

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

May 19, 2010

The Committee on Grounds and Buildings met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Makarechian, Reiss, Schilling, and Zettel; Ex officio member Gould; Advisory members Cheng, Hime, and Powell

In attendance: Faculty Representative Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, Provost Pitts, Executive Vice President Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith and Lenz, Chancellors Block and Fox, Principal Counsel Quenneville, and Recording Secretary Harms

The meeting convened at 4:20 p.m. with Committee Chair Schilling presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of March 23, 2010 and the joint meeting of the Committees on Grounds and Buildings and Finance of March 25, 2010 were approved.

2. **ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF DESIGN, WASSERMAN BUILDING, LOS ANGELES CAMPUS**

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

- A. Adopt the Mitigated Negative Declaration.
- B. Adopt the Findings and Mitigation Monitoring and Reporting Program.
- C. Approve the design of the Wasserman Building, Los Angeles campus.

[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.]

Vice Chancellor Olsen reminded the Regents that in March, they approved the acceptance of an in-kind gift for the shell, core, and site improvements for the proposed Wasserman Building. The campus anticipates moving forward next year with approvals for tenant improvements, which would consist of projects that would be managed and funded by UCLA.

Mr. Olsen explained that the Wasserman Building dates back to the 1960s, when Mr. Lou Wasserman, Mr. Jules Stein, and then-Chancellor Murphy conceived of a trio of facilities dedicated to restoring and preserving eyesight. The first of them, the Jules Stein Eye Institute, opened in 1966. The second, the Doris Stein Eye Research Center, opened in 1989. The Wasserman facility will complete the trio of buildings bordering Stein Plaza. It will also make important site improvements to the campus, enhancing vehicle traffic and parking, pedestrian circulation, and access to all three buildings. Mr. Olsen said that the facility would consist of three floors, with six dedicated to the Jules Stein Eye Institute and three to the David Geffen School of Medicine's neurosurgery department and its Institute of Neurologic Oncology. Total project cost is \$115 million, with the value of the in-kind gift for the shell, core, and improvements placed at \$58.6 million.

Campus Architect Jeffrey Averill presented a series of slides showing the existing buildings and proposed changes. He explained that after the donor-funded portion of the project is complete, the campus will initiate two tenant improvement projects: one for the Jules Stein Institute that will include operating rooms and an outpatient clinic, and one for the School of Medicine for Neurosurgery and Neurology. He added that the facility would achieve a Leadership in Energy and Environmental Design (LEED) Silver rating.

Regent Zettel asked if it was typical for donors to pick their own architect and builder, as was the case in this instance. Mr. Olsen responded that the University worked with the donor to select an architect, and that UC used its standard selection process to ensure that the same architect could be used for the gift-in-kind phase and the subsequent tenant improvements.

Regent Zettel stated that she read in the provided materials that the Wasserman Building would generate the hiring of approximately 255 new personnel, and asked for clarification about that number. Mr. Olsen stated that the environmental documents might have referred to an increase of the population of the zone, which would also include patients, since the overall capacity of the Jules Stein Eye Institute is being expanded. He added that, over time and as a result of programmatic growth, there might be additional employees that would be supported from research funding and clinical income. However, those positions would not be supported by the General Fund.

Regent Zettel explained that her primary concern was about accommodations for parking, which did not seem to be expanded as part of the project. Mr. Olsen explained that there would not be any new parking spaces, but that the campus would reconfigure the way that vehicles enter the overall zone and the way that patients are dropped off. He pointed out that the project would involve the construction of a new ramp that would allow the Jules Stein Eye Institute patients and visitors to enter an existing parking structure that would be dedicated for their use.

Regent Makarechian observed that the University had previously encountered problems at UCLA with the renovations of the Santa Monica and Ronald Reagan Medical Centers. He noted that most of the problems seemed to be due to architectural mistakes and contractor problems. Returning to Regent Zettel's question, he asked how comfortable

the campus was with the selected architectural firm, since it was chosen by the donor. Mr. Olsen explained that the selected firm is one of the leading architectural firms in the nation. He acknowledged that the project had been organized somewhat differently than usual in that the shell and core are gifts-in-kind from a donor who selected the contractor, but the contractor has worked previously at UCLA. He remarked that the contractors employed by the donors have outstanding reputations. He said the project would have a very good team, and that UCLA is expecting a positive outcome.

Regent Makarechian asked if there would be any risk of cost overruns to the University, and Mr. Olsen explained that the University is not putting its resources into the shell and core, and that it would be the donor who would be at risk for any overruns. He added that the campus asked the donors to certify that they have the funds available for the project.

Regent Makarechian asked why the campus had included a backstop of \$19 million. Mr. Olsen said that funding was set aside for the tenant improvements, which would be a subsequent phase of this project and would be the responsibility of the University. He stated that his office would be using the same architect as the donor, and would ensure that the project is completed on time and on budget. Regent Makarechian asked if equipment costs were included, and Mr. Olsen explained that the tenants would be responsible for equipping the facility.

Chairman Gould asked for clarification as to which currently existing structures would remain and which would be demolished. Mr. Olsen stated that the campus reassessed the buildings in the complex approximately three years ago. Several facilities were re-categorized from “poor” to “fair” condition, resulting in changes to the plans for them. He explained that the issues in the existing tower were not associated with seismic risk; however, as the building ages, the campus will need to develop an overall building renewal plan. Mr. Olsen remarked that the campus is receiving an American Recovery and Reinvestment Act grant that will help it upgrade some of the facilities that were vacated when the neuropsychiatric hospital patients moved to the Ronald Reagan facility.

Committee Chair Schilling noted that the Committee members had been provided with environmental documentation prepared pursuant to the California Environmental Quality Act as well as with copies of all public comments received and responses prepared by the University. The members of the Committee reviewed and considered the documents and comments, and balanced the specific benefits of each project against any unavoidable adverse environmental effects.

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

3. ADOPTION OF FIVE RECOMMENDATIONS FROM TRANSFORMING CAPITAL ASSET UTILIZATION REPORT

The President recommended that the following five recommendations set forth in the 2005 report entitled *Transforming Capital Asset Utilization: Opportunities for Reducing*

Project Costs and Achieving More Program for the University's Capital Dollar be adopted:

- A. Create ownership and accountability for capital asset utilization, delivery and performance.
- B. Develop a capital planning and decision-making process based on formal business case analysis.
- C. Develop a shorter, simpler capital project process.
- D. Pursue a more robust, more flexible contracting environment.
- E. Develop systemwide building and project metrics, standards and data.

[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.]

Vice President Lenz informed the Regents that this item would put into place the formal adoption of the five recommendations from the *Transforming Capital Asset Utilization* report that were reviewed in March.

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

4. **APPROVAL OF PRELIMINARY PLAN FUNDING FOR THE BERKELEY ART MUSEUM AND PACIFIC FILM ARCHIVE, SEISMIC REPLACEMENT: UNIVERSITY OF CALIFORNIA PRINTING PLANT ADAPTIVE REUSE AND EXPANSION, BERKELEY CAMPUS**

The President recommended that:

- A. The 2009-10 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: Berkeley Art Museum and Pacific Film Archive – preliminary plans – \$12,000,000 to be funded from gifts

To: Berkeley: Berkeley Art Museum and Pacific Film Archive – project terminated with \$11,800,000 in gift funds expended on preliminary plans

Berkeley: Berkeley Art Museum and Pacific Film Archive Seismic Replacement: UC Printing Plant Adaptive Reuse and Expansion – preliminary plans – \$5,600,000 to be funded from gifts

- B. The President be authorized to execute all documents necessary in connection

with the above.

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Regent Zettel reviewed her understanding of actions to date, stating that the Berkeley campus had invested \$12 million in original design plans for a new art museum, but could no longer afford the proposed structure, and was scaling back its plans. She asked how much more money the campus would be investing in the new design. Vice Chancellor Frank Yearly stated that the campus was seeking authorization to put a design plan together that would allow it to raise the amount of money necessary to fund the scaled-back plan. Museum Director Lawrence Rinder remarked that the total project budget for the scaled-back plan is projected to be between \$90 million and \$95 million, which is substantially less than the previous plan. Regent Zettel reiterated that she was curious about the cost for the new design relative to the \$12 million spent on the previous design. Mr. Rinder said that the campus was requesting authorization for up to \$5.6 million for the design phase.

Regent Makarechian asked if the campus spent the previous \$12 million on preliminary designs, or a total design. Vice Chancellor Denton explained that the funding took the campus through design development, which is completion of the design phase. All that remained to be done were the working drawings to build the facility, which were stopped.

Regent Makarechian asked if the campus was disposing of those plans, and Mr. Denton replied that there would be components that possibly could be used in the new design, but in essence, they would be discarded. He stated that the original planned structure was wonderful and iconic, but due to the economy, the campus could not afford to build it.

Regent Makarechian expressed surprise that the campus would need to spend an additional \$5.6 million for plans in light of the \$12 million already spent. He noted that much of the information contained in the first plans, such as the site evaluation, could be reused, and that the campus was now using an existing building rather than building an entire new structure. Mr. Denton explained that the original building design involved steel plates formed like a ship's hull; it was a totally unique structural system that would not lend itself to the currently proposed plans. In addition, the campus would now be conducting a renovation and constructing an addition, which would involve an entirely new structural system and a retrofit project.

Regent Makarechian asked if the campus has an estimate for the total cost of the redesign including construction drawings, and Mr. Denton speculated that it was approximately \$8.5 million to \$9 million in total. Regent Makarechian asked if this cost was in addition to the \$5.6 million, and Mr. Denton said no, it was inclusive of that figure.

Regent Makarechian asked the campus representatives if they considered the estimated construction cost of \$90 million to \$95 million to be accurate. Mr. Denton stated that the campus worked with an architect and a contractor to put the estimate together and make

sure it was valid. He expressed a high level of confidence in the contractors, and stated that they were familiar with new construction and renovation. The campus provided the contractors with preliminary plans from which they were able to make cost estimates.

Regent Makarechian asked if the campus had set aside contingency funding in the project cost in case the renovations turn out to be more complicated than projected. Mr. Denton explained that UCB had a contingency fund of approximately 10 to 12 percent and that Mr. Rinder was extremely committed to working within a strict project budget. Regent Makarechian stated that renovating a building is complicated and that unanticipated costs related to achieving building code standards could conceivably cost more than the initial plan. Mr. Denton said this prospect is unlikely since the building to be renovated is vacant, and the campus team was able to inspect it thoroughly.

Regent Makarechian asked if UC Berkeley will be able to receive a guaranteed maximum cost from the contractor, and Mr. Denton said that it would, once the drawings were complete. He stipulated that the campus would not start construction until it has a guaranteed maximum price. Regent Makarechian asked if the plans generated by the proposed \$5.6 million project would be sufficient to allow the contractors to provide a guaranteed maximum price. Mr. Denton explained that the drawings would be sufficient for the contractor to provide an estimate with a high level of confidence, but would not be sufficient to provide a guaranteed maximum price because they would not be construction documents; they would be very thorough design documents. Mr. Yeary clarified that the campus was asking for a design phase approval to try to create a more robust planning document. Berkeley would then come back to the Regents and would answer any questions before the project moved forward.

Regent Makarechian clarified that the Regents were only approving the proposal for \$5.6 million, and Mr. Yeary confirmed that to be the case.

Faculty Representative Powell expressed grave doubt and concern about the value of the museum proposal in the light of current economic retrenchment and consequential financial difficulties. He reminded the Committee that, among other challenges, the University is not able to enroll all of the students eligible and is facing difficulties with the funding of its pension plan. Dr. Powell asked the campus representatives to explain how, given the circumstances, this \$90 million project could be justified as valuable to the core mission of the University.

Mr. Rinder said that art and culture are essential to the education of the students at UC. He remarked that the museum is the flagship museum of the flagship university of the State of California, and has a 40-year history of excellence. Mr. Rinder pointed out that the museum serves tens of thousands of students each year from across the academic disciplines, and addresses the fundamental learning goals of the University; he said it would be unthinkable not to provide such an amenity for the students.

Dr. Powell observed that the valuable qualities listed by Mr. Rinder referred to the contents of the building and not the structure itself. Mr. Rinder explained that the

museum must vacate the building it currently occupies due to seismic and life safety issues. The department is in need of a replacement structure that will enable it to continue to fulfill its mission and thereby serve the students. Mr. Yearly added that this project provides the campus an opportunity to move out of a seismically precarious building and into a donor-supported building. In addition, the facility would be designed to be much more interactive with the campus and would promote connection with the mission of the University.

Mr. Rinder pointed out that the assigned square footage of the new structure would be approximately the same as the existing facility; however, the facility would be dramatically redesigned to increase the amount of space assigned for learning resources and study centers that would undergird goals of the University.

Regent-designate Hime reviewed the logistical and financial details of the original project and the current proposal. He commented that many buildings in the Bay Area present seismic concerns. He observed that there are no requirements that demand the conversion of every seismically challenged building for public safety. Mr. Denton agreed that to be the case, but pointed out that if the building were to be merely seismically repaired – and not redesigned – it would become unusable as an art museum due to the configuration of space. Mr. Rinder added that the museum has been rated “poor,” meaning that it poses appreciable life hazard in an earthquake with a magnitude of 6.9 or greater.

Regent-designate Hime asked if there were not any commercial spaces or buildings that could be leased for 25 or 30 years rather than redesigning the proposed project. Mr. Denton said that he had searched, and there were no spaces available that had the needed contiguous square footage and high ceilings.

Regent-designate Hime stressed that, in the future, the Regents should scrutinize more closely large-scale, expensive projects before they approve them for funding.

Regent-designate Cheng asked if the \$5.6 million for the plans would be funded from gifts and if the campus already had the funds on hand. The campus representatives affirmed both statements to be true.

Regent-designate Cheng expressed appreciation for the arguments made by Dr. Powell, and asked if student input had been obtained regarding the proposed new design. Mr. Rinder explained that the campus did not have a design yet, but that it would involve students when that time came. Regent-designate Cheng expressed his belief that such student input would be critical to the success of the project, and Mr. Rinder agreed.

Dr. Powell expressed concern that building programs University-wide have become an overpowering force. He reminded the Committee that each campus has departments where faculty no longer have telephones. He added that the Academic Senate does not accept the concept of a flagship campus, but that the UC system was composed of ten excellent universities. He stated that he had visited the Berkeley museum in the past, and appreciated its value; furthermore, he was a very enthusiastic supporter of the arts.

However, he was greatly troubled by this project and expressed the wish that it be deferred until the economic situation improves. Mr. Denton explained that the campus would not move forward until it raised sufficient funds to build the structure. He expressed pride in the campus' ability to meet the programmatic needs of the art museum for half the cost of its original design.

Regent-designate Hime asked if additional savings could be gained by following the California Green Building Code instead of seeking Leadership in Energy and Environmental Design (LEED) certification. Mr. Denton stated that the building would be rated LEED Gold or Silver.

Regent Makarechian recalled that earlier in the meeting, the Regents passed a five-point resolution that stipulated that capital planning and decision-making must be based on formal business case analysis. He asked if the Regents now needed such analysis for this project. He also stated that the Regents needed to ensure that 100 percent of the financing for the project was generated through outside fundraising.

Vice President Lenz stated that the campus will need to be responsible for verifying the percentage of donor contribution to the project, and noted that it thus far had not verified the percentage to be 100 percent. He stated that the campus does not yet have a fundraising or financial plan, but has indicated it will provide one. Mr. Lenz remarked that this was an issue that the campus still must address, and of which he has made them aware. Regarding a business case analysis, Mr. Lenz remarked that the building was unique, and given its seismic challenges, different options would need to be considered. He informed the Regents that he visited the facility, and that the campus sought funding for planning so that it could attain a better understanding of what would be entailed in remodeling the structure. Mr. Lenz indicated that he was not familiar with other real estate options that might be available in Berkeley, and expressed his opinion that the campus would need to collect a good deal more information before the University could make a recommendation to move forward with the proposal. He remarked that he was of two minds about whether the project was immediately necessary, although he recognized the seismic concerns involved, and said that seismic upgrading of "poor" facilities to "fair" or "good" has been a priority of the Regents. He said that his office would provide a business case analysis to the Regents before asking them to approve a final budget.

Mr. Yeary stated that the current facility, which is rated "poor," is home to many campus functions year-round, both during the day and at night. Berkeley's reason for seeking approval at this time is that momentum currently exists to raise money for the project. The campus intends to come back to the Regents after the planning phase design is complete and it has a more accurate assessment of anticipated costs and the amount of funds raised.

Regent Makarechian asked if the \$5.6 million had already been raised, and Mr. Yeary confirmed that more than that amount had been received specifically for the museum redesign.

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

5. PRELIMINARY REVIEW OF DESIGN, EAST CAMPUS BED TOWER, SAN DIEGO CAMPUS

[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.]

Chancellor Fox recalled that the Regents approved San Diego’s external funding for the East Campus Bed Tower in March. She announced that the campus subsequently had received a major naming gift of \$75 million from Joan and Irwin Jacobs. The new tower will be named the UC San Diego Jacobs Medical Center.

Hospital CEO Jackiewicz informed the Committee that the East Campus Bed Tower would allow UCSD to differentiate itself in the health care market in San Diego. He observed that the recent federal legislation regarding health care reform would likely make such differentiation important to hospital success. The proposed medical center would focus on high-end services in cancer, women’s and infant care, and advanced surgery.

Vice Chancellor Matthews observed that the campus also operates medical centers in the Hillcrest community and at the Thornton facility in La Jolla. UCSD’s commitment to both facilities is strong, and will continue well into the future; seismic upgrades are included in the medical center’s master planning process to ensure Hillcrest’s safe operation for many years. Mr. Matthews recalled that earlier in the morning, President Yudof discussed the need for greater efficiency. He stated that the preliminary design for the bed tower focuses strongly on efficiencies in the design, operations, and energy use of the facility. Furthermore, he noted, the campus is collaborating with the San Diego Association of Governments to ensure that trolley service extends to the campus by the year 2016; such service will provide critical and expanded access to health care for residents throughout the San Diego community.

Associate Vice Chancellor Boone Hellmann showed a series of slides depicting the anticipated East Campus Bed Tower and stated that the facility was in compliance with UCSD’s Master Plan and its 2004 Long Range Development Plan. The building would expand and connect to the existing Thornton Hospital in the cardiovascular center. Mr. Hellmann explained that Thornton Hospital was originally designed as a community hospital, and is therefore a smaller facility that is ultimately being subsumed by the expansion of the medical center.

Mr. Hellmann highlighted some elements of the tower’s design, including a landscaped roof terrace. He noted that the project would attempt to comply with Leadership in Energy and Environmental Design (LEED) Silver for health care, and pointed out that LEED is still in the process of working with the U.S. Green Building Council (USGBC) to devise guidelines for Silver for health care facilities. Mr. Hellmann recalled that

Regent-designate Hime asked about the costs for LEED Silver. He explained that the “soft” costs for the project are \$415,000, with the cost of the certification equaling \$29,000 of that amount, and the consultant fee analysis process composing the remaining \$386,000. The “hard” costs, which are the elements placed in the facility that achieve energy savings and sustainability aspects, are estimated to be approximately \$15 million. He said it is important to note is that there would be operational savings as a result of this investment, and that the campus would be conducting a life cycle cost analysis.

Regent-designate Hime asked if the consultation and certification fees would apply if the facility were only attempting to meet the California Green Building Code standards, and Mr. Hellmann said they would not. Mr. Hellmann acknowledged the Regents’ concern about cost control, and expressed confidence in the way the campus had composed the project. The architect for the facility is renowned in the health care industry. The campus has used an independent cost estimator, it has bid the fees for the construction manager/general contractor, and is using building modeling to control the cost of the project as it progresses.

Committee Chair Schilling congratulated the campus on receiving the generous donation to the facility.

Chairman Gould asked for clarification concerning the history of the relationship of the East Campus Bed Tower to Hillcrest, particularly regarding discussions about relocating functions and services to the new facility. He noted that this had been an issue of concern and interest for the community and the Legislature. Mr. Matthews responded that UCSD has been meeting for the past several years with the region’s elected officials and community leaders. The campus has emphasized its commitment to staying at Hillcrest, and is putting in place a number of seismic upgrades at that site to ensure that the facility meets all the appropriate codes. At this juncture, he noted, there is one major unit that will move out of Hillcrest to the La Jolla campus: women’s and children’s services. Trauma, emergency, psychiatry, orthopedics, rehabilitation, and transplant surgery services will remain at Hillcrest. Mr. Matthews added that trauma and emergency care appear to be the areas of highest interest to the community, and that these services would remain at Hillcrest.

Mr. Jackiewicz explained that one goal of the East Campus Bed Tower project is to free up capacity at Hillcrest so that the campus can reinvest in it and create more private rooms. Seismically, he noted, the hospital is secure until 2030, and the campus has started planning for its needs at that point. He remarked that the campus was pleased to report that Hillcrest is one of the few older hospitals in San Diego that has put in place seismic upgrades; UCSD has spent \$80 million retrofitting the facility already.

Regent Zettel congratulated the campus on the building design and donation, and asked if the Office of Statewide Health Planning and Development (OSHPD) had approved the design. Mr. Hellmann said that OSHPD had not yet approved it, but that the campus plans to go through a phased submittal process in the near future.

Regent Zettel recalled that OSHPD had voiced concerns about the Palomar Pomerado, a new hospital that has a roof with a lawn, and asked if the UCSD project might raise similar concerns. Mr. Hellmann stated that he would look into the situation and ensure that the East Campus Bed Tower does not raise those concerns.

6. **REPORT ON IMPLEMENTATION OF THE 2005-2020 LONG RANGE DEVELOPMENT PLAN, SANTA CRUZ CAMPUS**

[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.]

The report on implementation of the 2005-2020 Long Range Development Plan at the Santa Cruz campus was briefly presented.

The meeting adjourned at 5:25 p.m.

Attest:

Secretary and Chief of Staff