

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

November 14, 2006

The Committee on Grounds and Buildings met on the above date at Covell Commons, Los Angeles campus.

Members present: Regents Coombs, Johnson, Kozberg, Ledesma, Schilling, and Schreiner; Advisory members Allen, Bugay, and Brown

In attendance: Faculty Representative Oakley, Acting Secretary Shaw, Acting General Counsel Blair, Provost Hume, Vice President Hershman, Chancellors Córdova and Vanderhoef, Acting Chancellor Abrams, University Auditor Reed, and Recording Secretary Bryan

The meeting convened at 11:40 a.m. with Committee Chair Kozberg presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of September 19, 2006 were approved.

2. **APPROVAL OF UNIVERSITY OF CALIFORNIA 2007-2008 BUDGET FOR STATE CAPITAL IMPROVEMENTS AND DISCUSSION OF THE FIVE-YEAR CAPITAL PROGRAM NON-STATE AND STATE FUNDS 2006-2007 TO 2010-2011**

The President recommended that, subject to concurrence of the Committee on Finance, the 2007-08 Budget for Capital Improvements be approved as presented in the document titled, *2007-2008 Budget for State Capital Improvements*.

2007-08 Budget for State Capital Improvements

Vice President Hershman recalled that the document, *2007-2008 Budget for State Capital Improvements*, was mailed to The Regents on October 26. The total request for State capital outlay funds in 2007-08 is \$486.8 million. This includes \$316.8 million for the basic capital program and \$140 million for four medical school/telemedicine projects, to be funded from a new general obligation bond measure that was on the November 2006 ballot. The request also includes an anticipated proposal of \$30 million for the Helios Research Facility project, a special energy research facility at the Lawrence Berkeley National Laboratory (LBNL), to be funded through State lease revenue bond funds.

Passage of the November 2006 bond was particularly critical for the University because it will finance both this 2007-08 budget and also \$340 million of University project funding appropriated in the State 2006-07 Budget Act. Of special note is the fact that the

bond includes a \$200 million, one-time increase in funding to expand telemedicine programs and the first expansion in medical school enrollment since the 1970s, both intended to dramatically improve health care delivery to rural and urban underserved communities throughout the state.

Without this bond funding, the University's ability to support enrollment growth and expand medical programs would have been seriously harmed. That growth is projected at about 74,000 students between 1997-98 and 2010-11, a 51 percent increase. The renewal needs of the University's aging physical plant are a rapidly worsening problem that, with the seismic life-safety corrections program, also would be exacerbated. Each year, the University estimates its total funding need for State-supportable functions at well over \$800 million. This estimate is included in the University's testimony to the Legislature during budget hearings and in the Five Year Infrastructure Report published by the Department of Finance in January of each year. In accordance with the compact with the Governor and the University's commitments regarding program measures and the effective use of existing facilities, the Governor has agreed to support State capital funding at a level of \$345 million per year from general obligation bonds or other fund sources as appropriate. The support of the State Administration, Legislature, and public in providing these funds under difficult State fiscal conditions is highly appreciated by the University.

A capital funding shortfall of over \$480 million remains for State-supportable programs, however. The University has a continuing commitment to make every effort to pursue gift and other potential sources to supplement State resources for construction. The effort is constrained by cuts in State operations budgets and competing needs that have severely limited the ability of the University to continue to allocate resources to construction at the level possible in earlier years. This is particularly difficult in the present situation when project budgets set in more stable years are being overtaken by extraordinary increases in construction market costs. In addition, the University has additional capital needs for student life and auxiliary program functions that can only be addressed by non-State resources. In response, the University has intensified its efforts to make the most efficient use of existing facilities, to carefully define and analyze facility needs, to evaluate competing needs and set priorities that maximize the value of available funds, and to continually improve management of project design and construction.

The State capital budget document includes the projects and budget proposed for approval in 2007-08, along with future State funding plans by campus for the next four years, 2008-09 through 2011-12. Although total University need is explained in the document, the actual State funding request reflects the allocation of available State funds to carefully considered campus priorities.

Five-Year Capital Program Non-State and State Funds 2006-07 to 2010-11

The report Five-Year Capital Program Non-State and State Funds 2006-07 to 2010-11, also mailed on October 26, provides an overview of longer-term capital plans. It projects the University's non-State and State capital program during the five-year period between 2006-07 and 2010-11. In developing the five-year program, the campuses took into account current fiscal realities and their assigned State capital funding targets.

Vice President Hershman noted that the report provides the Committee with a projection of future facilities to be developed using non-State and State sources. Specific projects funded from non-State sources will continue to be brought to The Regents for approval at its regular meetings, when the scope and cost of projects are final and the feasibility of funding plans is confirmed. It is anticipated that the scope, cost, and funding plans of these future projects will change to some degree by the time they are presented for project and funding approval.

The report provides a chapter for each campus that includes the following information:

- An overview of the campus planning context in which the projections of capital projects have been developed.
- A table that displays the list of projects that the campus estimates it will bring forward for approval during the five-year period, followed by a summary of the total project costs and anticipated fund sources that will support the Capital Program.
- A brief narrative description of each capital project proposed for funding from non-State sources during the five-year period. Descriptions of State-funded projects can be found in the 2007-2008 Budget for State Capital Improvements.

The Capital Program is based on the best estimates of non-State and State fund sources that will be available for defined capital projects over the five-year period. These fund sources include debt financing, campus resources, gifts, capital reserves, and federal and State funds. The State capital funds displayed in the project tables include both fully funded and jointly funded State and non-State sources.

Some campus capital development has taken place through land lease agreements and other development arrangements with third-party entities. These projects are not normally included in the capital budget but rather are approved through a variety of contractual agreements. Potential third-party developments on the campuses are included in this report, however, in order to display the full range of capital development activities expected to take place on the campuses over the next five years.

As previously noted for the State capital document, while the lists of campus projects address a wide range of facilities needs, the campus capital programs outlined in this

report do not meet all identified capital needs. The campuses have included only those projects that it is believed can be sufficiently defined in terms of scope and cost at this time and for which a reasonable funding plan can be defined. For example, potential projects to meet identified needs may not be included in the program because alternative solutions are still being evaluated or funding sources cannot be identified. Some campuses are evaluating the feasibility of capital campaigns to raise gift funds for capital purposes or are in the process of identifying the priority projects to be included in a future gift campaign and, therefore, have not included all projects that might be funded from future gifts at this time.

The projected total for non-State fund sources for the ten campuses and Universitywide is \$4.8 billion, with approximately \$1.9 billion identified as debt financing. Last year, the approximate amount of debt financing was projected at slightly over \$1.2 billion.

Mr. Hershman invited Vice Chancellor Olsen to discuss some of the changes that the Los Angeles campus is planning for in conjunction with its large hospital project.

Vice Chancellor Olsen recalled that in May 2006, UCLA provided an overview of the progress on remediating seismic risk on the campus over the last 20 years. Since 1985, the campus had, through a combination of State and non-State resources, reduced the inventory of seismically deficient space on the campus from a total of 8.5 million gross square feet to 1.6 million gross square feet upon completion of Phase 1 of the Center for the Health Sciences. All the buildings on the general campus now comply with UC standards. The Phase 1 activity includes the Westwood Hospital, the SRB-1, SRB-2, and Luck research facilities. Upon completion of those projects, the 1.6 million gross square feet in nonconforming space will be confined to space currently occupied by the School of Medicine and the School of Public Health. In May, the campus outlined what was thought to be required to proceed with a series of projects to eliminate and either renovate or replace all nonconforming space. If all the funding had been available when needed, the cost of that program over the next 15 years would have been about \$1.7 billion. In the interest of trying to identify a series of projects that will allow the campus to get started, a more limited set was assembled, with a cost of \$700 million. These included the renovation of the CHS South structure, which is the hospital tower that will be vacated upon completion of the Westwood Hospital. With that comes the relocation of the clinical laboratories located in the A Level and construction of the new medical education building and renovation of the old Life Sciences Building upon completion of the replacement building.

Mr. Olsen reported that since that time, the campus determined that even the \$700 million program would not be feasible, based on the amount of funding actually available to UCLA over the next five years. The target for State funds for UCLA is only \$165 million in the five-year plan. Also, the results of new engineering studies for the School of Public Health, the MPI Building, the Reed Neurological Research Building, and the School of Medicine West Building indicated that there are cost-effective solutions to renovate these buildings while continuing to occupy them. The basis for the plan presented in May was

early engineering studies that concluded the opposite. As a result, the campus can proceed with a more detailed planning effort to identify opportunities to reuse buildings rather than planning for their replacement and demolition. The capital plan proposed reflects this new strategy.

Mr. Olsen discussed some of the changes in the campus' planning. He reported that the CSH South retrofit has a budget of \$350 million, plus \$80 million for relocation of the clinical laboratories, which makes it unfeasible. As a result of that, upon completion of the Westwood Hospital and after the move of patients out of this structure, it is proposed to decommission the building, separating it physically from the adjacent School of Medicine towers and disconnecting the utilities, but portions of the building will continue to be occupied on an interim basis. The second part of the plan is the construction of a new medical education building at the corner of Westwood and Young Drive. That is scheduled for the construction phase in 2010-2011. Options are being considered to see if it is possible to accelerate the delivery of that project. It will be a major undertaking and will be integrated with the Programs in Medical Education and telemedicine initiatives. There is also a proposal for the 2008-2009 budget for the seismic retrofit of the School of Public Health. This was deemed to be infeasible previously, but the campus now believes there is a cost-effective solution. Finally, there is a series of projects that will help support the interim use of the remaining space in the CSH complex. These involve the modernization of the electrical distribution system and improvements in fire alarms and sprinklers.

Mr. Olsen commented that, although it has been determined that some of these facilities are appropriate for reuse, concern remains about the pace at which some of the seismic issues can be addressed. The size of the issue is well beyond the current level of State resources that can be expected. It will be necessary to proceed incrementally and to look for opportunities to address other aspects that are not currently funded, such as the NPI Building. That has not only the advantage of seismic remediation but also some of the solutions that have been investigated would open up a site for the further development of the Wasserman Building, which is an in-kind gift that has been approved by The Regents.

Committee Chair Kozberg commented that donors have stepped forward in anticipation that the campus would complete a given program. She was hopeful that the program as planned could be accomplished and offered any help that Regents could provide.

Regent Johnson asked to be shown what the academic plans are for the various campuses over the next five years. Provost Hume reported his intention to brief the Regents at the meeting of the Committee on Educational Policy with a short presentation on current planning activities. The President has initiated a process of systemwide academic planning in a more open framework than in the past. He reported that he would be able to respond more fully to her question early in the new year.

Regent Coombs noted that at its meeting later in the day the Committee on Educational Policy would be discussing the development of a medical school at the Riverside campus. He asked how initiatives like that, which differ from academic planning but are major department issues, fit into the capital planning process. Vice President Hershman responded that facilities related to new program proposals that have not been approved have never been included in the capital budget.

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

3. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND AMENDMENT OF EXTERNAL FINANCING FOR WESTWOOD REPLACEMENT HOSPITAL, AND SANTA MONICA/ORTHOPAEDIC REPLACEMENT HOSPITAL AND PARKING STRUCTURE, AND REPLACEMENT HOSPITALS FURNITURE AND EQUIPMENT, LOS ANGELES CAMPUS**

The President recommended that:

- A. The 2006 07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$677,700,000 to be funded from federal funds (\$432,900,000), State matching funds (\$44,100,000), State lease revenue bond funds (\$125,000,000), gift funds (\$57,700,000), and external financing (\$18,000,000).

To: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$829,300,000 to be funded from federal funds (\$439,700,000), State matching funds (\$44,100,000), State lease revenue bond funds (\$125,000,000), State children's hospital program grant funds (\$29,827,000) gift funds (\$6,373,000), hospital reserves (\$6,000,000), campus funds (\$1,000,000), external financing (\$170,300,000), and earnings from previous bond issue (\$7,000,000).

From: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$275,900,000 to be funded from federal funds (\$72,200,000), State lease revenue bond funds (\$55,000,000), gift funds (\$41,700,000), and external financing (\$107,000,000).

To: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$377,900,000 to be funded from federal funds (\$72,200,000), State

lease revenue bond funds (\$55,000,000), hospital reserves (\$3,000,000), gift funds (\$3,000,000), and external financing (\$244,700,000).

From: Los Angeles: Replacement Hospitals Furniture and Equipment – furniture, furnishings, miscellaneous medical equipment, IT systems, and other startup costs associated with the two replacement hospitals – \$85,000,000 to be funded from gift funds (\$85,000,000).

To: Los Angeles: Replacement Hospitals Furniture and Equipment – furniture, furnishings, miscellaneous medical equipment, IT systems, and other startup costs associated with the two replacement hospitals – \$179,500,000 to be funded from gifts.

Deletions by strikeout; additions by underscore

B. The President be authorized to obtain external financing not to exceed \$165,000,000 to finance Westwood Replacement Hospital, and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure 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 the gross revenues of the UCLA Hospital System.
- (3) The general credit of The Regents shall not be pledged.

C. The President be authorized to obtain an additional amount of external financing not to exceed \$250,000,000 to finance Westwood Replacement Hospital, and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure 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 the gross revenues of the UCLA Hospital System.
- (3) The general credit of The Regents shall not be pledged.

D. The President be authorized to obtain standby financing not to exceed ~~\$59,000,000~~, \$58,000,000 and ~~interim financing not to exceed \$26,000,000~~, for a total of ~~\$85,000,000~~ for Replacement Hospitals Furniture and Equipment, 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 gift funds and in the event such gift funds are insufficient, from the Los Angeles campus share of the University Opportunity Funds.
- (3) The general credit of The Regents shall not be pledged.

~~E.~~ The 2003-04 Budget for Capital Improvements and Capital Improvement Program be amended as follows:

~~Los Angeles: Westwood Replacement Hospital and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure = additional construction expenditures, additional contingency and other capital projects associated with construction at the replacement hospitals = to be funded from external financing (\$40,000,000).~~

~~F.E.~~ 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.

~~G.F.~~ The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

Westwood Replacement Hospital

It was recalled that approval is requested for a \$151,600,000 budget augmentation (including the allocation of previously approved contingency of \$30,000,000) for the Westwood Replacement Hospital and increased authorization for external financing of \$122,300,000 to reflect current estimates of construction completion costs, including costs related to the two-year extension of the project schedule. Related requested actions include approval of the allocation of Children’s Hospital Program (Proposition 61) grant funds (\$29,827,000), additional Federal Emergency Management Agency (FEMA) grant funds (\$6,800,000), campus funds (\$1,000,000), hospital reserves (\$6,000,000), earnings from the previous bond issue (\$7,000,000), and a corresponding reduction of gifts (\$51,327,000) to fund the requested augmentation.

This project has been included in the Five-Year Capital Program Non-State and State Funds since 1996 97.

The Westwood Replacement Hospital Project was the first project proposed for development as part of the multi-phase seismic reconstruction plan for health sciences facilities at the Los Angeles campus. The proposed new 525-bed, 517,000 asf hospital (1,260,000 gsf including below grade parking level for 300 cars) would replace the

existing 805-bed, 542,000 asf Medical Center, Mattel Children's Hospital, and Neuropsychiatric facilities, currently located in the Center for Health Sciences (CHS), which have significant structural damage as a result of the 1994 Northridge earthquake and do not meet seismic life safety standards for inpatient care services. The new Hospital will include Women's Services, Diagnostics and Treatment, and faculty offices. Support Services include pharmacy, clinical labs, the food service for patients and cafeteria, and central loading dock. To comply with California Law (SB 1953 enacted after the Northridge Earthquake) and current Office of Statewide Health Planning and Development (OSHPD) life safety requirements, the inpatient care services located in these existing facilities must be repaired, renovated, or replaced by 2008 (with an extension to 2009 to be requested under SB1953/SB1661).

In May 1997, The Regents reviewed the proposed seismic reconstruction program and approved an amendment to the Budget for Capital Improvements and Capital Improvement Program to include preliminary plans (P) for the proposed Westwood Replacement Hospital.

In November 1998, The Regents approved an amendment to the Budget for Capital Improvements and Capital Improvement Program to include the Westwood Replacement Hospital at the total (PWCE) project cost of \$597,700,000 at CCCI 3909. Concurrently, the Regents certified the Final Environmental Impact Report for the project, approved the project design, external financing in the form of hospital revenue bonds to be repaid from operating revenues of the hospital system, and interim financing to meet short-term cash flow shortfalls related to FEMA reimbursements.

In September 2000, The Regents approved an augmentation of \$75,000,000, to be funded from gifts, for the Westwood Replacement Hospital to include medical equipment costs previously anticipated to be funded separately from hospital reserves in the two years prior to the completion of the new hospital. With the inclusion of these equipment costs, the project cost for the Westwood Replacement Hospital was approved for a total \$672,700,000 at CCCI 3909.

Concurrent with the budget augmentation approval, The Regents approved changes in the funding sources for the project consisting of the addition of gift funds and of State-sponsored lease revenue bond and the removal of hospital reserves and of long-term external financing in the form of hospital revenue bonds. At that time, the exact allocation of the State lease revenue bond funds and gift funds between the two hospital projects was subject to adjustment pending the completion of discussions with the Department of Finance regarding the approval of the \$180,000,000 in funding for the two projects. In February 2001, the State Public Works Board approved the allocation of \$125,000,000 in State lease revenue bonds to the Westwood Hospital.

In July 2001, The Regents approved an amendment to the Capital Improvement Budget for the project to confirm the amount of State-sponsored lease revenue bonds allocated by the State Public Works Board (\$125,000,000) and the amount of gift funds

(\$70,700,000) required to complete project funding. Also approved was an amendment to the external financing authorization for the project in order to provide standby and interim financing for the gift funds remaining to be raised.

In August 2002, the Office of the President approved an amendment to the Capital Improvement Program and Capital Improvement Budget to decrease the project cost by \$15,000,000 to reflect the lower realized and expected interest charges on the project due to the success of the fund-raising campaign and careful management of FEMA reimbursements resulting in a total project budget of \$657,700,000 at CCCI 3944.

In January 2004, The Regents approved an amendment to the Capital Improvement Program and Capital Improvement Budget to increase the project cost by \$20,000,000 to fund the redesign and build-out costs for a portion of the third floor (\$10,000,000) and additional project contingency (\$10,000,000), for a total of \$677,700,000, and also approved the appropriation of an additional contingency of \$30,000,000, to fund, if necessary, additional construction expenditures and other capital expenditures related to the construction of the two hospitals. Concurrently, The Regents approved an amendment to the external financing authorization for the project in order to provide long-term financing to fund a portion of the requested budget augmentation and shift gifts from construction to start-up costs. Of the total external financing of \$165,000,000, \$48,000,000 were allocated to the Westwood Replacement Hospital to fund \$18,000,000 of the increased project costs and the \$30,000,000 additional contingency. These bonds were issued in May 2004.

In July 2005, FEMA authorized the allocation of \$6,800,000 in grant funds previously approved for the repair of the Center for Health Sciences South Parking Structure (CHS SPS) to fund partially the cost of relocation of essential hospital support functions currently located in the CHS SPS within the larger Westwood Replacement Hospital Project.

In January 2006, The Regents authorized the submission on behalf of the UCLA Medical Center of an application for \$30,000,000 of State Children's Hospital Program grant funds provided through Proposition 61, the Children's Hospital Bonds Act of 2004. In October 2005, the UCLA Medical Center submitted an application for reimbursement of expenditures for construction of space for the Mattel Children's Hospital within the larger Westwood Replacement Hospital project. The California Hospital Financing Authority approved UCLA's grant on December 1, 2005 at a total grant amount of \$29,827,000 (reflecting the nominal grant of \$30,000,000 less State issuance and administrative costs). The grant was executed on October 4, 2006.

Status of Construction

Construction of the Westwood Replacement Hospital commenced in fall 1999 with the award of the site demolition and site utilities relocation contract. The work of that contract was completed in November 2000. The core and shell construction contract was

awarded in November 2000. Construction started in December 2000 and was completed in December 2003. All bids have been received for the tenant improvement work, which started in the spring of 2002. Tenant improvements are 95 percent complete and anticipated to be largely complete in spring 2007.

Construction was previously anticipated to be largely complete in spring 2005, with full occupancy of the building achieved in late summer of that year. The pace of construction slowed due to a partial stop work order issued in August 2004 by OSHPD, which had become concerned that the contractor was not maintaining an effective quality control program and getting ahead of the inspection process. The stop work order resulted in changes in the sequencing of field installation work and partial subcontractor demobilization. To mitigate the impacts of the stop work order, campus project management staff worked closely with OSHPD management, which assigned additional staff to expedite the review and approval of these contractor-prepared submittals. OSHPD lifted the stop work order in April 2005; however, the pace of construction did not resume to the level achieved prior to the issuance of the stop work order until September 2005.

Construction is largely complete on floors 5 through 8 of the four nursing towers, and commissioning of building systems has started on these floors. The installation of interior finishes is proceeding on floors 3 down to B1 and anticipated to be completed in early 2007, with commissioning of building systems on these floors anticipated to be completed in April 2007. Commissioning of medical equipment and information systems and hospital personnel training would follow with the expectation that licensing and full occupancy of the building would be achieved in September 2007.

Status and Need for Augmentation: Westwood Replacement Hospital

A budget augmentation is requested of \$151,600,000 to be funded from Children's Hospital Grant Funds (\$29,827,000), hospital reserves (\$6,000,000), campus funds (\$1,000,000), external financing (\$122,300,000), earnings from previous bond issue (\$7,000,000), and previously approved contingency (\$30,000,000), with a corresponding decrease of gifts (\$51,327,000). The campus proposes to transfer the \$51,237,000 gift funds to the Replacement Hospitals Furniture and Equipment project, as detailed later in this item in the section pertaining to the furniture and equipment project augmentation request. The revised project cost of \$829,300,000, at CCCI 3994, would be funded from FEMA grant funds (\$439,700,000), State matching funds (\$44,100,000), State Lease Revenue Bonds (\$125,000,000), State children's hospital program grant funds (\$29,827,000), gift funds (\$6,373,000), hospital reserves (\$6,000,000), campus funds (\$1,000,000), external financing (\$170,300,000), and earnings from previous bond issue (\$7,000,000). The augmentation request includes the cost of change orders executed to date, allowances for anticipated costs which have not yet been contracted, and negotiated increases in soft costs.

Construction Cost Increases (+\$129,077,000)

Construction costs increases incurred relate to the final specification and installation of Group I medical equipment, and information systems (\$58,765,000), code interpretation by OSHPD and the State Fire Marshall (\$5,875,000), 3rd-floor remodel (\$7,550,000), and other miscellaneous design coordination change orders (\$46,297,000). Other increases incurred were builder's risk insurance premiums (\$1,350,000) and OCIP insurance premiums (\$6,800,000), construction workforce parking costs (\$2,520,000), telecommunication cabling (\$1,415,000), temporary utilities cost, and miscellaneous other construction (\$10,272,000). These increases were partially offset by a reduction in Group I medical equipment purchases (\$11,767,000).

Indirect/Overhead Cost Increases (+\$46,738,000)

Indirect costs have also increased over the course of the project with regard to extended construction management services, consultant costs for redesigning a portion of the third floor, on-site construction administration staff for the executive architect, testing agencies, increased support for project management and inspection staff, a complete building commissioning program, and the two year schedule extension. The following summarizes these increases:

Construction Management Services (+\$13,086,000)

Increased fees in the construction manager contract include costs related to the extension of basic services due to the schedule delays, the provision of additional site coordinators in support of the inspection process, and the development and monitoring of the complete building commissioning program.

A/E Fees (\$13,370,000)

Increased fees in the executive architect/engineer contract include additional services for the redesign of the third floor med/surge unit, the final specification of Group I medical equipment, and the extension of basic services and on-site construction administration services due to the schedule delays.

Campus Administration (\$10,500,000)

Internal fees increased due to schedule delays and additional inspection and inspection documentation process requirements.

Surveys, Tests (\$5,384,000)

Additional testing costs increased due to schedule delays and additional inspection requirements, and construction management and architect reimbursable expenses increased due to additional project documentation and schedule delays.

Special Items (\$4,398,000)

Due to the increase in the project's overall cost, additional OSHDP fees will be incurred, as its fee is based on a percentage of the total construction cost.

Interest during construction costs (\$4,768,000)

Loan interest was increased to reflect incurred and projected expenses related to the previously authorized interim financing to meet the short-term cash flow shortfalls related to the FEMA reimbursement program (10 percent retention of the FEMA grant value pending completion of final audits).

Group 2 & 3 Equipment Decrease (\$23,035,000)

The allowance for Group 2 & 3 equipment was decreased to partially offset the increase in construction costs related to the installation of Group I equipment.

Contingency Decrease (\$5,948,000)

The total project cost increase was partially offset by the reallocation of \$5,948,000 in available project contingency. Remaining contingency totals \$14,052,000, or 2.18 percent of the construction budget.

Santa Monica/Orthopaedic Replacement Hospital and Parking Structure

Approval is requested of a \$102,000,000 budget augmentation (including the allocation of previously approved contingency of \$10,000,000) for the Santa Monica/Orthopaedic Replacement Hospital and Parking Structure, and increased authorization for external financing of \$127,700,000 to reflect current estimates of construction completion costs, including costs related to the extension of the project schedule. Related actions include requested approval of the allocation hospital reserves (\$3,000,000) and corresponding reduction of gifts (\$38,700,000) to fund the requested augmentation.

This project has been included in the Five Year Capital Program Non State and State Funds since 1996-7.

The Santa Monica/Orthopaedic Replacement Hospital Project and Parking Structure was the second project proposed for development as part of the multi-phase seismic reconstruction plan for health sciences facilities at the Los Angeles campus. The proposed 172-bed, 167,515 asf (296,000 gsf) hospital would replace the existing 197-bed, 155,323 asf West Hospital Tower and the 14,276 asf Nethercutt Emergency Center facilities, which have significant structural damage as a result of the 1994 Northridge earthquake and do not meet seismic life safety standards. To comply with California law and Office of Statewide Health Planning and Development life safety requirements, the inpatient care services located in these existing facilities must be repaired, renovated, or replaced by 2008 (the campus is applying for an extension to 2013 under SB 1953/SB 1661). Approximately 83,980 asf would be retained in the existing 187,000 gsf Merle Norman Pavilion, which would undergo partial renovation and refurbishment and continue to house 94 beds. The project also includes construction of a replacement central plant of 20,000 gsf and a 520- car parking structure.

In May 1997, The Regents reviewed the proposed seismic reconstruction program and approved an amendment to the Budget for Capital Improvements and Capital Improvement Program to include preliminary plans (P) for the proposed Santa Monica/Orthopaedic Replacement Hospital.

In March 1999, The Regents approved an amendment to the Budget for Capital Improvements and Capital Improvement Program to include the Santa Monica/Orthopaedic Replacement Hospital at the total (PWCE) project cost of \$205,860,000 at CCCI 3909. Concurrently, the Regents certified the Final Environmental Impact Report for the project, approved the project design, external financing in the form of hospital revenue bonds to be repaid from operating revenues of the hospital system, and interim financing to meet short-term cash flow shortfalls related to FEMA reimbursements.

In September 2000, The Regents approved a \$25,000,000 augmentation to the Capital Improvement Budget for the Santa Monica/Orthopaedic Replacement Hospital to include medical equipment costs previously anticipated to be funded separately from hospital reserves in the two years prior to the completion of the new hospital. With the inclusion of these equipment costs, the project cost was approved for \$230,860,000 at CCCI 3909.

Concurrent with the budget augmentation approval, The Regents approved changes in the funding sources for the project consisting of the addition of gift funds and of State-sponsored lease revenue bonds and the removal of hospital reserves and of long-term external financing in the form of hospital revenue bonds. At that time, the exact allocation of the State lease revenue bonds funds and gift funds between the two hospital projects was subject to adjustment pending the completion of discussions with the Department of Finance regarding the approval of the \$180,000,000 in funding for the

two projects. In February 2001, the State Public Works Board approved the allocation of \$55,000,000 in State lease revenue bonds to the Santa Monica/Orthopaedic Replacement Hospital.

In July 2001, The Regents approved an amendment to the Capital Improvement Budget for the project to confirm the amount of State-sponsored lease revenue bonds allocated by the State Public Works Board (\$55,000,000) and the amount of gift funds (\$88,760,000) required to complete project funding. Also approved was an amendment to the external financing authorization for the project in order to provide standby and interim financing for the gift funds remaining to be raised.

In August 2002, the Office of the President approved an amendment to the Capital Improvement Program and Capital Improvement Budget to increase the project cost by \$30,000,000 to reflect the higher cost of cumulative construction bids and the highest internal and external management costs due to the complexity of construction phasing and delays in the completion of the central plant resulting in a total project budget of \$260,600,000 at CCCI 2904.

In January 2004, The Regents approved an amendment to the Capital Improvement Program and Capital Improvement Budget to increase the project cost by \$15,040,000, for a total of \$275,900,000, and also approved the appropriation of an additional contingency of \$10,000,000 to fund if necessary additional construction expenditures and other capital expenditures related to the construction of the two hospitals. Concurrently, The Regents approved an amendment to the external financing authorization for the project in order to provide long-term financing in the amount of \$107,000,000 to fund the requested budget augmentation, replace the earthquake insurance proceeds in hospital reserves (\$14,900,000) as a fund source, and reduce gift funds from \$118,760,000 to \$41,700,000 in order to reallocate gifts to fund other start-up expenses related to the two replacement hospitals. These bonds were issued in May 2004.

Status of Construction

Construction of the Santa Monica/Orthopaedic Replacement Hospital commenced in fall 1999 with the first phase of renovation of the Merle Norman Pavilion completed a few months later. Construction of the Parking Structure started in March 2000 and was completed in April 2001. Construction of the replacement central plant started in July 2000 and was completed in November 2003, allowing for the decommissioning and demolition of the existing central plant.

The construction contract for the replacement hospital facilities was awarded in February 2002, and construction on the Orthopaedic Wing started that spring. The start of construction of the Southwest Wing was significantly delayed by delays in the construction of the replacement central plant. The Southwest Wing is anticipated to be largely complete in spring 2007, allowing for the start of construction of the Central Wing on the site occupied by the Nethercutt Emergency Center, which will relocate to the

Southwest Wing. Completion of the Central, North and Orthopaedic Wings is anticipated to be achieved in late 2008, with the demolition of the vacated West Hospital Tower and the construction of final sitework expected to be achieved in early 2010.

Status and Need for Augmentation: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure

A budget augmentation is requested of \$102,000,000 to be funded from hospital reserves (\$3,000,000), external financing (\$127,700,000), and previously approved contingency (\$10,000,000) with a corresponding reduction of gifts (\$38,700,000). The campus proposes to transfer the \$38,700,000 of gifts to the Replacement Hospitals Furniture and Equipment project as detailed later in this item in the section pertaining to the furniture and equipment project augmentation request. The revised project cost of \$377,900,000 at CCCI 3994 would be funded from FEMA grant funds (\$72,200,000), State lease revenue bonds (\$55,000,000), hospital reserves (\$3,000,000), gift funds (\$3,000,000), and external financing (\$244,700,000). The augmentation request includes the cost of change orders executed to date, allowances for costs which have not yet been contracted, and negotiated increases in soft costs.

Construction Cost Increases (+\$47,550,000)

Construction costs increases were incurred relating to the final claim settlement with the central plant contractor (\$3,500,000), the final specification and installation of Group I medical equipment, and information systems (\$3,700,000), and miscellaneous design coordination change orders including unknown conditions and phasing impacts (\$31,242,000) and a contingency for changes under negotiation (\$7,111,000). Other increases incurred were Builder's risk insurance premiums (\$500,000) and OCIP insurance premiums (\$2,400,000), construction workforce parking costs (\$900,000), telecommunication cabling (\$385,000), temporary utilities cost and miscellaneous other construction items (\$6,712,000). These increases were partially offset by a reduction in Group I medical equipment purchases (\$8,900,000).

Indirect/Overhead Cost Increases (+\$53,600,000)

Indirect costs have also increased over the course of the project with regard to extended construction management services, on-site construction administration staff for the executive architect, testing agencies, increased support for project management and inspection staff, a complete building commissioning program, and the two year schedule extension. The following summarizes these increases:

Construction Management Services (+\$21,000,000)

Increased fees in the construction manager contract include costs related to the extension of basic services due to the schedule delays, the provision of additional site coordinators in support of the inspection process, and the development and monitoring of the complete building commissioning program.

A/E Fees (+\$15,370,000)

Increased fees in the executive architect/engineer contract include additional services for the remediation of the discovery of unknown conditions, the coordination of project phasing adjustments, the final specification of Group I medical equipment and the extension of basic services and on-site construction administration services due to the schedule delays.

Campus Administration (+\$9,560,000)

Internal fees increased due to schedule delays and additional inspection and inspection documentation process requirements.

Surveys, Tests (+\$6,552,000)

Additional testing costs increased due to schedule delays and additional inspection requirements. Construction management and architect reimbursable expenses increased due to additional project documentation and schedule delays.

Special Items (+\$1,118,000)

Due to the increase in the project's overall cost, additional OSHDP fees will be incurred, as its fee is based on a percentage of the total construction cost.

Interest during construction costs (\$2,000,000)

Loan interest was increased to reflect incurred and projected expenses related to the previously authorized interim financing to meet the short-term cash flow shortfalls related to the FEMA reimbursement program (10 percent retention of the FEMA grant value pending completion of final audits).

Contingency Decrease (\$1,150,000)

The total project cost increase was partially offset by the reallocation of \$1,150,000 in available project contingency. Remaining contingency is \$13,889,000, or 5 percent of the construction budget.

Replacement Hospitals Furniture and Equipment

Approval is requested of a \$94,500,000 augmentation for the Replacement Hospitals Furniture and Equipment project to reflect current estimates of furniture, furnishings, miscellaneous medical equipment, IT systems, and other start-up costs associated with the two replacement hospitals. The proposed augmentation represents the transfer of costs previously identified as an operating expense to be funded from Hospital Reserves. The revised total project cost of \$179,500,000, at CCCI 3994, would be entirely funded from gifts. As described earlier, the augmentation would be funded primarily from the transfer of available gifts from the two replacement hospital projects (\$90,027,000) following the approval of additional external financing. In addition, the previously approved fundraising goal of \$85,000,000 for this project has been exceeded. Cash proceeds of \$31,473,000 have been received and an additional \$58,000,000 in pledges.

Financial Feasibility: Westwood Replacement Hospital, Santa Monica/Orthopaedic Hospital, and Replacement Hospitals Furniture and Equipment

The revised Westwood Replacement Hospital project cost of \$829,300,000, at CCCI 3994, would be funded from FEMA grant funds (\$439,700,000), State matching funds (\$44,100,000), State Lease Revenue Bonds (\$125,000,000), State children’s hospital program grant funds (\$29,827,000), gift funds (\$6,373,000), hospital reserves (\$6,000,000), campus funds (\$1,000,000), and external financing (\$177,300,000).

The revised Santa Monica/Orthopaedic Replacement Hospital and Parking Structure project cost of \$377,900,000, at CCCI 3994, would be funded from FEMA grant funds (\$72,200,000), State lease revenue bonds (\$55,000,000), hospital reserves (\$3,000,000), gift funds (\$3,000,000), and external financing (\$244,700,000).

The revised Replacement Hospitals Furniture and Equipment project cost of \$179,500,000, at CCCI 3994, would be funded from gifts.

Gift funds required for the Westwood Replacement Hospital (\$6,373,000), Santa Monica/Orthopaedic Replacement Hospital (\$3,000,000), and the Replacement Hospitals Furniture and Equipment (\$179,500,000) total \$188,873,000. As of August 31, 2006, the gift campaign status is as follows:

Gifts in hand:	\$130,873,000
Pledges received:	58,000,000
Gifts to be raised:	<u>0</u>
Total:	\$188,873,000

In January 2004, The Regents authorized \$59,000,000 of standby financing to support pledges received but not collected and interim financing of \$26,000,000 for pledges yet to be raised, for a total of \$85,000,000 for the additional furniture and equipment project. As of October 31, 2006, interim financing is no longer required, and standby financing will be reduced to \$58,000,000.

Regent Johnson asked whether any money from the bond that just passed would be available for the hospital. Vice Chancellor Olsen explained that the project had received State support from three sources: \$44 million in a State match to the FEMA funds; \$180 million between the two hospitals from State lease-revenue bonds that were approved by the Legislature in 2001; and \$30 million from the Children's Hospital Bond. The most recently approved bond did not include any funding for these hospitals. Typically, the general obligation bonds have not been used for clinical facilities.

Regent Johnson asked which hospital the patients would come from. Director Callender responded that the system is planned to accommodate what it is anticipated will be happening with healthcare for the remainder of this century. Inpatients require acute, high-intensity care, a trend which will continue. For systems such as UCLA, there will be a tiering of inpatient services. In planning for that, the Westwood facility has been designed to deliver intensive care in every bed, if necessary. It will provide transplant services, advanced cardio-vascular services, neurosurgical and other advanced stroke treatment, neurological disease treatments, and other forms of high-intensity treatments. The Santa Monica facility is also a high-tech facility, but it is geared to be more accessible in more of a community setting and designed to deliver tertiary and community-level care, which is what is delivered in most inpatient facilities. It is also expected that there will be more specialized outpatient services delivered in very specially equipped facilities. The Medical Plaza outpatient facilities are equipped to do that for the future. There are also practices in the Santa Monica community to serve as a source of primary care.

Regent-designate Bugay noted that reference had been made to a dramatic turn in the business operations over the last few years and there was now substantial cash on hand. He asked what factors besides good management contributed to that situation and whether it was a sustainable trend. Dr. Callender responded that healthcare is dynamic, with many policy issues that affect operational and financial performance. At the State and federal levels with the payers as the system is structured there will likely be a number of policy changes in the future. On the other hand, the system is prepared to offer care for the future. There will be increasing demand for services, but a key to success is to keep the financial and operations groups working to reposition the medical center in the market for reimbursement and examining operating expenses on an ongoing basis. Projecting five years into the future, the medical center has made reasonable assumptions about those policy changes and the associated changes in reimbursement, and expects to achieve financial success, accommodate this debt load, and be able to execute all the intentions of the academic programs.

Committee Chair Kozberg asked how it will be assured that a further infusion of funds is not required. Vice Chancellor Olsen responded that the relationship with the contractor, subcontractors, and the construction management firm is key. In recent months the contractor has been very cooperative in setting a firm schedule for specific deliverables.

Regent-designate Allen asked what the University should watch for to avoid similar problems with future projects. Mr. Olsen reported that information has been shared with other campuses. He believed that to carry off a project of this complexity there must be careful planning and a sense of realism. Any plans involving the installation of fixed medical equipment must be planned generically because of the dynamics of medical technology. Working closely with the faculty makes it easier to move quickly once specific requirements are determined.

Provost Levey noted that the financial challenge to build a complicated hospital is enormous. The campus was fortunate to have been awarded FEMA money and to raise \$300 million from donors.

Vice President Hershman recalled that the Irvine campus is in the middle of a large hospital project. Management at that campus has learned a lot from the experience at Los Angeles.

Mr. Olsen noted that the State has an extremely rigorous set of requirements with respect to the design, plan checking, and inspection of hospital facilities. That requires rigorous management and careful coordination with contractors to ensure that the work does not get ahead of the inspection schedule.

Faculty Representative Brown observed that the University’s relationship with the contractor is extremely important. He asked how knowledge gathered by campuses is circulated systemwide in order to capitalize on each other’s experiences. Mr. Olsen responded that the University as a whole has opportunities to reflect on the way in which capital assets are acquired overall through an examination of its internal policies as well as State policies and laws. He noted that Committee Chair Kozberg is involved in an examination of those issues and is relying on campuses for support in an effort to modernize and streamline the capital acquisition process.

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

4. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR STOCKTON BOULEVARD RESEARCH CENTER PHASE II, DAVIS MEDICAL CENTER, DAVIS CAMPUS**

The President recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Stockton Boulevard Research Center Phase II – preliminary plans, working drawings, and construction – \$22.3 million, to be funded from funds available to the School of Medicine.

Executive Director Boyd recalled that the Davis campus proposes to remodel approximately 27,800 gsf of existing space in Building 41, the Stockton Boulevard Research Center, to support stem cell research within the recently created Center for Regenerative Science and Therapies. Funding for this renovation is entirely from funds available to the School of Medicine. This new Center would build upon UC Davis' established and available research resources and would be designed to help facilitate the translation of stem cell biology to patients, with the intent of going from clinical trials to, ultimately, approved therapies for individuals to treat patients with cancer, Parkinson's disease, heart failure, spinal cord injuries, and other diseases.

The Davis campus' strength in collaborative research is most evident in its campuswide stem cell initiative. The campus has mobilized to establish a comprehensive research program that promises significant advances in the development of cellular therapies for the treatment of human disease.

Stem cells have the potential to offer huge returns in the world of medicine and health care because they have the ability to develop into specialized tissues and organs or become cells that could overcome the toughest health problems. While experts believe the use of stem cells for treatment or organ replacement could be years away, leading edge research into potential stem cell therapies is in full motion at the Davis campus. Indeed, the only way to bring stem cell therapies from laboratory to patient is first to conduct numerous translational and clinical studies. The Stockton Boulevard Research Center (Center) is structured specifically for that purpose.

The Center's proposed facility builds upon current strengths that make the Davis campus a leader in stem cell biology: a world renowned primate center, with exciting collaborations with Shriners Hospital, the M.I.N.D. Institute, UC Davis Alzheimer's Disease Center, the Center for Neuroscience, the Center for Mind and Brain, and the UC Davis Genome Center. It would also complement established, highly successful campus research programs, including the National Cancer Institute designated UC Davis Cancer Center, the National Institutes of Health (NIH) supported Clinical Nutrition Research Unit of the USDA Western Human Nutrition Research Center, the NSF Center for Biophotonics Sciences and Technology, and the Sacramento Veterans Affairs Medical Center-General Clinical Research Center.

The Davis campus has been conducting leading edge stem cell research for several years and currently has investigations under way on many types of stem cells, using both human and animal models. The campus is a recipient of one of the California Institute for Regenerative Medicine's first grants to train young scientists in stem cell research. In addition, the NIH tapped the campus as one of only two centers in the nation for stem and progenitor cell translational research.

Project Need

In 2001, the School of Medicine’s Academic Plan identified the lack of space as the most urgent need for expanding the research enterprise. The amount and adequacy of research space is the greatest rate-limiting factor facing the UC Davis Health System’s efforts to grow and enhance research programs. In order to recruit and retain top researchers and scientists, additional research facilities are required. The renovation of the Stockton Boulevard Research Center would provide much-needed research space.

A research master plan was developed in 2005 as the first step toward the planned comprehensive update of the Long Range Development Plan, which is currently under way. The central objective of the research plan was to support and enhance the long term growth of research and the integration of a research zone into the overall campus fabric. This will include integration with land use, vehicular circulation, open space, pedestrian circulation, and site utilities. This plan addressed the need for development guidelines to manage research growth over the next ten to fifteen years. Much of this anticipated growth will result from the need to satisfy a significant shortage of state-of-the-art research space.

Building 41 lies within the research zone at the Sacramento campus and was selected for renovation as a research facility because it was ideally located on the medical center campus. This structure previously contained the medical warehouse, medical records, mail/distribution services, copy center, and a small section for plant operations and maintenance which have relocated to a leased facility near the medical center campus. With a total 109,000 gsf, this building was chosen for several reasons:

- It is a University-owned building on the medical campus.
- The structure has high floor to ceiling heights providing the interstitial space required to maintain HVAC equipment without breaching the clean lab environment.
- Relocation of the occupants would have minimal impact to medical operations.
- Phased remodels could be completed as funds became available.
- There were no major environmental issues or concerns.

A preliminary plan was prepared that envisioned the building renovation being completed in multiple phases. The Stockton Boulevard Research Center Phase I project, which was completed in May 2005, renovated approximately 16,700 gsf for a total project cost of \$2,451,000. This area contains the Clinical Translational Research Investigator Services Program (CRISP). As the primary resource for basic and clinical research grant support and related services for the School of Medicine, CRISP recognized the need to develop collaborative networks and administrative infrastructure to support researchers. It provides “one-stop” services for investigators and researchers interested in conducting either NIH or industry-sponsored clinical or translational research. The CRISP program co-located a number of specialized services to assist faculty and others performing research related activities.

Project Description

The proposed Stockton Boulevard Research Center Phase II project is located on the southwestern corner of the medical campus at the intersection of Broadway and Stockton Boulevard in Sacramento. The project would renovate approximately 27,800 gsf of the remaining space in Building 41 to accommodate stem cell research programs.

The specifics of the 18,400 asf/27,800 gsf renovated space follows:

- Approximately 10,400 asf for a Specific Pathogen Free Barrier (Vivarium) facility with entry, exiting showers, procedure rooms, holding rooms, imaging rooms, and separate animal manipulation rooms.
- Approximately 5,500 asf for a Good Manufacturing Practice (GMP) Lab for stem cell manufacturing, testing, imaging, and lab area with research offices dedicated to the lab. This space will have controlled access, controlled temperature and humidity, controlled and validated equipment, and a special controlled airflow system to maintain an extremely clean stem cell manufacturing environment to prevent any contamination.
- Approximately 2,500 asf for freezer storage, autoclaves, and receiving and storage space for specialized equipment supporting both the Vivarium and GMP Lab. The receiving and storage will also service other lab areas when future phases are built out.

Full interstitial space above the GMP lab space will allow maintenance of HVAC units, filters, and lighting without breaching the clean environment of the facility. The vivarium would have a partial interstitial space above the hard lid ceiling of the facility to minimize the need for maintenance personnel to enter the animal facility proper.

The project is estimated to begin construction in October 2007, with occupancy in September 2008.

Green Building Design and Clean Energy Standard

This project will comply with the UC Presidential Policy on Green Building Design and Clean Energy Standards. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.

CEQA Classification

This project is not exempt from CEQA or Categorical Exempt. An initial study and checklist will be prepared. Based on the results of the initial study, it is expected that a Mitigated Negative Declaration will be prepared.

Financial Feasibility

The total project cost is \$22.3 million at CCCI 5273 and will be funded from funds available to the School of Medicine.

Upon motion duly made and seconded, the Committee 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 AND APPROVAL OF EXTERNAL FINANCING FOR ARROYO VISTA REPAIRS, IRVINE CAMPUS

The President recommended that:

- A The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Irvine: Arroyo Vista Repairs – preliminary plans, working drawings, and construction – (\$20 million) to be funded from external financing.

- B. The President be authorized to obtain external financing not to exceed \$20 million to finance the Arroyo Vista Repairs project, 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 this debt is outstanding, University of California Housing System fees for the Irvine campus shall be established at levels sufficient to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed funding.
 - (c) The general credit of The Regents shall not be pledged.
- 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.
- D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

Vice Chancellor Brase recalled that the Irvine campus requests approval of the Arroyo Vista Repairs project for a total project cost of \$20 million, at CCCI 4927, to be funded from external financing. The project would repair extensive damage due to construction defects in the 800-bed portion of the Arroyo Vista housing complex completed in 1993.

It would also reconstruct two buildings (24-bed and 36-bed) in which the campus performed destructive testing in order to identify damage and needed repairs.

Arroyo Vista is an undergraduate housing complex comprised of 42 houses which accommodate 990 students. Built in two phases, the original complex opened in 1993 with 35 houses accommodating 800 beds; a subsequent infill project completed in 2004 added another seven houses with 190 beds.

Within the first few years after the first phase of Arroyo Vista opened, minor building problems began to surface. By the time the complex was about five years old, serious and pervasive construction defects became evident. Improperly installed windows, poorly constructed roofs, inadequate flashing, poorly installed shower pans and tiles, and inadequate plumbing components resulted in extensive water leakage and moisture damage. Improper construction of exterior wooden staircases and bridges between buildings resulted in their deterioration and weakened structural integrity. In addition, the installation of obsolete fire alarm equipment made ongoing maintenance impossible due to the unavailability of parts.

The University filed suit against the builder of the complex, resulting in a settlement of \$11 million in 2003. To date, \$6 million has been used to cover litigation costs, testing, and consultant studies, and to complete the most urgent repairs, including emergency staircase and bridge repairs, interim shower repairs, replacement of the card key system, the replacement of faulty underground fire risers and fire sprinkler heads, and emergency repairs in buildings where corroded fire risers burst.

Project Description

This project would address construction defects identified in the Arroyo Vista complex, including the following: the replacement and rerouting of bathroom ducts and exhaust fans to the building exterior in order to reduce indoor humidity; replacement of shower waterproofing membrane, tiles, and fixtures; removal, re-flashing, and replacement of doors and door frames at exterior and interior locations; sealing and re-flashing of steep slope roofs; removal and replacement of elevator equipment roofs and stair landing roofs; replacement of failing exterior pavers; replacement of the fire alarm system; replacement of stairs, bridges, and bridge decks at over 30 locations; treatment of window frames with topical water repellent; modification of concrete slabs and the addition of exterior drains to resolve water intrusion issues at doors; repairs to the base of exterior walls to facilitate water drainage; and painting as required. Finally, the project would fully reconstruct two buildings in the complex that were taken down to the studs as part of destructive testing to determine the extent of the damage. Proposed work on the two houses would include the reconstruction of walls, plumbing, lighting, electrical, windows, fixtures, interior and exterior finishes, and the installation of fire alarms.

Project construction would be phased, allowing buildings to remain occupied during the academic year. The most disruptive work, renovation of the bathroom interiors, would

be scheduled over two summers when housing buildings are unoccupied. Completion is scheduled for May 2009.

The \$20 million project would be funded from external financing. Although this project would correct known defects, it is likely that some additional problems will surface over time and result in higher than usual ongoing maintenance and repair expenses. The remaining \$5 million in settlement funds will be used to support these future costs so that work can be accomplished in a timely manner, thereby minimizing further damage.

Green Building Design and Clean Energy Standards

This project complies with the UC Presidential Policy on Green Buildings Design and Clean Energy Standards. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.

CEQA Classification

The project is consistent with the campus' 1989 Long Range Development Plan. For purposes of compliance with the California Environmental Quality Act (CEQA) and Amended University of California Procedures for Implementation of CEQA, this project has been reviewed and determined categorically exempt as existing facilities.

Financial Feasibility

The total project cost of \$20 million at CCCI 4927 would be funded from external financing. Based on long-term debt of \$20 million amortized over 15 years at 5.75 percent interest, the estimated average annual debt service would be \$ 2,025,750. Payment of debt service would be from the Irvine campus' share of the UCHS annual net revenues.

As a result of the new obligation, student residence hall rents will increase an average of \$437 per bed per year and undergraduate student apartment rents will increase an average of \$207 per bed per year, including rate increases to cover campus housing operating costs. The net impact would be rate increases of about 4.19 percent for residence hall rents and 4.09 percent for student apartment rents each year through project completion. The 9 month rate for a bed space in Arroyo Vista is projected to increase from \$4,455 in 2006-2007 to \$5,249 in 2010-2011. This rate does not include a food program; it does include utilities, cable TV, internet conductivity, and custodial and student services. Since there are no new bed spaces, existing operating expenses have been increased for inflation.

Students at Arroyo Vista currently pay \$495 per student per month compared with \$543 per month in the nearest equivalent housing in the adjacent (off campus) community (current dollars and without meal plan). Arroyo Vista monthly costs are projected to

increase to \$583 per student per month in 2010-11 (off campus costs are expected to increase proportionally). Demand for on campus housing continues to increase, as indicated by the current (September 2006) occupancy levels of 111 percent. The increment beyond 100 percent is the result of converting study space into residential units and tripling (adding a third bed in a unit designed for two). The Irvine Housing System rental rate increase through 2010-11 is summarized below.

University of California, Irvine
Housing System Rate Increase Associated with Proposed Project

<u>Year</u>	<u>Operating Increases</u>	<u>Increase Associated with</u>		<u>Total Rate Increase (%)</u>
		<u>This Project</u>	<u>Other Increases*</u>	
2007-2008	2%		3%	5%
2008-2009	2%		2%	4%
2009-2010	2%	3%		5%
2010-2011	2%		2%	4%
Total (%)	8%	3%	7%	18%

* Housing has planned increases above plan to generate additional reserve funds to enhance its ability to fund required projects.

Faculty Representative Brown voiced concern about the massive cost overruns the University has been facing generally. Mr. Brase emphasized that all the business alternatives had been thoroughly analyzed before a course of action was chosen. He noted that the campus had built thousands of bed spaces since the construction of this building and had not repeated any of these problems. Vice President Hershman acknowledged that the University is facing the issue of increasing costs on all campuses, mainly because of the adverse business climate.

Regent Schreiner noted that it would be unusual in construction litigation to reach a settlement that covers all legal and remediation costs.

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

6. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR THE HUMANITIES BUILDING, IRVINE CAMPUS**

The President recommended that:

- A. The 2006 07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Irvine: Humanities Building – preliminary plans, working drawings, construction, and equipment – (\$27,790,000) to be funded from the State (\$27,790,000)

To: Irvine: Humanities Building – preliminary plans, working drawings, construction, and equipment – (\$37,790,000) to be funded from the State (\$27,790,000) and external financing (\$10,000,000)

Additions shown by underscore

- B. The President be authorized to obtain external financing not to exceed \$10 million to finance the Humanities Building project, 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 the Irvine 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 to the lender that interest paid by The Regents is excluded from gross income for 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.

Vice President Hershman recalled that the Irvine campus proposes a scope and budget increase of \$10,000,000, from external financing, to the Humanities Building project for

a total project cost of \$37,790,000 at CCCI 4890. This requested scope increase would construct an additional 10,200 asf (16,994 gsf) of campus-funded office, research, and assembly space. This additional space would consolidate humanities-based research programs that are currently located in administrative buildings on opposite sides of the campus, provide a 110-seat auditorium to support scholarly activities, and release space on campus for reassignment to units in leased space or for other campus priorities. Should the bids for this project come in over budget, a reduction in this new square footage would be considered as one possible means of reducing costs.

In November 2005, The Regents approved the 2006-07 Budget for Capital Improvements, which included the Humanities Building project, at a sum of \$26,511,000, at CCCI 4632, comprised of preliminary plans (\$1,225,000), working drawings (\$524,000), construction (\$22,712,000), and equipment (\$2,050,000). The 2006 State Budget Act included funds for preliminary plans and working drawings.

The 2007-08 Regents' Budget for Capital Improvements, to be considered by The Regents at the November 2006 meeting, includes an inflationary adjustment for the construction (C) and equipment (E) phases of the Humanities Building, increasing the C phase to \$23,977,000, and the E phase to \$2,064,000, for a total project budget of \$27,790,000 at CCCI 4890. Construction funds are requested in 2007-08. The project currently has a budget of \$27,790,000, at CCCI 4890, to be funded from State funds.

The project as originally approved was intended to meet the highest-priority needs of UCI's School of Humanities. Construction of this 34,595 asf facility would provide instructional laboratories, research space, and faculty and administrative offices for the School, (33,335 asf), as well as two classrooms (720 asf) and four testing rooms for Disability Services (540 asf).

The Irvine campus now proposes to build an additional 10,200 asf using non-State capital funds. The amended project is proposed as a cost-effective way to help address campus priorities for providing the space necessary to support its long-term facility needs.

Between 2004-05 and 2010-11, the Irvine campus is projected to add over 6,400 additional student FTE and more than 340 new faculty. Current and projected growth at UCI is resulting in high-priority needs throughout the campus, and even with completion of the approved projects in UCI's capital program, the campus will be facing significant space deficits in coming years. One recent strategy for addressing current facility needs has been the transfer of a number of administrative units off campus in order to provide expansion space for academic growth within the campus core. Currently UCI leases more than 70,000 asf of administrative space at a significant annual cost. Providing adequate and appropriate facilities in the campus core to cope with the growing demand for all types of space is a high priority.

Project Description

The expanded Humanities Building project would total 44,795 asf (74,919 gsf). Of this, 34,595 asf would provide space for the School of Humanities, classrooms, and Disability Services testing rooms. The 10,200 asf of campus-funded space would include 8,400 asf of office and research space for the relocation of two humanities-based research units – the Humanities Research Institute and Thesaurus Linguae Graecae – that are currently housed in predominantly administrative buildings on opposite sides of the campus. Relocating these programs would help consolidate humanities activities and release space in the Administration Building and Berkeley Place for reassignment either to units located in leased space or to other campus priorities. The remaining 1,800 asf of new space would provide a 110-seat campus auditorium to accommodate demand for large scholarly events, many of which are held off campus in leased facilities. In addition, the auditorium may be used during off peak hours to accommodate instructional overflow.

The proposed project site is in the Humanities Quad at the intersection of the Ring Mall and the Humanities radial mall. The proposed building would be placed across the Ring Mall from Humanities Hall and across the radial mall from the Humanities Instructional Building. This site is in conformance with the campus’ revised Long Range Development Plan. The construction contract for this project would be awarded in July 2007 with completion in the summer of 2009.

Green Building and Clean Energy Standard

The project will comply with the UC Presidential Policy for Green Building Design and Clean Energy Standards. As required by this policy, the project will adopt the principals of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

CEQA Classification

In accordance with University of California guidelines for the implementation of the California Environmental Quality Act, environmental documentation will be prepared for consideration in conjunction with the project design review.

Financial Feasibility

The total project cost of \$37,790,000 at CCCI 4890 would be funded from the State (\$27,790,000) and external financing (\$10,000,000). Based on long-term debt of \$10,000,000 amortized over 30 years at 6.125 percent interest, the estimated average annual debt service would be \$736,000. The campus has pledged its share of the University Opportunity Fund as a source of repayment. Opportunity Funds are a portion of the indirect cost recovery generated by federal contracts and grants. The University Opportunity Fund Debt Repayment Policy requires that the campus meet two financial tests: (1) that the amount pledged for debt service shall not exceed 65 percent of the

campus' total Opportunity Funds allocated each year, and (2) that no more than 33 percent of the campus' total Opportunity Funds allocated each year are used for debt service payment. The Irvine campus meets both tests. In fiscal year 2011-12, the second full year of occupancy and first full year of principal and interest for the project, 60 percent of Opportunity Funds will be pledged for debt service. In compliance with Regental policy, all funds necessary to complete construction will be in hand prior to issuing the project for bid.

Regent Kozberg asked for a description of the kinds of instructional laboratories that would be needed in a humanities building.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board.

7. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR THE CNSI COURT OF SCIENCES BUILDING, LOS ANGELES CAMPUS**

The President recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings, construction, and equipment – \$149,100,000 to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$70,000,000), in kind gift funds (\$12,925,000), and campus funds (\$5,000,000).

To: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings, construction, and equipment – \$166,600,000 to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$70,000,000), in kind gift funds (\$12,925,000), and pre occupancy indirect cost recovery funds (\$22,500,000).

It was recalled that the Los Angeles campus requests approval of a budget augmentation of \$17,500,000 for additional site and program improvements to be funded by pre-occupancy indirect cost recovery (ICR) funds, for a revised project budget of \$166,600,000, and a change of fund source from campus to pre-occupancy ICR funds for the CNSI Court of Sciences Building project.

At the May 2002 meeting, The Regents approved the CNSI Court of Sciences Building project at a total cost of \$149,100,000, at CCCI 4189, to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using Garamendi funding (\$50,000,000), and in-kind gift funds (\$37,925,000).

In July 2002, The Regents approved the design for the project and certified the Environmental Impact Report.

In November 2004, The Regents approved a change of fund source of \$25,000,000 involving the addition of campus funds of \$5,000,000 and external financing using Garamendi funding of \$20,000,000, and a corresponding decrease in gift funding of \$25,000,000 for Group 2 and 3 Equipment that would be purchased with operating funds in conformance with University policy on purchasing and accounting. The approved project budget of \$149,100,000, at CCCCI 4189, is funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using Garamendi funding (\$70,000,000), in-kind gift funds (\$12,925,000), and campus funds (\$5,000,000).

In November 2005, the campus received administrative approval from the Office of the President to redirect \$1,000,000 of the available financing toward the cost of construction that was originally committed to interest expense. The total project budget of \$149,100,000 and funding remained unchanged from the November 2004 Regental approval.

Project Description

The CNSI Court of Sciences Building project will construct a 117,777 asf (188,229 gsf) building for the California NanoSystems Institute (CNSI) that includes wet and dry research laboratories designed for basic and applied multidisciplinary nanosystems research in chemistry, biology, physics, and engineering; shared laboratory support; imaging and fabrication facilities; a data center; an auditorium and meeting rooms; research offices; and administrative offices. CNSI is one of the four California Institutes for Science and Technology (Cal ISI) approved for implementation in the Budget Acts of 2000 and 2001.

The Los Angeles campus requests approval to increase project scope to include additional site and program improvements that were previously approved by the Chancellor, under delegation of authority, as three separate projects. Expense from these projects would be incorporated herein to reflect the expenditures of pre-occupancy ICR funds earned during the course of the CNSI project. Approval is also requested to increase project scope to include additional program improvements.

The summary of proposed additional scope and budget is as follows:

Site and Program Improvements

CNSI Court of Sciences - Site Acquisition project	\$ 3,910,000	(1)
CNSI - SEAS Cooling Tower Relocation project	4,404,000	(2)
CNSI Court of Sciences - Related Scope project	3,149,000	(3)
Proposed additional program improvements	<u>6,037,000</u>	(4)
Total Site and Program Improvements	\$17,500,000	

- (1) The CNSI Court of Sciences – Site Acquisition project included the installation of fire system standpipes in Parking Structure 9 (PS9), construction of site stairs between CNSI and LaKretz Hall, installation of site improvements between CNSI and Seismic Replacement Building 1 (SRB1), schedule delays to the CNSI project resulting from the adjacent LaKretz and SRB1 construction, and costs for the buyout and rental of parking spaces in PS9 to facilitate construction of CNSI. This \$3,910,000 project, funded with pre-occupancy ICR funds, was approved by the Chancellor in June 2006.
- (2) The CNSI – SEAS Cooling Tower Relocation project involved the relocation of the existing grade-level cooling tower at the northeast end of PS9 to acquire site access for CNSI. This project, funded with pre-occupancy ICR funds, was approved by the Chancellor in May 2003 for \$2,700,000. Subsequently, the Chancellor approved budget augmentations, in February 2005, for total project cost of \$4,027,000, and in July 2006, for a total project cost of \$4,404,000.
- (3) The CNSI Court of Sciences – Related Scope project included bid alternates and user-requested modifications, additions, and augmentations to the clean room and imaging suite once the project was under construction. In June 2005, the Chancellor approved this project for a total project cost of \$2,500,000 to be funded with pre-occupancy ICR funds. In June 2006, the Chancellor approved a budget augmentation for a resulting total project cost of \$3,149,000 to be funded with pre-occupancy ICR funds.
- (4) Additionally, the Los Angeles campus requests to amend the CNSI Court of Science Building project to include program improvements beyond those included in the three separate Chancellor-approved projects. This additional scope involves user-requested fit-out enhancements to laboratories, including the installation of additional fume hoods; the extension of stubbed-in utilities from building chases to end-use locations; installation of a gas leak detection system to specific locations in the clean room; installation of a reverse osmosis deionized water central plant on Level 2; the addition of a scrub sink and shower in a chemical storage room; and procurement of additional Group 2 and 3 furniture and equipment. The amended scope would also include additions to the utility infrastructure in the clean room, imaging suite, and other end-use locations.

There are two other related Regent- and Chancellor approved projects that are not included in the scope and budget augmentation request as described above:

CNSI Court of Sciences–Tank Relocation Project	\$4,913,000
LaKretz	<u>950,000</u>
Total	\$5,863,000

The Chancellor originally approved the CNSI Court of Sciences – Tank Relocation project in March 2005. This \$4,913,000 project was funded by pre-occupancy ICR and includes costs incurred to acquire a portion of the CNSI site involving relocation of the separate Thermal Energy Storage System (TES) project after site development for the system’s tank was completed. In addition, the President originally approved the LaKretz Hall project in February 2002, and The Regents approved a budget amendment in May 2006. This \$9,600,000 project constructed a replacement auditorium on top of the thermal energy storage system tank. Relocation of the TES project resulted in design and schedule changes to the LaKretz project, funded by \$950,000 of pre-occupancy ICR. In order to acquire a portion of the CNSI site, it was necessary to complete the relocation of both of these projects in 2002. As a result, these two early projects have been capitalized, and the associated expenses of \$5,863,000 cannot be transferred to the CNSI Court of Sciences Building project.

Project completion and beneficial occupancy of the CNSI Building, including completion of the scope associated with the three Chancellor approved projects, is anticipated in December 2006. The proposed additional program improvements would be completed by December 2007 under a separate fit out construction contract.

Need for Budget Amendment and Reallocation

The CNSI Court of Sciences Building project budget increases by \$17,500,000 as the result of the consolidation of the three separate Chancellor-approved projects, and for the proposed program improvements described above. Additional budget information may be found in Attachment 1. The Los Angeles campus proposes to allocate pre-occupancy ICR funds for this scope and also proposes to allocate an additional \$5,000,000 of pre-occupancy ICR funds to replace previously approved campus funds of the same amount.

The anticipated costs required to complete the approved scope of work also result in changes in allocation of cost by budget category as described below. There will be no net change to the base project budget of \$149,100,000,

Construction Cost Increases (Base Building: +\$1,989,000; Site and Program Improvements: +\$13,939,000)

Base Building: Construction costs increased due to revisions to building systems and infrastructure during construction that included the need for additional waffle slab reinforcing and revisions to interstitial level steel and truss connections (+\$477,000); the

addition of HEPA filter duct dampers, revisions to air plenums, and the addition of vibration isolators to building mechanical equipment (+\$657,000); and revisions to partitions and utilities in the vivarium, cyclotron and other laboratories to accommodate the technical requirements of the laboratory research equipment (+\$855,000).

Site and Program Improvements: Construction costs increased due to inclusion of the scope of work and related expense for the additional site (+\$7,361,000) and program (+\$6,578,000) improvements described above.

Soft Cost Increases (Base Building: +\$1,683,000; Site and Program Improvements: +\$1,300,000)

Base Building: External fees increased for the architect's construction administration services due to an extended project schedule (+\$731,000), and the need for additional technical consultants for electromagnetic frequency and wind analysis (+\$245,000). Internal fees increased for additional project management related to administration of multiple bid packages and longer construction duration (+\$185,000), higher than budgeted costs for contract administration and pre-bid construction services (+\$168,000), and additional engineering services related to technical reviews and coordination of campus utilities (+\$110,000). Testing and inspection costs increased due to the building systems revisions previously described (+\$137,000), and for increased printing costs related to the issuance of multiple tenant improvement trade bid packages (+\$107,000).

Site and Program Improvements: Soft costs increased for external fees (+\$229,000), internal fees (+\$152,000) and survey and testing costs (+\$36,000) for the site improvements; and soft costs increased for external fees (+\$613,000), internal fees (+\$220,000) and survey and testing costs (+\$50,000) for the program improvements.

Special Items (Base Building: -\$339,000; Site and Program Improvements: +\$87,000)

Base Building: Special items costs decreased due to lower than budgeted costs incurred for the laboratory (-\$146,000) and acoustic vibration (-\$55,000) consultants. The budgeted amounts for the traffic (-\$22,000) and information technology (-\$116,000) consultants were not required to complete the project.

Site and Program Improvements: Special items costs increased for site acquisition costs associated with the relocation of the cooling tower, including the rental of parking spaces in PS9 (+\$20,000) and interest expense (+\$42,000), and increased fees are projected for the Division of State Architect and Fire Marshal to complete the program improvements (+\$25,000).

Contingency Decrease (Base Building: -\$3,333,000; Site and Program Improvements: +\$1,174,000)

Base Building: The construction and soft cost increases were partially offset by the allocation of available project contingency.

Site and Program Improvements: Contingency increased to support the site (+\$474,000) and program (+\$700,000) improvements cited above.

Equipment Increase (Site and Program Improvements: +\$1,000,000)

Site and Program Improvements: Costs for additional Group 2 and 3 Equipment have been budgeted to support the proposed program improvements.

CEQA Classification

The project was analyzed in the NanoSystems and Engineering Facilities Plan Final EIR (SCH# 2001121064) certified by The Regents in July 2002 in conjunction with design approval.

Financial Feasibility

The revised total project cost of \$166,600,000 at CCCI 4189 and EPI 2564 would be funded from State funds through the California Institutes for Science and Innovation program (\$61,175,000), external financing using Garamendi funding (\$70,000,000), in-kind gift funds (\$12,925,000), and pre-occupancy indirect cost recovery funds (\$22,500,000).

The Los Angeles campus anticipates that the in-kind gifts will be pledged and received by project completion. As of October 1, 2006, the receipt of in-kind gift funds was as follows:

Gifts received:	\$ 1,000,000
Pledges received:	11,925,000
Gifts to be raised:	<u>0</u>
Total gifts:	\$12,925,000

Summary Financial Feasibility Analysis

The campus has pledged its share of the University Opportunity Funds as a source of repayment. Opportunity Funds are a portion of the indirect cost recovery on federal contracts and grants. The University Opportunity Fund Debt Repayment Policy requires that the campus meets two financial tests: (1) that the amount pledged for debt payments shall not exceed 65 percent of the campus' total Opportunity Funds allocated each year, and (2) that no more than 33 percent of the campus' total Opportunity Funds allocated

each year are used for debt service payment. The Los Angeles campus meets both tests. In fiscal year 2007 08, 43.2 percent of the campus’ total Opportunity Funds allocated will be pledged for debt service.

The original legislation proposing the Garamendi funding mechanism for University of California research facilities was authored by then-Senator Garamendi in 1990. It is now law, included as Section 15820.21 of the State Government Code. Garamendi funding allows increased federal indirect cost recovery generated as a result of the new building to pay debt service and maintenance costs.

Under this mechanism, incremental indirect cost recovery generated by federal contracts and grants made possible as a result of the project is used to pay for operations and maintenance of the project and for debt service. Although it is not anticipated there will be early year shortfalls, the Government Code allows these to be reimbursed in future years recognizing that as research buildings are completed, faculty (and therefore research dollars) will be coming online gradually. If shortfalls occur on a project-to-project basis, the campus share of the University Opportunity Fund will provide the amounts required. If the shortfalls occur throughout the first three full years of occupancy, the campus may be reimbursed from additional overhead (above and beyond debt service and costs of operations and maintenance) that is generated as a result of the building in later years. To the extent that there are annual surpluses, they “flow through” the regular distribution process for indirect costs. For purposes of placing debt in the market, the University pledges the University Opportunity Fund as the repayment source for these projects.

In compliance with Regents’ policy, all funds necessary to complete construction will be in hand prior to issuing the project for bid.

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

8. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR COMMONS EXPANSION, RIVERSIDE CAMPUS**

The President recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to reflect the following changes:

From: Riverside: Commons Expansion – preliminary plans, working drawings, construction, and equipment – (\$54,173,000) to be funded from external financing (\$51,923,000) and Registration Fees Reserves (\$2,250,000).

To: Riverside: Commons Expansion – preliminary plans, working drawings, construction, and equipment – (\$66,962,000) to be funded from external financing

(\$51,923,000), Registration Fees Reserves (\$4,750,000), Common Reserves (\$5,500,000), Campus Funds (\$3,000,000), and Housing Reserves (\$1,789,000).

Vice President Hershman recalled that in July 2002, The Regents approved external financing of \$51,923,000 for the Riverside Commons Expansion, with the Referendum portion as \$46,262,000 and Registration Fees portion as \$5,661,000. As long as the Registration Fees portion of the debt (\$5,661,000) is outstanding, net campus Registration Fees revenues will be committed in sufficient amounts to pay debt service and to meet all related financing requirements of the proposed funding.

The Riverside campus requests approval of a \$12,789,000 budget augmentation (increased project cost of \$14,037,000 with a corresponding decrease of \$1,248,000 in Group 2 and 3 equipment) for a total project cost of \$66,962,000, at CCCI 4632. Additionally, the campus requests a scope reduction of 1,995 asf (approximately 2 percent). The project will provide 101,209 asf/156,470 gsf to house student program/organization offices and office support space, Commons administration offices, lounges, meeting rooms, multipurpose event space, redeveloped and expanded food services, and expanded retail services. The project also includes site preparation, clearing, grading, and drainage; on-site utility work related to distribution of sewer, water, gas, power, and communications utilities; and development of exterior softscape and hardscape elements.

In March 2002, The Regents amended the Budget for Capital Improvements and the Capital Improvement Program to include the Commons Expansion project for a total project cost of \$47,803,000, at CCCI 4495, to be funded from external financing.

Status and Need for Augmentation

Subsequent to the awarding of the first two bid packages and completion of significant demolition and site preparation work during fall 2005, the campus, the Executive Architect, and the project consultants prepared a cost estimate that indicated that the project was likely to bid over budget, inclusive of all remaining bid packages, by approximately \$12,789,000, or about 23.6 percent of the total project cost. This estimate already factored in ongoing value engineering and/or bid alternate strategies identified to that point. The campus, in consultation with key project stakeholders, developed prioritized reductions to the project scope in order to address the project budget shortfall.

Construction Cost Increases (+\$11,890,000)

Despite the above-noted efforts, ongoing construction cost increases throughout this period continued to outpace campus efforts to address identified shortfalls. In spring 2006, the campus revisited efforts to analyze the project construction cost increases. The recommendations resulting from this process propose modest reductions to the project scope coupled with increases in campus equity contributions from project stakeholders. Alignment of the project scope within the available resources will allow the campus to

award the final bid packages and complete the project. The proposed scope reductions principally involve the elimination of a coffee pavilion of 1,995 asf and provision of life-safety code-related improvements to the interior of Costo Hall (as opposed to the more significant interior renovation originally envisioned). Based on campus priorities, the eliminated scope may be realized, in the future, as discretely implemented projects as appropriate resources and opportunities arise. In addition, most of the moveable equipment (fixtures and furnishings) previously identified within the project budget is being provided outside the project budget through Commons Administration operating budget funds. Each of these proposed revisions to the project scope has been reviewed and approved by the principal project stakeholders, including the Student Registration Fee Committee, the Associated Students of UCR, and the Graduate Student Association. All other project scope elements identified at the time of the September 2004 design approval remain intact.

Soft Cost Increases (+1,906,000)

External fees increased, reflecting an extended design phase for the project. The originally selected design consultant was dismissed at the end of schematic design. A new design concept was developed in conjunction with the selection of a replacement design firm (+2,004,000). This increase was partially offset by a decrease in surveys and tests (\$98,000) because fewer were required than originally anticipated through the design process.

Special Items Decrease (\$250,000)

The costs associated with moving and relocating programmed occupants of the building decreased from \$600,000 to \$350,000 as the Commons Administration agreed to fund moving and relocation expenses from its own operating budget, resulting in a net savings of \$250,000.

Group 2 and 3 Equipment Decrease (\$1,248,000)

Group 2 and 3 Equipment Decrease (\$1,248,000) principally represents purchase of food service kitchen equipment by Housing and Dining Services outside the project budget.

Contingency (+\$491,000)

Contingency increased to support the revised construction projects (+491,000). This increase is due the increase of the overall project cost.

Project Description

The revised Commons Expansion project scope of work would include site preparation, clearing, grading, and drainage; on site utility work related to distribution of sewer, water, gas, power, and communications utilities; and development of exterior softscape and hardscape elements.

Construction began in March 2005 with an estimated completion date for all phases by January 2009.

Green Building Design and Clean Energy Standards

This project complies with the UC Presidential Policy on Green Building Design and Clean Energy Standards. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.

CEQA Classification

In accordance with the California Environmental Quality Act (CEQA), the Commons Expansion project potential environmental impacts were analyzed in conjunction with the (then) applicable UCR 1990 Long Range Development Plan EIR (LRDP EIR). In conjunction with approval of the design of the Commons Expansion project, The Regents adopted the project specific Mitigated Negative Declaration. No further environmental review is deemed necessary for proposed changes in budget and scope.

Financial Feasibility

The proposed budget increase of \$12,789,000 would be funded from Registration Fee Reserves (\$2,500,000), Housing Reserves (\$1,789,000), Commons Reserves (\$5,500,000), and Campus Funds (\$3,000,000). The revised total project cost of \$66,962,000, at CCCI 4632, would be funded from external financing (\$51,923,000), Registration Fees reserves (\$4,750,000), Housing Reserves (\$1,789,000), Commons Reserves (\$5,500,000), and Campus Funds (\$3,000,000). Based on long term debt of \$51,923,000 amortized over 30 years at 6.125 percent interest, the estimated average annual debt service will be \$3,823,000.

Senior campus administration, including the Vice Chancellors of Student Affairs and Academic Planning and Budget, consulted with the Registration Fee Committee regarding the pledge of Registration Fees for this project.

Chancellor Córdova emphasized that the students have given full support to this recommendation.

Upon motion duly made and seconded, the Committee 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 FOR MUSIC BUILDING, SAN DIEGO CAMPUS**

The President recommended that:

- A. The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Diego: Music Building – preliminary plans, working drawings, construction, and equipment – \$42,131,000 to be funded from State funds.

To: San Diego: Music Building – preliminary plans, working drawings, construction, and equipment – \$55,028,000 to be funded from State funds (\$45,707,000) and gifts (\$9,321,000).

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

Vice President Hershman recalled that the San Diego campus requests approval to augment the Music Building project budget by \$12,897,000 with State funds (\$3,576,000) and gifts (\$9,321,000) to accommodate increases in construction costs due to local and regional market conditions that were unanticipated at the time the project was originally budgeted. The project, which would construct an 87,073 gsf (48,042 asf) building for the Music Department, includes instructional spaces, practice rooms, group performance spaces, faculty studios, administrative support space, and a 392-seat recital hall. This project is included in the Five-Year State-Funded Capital Improvement Program for 2004-05 through 2008-09.

Need for Augmentation

In November 2003, The Regents approved the 2004-05 Budget for Capital Improvements, which included the Music Building project. The approved Budget for Capital Improvements indicates a total project cost of \$42,131,000 (CCCI 4328) for this project, to be funded with State funds. The Regents approved the project’s design in May 2005.

The campus conducted estimating and value engineering measures to reduce costs relative to the project budget before proceeding to subsequent phases. In particular, at the conclusion of the original Schematic Design Phase, because estimated costs exceeded the budget, the project was extensively redesigned to meet the budget. In addition, the

campus rigorously monitored the cost estimates provided by the executive architect and the independent cost estimator at each phase of the project.

The bid process for this project included prequalification of five contractors, and three lump sum construction bids for this project were received. In analyzing the low bid received, it was determined that \$6,567,000 of the bid overage of \$8,555,000 is associated with two subcontractor trades: concrete and drywall. The concrete and drywall subtrade bids were \$2,520,000 and \$4,047,000, respectively, higher than estimated. This is not an unusual occurrence in the current market. The bid overrun on this project reflects the volatile construction market and adverse bidding climate in which demand for general contractors and subcontractors is extraordinarily high and they are consequently increasing bid amounts, given these demand factors, which is resulting in accelerating labor and materials price increases. Also, many subcontractors are at the limit of their bonding capacity, a condition that has reduced the pool of available bidders in this market.

The option of redesigning and rebidding the project has been considered. However, given the time it would take to redesign and rebid, combined with ongoing escalating costs of construction, it is unlikely that doing so would result in significant savings unless major changes to the program were made, and any proposed scope reduction would require State approval. Further, the program for this Music Building project includes important acoustical performance parameters that could be adversely affected by redesign.

In summary, the need for this augmentation is resulting from significant unexpected premiums in labor and materials costs associated with the surging construction market in the San Diego region, and this augmentation is needed to allow award of the contract to the current lowest responsible bidder.

Project Description

The general scope of the proposed project has not changed since approval of the project budget by The Regents in November 2003. The assignable square footage has increased slightly, from 47,000 to 48,042.

Music programs are particularly reliant on specialized facilities with appropriately designed acoustic, audio visual, and performance properties. Most of the department's current facilities are inadequate for music teaching, research, and performance. The project would address space deficiencies in the Music Department by constructing 48,042 asf of new instructional spaces, practice rooms, group performance spaces, faculty studios, administrative support space, and a 392 seat recital hall.

Construction of the Music Building is scheduled to begin in December 2006, with occupancy in January 2009.

Green Building Policy and Clean Energy Standard

This project will comply with the UC Presidential Policy for Green Building Design, Clean Energy Standards and Sustainable Transportation Practices. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.

CEQA Classification

In accordance with University of California guidelines for the implementation of the California Environmental Quality Act, project design was approved and a Mitigated Negative Declaration was certified at the May 2005 Regents meeting.

Financial Feasibility

The total project cost of \$55,028,000 at CCCI 4328 is to be funded from State (\$45,707,000) and gift funds (\$9,321,000). As of October 19, 2006, the receipt of gifts was as follows:

Gifts in hand:	\$	0
Gifts pledged:		1,400,000
Gifts to be raised:		<u>7,921,000</u>
Total Gifts:		\$9,321,000

In compliance with Regents’ policy, all funds necessary to complete construction will be in hand prior to issuing the project for bid. The campus is confident that at least \$6,000,000 will be funded through gifts and campus funds will backstop the gift fund as required.

In response to a question asked by Regent Coombs, Associate Vice Chancellor Hellmann reported that the number of graduate students in the music program had doubled and undergraduates had increased by a third.

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

10. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR THE OSHER BUILDING, SAN FRANCISCO CAMPUS**

The President recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: Osher Building – preliminary plans - \$1,125,000 to be funded from gift funds.

Vice Chancellor Spaulding recalled that the San Francisco campus requests approval to proceed with the Preliminary Plans (P) phase for the building design of the Osher Building at 1545 Divisadero Street, to be funded with \$1,125,000 of gift funds.

The proposed five-story building (45,000-65,000 gsf/30,000-43,000 asf) would accommodate the Osher Center for Integrative Medicine and several outpatient medical office suites under management by the UCSF Medical Center. The total project cost for the Osher Building is estimated to be \$30 million to \$45 million and would be funded from external financing, gift funds, and campus funds.

With a major gift from the Bernard Osher Foundation, the Osher Center for Integrative Medicine was established in 1998 to search for the most effective medical treatments by combining non-traditional and traditional approaches that address all aspects of health and wellness - biological, psychological, social, and spiritual. Through scientific research, the Osher Center documents the value of non-traditional treatments and integrates approaches of proven value into patient care. Current research focuses on areas such as alternative approaches to treating coronary heart disease and integrative therapies for breast cancer that include traditional Chinese herbal medicine, massage, acupuncture, yoga, and meditation. Through an ongoing series of education and training programs, innovative research is presented to the medical community and the general public. The Center also develops courses and instructs medical students and graduate physicians in relationship-centered medicine.

The property at 1545 Divisadero Street was acquired by The Regents in January 2002 through a gift from the Bernard Osher Foundation, which funded the cost of acquiring the property (\$5,900,000) and also provided partial funding (\$3,500,000) for a future capital project.

In August 2005, the President approved the Osher Center for Integrative Medicine project for a total project cost of \$9,980,000, at a CCCI 4676, to be funded from the Bernard Osher Foundation gift (\$3,500,000), campus funds (\$3,240,000), and School of Medicine funds (\$3,240,000). The project would have built a new 18,000 gsf, three-story building on the site of a previously existing two-story building that was demolished in January 2006, to accommodate the Osher Center for Integrative Medicine. An adjacent existing

parking structure, currently located on the property, was retained so that vehicle parking would be available when the project is completed.

Construction contract bids (\$8,352,000) were received in early 2006 but exceeded the budgeted construction cost by 30 percent and proved too high to fund with available resources. With higher unit costs for essentially a small building, the campus decided the Osher Center for Integrative Medicine project did not provide good value. The campus decided to re-evaluate the use of the site and sought to develop new project solutions that would make better use of this prime location while still incorporating a place for the Osher Center for Integrative Medicine.

The campus has canceled the original Osher Center for Integrative Medicine Building project. This project, which was approved under Presidential Authority in August 2005, included planning costs of \$663,000 and working drawings costs of \$655,000 to be funded from gifts. Of the \$1,318,000 budgeted for planning and working drawings, \$1,018,000 is a sunk cost and is not available to the proposed Osher Building project. The remaining \$300,000 was spent on engineering studies and environmental reports that are still relevant to the new project scope.

With UCSF's long range intentions to designate the Mount Zion campus site as a major hub for ambulatory care, it would be logical to build more ambulatory clinical space at Mount Zion to decompress functions now at Parnassus. Expansion of ambulatory care services at Mt. Zion would help support the UCSF Medical Center financial plan. Drawing from an augmented mix of funding , the campus requests approval to develop a larger project for the 1545 Divisadero Street property, which is across the street from the Mount Zion campus, that would provide additional space for ambulatory clinics and medical offices, while incorporating new space for the Osher Center for Integrative Medicine. Redesigned as a larger five-story building, the Osher Building project would make more effective use of the potential site capacity.

Project Description

The proposed new five-story Osher Building of 45,000-65,000 gsf (30,000-43,000 asf) would be constructed, as a design-build project, on the site footprint of approximately 10,900 square feet. The new five-story building would include a basement level. The building would be designed to harmonize within the urban context, scale, and character of the surrounding neighborhood. The structure would be steel-frame or concrete on concrete foundations.

The new building would accommodate the Osher Center for Integrative Medicine most likely on the upper floors. The Osher Center would require space for the clinical practice of integrative medicine, lifestyle intervention such as yoga and meditation programs, administrative offices, education or academic offices, and office-based research space. The remaining portion of the building would include generic medical office suites to be

modified for the ambulatory clinical practices which may include Dermatology, General and Internal Medicine, Orthopedic Surgery, Women’s Health, and/or Cancer Therapy.

The proposed project would include the following major types of space organized as tenant suites:

- Treatment/Examination Space: The building would contain mostly clinical outpatient space. These rooms would be used by physicians and other clinicians for examining, diagnosing, and treating patients.
- Treatment Service Space: The project would include treatment service areas such as clinical laboratories, clean/soiled laundry, clean/soiled supplies, medication storage, and possibly Radiology/X ray.
- Office Space: Office space could include academic, administrative, and occasionally research offices for faculty and staff. Office suites would also incorporate shared office functions, including conference rooms, administrative support space, computer/telecom support, supply storage, work rooms, and break areas.
- Lifestyle Intervention/Education Space: The Osher Center for Integrative Medicine would have specially-equipped rooms for alternative forms of therapy or treatment, including acupuncture, yoga, Tai Chi, and meditation.
- Building or Logistical Support: Building support functions provided by this project would include lobby/reception, loading dock/staging area, maintenance storage, environmental health and safety handling areas, and data server rooms.

Construction is planned to begin in early spring 2008 and be completed by mid 2009.

Green Building Design and Clean Energy Standards

This project would comply with the UC Presidential Policy on Green Building Design and Clean Energy Standards. As required by this policy, the project would adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability would be provided when the project is presented for design approval.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) had been prepared for the previously proposed project for this property (State Clearinghouse # 2005052029). A previously existing structure was determined to be potentially eligible for the California Register of Historic Resources. The EIR process for the previously proposed project therefore focused on cultural resources (historic architectural significance) as well as on traffic and parking impacts. A Historic American Buildings

Survey (HABS) was prepared at the time the EIR was presented to the University. Additional environmental review will be needed for this modified Osher Building project.

Funding Plan

Development of preliminary plans would not exceed \$1,125,000 and would be funded from gift funds. Sufficient gift funds have been raised to cover the cost of preliminary plans.

The total project cost is estimated to be approximately \$30,000,000 to \$45,000,000. The estimated total project cost would be \$670 to \$700 per gsf and would be funded by external financing, gift funds, and campus funds. Repayment of the debt source would be from clinical income.

Future Regental Action

At the conclusion of the proposed preliminary design phase, the campus would return to The Regents to request amendments of the Budget for Capital Improvements and the Capital Improvement Program to advance the Osher Building project (PWCE; preliminary plans, working drawings, construction, and equipment), and seek approval of the financing plan.

Upon motion duly made and seconded, the Committee 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 FOR BIOMEDICAL AND HEALTH SCIENCES BUILDING, BERKELEY CAMPUS**

The President recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: Biomedical and Health Sciences Building – preliminary plans - \$6.5 million, to be funded from gifts.

Vice President Hershman recalled that the Berkeley campus requests approval to proceed with the preliminary plans phase of the Biomedical and Health Sciences Building, to be funded from gifts (\$6.5 million). The proposed project would construct a 103,600 asf (188,400 gsf) building designed to facilitate interactive, multidisciplinary research into the molecular mechanisms of human disease. The building would be sized to accommodate research laboratories for up to 25 to 35 faculty, three teaching laboratories, an imaging facility, and connect to and expand the existing campus animal facility. The total cost of the proposed project is estimated to be in a range of \$190 million to \$215 million and is anticipated to be funded from a combination of State funds (\$46,450,000) and gift funds.

The highly integrated research and teaching environment at UC Berkeley is uniquely positioned to excel at bioscience research. Over the last decade, the campus has brought together an outstanding multidisciplinary team of biochemists, geneticists, molecular biologists, neuroscientists, physicists, bioengineers, and computer scientists to understand the mechanisms of disease at the molecular level. Researchers are working together to develop early diagnostic methods, therapeutics, and prevention strategies for a broad range of human disease, including infectious disease, diabetes, cancer, and Alzheimer's and Parkinson's disease.

Each of the relevant scientific disciplines at UC Berkeley are ranked among the top ten in the United States in the most recent survey by the National Research Council. However, the faculty strongly believes solutions to today's most critical health challenges require collaborative teams sharing knowledge, expertise, and resources both within and across disciplines.

The proposed Biomedical and Health Sciences Building would be deliberately designed for flexible adaptation to rapidly evolving research, to support multidisciplinary teaching and research, to foster new multidisciplinary initiatives, and to advance the understanding of the fundamental molecular mechanisms of human disease. The Building would house five research themes: infectious disease, cancer biology, stem cell biology and gene regulation, neuroscience, and computational biology. The themes were selected to build upon the breadth and depth of excellence of UC Berkeley faculty and students and to focus on those rapidly expanding areas of inquiry where the University's researchers believe they can have the greatest impact on human health.

Research at UC Berkeley is fundamental to its mission of education. As a research university, it strives to provide students with a unique experience, one in which critical inquiry, analysis, and discovery are integral to the coursework. The Biomedical and Health Sciences Building will support this goal both by including new state-of-the-art teaching laboratories and by expanding the opportunity for graduate and undergraduate students to participate actively in leading edge health science research.

Approval to proceed with preliminary plans will allow the campus to refine the design and more accurately assess the total cost of the project as well as to take early measures to reduce costs to the maximum extent consistent with the goals of the project.

Project Description

Site. The Building would be located on the site of the existing Warren Hall, at the west end of the central campus, near the intersection of University Avenue and Oxford Street. Warren Hall, which is rated seismically "Poor" under University Seismic Safety policy, would be demolished in advance of construction. In 2002, the State appropriated construction funds for the Tower portion of Warren Hall which was classified as seismically deficient, resulting in the construction of Seismic Replacement Building 1 (occupied in 2004).

Design. The design concept for the proposed building is consistent with the Campus Park Guidelines prescribed in the UC Berkeley 2020 LRDP.

Program. The building program is planned to include research laboratories (65,600 asf), animal facilities (19,800 asf), imaging facilities (6,800 asf), instructional facilities (8,300 asf), and building support (3,100 asf), for a total of 103,600 asf/188,400 gsf.

Instructional Facilities. The project would include teaching laboratories and support and interaction space.

Research Laboratories. “Assigned research labs” refers to generic, open lab spaces with lab benches and workdesks which are assigned to faculty principal investigators (PIs) and used by the PIs and the postdocs, students, and other researchers working under their direction. “Assigned computational suites” are a special type of research lab which include both conventional wet labs and adjacent dry spaces for computational research. “Assigned lab support” refers to semi-enclosed or enclosed spaces adjacent to the research labs, also assigned to PIs, which house specialized equipment or materials used by the PI and the research team.

The category “shared lab support” includes other support spaces used by multiple PIs, such as cold rooms, autoclaves, darkrooms, and shared equipment rooms. “Core labs” are specialized laboratory space devoted to specific functions used by multiple PIs, including microscopy, flow cytometry, and genomics. The core labs category also includes one 1,700 asf biosafety level 3 (BSL3) laboratory, which would replace the existing BSL3 lab in Warren Hall.

Because the purpose of the center is to encourage information sharing and collaboration both within and across disciplines, each of the research laboratory floors includes both open and enclosed interactive spaces at the nexus of the two research lab wings.

Animal Facilities. The animal facilities in the project would be located below grade at the same level as, and connected to, the existing Northwest Animal Facility, and would expand the space of the existing facility by approximately 73 percent.

Imaging Facilities. The imaging facilities in the project would accommodate one existing MRI large-bore device, presently located in a temporary building at the north end of Wellman Courtyard, as well as two new MRI devices, one large bore for humans and one small bore for animals. The imaging facilities would also include control equipment, and maintenance rooms, as well as reception, waiting, changing, and medical procedure rooms for human subjects.

As part of the preliminary plans phase, the campus would explore alternative project delivery strategies including possibly completing the building in phases.

Green Building Policy and Clean Energy Standard

The project will comply with the UC Presidential Policy for Green Building Design and Clean Energy Standards and Sustainable Transportation Practices. As required by this policy, the project will adopt the principals of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

CEQA Compliance

Environmental review of the proposed project will be presented at the time of design approval.

Funding Plan

Development of preliminary plans for the current project would not exceed \$6,500,000 and would be funded from gifts. As of September 30, 2006 the status of the gift campaign is as follows:

Gifts in hand	\$ 4,000,000
Gifts pledges	\$61,000,000
Gifts to be raised	<u>\$78,550,000</u>
Total gifts	\$143,550,000

The total cost of this project is estimated to be in a range between \$190 million to \$215 million and is anticipated to be funded from a combination of State funds (\$46,450,000) and gift funds. Group 2 and 3 equipment is estimated to be \$5 million, to be funded from gifts, and is included in this estimate.

Future Regental Action

At the conclusion of the proposed preliminary design phase, the campus would return to The Regents with more detailed information upon which to base its request for amendment of the Budget for Capital Improvements and the Capital Improvement Program to include the project, and to seek approval of financing if necessary.

Regent Schilling asked how planning for changes in required equipment is conducted. Vice Chancellor Denton responded that some of the most expensive equipment will be moved from other buildings rather than replaced.

In response to a question asked by Faculty Representative Brown, Mr. Denton recalled that the Berkeley campus had presented a ten-year academic plan previously. This project is part of the health sciences initiative that includes Barker Hall, which is completed; Stanley Hall, which is due to be occupied soon; and the Warren replacement building, which includes this project and the Center for Public Health.

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

12. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, APPROVAL OF STANDBY FINANCING, APPROVAL OF DESIGN, STUDENT ATHLETE HIGH PERFORMANCE CENTER, AND CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT FOR THE SOUTHEAST CAMPUS INTEGRATED PROJECTS, BERKELEY CAMPUS**

The President recommended that:

- A. The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: Student Athlete High Performance Center – preliminary plans – \$5,600,000, to be funded from gift funds.

To: Berkeley: Student Athlete High Performance Center – preliminary plans, working drawings, construction, and equipment – \$111,948,000, to be funded from gift funds.

- B. The President be authorized to obtain standby financing not to exceed \$12,000,000, prior to awarding a construction contract for any gift funds not received by that time and 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 any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus football program revenue.
 - (3) The general credit of The Regents shall not be pledged.
- 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.
- D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.
- E. Upon review and consideration of the environmental consequences of the proposed project as evaluated in the attached Southeast Campus Integrated

Projects Environmental Impact Report, the Committee recommend that The Regents:

- (1) Certify the Final Environmental Impact Report.
- (2) Adopt the Findings and Statement of Overriding Considerations.
- (3) Adopt the Mitigation Monitoring Program
- (4) Approve the design of the Student Athlete High Performance Center, Berkeley campus.

[The Final Environmental Impact Report, Findings and Statement of Overriding Considerations, and Mitigation Monitoring Program were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Vice President Hershman recalled that the Berkeley campus requests approval of the budget and financing for the Student Athlete High Performance Center (SAHPC) at a total project cost of \$111,948,000, at CCCI 4948, to be funded from entirely from gifts.

At the March 2006 meeting, The Regents approved a Berkeley campus proposal to proceed with preliminary plans (\$5.6 million) for the SAHPC project at a total project cost estimated between \$100 million and \$125 million, to be funded from gifts. The SAHPC would create a first-class athletic facility for approximately 450 student athletes, in 13 sports programs, and integrate the site and landscape with the surrounding campus to improve connection and circulation.

In September 2006, the appointment of Howard Needles Tammen and Bergdorff (HNTB) of Los Angeles as Executive Architect for this project was approved by the Office of the President.

California Memorial Stadium (the Stadium), originally constructed in 1923, is one of the most significant buildings on the Berkeley campus and has been nominated to the National Register of Historic Places. The design of the structure, its integration into the topography, and its location on campus create a place that is a significant resource for athletics, the Berkeley campus, and the surrounding community. The Stadium is situated directly on the Hayward fault, however, and a 1997 seismic evaluation of buildings on the UC Berkeley campus rated it as "Poor," under UC's seismic evaluation guidelines. At present, the structure presents seismic risk for its users, its facilities are not adequate for day-to-day or game-day programmatic functions, and the connection and integration with the adjacent campus and community are poor and in need of improvement. In order to protect the occupants that may be in the Stadium during a large earthquake, a retrofit of the building is required.

Primary goals of the SAHPC project would be to:

- Remove Stadium occupants to enable seismic improvements of the Stadium;
- Address current deficiencies in the quality and quantity of athlete training and development facilities by providing facilities that are comparable with other top tier NCAA Division I programs;
- Integrate the Stadium with its site and the campus in order to improve access to the Stadium and enhance game-day experience for visitors;
- Improve the Stadium environs, which is currently characterized by high cyclone fencing and surface parking lots, and
- Provide spaces for daily public use, while preserving some of the wooded landscape west of the Stadium.

The fundamental design concept guiding the design of the SAHPC is to respect the architecture and character of the existing Stadium by retaining the historic west façade and bowl shape. In order to reduce the apparent mass of the SAHPC, it will be set substantially below grade to the west of and adjacent to the Stadium. The design will enhance the exterior character and function of the Stadium through the addition of new plazas, landscape, entry and egress routes, and ADA accessible routes to the Stadium.

Project Description and Design

The roof of the new building will form a large (nearly two acres) exterior plaza at the current promenade grade (elevation 408) that will connect the north Stadium entrance (also at elevation 408) to the current and future stairway entrances to the west and south seating sections of the Stadium. The plaza will be used for gatherings, as well as circulation for the large crowds at the Stadium on game-days and access for emergency vehicles. At the south end of the structure, two additional levels are under a stair and a plaza that connect the main plaza with the primary south entrance of the Stadium and Prospect Courtyard (elevation 430).

The exposed exterior vertical surfaces of the SAHPC structure will be finished in natural stone. The plaza will be finished using pre-cast concrete pavers set over insulation and waterproofing membrane. Approximately seventeen trees will be incorporated into the plaza along with site furnishings for user convenience. Extensive glass in the skylights and interior partitions will allow natural lighting inside. Interior walls will consist of painted concrete, masonry block, or drywall. Appropriate waterproofing of exterior walls and soundproofing materials in interior walls will be applied.

Due to its location near the Hayward Fault, the concrete structure of the SAHPC will be designed to resist near-fault ground motion forces and displacements. Prior to constructing the SAHPC, it will be necessary to provide underpinning and soil cement walls to support the west wall of the Stadium. The project includes shoring the west sides of the building excavation until the new cast-in-place concrete foundation mat, perimeter and interior shear walls, and the floor and roof slabs of the structure are constructed.

The SAHPC project will provide spaces that fully comply with current codes for life safety, including fire detection and alarm, fire sprinklers, and fire-rated construction. Entrances and exiting will provide for safety and ease of access of all users, including the handicapped.

The UC Berkeley Design Review Committee has reviewed the design of the Student Athlete High Performance Center and has affirmed that it is in accordance with University policy. The project has also been reviewed by the UC Berkeley Structural Review committee, with independent structural review conducted at each stage of project development. Independent construction cost review indicates that the project is within the stated budget.

The proposed delivery method for the SAHPC project is Construction Manager at Risk. A private project management consultant, URS of San Francisco, will manage the project, with assistance from the Berkeley Campus Capital Projects unit and the Executive Architect's project team. Other consultants and testing agencies will be used as necessary. The Campus Architect will perform project oversight. The project, as planned, allows the Stadium to remain fully accessible for home football games during construction. Construction of the SAHPC will be accomplished through two principal bid packages.

The project is due to start construction in January 2007 and be completed September 2009.

Green Building Policy and Clean Energy Standard

The project will comply with the UC Presidential Policy for Green Building Design and Clean Energy Standards and Sustainable Transportation Practices. As required by this policy, the project will adopt the principals of energy efficiency and sustainability. The mechanical system will be designed to provide ventilation, heating, and cooling commensurate with the various tenant uses and with the campus requirements to exceed energy conservation performance requirements under Title 24 by a minimum of 20 percent. Efficient design will also make use of systems allowing the project to comply with the UC Presidential Policy on Green Building Design and Clean Energy Standards. The project is being designed to achieve a LEED equivalent rating of silver, at approximately 34 points. The thick exterior concrete walls and slab will provide thermal mass that will help stabilize interior temperatures.

Future Phases and Background of SCIP

The Regents considered and approved the 2020 Long Range Development Plan (LRDP), which is implemented in part by the Southeast Campus Integrated Projects (SCIP), at the January 2005 meeting. Combined, the SCIP projects, which include the SAHPC, will build approximately 20 percent of the new gross square footage anticipated in the 2020 LRDP and 24 percent of the LRDP projected parking.

In their entirety, the Southeast Campus Integrated Projects consists of the following components:

- (1) The California Memorial Stadium Seismic Corrections and Program Improvements project is a multiphase project to improve the seismically poor, historically significant Stadium, provide improved program space, and update game-day amenities and services. In Phase 1, presented for consideration and approval, the project will include constructing a new building adjacent to the Stadium - the Student Athlete High Performance Center - immediately addressing certain life safety issues at the Stadium by providing a new permanent home for programs that currently use the Stadium daily. The SAHPC project will result in the movement of the majority of day-to-day uses to the new Student Athlete High Performance Center. Future phases will include the renovation and seismic upgrade of Stadium spaces to support events at the Stadium.

Once the SAHPC is completed and occupied, Stadium renovations can commence as funds become available. Planning and construction of Phase 2 (Seismic Retrofit and West Side improvements) will not begin prior to 2009 and will not be completed before 2010 at the earliest. As funds become available and on completion of the Phase 2 project, Phase 3 (East Side improvements) will commence with planning no earlier than 2011. These projects will provide for seismic retrofitting of the Stadium and construction in the Stadium of other improvements to the venue that include new toilet rooms and concessions, circulation corridors for events, improved fan seating, a new press box and club spaces, and other upgrades that will bring the facility into code compliance for safety and accessibility. Phase 2 and Phase 3 projects will be presented to The Regents for budget and design approval at a later date.

- (2) The Parking Structure and Sports Field project will consolidate parking in the southeast campus. The Southeast Campus Integrated Projects combined will result in the displacement of approximately 545 surface parking spaces (399 spaces at the Stadium and Law and Business Connection Building sites and 146 spaces at the existing Kleeberger surface parking area) to accommodate landscape and program improvements. A new parking facility accommodating up to 911 vehicles at the current site of Maxwell Family Field (formerly Kleeberger Field) will add 300 spaces to the campus parking inventory and consolidate and replace lost spaces; the sports field will be replaced on the roof level. This project will be presented to The Regents for budget and design approval at a later date.
- (3) The Law and Business Connection Building, a new building of approximately 180,000 gross square feet, will link collaborative programs of the Haas School of Business and the School of Law at a site in the southeast quadrant of UC Berkeley's Campus Park. The project will include abatement and demolition of Calvin Laboratory and will be located at the site of Calvin and the existing 2241 and 2243 College Avenue buildings. (The project is examining alternatives,

including demolition and sale, for relocation of 2241 and 2243 College Avenue). The Law and Business Connection Building responds to a principal finding of the UC Berkeley Strategic Academic Plan: the need to concentrate future academic growth on the core campus and its adjacent blocks to encourage the synergy among disciplines that leads to new insight and discovery. This project will be presented to The Regents for budget and design approval at a later date.

- (4) The Southeast Campus and Piedmont Avenue Landscape Improvements will address the movement of people, bicycles, and vehicles in the southeast campus; renovate the landscape to enhance views of the California Memorial Stadium and the experience of Piedmont Avenue within the project area; enhance opportunities for interaction in the landscape at and between activity nodes; and improve the coherence of the landscape in this area. Piedmont Avenue is owned by the City of Berkeley. This project will be presented to The Regents for budget and design approval at a later date.
- (5) School of Law and Haas School of Business Program Improvements will make interior building changes and may include some exterior building changes to make better use of space for current programs in the Law Building and Simon Hall for the School of Law and in Haas for the Business School, and to respond to the proposed Law and Business Connection Building by improving access and transparency between the new building and the existing buildings. This project will be presented to The Regents for budget and design approval at a later date.
- (6) Renovation and Restoration of the Piedmont Avenue Houses will entail renovation of the buildings for existing occupants and restoration to recognize the historic character of some or all of the buildings at 2222 to 2240 Piedmont Avenue (five structures and site environs). Seismic, life safety and disabled access improvements will be part of renovation and restoration of these houses. This project will be presented to The Regents for budget and design approval at a later date.

Environmental Impact Summary

In conformance with the California Environmental Quality Act (CEQA) and University procedure for implementing CEQA, the campus determined that the Southeast Campus Integrated Projects could have significant effects on the environment, and an EIR has been prepared. Based on the Initial Study, the Berkeley campus determined that potential SCIP effects in many environmental issue areas were adequately analyzed in the 2020 LRDP EIR; however, the following nine environmental issue areas warranted additional analysis in an EIR: aesthetics; cultural resources; geology, seismicity and soils; hydrology and water quality; land use; noise; public services: emergency access; transportation and traffic; and utilities: wastewater, storm water, and steam/chilled water construction.

Environmental review of the proposed SAHPC project is part of the SCIP focused EIR. The SCIP EIR provides project-level analysis of the SAHPC project and is tiered from the UC Berkeley 2020 LRDP EIR, certified by the Regents in January 2005.

The EIR analyzed SCIP-related impacts in the environmental issue areas identified above. The EIR proposes a variety of mitigation measures to address significant SCIP impacts, including the SAHPC. In addition to the SCIP as initially proposed, the EIR analyzes alternatives to each of the projects: a no-projects alternative; an alternative without construction of a new parking structure; an alternative that disperses the projects to different sites in Berkeley in the vicinity of campus; an alternative that moves the Stadium use and the Student Athlete High Performance Center to a site in Albany; and an alternative where the sizes of the Law and Business Connection Building, the Parking Structure, the Student Athlete High Performance Center, and the programmatic improvements to the CMS are reduced.

The alternative that reduced the sizes of project components was found to be the environmentally superior alternative, as was the no-project alternative. Were this alternative implemented, in whole or on a component by component basis, impacts upon aesthetics, cultural resources, noise, public services/emergency access, and utilities and service systems will be reduced. Key project objectives, however, would remain unsatisfied.

The SCIP components as described above are preferred projects which will move through The Regents', campus', and Office of the President's approval processes as appropriate in the coming years.

The public review period for the Draft EIR on the SCIP was May 8-July 7, 2006. During that time, the Draft EIR was reviewed by various State and local agencies as well as by interested individuals. A total of 63 comment letters were received: eight from public agencies (three from the City of Berkeley) and 55 from other organizations or individuals. Two petitions, one with 66 signatures and one with approximately 1,036 signatures, were received. A public hearing was held on June 5, 2006, at which 23 people commented. The letters, comment cards, petitions, and public hearing transcript are included in the Final EIR. The Final EIR contains the comments on the Draft EIR, responses to these comments, and revisions to the SCIP and EIR based on comments received.

Implementation of the SCIP has the potential to create significant impacts on the environment in a number of areas. The EIR concludes that impacts in the following areas will be reduced to less-than-significant levels by implementing all identified mitigation measures listed in the Summary and text of the EIR:

- Moving the College Avenue houses at the site of the proposed Law Business Connection Building to another appropriate site; alternative disabled access or alternative programming could mitigate potentially significant adverse changes to the historic Piedmont Avenue houses;

- Performing storm drain capacity studies and potentially increasing pervious surfaces or incorporating alternative detention/retention strategies could mitigate potential exceeding of storm water drainage systems; monitoring and adjusting flows throughout construction of Maxwell Family Field parking structure could mitigate potential construction period hydrological impacts to Strawberry Creek;
- Conducting engineering analysis and implementation of recommendations and maintenance measures could mitigate potential impacts upon existing drainage patterns;
- Implementation of intersection improvements, at the discretion of the City of Berkeley, could reduce potential significant intersection delays at Durant and Piedmont, and Bancroft and Piedmont;
- Implementation of design recommendations for the Maxwell Family Field parking structure could mitigate potential inefficient and unsafe operations;
- Installation of pedestrian crossing protections on Gayley Road could reduce pedestrian crossing conflicts;
- The total number of net new parked vehicles at Maxwell Family Field parking structure could be capped at 300 to reduce potential for new impacts on vehicle circulation or parking;
- The University will estimate the amount of construction prior to each phase of construction to assure parking demand does not exceed baselines established in the 2020 LRDP EIR;
- The University and the contractor will consult with the Berkeley Fire Department to ensure construction phasing and staging will not interfere with fire protection and emergency access to and from surrounding areas, including the Panoramic Hill neighborhood;
- The University will continue to cooperate with agencies to reduce the impact of additional events at the Stadium upon the transportation network.

Significant impacts that cannot be mitigated, either because mitigations are not available or are currently considered infeasible, include the following:

- Changes to the visual character of Gayley Road with the introduction of the parking structure; changes to limited scenic vistas from neighboring Panoramic Hill with program improvements to the Stadium;
- Significant adverse changes to the historic significance of the Stadium as a result of seismic and program improvements;
- Significant adverse changes to a potential historic resource (a small grid form building) at Maxwell Family Field;
- Potentially significant adverse changes to historic resources (the College Avenue houses and Calvin Laboratory) at the site of the Law Business Connection;
- Adverse changes to the historic character of Piedmont Avenue with pedestrian improvements and vicinity landscape changes;
- Potential loss, injury, or death resulting from rupture of a known earthquake fault or strong seismic ground shaking;
- Substantial periodic increase in ambient noise levels in the project vicinity;

- Noise in excess of local standards due to demolition and construction for the Integrated Projects;
- Significant intersection delays at Durant and Piedmont, Bancroft and Piedmont;
- Potential construction period impacts upon traffic, noise, storm water, cultural resources, and air if new or altered wastewater collection facilities are required to accommodate the proposed projects.

Community concerns about the SCIP component projects have included the following topics: the proximity of the projects to an earthquake fault; the impact upon cultural resources; effects of expanded use of a renovated Stadium, including emergency access, noise, and lighting impacts.

Detailed responses to these concerns are contained in the Final EIR.

The Berkeley campus will be responsible for implementing all mitigation measures identified in the EIR as an element of the LRDP Mitigation Monitoring Program (MMP) included in the Final EIR. The MMP provides a reporting mechanism for the changes to the proposed project, which are made a condition of approval in order to mitigate or avoid significant effects on the environment.

Findings

The project Findings discuss the proposed SAHPC environmental impacts, mitigation measures, monitoring program, and project alternatives. The Findings also set forth overriding considerations for approval of the proposed project in view of its unavoidable significant effects.

Financial Feasibility

The SAHPC total project cost of \$111,948,000 at CCCI 4948 would be funded from gifts. Independent construction cost review indicates that the project is within the stated budget. The gift campaign for the project is under way, and as of September 30, 2006 the status is as follows:

Gifts received:	\$ 9,000,000
Pledges received:	34,798,000
Pledges to be confirmed	32,700,000
Gifts to be raised:	<u>35,450,000</u>
Total gifts:	\$111,948,000

Approval of standby financing of \$12,000,000 is requested in order to meet The Regents' funds-on-hand requirement prior to going out to bid for the first bid package. To the extent gifts are received prior to completion of this phase, the amount of the standby financing will be reduced and outstanding balances will be repaid. The campus anticipates that it will be able to raise and collect the pledges required for this project.

In compliance with Regents' policy, all funds necessary to complete construction will be in hand prior to issuing the project for bid.

Future Financing Plan

The campus intends to return to The Regents to request a revision of the project's funding to include long-term debt as well as gifts. At that time, the campus would propose, as a pilot program, the creation and use of a fund functioning as an endowment (FFE), to be funded from gifts raised for the SAHPC program. While the campus would also pledge football revenues to repay the long-term debt, the growth in this FFE is expected to be sufficient to offset the debt service associated with the long-term debt as well as provide support for other facility and operating needs of the SAHPC. The campus would return to The Regents to seek approval for the proposed long-term debt financing, and at such time, the total project cost would be increased to reflect interest costs during construction.

Fundraising is actively continuing, and the campus believes the prospects of raising the remaining gifts are very good.

Chancellor Emeritus Pister, Vice Chancellor Denton, and Associate Vice Chancellor Gayle each briefly discussed specific aspects of the proposal.

Regent Johnson stated that she was in support of the project overall but she was concerned about maintaining good relations with the City of Berkeley. She advised considering the local opposition and trying to work toward an agreement of mutual benefit. She suggested separating approval of the EIR and considering it at a later date following more extensive review.

Acting General Counsel Blair reported that the City of Berkeley had presented The Regents with a lengthy letter to which the University has prepared a response that will be a supplement to the record when and if the EIR portions of it are approved.

Committee Chair Kozberg and Regent Johnson put forward the following substitute motion:

The Committee approves actions 1 through 4 and defers consideration of action 5, which consists of four parts, A through D, until a meeting to be set the week of December 4, 2006.

If the amended motion were adopted, the Committee would approve the *2006-07 Budget for Capital Improvements and the Capital Improvement Program*, that the President be authorized to obtain the standby financing, that The Officers of The Regents be authorized to provide certification pertaining to interest paid by The Regents, and that the Officers of The Regents be authorized to execute the documents necessary to effect these recommendations.

Regent Schilling asked whether the City of Berkeley had filed a lawsuit. Vice Chancellor Denton reported that it had not, but he noted that once an EIR is certified, an opponent has 30 days in which to file suit.

Regent Schreiner referred to the remarks in the public comment session about the adverse effect of the stadium renovation on Tightwad Hill. Chancellor Emeritus Pister recalled that when he had been an undergraduate and faculty member, Tightwad Hill had not been easily accessible and was patrolled. He stressed that access to it was not a right.

Regent Coombs asked whether if the Committee reconvenes in early December and votes to take action on the EIR that would be the next step for the City of Berkeley to proceed with its litigation or whether full Regental approval would be needed. Acting General Counsel Blair reported that the Committee acting alone has the authority to approve the EIR.

Regent Schilling asked whether the campus had taken into account delays that would be caused by a lawsuit. Mr. Denton responded that if the Committee approves the EIR, the City of Berkeley would have to file its lawsuit and then get a temporary restraining order to prevent the campus from moving forward. Outside counsel has opined that the City would have difficulty getting such an order. Acting General Counsel Blair noted that this item covers only the High Performance Center and not the Stadium. The litigation issues would be limited to that. Regent Schilling observed that part of the argument was against putting millions of dollars into a building that is on a fault. She asked whether the University could be prohibited from renovating the Stadium. Mr. Blair responded that the Alquist-Priolo legislation has two components. The first has to do with the prohibition from building new construction on a fault. The High Performance Building is deemed by geotechnical experts not to be on the Hayward Fault. With respect to the Stadium, the legislation has a provision that with respect to existing construction on a fault, no more than 50 percent of the total value of the structure may be spent to make seismic improvements. Mr. Denton reported that replacement value of the Stadium was estimated at \$600 million, which would set a \$300 million cap for renovations. The campus is not contemplating spending that much, and the outcome would be a seismically safe building that could be used for football games. Chancellor Emeritus Pister commented that, because it houses offices for 12 sports and training and sports medicine facilities and is close to training fields, it would be relevant even if the Stadium were found no longer to be useful for football games.

Upon motion duly made and seconded, the Committee approved the motion as amended and voted to present it to the Board.

13. **ADOPTION OF INITIAL STUDY AND NEGATIVE DECLARATION AND APPROVAL OF DESIGN, KING HALL RENOVATION AND EXPANSION, DAVIS CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project as indicated in the Initial Study and Negative Declaration, the Committee:

- A. Adopt the Initial Study and Negative Declaration.
- B. Adopt the Findings.
- C. Approve the design of the King Hall Renovation and Expansion Project, Davis campus.

[The Initial Study and Negative Declaration and the Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

It was recalled that in November 2005, The Regents approved the inclusion of the King Hall Renovation and Expansion project, Davis campus, in the 2005-2006 Budget for Capital Improvements and the 2005-2010 Capital Improvement Program, at a total project cost of \$21,849,000 at CCCI 4632. The total project cost would be funded from a combination of State funds (\$17,925,000) and gift funds (\$3,924,000).

In April 2006, the appointment of Thomas Hacker Architects of Portland, Oregon as Executive Architect for this project was approved within the Office of the President.

Project Site

King Hall is located west of Mrak Hall Drive, north of the Mondavi Center for the Performing Arts, east of the facilities operations and maintenance headquarters, and south of Parking Lot 3 and Mrak Hall. The site is in accordance with the 2003 Long Range Development Plan (LRDP) Academic Administrative High Density land use designation.

Project Design

The King Hall Renovation and Expansion project will renovate approximately 14,300 assignable square feet (asf) of existing space in King Hall, including teaching space (1,000 asf), academic and administrative offices (4,400 asf), and library space (8,900 asf). The project will also construct a building addition of approximately 18,800 asf consisting of replacement teaching space (1,700 asf), new teaching space (2,500 asf), academic offices (5,300 asf), administrative offices (6,200 asf), research offices (900 asf), conference rooms (1,000 asf), and student support space (1,200 asf).

The approved conceptual design for the addition consists of a new two-story wing to the east, creating an enclosed courtyard that will provide access to two levels of the building. The new addition will continue the aesthetic of existing King Hall in the use of brick and pre-cast concrete, but will include a greater percentage of glazing. Also unlike the

poured-in-place concrete existing structure, the new addition has a steel braced structural system. The two Robert Arneson sculptures currently located in the expansion area for the project will be re-located to the landscaped circle in front of Mrak Hall.

Green Building Design and Clean Energy Standards

The King Hall Renovation and Expansion project will comply with University Policy for Green Building Design. As currently planned, the project is expected to qualify for 39 LEED equivalent points, equal to a LEED Silver rating, and is expected to exceed Title 24 energy efficiency requirements by at least 20 percent. The project is expected to qualify for 32 out of 33 points on the UC Davis campus LEED baseline, plus 7 additional points for development density, public transportation access, restoration of open space, storm water management, reuse of existing building elements, and day-lighting. Two other points are being pursued for capturing the additional baseline credit and for incorporation of the project into the curriculum for the Environmental and Natural Resources Law program.

The design of the King Hall Renovation and Expansion Project has been reviewed in accordance with University Policy by an independent design consultant and value engineering teams. UC Davis Architects and Engineers Department will manage the project, with assistance from the executive design professional's project team, with outside consultants and testing agencies as necessary. The Campus Architect will perform project oversight.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), the Initial Study was prepared for the proposed King Hall Renovation and Expansion project to determine whether any potential environmental effects are associated with the project. The Initial Study was tiered from the 2003 LRDP Environmental Impact Report (EIR). It considers project and site-specific impacts as well the adequacy of the cumulative impacts and mitigation measures that are addressed in the 2003 LRDP EIR. The draft Initial Study/Negative Declaration was circulated to the public, responsible and trustee agencies, and the State Clearinghouse for a 30-day review period from September 8, 2006 to October 9, 2006.

During the comment period, two public comments were received regarding the relocation of the sculptures associated with the project site, and the Department of Water Resources commented upon a possible requirement for a flood plain encroachment permit. Responses to comments can be found in Appendix C of the Initial Study.

Based on the impact assessment in the Initial Study, it has been determined that the proposed King Hall Renovation and Expansion project would not result in significant impacts beyond the identified impacts and associated mitigation measures in the 2003 LRDP EIR. Where possible, the cumulative impacts of the campus growth identified in

the LRDP would be mitigated by the LRDP EIR mitigations currently being implemented. In accordance with CEQA’s mitigation monitoring requirements, measures to reduce or avoid significant impacts identified in the 2003 LRDP EIR are monitored under the LRDP Mitigation Monitoring Program.

Findings

The Findings discuss the project’s environmental review process, the relation of the project to the LRDP EIR, cumulative impacts and mitigation measures addressed in the context of the Initial Study, and conclusions regarding approval of the Initial Study/Negative Declaration for this project in conformance with CEQA.

At the request of Faculty Representative Oakley, Interim Campus Architect Halliday agreed to submit a proposal to the campus leadership to reconsider the square footage of the planned faculty offices so that the new offices are the same size as the old ones.

Regent Schreiner asked whether an increase in the size of the law school student body is associated with the expansion. Mr. Halliday responded that the student body number is fairly level. This project addresses deficiencies in existing space.

Regent-designate Allen asked what facilities in the expansion would most benefit students. Mr. Halliday reported that stacks and work reading areas would be expanded, as well as new classrooms added. He noted that students had been represented on the planning and building committee and the dean had conferred with students.

Upon motion duly made and seconded, the Committee approved the President’s recommendation.

14. **CERTIFICATION OF ADDENDUM TO 2003 LONG RANGE DEVELOPMENT PLAN ENVIRONMENTAL IMPACT REPORT, AMENDMENT TO 2003 LONG RANGE DEVELOPMENT PLAN, AND APPROVAL OF WEST VILLAGE IMPLEMENTATION PLAN, DAVIS CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed action as evaluated in the Addendum to the 2003 Long Range Development Plan (LRDP) Environmental Impact Report (EIR), the Committee:

- A. Certify the Addendum #1 to the 2003 LRDP EIR.
- B. Adopt the Findings.
- C. Amend the 2003 LRDP.
- D. Approve the West Village Implementation Plan, Davis campus.

- E. Delegate to the Chancellor of the Davis campus approval of Phase 1 of the detailed implementation of the plan subject to substantial conformance with the West Village Implementation Plan.

[The Addendum #1 to the 2003 LRDP EIR, Findings, and 2003 LRDP were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

It was recalled that in November 2003, The Regents adopted the 2003 LRDP for the Davis campus and certified the 2003 LRDP EIR. The action included approval of the Neighborhood Master Plan (NMP), which provided the planning framework for a mixed-use community for campus students, faculty, and staff. Subsequent to The Regents’ action, the campus has refined its implementation strategy for the West Village project and now requests Regents’ approvals that will enable its implementation.

In May of 2004, the campus selected the name “West Village” for the neighborhood envisioned in the NMP. The campus approved entering into exclusive negotiations with the West Village Community Partnership (WVCP), LLC as developer for West Village. During the past 18 months, WVCP has worked collaboratively with the campus to refine the NMP and developed the West Village Implementation Plan.

Refinements to the Neighborhood Master Plan

The West Village Implementation Plan refines the adopted NMP. While largely consistent with the approved NMP, the implementation plan includes additional detailed analysis of infrastructure requirements, local market conditions, constructability in relation to affordability goals, and more detailed site planning in collaboration with WVCP. The minor modifications to the adopted NMP required to reflect the refined site planning for the West Village are described in the Amendment to the LRDP section following this section. The following major land use components of the project are unchanged:

- Location on the campus – on the west campus, immediately west of State Highway 113, south of Russell Boulevard and north of Hutchinson Drive
- Size of the neighborhood – refinement of the plan has reduced the neighborhood size from approximately 225 acres to approximately 208 acres

Consistent with the previously approved NMP, full build-out of West Village will accommodate:

- No more than 475 units of faculty and staff housing
- No more than 3,000 beds of student housing
- 45,000 square feet of commercial uses to support residents built around a Village Square as the heart of the neighborhood

- 60,000 assignable square feet of buildings to house the Davis Center of the Los Rios Community College District (LRCCD)
- Approximately 15,000 square foot satellite high school facility for the Davis Joint Unified School District (DJUSD)
- A site for a small pre-school and/or child care facility within the faculty and staff neighborhood.

The West Village Implementation Plan creates design guidelines to assure sound environmental design at the regional, site, precinct, and individual building scales. The West Village open space network is designed to provide opportunities for passive and active recreation, as well as gathering places for residents. The Implementation Plan is predicated upon an integrated transportation network of transit, bicycle, and pedestrian connections that will maximize the ability of residents to move both within and outside West Village without the use of automobiles. The Implementation Plan defines distinctive but related design character of four precincts and prototypes of the buildings and open spaces. Finally, the plan includes building guidelines and prototypes that establish the desired character of the place by defining building/street relationships, setbacks, and materials palettes.

Core Principles

Three core principles guide the site and building design of West Village:

- **Housing Affordability and Proximity** – Providing affordable opportunities adjacent to the central campus will significantly help the campus in attracting and retaining students, faculty, and staff. For-sale units will be offered below market and have resale control. Student apartment ground lease revenue will fund contributions to campus financial aid, enhancing the affordability of a UC Davis education for those students most in need. Located on campus and close to the Davis community, West Village will contribute to the vitality of the campus and community and reduce regional traffic and air quality impacts.
- **Quality of Place** – The implementation plan creates a network of connected open spaces at multiple scales. A centrally located Village Square will provide local services and a gathering place for residents and visitors alike. Building courtyards and gardens will provide opportunities for informal recreation, socializing, and interaction. Parks will provide both active and passive recreation opportunities adjacent to the efficient transit network into the central campus.
- **Environmental Responsiveness** – The plan responds positively to the local environment by using extensive on-site drainage through landscaped swales, basins, and innovative street designs to detain storm water runoff on site and limit the extent of off-site improvements. Numerous bicycle paths and frequent transit service provide efficient connections to the campus and community to help minimize automobile use by residents. Street layouts, open space corridors, and lot orientation are designed to help channel cooling summer breezes. Buildings are oriented and designed with adjustable shading devices to limit solar gain during summer and encourage solar gain during winter.

Site Open Space and Circulation

The Implementation Plan provides design guidelines and standards for the many hierarchies of open space within West Village. Green swales in the project provide drainage and open space and minimize the need for below-ground piping. Ponds on the north edge of the site will improve storm water runoff quality, create wildlife habitat, and provide an open space amenity for the surrounding community. Neighborhood parks, greenbelts, the transit boulevard, and Village Square will provide places for residents to recreate, relax, and meet within West Village. The plan also includes a buffer area on the western edge to maintain the continued viability of agricultural research uses on fields west of the project site.

The plan provides an interconnected pedestrian, bicycle, and transit network tightly integrated with the open space network through multi-use paths and dedicated bicycle paths for both commuter and recreational use. Efficient and frequent transit service will

be provided at central gathering places for the community along the primary transit route into the central campus. Street sections are designed to be efficient while minimizing pavement width, with generous parkway landscape strips separating pedestrians from bicycle and automobile traffic.

Precincts

The West Village Implementation Plan includes four interconnected but separately identifiable precincts. Precinct character is established by varied street types and widths; the size, shape and number of open spaces; the mix of building types; and the consistency of building materials, heights, and setbacks. Together, these elements serve to establish a special physical identity for each precinct.

- The Village Square is the heart of West Village, combining services, entertainment, civic activities, classrooms, and housing built around a central green.
- The Ramble is characterized by student apartments organized around a series of open spaces and courtyards connected by a meandering path.
- The Boulevards precinct, organized around the primary transit corridor, features student, faculty and staff housing, and recreation fields in close proximity to the central transit route serving West Village.
- The Swales and Ponds is a neighborhood of single family homes, townhomes, and cottages oriented to swales and green streets that guide storm water run off into seasonal and perennial ponds.

Buildings and Gardens

Architectural and building guidelines emphasize a traditional street-front development pattern with contemporary architecture that responds to the local Davis environment. Cottage units in many cases will front on bicycle or pedestrian paths integrated into public open spaces. Semi-public open spaces and gardens connect homes and apartments to the streets and bicycle and pedestrian paths. Buildings are oriented for optimal solar access and to make best use of prevailing cooling breezes in the summer. Deep roof overhangs and vertical and horizontal shading elements will provide shading to limit solar gain in the heat of summer but enable solar gain during colder winter months.

Building guidelines in the plan identify building massing and orientation on lots. Use of light-colored roofs and external building materials known to perform well in the Davis environment will provide not only attractive units but long-term quality and value for residents. Accessibility is maximized by use of semi-private gardens that provide transition to private living spaces at street level.

Infrastructure

The campus’ development partner is responsible to fund, design, and build all in-tract infrastructure as outlined in the implementation plan. On-site infrastructure will be conveyed to the University upon its completion after being cleared of any liens relating to financing.

The campus is responsible for design and construction of off-site infrastructure systems including domestic water, wastewater conveyance, storm drainage, and bicycle and roadway facilities. A separate item for concurrence to amend the capital improvements budget to enable this infrastructure project is pending.

Plan Implementation

The West Village Implementation Plan provides the necessary design framework to guide the campus and its development partner in constructing phase 1 of West Village. A recommendation being considered by the Committee on Finance addresses the business arrangements related to Phase 1. Phase 2 of the plan will be subject to subsequent Regents’ review and approval before being constructed. Approval by The Regents of the Implementation Plan will delegate to the President and then the campus the review and approval of all individual buildings and elements in Phase 1 of the plan subject to substantial conformance with the Implementation Plan.

The campus will create a design review process specifically for West Village to ensure that development of specific buildings and infrastructure adheres to the Implementation Plan. Additionally, the Campus Architect will perform the duties of Chief Building Official and will ensure that all infrastructure and buildings are constructed according to appropriate building codes and standards.

Amendment to the LRDP

The West Village Implementation Plan is generally consistent with the adopted NMP; however, it makes minor changes in the land use and circulation plan, as noted above, that improve the overall design of the neighborhood. These modifications are described in the Addendum to the 2003 LRDP EIR.

- Hutchison Drive is realigned to facilitate circulation on the West Campus, to improve access to research fields by existing campus programs, and to provide a better entry sequence to West Village.
- The possible uses of the elementary school site have been expanded to include the possibility of a child care facility, primarily because of declining elementary school enrollment in the Davis Joint Unified School District, which likely precludes the need for an elementary facility. The location has moved to the west to expand the setback from SR-113 to place it more centrally to faculty and staff housing, and the acreage has been reduced.

- The village square has been shifted one block to the east accommodate the change in the alignment of the main entry roadway.
- The bus route has been relocated from within the central green to a road that would be used by all modes of transportation.
- A central greenway has been included within the student housing complex along SR-113.

To accommodate the possibility of a child care or pre-school facility, the definition of the Elementary School land use designation on page 65 of the 2003 LRDP is replaced with the following text:

ELEMENTARY SCHOOL/CHILD CARE FACILITY – A site for a neighborhood elementary school, pre-school, or child care facility is located west of SR 113, south of Russell Boulevard, and north of Hutchison Drive as part of the proposed NMP. The site will accommodate neighborhood children and will be planned in coordination with the housing projects.

Environmental Impact Summary

Pursuant to State law and the University procedures for implementation of the California Environmental Quality Act (CEQA), the campus prepared Addendum # 1 to the Long Range Development Plan (LRDP) EIR to evaluate the proposed project in relation to the original analysis done in the LRDP EIR. The potential environmental effects of the Neighborhood Master Plan were analyzed in the EIR for the UC Davis Long Range Development Plan, which was certified by The Regents in November 2003 (State Clearinghouse # 2002102092). Volumes 1 and 2 of the Draft EIR assessed the potential environmental effects of implementation of the LRDP, identified means to eliminate or reduce potential adverse impacts, and evaluated a reasonable range of alternatives to the LRDP. Volume 3 of the Draft EIR analyzed the project-level environmental impacts associated with the several projects on the UC Davis campus, which included the Neighborhood Master Plan.

The LRDP EIR evaluated the potential effects of the proposed implementation plan as part of the Neighborhood Master Plan impact analysis, which evaluated project-level impacts resulting from development of several specific projects. Potential impacts for the Neighborhood Master Plan were evaluated in sixteen environmental issue areas: aesthetics, agriculture, air quality, biology resources, cultural resources, geology, seismicity and soils, hazards and hazardous materials, hydrology and water quality, land use planning, noise, population and housing, public services, recreation, traffic circulation and parking, and utilities. The LRDP EIR indicated that the Neighborhood Master Plan would result in significant or potentially significant impacts, prior to mitigation, in the following areas: aesthetics, agricultural resources, air quality, biological resources, cultural resources, hazards and hazardous materials, hydrology, noise, public services, traffic circulation and parking, and utilities.

With implementation of the proposed mitigation measures, the effects of the NMP on scenic vistas from central campus and surrounding areas, conversion of agricultural land to nonagricultural uses, increased levels of carbon monoxide, ozone precursor, and PM10 emissions, extraction of water from local aquifers, potential impacts to prime farmland and habitat in the city of Davis, and potential impacts to archaeological resources would remain significant and unavoidable. These impacts are considered acceptable, however, for the reasons specified in the Findings and Overriding Considerations adopted by The Regents in connection with its approval of the 2003 LRDP EIR. All other impacts would be mitigated below a level of significance.

The LRDP EIR analyzed the potential environmental effects of constructing the NMP. The LRDP EIR description of the NMP includes the location, land use designations, population, circulation and transportation systems, landscaping, and public services envisioned as part of the plan. West Village would be developed on the same site as previously analyzed in the LRDP Final EIR.

The West Village Implementation Plan is generally consistent with the adopted NMP; however, it makes minor changes in the land use and circulation plan that improve the overall design of the neighborhood, as noted above. These changes are listed above and are described in the Addendum #1 to the 2003 LRDP EIR.

No additional environmental analysis or review is required to address the environmental impacts resulting from construction and operation of the proposed project, as revised, other than as provided in Addendum #1.

A Mitigation Monitoring and Reporting Program is included in the Final LRDP EIR to ensure implementation of project-specific mitigation measures to reduce significant impacts. Monitoring of the implementation of mitigation measures will be conducted annually in conjunction with the annual status report for the 2003 LRDP Mitigation Monitoring Program.

In December of 2003, litigation was filed challenging the adequacy of the 2003 LRDP EIR. In September 2004, Alameda Superior Court found in favor of The Regents and upheld The Regent's certification of the EIR. That decision was appealed by the plaintiffs. The Appellate Court also found in favor of The Regents and upheld The Regent's certification of the EIR. No appeal of the Appellate Court's decision was filed.

Chancellor Vanderhoef showed a video of the project.

Acting General Counsel Blair noted that under Finding F-1, Incorporation by Reference, the Findings should incorporate by reference the Neighborhood Master Plan Findings adopted by The Regents on November 20, 2003.

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

15. **ADOPTION OF MITIGATED NEGATIVE DECLARATION, FINDINGS, AND APPROVAL OF DESIGN, NORTH CAMPUS HOUSING, SAN DIEGO CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee on Grounds and Buildings:

- A. Adopt the Initial Study/Mitigated Negative Declaration.
- B. Adopt the Mitigation Monitoring Program and Findings.
- C. Approve the design of the North Campus Housing Project, San Diego campus.

[The Initial Study/Mitigated Negative Declaration and Mitigation Monitoring Program and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Associate Vice Chancellor Hellman recalled that in January 2006, The Regents authorized the San Diego campus to develop Preliminary Plans (P) for the North Campus Housing project. In September 2006, the Regents approved the inclusion of the North Campus Housing Project into the 2006-07 Budget for Capital Improvements and the Capital Improvement Program for a total project cost of \$122,220,000 at CCCI 5095. The total project will be funded with external financing (\$119,000,000) and Bookstore Reserves (\$3,220,000).

In October 2006, the appointment of Skidmore Owings & Merrill, LLP, as Executive Architect was administratively approved within the Office of the President.

Project Site

The project site is located on approximately 5 acres (currently a surface parking lot) located in the North Campus Neighborhood, within walking distance of the Pangea and Hopkins parking structures. It is bounded on the west by North Torrey Pines Road, on the north by North Point Drive, on the east by Scholars Drive North, and on the south by the future North Campus “Wedge,” a landscaped area. The use of the project site is consistent with the Housing designation in the 2004 Long Range Development Plan.

Project Design

The proposed project will house approximately 1,006 students and 3 professional staff in two-, three-, and four-bedroom apartment units. A project goal is to provide approximately 30 percent single and 70 percent double occupancy bedrooms and have a design capacity that will be able to accommodate 1,204 beds. The project would include approximately 240,136 asf within a total area of 343,051 gsf. It will include approximately 225,000 asf (321,482 gsf) of apartments and common spaces (vending, laundry, mail areas, administrative offices, and retail space). The retail space includes a café and a satellite bookstore to serve the North Campus neighborhood.

The project is a combination of nine buildings that are three to five stories in height, with one fourteen-story tower. Each of the low-rise buildings will be Type III and V wood or steel stud construction. The high-rise structure will be Type I construction with cast-in-place concrete shear walls for seismic resistance. These shear walls will be located along the interior of the structure and at the exterior to provide definition between the units. The primary exterior materials are exposed architectural concrete, exterior cement plaster, and vinyl window frames with wood sun shading devices along the eastern and western exposures. The massing, materials, and glazing of the North Campus Housing Project are consistent with the design guidelines of the North Campus Neighborhood Plan. Outdoor landscaped spaces will be developed to accommodate a variety of activities for the residents.

Sustainable Features

Key sustainable features that will be incorporated into this project include a storm water management program (the installation of landscape features to reduce the amount of storm water run-off from the site); the incorporation of drought-tolerant planting with recycled water irrigation systems; building design features such as flow-through natural ventilation, cool roof technology, natural lighting, and views for over 90 percent of the spaces; sun screening devices on the exterior; and the incorporation of sustainable building materials throughout the project. The project is expected to achieve 34 points to comply with a UC equivalent rating of LEED Silver. This project will comply with the UC Presidential Policy for Green Building Design, Clean Energy Standards, and Sustainable Transportation Practices.

The University of California, San Diego Design Review Board has reviewed and approved the design of the North Campus Housing Project in accordance with University policy. An independent cost estimate is complete. The Campus will use the modified design/build bridging project delivery method. The Office of Facilities Design and Construction will manage the project. Independent testing agencies will be used as necessary. The Associate Vice Chancellor and Campus Architect, Facilities Design and Construction, will perform project oversight.

Construction is estimated to begin in July 2007, with occupancy anticipated in June 2009.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), an Initial Study/Mitigated Negative Declaration (MND) was prepared for the North Campus Housing project. The Draft Initial Study/Mitigated Negative Declaration was submitted to the Office of Planning and Research's State Clearinghouse and circulated for a 30-day public review period beginning on September 8, 2006 and ending on October 10, 2006 (SCH No. 2006091033). During that time, the document was reviewed by various State and local agencies, as well as by interested individuals and organizations. Six comment letters were received during public review from the following interested parties: (1) San Diego County Archaeological Society; (2) Office of Historic Preservation; (3) University Community Planning Group (UCPG); (4) Native American Heritage Commission (NAHC); and (5) California Department of Toxic Substances Control (DTSC), and (6) CalTrans.

The San Diego County Archaeological Society's letter indicated that it concurred with the Draft Initial Study/Mitigated Negative Declaration determination that the project should have no impact on cultural resources and no mitigation would be required. The Office of Historic Preservation letter makes the assertion that construction of the proposed project presents an impact to the historic flight path of the Gliderport, which is still used today, and that appropriate mitigation measures should be developed to address the impact. The UCPG letter expressed similar concerns regarding Gliderport operations. The University's response stated that the proposed project would be developed east of North Torrey Pines Road in an area that has not and will not be used as an approach to the Gliderport runway because large trees and lighting fixtures preclude east-to-west glider flight approaches, including any path over the project site. Any suggested conclusion of significant impacts to the historic use of the site or to current operations resulting from the project is inaccurate; therefore, no impacts were identified and no mitigation is required. The NAHC letter describes the process regarding assessment of cultural resources and potential impacts resulting from project development. UCSD has previously addressed these concerns as part of the program EIR prepared in 2004 for the LRDP which lays out a comprehensive approach to addressing archaeologically sensitive sites. In this case, the North Campus Housing site is a disturbed and developed site; no cultural resource impacts were identified and no mitigation was required. The DTSC's letter indicated that potentially hazardous conditions on the project site may pose a threat to human health or the environment. The DTSC recommended investigations of the site, including a Phase I and II assessment. The University's response stated that its Environmental Health and Safety staff has reviewed appropriate data and records, which indicated that there is no reason to believe that the project site will pose a threat to human health or the environment and no additional investigation is necessary. The Caltrans letter deals with the project's contribution to traffic on State transportation facilities.

No new issues were raised that were not already addressed in the project environmental document and/or in the 2004 LRDP Environmental Impact Report (EIR). The proposed

MND is tiered from the 2004 LRDP EIR. Based on the Tiered Initial Study, the University concluded that although the proposed project could have a significant effect on the environment, there would not be a significant effect in this case because revisions to the project have been made or mitigating measures have been agreed to by the University. A summary of the project impacts and mitigation requirements is included in the attached Findings. On the basis of the Tiered Initial Study/MND and implementation of LRDP EIR mitigation, there is no substantial evidence that the project as mitigated may have a significant effect on the environment.

Findings

The Findings discuss the project’s impacts and associated mitigation measures are contained in the certified LRDP EIR.

In response to a question asked by Regent-designate Bugay, Mr. Hellmann reported that this was the first on-campus student housing not connected to a college.

Upon motion duly made and seconded, the Committee approved the President’s recommendation.

16. **PRELIMINARY REVIEW OF DESIGN, STRUCTURAL AND MATERIALS ENGINEERING BUILDING, SAN DIEGO CAMPUS**

This item was withdrawn by the campus.

17. **PRELIMINARY REVIEW OF DESIGN, BIOMEDICAL SCIENCES FACILITY, SANTA CRUZ CAMPUS**

Associate Vice Chancellor Zwart presented preliminary design information for this State-funded project. In November 2005, The Regents approved the 2006-07 Budget for Capital Improvements, which included the Biomedical Sciences Facility. The project will provide 62,120 asf (98,600 gsf) of wet laboratories and vivarium, with related laboratory support and office space, for interdisciplinary faculty research concentrating on health and medical issues in the departments of Molecular, Cell, and Developmental Biology; Chemistry and Biochemistry; Environmental Toxicology; and Biomolecular Engineering. The proposed site, approximately 1.7 acres in an area of the campus known informally as “Science and Engineering Hill,” is immediately north of the Science and Engineering Library and east of the Physical Sciences Building.

18. **UPDATE ON SYSTEMWIDE SOFT COST AUDITS**

It was recalled that in March 2006, the Office of the University Auditor presented to the Committee the results of the “soft cost” audit for selected capital projects from the Berkeley, Los Angeles, and Davis campuses. At the request of the Committee, the Office of the University Auditor expanded the review of soft cost expenditures to the remaining campuses. University Auditor Reed indicated his intention finalize his report on systemwide soft cost audits, with management responses, and send it to the Committee for discussion at a future meeting.

The meeting adjourned at 3:20 p.m.

Attest:

Acting Secretary