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Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of July 14, 2009

ACCEPTANCE OF 2008-18 CAPITAL FINANCIAL PLAN AND PHYSICAL DESIGN FRAMEWORK AND AUTHORIZATION TO PARTICIPATE IN THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL IMPROVEMENT PROJECTS, DAVIS CAMPUS

EXECUTIVE SUMMARY

- Campus: Davis
- Proposed Actions: Acceptance of the *UC Davis 2008-18 Capital Financial Plan* and the *Physical Design Framework*
Authorization to participate in Pilot Program of the Redesigned Process for Capital Improvement Projects
- Previous Actions: **September 2008:** Committee on Grounds and Building – 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 Building – 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 Building – Discussion – Progress Report on the Capital Projects Working Group
- November 2003:** Certification of Environmental Impact Report and Approval of 2003 Long Range Development Plan, Davis Campus
- Project Summary: The Davis campus requests approval to begin on-campus review and consideration of approval of capital projects within the delegated authority of the Chancellor under the pilot phase of the redesigned process for capital improvement projects. Consistent with the guidelines for the pilot

phase, the campus is submitting its ten-year *Capital Financial Plan* and *Physical Design Framework* at this meeting. The Long Range Development Plan (LRDP) for the campus was updated and approved by the Regents in November 2003. Capital projects on the Sacramento Campus, home of the UC Davis School of Medicine and Health System, will not participate in the pilot phase pending completion of a new LRDP.

RECOMMENDATION

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

- A. Accept the *UC Davis 2008-18 Capital Financial Plan* and the *Physical Design Framework*.
- B. Authorize the Davis campus to participate in the pilot phase of the redesigned process for capital improvements projects on the Davis campus. Capital projects on the Sacramento Campus, home of the UC Davis School of Medicine and Health System, will not participate in the pilot phase pending completion of a new Long Range Development Plan and Physical Design Framework.

BACKGROUND

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

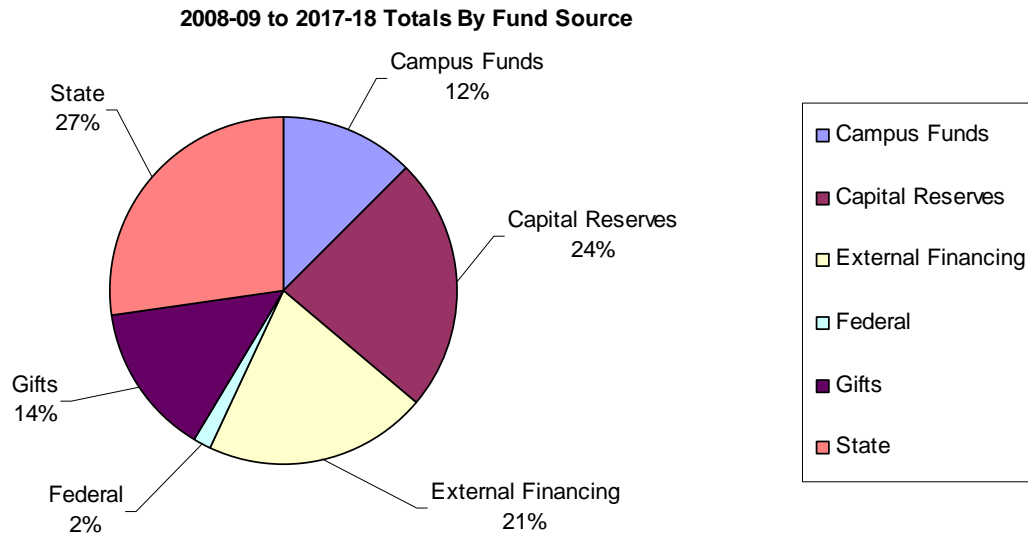
The Davis campus requests acceptance of its *2008-18 Capital Financial Plan* and *Physical Design Framework* and approval to begin on-campus review and consideration of approval of capital projects within the delegated authority of the Chancellor under the pilot phase of the redesigned process for capital improvement projects. These two plans together present an integrated academic, physical, and capital plan that is financially feasible. Acceptance of these plans, in concert with its academic plan and previously approved LRDP, will authorize campus participation in the pilot phase and delegate authority to approve non-State budgets and designs of all projects with values less than or equal to \$60 million. Through this process, the Regents will exercise portfolio oversight of capital projects; 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 Davis 2008-18 Capital Financial 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 capital plan provides a financial framework for the campus to provide appropriate facilities to support growing academic programs, renew existing aging buildings and infrastructure, and expand and renew infrastructure systems in an increasingly sustainable manner. Key elements of the proposed ten-year capital plan follow.

With an estimated total value of \$1.796 billion, the capital plan is expected to be funded with a combination of non-State resources totaling \$1.307 billion (73 percent) and State resources totaling \$489 million (27 percent). Non-State resources include \$377.7 million of external

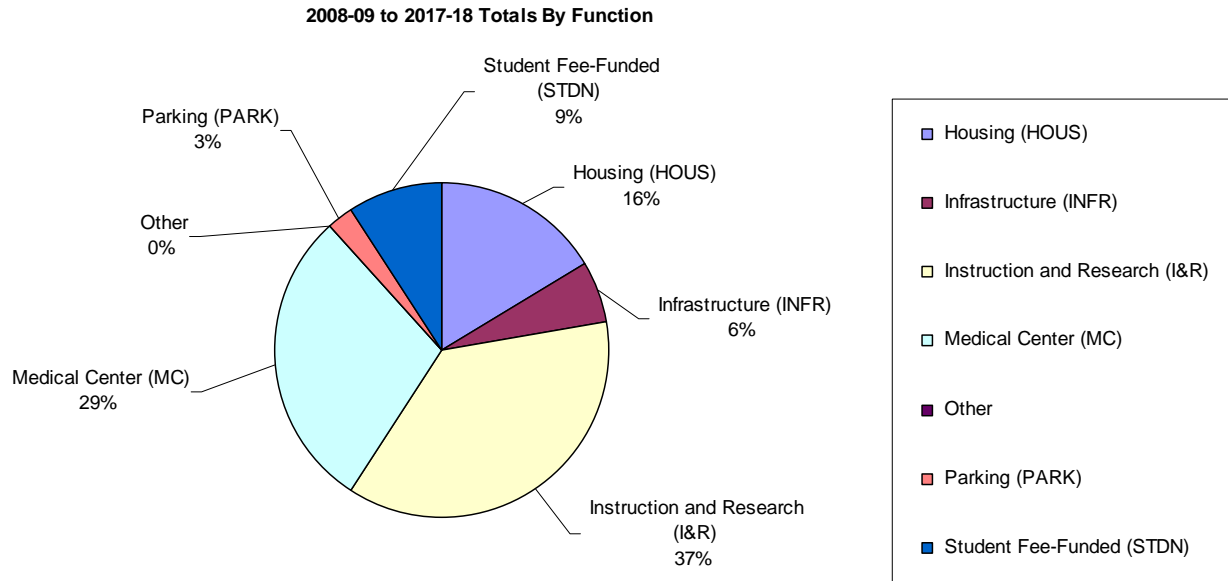
financing, \$252.9 million of anticipated gift funds, \$423.2 million of capital reserves, \$223.2 million of campus funds, and \$29.8 million of federal funds.



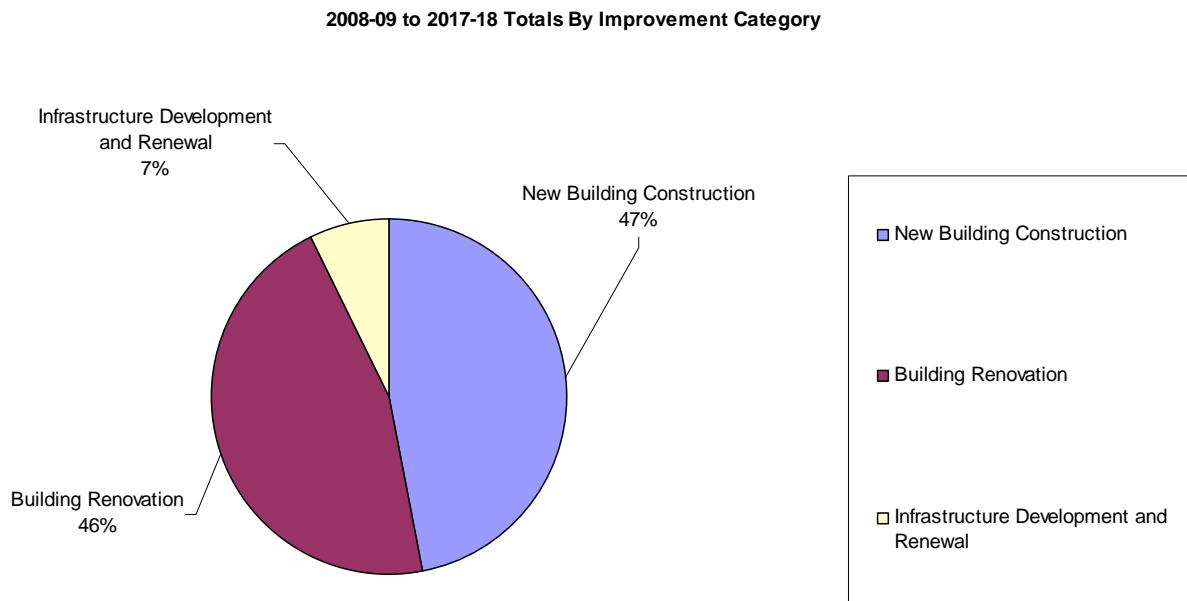
The campus's ten-year plan is based on a number of assumptions. For general campus programs, the Office of the President has assumed that approximately \$395 million per year of General Obligation bond or other capital funding would be provided from the State to the University over a ten-year period. The Davis campus share of those expected funds reflects the 2009-2014 campus allocations (previously approved by the President) extrapolated over the ten-year period. The University has been seeking additional state support for health sciences initiatives, with proposals for an additional \$100 million per year in General Obligation bond funding. However, in light of the current state budget stress, the campus has not assumed any additional state funding. Should such funding be approved, the campus will advance health sciences projects such as a new building to house the Betty & Irene Moore School of Nursing which is now underfunded and/or is seeking gift funding.

The assumptions regarding State funding that are reflected in this capital financial plan have been developed during a period of unprecedented economic volatility. In particular, in December 2008, the State imposed a freeze on expenditures for capital projects – including those already in construction – that has introduced an element of uncertainty regarding the schedules of State-funded projects included in this plan. In addition, the adopted 2009-2010 State budget currently includes virtually no state funding for University capital projects, except for Telemedicine programs. The Davis campus has thus had to substitute campus resources for critical infrastructure projects that had been planned for State funding, further highlighting the uncertainty of the current capital planning context.

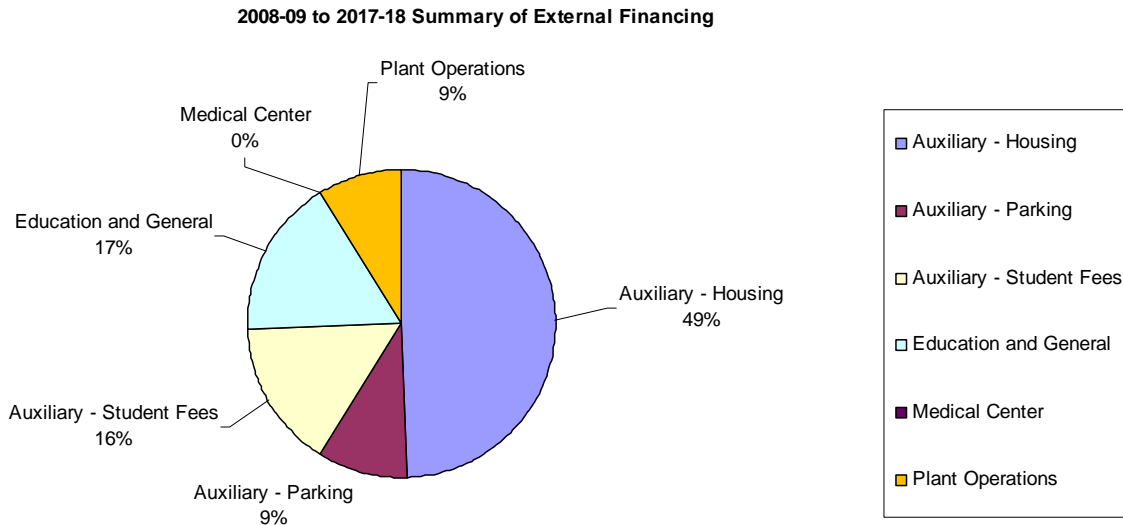
By function, \$664.3 million of the proposed ten-year plan is expected to be spent on instruction and research facilities, \$524.2 million for Medical Center facilities, \$295.5 million for housing facilities, \$162.5 million for student fee-funded facilities, \$102.8 million for infrastructure projects, and \$46.4 million for parking projects.



By improvement category, \$841.9 million is expected to be spent on new facilities, \$824 million on building renovations, and \$129.9 million on infrastructure development and renewal projects.



The capital improvement program reflects an estimated need for \$377.7 million of external financing: \$63 million for academic (or educational and general) facilities, \$187.2 million for housing facilities, \$59.2 million for student-fee funded facilities, \$35 million for parking projects, and \$33.4 million for plant operations projects. Medical Center facilities are not using external financing.



The feasibility of external financing was based on existing business models for auxiliaries (self-supporting programs and facilities, such as housing and parking), education and general debt (for core instruction, research, and support space), medical center debt (for patient care facilities and medical center support space), and plant operations (such as the energy savings program). The external financing models are in the process of being reformulated. The expectation is that once the model has been adopted systemwide that the campus will utilize the template for external financing feasibility going forward.

Federal funds represent anticipated or actual successful grant awards; the ten-year plan does not include assumptions on possible federal funding available from the economic stimulus package. (The campus is pursuing economic stimulus grant funding from a number of federal sources, and will reflect any funds received in subsequent updates of this plan.) The campus has a long history of successful fundraising efforts, and the capital projects shown in the ten-year plan will advance when gift funds are identified. Capital reserves and campus discretionary funds comprise the remaining non-State fund sources and are used as necessary to support appropriate projects.

Funding and program details can be found in the attached the *UC Davis 2008-18 Capital Financial Plan*.

Physical Design Framework

Physical planning on the UC Davis campus traces its roots to the campus's beginnings as the Farm School to the University of California, Berkeley in 1906. The first classes were taught in Davis in 1908, with a primary focus on agricultural sciences and service to the public. This history remains evident today in development patterns, repurposed agricultural buildings, and remnant agricultural plantings that define the Davis campus character and provide guideposts to its contemporary development.

The current UC Davis LRDP was approved by the Regents in 2003 and sets forth the overall land use plan for development of the campus through 2015-16. The environmental effects of development under the 2003 LRDP were evaluated in the 2003 LRDP Environmental Impact Report. The *Physical Design Framework* does not change the land use plan or alter the overall development allowed under the plan. It does not increase the projected square footage or population anticipated pursuant to the 2003 LRDP. Individual projects proposed under the 2003 LRDP will still require project level environmental review and design approval. Participation in the pilot program changes the decision-making level (i.e., Chancellor or Regents), but does not change the requirement to comply with CEQA prior to an irrevocable commitment to a project.

The *UC Davis Physical Design Framework*, in turn, describes a vision for creating a physical environment at UC Davis, consistent with the 2003 LRDP that supports the academic mission, enhances personal and environmental health, and brings meaning and enjoyment to all who participate in the campus community.

The Framework establishes the criteria the campus will use to judge the success of proposed projects with regard to planning and design. The plan will be used regularly by campus planners, architects, and others to guide the effective incorporation of these goals into all projects that modify the built environment. It defines how planning goals can be met by using best practices in design, incorporating research on the built environment, and following successful models from the campus or other places with similar functions or climate.

The *Physical Design Framework* describes the core planning principles underlying the framework; sets the context of the campus, including geography, climate, development history, key challenges, and recent successes; demonstrates development opportunities for the unique, distinct character of the Davis campus; catalogs the design standards and campuswide systems that create campus coherence; and delineates the design review and approval process.

While the 2003 LRDP lays out development goals, principles, and objectives at a land-use planning scale for the Davis campus, the *Physical Design Framework* addresses these same goals, principles, and objectives at an intermediate scale that provides more specific direction for site planning, landscape design, and architecture.

The Framework is, in turn, supported by the system master plans and studies, architectural and landscape standards included in the Campus Design Standards, and in the project programs. All of these planning and design goals are ultimately manifested in the projects themselves.

The Sacramento Campus has a separate LRDP, last adopted in 1989. The Sacramento Campus is in the process of updating their LRDP, and therefore projects for that site will not be included in the delegation of authority and participation in the pilot program at this time. Once the LRDP update is completed and approved by the Regents, the Sacramento Campus will return with its Physical Design Framework to seek approval to participate in the pilot program.

(Attachments: [Financial Plan](#) [Physical Design Plan](#))