

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

September 14, 2010

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

Members present: Regents DeFreece, Hime, Johnson, Makarechian, Ruiz, and Schilling; Advisory member Anderson

In attendance: Regents Cheng and Island, Regents-designate Hallett and Mireles, Faculty Representative Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Provost Pitts, Executive Vice President Brostrom, Vice President Lenz, Chancellors Desmond-Hellmann, Kang, and Yang, and Recording Secretary McCarthy

The meeting convened at 2:40 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 July 13, 2010 were approved.

2. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, 2010-12 STATEWIDE ENERGY PARTNERSHIP PROGRAM, SYSTEMWIDE**

The President recommended that:

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

From: Systemwide: 2009-2011 Statewide Energy Partnership Program – preliminary plans, working drawings, construction, and equipment – \$247,367,204 to be funded from external financing (\$178,018,202), campus funds (\$7,916,946), and energy efficiency incentive payments from investor-owned and publicly-owned utilities (\$61,432,056).

To: Systemwide: 2010-2012 Statewide Energy Partnership Program – preliminary plans, working drawings, construction, and equipment – \$262,608,879 to be funded from external financing (\$193,714,283), campus funds (\$7,916,946), and energy efficiency incentive payments from investor-owned and publicly-owned utilities (\$60,977,650).

Additions shown by underscoring; deletions shown by strikethrough

- B. The Regents' March 2009 approvals be amended as follows: The President to be authorized to obtain external financing not to exceed ~~\$178,018,202~~ \$193,714,283 to finance the 2010-2012 Statewide Energy Partnership Program. The President requires that:
 - (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, revenues from the following fund sources shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing: State operating funds (as provided for under terms set forth in Provision 2 of Item 6440-001-0001 of Section 2.00 of the 2008 Budget Act), housing reserves, hospital reserves, athletics reserves, recreational sports reserves, parking reserves, student fee revenues, Garamendi Funds, University Health System revenues, and ASUC and other auxiliary revenues.
 - (3) The general credit of the Regents shall not be pledged.

- C. The Regents' March 2009 approvals be amended as follows: The President to be authorized to obtain standby financing not to exceed ~~\$60,032,749~~ \$59,578,343 to finance the 2010-2012 Strategic Energy Partnership Program 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 the standby financing shall be from energy efficiency incentive payments from investor-owned and publicly-owned utilities; in the event that collection is insufficient, the debt service to be paid by each campus and medical center will be from one or more of the following fund sources: State operating funds (as provided for under terms set forth in Provision 2 of Item 6440-001-0001 of Section 2.00 of the 2008 Budget Act), housing reserves, hospital reserves, athletics reserves, recreational sports reserves, parking reserves, student fee revenues, Garamendi Funds, University Health System revenues, and ASUC and other auxiliary revenues.
 - (3) The general credit of the Regents shall not be pledged.

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

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

Vice President Lenz noted that this item involves a budget augmentation and scope increase of \$15.2 million to the 2010-12 Statewide Energy Partnership Program, for a total budget of \$262.6 million of external financing, and a budget adjustment of \$454,406 on the project incentive award paid by the State’s investor-owned and publicly-owned utilities. Mr. Lenz pointed out that this is a three-year program, approved by the Regents in March 2009, to increase the campuses’ energy efficiency and to improve sustainability practices by financing \$247.4 million in campus projects. This action item is a result of UCSF and UC Davis competing for more energy projects than they had initially anticipated. UC Davis requested a net augmentation of external financing of just over \$13 million to complete additional projects; UCSF requested a net augmentation of \$2.2 million.

Mr. Lenz expressed pride in the progress of this program, the goal of which was to achieve \$36 million in energy savings, or approximately \$18 million in net savings after debt service, by reducing usage by roughly 187 million kilowatt hours of electricity and 10.8 million therms of natural gas. Even though the program has been in existence for only one year because of delay in negotiations with the public utilities, to date the program has already achieved savings of \$17.6 million in energy, or about \$10 million after debt service. It is anticipated that the original estimates of a reduction of 11 percent in overall energy usage and eight percent in natural gas usage would be met or exceeded by 2012. The program is expected to reduce the system’s purchased utilities carbon footprint by at least nine percent.

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

3. ACCEPTANCE OF 2010-20 CAPITAL FINANCIAL PLAN AND PHYSICAL DESIGN FRAMEWORK AND AUTHORIZATION TO PARTICIPATE IN THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL IMPROVEMENT PROJECTS, SAN FRANCISCO CAMPUS

The President recommended that the Regents:

- A. Accept the *UC San Francisco 2010-20 Capital Financial Plan* and the *Physical Design Framework*.
- B. Authorize the San Francisco campus to participate in the pilot phase of the redesigned process for capital improvement projects.

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

Chancellor Desmond-Hellmann introduced UCSF’s Capital Financial Plan and Physical Design Framework. The planned facilities support UCSF’s pursuit of excellence in all of its missions.

Interim Assistant Vice Chancellor Bade presented UCSF's Physical Design Framework. He noted that both the Physical Design Framework and the Capital Financial Plan are linked to UCSF's Strategic Plan, Long Range Development Plan (LRDP), and Sustainability Plan. Mr. Bade detailed the campus organizational structure that oversees the capital program. Formulation of executive strategy and authorization of specific projects take place at the cabinet level. Specific project parameters are approved by the Capital Program Steering Group and the Medical Center Capital Budget Committee; Building and Oversight Committees are established for implementation of each project.

Mr. Bade reminded the Committee that UCSF is an urban campus with three main sites at Parnassus Heights, Mission Bay, and Mount Zion, as well as many smaller sites scattered around San Francisco. Construction began at the Mission Bay campus in 2000. Planning and design principles for campus development focus on creating buildings that are part of the San Francisco urban fabric; the buildings at Mission Bay are planned to be a part of the surrounding city in a direct way. The project's architects have focused on the principles of responding to the context of the campus, welcoming the community, ensuring connectivity between the campus and the city, creating spaces to promote collegiality, improving campus cohesiveness, and leading through conservation and sustainability.

Mr. Bade explained that implementation strategies for the framework include identifying opportunity areas for future development, enhancing the campus core and the pedestrian experience, strengthening UCSF's identity, expanding the network of open space, and developing transportation facilities. For example, at the Parnassus Heights campus, three opportunity sites for future development have been identified: the UC Hall and Clinical Sciences Building area along Parnassus Avenue, the Dental Clinics' parking lot, and the Langley Porter Psychiatric Institute site. The central area on Parnassus Avenue would be improved through design and landscaping into a campus center that UCSF personnel, students, and the public could enjoy. Opportunity sites at Mission Bay include portions of both the 43-acre academic campus north of 16th Street and the 14-acre Medical Center site south of 16th Street. The pedestrian experience would be enhanced at Mission Bay through the positioning of buildings and by encouraging activities such as farmers' markets.

Assistant Vice Chancellor Yamauchi described the goals and proposed projects of UCSF's Capital Financial Plan, which follows a decade of unprecedented physical and financial growth. Goals consist of ensuring a safe learning and working environment, fulfilling important clinical and academic priorities, providing efficient and sustainable infrastructure, providing necessary support facilities, and enhancing the public realm. Plans for the next decade include seismic mitigation and remediation of the remaining buildings rated seismically "poor" and "very poor," including UC Hall, the Clinical Sciences Building, smaller buildings at 735 and 374 Parnassus Avenue, the Hellman Building and Building "B" on the Mount Zion campus, and San Francisco General Hospital.

Ms. Yamauchi further reported that plans involve life safety improvements in the Medical Sciences Building to address vulnerabilities in the fire protection water supply system, the emergency power system, and the ventilation system; renovations would optimize productivity of existing academic and clinical space, as well as reduce energy use and greenhouse gas emissions. The design framework also addresses necessary support facilities such as housing, parking, and childcare. Parking is particularly necessary at clinical sites. All exterior design projects would enhance the public realm.

Associate Vice Chancellor Vermillion pointed out that the focus of UCSF's capital strategy would shift dramatically during the upcoming decade from growth to reinvestment. In the prior decade, UCSF had new capital growth projects totaling over \$2.6 billion, including the new medical center at Mission Bay, and reinvestment projects of \$1.1 billion. Proposed capital programs for the upcoming decade would total under \$900 million and would focus on reinvestment, renovations, infrastructure improvements, as well as seismic and life safety code projects.

Mr. Vermillion indicated that the funding outlook for UCSF's capital program is undergoing significant changes. Funding during the past decade included \$1.5 billion of debt, \$1 billion from philanthropic gifts, \$800 million from campus and medical center reserves, and \$400 million from State funds. The proposed program for the upcoming decade would be more modest, including \$700 million from campus and medical center reserves and \$200 million from State funds.

Mr. Vermillion noted that UCSF's proposed capital plan is cautious, because availability of funding is difficult to predict. Rapidly rising post-employment benefit costs, rising health care costs, the need to provide competitive salaries to faculty and staff, stagnant federal spending, the potential financial impact of the federal Patient Protection and Affordable Care Act, and a significant decline in State funding for basic teaching and institutional support functions could all impact UCSF's operating budget in the coming years. Under these circumstances, the Capital Financial Plan is appropriately cautious about debt issuance and would use reserves for only the highest capital priorities. Mr. Vermillion noted that UCSF's fundraising has continued to be successful, although donors are currently more conservative.

Chancellor Desmond-Hellmann urged the Regents to tour UCSF, especially the Parnassus Heights campus.

Regent Makarechian noted that the Capital Financial Plan indicated a total cost of \$465 million for renovations and \$126 million for seismic replacement or retrofit. He asked for more specific details about the projects incorporated in these figures. Ms. Yamauchi responded that she would be happy to provide Regent Makarechian with this information.

Regent Makarechian asked why only two percent of the total cost of UCSF's projects would be financed through external financing, since external financing would probably be more available than State or federal funding. Mr. Vermillion responded that presently

UCSF does not have plans for more than two percent debt issuance, although those plans could change in the future, should the opportunity present itself. He added that UCSF spent \$2.5 billion on debt financing during the past decade and would like to avoid putting its operating budgets under the stress of such debt financing at the current time.

Regent Johnson congratulated the UCSF team on its presentation. She noted that she has visited several UCSF buildings recently and wished UCSF well on its fundraising campaign for the Mission Bay campus.

Regent Ruiz also complimented the team on its financial report, but expressed concern about UCSF's ability to manage so many projects simultaneously. Mr. Vermillion replied that, beginning in 1997, UCSF compiled financial impact reports, which examined projected operating budgets for buildings and programs in addition to the cost of the capital program. He noted that UCSF has always had backup funding sources for any debt that it issued. Regent Ruiz again complimented UCSF for its astute financial planning and held it as a model for other campuses' projects.

Faculty Representative Anderson commended UCSF for its caution in assuming debt to finance projects and agreed that future operating margins could be under stress. Mr. Anderson predicted that contributions to the retirement plan would affect future operating margins.

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

4. **APPROVAL OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, MISSION BAY UTILITY LINE REMEDIATION PHASE 2, SAN FRANCISCO CAMPUS**

The President recommended that:

- A. The 2010-11 Budget for Capital Improvements and the Capital Improvement Program be amended to add the following project:

San Francisco: Mission Bay Utility Line Remediation Phase 2 – preliminary plans, working drawings, and construction – \$18,500,000, to be funded from campus funds.

- B. The scope of this second phase consist of replacement of some of the chilled water lines on Block 19; replacement of Hot Water Supply and Return and Steam Supply and Condensate Return under Nelson Rising Lane and on Block 17, and repair of some chilled water lines under Nelson Rising Lane and on Block 17. The work will also involve major modifications and repairs to existing manholes to accommodate the replacement pipes.

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

with the above.

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

Interim Assistant Vice Chancellor Bade briefed the Committee on the updated status of the utility line remediation at UCSF's Mission Bay campus. He recalled that in January 2010 the Regents approved replacement of the high temperature water supply and return piping on Block 19. Soon thereafter, excavation of Block 19 revealed more extensive collateral damage to both the steam and condensate return piping and the chilled water piping, both of which require replacement. In addition, telecom and data conduits layered over the wet utilities had suffered heat damage. Subsequent investigation revealed that the chilled water piping in Nelson Rising Lane could be repaired, but the hot water/steam and condensate piping at that site require replacement.

Mr. Bade stated that construction was suspended on Block 19 while bids were obtained for remediation of all piping as a single project. The scope of the Phase Two work is to replace 100 percent of the hot water and steam system, to replace the chilled water system on Block 19, and to repair the pipe joints in the chilled water system elsewhere. The work includes replacing one manhole, modifying five manholes, and re-using two manholes.

The working budget for the project was based on two independent estimates of approximately \$51 million. Mr. Bade reported that savings were achieved by incorporating the infrastructure associated with the Neurosciences Building in the bidding package for this Phase Two remediation work. A fully coordinated set of design documents backed by a three-dimensional model of the entire underground infrastructure helped remove risk contingencies. The project also benefitted from the current downturn in the construction industry, resulting in stiff competition among contractors. These factors resulted in an overall cost reduction of \$13 million for the remediation.

Mr. Bade pointed out that the chilled water piping would remain in service during remediation of the other piping, so delivery of chilled water to the Cardiovascular Research Building and the Diller Building would continue. The Cardiovascular Research Building had just been completed and would begin to be occupied the following week. Mr. Bade reported that construction of the temporary utilities plant, which will provide hot utilities to the Cardiovascular Research Building and the Diller Building, is well underway. Following completion of the temporary utilities system, the main piping remediation is scheduled to commence in December 2010, with substantial completion scheduled for September 2011. An update to the Regents is planned for January 2011.

Regent Ruiz asked if the piping remediation would create a delay in opening the Neurosciences Building. Mr. Bade responded that no delay is projected and noted that the remediation plan includes providing hot and chilled water to the Neurosciences Building on schedule in June 2011.

Regent Makarechian asked why the current cost is lower than the initial estimates. He also asked if the current contractors and subcontractors were involved in the previous construction on the site. Mr. Bade responded that savings came from materials and labor costs drastically lower than the original estimates. He added that there was no forensic evidence or legal justification for exclusion of the original underground construction contractor from the bidding. Mr. Bade elaborated that, in fact, the original company won the bid, since it had by far the best project plan scored on a cost per quality basis.

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

5. CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT AND APPROVAL OF THE 2010 LONG RANGE DEVELOPMENT PLAN, SANTA BARBARA CAMPUS

The President recommended that, upon review and consideration of the Environmental Impact Report (EIR), the Regents:

- A. Certify the Environmental Impact Report for the Santa Barbara Campus 2010 Long Range Development Plan (Vision 2025 LRDP), as modified and amended in Supplemental Information Memoranda #1 and #2 Regarding 2010 LRDP, Santa Barbara Campus.
- B. Adopt the Mitigation Monitoring Program for the Final EIR, as modified and amended in Supplemental Information Memoranda #1 and #2 Regarding 2010 LRDP, Santa Barbara Campus.
- C. Adopt the Statement of Overriding Considerations included in the Findings.
- D. Adopt the Findings pursuant to the California Environmental Quality Act (CEQA), as modified and amended in Supplemental Information Memoranda #1 and #2 Regarding 2010 LRDP, Santa Barbara Campus.
- E. Adopt the 2010 Long Range Development Plan (LRDP), Santa Barbara campus, on the condition that the Regents grant the Authorization to Enter into Agreements Resolving Disputes Related to the Proposed Long Range Development Plan – California Environmental Quality Act – Santa Barbara Campus, which includes authorization for the President to enter into agreements described therein.
- F. Authorize the President or designee to modify the LRDP, if required, in response to comments received from the California Coastal Commission, provided that any substantial changes in principles or policies of the LRDP would be brought to the Regents for consideration.

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

Committee Chair Schilling observed that the members of the Committee had been provided with the proposed action item that involves a request to approve the Santa Barbara campus' proposed 2010 LRDP. Committee members were also provided with an EIR in support of the proposed LRDP, Mitigation Monitoring Program and Findings prepared pursuant to the CEQA. Committee members received copies of all public comments received and responses prepared by the University. The members of the Committee have also been provided with Supplements #1 and #2 to the item, which include letters received after the close of the public comment period and publication of the EIR and the University's responses to those letters and make revisions to the EIR and Mitigation Monitoring Program. The members of the Committee had reviewed and considered the information contained in the environmental documents, including all comments received in writing or presented to the Committee that day; they had balanced the specific benefits of the proposed action against its unavoidable adverse environmental effects.

Chancellor Yang stated that UC Santa Barbara's LRDP is an essential planning tool enabling UCSB to carry out its tripartite mission of teaching, research, and public service. He noted that UCSB has fulfilled or exceeded all of its obligations under its prior LRDP from the early 1990s. The new LRDP, planning of which began a decade ago, was built around the guiding academic principles of excellence, diversity, and collaboration. He noted that more than 60 public meetings have been held in the development of the LRDP. He reported that the Santa Barbara Board of Supervisors and the Goleta City Council each unanimously approved UCSB's LRDP on September 7, 2010. One of the goals of the LRDP is to strengthen connections between UCSB's surrounding community and natural conservation areas, exemplified by the preservation of more than 650 acres on a two and a quarter mile stretch of coastline for community use.

Chancellor Yang recalled that UCSB was elected to the Association of American Universities (AAU) in 1995. *U.S. News and World Report* recently ranked UC Santa Barbara ninth among public research universities; Academic Ranking of World Universities placed UCSB 32nd in the world and 24th in the nation. Current UCSB faculty include five Nobel Laureates, a Millennium Technology Prize winner, a Fields Medalist, 86 Guggenheim Fellows, and scores of members of national and international academies and societies. UCSB alumna Carol Greider won the 2009 Nobel Prize in Physiology or Medicine.

Chancellor Yang reported that the number of freshman applicants to UCSB has nearly tripled since 1994, with the high school grade point average of entering freshmen rising from 3.47 to 3.92. During the same period, student body diversity has increased from 14 percent to 25 percent enrollment of Chicano, Latino, African American, and American Indian students. UCSB has the highest percentage of Hispanic enrollment of any AAU member. UCSB's research funding has almost tripled since 1995, from \$81 million to \$222 million. The current comprehensive campaign has raised more than \$590 million;

a second phase of the campaign would be launched later that fall with a total goal of \$1 billion.

Executive Vice Chancellor Lucas reviewed UCSB's 2007 academic plan, which includes a vision statement and core principles. Over the upcoming 20 years, UCSB plans to increase its enrollment from 20,000 to 25,000 students and its percentage of graduate students to at least 17 percent of its total student body. Economic conditions have forced a change in the timeline for the increase in enrollment; UCSB's enrollment is currently contracting. Mr. Lucas enumerated the economic, cultural, and intellectual benefits UCSB provides to the region.

Mr. Lucas pointed out challenges facing UCSB, such as enrollment increases in the current fiscal environment. He noted that the biggest challenge in recruiting and retaining faculty and staff is the cost of local housing. A major component of UCSB's LRDP is to develop housing for faculty, staff, and students. Graduate student support is another priority. Mr. Lucas emphasized that UCSB sees itself as a leader in resource management and sustainability.

Senior Associate Vice Chancellor Fisher reviewed UCSB's physical plan, involving four areas of campus: the main campus, Storke Campus, West Campus, including the recently purchased Devereux property, and North Campus. He noted that it is important to the surrounding community that projected faculty and student growth take place within UCSB's current 1,055-acre campus and not spread into the adjacent community. The LRDP provides for additional housing for all student growth and most faculty and staff growth. He pointed out that housing the increased student population on campus would reduce traffic and create a robust campus community. Protection of open spaces is important for both the University and the community. The plan provides for improved pedestrian and bicycle circulation systems.

UCSB's LRDP proposes adding 1.8 million assignable square feet (ASF) to its existing 2.7 million ASF of academic space for instruction and research. Currently UCSB houses 35 percent of its students and has 227 faculty housing units either built or under construction. Its 2010 LRDP proposes housing 50 percent of its students and providing over 1,800 faculty and staff housing units. Eight additional acres of athletic fields would be added, primarily along the western edges of campus. The LRDP proposes adding new parking in connection with on-campus student housing, as well as replacing surface parking lots with higher capacity parking structures.

Mr. Fisher related that the 2010 LRDP was based on the planning principles of orientation to UCSB's spectacular setting, optimization of the built environment, organization of growth around gridded, structured space, definition of sites around open space, establishment of clear circulation routes, and coordination of campus development. The LRDP calls for removal of temporary buildings and alignment of circulatory paths with view corridors to take advantage of the campus' spectacular natural setting. Tallest buildings would be at the core of the campus, with shorter buildings at the edges. The recent library project is an example of infilling the campus. Mr. Fisher

emphasized the importance of maintaining a balance between built and open spaces. The LRDP attempts to protect the wetlands and their setbacks. UCSB has a strong history of habitat restoration, which accrues additional benefits such as storm water management and creation of passive recreation areas.

Mr. Fisher reiterated that housing is very important for the University and for the community. The community supported the University's plan to increase its on-campus housing. The new student housing would be in defined neighborhoods, organized in grids surrounding open space, and diverse, including faculty, staff, and students.

Vehicular traffic and parking would be concentrated on the edge of the campus. UCSB has 15,000 to 18,000 daily bicycle trips on campus and the LRDP reflects a major commitment to bicycle routes. More gridded bicycle routes would be added on campus with trails leading through pastoral areas in the greensward. Bicycle lanes would be added to many local roads.

Mr. Fisher recounted the environmental review process for the LRDP. The LRDP and draft EIR were circulated in the spring of 2008. The community comment period was extended and five sections of the EIR were re-circulated, including sections about air quality, water, wastewater, population and housing, and transportation and circulation. Responses were published in the spring of 2010. UCSB has worked with the City and County on mitigation and cooperative negotiations. Mr. Fisher thanked the City and County for their efforts in discussions and negotiations around the LRDP and EIR. Mr. Fisher noted that UCSB was requesting authority to negotiate with the California Coastal Commission, which he anticipated would process the LRDP by 2011.

Faculty Representative Simmons congratulated the team from UCSB on its accomplishments so far. He was particularly impressed by the plan to separate bicycles, pedestrians, and skateboarders. Mr. Simmons asked what UCSB's anticipated enrollment is for fall of 2010. He also asked Mr. Lucas about faculty housing costs in relation to their total remuneration. Mr. Lucas responded that UCSB's anticipated freshman enrollment for the current fall was 3,800, with total enrollment at 21,000. UCSB instituted a waiting list for the current fall class. He affirmed that the cost of housing is a particular concern for UCSB faculty, with the median area home price at \$1 million. UCSB intends to develop rental and for-sale housing for faculty and staff, so that they could live in Santa Barbara rather than commute from outlying areas.

Regent Johnson asked what portion of the 35 percent of students who live on campus are undergraduates. Mr. Lucas responded that UCSB currently houses one-third of UCSB's 3,000 graduate students and approximately 35 percent of undergraduates. Under the LRDP, UCSB would increase student housing to 50 percent. He noted that UCSB's graduate student housing has been very successful, with graduate students appreciating the opportunity to live in affordable, on-campus housing.

Regent Makarechian asked why the LRDP anticipated 38 percent external financing, when UCSF's plan projected only two percent external financing. Assistant Chancellor

Lee responded that the 38 percent debt financing involved student housing, which was not a part of the UCSF plan. The second largest component of potential debt is for student services facilities that would be approved by student vote.

Regent Makarechian asked if student housing projects were public/private projects. Mr. Lee responded that while each undergraduate student housing project is examined individually, student housing projects have typically been University projects. UCSB is currently negotiating its first third-party project for student housing.

Regent Makarechian asked about caps on student enrollment tied to student housing. Mr. Fisher replied that UCSB has agreed not to accept more than 1,000 new students without starting a housing project. As new housing is developed, more students can be accepted. The University has absorbed new students by using triple rooms over the past few years.

Regent Ruiz commented that UCSB is one of the University's most important campuses. He thanked Chancellor Yang and the faculty for their hard work. He also thanked involved members of the Santa Barbara community. Regent Ruiz expressed concern about student enrollment growth projections of only one percent for the first five years and 1.5 percent for the subsequent five years. Acknowledging the difficult financial times, Regent Ruiz noted that the increasing California population would need access to the University. He asked if the enrollment plan allows for a contingency for accelerated growth should future circumstances allow. Chancellor Yang responded that he fully appreciated the University's responsibility to educate the future workforce.

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

6. ACCEPTANCE OF 2010-20 CAPITAL FINANCIAL PLAN AND PHYSICAL DESIGN FRAMEWORK AND AUTHORIZATION TO PARTICIPATE IN THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL IMPROVEMENT PROJECTS, SANTA BARBARA CAMPUS

The President recommended that the Regents:

- A. *Accept the UC Santa Barbara 2010-20 Capital Financial Plan and the Physical Design Framework.*
- B. Authorize the Santa Barbara campus to participate in the pilot phase of the redesigned process for capital improvement projects.

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Senior Associate Vice Chancellor Fisher presented the Physical Design Framework for the Santa Barbara campus. He noted that the campus' architecture is eclectic and expressed pride in recent projects, including a new pool complex. He reiterated the planning principles for development, especially organizing buildings, open space, and transportation routes along the existing grid and community streets.

Mr. Fisher emphasized the importance of landscaping, both to unify design elements and to define distinct campus spaces. The Long Range Development Plan (LRDP) shows a commitment to major open, civic spaces that link the core of the campus to the natural setting. Old greenhouses and other small buildings would be removed from the Pardall Mall area, which would be infilled with much-needed academic buildings. A new mall, oriented east to west, would connect student living areas with the academic buildings. Campus neighborhoods with distinct character would be arranged around the Greensward.

Mr. Fisher noted that strong integration is planned between the campus and the surrounding community. Buildings would take advantage of their solar orientation and site conditions for energy efficiency. Roof types would continue campus tradition, while allowing for environmental improvements. Architectural elements such as towers, clearly-defined doorways, arcades, courtyards, and paseos are encouraged by the plan. Mr. Fisher noted that the LRDP includes improvement of pedestrian and bicycle traffic patterns. He stated that a Physical Design Framework checklist was created to monitor fulfillment of planning criteria.

Assistant Chancellor Lee presented UCSB's Ten Year Capital Plan, which provides a financial framework for capital improvements consistent with the LRDP and necessary to implement the campus' academic plan. The Capital Plan focuses heavily on providing housing, both through the University housing program and through third-party privatized development. Another substantial portion of the plan would provide for renovation, including seismic and life safety corrections, to existing space. All spaces currently identified as seismically "poor" would be corrected within the ten year period of the Capital Plan.

Mr. Lee noted that 70 percent of the plan's spending would occur during its last five years, reflecting the projected rate of enrollment increase. Mr. Lee advised that nearly 67 percent of required funding for the initial five years has already been approved or is in place. Sources include funding for the library from the State, Garamendi funds for the Bioengineering Building, and reserves for a number of relatively small seismic and other renovation projects associated with student housing.

Mr. Lee stated that gift funding is becoming a more significant part of the plan, with \$60 million having been raised over the last five years for capital projects. In the next ten years, the plan projects raising \$251 million in gift funding for capital projects. If this fundraising goal were not met, some projects would have to be delayed. Mr. Lee noted that ongoing maintenance and operations costs of new facilities are included in the

planning estimates. External financing includes revenue sources such as student housing, auxiliary sources, and student services projects.

Mr. Lee reviewed the capital planning process, which identified clear lines of responsibility, promoted open communication and consultation, including timely review, and provision of accurate information. Key parts of the planning process included defining and prioritizing capital needs, understanding funding sources, and establishing a capability to monitor projects from start to finish. He described the campus organization for monitoring projects to ensure they are on schedule and on budget.

Faculty Representative Simmons asked about the auxiliary student fees included as 25 percent of external funding. Mr. Lee responded that these are campus-specific fees voted on by students.

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

7. UPDATE ON MONITORING PROGRESS AND PERFORMANCE OF THE UNIVERSITY CAPITAL PROGRAM

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

Vice President Lenz reported on progress relating to the Committee's approval of the 2005 report that outlined the development of ownership and accountability for capital asset utilization, both at the Office of the President and at the campuses. Mr. Lenz recounted that the report concerned the development of the capital planning and decision making process based on a formal business case analysis, the development of a shorter, simpler capital project process, pursuit of a more robust, more flexible contracting environment, and the development of systemwide building and project metrics, standards, and data. He reported that four working groups have been established and are very active.

Mr. Lenz was pleased with feedback received from the campuses. He reported that progress has been made in defining what constitutes a business case analysis and in addressing concerns of the Academic Senate about capital project funding and the campuses' support budget. Justification of campuses' business case analyses has included issues of debt servicing, operations and maintenance plans, and other costs as well as funding sources associated with capital facilities projects. Mr. Lenz noted that the process for the San Francisco campus' remediation project had included early notification to the Regents. Systemwide analysis of metrics, benchmarks and data allows campuses to share information about best practices for capital projects, resulting in greater efficiency and cost savings. Mr. Lenz reported that most of the working groups' tasks should be concluded by the end of the current year.

The meeting adjourned at 4:15 p.m.

Attest:

Secretary and Chief of Staff