

FINANCE AND CAPITAL STRATEGIES COMMITTEE

November 15, 2018

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. **APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, BAKAR BIOENGINEERING HUB AT WOO HON FAI HALL, BERKELEY CAMPUS**

Following review and consideration of the environmental consequences of the proposed Bakar BioEngineering Hub, as required by the California Environmental Quality Act, including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee recommends that the Regents:

- A. Determine that the project is categorically exempt from the California Environmental Quality Act.
- B. Approve the design of the Bakar BioEngineering Hub project, Berkeley campus.

Committee vote: Regents Anderson, Anguiano, Kieffer, Leib, Makarechian, Park, and Sherman voting “aye.”

Board vote: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Kieffer, Lansing, Leib, Makarechian, Morimoto, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting “aye.”

2. **APPROVAL OF THE 2018-28 CAPITAL FINANCIAL PLAN**

The Committee recommends that the University of California 2018-28 Capital Financial Plan be approved.

Committee vote: Regents Anderson, Anguiano, Kieffer, Leib, Makarechian, Park, and Sherman voting “aye.”

Board vote: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Kieffer, Lansing, Leib, Makarechian, Morimoto, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting “aye.”

3. **UNIVERSITY OF CALIFORNIA FINANCIAL REPORTS, 2018**

The Committee recommends that the Regents adopt the 2017-18 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers.

Committee vote: Regents Anderson, Anguiano, Kieffer, Leib, Makarechian, Park, and Sherman voting “aye.”

Board vote: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Kieffer, Lansing, Leib, Makarechian, Morimoto, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting “aye.”

4. **APPROVAL OF BUDGET AND SCOPE, APPROVAL OF EXTERNAL FINANCING AND EXTERNAL FINANCING SUPPORTED BY STATE GENERAL FUNDS, AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, TEACHING AND LEARNING COMPLEX, DAVIS CAMPUS**

The Committee recommends to the Regents that:

- A. The 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Davis: Teaching and Learning Complex – preliminary plans – \$3.4 million to be funded from campus funds.

To: Davis: Teaching and Learning Complex – preliminary plans, working drawings, construction, and equipment – \$86,337,000 to be funded from external financing supported by State appropriations under the process described in Sections 92493 through 92496 of the California Education Code (\$50 million) and external financing supported by general revenues of the Davis campus (\$36,337,000).

- B. The scope of the Teaching and Learning Complex project shall provide approximately 65,200 assignable square feet (100,000 gross square feet) in a four-story structure. The facility includes approximately 2,000 general assignment classroom seats totaling approximately 41,500 assignable square feet (asf), as well as approximately 5,600 asf for student study and collaboration, approximately 12,700 asf of office space, and approximately 5,400 asf for building support space. The scope also includes plazas, bicycle parking, and the demolition of the Surge IV structures currently on the site.

- C. The President of the University be authorized to obtain external financing not to exceed \$36,337,000 plus additional related financing costs. The President shall require that:

(1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

(2) As long as debt is outstanding, general revenues of the Davis campus shall

be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

- (3) The general credit of the Regents shall not be pledged.
- D. The President be authorized to obtain external financing not to exceed \$50 million plus related interest expense and additional related financing costs. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (2) The primary source of repayment shall be from State General Fund appropriations, pursuant to the Education Code Section 92493 et seq. Should State General Fund appropriation funds not be available, the President shall have the authority to use any legally available funds to make debt service payments.
 - (3) The general credit of the Regents shall not be pledged.
- E. Following review and consideration of the environmental consequences of the proposed Teaching and Learning Complex project, as required by the California Environmental Quality Act (CEQA), and including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 24 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the CEQA Findings in support of the project.
 - (2) Approve the design of the Teaching and Learning Complex project, Davis campus.

Committee vote: Regents Anderson, Anguiano, Kieffer, Leib, Makarechian, Park, and Sherman voting “aye.”

Board vote: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Kieffer, Lansing, Leib, Makarechian, Morimoto, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting “aye.”

5. **CONSENT AGENDA**

- A. *Approval of the University of California 2019-20 Budget for State Capital Improvements*

The Committee recommends that the 2019-20 Budget for State Capital Improvements be approved as shown below:

		State General Funds Financed (\$000s)	Phase
Berkeley	University Hall Seismic Safety Corrections	\$6,050	Construction
Irvine	Student Wellness & Success Center	\$13,000	Construction
Riverside	Pierce Hall Interiors	\$13,000	Construction Equipment
Santa Barbara	Classroom Building	\$79,787	Construction
Santa Cruz	Kresge College Academic	\$47,200	Construction Equipment
Division of Agriculture & Natural Resources	Facilities Renewal and Improvements	\$19,237	Preliminary Plans Working Drawings Construction
Capital Projects Total		\$178,274	
2019-20 Systemwide State Deferred Maintenance Program		\$35,000	
TOTAL STATE FUNDS FINANCED		\$213,274	

B. *Approval of Preliminary Plans Funding, Classroom Building, Santa Barbara Campus*

The Committee recommends that the 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Santa Barbara: Classroom Building – preliminary plans – \$2.1 million, to be funded from campus funds.

C. *Amendment of Preliminary Plans Funding, UCSF Research Building at Zuckerberg San Francisco General Hospital, San Francisco Campus*

The Committee recommends that the 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: UCSF San Francisco General Hospital Research Building – preliminary plans – \$10.9 million to be funded from campus funds.

To: San Francisco: UCSF Research Building at Zuckerberg San Francisco General Hospital – preliminary plans – \$19.88 million to be funded from campus funds.

D. *Approval of Preliminary Plans Funding, Scope, and Working Drawings Funding, Roadway and Site Improvements at Zuckerberg San Francisco General Hospital, San Francisco Campus*

The Committee recommends that:

- (1) The 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

San Francisco: Roadway and Site Improvements at Zuckerberg San Francisco General Hospital – preliminary plans and working drawings – \$3,711,000, to be funded from campus funds.

- (2) The scope of the Roadway and Site Improvements at Zuckerberg San Francisco General Hospital (ZSFG) project shall provide a new east-west roadway on the ZSFG campus connecting the on-campus hospital loop roadway with Vermont Street; site improvements include: installation of landscaping, pedestrian pathways, drainage, accessible parking spaces, and utilities serving the roadway. The work includes the removal or relocation of existing utilities and parking spaces, relocation of a historic decorative fountain, and installation of underground utilities serving the new research building.

E. *Approval of Preliminary Plans Funding, Hillcrest Campus Outpatient Pavilion and Parking, San Diego Campus*

The Committee recommends that the 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Hillcrest Campus Outpatient Pavilion and Parking – preliminary plans – \$20 million, to be funded from campus funds.

Committee vote: Regents Anderson, Anguiano, Kieffer, Leib, Makarechian, Park, and Sherman voting “aye.”

Board vote: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Kieffer, Lansing, Leib, Makarechian, Morimoto, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting “aye.”

6. **APPROVAL OF THE UNIVERSITY OF CALIFORNIA 2019-20 BUDGET FOR CURRENT OPERATIONS**

The Committee recommends that the Regents approve the proposed budget plan shown in Attachment 1, *University of California 2019-20 Budget Plan for Current Operations*.

Committee vote: Regents Anderson, Anguiano, Kieffer, Leib, Makarechian, Park, and Sherman voting “aye.”

Board vote: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Kieffer, Lansing, Leib, Makarechian, Morimoto, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting “aye.”

UNIVERSITY OF CALIFORNIA

2019-20 BUDGET PLAN FOR CURRENT OPERATIONS

2018-19 CORE FUNDS FOR CURRENT OPERATIONS

Total 2018-19 Core Funds (State General Funds, Student Tuition and Fee Revenue, and UC General Funds) \$ 9,314.4

PROPOSED CHANGES IN EXPENDITURES

Enrollment Growth at Marginal Cost	\$ 86.3
Mandatory Costs	
Retirement contributions	\$ 20.2
Employee health benefits	\$ 21.1
Retiree health benefits	\$ 7.0
Contractually committed compensation	\$ 30.4
Non-salary price increases	\$ 41.0
Subtotal	\$ 119.8
Degree Attainment & Student Success	\$ 60.0
Student Mental Health Resources	\$ 5.3
Other High-Priority Costs	
Faculty compensation (nonrepresented)	\$ 94.4
Staff compensation (nonrepresented)	\$ 42.6
High-priority capital needs (AB 94)	\$ 15.0
Deferred maintenance (<i>one-time</i>)	\$ 100.0
Subtotal	\$ 252.0
Financial Aid	
Enrollment growth - Return-to-aid	\$ 19.3
Add'l aid for basic student needs	\$ 15.0
Subtotal	\$ 34.3
TOTAL INCREASE IN EXPENDITURES	\$ 557.8
<i>Ongoing</i>	\$ 457.8
<i>One-Time/Discretionary</i>	\$ 100.0

PROPOSED CHANGES IN REVENUES

Cost Savings/Alternative Revenues	
Asset management	\$ 30.0
Philanthropy	\$ 20.0
Procurement savings	\$ 10.0
Reallocation from nonresident aid	\$ 14.0
Subtotal	\$ 74.0
State General Funds	
State support base increase (3.7%)	\$ 127.9
Replace Tuition/Stud Svcs Fee incr. (2.6%/5.0%)	\$ 63.8
Financial aid for basic student needs	\$ 15.0
CA undergraduate overenroll. in 2018-19 (1,900)	\$ 21.9
PRIME MD enrollment	\$ 8.8
Enrollment growth 2019-20 (2,500 CA undergraduates / 1,000 graduates)	\$ 40.3
Deferred maintenance (<i>one-time</i>)	\$ 100.0
Subtotal	\$ 377.6
Tuition and Student Services Fees	
Enrollment growth - Tuition & Stud Svcs Fee	\$ 34.7
Enrollment growth - Return-to-aid	\$ 19.3
Subtotal	\$ 54.1
UC General Funds	
Nonresident tuition adjustment (2.6%)	\$ 28.9
Nonresident enrollment growth (800)	\$ 23.2
Subtotal	\$ 52.1
TOTAL INCREASE IN REVENUE	\$ 557.8
<i>Ongoing</i>	\$ 457.8
<i>One-Time</i>	\$ 100.0

MAINTENANCE OF 2018-19 STATE GENERAL FUND SUPPORT	\$ 145.0
Convert one-time funds provided in 2018-19 for tuition/fee buyout, 2017-18 enrollment above funded levels, and 1,000 additional students in 2018-19 to permanent funding	\$ 105.0
Convert one-time funds provided in 2018-19 to replace Prop 56 funds for graduate medical education to permanent funding	\$ 40.0

Figures may not sum to totals due to rounding.