

The Regents of the University of California

**COMMITTEE ON GROUNDS AND BUILDINGS
COMMITTEE ON FINANCE**

March 18, 1999

A Special Joint Meeting of the Committee on Grounds and Buildings and Committee on Finance was held on the above date at UCSF - Laurel Heights, San Francisco.

Members present: Representing the Committee on Grounds and Buildings: Regents Atkinson, Davies, Espinoza, Johnson, Khachigian, Kozberg, Lee, Montoya, Nakashima, and Willmon

Representing the Committee on Finance: Regents Atkinson, Bagley, Connerly, Davies, Johnson, Khachigian, Leach, Lee, Miura, and Willmon; Advisory member Taylor

In attendance: Regents Hopkinson, Lansing, Moores, Preuss, and Sayles, Regents-designate Pannor and Vining, Faculty Representatives Coleman and Dorr, Secretary Trivette, General Counsel Holst, Assistant Treasurer Young, Provost King, Senior Vice President Kennedy, Vice Presidents Broome, Darling, Gomes, Gurtner, Hershman, and Hopper, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Dynes, Greenwood, Orbach, and Yang, Executive Vice Chancellor Grey representing Chancellor Vanderhoef, Laboratory Director Shank, and Recording Secretary Bryan

The meeting convened at 8:45 a.m. with Committee on Finance Chair Johnson presiding.

1. REPORT ON THE SANTA CRUZ CAMPUS

Chancellor Greenwood reported that a millenium committee of UC Santa Cruz administrators undertook an ambitious year-long institutional planning process that examined important campus issues and opportunities for the future. Over 800 individuals were consulted. The report of the millenium committee, entitled *UCSC at a Crossroad*, articulated a set of principles that reflect UCSC's mission as an outstanding research university with an uncommon commitment to high-quality undergraduate education.

Ms. Greenwood noted that UCSC is ranked 17th among public research universities in a *U.S. News and World Report* assessment for 1999, which is consistent with other rankings over the last several years. It has been awarded five consecutive Packard Faculty Fellowships. It continues a tradition of excellence in the humanities, the arts, and the social sciences. For example, its History of Consciousness program, which is highly selective, with hundreds of students applying for a few slots every year, has a

remarkable record of placing its Ph.D. graduates in tenure-track faculty positions. Recent improvements to the arts facilities have had an enormous impact on programs. A \$32 million investment by the State has resulted in opening opportunities for research and performance for faculty, students, and the community. Another indicator of the campus' research strength is that it was ranked first in a recent study of National Science Foundation and Mellon fellowships awarded to undergraduates on a per capita basis and fourth in fellowships brought to UCSC by incoming graduate students. In this measure it is seen both as doing a good job of educating undergraduates for preparation in a highly competitive fellowship competition and also as being attractive to those who have gotten these fellowships. UCSC is committed also to high-quality undergraduate education. Its intensive residential college experience, with on-site academic advising and mentoring, provides an important environment for undergraduates. The Santa Cruz campus houses the highest percentage of undergraduates on campus of any campus in the system. The campus environment encourages internships and community service and the integration of research into the undergraduate experience.

Ms. Greenwood noted that, with regard to its development, the Santa Cruz campus has more in common with UC Merced than with the fully matured sites of UCLA and UC Berkeley. It has 11,000 students, about 3.5 million gross square feet of building area, eight completed residential colleges, and is preparing to complete two new colleges. Its current Long Range Development Plan will take it to 15,000 students, 7.5 million gross square feet of allocated space, and 12 or 13 residential colleges. UCSC has the least amount of assignable space in the system. It has challenging topography, with more than an 800-foot elevation gain across 2,000 acres, redwood-covered limestone hillsides pocketed with caverns, expansive meadows, and deep ravines. The main campus has a concentrated, pedestrian-friendly academic campus core surrounded by colleges in a natural setting. It also has a partnership with the Monterey Bay Education, Science, and Technology Center, and it intends to consolidate its Santa Clara Valley program to encompass extension, outreach, scholarship, and research.

Ms. Greenwood introduced Professor Gary Griggs, Director of the Institute of Marine Sciences at Long Marine Laboratory, who recalled that five years ago he had presented to the Regents a plan for a marine research center on the coast. At the time, the Monterey Bay region was developing into a national center for marine research and education, where it appeared that there would be opportunities to create partnerships with government agencies. After years of planning, through a combination of partnerships, collaborations, and cooperative agreements with State agencies, federal agencies, and the private sector the campus was able to develop the Institute of Marine Sciences as a site to provide new opportunities for faculty, researchers, students, and the general public. In collaboration with the State Department of Fish and Game, the campus built a \$5.5 million oil-tax-funded marine wildlife veterinary care and research center to study the effects of oil spills and to treat sea otters and other animals in the

event of a spill. The campus leveraged the use of its land in exchange for the use of a building and research funds provided by the State Department of Fish and Game. It has now received funds to build a companion oiled seabird facility, also on University land, with funds from Fish and Game, matched by private gifts, and it has a cooperative agreement with the Biological Resources Division of the U.S. Geological Survey, which is located within the institute. One cooperative research program under way is a long-term study between federal scientists and UC Santa Cruz scientists on a complicated ecosystem in Alaska focusing on sea otters, an endangered species. The Institute's cooperative agreement with the coastal and marine branch of the U.S. Geological Survey resulted in the relocation of eight of the agency's scientists to Santa Cruz.

Professor Griggs reported that the Long Marine Laboratory started a public education program about 20 years ago. Soon it will complete a marine discovery center on the bluff in Santa Cruz focused on interpreting for the public the research done by marine scientists at the campus. The discovery center will serve about 80,000 people a year and will be supported by a partnership with the UC Santa Cruz Foundation, which has brought major donors into the program. Also, in order to upgrade the Long Marine Laboratory facilities and accommodate new research, a proposal for a center for ocean health has been formulated. The Packard Foundation has provided \$5 million of the \$7 million needed to build that center, which is in the design phase and has attracted an endowed chair in ocean health.

Mr. Griggs reported that the University's Institute of Marine Sciences now has 39 affiliated faculty, 50 researchers and post doctoral students, and about 135 graduate students. Last year this group brought \$9 million in extramural funds to the campus, almost 20 percent of all the extramural research funds brought to the campus supporting marine research. The Long Marine Laboratory is surrounded by 18 marine institutions with 18,000 scientists and staff and is being recognized as a national center for marine research. By investing a small amount, the campus has attracted about \$37 million in federal, State, and private funding to develop about 115,000 square feet of new facilities. This undertaking has become a model for research, education, and outreach, with its development of new, nontraditional partners to augment University resources and provide new colleagues and collaborative opportunities for faculty, researchers, and students.

Chancellor Greenwood noted that UC Santa Cruz has found some other creative ways to achieve its educational and research objectives. She reported that a new teachers' center, located in downtown Santa Cruz, has been created in partnership with the local school system to train new teachers and keep them in the profession. The Santa Cruz New Teacher Project, which is funded by foundations, has expanded to serve the state and has been successful at increasing five-year teacher retention rates to 85 percent.

UCSC prides itself on the value of life-long learning, reflected in the efforts of University Extension, which has over 63,000 people taking courses in Silicon Valley and the Monterey Bay area. To enhance local efforts, the campus has created a partnership with the City of Santa Cruz to build the University Town Center, which will contain classrooms and computer laboratories for Extension, office space, and 100 beds for students. The lowest two floors are retail space that is part of the economic development program for post-earthquake downtown Santa Cruz.

Ms. Greenwood then introduced Mr. Brent Constance, an alumnus with a Ph.D. in Earth Sciences, who discussed one way in which the campus is improving people's lives and the economy. Mr. Constance reported that, supported by a Fulbright Scholarship and a National Science Foundation grant in graduate school, he was able to apply his basic research skills to developing a bone cement for repairing fractures. His product was approved and has been in use around the world for several years. He has started a second company to address heart valve replacements and atherosclerosis.

Chancellor Greenwood reported that since the Regents reconfirmed the implementation of UCSC's engineering school, its enrollment has doubled. It has inaugurated several new programs, including one in information systems management that is a collaboration between economics faculty and engineering faculty. She noted that the campus millenium committee concluded in its report that UC Santa Cruz is poised to secure its place in the ranks of the best American research universities.

2. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, SEISMIC SAFETY CORRECTIONS, WURSTER HALL, BERKELEY CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended as follows:

From: Berkeley: N. Seismic Safety Corrections, Wurster Hall – preliminary plans, working drawings, and construction – \$17,400,000 to be funded from State funds (\$16,625,000) and campus funds (\$775,000).

To: Berkeley: B. Seismic Safety Corrections, Wurster Hall – preliminary plans, working drawings, and construction – \$27,775,000 to be funded from State funds (\$16,625,000), external financing (\$9,600,000), campus funds (\$775,000), and gift funds (\$775,000).

It was recalled that this project will correct serious seismic safety deficiencies and will make mandatory corrections to existing accessibility and life-safety deficiencies in

Wurster Hall, a 147,630 assignable-square-foot building on the Berkeley campus that houses the College of Environmental Design and other programs. The augmentation brings the total project budget to \$27,775,000, an increase of 59.6 percent over the currently approved project cost. The requested augmentation reflects increases which have resulted chiefly from changes in building code requirements and FEMA earthquake engineering standards, and from the discovery of serious structural weakness in existing perimeter exterior columns.

Background and Current Status

In a recent reevaluation of University buildings, Wurster Hall's seismic rating was downgraded from "Fair" to "Very Poor" in December 1996. The Berkeley campus proposed the use of campus funds to prepare preliminary plans for a seismic corrections project in order to expedite the project's schedule and begin construction in 1999. The project was approved by The Regents in November 1997, at a total cost of \$17,400,000, to be funded from State funds (\$16,625,000) and campus funds (\$775,000). In July 1998, the executive architect for the project was approved. Completion of the proposed structural improvements will upgrade the seismic rating of the building from "Very Poor" to "Good."

During the preliminary plans phase, which included a detailed structural analysis of the building, additional structural deficiencies were discovered. The campus has evaluated several structural reinforcement alternatives to identify the most cost-effective scheme consistent with the project's goals, concluding that the newly discovered structural deficiencies need to be addressed by improving the original structural reinforcing scheme. The campus has determined that a budget augmentation is necessary in order to proceed with the project.

Budget Augmentation Information

The proposed augmentation is the result of recent changes in building code requirements and engineering standards, the discovery of serious structural weakness, and related factors such as increased surge costs and fees. These new code and engineering standards effectively doubled the seismic forces that buildings near earthquake faults are required to be able to resist. To increase the stiffness of the building in response to these new, higher design forces, shear wall locations were revised, foundation work was increased, and reinforcing was added to interior columns. Engineering analysis during preliminary design also revealed that the exterior columns of the building, formed of lightweight concrete, are much weaker than previously thought, and as a consequence the building needs a secondary support system at its perimeter to compensate for this weakness.

Construction-related increases of \$7,511,000 include the following:

- Relocation of building utilities (\$2,800,000): The revised location and greater extent of the shear walls and foundations have increased the impact of construction on the vertical and horizontal pathways for the building's electrical, heating and ventilating, plumbing, voice telecommunications, and electronic data systems.
- Demolition and reconstruction of library stack levels (\$2,100,000): The study upon which the original budget was based did not require demolition of existing library stack levels, which subsequently were found during preliminary design to be seismically unsafe.
- Exterior "fin" columns (\$1,004,000): Structural engineering studies of the building conducted during the preliminary design phase revealed that the existing concrete light-weight concrete perimeter "fin" columns are inadequate to resist moderate seismic forces.
- Additional shear wall and foundation work (\$927,000): The revised design relocates shear walls and increases the extent of foundation work as a result of the increased design forces dictated by Title 24 and by FEMA earthquake engineering standards. This design includes an enclosed buttress-like shear wall "tube" attached to the building's exterior which will result in a net increase of 13,560 gross square feet (6.3 percent) for the building. The lower four floors of the structure will be finished and occupied as replacement space for programmatic uses displaced by the interior seismic work; there will be a 113 asf net addition to the building. In addition, relocated shear walls in the main lobby area require reconfiguration and rebuilding of the main access stair.
- Interior column reinforcement (\$680,000): Engineering analysis of increased design forces under the new Title 24 and FEMA standards revealed that the interior columns throughout the building need reinforcing to prevent buckling. The reinforcement will be accomplished by special fiber wrap reinforcement, a less invasive and therefore less costly method than wrapping with steel jackets or steel reinforcing bar and concrete. In addition, a one-story section of a below-grade exterior wall and a four-story section of a stairwell wall will be reconfigured with fiber wrap to prevent spalling of the concrete.

Project development costs of \$2,864,000 include the following:

- Additional fees (\$1,294,000): The increased architectural, mechanical, electrical, and telecommunications scopes of work occasioned by the revised design have led to increased design professional fees. The increased scope of the construction work has resulted in the deployment of additional campus personnel over a longer period than previously budgeted.

- Increased costs for surge space (\$676,000): The structural reinforcing scheme proposed for this building has increased the number of spaces that must be vacated temporarily prior to or during the course of construction, as well as the length of time some spaces would have to remain vacant, resulting in additional costs for surge space, for moving occupants, and for making temporary space suitable for their needs.
- Interest during construction (\$550,000): Use of external financing as a fund source requires budgeting for anticipated interest costs during construction which are capitalized to the project.
- Increased costs for surveys, tests, and contingency (\$288,000): The increased foundation work has resulted in the need for additional surveys and testing. The project contingency has been increased in response to higher overall project costs and complexity.
- Other special costs (net increase \$56,000): The costs of hazardous materials surveys and testing, independent structural review, and agency review increased along with the increased scope of the work (\$132,000), while the cost of environmental review was lower than expected (-\$76,000), resulting in a net increase for this cost category.

Revised Project Cost and Funding

The augmentation will be funded from external financing and gifts. The revised total project cost is now proposed to be funded from a combination of State funds, external financing, campus funds, and gifts. Repayment of the external financing will be from the Berkeley campus' share of the University Opportunity Fund.

Vice Chancellor Denton reiterated that the seismic improvements for Wurster Hall had to be revised because of recent upgrades in the seismic code. He noted that it will be necessary to adhere to the new codes in order to bring Wurster Hall up to a rating of "Good." The new codes reflect information learned from the Northridge and Kobe earthquakes, including that buildings close to faults experience increased ground forces that will cause them to move more than was previously thought. Also, he recalled that a new methodology is being used by structural engineers that employs a computer model to apply force to existing buildings at increasing levels and measure how well the buildings perform. When this model was applied to Wurster Hall, it became clear that certain structural elements would actually fail under the previous plan.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

3. **APPROVAL OF DESIGN, SEISMIC SAFETY CORRECTIONS, WURSTER HALL, BERKELEY CAMPUS**

The President recommended that the Committee on Grounds and Buildings:

- (1) Adopt the Findings indicating that the project is exempt from the California Environmental Quality Act.
- (2) Approve the design of the Seismic Safety Corrections, Wurster Hall project, Berkeley campus.

It was recalled that in November 1997, The Regents approved inclusion of the Seismic Safety Corrections, Wurster Hall project, Berkeley campus, in the 1997-1998 Budget for Capital Improvements and the 1998-2003 Capital Improvement Program. In July 1998, the appointment of Esherick Homsey Dodge and Davis of San Francisco as executive architect for this project was administratively approved within the Office of the President.

Project Site

The site of the existing Wurster Hall is located in the southeast quadrant of the Berkeley campus. The site is adjacent to the Alquist-Priolo Special Studies Zone for the Hayward Seismic Fault; there are three fault trace segments within approximately 300 to 600 feet of the site.

Project Design

The existing Wurster Hall contains 147,630 assignable square feet within a total area of 216,456 gross square feet serving the College of Environmental Design, the Environmental Design Library, part of the Department of Art Practice, and two organized research units, the Center for Environmental Design Research and part of the Institute of Urban & Regional Development. The project will upgrade the seismic performance of Wurster Hall from "Very Poor" to "Good" in accordance with the University's Policy on Seismic Safety and will correct life safety and accessibility deficiencies in the building.

The design of the Seismic Safety Corrections, Wurster Hall project has been reviewed in accordance with University policy by the Berkeley campus' Design Review Committee. Independent structural review has been conducted at each stage of the project development. The project will be managed by the Berkeley campus' Department of Planning, Design and Construction. Outside consultants and testing agencies will be used as necessary. Project oversight will be performed by the Vice Chancellor for Capital Projects for the Berkeley campus.

Environmental Impact Summary

The California Environmental Quality Act (CEQA) Guidelines contain a variety of "categorical exemptions" for classes of projects which have been determined not to have a significant effect on the environment. CEQA Guidelines provide that operation, repair, maintenance or minor alteration of existing public or private structures, involving negligible or no expansion of use beyond that previously existing, is exempt from the requirements of CEQA. A subsection provides for additions to existing structures, provided that the addition would not result in an increase of more than 10,000 square feet if the project is in an area where all public services and facilities are available, to allow for maximum development permissible in the General Plan and if the area in which the project is located is not environmentally sensitive. The Seismic Safety Corrections, Wurster Hall project will alter and add to the existing Wurster Hall. A buttress structure will add 113 asf of net new finished space and 5,609 square feet of shell space, which may be converted to assignable square feet as part of a separate future project.

Section 15302 of the CEQA Guidelines also allows for replacement or reconstruction of existing structures and facilities where the new structure would be located on the same site as the structure replaced and would have substantially the same purpose and capacity as the structure replaced. This exemption includes replacement or reconstruction of existing schools to provide earthquake resistant structures which do not increase the capacity more than 50 percent. The Seismic Safety Corrections, Wurster Hall project will reconstruct portions of the structure to provide earthquake resistance. The reconstructed facility will be used for the same purpose for which it is currently used, and the project will increase the capacity of the facility by far less than 50 percent.

Findings

As addressed further in the Findings the Seismic Safety Corrections, Wurster Hall project is exempt from CEQA.

[The Findings were mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Upon motion duly made and seconded, the Committee on Grounds and Buildings approved the President's recommendation.

4. **EXTERNAL FINANCING FOR SEISMIC SAFETY CORRECTIONS, WURSTER HALL, BERKELEY CAMPUS**

The President recommended that the Committee on Finance recommend that, subject to the amendment of the Budget for Capital Improvements and the Capital Improvement Program to include this project:

- A. Funding for the Seismic Safety Corrections, Wurster Hall project, Berkeley campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
State Funds	\$16,625,000
External Financing	9,600,000
Campus Funds	775,000
Gift Funds	<u>775,000</u>
Total	\$27,775,000

- B. The Treasurer be authorized to obtain external financing not to exceed \$9.6 million to finance a portion of the cost of construction of the Seismic Safety Corrections, Wurster Hall project, Berkeley campus, subject to the following conditions:

- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- (2) Repayment of the debt service shall be from the Berkeley campus' share of the University Opportunity Fund.
- (3) The general credit of The Regents shall not be pledged.

- C. The Officers of The Regents be authorized to provide certification that interest paid by The Regents is exempt from federal income taxation under existing law.

- D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

Financial Feasibility

Based on debt of \$9.6 million at 6.5 percent interest amortized over 27 years, the average annual debt service will be approximately \$763,000. Seventeen percent of the campus' estimated Opportunity Funds generated in FY 2002 will be pledged for debt. Both Opportunity Fund pledge and payment levels fall within prescribed limits.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board.

5. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, SPRAGUE HALL, IRVINE CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended as follows:

Irvine: A. Sprague Hall – preliminary plans, working drawings, and construction – \$26 million to be funded from external financing (\$15 million) and gift funds (\$11 million).

It was recalled that the Irvine campus proposes to construct the Robert R. Sprague Family Foundation Hall (Sprague Hall), a 37,000 assignable-square-foot laboratory that would provide research and office space for interdisciplinary research initiatives in cancer, genetics, and immunology/infectious disease.

The Committee was informed that life sciences programs at the Irvine campus are areas targeted for significant growth in the next five years. The College of Medicine's (COM) strategic plan, for instance, calls for the recruitment of 40 additional research faculty over five years. Ten of these new faculty members have already been recruited. The School of Biological Sciences is projecting 31 additional faculty by 2003-04 to accommodate projected enrollment growth of nearly 30 percent. Academic and strategic plans for both units stress research in cancer, genetics, and immunology/infectious disease as areas of rapid growth, with a significant number of new faculty recruited into these areas.

Neither COM nor Biological Sciences has adequate space to support projected growth. The completion of the William J. Gillespie Neurosciences Research Facility in 1997 partially met COM's existing space needs. Moreover, more than 60 percent of the College's campus research space is housed in facilities that were completed in the 1960s and 1970s. Not only are these buildings overcrowded, they are technologically inadequate for many modern research techniques. The School of Biological Sciences is in similar circumstances, having received no new space since 1990. All existing space is fully occupied. Although the School will be assigned additional space with the completion of the State-funded Natural Sciences Unit 1 facility, scheduled for 2002, the new building will accommodate only 15 of the 31 new faculty projected by 2003-04. These conditions have already resulted in overcrowded laboratories and inadequate support space, which has negatively affected both the amount and types of research that can be undertaken and the recruitment and retention of faculty.

Some of the specific problems already experienced by researchers in COM and biological sciences include the following:

- Overcrowding of existing laboratories, resulting in inadequate bench space for experiments, which in turn has limited the size of research teams and has resulted in the sacrifice of desk space and related work areas to preserve bench space.
- Lack of support space, requiring storage of equipment in the laboratories themselves, further exacerbating the overcrowding problem. In some instances, conference rooms have been converted to shared equipment rooms, but these options have already been exhausted.
- Outmoded building systems limit research capabilities, including HVAC systems that are not capable of providing precise control for temperature-dependent projects, electrical capacity that is inadequate for much of the equipment required for current research initiatives, and inefficient, aging fume hoods.

Multidisciplinary programs such as cancer, genetics, and immunology and infectious disease research are affected not only by the lack of space but also by the dispersion of facilities. The 50 investigators involved in genetics research have their laboratories dispersed over ten departments and a dozen buildings throughout COM and the School of Biological Sciences. Researchers in cancer and immunology/infectious disease are similarly scattered. This situation works against collaboration in research, since it restricts opportunities for faculty to interact directly and develop the relationships that lead to new research initiatives.

In order to address the problems of inadequate and dispersed laboratory facilities, the Sprague Hall project will provide a total of 37,000 asf, including 29,400 asf of research space. Initially, this space will be assigned to all three programs currently proposed for inclusion in the building; however, as program growth continues, a third facility in the Irvine Biomedical Research Center complex is planned. This third facility will provide permanent, expanded space for immunology and infectious disease, while the cancer and genetics programs will continue to expand in Sprague Hall.

Space released by the relocation of faculty will revert to the Deans of the School of Biological Sciences and COM for reassignment within their respective schools.

Project Description

The proposed project will construct space for interdisciplinary research as well as offices for faculty and administrative support space. Research laboratory and support space will include wet laboratories configured and equipped as open-plan laboratories in a flexible modular fashion to provide the greatest ability to adapt to changes in programs and research techniques over the life of the building. In addition to the open laboratories, one bio-containment laboratory will be provided for research in infectious diseases. Research support facilities will include generic laboratory support space that

can be adapted for a variety of uses, as well as specially outfitted spaces such as environmental rooms, glass washing facilities, media prep rooms, and a combinatorial chemistry facility.

Related Site and Infrastructure Development

Sprague Hall will be sited in the southwest quadrant of the Health Sciences complex, directly adjacent to the Gillespie Neurosciences Research Facility. The new building will be physically linked to the Gillespie building via an underground tunnel that will provide access to the existing building's basement animal facility.

Project Cost and Funding

The total project cost is to be funded from external financing and gift funds. Repayment of the external financing will be from groundlease income payments from The Irvine Company for land leased from UC to develop a portion of University Research Park.

Environmental Classification

In accordance with University procedures for the implementation of the California Environmental Quality Act of 1970, an Initial Study/Negative Declaration will be prepared to determine potential environmental impacts of the project and will be presented to The Regents in conjunction with project design review and approval.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

6. **EXTERNAL FINANCING FOR SPRAGUE HALL, IRVINE CAMPUS**

The President recommended that the Committee on Finance recommend, subject to the amendment of the 1998-99 Budget for Capital Improvements and the 1998-2003 Capital Improvement Program to include Sprague Hall, Irvine campus, that:

A. Funding for Sprague Hall, Irvine campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
External Financing	\$15,000,000
Gift Funds	<u>11,000,000</u>
Total	\$26,000,000

- B. The Treasurer be authorized to obtain external financing in an amount not to exceed \$15 million to finance a portion of the construction of Sprague Hall, Irvine campus, subject to the following conditions:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) Repayment of the debt shall be from Irvine campus groundlease income available to the Chancellor.
 - (3) The general credit of The Regents shall not be pledged.
- C. The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for the purposes of federal income taxation under existing law.
- D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

Financial Feasibility

The total project cost is estimated to be \$26 million, to be funded from a combination of external financing and gift funds. The gift campaign is well under way, with over \$3 million available in cash and a pledge to provide an additional \$2 million. Any funds that are not received prior to the awarding of a construction contract will be advanced from campus Opportunity Funds available to the Chancellor.

Based on a debt of \$15 million amortized over 27 years at 6.5 percent interest, the average annual debt service is \$1,193,000. Repayment of the external financing will be from groundlease payments from The Irvine Company for land leased from UC Irvine to develop a portion of University Research Park. It should be noted that Sprague Hall is being built to provide laboratory and support space for the recruitment and retention of faculty in the life sciences. As such, the use of Sprague Hall will be limited to UC faculty and researchers. No space in the facility will be offered for use by other universities or industries.

Regent Leach asked that the background material for future similar action items include descriptions of the ratio of assignable square feet to gross square feet, the comparable fixed statistics for the Building Owners and Management Association, the cost per gross and assignable square foot, and the cost of comparable university projects.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board.

7. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, ELEANOR ROOSEVELT COLLEGE HOUSING AND DINING FACILITIES, SAN DIEGO CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended as follows:

San Diego: B. Eleanor Roosevelt College Housing and Dining Facilities -- preliminary plans, working drawings, construction, and equipment -- \$83,323,000 total project cost to be funded from external financing (\$76,176,000), University of California Housing System (UCHS) Net Revenues (\$5,061,000), and gift funds (\$2,086,000).

It was recalled that the San Diego campus proposes to construct 373,033 assignable square feet of new on-campus residence halls and apartments, which would include 1,238 total beds and associated dining and support facilities. Of the total number of beds, 980 beds will serve Eleanor Roosevelt College, the newest of UCSD's five colleges, and 258 will serve UCSD's International House.

The proposed project is necessary to satisfy current and future demand for affordable on-campus housing for UCSD undergraduates. In particular, because the majority of undergraduate housing at UCSD is programmatically tied to the campus' college system, the project would achieve the additional benefit of developing permanent facilities for Eleanor Roosevelt College. The college will relocate to a permanent home on the north part of the UCSD campus and release existing space for the developing Sixth College.

Background

Eleanor Roosevelt College enrolled its first freshman class in fall 1988 and has approximately 2,200 students. It is projected that the college would serve an undergraduate student population of approximately 3,000 in the year 2002. Eleanor Roosevelt College houses 679 students in residence halls and undergraduate apartments assigned to the college. An additional 203 students are dispersed in housing elsewhere on campus, and the balance are commuters living off campus. The residential facilities are separated from the college provost, academic advising, and student affairs offices by a substantial distance. The college also lacks dining facilities. The proposed project and a separate State-funded project, "Eleanor Roosevelt College Classrooms and Instructional Support," will create a physical home for all Eleanor Roosevelt College students by providing adjacent locations for residence halls, undergraduate apartments,

dining, commons, provost, academic advising, student affairs, and core instructional space.

The general education requirements of Eleanor Roosevelt College stress international studies, comparative culture, and foreign language. For this reason, UCSD International House, a specialized program within the housing program at UCSD, is located in 157 bed spaces near Eleanor Roosevelt College. Residents include upper division undergraduate students, graduate students, faculty, and visiting scholars from the U.S. and abroad. International House's mission to promote awareness for international exchange by providing space for learning, teaching, and sponsoring cross-cultural activities among faculty, students, and the community parallels the focus of Eleanor Roosevelt College. Given a predominance of programs emphasizing international studies in the north area of campus and UCSD's desire to expand international education programs, the relocation of Eleanor Roosevelt College to the north campus and the construction of a new expanded International House with the college would provide a residential and programmatic complement to international studies programs. Upon completion of the project, bed spaces used by International House in its current location will be reassigned within the total inventory of UCHS bed spaces on campus and will be filled by undergraduates.

Demand Factors

UCSD has on-campus housing for 5,116 single undergraduates. Residence hall beds have maintained an annual average occupancy of 97 percent over the last five years, while undergraduate apartments have maintained an annual average occupancy rate of 98 percent. Demand for on-campus housing remains high. In fall 1998, the number of incoming students who applied for on-campus housing exceeded availability by about 888 beds, even after the creation of 129 temporary spaces. Without additional housing, the campus would be able to accommodate only 30 percent of the projected undergraduate population in 2002-03, the year the proposed project is to be completed. Assuming the current housing demand of 40 percent of total undergraduate enrollment, there would be an estimated shortfall of 1,667 undergraduate beds.

The shortage of reasonably priced rentals in the community surrounding UCSD strongly affects the demand for on-campus housing. The campus is located in La Jolla, an area where housing costs are high relative to what students can afford. The apartment vacancy rate in this area is approximately 1 percent and is expected to remain severely constrained as enrollment increases.

Project Description

The proposed project consists of the following related components: (1) Eleanor Roosevelt College residence halls and undergraduate apartments; (2) Eleanor Roosevelt College dining facility, residential support, commons space, and multipurpose assembly

facilities; (3) International House apartments; (4) International House Residential Support; and (4) International House multipurpose event facility. Each project component is described in detail below.

- Eleanor Roosevelt College Residence Halls and Undergraduate Apartments (246,595 asf): The project will provide two types of housing: residence halls and undergraduate apartments. The residence halls will provide 450 student beds in 40 suites. Thirty suites will be comprised of five double-occupancy bedrooms and one single occupancy bedroom, and ten suites will have six double-occupancy bedrooms. All suites will have a small lounge, bathroom, and storage space. In addition, the residence halls will include ten Resident Advisor beds and a lounge on each floor to be shared by a cluster of eight suites. The apartments will house 504 student beds in a total of 126 apartment units, each having four single-occupancy bedrooms, one bathroom, a kitchen-dining room, living room, and storage area. The apartments will also include eight two-bedroom apartments for Resident Advisors, each with a student roommate. The total student beds provided in the apartments will be 512.
- Eleanor Roosevelt College Dining, Ancillary, Commons, and Multipurpose Assembly Facilities (33,468 asf): The dining facility will provide full service dining, including a kitchen, serving and storage area, a dining room to seat 300 people, and office space for dining staff. The ancillary services and commons areas will include space for the administrative functions of the housing complex, mailboxes for the residents, student activity center/game room, two lounges, and maintenance and custodial space. In addition, multipurpose assembly facilities and office space will be provided.
- International House Apartments (85,560 asf): The International House will accommodate 240 students in 60 apartment units, each having four single occupant bedrooms, one bathroom, a kitchen-dining room, living room and storage area. The apartments will also include six two-bedroom apartments for Resident Advisors, each with a student roommate (providing an additional six student beds). The total student beds provided in the apartments will be 246. In addition, six short-term housing units for visiting faculty and scholars, and two non-revenue apartments for live-in staff and faculty-in-residence are proposed.
- International House Residential Support (1,210 asf): The residential support space for International House is comprised of administrative space for residential life staff, resident advisor duty office, a reception area, staff work room, and an equipment/publicity room.
- International House Multipurpose Event Facility (6,200 asf): The multipurpose event facility includes an assembly hall for dinners, dances, performances and

exhibitions, an institutional kitchen for preparation of meals for large groups of people, community organizations/ volunteer office, and a reception area.

Related Site Improvements

The project will also include a new campus entry road, signaled intersection, landscaping, irrigation, lighting, and pedestrian walks throughout the complex. The project will displace 975 surface parking spaces, and the estimated cost of the proposed project includes compensatory funding from UCHS reserves to support replacement of this displaced parking in a surface lot to be approved by the Chancellor at a later date. The related "North Torrey Pines Parking Structure" project will provide partial replacement of the parking spaces which are anticipated to be lost to construction.

Project Funding

The total project cost of \$83,323,000 is to be funded from external financing, UCHS net revenues, and gift funds. Repayment of the external financing will be from student rents generated by the proposed project and from existing undergraduate residence hall and apartment spaces at the San Diego campus. Gift funds are intended to pay for the stand-alone, multipurpose event facility related to International House functions. If gift funds are not in hand at the time the project is ready to bid, the campus intends to delay construction of the International House multipurpose event facility until gift funds are available.

Environmental Classification

In accordance with University of California guidelines for the implementation of the California Environmental Quality Act of 1970, an Environmental Impact Report will be prepared for consideration by The Regents in conjunction with the project design review and approval at a future meeting.

Regent Connerly asked about the status of long-range planning for student housing. Senior Vice President Kennedy recalled that detailed information about availability and vacancy rates around the system was provided to the Regents last fall. Since then, work has been completed on housing plans. He indicated that in the near future he would present to the Regents an update reflecting that work.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

8. **EXTERNAL FINANCING FOR ELEANOR ROOSEVELT COLLEGE HOUSING AND DINING FACILITIES, SAN DIEGO CAMPUS**

The President recommended that, subject to the amendment of the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program to include the Eleanor Roosevelt College Housing and Dining Facilities, San Diego campus, the Committee on Finance recommend that:

- A. Funding for Eleanor Roosevelt College Housing and Dining Facilities, San Diego campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
External Financing	\$76,176,000
University of California Housing System Net Revenue Fund	5,061,000
Gift Funds	<u>2,086,000</u>
Total	\$83,323,000

- B. The Treasurer be authorized to obtain external financing not to exceed \$76,176,000 to finance the Eleanor Roosevelt College Housing and Dining Facilities, San Diego campus, subject to the following conditions:

- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- (2) As long as the debt is outstanding, the University of California Housing System fees for the San Diego campus shall be established at levels sufficient to meet requirements of the University of California Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and meet the related requirements of the proposed financing.
- (3) The general credit of The Regents shall not be pledged.

- C. The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for the purposes of federal income taxation under existing law.

- D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was noted that, without this project, the campus's two-year housing guarantee policy for undergraduate students applying by an early deadline could not be met.

The shortage of reasonably priced rentals in the community surrounding UCSD strongly affects the demand for on-campus housing. The cost of a two-bedroom unit in La Jolla or University City averages over \$1,212 per month (\$606 per person,

assuming single occupancy in each room) and is projected to increase 5 percent annually. The monthly rate (utilities included) at the campus's undergraduate apartments is currently \$483 for a single room. Students will continue to find that on-campus housing offers an attractive, cost-competitive option. Eleanor Roosevelt College enrollment is 2,200 students and is projected to grow to 3,000 students. All housing spaces assigned to ERC are filled, and 203 ERC students were placed in other campus housing.

The proposed project will also construct an International House. International House, a residential program providing rich, cross-cultural experiences, is located near the existing ERC apartments. In Fall 1998, 247 International House students requested beds. Of the 247, 157 students were assigned a place.

Financial Feasibility

The total project cost would be funded from a combination of external financing, University of California Housing System Net Revenue funds, and gift funds. Gift funds, in their entirety, are intended to pay for a stand-alone, multipurpose event facility related to International House functions.

Based on external financing of \$76,176,000 amortized over 27 years at 6.5 percent interest, the estimated annual debt service would be \$6,057,000. The debt service would be repaid from San Diego campus housing fees. The total estimated annual revenue for the first full year of operation for the project would be approximately \$11,548,000. Annual operating expenses are estimated to be \$3,956,000 in the first full year of operation for a total annual expense of \$10,013,000.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board.

9. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, NORTH TORREY PINES PARKING STRUCTURE, SAN DIEGO CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement program be amended as follows:

San Diego: C. North Torrey Pines Road Parking Structure - preliminary plans, working drawings, and construction - \$12,712,000 to be funded from external financing.

It was recalled that the San Diego campus proposes to construct a 308,000 gross-square-foot parking structure containing 970 spaces. The structure will be adjacent to

the Eleanor Roosevelt College Housing and Dining (ERC Housing) complex and will provide partial replacement for surface lot spaces lost due to the construction of this project and ERC Housing.

The Regents approved the Gilman Drive Parking Structure at the November 1997 meeting, including the identification of a probable future second parking structure within a year. The North Torrey Pines Road Parking Structure project represents the culmination of that plan, based solely on the need to replace surface parking spaces lost due to future construction projects. The need for replacement parking and the proposed timing of the North Torrey Pines Road Parking Structure are related to the adjacent ERC Housing project. The housing project includes capacity for 1,250 beds, related support facilities, and involves the relocation of the existing academic Eleanor Roosevelt College from its current site to the northwest area of the campus. The total number of surface lot spaces lost as a result of the proposed project and ERC Housing will be 1,285. The combined effect of the proposed project and ERC Housing will be a net loss of 315 parking spaces.

Project Justification

Construction of the ERC Housing project will have the dual impact of eliminating parking spaces and adding new residents and staff to the area. If completed on schedule, the North Torrey Pines Road Parking Structure will partly offset the loss of surface parking to be cleared for the housing project. Without timely completion of North Torrey Pines Road Parking Structure to replace lost parking capacity, there will be a severe parking shortage. There is no alternate unused parking capacity elsewhere on the campus. The average peak occupancy rate for existing campus parking lots in October 1998 was 97 percent on the core campus and 99 percent in remote lots.

A parking structure is recommended rather than new surface parking because there is no available vacant land nearby on which to expand surface parking. As campus land is consumed for growth and development, parking more cars on decreasing available land would require the replacement of some core campus parking lots with parking structures. Continued expansion of remote surface parking will also remain necessary. A Chancellor-approved project is currently under way to add approximately 1,700 remote surface parking spaces on the east campus in Fall 1999. Costs for parking displaced by the ERC Housing project will be funded by University of California Housing System Net Revenues and applied to the east campus surface lot project.

Project Description

The North Torrey Pines Road Parking Structure will serve faculty, students, staff, and campus visitors, especially in the adjacent Thurgood Marshall and Eleanor Roosevelt Colleges. The project scope will include demolition to clear the site, including 310 existing surface parking spaces and segments of Salk Institute Road, Scholars Drive,

and Thurgood Marshall Lane; construction of a multi-level parking structure with approximately 970 parking spaces and 308,000 gross square feet, including at least two elevators and three stairwells; and limited landscaping and irrigation.

Related site improvements to be completed as separate projects in connection with the adjacent ERC Housing project will include road segments accessing the structure, a new signaled intersection at North Torrey Pines Road, additional landscaping and irrigation, site lighting, and pedestrian walks.

Project Cost and Funding

The total project cost of \$12,712,000 is to be funded from external financing. Repayment of the external financing will be from San Diego campus parking fees and related income.

Budget development for the North Torrey Pines Road Parking Structure involved evaluation of extensive cost experience for large parking facilities. This evaluation established a benchmark for construction at \$9,316 per space in current dollars, which will provide a level of quality commensurate with University of California standards for quality, longevity, and maintenance. The comparable cost for the proposed project is \$8,640 per space. Added to this cost are all special construction conditions for the campus, such as partial below-grade construction, environmental mitigation, and off-site utilities, bringing the total construction cost of the building to \$10,369 per space in current dollars. This number has been escalated to March 2000 at an annual inflation rate of 3 percent, bringing the budgeted construction cost of the building to \$10,680 per space at that time.

Environmental Classification

In accordance with University of California guidelines for the implementation of the California Environmental Quality Act, an appropriate environmental document will be presented at a future meeting for consideration by The Regents in conjunction with project design review and approval.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

10. **EXTERNAL FINANCING FOR NORTH TORREY PINES PARKING STRUCTURE, SAN DIEGO CAMPUS**

The President recommended that, subject to the amendment of the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program to include

North Torrey Pines Road Parking Structure, San Diego campus, the Committee on Finance recommend that:

- A. Funding for the North Torrey Pines Road Parking Structure, San Diego campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
External financing	\$12,712,000

- B. The Treasurer be authorized to obtain external financing not to exceed \$12,712,000 to finance the North Torrey Pines Road Parking Structure, San Diego campus, subject to the following conditions:

- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- (2) As long as the debt is outstanding, parking fees for the San Diego campus Parking System shall be established at levels which, together with other related income, will be sufficient to pay the operating costs of the facility, and to pay debt service and meet the related requirements of the proposed financing.
- (3) The general credit of The Regents shall not be pledged.

- C. The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for the purposes of federal income taxation under existing law.

- D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that the North Torrey Pines Road Parking Structure for which this financing is proposed is related to the Eleanor Roosevelt College housing project. Related site improvements to be completed as separate projects in connection with the adjacent housing project will include road segments accessing the structure, a new signaled intersection at North Torrey Pines Road, additional landscaping and irrigation, site lighting, and pedestrian walks.

Financial Feasibility

The proposed external financing represents the estimated total project cost of the North Torrey Pines Road Parking Structure debt of \$12,712,000 amortized over 27 years at 6.5 percent interest, with an annual debt service estimated to be \$1,011,000. Other San Diego Parking Service debt is \$3,966,000 annually, and Parking Services' combined

annual operating expenses are estimated to be \$5,670,000 in the structure's first full year of operation, for a total annual expense of \$10,647,000. The debt service will be repaid from San Diego campus parking fees and related income estimated to be \$13,260,000 in the structure's first full year of operation.

In order to ensure sufficient income for this and other obligations, monthly parking permit fees will be increased at rates that are within the guidelines approved by the San Diego Campus Transportation Policy Committee.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board.

11. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, COLLEGES NINE AND TEN RESIDENCE HALL, SANTA CRUZ CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended as follows:

Santa Cruz: A. Colleges Nine and Ten Residence Halls – preliminary plans, working drawings, construction, and equipment – \$63,831,000 to be funded from external financing (\$57,889,000), University of California Housing System Net Revenue Funds (\$4,423,000), University Center reserves (\$1,012,000), gift funds (\$400,000), and Student Facilities Fee reserves (\$107,000).

The Committee was informed that this action requests approval to construct 157,080 assignable square feet/228,000 gross square feet of new student housing and support facilities at the Santa Cruz campus. The project will provide 800 bed spaces in response to current and projected demand for on-campus housing. It will replace two previously approved projects: the College Nine Residence Halls project and the University Club project.

In June 1990, the master plan for Colleges Nine and Ten was presented to The Regents in conjunction with Regental approval of their designs. That master plan called for the phased construction of academic and residential facilities on a 32-acre site on the north campus. Academic facilities for Colleges Nine and Ten were completed in 1993 and 1996, respectively, and the College Nine Apartments are currently under construction.

The College Nine Residence Halls project was approved by The Regents at the September 1991 meeting for a total cost of \$16,917,000 and was to be funded from external financing and net revenue funds. That project was to provide 86,990 assignable square feet. Of that space, 63,700 asf was for College Nine residence halls

with 400 bed spaces and related support space. The remaining 23,290 asf was for a kitchen and dining complex that included kitchen and student recreation facilities for both Colleges Nine and Ten but dining facilities for only College Nine. College Ten dining facilities were to be added later with a College Ten residence halls project that was planned to provide another 400 bed spaces for the campus.

The University Club project was administratively approved by the Office of the President in October 1985 and subsequently amended in July 1986 and March 1987, for a total cost of \$1,045,000, and was to be funded from Chancellor's discretionary funds, funds available to the President, and gift funds. That project was to provide a 4,000 asf University Club facility containing a large dining room, three small dining rooms, a lounge, and a kitchen.

Based on the current and projected need for more permanent on-campus bed spaces and the need for incorporating a University Center into the dining facility, the campus is requesting the withdrawal of the two previously approved projects and is proceeding with the proposed replacement project titled Colleges Nine and Ten Residence Halls. It should be noted that the replacement project, with a total of 800 beds and related dining and support facilities, is in keeping with the overall build out for the residence halls and kitchen and dining facilities originally envisioned in the Colleges Nine and Ten master plan approved by The Regents in 1990. The replacement project differs from the master plan build out scenario in its addition of the University Center and the relocation of 21 temporary modular housing units ("The Village") from the site.

Demand Factors

Subsequent to approval of the College Nine Residence Halls project in 1991, enrollments were no longer increasing, rental units were available off campus, and waiting lists for on-campus housing all but disappeared. Therefore, the College Nine Residence Halls project was deferred. Beginning in fall 1996, enrollments again started to rise, and they are expected to continue rising until a planned level of 15,000 three-quarter-average FTE is reached. Over the last three years, student demand for housing on the Santa Cruz campus and in the local community has surpassed the supply of available housing. The vacancy rate in the Santa Cruz community continues to be less than 1 percent. On-campus housing is again needed to meet the current and projected housing demand.

The Santa Cruz campus currently has 4,404 permanent on-campus bed spaces which are at 100 percent occupancy. In order to meet the immediate need for housing, 655 "temporary" bed spaces were added on campus in the last two years. For fall 1997, The Village was constructed to provide 171 bed spaces. An additional 484 overflow spaces were created by converting lounges into student bedrooms and changing double rooms into triple rooms. Even with these measures, 291 students were on the waiting list for on-campus housing in Fall 1998.

By fall 2001, when this project comes on line, the campus predicts that enrollment will grow by 1,166 students. At that time, the number of permanent bed spaces will have increased by 1,080 (including 800 from the proposed project and 280 from the College Nine Apartments), to 5,484. Even with the increase, the campus anticipates 100 percent occupancy of all permanent bed spaces, with a continued need for overflow spaces. In addition, a wait list of approximately 250 students is anticipated.

Project Description

Additional detail for the project is provided.

- Residence Hall Facilities (123,520 asf). The College Nine residence halls are planned as three multi-level buildings totaling 61,760 asf and housing 400 students in 100 single rooms and 150 double rooms. The College Ten residence halls are planned as three four-story buildings totaling 61,760 asf and housing another 400 students in 100 single rooms and 150 double rooms. The residence halls at each college will also include common bathrooms, lounges, hall kitchens, laundry rooms, four residential staff apartments, and an office for residential staff.
- Dining Hall and Support Facilities (23,150 asf). A new dining hall that will serve both Colleges Nine and Ten is also a part of this project and will be located between the two Colleges residence halls on the first two levels of a three-story building. The dining hall will also contain food service maintenance shop/storage, college maintenance shop/storage, and office space for College Program Coordinators.
- University Center (5,810 asf). This facility will be located on the third floor of the dining hall building to accommodate the University Club for faculty, staff, and alumni.
- Student Recreation Facilities (4,600 asf). Recreation facilities for both Colleges Nine and Ten will be housed in the dining hall building (a game room) and in the residence halls (two college lounges).

Related Secondary Effects. The project will also include the previously noted relocation of The Village (including 171 bed spaces in 21 temporary modular units) from the Colleges Nine and Ten dining and residence halls site to an area designated for future Colleges Eleven and Twelve.

Project Cost and Funding. The total project cost of \$63,831,000 is to be funded from a combination of external financing, UCHS Net Revenue Funds, University Center reserves, gift funds, and Student Facilities Fee reserves. Repayment of the external

financing will be from student housing fees, undergraduate student facilities fees, and revenues related to UCHS management of the University Center.

Environmental Classification

In accordance with University guidelines for implementation of the California Environmental Quality Act, an EIR was certified by The Regents at the June 1990 meeting in connection with approval of the proposed design of the academic and housing facilities of both College Nine and College Ten. An EIR Addendum, or other appropriate environmental document, will be prepared for the Colleges Nine and Ten Residence Halls project and presented to The Regents at a future meeting in conjunction with design approval. Relocation of the modular housing units will require a separate environmental document.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

12. **AMENDMENT OF EXTERNAL FINANCING FOR COLLEGES NINE AND TEN RESIDENCE HALL, SANTA CRUZ CAMPUS**

The President recommended that the Committee on Finance recommend that the financing actions approved by The Regents in September 1991 with respect to College Nine Residence Halls, Santa Cruz campus, be amended as shown below, with the understanding that all other financing actions by The Regents regarding said project remain unchanged:

deletions shown by strikeout, additions by shading

- A. Financing ~~Financing~~ Funding for the Colleges Nine and Ten Residence Halls, Santa Cruz campus, at an estimated total cost of ~~\$16,917,000~~ \$63,831,000, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>	
External Financing	\$15,284,000	\$57,889,000
Group A UC Housing		
System Net Revenue Fund	1,633,000	4,423,000
University Center Reserves		1,012,000
Gift Funds		400,000
Student Facilities Fee Reserves		107,000
Total	\$16,917,000	\$63,831,000

~~B. College Nine Residence Halls, Santa Cruz campus, consisting of 400 bed spaces, a dining hall complex, auxiliary areas, and 4,600 assignable square feet of student facilities space at a total cost of \$16,917,000 be added to the Group A Housing System and be administered in accordance with the terms and conditions of the Group A Housing System Revenue Bond Indenture of November 1, 1958, and with all other Regents policies governing Group A Housing System operations.~~

C.B. The Treasurer be authorized to obtain financing not to exceed \$15,284,000 \$57,889,000 to finance a portion of the construction and related costs of Colleges Nine and Ten Residence Halls, Santa Cruz campus, subject to the following conditions:

- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- (2) As long as the housing portion of the debt (~~\$14,190,000~~) (\$56,508,000) is outstanding, Group A UC Housing System (UCHS) fees for the Santa Cruz campus shall be established at levels sufficient to meet requirements of the Group A UC Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and related requirements on the proposed financing.
- (3) As long as the student facilities portion of the debt (~~\$1,094,000~~) (\$1,381,000) is outstanding, the Student Facilities Fee shall be established at a level sufficient to meet all debt service and related requirements on this proposed financing.
- (4) The general credit of The Regents shall not be pledged.

~~D. The President be authorized to allocate \$983,000 from the Group A Housing System Net Revenue Fund to pay a portion of the project costs.~~

- E.C. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- F.D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that this financing action is being amended in order to fund a new project, Colleges Nine and Ten Residence Halls, as described in the previous item. This project would replace two previously approved projects: the College Nine Residence Halls project and the University Club project.

Based on a current cost estimate to construct the proposed facilities, it is proposed that previously approved funding be increased to \$63,831,000. The revised project budget for the proposed replacement project reflects industry construction cost increases of 23 percent since original Regents approval in 1991, as well as the significant scope changes from the original project.

Financial Feasibility

The total project cost, estimated to be \$63,831,000, is to be funded from a combination of external financing, UCHS Net Revenue fund, University Center Reserves, gift funds, and Student Facilities Fee Reserves. Assuming debt of \$57,889,000 amortized over 27 years at 6.5 percent interest, the average annual debt service is estimated at \$4,604,000 and the annual operating expenses are estimated at \$4,799,000 for a total annual expense of \$9,403,000. Of the external financing, \$56,508,000 will be for the housing portion to be repaid from housing fees and University Center revenues, and \$1,381,000 will be for the student facilities portion to be repaid from the Student Facilities Fee.

Repayment of the housing portion of the debt will be from a combination of student rents in the proposed housing facilities (\$5,083,000), fees from existing UCHS facilities (\$4,014,000), and other income generated by UCHS Management of the University Center (\$580,000), for a total of \$9,677,000. This assumes that single student room rates are increased by \$894 per year to \$7,028 per year for single rooms and \$6,302 per year for double rooms.

Repayment of the student facilities portion of the debt would be from an \$18 per year per undergraduate student Facilities Fee increase, for a total of \$190,000. In a 1987 student referendum, students approved an automatic fee increase for up to 4,700 asf in facilities for each new college project.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board.

13. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, UNDERGRADUATE STUDENT HOUSING EXPANSION, RIVERSIDE CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended as follows:

Riverside: B. Undergraduate Student Housing Expansion -- preliminary plans, working drawings, construction, and equipment -- \$25,919,000 total project cost to be funded from external financing.

The Committee was informed that this action requests approval to construct 99,469 assignable square feet or 128,432 gross square feet of new student housing and support facilities at the Riverside campus. The project will provide a total of 402 bed spaces in response to current and projected demand for on-campus housing.

Existing Student Housing Program. The Riverside campus student housing program consists of 2,568 permanent on-campus student beds in residence halls, student apartments, and family housing. Residence halls include Aberdeen-Inverness, completed in 1959, and Lothian Hall, completed in 1963. In 1990, an addition to Lothian Hall was completed. The residence halls account for 1,800 bed spaces of the total campus inventory. Student apartments provide another 500 bed spaces for students in a mixture of studio, one-, two-, and three-bedroom units. Family housing consists of 268 bed spaces in single and duplex units dating from 1941 which have been refurbished for undergraduate and graduate married students and those with families. Since 1990, no permanent on-campus bed spaces have been added to the campus inventory.

Demand Factors. The highest demand for on-campus housing at the Riverside campus has been among freshmen and undergraduates for residence hall bed spaces. For fall 1998, demand for permanent residence hall bed spaces exceeded capacity by 165 students. This shortfall included a wait list of 105 students and 60 students accommodated in "temporary" bed spaces created by converting lounges into student bedrooms and double rooms into triple rooms. By fall 1999, demand for permanent residence hall bed spaces is expected to increase to 431 students, consisting of a projected wait list of 319 students and 112 temporary beds. In fall 2000, the project will add 402 bed spaces to the residence hall inventory, which will allow for the release of the temporary bed spaces, and reduction of the residence hall wait list to fewer than 90 students.

Project Description

The project will construct 99,469 asf of new student housing and related support facilities that will include residential suites, residential commons areas for each group of suites, community commons areas for the entire complex, administration space, and multipurpose assembly facilities. In addition, the project includes all related site and infrastructure development. Each of these components is described in further detail below.

- Residential Suites (66,000 asf). The proposed project will provide a total of 402 beds (392 students beds and 10 resident advisor (RA) beds) in eight groupings, or clusters, of residential suites. Each cluster will consist of 48 residential suites; each suite will consist of a double bedroom, kitchen, bathroom, and living room.
- Residential Commons (14,880 asf). Each of the eight clusters of residential suites will include dedicated commons facilities to provide a kitchen, living room, study-meeting room, utility closet and laundry-ironing area, and resident advisor and program assistant spaces.
- Community Commons (10,259 asf). The community commons area serving all the residents of the complex will provide a variety of spaces including a retail store, vending area, copy area, poster and music rooms, kitchen-serving area, exercise room, lounges and game rooms, ice machine room, bike storage, and other storage areas.
- Administration Space (2,310 asf). Separate administration space to house the resident director includes an apartment, restroom, staff office, computer room, and storage space.
- Educational Multipurpose (6,020 asf). Facilities for larger group assemblies and events will include small and large assembly rooms, conference-study rooms, an office, computer rooms, and storage.
- Related Site and Infrastructure Development. Related site and infrastructure development will include the completion of an interior courtyard. New pedestrian bridges and walkways will be constructed to link the proposed complex to adjacent existing residence halls. Minor improvements to an existing service road on the north side of the site will be completed. In addition, the project includes all required extensions of existing water, sewer, gas, and power lines from the south and west to the proposed site.

Project Cost and Funding

Total project cost of \$25,919,000 is to be funded from external financing. Repayment will be from income generated by the proposed project, as well as existing University

of California Housing System undergraduate residence hall bed spaces at the Riverside campus.

Environmental Classification

In accordance with University procedures for the implementation of the California Environmental Quality Act of 1970, an environmental document will be prepared to determine potential environmental impacts of the project and will be presented to The Regents in conjunction with project design review and approval.

Regent Connerly asked whether there were any change in the proportion of family housing to single student housing. Chancellor Orbach answered that the campus is not adding family housing. The latest estimate is that there will be sufficient housing to accommodate growth through 2005. Senior Vice President Kennedy observed that student housing is financed through student housing fees. Over the past decade UC's housing system has remained healthy. The attempt is made to balance enrollment projections against the financial ability to pay for those beds in each campus location.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

14. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, UC HALL SEISMIC REPLACEMENT, MISSION BAY, SAN FRANCISCO CAMPUS**

The President recommended that the Committee on Grounds and Buildings and the Committee on Finance recommend that the appropriate Budgets for Capital Improvements and Capital Improvement Programs be amended as follows:

From: San Francisco: UC Hall Seismic Replacement, Mission Bay, preliminary plans, working drawings, construction, and equipment -- \$82,549,000 total project cost to be funded from State funds (\$21,362,000) and campus funds (\$61,187,000).

To: San Francisco: B. UC Hall Seismic Replacement, Mission Bay, preliminary plans, working drawings, construction, and equipment -- \$222,400,000 total project cost to be funded from State funds (\$21,362,000), gift funds (\$110,000,000), external financing (\$70,000,000), prepaid lease funds (\$18,000,000), and campus funds (\$3,038,000).

Regent Davies abstained from discussing or voting upon items 14, 15, and 16 due to a previously disclosed conflict of interest. Regent Khachigian was absent during the presentation and consideration of these three items.

It was recalled that the UCSF campus is proposing to build a facility of 239,642 asf at the new Mission Bay site to house two core interdisciplinary research programs in structural and chemical biology as well as molecular cell and developmental biology. Instructional and administrative support functions are included within these broad programs, as well as logistical elements to support them in their new location. The proposed project amends the previously approved (November 1997) UC Hall Seismic Replacement, Mission Bay project (\$82,549,000) to expand the scope of the original project by combining it with a second project, the Mission Bay Off-Site Building 1A, for which The Regents approved the funding of preliminary plans in January 1998. Both former projects are now combined in a single, somewhat larger project.

Three important decisions resulted in the building coming forward in this amended manner. First, two interdisciplinary areas were identified for relocation to Mission Bay, and their specific programmatic and facility requirements were determined to be larger than originally anticipated. Second, it was determined that it would be programmatically advantageous to have the first two buildings joined for the purpose of consolidating utility systems, improving circulation, and supporting the interaction of the faculty and students. This resulted in the decision to combine the buildings into one, rather than have them constructed on different schedules and try to connect them at a later date. Third, several program and support areas for this building were designed with extra capacity to accommodate the needs of future buildings and other development on the Mission Bay site.

All program commitments of the partially State-funded 1997 UC Hall Seismic Replacement, Mission Bay project have been met in the expanded project; instructional research space commitments have been exceeded. Construction for the proposed amended UC Hall Seismic Replacement, Mission Bay project will begin by November 1999 and is scheduled for completion by August 2002, with move-in slated for November 2002. The University owns the land for this project; title for the five-acre Block 24 parcel at the new Mission Bay campus site was transferred to the University on November 6, 1998.

Project Development Overview: The first two UCSF buildings at Mission Bay were originally proposed to be separate and distinct projects: the previous UC Hall Replacement, Mission Bay project, and an adjacent project, Mission Bay Off-Site Building 1A.

UC Hall Seismic Replacement, Mission Bay Project. The UC Hall Seismic Replacement, Mission Bay project is part of a program for the replacement of the 91,274 asf UC Hall, a building constructed at the Parnassus campus in 1917, which is rated seismically "Poor" and is a life-safety hazard to students, faculty, staff, and the public. This project is consistent with the LRDP, which calls for the replacement of UC Hall with both

new and renovated facilities at UCSF's Parnassus campus site and a new building at UCSF's major new campus site at Mission Bay. As originally planned, at the completion of the UC Hall Seismic Replacement, Mission Bay project and subsequent projects to relocate occupants from UC Hall, UC Hall would be demolished and the seismic hazard eliminated. These programmatic objectives remain intact as part of the proposed project. Demolition of the UC Hall building will occur at a later date as a separate project.

Former Mission Bay Off-Site Building 1A Project. At the January 1998 meeting, The Regents amended the Capital Improvement Program to include preliminary plans at a cost of \$2.4 million for the Building 1A project. The item stated that approval to proceed with the preliminary plans phase of the project would allow the campus to define program requirements and hire the executive architect to develop a specific scope of work and budget for the project, as well as to coordinate circulation and infrastructure requirements for the planned adjacent UC Hall Seismic Replacement, Mission Bay building. It was noted that at a time no later than design approval, the campus would return to The Regents to request both the amendment of the Capital Improvement Program and approval of external financing. Very preliminary information on this project presented in January 1998 estimated that the facility would provide approximately 125,000 gsf of space, with a budget of approximately \$64,912,000.

The Amended Project. Throughout the winter and spring of 1998, planning for the new campus site at Mission Bay advanced rapidly, as did the definition of research programs to occupy the first phase of development. By February 1998, two core interdisciplinary programs were chosen as the initial occupants for the first two buildings at Mission Bay: Structural and Chemical Biology and Molecular Cell and Developmental Biology. Two modest-sized buildings were initially planned to provide what was thought to be enough space for a critical mass of research programs at Mission Bay that responded to preliminary academic planning. However, by late winter of 1998, and after an intensive faculty consultation process, both buildings had grown from an initial 300,000 gsf to over 433,000 gsf to meet academic program requirements that the faculty felt were absolutely necessary to create a successful interdisciplinary program at the Mission Bay site.

During this faculty review process, it had become apparent that a cohesively structured and integrated program required a greater mass of related programs than had been originally thought in the initial planning process. The faculty felt that if these interdisciplinary Structural and Chemical Biology and Molecular Cell and Developmental Biology programs were to succeed as an integrated scientific enterprise, a larger critical mass was required. They realized that a number of related academic research programs had not been included in the initial planning for the building, and the overall academic program would not succeed if these substantive related research activities were not included.

In April 1998, the Faculty Building Committee recommended major changes in building design, connecting the two proposed structures at all levels. The object of this proposed change was to facilitate the opportunities for horizontal circulation and interaction among

researchers in the two programs. The Faculty Building Committee also recommended that the laboratory design be revised to reflect the highly successful laboratory designs in recently renovated space in the Health Sciences Towers on the Parnassus campus, which offered a model of efficiency, shared support space, and interaction opportunity. The committee also expanded the research support and instructional space to meet the program needs of faculty for more equipment space and more graduate students in the programs that will be relocating to Mission Bay.

Initial planning for both buildings assumed that the projects would have to be bid, built, and delivered at the same time. By August 1998, as planning proceeded and the necessary scientific and functional relationships between the buildings became finalized, the campus decided it was necessary to combine the two buildings to rationalize and simplify design, to avoid redundancy in building systems, and to promote the sharing of common equipment and support space. The single integrated 433,828 gsf building would also simplify the bidding and construction process.

This project involves the construction of a new multi-story 239,642 asf (433,828 gsf, including a 48,949 gsf covered and enclosed mechanical penthouse) research laboratory building on the Block 24 parcel of the southwest corner of the new Mission Bay site to house two interdisciplinary research groups, Structural and Chemical Biology and Molecular Cell and Developmental Biology. These two research groups, along with the Center for Advanced Technology, will occupy a combined research area of 199,674 asf. In addition to the research areas, the project will also include the following: instructional space, including an expanded lecture hall and several smaller classroom and seminar room spaces; office, administrative support, and campus community space; animal care space; and logistical support space for Environmental Health and Safety, Materials Management, and building management functions.

Building utility systems would be designed on a modular basis and with additional capacity for flexibility, adaptability, and minimum disruption when the need arises for programmatic changes within the laboratories. The support functions for the animal facility in this first building are being designed with extra capacity, as is the loading dock, to provide service to future building projects planned at Mission Bay. A substantial pile foundation system is required for this building due to the soils conditions at this site. Several items that provide long-term flexibility, or are required because of the site or because this is the first facility to be constructed at Mission Bay, result in somewhat higher-than-normal first costs.

Financing

The total project cost of \$222,400,000, including \$8,800,000 of capitalized interest, is to be funded from State funds, gift funds, external financing, prepaid operating lease funds under the terms of an academic affiliation agreement with the Howard Hughes Medical Institute, and funds available to the campus. Repayment of the external financing would be from the San Francisco campus' share of the University Opportunity Fund. The campus has

requested approval from the President to exceed the Opportunity Fund payment test, and the President is prepared to grant an exception to the policy for this project, based on a review of other funds available to the Chancellor which could be used to repay the annual debt service.

Environmental Analysis

The 1996 LRDP Environmental Impact Report provided the environmental analysis for the Mission Bay site, which included environmental review for the 2.65 million gsf capital program. No significant impacts are expected from site specific environmental review of this project.

In conformance with the California Environmental Quality Act and University procedures for implementing CEQA, the campus prepared an Addendum to the 1996 Long Range Development Plan final Environmental Impact Report to consider any potential new significant impacts of the proposed project not previously considered in the LRDP. Environmental analysis contained in the Addendum determined that project specific effects would not alter the conclusions or significance of the 1996 LRDP EIR. The Addendum, together with the LRDP EIR, constitute the final environmental document for the UC Hall Seismic Replacement, Mission Bay project.

Regent Connerly asked what the backup source was for the \$110 million in gifts expected to be available. Vice Chancellor Barclay responded that the backup source is \$40 million in cash reserves that would be supplemented, if it became necessary to borrow the remaining \$70 million, by the Dean's share of the faculty practice plan income as a cash flow resource to service any long- or short-term interest costs.

Upon motion duly made and seconded, the Committee on Grounds and Buildings and the Committee on Finance approved the President's recommendation and voted to present it to the Board.

15. **CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT AND APPROVAL OF DESIGN, UC HALL SEISMIC REPLACEMENT, MISSION BAY, SAN FRANCISCO CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project as indicated in the Addendum to the 1996 Long Range Development Plan Environmental Impact Report (1996 LRDP EIR), the Committee on Grounds and Buildings:

- A. Certify the Addendum to the 1996 LRDP EIR.
- B. Adopt the Findings.

- C. Approve the design of the UC Hall Seismic Replacement project, Mission Bay, San Francisco campus.

Project Site

It was recalled that this initial project at the UCSF Mission Bay campus will be located on an approximately five-acre parcel (Block 24) at the southwest corner of the Mission Bay site. As the first of three buildings to be constructed in the first phase of campus development at Mission Bay, it has been integrated into the master plan for the new 2,650,000 gsf campus.

The project is consistent with the 1996 LRDP, which calls for replacement of UC Hall with a combination of new and renovated facilities at UCSF's Parnassus campus site and a new facility at UCSF's major new campus site (Mission Bay).

Project Design

The academic programs for the Mission Bay campus will focus on basic science research, with particular emphasis on programs in molecular, cell, and developmental biology, structural and chemical biology, human genetics, and neuroscience in the first phase of campus development. New space will be used to accomplish the goals established in the UCSF 1996 Long Range Development Plan.

The project will provide a new 239,642 assignable square foot building to house programs relocated from seismically deficient UC Hall and other programs affected by the constrained space conditions at the Parnassus campus. The project will contain research and research support space, including an equipment intensive structural biology support area on the ground floor; instructional facilities, including a large lecture hall, several smaller classroom and seminar room spaces; a barrier animal care facility for transgenic animals; administration and campus community functions; and logistical support space.

The building will house specialized equipment necessary to support the scientific program, each imposing extraordinary building requirements, including several nuclear magnetic resonance machines, electron microscopes, x-ray crystallography equipment, and a mass spectrometer suite. Support for these functions has imposed higher than normal vibration criteria in the design of the building's structural frame and floors.

Due to the absence of any support facilities, either on the new campus or nearby, the facility will include space for a library annex, a food service area, and administrative space for departmental and graduate program coordinator offices. The second floor will open onto outdoor terraces to the north and south, providing outdoor seating and social areas.

A further cost burden to this first Mission Bay facility will be the requirement to provide a stand-alone utility plant, large loading dock, 25 percent larger animal facility, PBX

telephone, and central data node, all due to the lack of central facilities to support this and other projects in Phase One.

The replacement building will essentially be flexible, generic, modular, research laboratory space. Support space will also be generic, rather than customized, and could accommodate a variety of uses. This flexibility will allow the shared use of large or costly equipment by different research groups, or allow the development of space for research equipment which does not now exist. Research areas are designed on a modular basis including mechanical and electrical systems, individually capable of being adapted to future laboratory concepts. This level of flexibility will realize long-term cost benefits at somewhat higher than normal first cost. The building structural system will be a steel eccentric braced-frame for all floors above the first floor, with the ground floor a combination of braced frame and shear walls.

Project delivery will be a conventional design-bid-build procurement method with a construction manager, Turner Co., as adviser. The construction manager will provide pre-construction services and serve as an adviser during construction. To accelerate project delivery, the campus anticipates bidding the work in multiple stages.

In March 1999, the appointment of SMP-SHG of San Francisco as executive architect for this project, with ZGF Architects of Portland, Oregon, as sub-consultant for exterior design, was administratively approved within the Office of the President.

Design of the UC Hall Seismic Replacement, Mission Bay project has been reviewed in accordance with University policy by an independent design adviser. Independent cost consultation and structural and seismic review have been conducted. The project will be managed by the San Francisco campus, Office of Facilities Management with oversight provided by the Vice Chancellor, Administration and Finance.

Environmental Impact Summary

In conformance with the California Environmental Quality Act and University procedures for implementing CEQA, the campus prepared an Addendum to the 1996 LRDP EIR to consider any potential new significant impacts of the proposed project not previously considered in the 1996 LRDP EIR. This project, as part of the implementation of the 1996 LRDP, was analyzed for potential impacts in thirteen topic areas, including: land use, transportation/circulation/parking, air quality, noise, hazardous materials, geology/soils and seismicity, hydrology and water quality, vegetation and wildlife, public services, utilities and infrastructure, visual quality, cultural resources, and population, employment, and housing. Significant and unavoidable LRDP-level and cumulative impacts will occur in the following areas: construction noise, cumulative hazardous waste generation, toxic air contaminants from vehicles, and contribution to cumulative regional toxic air contaminant emissions. These significant impacts were addressed in the 1996 LRDP EIR and in the Findings and Statement of Overriding Considerations adopted by The Regents concurrent with the approval of the LRDP in January 1997.

In conformance with the 1996 LRDP EIR, mitigation measures to reduce the project's contributions to significant effects have been incorporated into the project. After mitigation, all impacts of the project will be reduced to less than significant levels, with the exception of construction noise which is conservatively treated as a significant and unavoidable impact. Monitoring of the implementation of all mitigation measures will be performed in conjunction with the regular LRDP update.

Findings

The findings discuss the project's impacts, mitigation measures, and project alternatives.

[The Addendum to the 1996 LRDP EIR and Findings were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Upon motion duly made and seconded, the Committee on Grounds and Buildings approved the President's recommendation.

16. **EXTERNAL FINANCING FOR UC HALL SEISMIC REPLACEMENT, MISSION BAY, SAN FRANCISCO CAMPUS**

The President recommended that the Committee on Finance recommend that:

- A. Funding for the construction of the UC Hall Seismic Replacement Project, Mission Bay, San Francisco campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
State Funds	\$ 21,362,000
Gift Funds	110,000,000
Prepaid Operating Lease	18,000,000
Funds Available to the Campus	3,038,000
External Financing	<u>70,000,000</u>
Total	\$222,400,000

- B. The Treasurer be authorized to obtain:

(1) Long-term external financing, not to exceed \$70 million, to finance a portion of the construction, said financing subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period; and
- b. Repayment of the long-term external financing shall be from the San Francisco campus' share of the University Opportunity Funds.

- (2) Interim external financing, not to exceed \$70 million prior to awarding a construction contract, for any gift funds not received by that time and subject to the following conditions:
 - a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period;
 - b. Repayment of any interim financing shall be from gift funds, and in the event such gift funds are insufficient, from the UCSF School of Medicine Dean's Share of the Faculty Practice Plan income; and
 - c. In the event that all gifts are not collected by the completion of construction, the campus would return to The Regents to seek authorization for long-term financing for some or all of the uncollected gift funds.
- C. The general credit of The Regents shall not be pledged.
- D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is exempt from gross income for purposes of federal income taxation under existing law.
- E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

Financial Feasibility

The total project cost of \$222,400,000, including \$8,800,000 of capitalized interest and loan placement costs incurred during construction, will be funded from a combination of fund sources including State funds, campus funds, a prepaid operating lease, external financing, and gift funds. A review of each of these funding sources follows:

- State Funds: A total of \$21,362,000 has been approved in the 1998-99 Budget Act for this project, and the voters approved a State General Obligation Bond in November 1998 enabling this funding source.
- External Financing: The Treasurer will negotiate long-term external financing in the amount of \$70 million, including \$4.4 million of capitalized interest, to be repaid from the University Opportunity Funds available to UCSF. Based on a debt of \$70 million amortized over 27 years at 6.5 percent, the estimated average annual debt service will be approximately \$5.6 million. This financing may be provided by commercial paper prior to long-term financing.

To use Opportunity Funds for debt financing, the President requires that the campus meet a pledge and payment test. The campus has requested approval to exceed the Opportunity Fund payment test and the President is prepared to grant an exception to the policy for this project, based on a review of other funds available to the Chancellor which could be used to repay the annual debt service.

- Gifts Funds: UCSF is committed, as part of the first phase of an overall Mission Bay fund raising effort, to raise \$110 million for this project. The campus has assumed that \$40 million will be received by the start of construction and that \$70 million of pledges will require interim external financing during the construction period, which includes an associated capitalized interest cost of \$4.4 million. The campus will underwrite up to \$40 million of gifts not collected at the time of construction bid award with campus reserves.

The Treasurer would negotiate \$70 million of interim external financing for the period of construction for any gift funds not actually received by the time the construction contract is awarded. As gift funds alone are not a suitable fund source for external financing, the campus is pledging the UCSF School of Medicine dean's share of the faculty practice plan income as an additional source of repayment for the \$70 million of interim financing. As gifts are received, the campus will prepay principal amounts outstanding on the interim financing. Other funds available to repay the interim financing are other reserves available to the School of Medicine, including patent funds.

The campus anticipates that all gifts will be either on hand or pledged by the time construction is completed. In the event that all gifts are not collected by the completion of construction, the campus will return to The Regents and seek authorization for long-term financing for some or all of the uncollected gifts.

The School of Medicine Dean's share of the faculty practice plan income is derived from an assessment against net professional fee revenue income (gross professional fee revenue less contractual allowances) and other professional non-clinical income creating a discretionary reserve available to the Dean for academic needs within the School. While there are no permanently budgeted commitments against these funds, the Dean may annually make allocations to support recruitment and retention needs within the School of Medicine. These funds are projected to be sufficient for repayment of debt service cost of up to \$5.6 million should any longer term financing be required for the unrealized gifts.

- Prepaid Operating: The UCSF campus has maintained a long-term academic affiliation with the Howard Hughes Medical Institute (HHMI). As part of the affiliation agreement and under the provision of an operating lease, the campus provides space to UCSF investigators who perform research sponsored by HHMI for a specified period of time. In the past, HHMI has paid for these operating leases

through a pre-payment mechanism that was used to renovate or construct research labs in UCSF space. The terms of the pre-payment are established on a formulaic basis that includes the amount of space involved in the renovation, the number of investigators, a market-equivalent rental cost, and a reasonable time-of-occupancy factor.

Six UCSF investigators sponsored by HHMI are housed in about 22,000 asf in UC Hall and must vacate in order for the facility to be demolished. Replacement space will be provided for these investigators at Mission Bay under the terms of a new operating lease agreement. Because of the need to maintain scientific program integrity in this building, not all of the six investigators will be housed in this building. They will be split between this project and the next Mission Bay research building. HHMI will provide \$18 million to UCSF as a prepayment of this new operating lease, and UCSF will provide space for these six investigators at Mission Bay where there is a correct scientific program integration. The precise terms of this new operating lease will be forwarded to The Regents for approval at a future meeting. HHMI has formally committed the prepayment obligation to UCSF.

- Funds Available to the Campus: The campus has set aside reserves, both from sources available to the Chancellor and to the Schools of Medicine and Pharmacy, to fund other costs related to this project.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board.

President Atkinson observed that the entrepreneurial activities of the campuses and in particular the excellence of their faculty draw large National Institutes of Health and various other agency funding to the University. UC receives indirect costs on those funding activities to support facilities such as those that were presented at this meeting. This effort is part of the driving force of the California economy. He observed that the ability of the University to bring research activity into the state has a direct impact on the expenditure of funds and the expansion of new ideas.

The meeting adjourned at 10:20 a.m.

Attest:

Secretary