Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of November 17, 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, RIVERSIDE CAMPUS

EXECUTIVE SUMMARY

Campus: Riverside


Authorization to participate in 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


November 2005: Committee on Grounds and Buildings - Certification of Environmental Impact Report and Approval of the UC Riverside Long Range Development Plan

Project Summary: The Riverside 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 Long Range Development Plan (LRDP) for the campus was approved by the Regents in November 2005.

RECOMMENDATION

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

(1) Accept the UC Riverside 2009-19 Capital Financial Plan and Physical Design Framework; and

(2) Authorize the Riverside 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 for Capital Improvement Projects, 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’s Strategic Academic Plan and its approved campus Long Range Development Plan (LRDP).

The Riverside campus requests acceptance of its 2009/10–2018/19 Capital Financial Plan and Physical Design Framework and authorization to participate in the Pilot Program. These two documents together present an integrated academic, physical, and capital plan that is financially feasible. Acceptance of these plans, in concert with UCR’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 Program 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 Riverside 2009/10–2018/19 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 life safety systems, expand and renew infrastructure systems, and support growing academic programs. Key elements of the proposed ten-year Plan follow.
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.

**Capital Improvement Program by Fund Source**

With an estimated total value of $882.7 million, the general campus capital program is expected to be funded with a combination of non-State resources totaling $452.7 million (52 percent) and State resources totaling $430 million (48 percent). Non-State resources include $324.5 million of external financing, $85.9 million of campus funds, and $42.3 million of capital reserves.

UC Riverside’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 Riverside 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 equipment phases for two UC Riverside projects. In addition, except for Telemedicine programs, the Special Session 2009-10 Budget Act included no State funding for University capital projects.
UC Riverside has a limited history of capital projects funded wholly from gift funds, or as a component of a larger funding mix. These have nonetheless provided the campus with the opportunity to build facilities unique to the culture of the campus and the region (e.g. Culver Center for the Arts; Alumni Visitor Center). As presently articulated, the Ten-Year Plan assumes no gift funds for listed projects. Strategic opportunities for gift funds for capital purposes will be evaluated in future gift campaigns. The campus will advance projects once gift targets have been reached. The campus is pursuing economic stimulus grant funding from 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.

**Capital Improvement Program by Function**

By function for the general campus, $259.6 million of the proposed general campus ten-year plan is expected to be spent on housing facilities, $389.8 million for instruction and research facilities, $51.3 million for student fee-funded facilities, $62.8 million for infrastructure projects, $23.4 million for parking projects and $95.8 million for miscellaneous projects.

---

1 “General Campus” encompasses all undergraduate, graduate, and professional programs, as well as School of Medicine Programs in interim East Campus facilities.
Capital Improvement Program by Category

By improvement category for the general campus, $662.2 million is expected to be spent on new facilities, $157.8 million on building renovations, and $62.7 million on infrastructure development and renewal projects.

External Financing by Program

The general campus capital improvement program reflects an estimated need for $324.5 million of external financing: $15.7 million for auxiliary parking facilities, $51.3 million for auxiliary student fee facilities, $252.1 million for housing facilities, $5.4 million for Education and General facilities.

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), 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.
Capital Improvement Program for the School of Medicine

With an estimated total value of $477.9 million, the School of Medicine 2009/10–2018/19 capital improvement program for initial buildout envisions four major capital projects and is expected to be funded with a combination of Other (to-be-identified)\(^2\) resources totaling $412 (86 percent) and State resources totaling $65.9 million (14 percent).

Broken down by investment type for the School of Medicine, $408 million (85 percent) is expected to be spent on new facilities, and $69.9 (15 percent) on infrastructure projects.

**Physical Design Framework**

The UC Riverside 2009/10–2018/19 Physical Design Framework (Framework) describes a vision for creating a physical environment at UC Riverside, consistent with the 2005 Long Range Development Plan (LRDP), which supports the academic research and service mission of the Riverside 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 Riverside 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 UC Riverside 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

\(^2\) “Other” includes all State and non-State resources which could potentially be considered for the envisioned projects. State funds within currently assumed parameters, however, would not be sufficient to complete development of these projects within the 10-year planning period. Identification of additional State funding or alternative fund sources for capital startup needs will be needed.
development to enhance the unique campus aesthetic within the context of a more developed “East Campus”, an emergent greenfield “West Campus”, and the capacity limitations and opportunities of the associated 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 Riverside 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 UC Riverside LRDP, approved by the Regents in November 2005, sets forth the overall land use plan for development of the campus through a projected horizon year of 2015. The environmental effects of development under the 2005 LRDP were evaluated in the LRDP Environmental Impact Report. 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 Plan)