framework. Regarding future development of the main hospital complex, Mr. Boyd noted that, in order to address

California's hospital seismic safety law, both the north-south wing and the east wing would ultimately be demolished. The recently completed addition to the hospital included a highly visible front entry. A new multi-story parking structure currently under construction would provide convenient parking. A healing garden would be developed adjacent to the parking structure. New buildings along the north edge of the campus, close to residential neighborhoods, would be limited to three to five stories, with a minimum setback of 40 feet.

Mr. Boyd elaborated key goals for the ambulatory care zone: promoting easier wayfinding by renaming streets and providing clearly identified drop-off areas with patient parking facilities immediately adjacent to all key outpatient destinations. A significant amount of space would be dedicated to education and research. A new campus core would include a formal quadrangle and recreational open space. The California Telehealth Resource Center, currently under construction, would frame the north edge of the new quad. Surface parking lots would be replaced with new buildings, open space, and pedestrian linkages. The plan provides multiple sites for future research buildings and a major parking structure accessible from Stockton Boulevard.

Mr. Boyd pointed out that campus design elements would consistently communicate a clear identity, using clean, light materials as well as arcades, trellises, and shading elements. Continuity would be provided by standardized site furnishings and planting elements. Campus landscape and art would promote serenity and healing. Commitment to the UC Davis Climate Action Plan was reflected in environmentally friendly building materials, building design, sustainable business practices, and creation of a pedestrian and bicycle-friendly campus. Mr. Boyd summarized that the 2010 Physical Design Framework integrated patient-friendly facilities with a vibrant academic campus, was sensitive to concerns of neighboring residents, and promoted sustainable use of resources.

Regent DeFreece complimented the Davis team on their report. He asked how the UC Davis Sacramento LRDP incorporated regional transit. Mr. Boyd responded that local transit includes light rail and bus systems. The Sacramento campus has shuttles to transport employees to and from the light rail station. The campus actively encourages employees' use of public transit by various promotions.

Regent Makarechian asked about the correlation between campus traffic, with daily population projected to increase about 50 percent, from 12,000 to 19,000, and campus square footage, which would double. Mr. Boyd explained that square footage for teaching and research would not generate as many daily trips as square footage dedicated to patient care. Dr. Pomeroy added that some new rooms, such as operating rooms and research facilities, would be bigger to accommodate new technologies, but would not house more people.

Regent Johnson asked about provisions for student and faculty housing. Mr. Boyd responded that the LRDP provides flexibility to allow limited housing development, but noted that there is ample housing immediately adjacent to the campus. He reported that the campus has an ongoing dialogue with local developers to encourage development of

nearby housing. Dr. Pomeroy added that providing on-campus housing has not been a priority, since there are many growing neighborhoods within biking and walking distance of the campus.

Faculty Representative Simmons asked about the effect of the new Surgery and Emergency Services Pavilion. Dr. Pomeroy responded that the new pavilion has provided staff and students with a modern, welcoming facility in which to learn; the pavilion has also dramatically improved patient experiences at the hospital.

Regent Zettel compared the UCD Sacramento Plan with that of the San Diego campus. She noted that UC San Diego had reduced parking facilities as a result of public transportation plans which included the addition of a light trolley line directly to the campus. She urged the Davis team to work with Sacramento transit planners to help reduce the number of car trips.

Regent Hime pointed out that parking for patients and their families would require different facilities than those for faculty and staff. He added that it would be difficult for some patients to take public transportation. Mr. Boyd agreed. Dr. Pomeroy reported that there had been a request for more bicycle racks.

Committee Chair Schilling added her congratulations to the Davis team.

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

8. **ACCEPTANCE OF THE PHYSICAL DESIGN FRAMEWORK AND AUTHORIZATION TO PARTICIPATE IN THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL IMPROVEMENT PROJECTS, UC DAVIS SACRAMENTO CAMPUS, DAVIS CAMPUS**

The President recommended that the Regents:

- A. Accept the UC Davis Sacramento Campus Physical Design Framework.
- B. Authorize the UC Davis Sacramento campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects.

[Background material was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Director Michael Boyd noted that this item was consistent with the Long Range Development Plan just reviewed by the Committee.

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

The meeting adjourned at 4:00 p.m.

Attest:

Secretary and Chief of Staff