

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

July 12-13, 2011

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

Members present: Regents Hallett, Makarechian, Ruiz, and Zettel; Advisory members Anderson and Rubenstein

In attendance: Faculty Representative Simmons, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Vice Presidents Lenz and Sakaki, Chancellors Block and Katehi, and Recording Secretary McCarthy

The meeting convened at 2:45 p.m. with Committee Chair Makarechian presiding.

1. PUBLIC COMMENT

Committee Chair Makarechian explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Committee concerning the items noted:

- A. Mr. Nelson Cortez, fourth-year student at UC Santa Cruz and UC Student Association (UCSA) representative, stated that the current meeting is very important for students, but that many students are unaware of the issues to be considered since it is summer break. He spoke in favor of transparent communication between the Regents, students, and their families, particularly when tuition increases are involved.
- B. Ms. Joelle Gamble, fourth-year UCLA student, stated that, although students are invested in the decisions that would be made at the current meeting, they had very short notice of the proposed tuition increases. She acknowledged the pressing circumstances under which the tuition level would be set, but advocated for better communication throughout the whole UC community. She spoke in favor of cooperation among all elements of the UC community to help make any possible fee increases more palatable to students and their families.
- C. Mr. Ahmed Mostafa, Associated Students of UC (ASUC) Santa Barbara external vice president of statewide affairs, urged the Regents to join students in lobbying the Legislature, since the Regents may have greater access to legislators. He stated that the UCSA has planned many events in the upcoming year, such as the UC Student Lobby conference in March, and hoped that the Regents would join UC students at these events.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Committee Chair Makarechian explained that, due to the lack of a quorum, action on this item would be deferred to the meeting of the following day.

3. **CONSENT AGENDA**

A. *Approval of Design, User Test Bed Facility, Lawrence Berkeley National Laboratory*

The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:

1. Determine that the User Test Bed Facility Project is Categorically Exempt under the California Environmental Quality Act (CEQA); and
2. Approve the design of the User Test Bed Facility Project, Lawrence Berkeley National Laboratory.

[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 Makarechian stated that for the proposed action item on the Consent Agenda for Approval of Design, User Test Bed Facility, Lawrence Berkeley National Laboratory, each Committee member had been provided with documentation prepared pursuant to CEQA and had considered the President’s recommendations in regards to the proposed action. The Committee members had reviewed and considered the CEQA documentation, including all comments received in writing or presented to the Committee at this meeting.

Committee Chair Makarechian explained that, due to the lack of a quorum, action on this item would be deferred to the meeting of the following day.

4. **ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF DESIGN, LANDFAIR AND GLENROCK APARTMENTS REDEVELOPMENT, LOS ANGELES CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:

- A. Adopt the Final Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program;
- B. Adopt the Findings; and

- C. Approve the design of the Landfair and Glenrock Apartments, Los Angeles campus.

[The Environmental Impact Summary, Final Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program, and California Environmental Quality Act (CEQA) Findings were mailed to the Committee members in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Makarechian stated that each Committee member had been provided with documentation prepared pursuant to CEQA as reflected in the item. The Committee members had reviewed and considered the CEQA documentation in support of the proposed item and all comments received in writing or presented to the Committee at this meeting, and had reviewed and considered the findings that were proposed for adoption by the Committee.

Committee Chair Makarechian explained that, due to the lack of a quorum, action on this item would be deferred to the meeting of the following day.

Regent Zettel commended the campus for its reduction of some of the planned capacity in response to neighbors' concerns. She asked if 148 parking spaces would be sufficient for the planned 100 units with four beds each. Campus Architect Jeff Averill stated that the two property parcels were within two blocks of campus, and that the proposed number of parking spaces would result in a roughly 40 percent ratio of parking spaces to beds, an increase from the 93 parking spaces in the current buildings.

Regent Zettel asked how the cost per square foot compared with cost for private residential developments. Vice Chancellor Steve Olsen responded that very little appropriate inventory exists in the area, but a review of roughly comparable properties found that the market prices were either equal to or higher than the project's total cost.

In response to a further question from Regent Zettel, Mr. Olsen stated that the project would have upgraded electrical capacity with wireless connectivity and cabling throughout the buildings, which would support current students' needs. New common areas are being created in the buildings, with a fitness center in the Glenrock Apartments. The units will be fully furnished.

Faculty Representative Anderson asked why the buildings are described as being beyond their useful life when one building is only 43 years old. Mr. Olsen responded that the current buildings were constructed between 1953 and 1968, and UC acquired the buildings in the early 1970s. Mr. Olsen said that the upgrades were necessitated by the buildings' design rather than their maintenance. The buildings are configured as mostly studio units; UCLA upper division students generally prefer two-bedroom furnished apartments, which accommodate four students. The existing buildings also lack fire extinguishers, emergency lighting, and adequate energy systems. The parking garage at one unit lacks an exhaust system; at another unit, the parking garage lacks a fire-rated separation between the garage and the apartments.

Regent Zettel asked whether the debt on the apartments would be covered by student housing fees rather than tuition. Mr. Olsen responded that both the pledge on the debt and the source of debt repayment would come completely from the housing system. No student tuition funds would be used for repayment of the debt or operation of the facility.

Regent Zettel asked about the apartments' effect on traffic, given the increase in capacity. Mr. Olsen stated that UCLA follows its Student Housing Master Plan 2010-20, a central tenet of which is to invest in the development of the residential character of the campus. Students who live on campus do not have to commute. He stated that UCLA's housing capacity has increased from approximately 3,000 beds in the 1970s to 15,000 currently. UCLA also works with the community to provide additional housing in private apartments within walking distance of the campus. The current apartment project would ease the traffic on the local community by providing additional on-campus housing for students. Mr. Averill added that there are currently 14 percent fewer vehicle trips to campus than there were in 1990.

Committee Chair Makarechian inquired about the total construction cost of \$57 million for 100 units averaging 900 square feet in the current project, compared with the cost of comparable buildings for sale in the area for approximately \$500,000 including land. Mr. Olsen responded that comparable properties were evaluated and found to be much more expensive. He stated that there is no debt remaining on the current property.

In response to a further question from Committee Chair Makarechian, Mr. Averill stated that fire-retardant wood frame construction was chosen for this project because of cost; steel frame construction would have been considerably more costly. Committee Chair Makarechian asked to be provided with cost figures for steel frame construction. He stated that steel and concrete structure should be considered for reasons of fire safety and building longevity.

Regent Zettel asked about the status of the bidding process. Mr. Averill stated that approval of design at the current meeting would enable his office to enter into construction documents; bidding would occur in early 2012.

Regent Zettel also asked about the cost and potential for roof leaks from the small roof terraces on both projects. Mr. Averill responded that these student gathering areas would be carefully designed to avoid such problems.

In response to a question from Faculty Representative Anderson, Mr. Olsen stated that debt service on the project would be spread among the total UCLA housing system. Mr. Anderson asked what effect the cost of these projects would have on other student rental housing at UCLA. Mr. Olsen responded that an annual increase in housing costs of three percent is anticipated, based on all housing projects, of which the current item's project is only a small part. The three percent increase would be sufficient to provide debt service costs and maintenance on all campus student housing assets.

Regent Ruiz asked about the difference in project budget contingency rates between the 17.4 percent for the Lawrence Berkeley National Laboratory (LBNL) Test Bed Facility, and six percent for the current item. Vice President Lenz responded that these are very different projects, a housing project compared with a research and test facility. The LBNL facility would have more challenges and more integral costs for which a contingency must be budgeted. Regent Ruiz asked Mr. Lenz for more specifics and if the 17.4 percent budget contingency rate is typical for laboratory buildings; Mr. Lenz said he would get this information.

Committee Chair Makarechian asked if a public/private option had been examined for this project, as had been done on other campuses' projects. Mr. Olsen responded that this project was always thought of as a University designed and managed redevelopment project. Mr. Averill added that, when his office had examined the private/public option for other projects, the development fees made the projects more expensive.

Committee Chair Makarechian noted that the Committee had approved a number of public/private projects on other campuses and asked if this was a contradiction. Mr. Averill responded that each campus had slightly different situations and each project is unique. He pointed out that the current project is on relatively small land parcels in tight urban settings involving neighborhood issues. The University felt it needed to be directly involved with all stages of the project's development.

Committee Chair Makarechian noted that decisions regarding public or private development should be included in the presentations for future projects so that the Committee knows these issues have been considered. Vice President Lenz recalled that his office had made a report on this subject to the Committee, recognizing that the University is involved in public/private partnerships on a number of campuses. He stated that he could update the report for the Committee.

5. APPROVAL OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT, ADOPTION OF FINDINGS, AND APPROVAL OF DESIGN TO REMEDIATE THE SITE FOR PHASE 1 OF UNIVERSITY HOUSE REHABILITATION PROJECT, SAN DIEGO CAMPUS

A. The President recommended that:

1. The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Phase 1 of the University House Rehabilitation – preliminary plans, and working drawings, and construction for the site remediation components – \$2,897,000 to be funded from gift funds earmarked for the University House Rehabilitation project.

2. The Phase 1 of the University House Rehabilitation scope includes: site

remediation to address life safety issues associated with land erosion and to protect further deterioration of this University asset, while protecting cultural, archaeological, and historical resources.

3. The President be authorized to execute all documents necessary in connection with the above.
- B. The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:
1. Certify the Environmental Impact Report (EIR);
 2. Adopt the attached Mitigation Monitoring and Reporting Program for the project;
 3. Adopt the attached Findings and Overriding Considerations; and
 4. Approve the design for the Phase One site remediation.

[The Environmental Impact Summary, complete California Environmental Quality Act (CEQA) documentation, and CEQA Findings were mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Makarechian stated that each Committee member had been provided with documentation prepared pursuant to CEQA as reflected in the item. The Committee members had reviewed and considered the CEQA documentation in support of the proposed item and all comments received in writing, including comments submitted on the Final Environmental Impact Report and any comments presented to the Committee on this date, and had balanced the specific benefits of the President's recommendations against any unavoidable adverse environmental effects as reflected in the findings that are proposed for adoption by the Committee.

Faculty Representative Simmons asked if it might not be more cost-effective to remediate the property, return the site to use as a cemetery, and build a house for the chancellor on another property, given the \$10.5 million cost of the current proposal. UC San Diego Vice Chancellor for Resource Management and Planning Gary Matthews said that, since this project's inception in 2004, the campus considered complete demolition and reconstruction of the facility, and sale of the property. The sale value of the property has plummeted along with local real estate prices; also, UC San Diego faculty, alumni, and donors felt that the property was historically significant for the campus and a viable place for donors to meet with the chancellor. Mr. Matthews stated that comparable properties were explored, but that they would be significantly more expensive.

Committee Chair Makarechian cautioned that the property has significant potential problems including its being situated on a bluff and its designation as a Native American burial ground. He expressed concern that the ultimate cost could be substantially more

than projected. UCSD Associate Vice Chancellor for Facilities Design and Construction and Campus Architect Boone Hellman responded that the campus had engaged in significant engineering valuation and consultation with local contractors. He acknowledged the challenge of the historic renovation of the property when combined with respecting the sanctified cemetery site on which the house sits. His office is in the process of engaging a contractor to generate cost estimates based on a design package.

Mr. Hellman stated that the project would go forward only if the cost is within the existing budget; he is comfortable with the budget and does not anticipate any large unplanned expenses. His office has consulted with restoration experts about the house renovation. To reduce the possibility of encountering Native American remains, planners have minimized subsurface disruption. Site utilities would be laid on top of the ground and then covered with dirt, rather than excavated. Excavation for the slope stabilization would be into the side of the hill. Hand excavation would be followed by drilled excavation.

Committee Chair Makarechian expressed concern that contractors could go over their estimates at no risk to them. He stated that the construction should be managed at this early stage, rather than once the project is underway, given the possible difficulties that may be encountered on this site. He cautioned that the campus should not commit to the project and then not be able to back out of it, should unforeseeable expenses arise.

Mr. Hellman explained the campus' construction manager at risk contracting methodology. The campus selects a contractor through a bid process; once the contractor submits a final bid for the project, the contractor is at risk. Should the campus receive bids that are higher than budgeted amounts, the project can be stopped or redesigned at that point. Mr. Hellman stated that the contract would have a trip point after which the fee is required to remain what was bid. Should the cost go to the upset amount, at that point the University or the contractor can choose to walk away, rebid, or renegotiate the contract relative to the increased scope of work.

Committee Chair Makarechian reiterated his reservations about starting this project, not knowing if it would ultimately be a \$10 million or \$30 million project. He asked Mr. Hellman for ways to move the design forward to get more accurate estimates. Mr. Hellman responded that there are two phases of the project, the first of which is slope stabilization through the installation of a pier wall. Approval of this phase would not necessarily commit the University to the second phase of the project. The first phase of the project, the site remediation, is urgently required to protect the property, since last year's rains caused significant slope erosion, which started to undermine some site walls and patio foundations.

Mr. Hellman suggested breaking the project into two parts: approval and environmental documentation at the current meeting, then coming back to the Committee for further approval after a cost estimate is received from the contractor and before the campus makes a commitment to go forward.

Regent Hallett asked if the house could be moved to a part of the almost seven-acre property that does not contain Native American remains. Mr. Hellman responded that the site's other flat area also has numerous places where ground-penetrating radar and canine forensics have indicated the probable presence of remains.

Mr. Simmons stated that a fairly significant controversy exists on the UC San Diego campus about the four or five thousand-year-old remains that have already been unearthed. He expressed his opinion that, in spite of the campus' commendable efforts to mitigate the risks connected with the remains, huge problems still exist. He acknowledged the necessity of the site remediation to protect the property, but stated that it might be wiser for the campus to explore other sites for the chancellor's home. Vice President Lenz stated that the gift funds had been pledged for this particular site.

Regent Zettel asked about the cost of the pier wall. Mr. Hellman said the cost is estimated at \$1,463,000, which would include excavation for the piers, installation of the retaining wall, backfill, and sculpting of the wall. Regent Zettel expressed her opinion that the estimate might be conservative, and that the actual cost could be double that amount. Mr. Hellman said the cost estimate was developed after consultation with contractors who specialize in bluff wall remediation. Mr. Hellman stated that the contractor's work could be separated into two components, one for the site remediation and the second for the house renovation. The site remediation would be performed first and if the costs are over budget, the project would not go forward.

Regent Zettel noted that this project would go before the California Coastal Commission (Commission) on August 11. Mr. Hellman stated that his office has had several conversations with the Commission regarding the slope stabilization options; the current proposed methodology was thought to be the most appropriate for retaining the slope. He stated that he anticipates an approval from the Commission.

Regent Zettel asked about the effect on the project of a possible "sand tax" that is being considered for coastal properties that remediate their bluffs. She asked who would pay for the sand tax, should it be enacted. Mr. Hellman said that his office would look into the impact such a tax would have on the University. Regent Makarechian stated that the University might be exempt from such a tax. Mr. Lenz stated he would examine this issue and report to the Committee.

Provost Pitts discussed the course suggested by Mr. Simmons of approving the site mitigation at this point, then allowing the campus to evaluate its alternatives following the mitigation. Dr. Pitts stated that, since the campus has worked on this project for some seven or eight years, probably most alternatives had already been explored. He asked if the campus would have any further options it had not already considered, should just the site mitigation be approved. Mr. Matthews responded that several other sites had been examined, a couple of which remain viable; the main impetus to renovate the current proposed site was from donors. He stated that there are other alternatives on the campus, should that be the Regents' decision.

Committee Chair Makarechian stated that the item would be revised to provide enough funding to advance the project to the point at which more detailed drawings would give a better cost estimate. Mr. Hellman stated that approval of \$1.5 million would provide funding for costs incurred to date, but would not commit the campus to an expenditure for the slope remediation work. He stated that when he receives the bids for the slope remediation he would report back to the Regents for approval. Regent Makarechian confirmed that it would take \$1.5 million to secure the contractor and that the cost of design would be included in that amount; the \$1.5 million would advance the project to the point at which the cost of remediating the site would be ascertained to a 90 percent degree of accuracy. Committee Chair Makarechian stated his opinion that getting an accurate cost for remediation of the slope is necessary and worthwhile; should the Regents decide to sell the property, it would be necessary to have this figure for potential buyers. Mr. Hellman stated that the campus would also require approval of the EIR at the current meeting.

Regent Hallett asked if the private donors would provide funding for the site remediation if the Regents decided against completing the whole project, if they would cover any project cost overruns, and if any such agreement would be legally binding, so that the University would be protected. Mr. Matthews responded that the University currently has cash in hand from donors who want to go forward. As the campus decided to bifurcate the project, the donors' interest was reassessed. He expressed his opinion that the campus does have donor commitment to go forward.

Committee Chair Makarechian explained that, due to the lack of a quorum, action on this item would be deferred to the meeting of the following day.

Committee Chair Makarechian thanked former Committee Chair Schilling for her excellent service.

The meeting recessed at 3:50 p.m.

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 The meeting reconvened on July 13, 2011 at 11:40 a.m. with Committee Chair Makarechian presiding.

Members present: Regents Hallett, Makarechian, Ruiz, and Zettel; Ex officio members Gould and Lansing; Advisory members Anderson and Rubenstein

In attendance: Regents De La Peña, Island, Kieffer, Lozano, Marcus, Mireles, Pattiz, Pelliccioni, Reiss, Varner, and Wachter, Faculty Representative Simmons, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice President Stobo, Vice Presidents Darling, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, White, and Yang, and Recording Secretary Johns

6. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of May 17, 2011 were approved.

7. CONSENT AGENDA

A. *Approval of Design, User Test Bed Facility, Lawrence Berkeley National Laboratory*

The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:

1. Determine that the User Test Bed Facility Project is Categorically Exempt under the California Environmental Quality Act (CEQA); and
2. Approve the design of the User Test Bed Facility Project, Lawrence Berkeley National Laboratory.

Upon motion duly made and seconded, the Committee approved the President's recommendation.

8. ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF DESIGN, LANDFAIR AND GLENROCK APARTMENTS REDEVELOPMENT, LOS ANGELES CAMPUS, CONTINUED

The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:

- A. Adopt the Final Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program;
- B. Adopt the attached Findings; and
- C. Approve the Design of the Landfair and Glenrock Apartments, Los Angeles Campus.

Chairman Lansing asked whether the existing apartments would be torn down or just renovated. Committee Chair Makarechian responded that they would be torn down and rebuilt. Regent Zettel added that the new units would be more environmentally friendly, more energy-efficient, with greater safety for students, and outfitted for the latest technology.

Upon motion duly made and seconded, the Committee approved the President's recommendations.

9. **APPROVAL OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT, ADOPTION OF FINDINGS, AND APPROVAL OF DESIGN TO REMEDIATE THE SITE FOR PHASE 1 OF UNIVERSITY HOUSE REHABILITATION PROJECT, SAN DIEGO CAMPUS, CONTINUED**

A. The President recommended that:

1. The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Phase 1 of the University House Rehabilitation – preliminary plans, and working drawings, and construction for the site remediation components – \$1.5 million to be funded from gift funds earmarked for the University House Rehabilitation project.

2. The Phase 1 of the University House Rehabilitation scope includes: site remediation to address life safety issues associated with land erosion and to protect further deterioration of this University asset, while protecting cultural, archaeological, and historical resources.
3. The President be authorized to execute all documents necessary in connection with the above.

B. The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:

1. Certify the Environmental Impact Report (EIR);
2. Adopt the attached Mitigation Monitoring and Reporting Program for the project;
3. Adopt the attached Findings and Overriding Considerations; and
4. Approve the design for the Phase One site remediation.

Committee Chair Makarechian noted that this item had been revised, with the amount for approval being reduced from \$2,897,000 to \$1.5 million, the amount necessary to obtain more accurate cost estimates for the slope remediation as discussed in the prior day’s Committee meeting.

Regent Zettel commented that it is necessary to go forward with the site mitigation, to stem the damage from the prior winter’s storms. Any future option involving the property would require site mitigation. She pointed out that the funds for the site improvement are

from private donors. She stated that the property is a resource for the San Diego area and for the campus, and contains historic and cultural artifacts.

Upon motion duly made and seconded, the Committee approved the President's recommendations as amended and voted to present Part A above to the Board.

The meeting adjourned at 11:45 a.m.

Attest:

Secretary and Chief of Staff