

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

May 15, 2013

The Committee on Grounds and Buildings met on the above date at the Sacramento Convention Center, 1400 J Street, Sacramento.

Members present: Regents De La Peña, Kieffer, Makarechian, Rubenstein, Ruiz, Stein, and Zettel

In attendance: Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President Brostrom, Vice President Lenz, Chancellors Birgeneau and Leland, and Recording Secretary McCarthy

The meeting convened at 3:20 p.m. with Committee Chair Makarechian presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of March 13, 2013 were approved.

2. **APPROVAL OF THE BUDGET AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, MISSION BAY ROCK HALL EMERGENCY DRAIN REMEDIATION, SAN FRANCISCO CAMPUS**

A. The President recommended that:

- (1) The 2012-13 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: Mission Bay Rock Hall Emergency Drain Remediation – preliminary plans, working drawings, and construction – \$21.4 million to be funded from campus funds.

- (2) The scope of the Rock Hall Emergency Drain Remediation project will encompass replacing the under-slab electrical and plumbing systems, including both excavation under Rock Hall as well as interior renovation work to support alternate utility re-routing.

B. The President recommended that, upon review and consideration of the environmental consequences of the proposed Rock Hall Emergency Drain Remediation project, the Regents:

- (1) Find that the project is categorically exempt from environmental review under California Environmental Quality Act Guidelines Section 15301, Class 1 Existing Facilities.
- (2) Approve the design of the Rock Hall Emergency Drain Remediation Project, San Francisco campus.

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

Vice President Lenz stated that this item was a request to approve \$21.4 million for preliminary plans, working drawings, and construction, to find the project categorically exempt from environmental review under the California Environmental Quality Act (CEQA), and to approve the design of the UCSF Arthur and Toni Rembe Rock Hall (Rock Hall) emergency drain remediation. The original Rock Hall \$88 million project was approved in March 2000 and completed in February 2004. The building’s under-slab plumbing and electrical systems have been compromised and require redesign, remediation, and replacement. Funding would come from the Chancellor’s Core Funds until damages can be recovered.

Mr. Lenz noted that the other UC campuses have been advised about the Rock Hall remediation situation and the contractors involved, and would be advised of the eventual outcome of any litigation. He added that the University has increased its collaboration with the campuses around such issues, including offering additional training on inspections in order to identify potential problems earlier.

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

3. **APPROVAL OF PRELIMINARY PLANS FUNDING, CLINICAL SCIENCES BUILDING SEISMIC RETROFIT AND RENOVATION, SAN FRANCISCO CAMPUS**

The President recommended that the 2012-13 Budget for Capital Improvements be amended to include the following project:

San Francisco: Clinical Sciences Building Seismic Retrofit and Renovation – preliminary plans – \$2.4 million to be funded from campus funds.

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

Vice President Lenz stated that this item was a request for \$2.4 million for preliminary plans for the seismic retrofit and renovation of UCSF’s Clinical Sciences Building, a 107,600 gross square feet building constructed in 1932. The building contains office space, research laboratories, clinical, and educational space, and requires seismic

remediation to comply with the University's Seismic Safety Policy. The renovation would provide desktop and instructional space for 400 to 500 faculty. The preliminary estimates, including the cost of site improvements and adjacent sidewalks, range from \$72.6 million to \$85.5 million, to be funded from Chancellor's Core Funds and external financing. The requested funding would allow the campus to engage an executive architect and construction professional to explore structural design alternatives, develop a cost-effective renovation plan, and advance the proposed project through the schematic design.

Committee Chair Makarechian asked why the chosen alternative is to renovate a 1932 building rather than construct a new building, which would cost only \$20 million more. UCSF Assistant Vice Chancellor and Campus Architect Michael Bade responded that the cost difference was important to the campus. Since the building is at the center of the Parnassus campus with heavy pedestrian traffic on the Parnassus Street side, and heavily used Saunders Court, the campus' only open space, on the other side, demolition and rebuilding would be much more disruptive than renovation and structural bracing within the existing walls. Committee Chair Makarechian pointed out that pedestrian traffic could be easily rerouted. Mr. Bade stated that there are also concerns with vehicular access, such as the nearby emergency entrance to UCSF Medical Center. In addition, the active historic preservation community is in favor of renovating the existing building. Mr. Bade added that a new building would have to occupy the same footprint as the existing building. A renovated building would be less expensive, and the result would be of equal value to a new building, and would last another 100 years.

Committee Chair Makarechian expressed concern that the cost of renovation might not be completely predictable, since unforeseen problems could develop during the course of the work, particularly with an older building. He reminded the Committee of problems encountered during renovation of the UCLA Medical Center. He asked Mr. Bade about his level of confidence in the cost estimates. Mr. Bade said that the building had undergone a number of renovations and is well known to the campus' trades staff. The plan is to gut the building, complete the structural renovation, then rebuild the interior. Since the building's existing laboratories would be moved into space vacated by the neurosciences program when it moved to Mission Bay, the new building will be simpler than the present one. Mr. Bade expressed confidence in the cost estimates. UCSF Vice Chancellor Eric Vermillion said that prior remediation projects on the Parnassus campus have not encountered unexpected conditions, because the buildings have been renovated extensively during the past 25 years and their condition is well known to campus staff.

Committee Chair Makarechian asked whether the campus would bring the final project budget to the Committee for approval after plans are established. Mr. Lenz answered in the affirmative.

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 AND APPROVAL OF EXTERNAL FINANCING, NIMITZ MARINE FACILITY BERTHING WHARF AND PIER REPLACEMENT, SAN DIEGO CAMPUS**

This item was withdrawn.

5. **AMENDMENT OF THE LONG RANGE DEVELOPMENT PLAN, MERCED CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed amendment to the 2009 Long Range Development Plan (LRDP), the Committee:

- A. Adopt the California Environmental Quality Act Findings for the LRDP amendment.
- B. Amend the 2009 LRDP to create the *Campus Mixed Use* designation, re-designate 182 acres as *Campus Mixed Use*, and make conforming changes to the 2009 LRDP.

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

Vice President Lenz stated that this item proposed an amendment to UC Merced’s 2009 Long Range Development Plan (LRDP) to create a Campus Mixed Use designation and adoption of the California Environmental Quality Act (CEQA) Findings for the LRDP amendment. This revised 2020 Project would develop the remaining facilities under a single master-planned development on the original 104-acre site and some adjacent areas immediately east of the current campus.

Chancellor Leland provided a broad context for the proposed LRDP amendment. She recalled the discussion at the Committee’s prior meeting about the challenges faced by UC Merced in accommodating its planned growth because of the severe restriction on the availability of capital from the State. She displayed a slide showing a map of the campus and space it has leased throughout Merced County. While leasing this space has kept operations moving, the Chancellor said it is not the most functional or cost-effective way to operate. The University has had to make capital improvements to many leased spaces, public safety personnel must cover all the sites, and transportation costs have increased. The campus will lease additional space for new students and faculty arriving in September.

Chancellor Leland emphasized the importance of finding ways to keep UC Merced moving forward, because of the reasons the campus was built and the students it serves. Almost 60 percent of UC Merced’s students are first-generation college students and almost 58 percent are eligible to receive Pell Grants, which she said is the highest by far in both categories in the UC system. UC Merced also has the most diverse student

population of any UC campus. Chancellor Leland characterized this student population as vulnerable and added that the Central Valley is an economically depressed area.

Since first accepting students seven years prior, UC Merced's enrollment has already grown to about 5,700 students, with most coming equally from the San Francisco Bay area, the San Joaquin Valley, and the greater Los Angeles area. Students are often attracted to the smaller campus and the personal support provided to more vulnerable student populations, such as students from low-income families and those whose parents may not have graduated from high school. UC Merced has a strong emphasis on the science, technology, engineering, and mathematics (STEM) fields. Chancellor Leland said that, of all the UC campuses, UC Merced has the highest percentage of graduates in the STEM disciplines. If compared with the nation's top research universities, UC Merced would be in the top ten in percentage of graduates in STEM fields. The campus' STEM focus will be an important engine for new industry in the San Joaquin Valley.

The Chancellor said that the relative unavailability of funds for capital development has resulted in UC Merced's falling behind its original plan to build out the campus. Even with a downsizing of its growth, which will start next year, going from an average increase of 750 students to 300 a year, and assuming that Classroom and Office Building Two will be funded, by 2015-16 the campus will have exhausted its capacity to increase enrollment further. The next phase of development under UC Merced's 2009 LRDP would require significant expenditures for infrastructure. Chancellor Leland said the proposal before the Committee would shrink the footprint of the second phase of campus development in order to avoid most of those infrastructure costs. Another aspect of the proposal would reduce costs by accomplishing the next phase as an integrated development with clusters of mixed-use buildings combining educational, research, and revenue-generating functions.

UC Merced Director of Physical and Environmental Planning Phillip Woods recalled that the Regents had adopted the 2009 LRDP, which identified specified land uses. Under the current proposal, 182 acres would be redesignated as Campus Mixed Use, allowing horizontal and vertical mixed use, providing more flexibility to develop the campus further on a more compact footprint. The land formerly designated for residential, student services, and recreational open spaces would not change. The proposed plan contains a transportation buffer, which would be saved for future transportation improvements, facing Lake Road along the front of the campus. A new campus entry road would facilitate a traffic loop, to improve campus traffic circulation.

UC Merced Acting Vice Chancellor for Planning and Budget Daniel Feitelberg said that the proposed development would have three goals: (1) to expand the campus within a reduced footprint, seeking to make efficient use of the campus' existing infrastructure in order to reduce development costs; (2) to encourage the development and operation of mixed-use facilities in order to make maximum use of facilities constructed; and (3) to execute a master-planned development built in clusters. Mr. Feitelberg explained that, since UC Merced is approaching capacity in all categories of use, in order to expand its number of students the campus needs to develop housing, dining, parking, academic, and

research facilities at the same time. A master-planned development would seek economies of scale. Operations, maintenance, and capital rehabilitation costs over the life of the buildings constructed will be analyzed in order to optimize the campus' operating plan along with its overall finance plan.

Mr. Feitelberg discussed the campus' plans going forward. The campus will establish a procurement process to identify developers who can help the campus design and deliver this master-planned development. Key development assumptions will be verified. The campus' Physical Design Framework will be amended to incorporate urban and landscape design guidelines. The campus will develop a finance plan and seeks to hire an advisor in real estate development and finance. A Request for Proposal (RFP) process will be implemented to select a developer to construct the buildings. After the campus has developed a short list of potential developers, it will come back to the Committee before the RFP process begins. Mr. Feitelberg noted that it is important for the campus to proceed in a timely fashion, since it is at risk of reaching capacity of its existing facilities. He expressed appreciation for the collaboration and support of the UC Office of the President (UCOP), UC Merced's Division of the Academic Senate, and its campus community.

Committee Chair Makarechian expressed his support for this innovative project, with its plan to reduce development costs through use of existing infrastructure and construction costs through use of a public/private partnership. Since this proposal would result in a more compact, dense campus than originally conceived, he asked whether the proposal had the support of students and faculty. He also asked, given the need for timely progress, whether zoning issues or approval process issues needed to be addressed. He also asked at what points the project would be brought back to the Committee for its approval.

Chancellor Leland responded that the project would be brought back to the Committee at least two times, once prior to issuing an RFP, and again for approval of the project's design and business terms. She said the project has the support of students and faculty who have been kept well informed of the plans. UC Merced students support the plan because they need more library and student activity space. Because of space limitations, classes are currently conducted six days a week from 7:30 a.m. until 10:30 p.m. The UC Merced Division Council of the Academic Senate and the UC Merced Alumni Association formally endorsed the project. The local community is also supportive, as demonstrated by an endorsement from the *Modesto Bee*.

Regarding possible zoning or approval issues, Chancellor Leland said this project would not trigger any new obligations. The Office of the General Counsel (OGC) does not believe there will be a viable CEQA challenge. Further development of the campus in any fashion would require urban service agreements with the City of Merced.

Committee Chair Makarechian asked whether the developer would be able to suggest any new design ideas. Chancellor Leland said that the proposed amendment to the LRDP would intentionally reduce its rigidity so qualified firms would have maximum flexibility to meet the campus' facility needs in a cost-effective way.

Regent Zettel thanked Chancellor Leland for working with the Merced community to solve a real problem in difficult financial times. Regent Zettel asked why air quality would be affected if the campus would be developed in a more compact fashion. Chancellor Leland said the campus anticipates a reduced effect on air quality and on local roads under the amended LRDP. She said the need for increased parking capacity could be addressed by an off-site lot with low-emission shuttle service to campus. Under current conditions, traffic has increased, since the campus cannot house even all of its freshmen on campus and there is no housing for students in proximity of the campus. Traffic would be lessened if more on-campus housing were developed.

Regent Ruiz expressed support for the proposal. He encouraged the campus to use the expertise of other campuses and of UCOP to assist in its implementation. He asked whether the irrigation canals that wind through UC Merced could be put underground or straightened. Chancellor Leland said the campus had experienced some problems with leakage from the canals. The OGC at UCOP had researched the liability of the University and of the Modesto Irrigation District, and advised that the irrigation canals are the responsibility of the University. She said the campus could line the irrigation canals or pipe them, but it would be at the campus' expense. If a long-term infrastructure plan for the State were developed that would include the University of California, that would be a welcomed project. Dealing with the unlined irrigation canals would be an expensive part of the infrastructure costs of developing the campus further. Regent Ruiz expressed his view that there could be a possibility of some outside assistance with the work needed on the canal, given the importance of UC Merced to the local community. He reminded the Committee of the importance of the role of UC Merced in helping UC admit more students, and that adding capacity at UC Merced might be the most cost-effective way to add students systemwide. There is a great demand from students who want to come to UC Merced; the campus has established a good reputation in a short time.

Chancellor Leland clarified that the campus will not have capacity to support all of its administrative and outreach staff on the proposed reduced footprint. The campus plans to consolidate staff currently at multiple off-campus sites to a single location, most likely in downtown Merced, perhaps in partnership with other State projects such as the high-speed rail station planned to be constructed. Having a consolidated UC Merced site in downtown Merced would benefit the local retail community, which would in turn help UC Merced recruit and retain students, faculty, and staff.

Regent Rubenstein asked whether the number of students the campus could accommodate under the proposed amended LRDP was the same as under the 2009 LRDP. Chancellor Leland answered in the affirmative and said the amended LRDP would allow the campus to accommodate 10,000 students by 2020, although, more realistically, it could be by 2022.

Regent Rubenstein asked whether the campus had plans for the property that would now be unused. Chancellor Leland said that nothing the campus would do now would affect the subsequent phases of the campus' development. She expressed her vision that, as the California and national economies improve, funds for capital development and research

would come to UC Merced. She said that it is quite possible that, in the future, the campus would build out on its remaining footprint and would have the capacity to be even larger than originally imagined. She noted that the campus most recently had 17,000 applicants for 1,500 openings; demand for UC Merced is growing each year.

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

6. AMENDMENT OF LONG RANGE DEVELOPMENT PLAN AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, CALIFORNIA AQUATICS CENTER, BERKELEY CAMPUS

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

- A. Certify the Subsequent Environmental Impact Report as augmented and updated by the Supplemental Information Memorandum to the UC Berkeley 2020 Long Range Development Plan (LRDP) Environmental Impact Report.
- B. Approve the Mitigation Monitoring and Reporting Program.
- C. Approve the California Environmental Quality Act Findings.
- D. Adopt the amendment to the UC Berkeley 2020 LRDP.
- E. Approve the design of the California Aquatics Center, Berkeley campus.

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

Vice President Lenz said this item requested approval of UC Berkeley's Long Range Development Plan (LRDP) amendment and approval of design following an action pursuant to the California Environmental Quality Act (CEQA) for the California Aquatics Center, an intercollegiate aquatic facility to be located at the current site of the UC-owned parking lot at 2222 Bancroft Way. The project would consist of three single-level buildings surrounding a 50-meter swimming pool with a dive tower and a small warming spa for diver conditioning. The Regents were being asked to certify a Subsequent Environmental Impact Report to the UC Berkeley 2020 LRDP, adopt the Mitigation Monitoring and Reporting Program, amend the 2020 LRDP, and approve the design of the California Aquatics Center. Mr. Lenz added that the project would be constructed by a donor-developer and would not be funded or financed by the University. Committee Chair Makarechian called the Committee's attention to the revised recommendation, reflecting that a Supplemental Information Memorandum had been prepared by the campus to address comments received after the end of the public review period on the Environmental Impact Report. He said that this Supplemental Information

Memorandum had been received and considered by the Committee, and the information contained in the Memorandum augments and updates the CEQA documentation prepared for the project. Committee Chair Makarechian also pointed out that Attachment 4 to the item had been modified to refer to and incorporate the Supplemental Information Memorandum.

UC Berkeley Vice Chancellor Edward Denton stated that this was the campus' second donor-delivered project; the first was the Blum Center for Developing Economies, a project with a comparable level of funding. He noted that the development of the Blum Center went extremely well and the Center is recognized as a valuable addition to the campus. Mr. Denton stated that, even though the California Aquatics Center will be delivered by the donor, the project must undergo all the campus' formal approval processes. The campus would grant the project a building permit and would oversee construction to ensure it meets code.

Regent Stein asked what had been planned for this space currently used as a parking lot before the Aquatics Center was proposed and if that formerly planned project would be relocated, given the limited footprint of the UC Berkeley campus. Mr. Denton responded that the original intent had been for some type of administrative space and housing. Over time, possibilities for the area to be developed as a site for student activities have emerged. He said that the prior month UC Berkeley students voted to assess themselves funds to build a wellness center. Regarding parking, Mr. Denton said the campus was currently exploring options to increase parking on the west side of campus, including discussions with the City of Berkeley about shared parking, since the campus needs parking during the day and the City needs parking at night.

Regent Stein asked whether the California Aquatics Center would serve all students or only elite intercollegiate athletes. Mr. Denton responded that currently the Spieker Aquatics Complex is open seven days a week, 15 hours a day, for use by recreational swimmers as well as the campus' intercollegiate athletes. The California Aquatics Center would relieve some of the use of the Spieker Aquatics Complex, allowing increased recreational use. In effect, the new California Aquatics Center would double the available pool time for all students.

Regent Ruiz expressed his support for the project and asked how much it would cost to build. Mr. Denton responded that the cost would be \$15 million. Regent Ruiz asked whether the donor would have the right to generate income from the facility. Mr. Denton said the donor would not have that right. He explained that the donor-developer would be required to demonstrate that it had \$15 million before construction began and to purchase a performance bond that would guarantee the project's completion. After the project has been built, it would be gifted to the University.

Regent Zettel commented that construction of this facility would allow UC Berkeley to attract well-rounded students, who often excel in athletics, academics, and leadership, having a good influence on the student body. She expressed her support for preserving athletics at the University, as wholesome and necessary activities for UC students.

Committee Chair Makarechian said that this project was not included in the 2020 LRDP and asked what effect the development of this project and the loss of 181 parking spaces would have on the campus' LRDP. Mr. Denton responded that the projected 15-year growth envisioned in the LRDP was not necessarily site-specific. He referred to his earlier comment that the proposed site of the California Aquatics Center had been thought of for some type of administrative and housing use, which would have been more dense. The passage of the student referendum for a wellness center and the opportunity to develop the Aquatics Center would create an area for student activities, which would include the existing Recreational Sports Facility.

Committee Chair Makarechian asked whether questions raised about the anticipated level of noise at the new facility would create any zoning problems. Mr. Denton said he did not anticipate any.

Committee Chair Makarechian asked who would bear the construction defect risk once the building had been developed and delivered to the University. Mr. Denton said the general contractor would bear the liability of the building's performing as intended and would warranty its work, the same as for buildings constructed with the University's funds. Committee Chair Makarechian said that contractors generally warranty their work for one year and asked about liability should problems develop after that time. Mr. Denton said those would be the University's responsibility, as with any new building. If the problem were an unanticipated latent condition, the University would have the right to seek a remedy from the contractor. Mr. Denton said that, upon completion of the project, the campus' intercollegiate athletics department would assume responsibility for maintenance, anticipated to cost \$200,000 annually. He said the campus would seek support from UC Berkeley aquatics alumni to create an endowment to maintain the building.

Committee Chair Makarechian asked General Counsel Robinson whether, since the donor would build the California Aquatics Center and donate it to UC, the University would have the same legal rights and protections it normally would against the contractor and the architect. Mr. Robinson said he would look into this question. Mr. Denton added that the contractor who would build this project has done work for the campus in the past and would be anticipated to seek work for the campus in the future. Committee Chair Makarechian expressed his view that it would be worthwhile to explore the possibility of insurance on constructed buildings to avoid construction defect situations such as at UCSF's Rock Hall or the current situation with building repairs at UC Santa Cruz.

Regent Kieffer asked what the campus would have done with a \$15 million unrestricted gift. Mr. Denton said that question would be difficult to answer, since there are so many various needs on campus. While he noted his support for the current project, Regent Kieffer expressed concern that campus decisions could be driven by the priorities of a donor. Chancellor Birgeneau recalled that UC Berkeley students and graduates performed very well in the 2012 Summer Olympics, particularly in aquatics, adding greatly to the campus' national and international reputation. American swimmer Missy Franklin, who

won five medals in the 2012 Summer Olympics at age 17, would be coming to UC Berkeley the next fall and would be able to train at the new California Aquatics Center.

Committee Chair Makarechian asked Mr. Lenz and Mr. Robinson why UC is not insuring itself against construction defect losses. He expressed his view that UC could buy a policy with a \$10,000 deductible to insure completely a \$100 million project against such losses for about \$1 million. He noted that, for the current repair project at UCSC for instance, necessary repairs would cost the University 30 percent of the project's original cost. Mr. Robinson agreed that this would be worth exploring, and said that the risk services department is looking into that possibility. He said that some insurance products are available. Committee Chair Makarechian clarified that he was not referring to contractors' insurance, but to the University's insuring itself for 100 percent of repair costs for construction defects. Mr. Robinson said that a working group was exploring what products are available through Fiat Lux Risk and Insurance Company, UC's recently formed captive insurance company. Committee Chair Makarechian asked him to report back to the Committee on the status of those efforts. Mr. Robinson said he would ask Chief Financial Officer Taylor and the Interim Chief Risk Officer to attend a future Committee meeting.

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

The meeting adjourned at 4:30 p.m.

Attest:

Secretary and Chief of Staff