

Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

**ACTION ITEM**

*For Meeting of July 14, 2009*

**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, LOS ANGELES CAMPUS**

**EXECUTIVE SUMMARY**

Campus: Los Angeles

Proposed Actions: Acceptance of the *UCLA 2009-19 Capital Financial Plan* and the *Physical Design Framework*

Authorization to participate in Pilot Phase of the Redesigned Process for Capital Improvement Projects (“Capital Projects Pilot Program”)

Previous Actions: **March 2009:** Committee on Grounds and Buildings – Certification of Environmental Impact Report and Approval of the 2009 Amendment to the 2002 Long Range Development Plan, and Approval of Design, Northwest Campus Student Housing and Infill project, Los Angeles Campus

**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

**February 2003:** Committee on Grounds and Buildings – Certification of Environmental Impact Report and adoption of 2002 Long Range Development Plan Environmental Impact Report, Los Angeles Campus

Project Summary: The Los Angeles campus requests approval to begin on-campus review and consideration of capital project 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 Long Range Development Plan for the campus was approved by the Regents in February 2003, and amended in March 2009.

## RECOMMENDATION

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

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

## BACKGROUND

To be eligible to participate in the Pilot Phase of the Redesign 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).

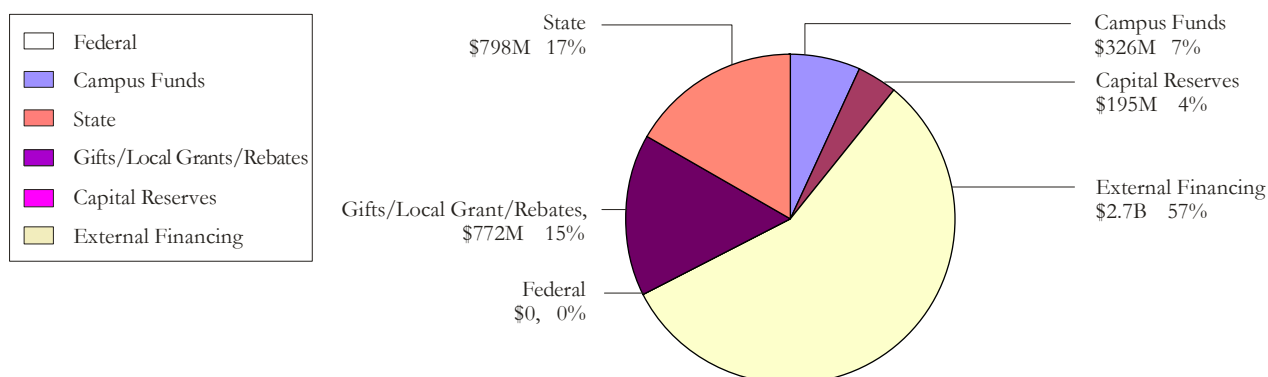
The Los Angeles campus requests acceptance of its *2009-19 Capital Financial Plan* and *Physical Design Framework* and authorization to participate in the Pilot Phase. These two documents together present an integrated academic, physical, and capital plan that is financially feasible. Acceptance of these plans, in concert with UCLA'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 *UCLA 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 renew existing aging buildings and infrastructure, upgrade seismic and life safety systems, expand and renew infrastructure systems, and support growing academic programs. Key elements of the proposed ten-year *Plan* follow.

With an estimated total value of \$4.8 billion, the capital plan is expected to be funded with a combination of non-State resources totaling \$4 billion (83 percent) and State resources totaling \$798 million (17 percent). Non-State resources include \$2.7 billion of external financing, \$772 million of anticipated gift funds, \$326 million of campus funds, and \$195 million of capital reserves.

**Capital Improvement Program by Fund Source**



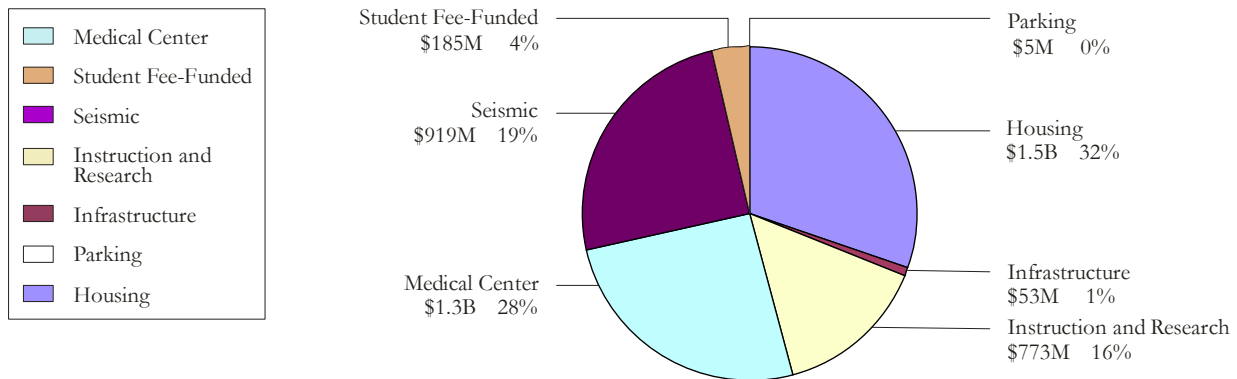
UCLA's *Plan* is based on a number of assumptions. For general campus programs, the Office of the President has assumed that approximately \$450 million per year of General Obligation bond or other capital funding would be provided for general campus program needs from the State to the University over a ten-year period. In addition, the Office of the President has assumed an additional \$100 million per year in General Obligation bond funds for health sciences initiatives. The Los Angeles campus's share of those expected funds reflects the 2009-2014 campus allocations (previously approved by the President) extrapolated over the ten-year period.

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 the *Plan*. The 2008-09 Budget Act authorized funding for a limited number of projects including one project for UCLA; however, funds to complete working drawings and to begin construction have not yet been made available to the University. In addition, except for Telemedicine programs, the Special Session 2009-10 Budget Act included no State funding for University capital projects. While this current *Plan* includes funding in 2009-10 for the CHS South Tower Seismic Renovation project, the campus will develop a revised 2010-15 capital plan that proposes the seismic renovation of the CHS South Tower as a phased project if funding for 2009-10 is not realized.

The campus has a long history of successful fundraising efforts. Since 1996, UCLA received approximately \$4 billion in gifts of which 19 percent, or \$767 million, was given to support the capital needs of the campus. A \$100 million gift campaign to renovate and expand Pauley Pavilion is currently underway, and other projects shown in the ten year plan will advance when gift funds are identified. 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*. Capital reserves and campus discretionary funds comprise the remaining non-State fund sources and are used as necessary to support appropriate projects.

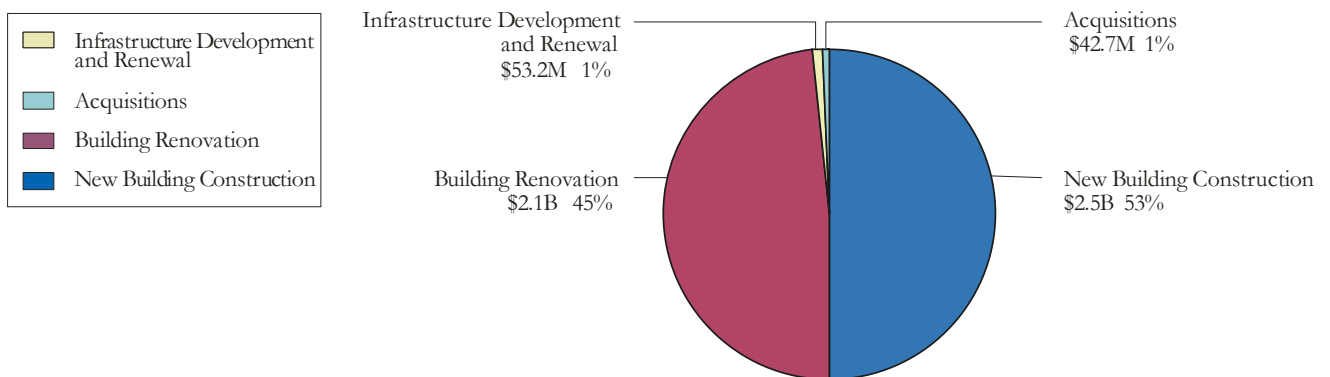
By function, \$1.5 billion of the proposed ten-year plan is expected to be spent on housing facilities, \$1.3 billion for Medical Center facilities, \$919 million for facilities involving seismic retrofit work (including \$885 million on instruction and research facilities and \$34 million on auxiliary facilities), \$773 million on instruction and research facilities, \$185 million for student fee-funded facilities, \$53 million for infrastructure projects, and \$5 million for parking projects.

**Capital Improvement Program by Function**

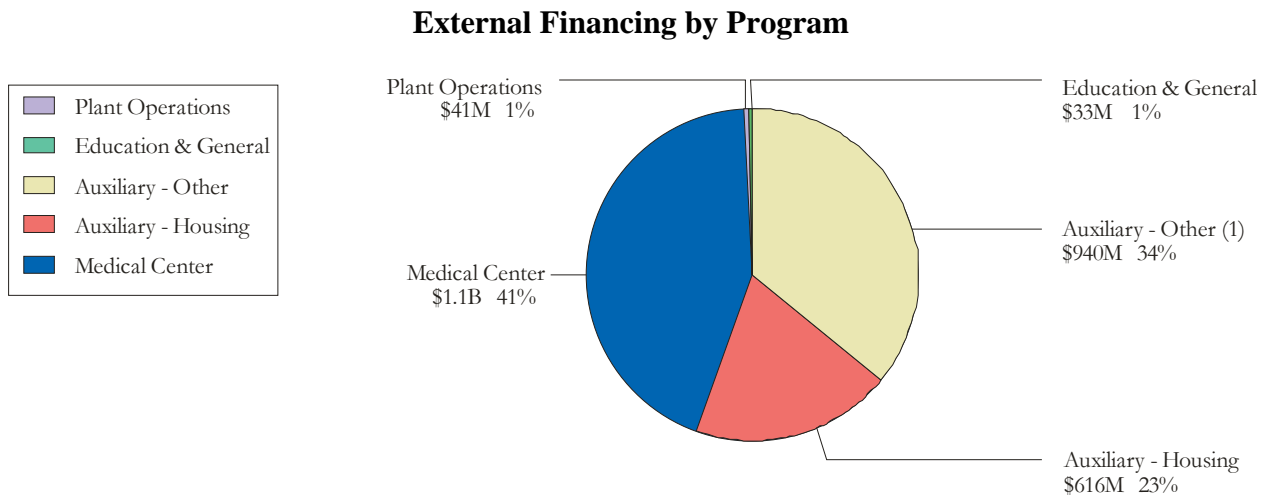


By improvement category, \$2.5 billion is expected to be spent on new facilities, \$2.1 billion on building renovations, \$53.2 million on infrastructure development and renewal projects, and \$42.7 million on acquisitions.

**Capital Improvement Program by Category**



The capital improvement program reflects an estimated need for \$2.7 billion of external financing: \$1.1 billion for Medical Center facilities, \$940 million for auxiliary facilities, \$616 million for housing facilities, \$33 million for academic (or educational and general) facilities, and \$41 million for plant operations projects.



(1) Includes Pauley Pavilion, MP 100 Acquisition, Residential Conference Center, Wilshire Center, and Lot 36 Development.

The feasibility of external financing is 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 currently are 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.

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

The *Plan* also includes an update on the status of campus sustainability efforts. Because the *Plan* will be updated annually and because sustainability efforts are evolving, the *Plan* is the document which will include these updates.

### ***Physical Design Framework***

The *UCLA Physical Design Framework (Framework)* describes a vision for creating a physical environment at UCLA, consistent with the 2002 LRDP as amended in 2009, which supports the academic research and service mission of the Los Angeles campus. The *Framework* establishes the criteria the campus will use to judge the success of proposed projects with regard to planning and design. It describes the core planning principles underlying the LRDP; 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 Los Angeles campus; catalogs the design standards and campus-wide systems that create campus coherence; and delineates the design review and approval process. The *Framework* 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 locations with similar functions or climate.

The UCLA *Framework* describes the approach for development of buildings, infrastructure, and landscape on the campus within the comprehensive context of the land use objectives contained in the LRDP. It also describes the physical design standards that guide new development to enhance the unique campus aesthetic within the constraints of a fully developed urban environment and the capacity limitations of regional infrastructure. The standards ensure compatibility with the existing built environment while continuing to strengthen the vibrant identity of the campus.

The LRDP lays out development goals, principles, and objectives at a land use planning scale for the Los Angeles campus, and the *Framework* addresses these same goals, principles, and objectives and provides more specific direction for site planning, landscape design, and architecture. The *Framework* is supported by LRDP land use planning principles and 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 current UCLA LRDP, approved by the Regents in February 2003 and amended in March 2009, sets forth the overall land use plan for development of the campus through a projected horizon year of 2013. The environmental effects of development under the 2002 LRDP were evaluated in the LRDP Environmental Impact Report, and potential impacts of the amendment were evaluated in the 2008 Northwest Campus Student Housing Infill Project EIR. The *Framework* does not change the land use plan or alter the projected square footage estimated to meet the demands of the projected campus population and institutional objectives of the campus as analyzed in the LRDP EIR. Acceptance of the *Framework* does not relieve the campus from complying with the California Environmental Quality Act (CEQA) for individual projects. Participation in the pilot program changes only the decision-making level (i.e., from Regents to Chancellor) for project approval.

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