The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS
February 26, 2008

The Committee on Grounds and Buildings met by teleconference on the above date at the following locations: 1111 Franklin Street, room 5320, Oakland; 5123 Cheadle Hall, Santa Barbara Campus; 501 S. Alta Avenue, Dinuba; and 2220 Lodgepole Circle, Modesto.

Members present: Regents Allen, Bugay, Hopkinson, Johnson, Kozberg, and Ruiz; Advisory members Croughan and Shewmake

In attendance: Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Executive Vice President Lapp, and Recording Secretary Johns

The meeting convened at 1:30 p.m. with Committee Chair Kozberg presiding.

1. **PUBLIC COMMENT PERIOD**

There were no speakers wishing to address the Regents.

2. **PROGRESS REPORT ON THE CAPITAL PROJECTS WORKING GROUP**

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Kozberg noted that Regent Schilling was unable to attend the meeting, but had been briefed on the item and wanted the Committee to go ahead with the discussion. Committee Chair Kozberg described the current discussion as an opportunity for the Regents to provide input, and reported that the timetable for the item would depend on the present discussion. She suggested that there might be more discussion or an update at the March meeting, with a decision by the full Board in May. An interim meeting of the Committee would also be possible, if warranted.

Executive Vice President Lapp noted that the current presentation represented almost a year's work. The Working Group was assembled in April 2007 by Provost Hume to focus on the capital projects approval process, and to seek ways of streamlining the process or to make recommendations for changing it. The goals were to reduce the amount of time taken by the process, and to ensure a work product of high quality from the campuses. The Office of the President (UCOP) should act as a monitor as judiciously as possible.

Ms. Lapp discussed the Group mandate and objectives. She noted that the Working Group strove to include key representatives from UCOP and the campuses. She stressed the Group's pragmatic focus on attainable goals and meaningful results, and expressed awareness that the process in question has been reviewed many times in the past. The current effort, to streamline the process at UCOP and perhaps the Regental process, is Phase I of the work to be undertaken. After this effort, work will turn to the campuses and their processes. The objectives are to clarify and refine the role of the Regents and UCOP and to reduce the average capital project approval time and complexity. She noted progress made during the last months, since the first Group meeting, but stated that the current presentation concerned a much broader approach.

UC Irvine Vice Chancellor Brase introduced members of the Working Group: Assistant Vice President Bocchicchio, UC Davis Vice Chancellor Meyer, UC San Diego Associate Vice Chancellor Hellmann, UC Santa Barbara Director Wolever, and UCOP Budget Office Coordinator Romero. He noted that some members were not present: UCLA Vice Chancellor Emeritus Blackman, UCSB Professor Michaelson, Chair of the Santa Barbara Division of the Academic Senate, and University Counsel Morrell. He noted that assistance on CEQA issues was also provided by University Counsel Gunther and University Counsel Drumm.

Mr. Brase stated that the primary focus of the Working Group was the speed of execution of projects. He defined the time period in question as beginning with the appropriation or approval of funds and ending with the completion of a project. Time is an important measure because of cost escalation. Mr. Brase estimated the rate of construction cost escalation at about one percent a month, although there may be some abatement at the present time, with cost escalation at 8 percent annually, down from 12 percent. Time of delivery is also a good indicator of efficient management practices. Thus the Working Group examined the process to determine how to shorten project execution time from appropriation to completion. Mr. Brase stressed that this is a discussion item about a progress report, not the entire process; there are other improvements under way. The current discussion would focus on where the approval process interfaces with the Regents.

Monitor Group representative Mr. Jim Hollingshead stated that his presentation and the discussion would concern what a new approval process might be, and how it could be implemented. He noted that the Working Group had made more progress in developing a new model than in determining how to implement this model, and he solicited input from the Committee on implementation parameters. Committee Chair Kozberg added that she had also asked Mr. Hollingshead to consider what a proper evaluation would be.

Mr. Hollingshead noted the high level of experience and knowledge within the Working Group, and pointed out that the Group had augmented this knowledge by two analyses. The first was a selective process mapping of the current

approval process, to identify the "pain points" where things go wrong. The second was a search for external insight through discussion with private sector and public institutions, with the goal of understanding how other organizations with large capital programs operate.

The Working Group proposes a streamlined process with increased transparency, focus, and accountability. The process would focus the attention of the Regents at the strategic level, on projects that do not conform to standard criteria, and on complex projects. UCOP will review a set of criteria; its role is clearly defined, perhaps narrower than it has been in recent practice. The campuses will have increased autonomy as well as increased planning and reporting requirements. The Working Group anticipates that this streamlining will lead to cost avoidance in the tens of millions of dollars. By defining decision rights and process steps more clearly, the new process creates a platform from which continued improvements can be made. Mr. Hollingshead opined that the current process suffers from a lack of clarity about decision rights and roles, making it hard to improve; the new process clarifies the role and responsibility of all stakeholders and provides an agreed-upon set of standards. Potential bottlenecks will be easier to identify. He stated that this kind of change is a prerequisite for improvement.

Mr. Hollingshead discussed a high-level summary process map of the current capital process. He pointed out that it requires a great deal of "up and down" movement through the approval levels and creates many opportunities for projects to become stalled. Its criteria are not clear. The Working Group sought to design a process with more built-in planning and accountability. Mr. Hollingshead then discussed a circular diagram of the proposed process, with three broad steps. The first step is the planning cycle, where campuses take the lead in developing plans. UCOP provides consultative expertise. The Regents set expectations and have approval rights on integrated plans. These plans will set parameters for specific projects. Setting these parameters early allows certain projects to be streamlined. The planning cycle will become more robust under this new process.

The second step is project level screening. A checklist is created based on the parameters in the strategic plans. Campuses work with the criteria in this checklist to determine whether a project is "standard" or "complex." A complex project is one that does not meet standards for streamlining and must undergo more detailed review. UCOP will perform three discrete reviews to certify a campus claim that a project is a standard project. The Regents' role at this point is to approve the checklist and to review any complex projects.

The third step involves reporting and accountability. In order to allow delegation of authority downward in the system and streamline certain projects, campuses must have a system to report that they are performing within agreed-upon standards. Campuses will produce reports detailing this performance, particularly those projects that the Regents have not examined on a project-by-project basis.

UCOP will help compile these data, and the Regents will review the campuses' performance as part of the standard planning cycle.

Regent Hopkinson expressed concern about the Regents' role in the proposed process and described the Regents as a missing element. She recalled that the Regents do more than review the capital program and suggested that there should be a fourth step in the process. Committee Chair Kozberg and Regent Ruiz noted that the current discussion concerned a draft process; the process would be further refined and the role of the Regents better defined and integrated as the discussion proceeded.

Mr. Hollingshead affirmed that there was no intention of removing the Regents from the process at any step. The Regents should have a role, including in review of specific projects. He stated that this concern would be addressed.

Regent Allen expressed concern about opportunities for students and the public to provide input. As the process changes and fewer projects come before the Regents for approval, there should be avenues for comment by the public and students. Mr. Hollingshead responded that this would be addressed at the campus level.

Mr. Hollingshead then discussed a flow chart representing the process for a standard project that could be streamlined. He began outlining plans at the campus level, the Long Range Development Plan and the Physical Vision Plan, which is a new requirement of this process. In their Physical Vision Plan, campuses must designate a visual identity and architectural style and adhere to this plan. This will now involve formal accountability. Committee Chair Kozberg observed that this would allow the Regents to provide input at an early stage.

Referring to the chart, Regent Hopkinson expressed concern that the stated ten-day review period for projects at UCOP was an unrealistic time frame. Committee Chair Kozberg opined that campus academic plans should be included among the campus plans listed on the chart.

Committee Chair Kozberg called on Associate Secretary Shaw to read a message from Lieutenant Governor and Regent Garamendi.

"Chair Kozberg and Grounds and Buildings Committee members:

As you consider the Progress Report from the Capital Projects Working Group at today's Committee meeting, I urge you to consider the following items, which I view as essential to cost-effective, sensible and sustainable capital outlay planning:

1) The University of California, a driving force between California's innovation and technological progress for more than a century, must demonstrate environmental leadership in the construction of new buildings and the renovation of our existing building stock. To ensure that our sustainability goals are carried out on a project level, life-cycle costing and the highest LEED standards must be incorporated into the planning process.
2) A review of the capital project approval process must make explicit how capital outlay budget decisions are made. The allocations to individual campuses are the starting point for every other capital decision – who makes these allocation decisions and the criteria that are used must be transparent.
3) As described in the report, campus-level Long Range Development Plans will continue to be the guideposts within which planning decisions are made. To that end, it must be clear what level of specificity is required in the LRDPs, how they are to be modified, and how specific projects are measured against them.

I am hopeful that this important discussion will lead to greater efficiency in the planning process, as well as cost-effective, sustainable buildings which will bring pride to the University long into the future. As always, thank you for your consideration.

John Garamendi
Lieutenant Governor"

Committee Chair Kozberg observed that environmental goals were another important element that should be a part of the process.

Regent Hopkinson requested a more precise definition of the Physical Vision Plan and what it encompasses, such as environmental goals, palettes, colors, and themes.

Mr. Hollingshead continued his discussion of the campus-level plans. The proposed new approval process does not envision making changes to the campus Long Range Development Plans. The Physical Vision Plan is the design plan for the campus. The Capital Plan and Financial Plan would be linked to the campus' academic strategy. Regent Hopkinson requested that there be a clear articulation of what the Regents expect to see in these plans. Mr. Hollingshead responded that the Working Group would return with a sharper articulation. Committee Chair Kozberg suggested that a more specific plan could be presented to the Committee for comment.

Mr. Hollingshead returned to the discussion of the process for a standard project. He described the role of UCOP as consultative, like a service provision. The Regents have the right of review and approval, or ratification. When the Regents have approved the plans, the parameters are set for the capital program. Campuses will now have a checklist with fields of data and levels within those

fields. Mr. Hollingshead referred to a draft version of the checklist and noted that the checklist is still being developed. As an example, he cited financing as an important data field or criterion, but noted that the levels of debt service coverage remain to be determined. The project checklist serves as guide for the capital planning process at the campuses.

If a project meets checklist criteria, it is certified at the campus level by the chancellor. At this point, at the campus level, the public is notified that the chancellor will approve the project in no fewer than ten days. The project then undergoes three discrete reviews at UCOP to determine if it conforms to CEQA guidelines, financial plan guidelines, and to determine if it creates controversy or liability with systemwide implications. If UCOP determines that the project meets these guidelines, the project is sent back to the campus, where the chancellor formally approves it for implementation. The project is built and recorded in accountability reports produced by the campus.

In response to a question asked by Regent Hopkinson, University Counsel Gunther explained that the project evaluation by UCOP would occur after all of the documentation which would now be presented to the Regents has been completed. Regent Hopkinson expressed concern that Regents' opportunity for design and project review input would come too late in the process.

Mr. Hollingshead responded that the process is intended to provide clarity for all stakeholders about which projects would meet "standard" guidelines. Since the campus works within parameters defined in the planning process, he opined that, in most cases, the campus will know at an early stage that a project is complex. The review at UCOP acts as safeguard; the Office of the President can certify the project as standard, or not. If the campus or UCOP determines that the project is not standard, it is submitted for Regental approval.

Mr. Brase affirmed that campuses would know early on whether or not a project is complex, based on conformance with the LRDP, the Physical Vision Plan, the dollar threshold, or due to a significant CEQA issue.

Committee Chair Kozberg noted the case of opportunistic buildings which are not part of existing plans. Regent Ruiz noted that some projects might begin as standard projects and become complex. Mr. Brase confirmed that standard projects could become complex.

Regent Allen noted a recent report from the Legislative Analyst's Office (LAO) about the 2008-09 budget, including analysis of funding for UC capital projects. He asked if the University is preparing a response. Mr. Hollingshead responded that the current proposed process concerns only non-State funded projects, due to requirements for State-funded projects. He suggested that the University might present a proof of concept to the Legislature and receive relief for State projects to streamline them as well. He expressed the hope that the current budget crisis

might create an opening for such a discussion. Coordinator Romero observed that the LAO has limited freedom of action regarding State-funded projects. She characterized the LAO's concern to be with instances in the past in which the University has pre-funded preliminary design for projects and then requested State funding for subsequent phases. Committee Chair Kozberg stated that the Committee would examine the LAO document at a later point.

In response to a question asked by Regent Hopkinson, Mr. Hollingshead explained that, when UCOP determines that a project is not standard but complex, a Determination of Action meeting is held, and UCOP composes an action item for the Committee on Grounds and Buildings. The benefit of this process is that the action item will be specifically suited to the relevant aspect of the project. Regent Hopkinson opined that the title "Determination of Action" for this UCOP meeting is incorrect, since at this point action would be required to be taken by the Regents. She asked that the title be changed. Monitor Group Representative Steve Pickle added that UCOP would see a project checklist early in the design process, and that there would be ongoing consultation before the official review by UCOP.

Mr. Hollingshead continued by enumerating the essential elements of the project checklist: a set of eligibility criteria that includes total project cost, funding source, building usage, and potential conflicts of interest; explicit links to each of the approved campus plans and to specific parameters; compliance with UC policy; and attestation by the chancellor. Referring to the section of the checklist which outlines the project's links to campus plans, Regent Hopkinson opined that the phrase "accords" should be replaced by "complies." She expressed concern that opportunistic projects might arise which are not foreseen by the campus academic plan and suggested that "opportunistic project" should be added as a separate item.

In response to a question asked by Regent Ruiz, Mr. Brase discussed the UCI academic strategic plan, which served as a background document for the campus LRDP. He stated that this plan defines broad academic goals, but that some opportunities, such as research discoveries, may arise unexpectedly. Regent Hopkinson opined that the Regents' expectations for campus academic plans need to be better articulated. She observed that academic plans vary among campuses and are not always useful to the Committee. Regent Ruiz asked how often campus academic strategic plans are reevaluated. Mr. Brase responded that UCI reevaluates its plan every five years. Committee Chair Kozberg observed that these plans focus on a campus' centers of excellence and core functions. She suggested that some of this work may have been done by the Committee on Educational Policy.

Regent Hopkinson requested a clear definition of what documents will come before the Regents. Regent Ruiz opined that the process needs periodic review.

In response to a question asked by Regent Allen, Mr. Brase affirmed that the policy compliance element in the project checklist includes green building goals.

Mr. Hollingshead continued with CEQA review, performed by the Office of the General Counsel for all projects, with four potential outcomes. He called attention to public notification, which would take place at the local level, pending project approval. The campus could put relevant materials on its website and solicit public comment. This would benefit the local community, since individuals would not have to travel to a Regents meeting, and relieve a certain burden on the Committee. Mr. Brase observed that this approach may involve students more directly in the CEQA process. Committee Chair Kozberg expressed confidence that the Office of the General Counsel has examined the relevant legal issues in the proposed process.

Regent Hopkinson asked which projects would not come before the Regents for CEQA approval. University Counsel Drumm explained that the proposed process is similar to current practice, but it allows projects at higher budget levels to be delegated to chancellors, as long as they meet checklist parameters. University Counsel Gunther confirmed that the same body that approves the project also carries out the CEQA review. The proposed process would bring more projects down to the local level and institutionalize a system for providing public notice that an Environmental Impact Report or a Negative Declaration has been completed, and that the project will be approved by the chancellor no sooner than ten days after the notice.

Regent Hopkinson expressed concern that ten days would be an unreasonably short period for public notice, and that there might fewer opportunities for public input than there currently are. Ms. Gunther explained that the process would institute a public notice system at the local level which resembles the Regental procedure. At the same time, the University's local notice system would function somewhat like that of a local agency. Individuals who are regularly involved in the process would be notified, and the materials would be placed on a general website, in a form more widely available than on the Regents' agenda. She opined that this would provide more thorough public notification. Regent Ruiz observed that the ten-day period could be extended later.

Regent Hopkinson asked if the proposed new capital project approval process would be articulated in a policy to be adopted by the Regents. General Counsel Robinson and others answered in the affirmative.

Mr. Hollingshead then discussed a chart which articulated the decision rights for each party at each step in the process. He stressed that the "make decision" rights or managerial rights are kept at the campus level for standard projects and brought to the UCOP level for complex projects. The Regents maintain ratification or veto rights over complex projects and over the planning program.

Next Mr. Hollingshead turned to one sample project. He reported that the Working Group examined about two dozen completed projects, interviewing the parties involved to gain an understanding of the process. Then the same projects were analyzed in terms of the proposed new process. A chart with a timeline represented one project at UCSB which was approved in 2002, cost just under $25 million, and was ready for occupancy in 2006. Mr. Hollingshead noted that the approval process for the project took 304 days; based on the Working Group study, he estimated that, under the new process, approval would take only 94 days. Taking into account a variable rate of cost escalation, the seven months saved by the new process would represent monetary savings of between $0.9 million and $2.6 million. Considering the percentage of projects that could be processed through standard guidelines, this could result in savings of tens of millions of dollars. Monitor Group representative Jim Culkar cautioned that the seven months of saved time are an estimate; three months are definite savings, while the additional four are estimated.

Ms. Gunther asked how the Working Group measured the approval period. Mr. Culkar responded that the moment when a campus began to work on its Project Planning Guide was generally used as a starting point. Ms. Gunther asked about CEQA review, not represented on the chart. Mr. Culkar explained that this timeline for the relevant current process does not include all the approval steps, but those that would change between the current and proposed processes. He explained that the chart is a simplification, and confirmed that it does not imply that a project requiring CEQA approval could be processed in 94 days.

Mr. Hollingshead noted that the savings estimate is necessarily approximate. He cited two factors as important for determining possible savings. The first is the adoption of a streamlined approval process and the dollar threshold used for standard projects. He noted that the Working Group recommends a threshold of $100 million for standard projects. A lower threshold will result in fewer savings. The second factor, the rate of inflation, cannot be controlled.

Committee Chair Kozberg opined that the discussion should reflect the actual process, and stated that CEQA documentation has to be included in the representation of the relevant current process. Regent Hopkinson believed that the chart did not reflect the reality that different projects go on simultaneously. Mr. Brase concurred that the chart is oversimplified, but noted that campus architects will plan their work to avoid dead periods on a project. Regent Hopkinson requested that the presentation be modified, with an explicit statement of assumptions underlying the estimates of maximum savings.

Ms. Gunther suggested that the presentation of the project process could be modified using the critical path format, and that, in the future, CEQA review might determine the critical path for streamlined projects. Mr. Hollingshead responded that the Working Group's analysis was not able to reconstruct the critical path of past projects or determine what was in the critical path at a given

point; elements that are not part of the approval process might have been part of the critical path. He stated that the estimated savings would be the maximum savings available. He emphasized that financial savings are not the only benefit of the proposed process. The new process clarifies the roles of the Regents, UCOP, and the campuses, allows for continued improvement, and makes it easier to identify bottlenecks.

Mr. Hollingshead then turned to options for implementation of the proposed process and solicited input from the Committee. He outlined three essential tradeoffs to be considered when planning implementation. The first is the need to refine mechanics; any new process will have problems that need to be worked out. The second is the need to reduce duplication. If UCOP undertakes a pilot implementation of the process, it will have to conduct two processes – the new process at some locations and the old process at others, a duplication of effort. The third consideration is the speed and breadth of the rollout, the desire to provide all campuses with access to the process and its benefits as quickly as possible.

Mr. Hollingshead compared implementation options which he described as either more constrained or more expansive. These options would involve four dimensions: how many campuses would be eligible for the initial process rollout, which types of projects would be eligible, how long the pilot implementation would last, and who supervises or exercises governance over the initial implementation. For the first dimension, the more constrained option would involve two to three campuses, while the more expansive option would include all campuses wishing to participate. For the dimension of project eligibility, the more constrained option would set a $40 million project threshold and limit implementation to certain types of projects; the more expansive option would include more types of projects and set a $100 million threshold. The pilot implementation might last 18 months or 36 months. The Working Group recommends that the implementation be governed by a joint committee with campus and UCOP representation, and supervised by the Committee on Grounds and Buildings.

Regent Hopkinson observed that not all campuses have their physical plans ready for Regental approval. She opined that all campuses should have to comply with the new process immediately, but because campuses do not all have the necessary documentation prepared, the process will necessarily be phased in. For the interim period, she recommended a threshold of $25 million or $20 million, to be raised to $40 million when all the campuses' physical plans are approved.

Faculty Representative Croughan suggested that implementation at different campuses might happen by default rather than by design. She suggested that it might be helpful to implement the new process at a campus where projects have taken more time and at a campus where projects have proceeded more quickly.

Regent Bugay questioned the need for launching the process as a pilot program, if there is confidence in the new approach. He opined that adopting the process in fits and starts over several years could be cumbersome and cause unnecessary delay. The University should embrace the process systemwide, while recognizing that some campuses will not be able to adopt it immediately due to a number of factors.

Regent Ruiz also advocated systemwide implementation of the new process rather than a pilot program. He opined that the University will be able to work out problems at it proceeds, and that implementation will be easier at some campuses than at others because of differing resources.

Committee Chair Kozberg and Regent Hopkinson suggested that the new process be reviewed and evaluated after 18 months.

Regent Johnson favored a $40 million threshold and expressed concern about the burden placed on chancellors to sign off on the items on the checklist regarding consistency with campus plans. Regent Hopkinson observed that chancellors rely on their staff for this review.

Mr. Brase noted that the campuses' different levels of readiness with regard to their academic plan and LRDP dictate a phased rollout. Inevitably, two processes will run simultaneously until all campuses are ready. He noted that a higher dollar threshold would allow more projects to be streamlined. He also recalled that project cost is only one of several criteria that can move a project from the standard process to the Regental approval process.

UCSB Associate Vice Chancellor Fisher opined that a $40 million threshold is a good starting point. UCSB Director of Capital Development Levy stressed the need for appropriate checks and balances in the process and for a clear understanding of information and paperwork requirements. She observed that internal review, consultation, and public comment are managed differently at each campus. Ms. Levy asked if the campuses would be allowed to develop their own review process, if each campus would submit its review process for approval, or if the chancellor's signoff would be sufficient. Committee Chair Kozberg stated that these concerns would be considered.

UCSD Associate Vice Chancellor Hellmann expressed concern that a $40 million threshold would be too low to capture enough projects to test the new process effectively. Most projects would still pass through the current process. He noted that the San Diego campus would present its Physical Vision Plan at the March meeting. Regent Hopkinson stated that the $40 million threshold would be in place only for a short, 18-month period to demonstrate how the process works.

UCD Vice Chancellor Meyer observed that the new process aims to align responsibility with accountability. He opined that all campuses should participate

in the program and that a $40 million threshold is too low. As an example, he cited the second phase of a UCD student housing project, with a design exactly like that of the first phase; this $70 million project should go through the new process. Mr. Meyer stated that he wishes to engage the Regents on more important issues, such as deferred maintenance, utilities policy, and other policy issues.

Regent Bugay observed that the threshold amounts would change over time. They need to be reviewed at the time of the 18-month review. While the Regents are attempting to institute a permanent process, the numbers must be flexible over time.

Assistant Vice President Bocchicchio stated that a $60 million or $80 million threshold would be preferable. A lower threshold might not provide enough different kinds of projects and situations for analysis. With too few data, the University cannot know all the problems of the process. Mr. Bocchicchio stated that he would like to see as many projects as reasonably possible go through this process.

Regent Hopkinson reiterated her preference for an initial $40 million threshold. Executive Vice President Lapp suggested that it would be possible to determine what percentage of projects or how many projects would go through the new process at a $40 million or other threshold. Mr. Hollingshead stated that he would return to this topic later. Committee Chair Kozberg suggested that different categories of projects, such as housing or parking structures, might be treated differently.

Regent Allen referred to the project checklist and expressed the plea that there be a mechanism for student input into building projects. Ms. Gunther pointed out the public comment period provided for in the process, and anticipated that most student input will occur at the campus level. She noted that campuses may manage this in different ways.

Regent Allen observed that some campuses have sought to incorporate more student input into their building projects for increased efficiency, to avoid errors, and to produce buildings that are appreciated and used. Faculty Representative Croughan added that faculty and staff input should be sought as well. She cited the example of a laboratory building in which the electrical outlets were placed incorrectly for microscopes, and which had to be redesigned. If faculty had been consulted, this oversight could have been avoided. Regent Hopkinson and Committee Chair Kozberg concurred that input from University constituencies is a critical element of the second phase of the process, project level screening.

Regent Hopkinson referred to the project checklist and opined that the "Consistency with Campus Plans" segment needs to be more extensive. The "Campus Vision for the Physical Environment" heading should discuss the

campus' master plan, and palette and design guidelines in more detail. More specifics should also be included in the "Capital and Financial Plans" heading. In "Project Finances and Scope" there is information on the cost per unit, but not on cost per square foot, which should be included. Mr. Brase explained that the phrase "cost per unit" was used because not every project would measure costs per square foot; cost might be calculated per bed in the case of residence halls, or per space for parking structures.

Committee Chair Kozberg suggested that the Working Group discuss the project checklist with Regents Hopkinson, Allen, and other interested Regents before the next meeting.

Regent Bugay referred to the "Capital and Financial Plan" heading. He requested a change in the language of the statement "Project accords with the Capital and Financial Plan both in intent and as detailed below," specifically the word "intent." Regent Bugay opined that this does not sound affirmative enough; the project must demonstrate more than just an intention to comply with financial parameters.

Ms. Gunther pointed out that a project, when it is submitted for approval, will include a set of supplementary documents which UCOP usually examines and which are required by legal review: environmental documents, findings, and Chancellor's items.

Mr. Hollingshead then discussed two other specific items, actions recommended by the Working Group which concern how this process change might be used for future process changes. The first, scope flexibility, suggests that this pilot process can be used to demonstrate the value of streamlining. The University might be able to obtain some relief from the State on State-funded buildings in the form of removals or changes in guidelines. The second item is best value contracting, for which the University has a pilot program in place. The Working Group believes that best value bidding and awards could save significant amounts of money. Mr. Hollingshead suggested that, the sooner the University can implement this "cleaned up" process, the more leverage it might have with the State for relief.

UCSB Director Wolever observed that half of the campus' capital inventory for the next five years is in the State-funded part of the budget. He stated that he did not understand the need for legislation to be amended, and anticipated that this could be discussed at the next meeting of the Working Group. Mr. Wolever opined that a similar improved process could be diagrammed for State-funded project submittals. The University might be able to avoid different process problems for State and non-State projects.

Committee Chair Kozberg suggested that the Office of the General Counsel might examine impediments to the process that are not legislative, such as pre-

qualification of bidders. General Counsel Robinson said that he would examine the issue.

Mr. Brase noted that there might be confusion between the streamlined process proposed in the presentation, and the term "streamlined" as it is used in referring to the State appropriation process for State-funded capital projects. He observed that most campuses have backed out of the State streamlined process because it does not allow adjustment of scope or budget. He emphasized that these are two entirely different processes.

Committee Chair Kozberg asked that Executive Vice President Lapp discuss these issues with state legislators, specifically in the context of the current budget climate. The University might be able to obtain State administrative signoff on some of its requests.

Regent Johnson asked how the Regents will be informed about projects below the $40 million threshold. Mr. Hollingshead responded that the Working Group's intention was that the Regents would be informed through performance reporting. He stated that it would not be difficult to create a log of projects going forward.

Regents Hopkinson and Bugay expressed their desire to obtain Board approval at the March meeting. Committee Chair Kozberg agreed that the Committee could work for approval in March, but added that it would be important for the Regents to provide input promptly regarding the draft. She requested that she retain the discretion to determine if the report could be sufficiently amended to allow presentation in March, or if a May approval would be more appropriate.

Faculty Representative Croughan requested that the acronyms used in the presentation be explained in footnotes or in an appendix.

Regent Ruiz expressed optimism about the proposed process and potential savings for the University.

The meeting adjourned at 3:30 p.m.

Attest:

Secretary and Chief of Staff