

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of January 19, 2010

ACCEPTANCE OF 2009-19 CAPITAL FINANCIAL PLAN AND PHYSICAL DESIGN FRAMEWORK AND AUTHORIZATION TO PARTICIPATE IN THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL IMPROVEMENT PROJECTS, IRVINE CAMPUS

EXECUTIVE SUMMARY

Campus: Irvine

Proposed Actions: Acceptance of the *UC Irvine 2009-19 Capital Financial Plan* and the *Physical Design Framework*
Authorization to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects (“Capital Projects Pilot Program”)

Previous Actions: **September 2008:** Committee on Grounds and Buildings – Action – Temporary Amendment of Applicable Standing Orders and Regental Policy and Approval of Implementing Guidelines for Pilot Phase of the Redesigned Process for Capital Improvement Projects
March 2008: Committee on Grounds and Buildings – Action – Acceptance of the Report of the Capital Projects Working Group and Approval of Pilot Phase of Process Redesign for Capital Improvement Projects
February 2008: Committee on Grounds and Buildings – Discussion – Progress Report on the Capital Projects Working Group
November 2007: Committee on Grounds and Buildings – Action – Certification of Environmental Impact Report and Approval of 2007 Long Range Development Plan, Irvine Campus

Project Summary: The Irvine campus requests approval to begin on-campus review and consideration of capital projects within the delegated authority of the Chancellor under the Capital Projects Pilot Phase. Consistent with the guidelines for the Capital Projects Pilot Phase, the campus is submitting its ten-year *Capital Financial Plan* and *Physical Design Framework* at this meeting. The Regents approved the Long Range Development Plan for the campus in November 2007.

RECOMMENDATION

The President recommends that the Committee on Grounds and Buildings recommend that the Regents:

- A. Accept the *UC Irvine 2009-19 Capital Financial Plan* and the *Physical Design Framework*
- B. Authorize the Irvine campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects.

BACKGROUND

To be eligible to participate in the Pilot Phase of the Redesigned Process, each campus must obtain acceptance by the Committee on Grounds and Buildings of its Ten-Year Capital Financial Plan and its Physical Design Framework. These documents are based on that campus' Strategic Academic Plan and its approved campus Long Range Development Plan (LRDP).

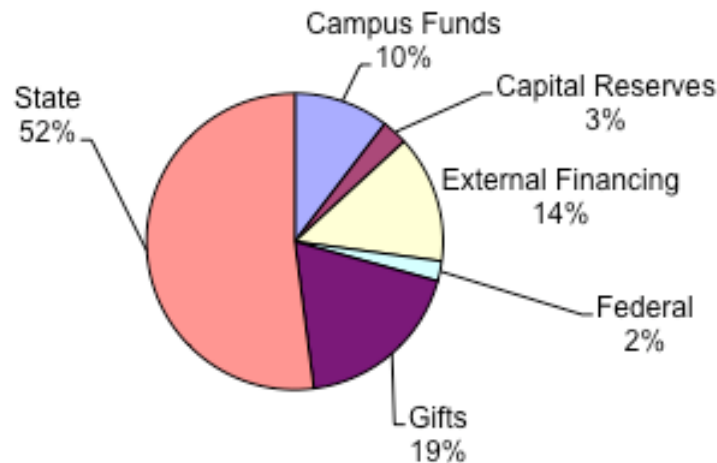
The Irvine campus requests acceptance of its *2009-19 Capital Financial Plan* and *Physical Design Framework* and authorization to participate in the Pilot Phase. These two documents together present an integrated academic, physical, and capital plan that is financially feasible. Acceptance of these plans, in concert with UCI's Strategic Academic Plan and previously approved LRDP, permits the Chancellor to approve non-State budgets and designs of all projects with values less than or equal to \$60 million within the Chancellor's delegated authority under the Pilot Phase of the Redesigned Process for Capital Improvement Projects. Through this process, the Regents will exercise portfolio oversight of capital projects; the Office of the President will provide due diligence regarding approval processes, and legal, financial, or policy risks; and the campuses will have greater responsibility and accountability for the successful delivery of capital projects.

Capital Financial Plan

The *UC Irvine 2009-19 Capital Financial Plan (Plan)* reflects key academic and strategic program goals that will be achieved through the development of projects that are consistent with the *Physical Design Framework*. The *Plan* provides a financial framework for the campus to support growing academic programs, renew or replace existing aging buildings, upgrade life-safety systems, and expand and renew infrastructure systems. Key elements of the proposed ten-year *Plan* follow.

With an estimated total value of \$1.243 billion, the *Plan* is expected to be funded with a combination of State sources totaling \$647 million (52 percent) and non-State resources totaling \$596 million (48 percent). Non-State resources include \$232 million of anticipated gift funds, \$173 million of external financing, \$124 million of campus funds, \$35 million of capital reserves, and \$27 million of federal funds.

Capital Improvement Program By Fund Source



UC Irvine's *Plan* is based on a number of assumptions. The Strategic Academic Plan originally projected a total enrollment of 32,000 FTE by 2015-16. Given current budget limitations, it is now anticipated the campus may reach this level in 2020-21. However, the availability of State funding may impact the campus' ability to meet this goal.

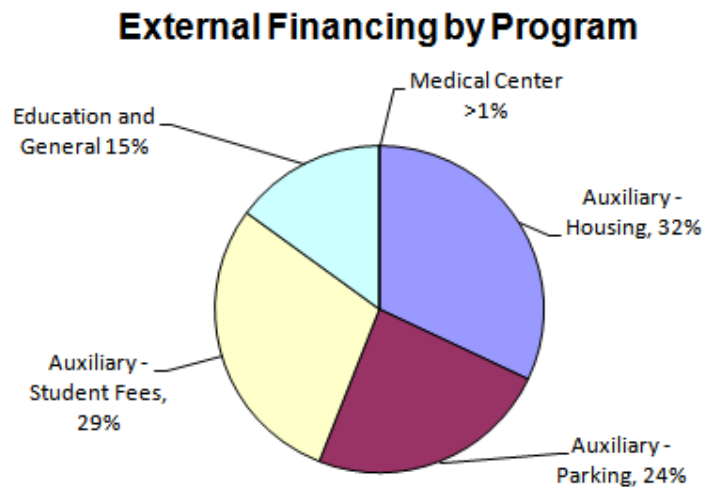
The level of anticipated State funding assumes voter approval of General Obligation bonds, beginning in 2010, that provide at least \$450 million per year for general campus programs and another \$100 million per year for programs in the health sciences. The *Plan* assumes UCI's current proportion of general-campus funding would continue for the life of the plan and one-sixth of the separate Health Sciences Expansion funding would be allocated to the campus.

The assumptions regarding State funding reflected in this capital program have been developed during a period of unprecedented economic volatility that has introduced an element of uncertainty regarding the schedules for State-funded projects included in the *Plan*. The 2008-09 Budget Act authorized funding for a very limited number of projects, and the Special Session 2009-10 Budget Act included no State funding for University capital projects. If State funding in 2010-11 and beyond is not forthcoming at the levels assumed by the *Plan*, the campus will have to revise its priorities.

The Irvine campus has been increasingly successful in its fundraising efforts in recent years. Even so, it is recognized that the \$231.7 million in gift funding included in the campus plan reflects an ambitious target, and individual projects would not move forward until sufficient funding is raised. The campus has completed several applications for construction grants being made available for federal funding under recent economic stimulus legislation. These projects have been included in the proposed *Plan*, contingent upon grant approval. Capital reserves and

campus discretionary funds are included in the program as necessary to support appropriate projects.

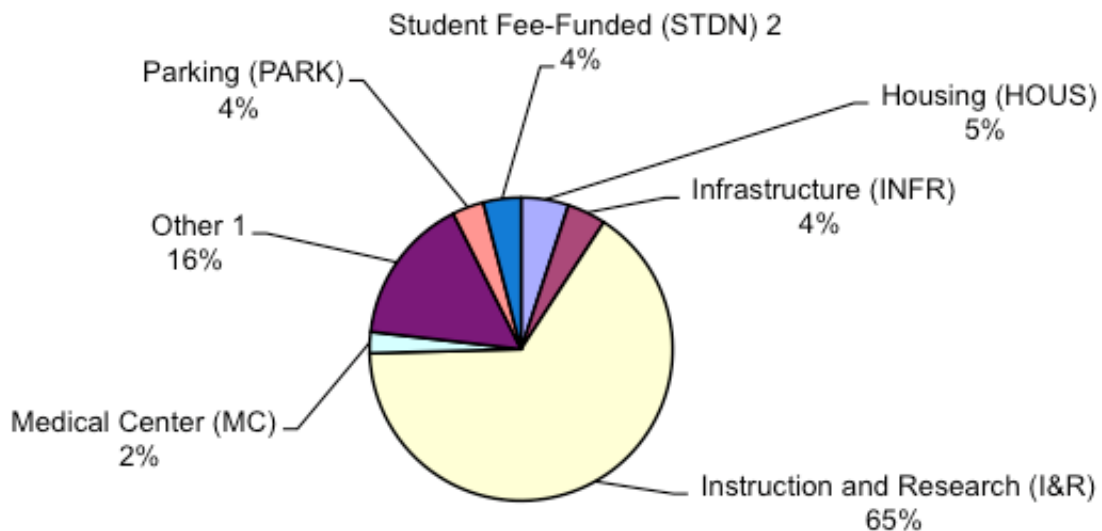
Irvine's capital plan reflects an estimated need for \$173 million of external financing, primarily for housing (\$56 million) and other auxiliary enterprises (\$92 million), at levels supported by business models. An additional small increment of funding is included for purchase of an off-campus office building. This plan represents a conservative approach to taking on new debt, with more than half of that proposed occurring in the final four years of the program.



By function, \$812 million is expected to be spent on instruction and research facilities, \$63 million on housing, \$51 million on infrastructure, \$50 million on student-fee-funded facilities, \$42 million on parking, \$28 million on small projects at UCI's medical center, and \$196 million on other projects such as administrative space and academic support.

Medical Center projects are not included in this edition of the *Plan*, except for an allowance for small renovation projects. With the recent completion of the new Douglas Hospital, as well as over \$260 million of other capital investments still under construction, Medical Center leadership is still in the process of assessing future capital needs as part of an overall strategic planning effort. Medical Center needs will be included in future capital programs.

Capital Improvement Program By Function

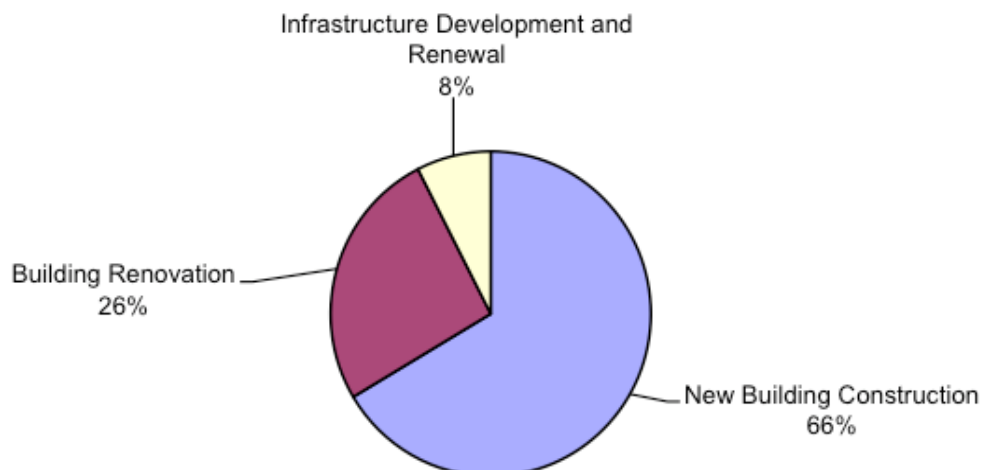


Note 1: Other projects include academic support, administrative, and childcare.

By improvement category, \$826 million is expected to be spent on new facilities to accommodate a variety of needs, including past and future enrollment growth, new instructional programs, new and expanding research initiatives, student-related space, and cultural and activity spaces. An additional \$324 million is identified for building renovations, and \$93 million for infrastructure development and renewal projects.

Funding and program details can be found in the attached *UC Irvine 2009-19 Capital Financial Plan*.

Capital Improvement Program by Category



Physical Design Framework

Development at the University of California, Irvine, historically has been guided by a strong physical plan. Beginning with UCI's inaugural Long Range Development Plan (LRDP) in 1963, the campus established fundamental planning concepts for developing a comprehensive academic community of teaching and research facilities, residential neighborhoods, community support space, and private sector uses. Subsequent versions of the LRDP – including the most recent update in 2007 – fine-tuned, but did not dramatically depart from, the original plan.

In 1992, UCI prepared a campus design framework that described its vision for implementing the planning concepts set forth in the LRDP. Specific guidelines provided policy direction for site design and planning, architecture, landscape, circulation, exterior lighting and furnishings, and signage. In addition, based on focused build-out studies of UCI's academic core, the design framework provided guidance for the planning and location of utility infrastructure. Since 1992, the framework has provided a crucial link between individual projects and the overall campus development plan.

The present *Physical Design Framework (Framework)* represents an update to the earlier set of guidelines. It describes the planning principles and physical design standards that are applied to new campus development, facility renovation, and ongoing management and operation of campus facilities and grounds to ensure consistency with UCI's established form and image. The *Framework* will be utilized at all stages of land planning, project development, and facilities management – including project programming and budgeting, site and land use allocation studies, project design, and, eventually, construction document preparation. The *Framework* also documents the project planning and approval process. Additionally, it addresses sustainability principles and goals; however, the *Plan*, in its annual updates, will contain the detailed discussion of implementation of the campus' sustainability goals.

The updated *Framework* is a synopsis of a portfolio of planning documents that guides physical development at UCI and promotes proper stewardship of the campus environment. All of these documents share a common goal of ensuring that campus planning and design principles are manifested in the capital projects implemented at UCI and in ongoing management and operations.

Among the documents supporting the *Framework* is UCI's LRDP. The current LRDP, approved by the Regents in 2007, is a comprehensive policy and land use plan that guides the physical development of the campus through 2025-26. The 2007 LRDP, designed to support key academic and student life goals, identifies development objectives, delineates campus land uses, and estimates the new building space needed to support projected program expansion through the planning horizon year. An Environmental Impact Report (LRDP EIR) prepared in accordance with the California Environmental Quality Act (CEQA) and University of California guidelines for implementation of CEQA, considered possible environmental effects of the 2007 LRDP and prescribed mitigation measures for reducing environmental impacts that could result from UCI's physical growth. The *Framework* does not change the land use plan or alter the overall development allowed under the 2007 LRDP. Rather, it provides guidance for accommodating the

institutional objectives and development assumptions contained in the 2007 LRDP and LRDP EIR. Participation in the pilot program only changes the decision-making delegation (i.e., from Regents to Chancellor) and does not relieve the campus from complying with CEQA on individual projects.

(Attachments: **Capital Financial** **Physical Design**)