

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

November 13, 2012

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

Members present: Regents Makarechian, Rubenstein, Schilling, Stein, and Zettel; Advisory members Feingold, Jacob, and Schultz; Staff Advisors Barton and Smith

In attendance: Regent Newsom, Regent-designate Flores, Faculty Representative Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Provost Dorr, Senior Vice President Dooley, Vice President Lenz, Chancellor Yang, and Recording Secretary McCarthy

The meeting convened at 3:05 p.m. with Committee Chair Makarechian presiding.

1. PUBLIC COMMENT PERIOD

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. Joshua Coronado-Moses, student at UC Davis, stated that the University of California, the California State University, and the community colleges are the foundation of California and are supported by California taxpayers. He expressed his view that educating California's students, who tend to stay in California after graduation, is more beneficial to the state than educating nonresident students, who often return to their homes following graduation.
- B. Ms. Sanaa Khan, UC Irvine undergraduate student and legislative aide for the Associated Students of UC Irvine, stated her view that there was a correlation between the projected growth in student housing and increase in the percentage of nonresident students. She expressed concern that nonresident students might displace UC Irvine students who commute.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of September 11, 2012 were approved.

3. **APPROVAL OF UNIVERSITY OF CALIFORNIA 2013-14 BUDGET FOR STATE CAPITAL IMPROVEMENTS AND ACCEPTANCE OF THE 2012-22 CAPITAL FINANCIAL PLAN**

The President recommended that:

- A. Subject to concurrence of the Committee on Finance, the 2013-14 Budget for State Capital Improvements be approved.
- B. The 2012-22 Capital Financial Plan be accepted.

[Background material was mailed to Regents 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 the item requested approval of the 2013-14 Budget for State Capital Improvements and acceptance of the 2012-22 Capital Financial Plan. Each November, as required by statute, his office presented the Regents with annual State capital facility recommendations, in the event the State should have the ability to fund any portion of the request. The 2013-14 \$788.5 million recommendation included 28 percent seismic projects, 55 percent academic projects to accommodate enrollment growth, 17 percent facility renewal and infrastructure projects, and one percent equipment associated with previously approved capital facility projects.

Mr. Lenz explained that, in addition to the statutory requirement to identify UC's capital facility needs, the annual plan was developed to justify capital facility funding that could subsequently be funded by UC's share of a general obligation bond initiative. He added that the State had recently used lease revenue bonds to fund a portion of UC's budget for State capital improvement recommendations. The recommendations have also served State and federal authorities as a priority list of UC's capital needs and of projects that could be part of an economic stimulus plan. He noted that California had not had a general obligation bond on the ballot since 2006, and had relied primarily on lease revenue bonds to address UC's capital facility funding needs in recent years. The Governor and the Legislature's concern about incurring additional debt during the State's current fiscal crisis had resulted in funding of only a few projects. Mr. Lenz stated that, should the State find itself in a position to address UC's capital needs through a general obligation or a lease revenue bond, the list would serve to indicate projects that would qualify for future State funding.

Mr. Lenz stated that the 2012-22 Capital Financial Plan was compiled by the campuses and consisted of \$15.9 billion in both State and non-State capital projects that would support the University's educational, research, and public service mission. Of this amount, \$11.4 billion or 71 percent would require non-State funding support.

Regent Zettel asked whether all the funds allocated to UC from the 2006 general obligation bond had been spent. Mr. Lenz responded that the last funds from that bond had been allocated the past August in the amount of \$4.7 million for working drawings

for an academic building at UC Merced. Regent Zettel asked how the passage of Proposition 30 would affect funding for debt and capital needs. Mr. Lenz expressed his view that the proposition's passage would put the State in a better position to sell bonds at a lower interest rate than was possible during the prior few years. He added that the needs of K-12 schools would be a driver, and a K-university bond measure might be placed on the November 2014 ballot. UC provided a list of its projects eligible for State funding so that the University could participate in the negotiations regarding the amount of bond proceeds that might go to the University.

Regent-designate Flores asked how projects were prioritized, and how State funds were allocated among the campuses, since some campuses have less robust sources of private funds than others. Mr. Lenz responded that the allocation was negotiated with the State administration and Legislature. He mentioned that UC's seismic safety projects have been a priority for the State and that UC has negotiated for support of projects that would help satisfy demand for growth in enrollment or in particular program areas.

Committee Chair Makarechian asked about seismic projects that were mandated but not funded. Mr. Lenz clarified that the seismic projects would be mandated by UC policy rather than by the State. If State funding were not available, a campus could seek other funding for seismic projects it considered critical. For example, UC Berkeley used external financing from UC's Century Bond to fund seismic renovations of Tolman Hall. In response to a further question from Committee Chair Makarechian, Mr. Lenz stated that UC's hospitals have managed many of their capital projects on their own. Of the funds from the 2006 general obligation bond, \$200 million was allocated specifically for the hospitals and medical centers. A recent UC proposal for a general obligation bond that was ultimately not placed on the current ballot would have requested \$100 million per year for four years to help the hospitals and medical centers address their seismic needs.

Committee Chair Makarechian clarified that these capital projects were not being approved by the Committee at the current time. Should the proposed capital projects not qualify under general obligation bonds, the projects could come back to the Committee. Mr. Lenz agreed.

Regent Rubenstein asked how much capital project funding UC typically had requested from the State. Mr. Lenz recalled that in recent years the State's fiscal condition was not such that it could sell any bonds, and financing of UC's capital projects stopped, even for projects that had been previously approved by the Governor and the Legislature. Annual amounts UC received in the recent past have varied from approximately \$245 million, to \$130 million, then down to only \$45 million two years prior, and even less one year prior. Mr. Lenz stated that UC may be at a crossroads; if the State is unable or unwilling to participate in finding resources to address what had historically been State-funded capital projects, the University may have to find alternative funding, particularly for necessary seismic projects. In response to a further question from Regent Rubenstein, Mr. Lenz expressed his view that the current \$788 million request was realistic, given that UC's proceeds from the 2006 general obligation bond were \$890 million, including

\$690 million for general campus projects and \$200 million for the medical centers. He added that the University's current request could grow considerably should the State decide to issue a bond of sufficient size.

Faculty Representative Powell asked for clarification of the 16 percent portion of the 2012-22 objectives attributed to enrollment growth. Mr. Lenz stated that the figure represented the portion of capital projects that would be associated with enrollment growth.

Committee Chair Makarechian asked how it was determined which projects would be funded by the State and which by other funding sources. Mr. Lenz responded that projects associated with academic endeavors such as classrooms and research facilities would be eligible for support by State funds, while non-academic projects such as student housing, parking garages, or athletic stadiums would be funded by other sources.

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

4. **UPDATE ON STUDENT HOUSING PROJECTED GROWTH, SANTA BARBARA CAMPUS**

[Background material was mailed to Regents 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 the Santa Barbara campus would present information about its projected enrollment growth and student housing needs. A major component of UCSB's 2010 Long Range Development Plan (LRDP) was to provide 5,000 additional student beds to meet its goal of housing 50 percent of its student body by 2025.

Chancellor Yang expressed appreciation for the Regents' support of UCSB's LRDP, which had been developed in close cooperation with community and environmental groups. He emphasized that UCSB had an excellent relationship with its local community. The campus had been operating under an enrollment cap of 20,000 students, but the 2010 LRDP sought enrollment growth of an additional 5,000 students. In its cooperative agreement with the local community, UCSB agreed to provide student housing for 100 percent of its enrollment growth under the 2010 LRDP, meaning that it would provide housing for 50 percent of its total student enrollment by the year 2025. Providing this housing was requested by the community and was also a goal of the campus, part of its ongoing effort to provide a safe, supportive living and learning environment for its students.

Chancellor Yang explained that development of the 2010 LRDP involved an extensive planning and review process, including mitigation talks on issues such as housing and transportation, and resulted in unanimous votes of support from both Santa Barbara County and the City of Goleta. The LRDP was currently undergoing review by the California Coastal Commission. Chancellor Yang noted the many academic honors won

by UCSB faculty. The number of freshman applications has continued to rise exponentially. Diversity of the student body has also increased, as the percentage of Chicano-Latino, African American, and American Indian students has reached 26 percent of total enrollment; UCSB was currently ranked highest of all Association of American Universities members in Hispanic enrollment as a percentage of total enrollment.

Executive Vice Chancellor Gene Lucas provided a context for the UCSB housing projects that would come before the Committee. The 2010 LRDP was based on the 2007 Strategic Academic Plan, which identified an enrollment target of 25,000 students by 2025, an increase of 5,000 students, a one percent or 250-student increase per year. The LRDP was approved by the Regents in September 2010, along with approval for the campus to enter into agreements to resolve community issues related to the LRDP, such as student housing.

Mr. Lucas stated that the Settlement Agreement (Agreement) between the University and the County of Santa Barbara and the City of Goleta addressed enrollment, student housing, public safety, and traffic impacts, and stipulated that the campus must build housing for each student beyond the baseline on-campus enrollment of 20,000. The timing of the new housing must be connected to enrollment growth and the housing must be built on existing campus land. Purchased or leased housing or purchased new land for housing cannot be counted toward the 5,000 new bed commitment. The Agreement also stipulated that enrollment must be frozen if housing development did not keep pace with the increased student population; however, up to 1,000 students above the baseline may live in existing housing during the planning and construction of new housing. This could be accomplished by adapting double rooms into triples. The only housing to be developed at UCSB since the 1960s was Manzanita Village.

Mr. Lucas reported that 2011-12 on-campus enrollment at UCSB was 20,383, slightly above the 20,000 baseline. Projected 2012-13 on-campus enrollment was 20,778, approaching the 1,000-student buffer in excess of the baseline enrollment, and indicating the need for 778 new beds per the Agreement. Projected 2016-17 enrollment was 21,094, which would be above the allowable buffer unless new student housing was developed. Mr. Lucas added that enrollment would be frozen at the 2015-16 level until new student housing was available for occupancy. Given the time needed to plan, design, and construct new housing, Mr. Lucas asserted that the process should begin at the current time.

Mr. Lucas stated that UCSB's 2012-22 Consolidated Financial Plan included five student housing projects: the Sierra Madre Apartments on the West Campus for occupancy in 2014-15, the San Joaquin Apartments for 2016-17, overlaying the existing Santa Catalina Residence Hall complex, and three phases of the Mesa Verde Apartments for 2019-22 to be developed on property currently occupied by campus facilities management. He indicated that the Sierra Madre and San Joaquin projects would be brought to the Regents for budget approval in 2013.

Regent Zettel asked whether any existing buildings would be demolished to build the new student housing, particularly for development of the San Joaquin Apartments. Campus Architect Marc Fisher characterized the projects as urban infill, meaning that new buildings would be added around existing buildings. He stated that the Santa Catalina Residence Hall complex was on a 19-acre site that was currently underdeveloped; there was room for the San Joaquin Apartments on the site. He added that the proposed location of the Sierra Madre Apartments was one of the few greenfield sites on campus. The Mesa Verde project would require the demolition of some structures on the campus' current facilities management yard, a combination of trailers and older one-story military-style buildings.

Regent Schilling asked whether the housing projects would be developed in a private/public partnership in order to maximize the campus' public funds. Mr. Fisher responded that the Sierra Madre project originally used a third-party developer, but that partnership did not work out for the campus. The upcoming housing projects were currently conceived in a design-bid-build model. He noted that the campus had difficulty with two private/public projects in the past involving financing and finding a developer with sufficient capacity for such projects. He added that, since the San Joaquin Apartments would be infill around existing student housing where 1,300 students would be living during construction, issues of communication and maintaining an intact living environment would be important. Regent Schilling urged the campus to make a thorough study of UC systemwide housing and expressed her view that students were paying more than necessary for housing. She stated that the University's main function was not building and managing student housing, and that these functions could be accomplished more effectively by an organization specializing in student housing. She urged the campus to find a private partner for its housing projects.

Regent Stein congratulated UCSB for significantly increasing its diversity while simultaneously raising its academic standards. He asked whether the campus planned to increase family housing, which he said was particularly important to graduate students. Mr. Fisher said the campus intended to maintain its existing family housing, and that 36 units of the planned Sierra Madre Apartments would be family housing available for faculty, staff, or students.

Regent-designate Flores also complimented the campus on its increased diversity and asked how UCSB on-campus housing costs compared with off-campus rates. She also asked whether development of new student housing could lower student housing costs. Mr. Fisher responded that UCSB's student housing costs tended to be in the middle of UC campus housing rates and that pricing position would be maintained with the new housing projects. He noted that rates had been increasing over the years to accommodate debt service on the projects. The new apartments would be significantly below the local off-campus market rates. The campus was able to keep rates for the new apartments moderate by blending the rates of all on-campus housing. He emphasized the importance to the campus of keeping student housing affordable.

Committee Chair Makarechian asked what portion of students currently live on campus. He also asked about a new private off-campus housing project close to campus. Mr. Fisher stated that the new private projects in Isla Vista were premium furnished housing at rates substantially above campus housing rates. He reported that 37 percent of the campus' student population currently live on campus, with 1,000 triple-occupancy rooms.

Committee Chair Makarechian asked what UCSB was doing to ensure safety along the cliffs, particularly in light of a recent accident. Mr. Fisher said the campus has a fenced edge, but the community of Isla Vista has areas that are not fenced. The campus had recently communicated with its local County supervisor who expressed willingness to champion this cause. Mr. Fisher stated that the campus would cooperate in any way possible with the County's effort to install fences in public areas that are unprotected along the cliffs. Chancellor Yang said that this would be a high priority of the campus.

Regent Rubenstein asked about the planned future use of the Devereux property. Mr. Fisher stated that the campus' LRDP indicated use of that property for faculty and staff housing, as well as a limited amount of space for instruction and research. He noted that development of the Devereux property would be affected by its many natural resource areas including wetlands, nesting habitats for birds, and historic resources, which were all of concern to the California Coastal Commission. Mr. Lucas added that the campus had been redeveloping some of the existing buildings; there was some guest housing and a conference center currently on the property. Chancellor Yang stated that the campus had been able to acquire the Devereux property at an excellent price and that the value of the property had been increasing; he indicated that the property would be crucial to the campus' future growth.

5. **APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, MISSION BAY BLOCK 25A ACADEMIC BUILDING (FACULTY OFFICE BUILDING), SAN FRANCISCO CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed Mission Bay Block 25A Academic Building (Faculty Office Building) the Committee on Grounds and Buildings:

- A. Adopt the final Mitigated Negative Declaration for the UC San Francisco Mission Bay Block 25A Academic Building (Faculty Office Building).
- B. Adopt the Mitigation Monitoring and Reporting Program and California Environmental Quality Act Findings.
- C. Approve the design of the Mission Bay Block 25A Academic Building (Faculty Office Building), San Francisco Campus.

[Background material was mailed to Regents 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 this proposed action item requesting approval of design for the Mission Bay Block 25A academic building, each Committee member had been provided with documentation prepared pursuant to the California Environmental Quality Act (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 that day.

Vice President Lenz recalled that this project had been brought to the Regents in September for approval of the budget and external financing. The \$118 million project would be funded by \$84 million in external financing, \$20 million in gifts, and \$14.2 million in campus funds. The project would provide a 265,690 gross square foot building containing desktop research and related support space, educational space, and site improvements including landscaping, sidewalks, utilities, and utility connections. The building would allow UCSF to consolidate existing leases due to expire over the upcoming four years, estimated to save \$331 million in direct lease cost avoidance over 35 years.

Regent Zettel asked whether the building’s use of an activity-based workplace model might not be conducive for work requiring a quieter environment. Campus Architect Michael Bade responded that this model was drawn from the local technology industry and featured both an open office environment and an infrastructure of small rooms that could be used for more focused work, at a ratio of four workstations per each focus room. He said this model would be appropriate, since the building’s users would spend significant portions of their days elsewhere; the building was projected to be only 40 to 50 percent full during peak times. The focus rooms would provide private space when needed, but would avoid having too much private office space that would be empty more than half the time.

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

The meeting adjourned at 3:55 p.m.

Attest:

Secretary and Chief of Staff