

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of March 23, 2010

ACCEPTANCE OF 2009-19 CAPITAL FINANCIAL PLAN AND PHYSICAL DESIGN FRAMEWORK AND AUTHORIZATION TO PARTICIPATE IN THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL IMPROVEMENT PROJECTS, SANTA CRUZ CAMPUS

EXECUTIVE SUMMARY

- Campus: Santa Cruz
- Proposed Actions: Acceptance of the *UC Santa Cruz 2009-19 Capital Financial Plan* and the *Physical Design Framework*.
Authorization to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects (“Capital Projects Pilot Program”).
- Previous Actions: **January 2010:** Committee on Grounds and Buildings – Action – Amendment of Standing Order 100.4 and Policy on Approval of Design, Long Range Development Plans, and the Administration of the California Environmental Quality Act.
- September 2008:** Committee on Grounds and Buildings—Action—Temporary Amendment of Applicable Standing Orders and Regental Policy and Approval of Implementing Guidelines for Pilot Phase of the Redesigned Process for Capital Improvement Projects.
- March 2008:** Committee on Grounds and Buildings—Action—Acceptance of the Report of the Capital Projects Working Group and Approval of Pilot Phase of Process Redesign for Capital Improvement Projects.
- February 2008:** Committee on Grounds and Buildings—Discussion—Progress Report on the Capital Projects Working Group.
- September 2006:** Committee on Grounds and Buildings—Action—Certification of Environmental Impact Report and Approval of 2005 Long Range Development Plan (2005 LRDP), Santa Cruz Campus.
- September 2004:** Committee on Grounds and Buildings—Action—

Certification of Environmental Impact Report and Approval of Coastal Long Range Development Plan (CLRDP), UC Santa Cruz Marine Science Campus.

Project Summary: The Santa Cruz campus requests approval to begin on-campus review and consideration of capital projects within the delegated authority of the Chancellor under the Capital Projects Pilot Program. Consistent with the guidelines for the Capital Projects Pilot Program the campus is submitting its 2009-19 Capital Financial Plan and Physical Design Framework at this meeting. The Regents approved the 2005 Long Range Development Plan for the UCSC main campus and 2300 Delaware in September 2006 and the Coastal Long Range Development Plan for the UCSC Marine Science Campus in September 2004.

RECOMMENDATION

The President recommends that the Committee on Grounds and Buildings recommend that the Regents:

- A. Accept the UC Santa Cruz 2009-19 **Capital Financial Plan** and the **Physical Design Framework**.
- B. Authorize the Santa Cruz campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects at its main campus and 2300 Delaware and its Marine Science Campus.

BACKGROUND

To be eligible to participate in the Pilot Phase of the Redesigned Process, the campus must obtain acceptance by the Committee on Grounds and Buildings of its 2009-19 Capital Financial Plan and Physical Design Framework. These documents are based on the campus's Strategic Academic Plan and its approved campus Long Range Development Plan (LRDP).

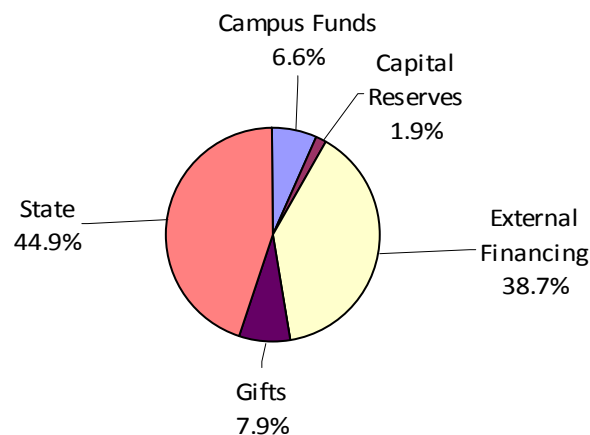
The Santa Cruz campus requests acceptance of its 2009-19 Capital Financial Plan and Physical Design Framework and authorization to participate in the Pilot Phase. These two documents together present an integrated academic, physical, and capital plan that is financially feasible. Acceptance of these plans, in concert with the UCSC Strategic Academic Plan and previously approved LRDP for the main campus and 2300 Delaware, and Coastal Long Range Development Plan (CLRDP) for the Marine Science Campus, permits the Chancellor to approve non-State budgets and designs of all projects with values less than or equal to \$60 million within the Chancellor's delegated authority under the Pilot Phase of the Redesigned Process for Capital Improvement Projects. Through this process, the Regents will exercise portfolio oversight of capital projects; the Office of the President will provide due diligence regarding approval processes, and legal, financial, or policy risks; and the campuses will have greater responsibility and accountability for the successful delivery of capital projects.

Capital Financial Plan

The UC Santa Cruz 2009-19 Capital Financial Plan (Plan) reflects key academic and strategic program goals that will be achieved through the development of projects that are consistent with the Physical Design Framework. The Plan provides a financial framework for the campus to support: academic program development; retrofitting/upgrading existing academic facilities; student life/intellectual engagement and residential life; core infrastructure; and campus environment, sustainability, and life safety. Key elements of the proposed ten-year Plan follow.

With an estimated total value of \$865 million, the Plan is expected to be funded with a combination of State sources totaling \$389 million (45 percent) and non-State resources totaling \$476 million (55 percent). Non-State resources include \$68 million of anticipated gift funds, \$335 million of external financing, \$57 million of campus funds, and \$16 million of capital reserves.

Capital Improvement Program by Fund Source



The UC Santa Cruz Plan is based on a number of assumptions. UC campuses will now be using July 2010 current dollars for all projects in the Capital Financial Plan, including future year funding amounts. Consistent with systemwide capital planning parameters, the Plan assumes enrollment will remain constant at 2007-08 levels for the first six years and will increase by one percent each year thereafter.

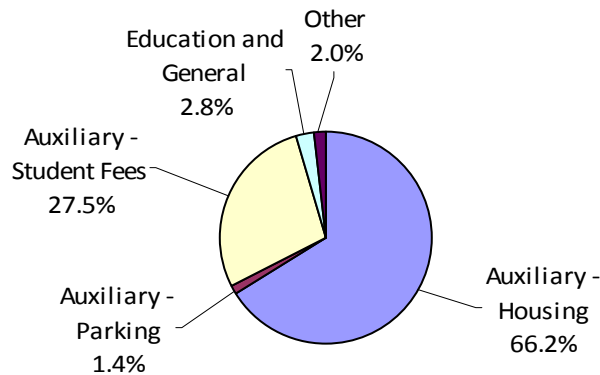
The Plan assumes UCSC's current proportion of general-campus funding would continue for the life of the Plan. If State funding in 2010-11 and beyond is not forthcoming at the levels assumed by the *Plan*, the campus will have to revise its priorities.

The Santa Cruz campus has been increasingly successful in its fundraising efforts in recent years. Even so, it is recognized that the \$68 million in gift funding included in the campus plan reflects an ambitious target, and individual projects would not move forward until sufficient funding is raised. The campus is advancing applications for construction grants being made available for federal funding under economic stimulus legislation. However, until such time as awards are

made, no grant funding is assumed in this Plan. As the campus is successful in securing such funding, it will be reflected in annual plan updates. Capital reserves and campus discretionary funds are included in the program as necessary to support appropriate projects.

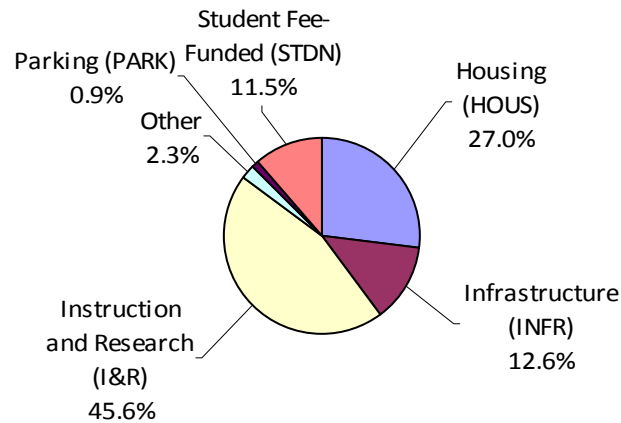
The UC Santa Cruz Plan reflects an estimated need for approximately \$335 million of external financing, primarily for housing (\$222 million) and other auxiliary enterprises (\$97 million), at levels supported by business models, and the remaining amount for education and general projects (\$9 million) and other, or plant operations, projects (\$7 million). This Plan represents a conservative approach to taking on new debt, with 51 percent of that proposed occurring in the final four years of the program.

External Financing by Program



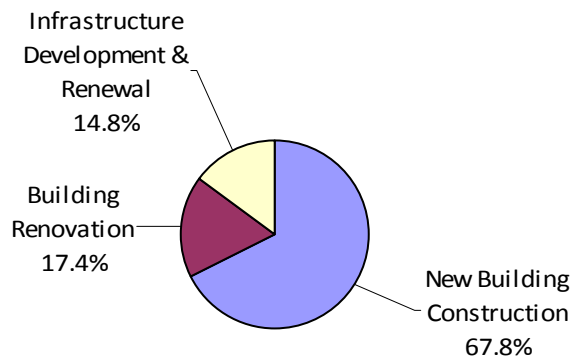
By function, \$394 million is expected to be spent on instruction and research facilities, \$234 million on housing, \$109 million on infrastructure, \$99 million on student-fee-funded facilities, \$8 million on parking, and \$20 million on other projects (auxiliary projects under \$5 million).

Capital Improvement Program By Function



By improvement category, \$587 million is expected to be spent on new building construction to accommodate a variety of needs, including past and future enrollment growth, new instructional programs, new and expanding research initiatives, and student-related space. An additional \$150 million is identified for building renovations, and \$128 million for infrastructure development and renewal projects.

Capital Improvement Program by Improvement Category



Funding and program details can be found in the attached UC Santa Cruz 2009-19 Capital Financial Plan.

Physical Design Framework

The UC Santa Cruz 2005 LRDP, approved by the Regents in September 2006, sets forth the overall land use plan for development of the main campus and 2300 Delaware through a projected horizon year of 2020. The Physical Design Framework (Framework) addresses these same goals, principles and objectives at an intermediate scale that provides more specific direction for building siting decisions, site planning, landscape design, architecture, and

infrastructure development.

The CLRDP, approved by the Regents in September 2004, sets forth a land use plan for development of the Marine Science Campus. As this campus is located in the California Coastal Zone, development of facilities is governed by the California Coastal Act under the purview of the California Coastal Commission, which requires that development parameters be described in much greater detail than typical University LRDPs. The Framework covers all future development at the Marine Science Campus and, for guidance on its design and implementation, incorporates by reference all the physical design guidelines of the CLRDP.

Development at UC Santa Cruz has historically been guided by a series of Long Range Development Plans (LRDPs), all which have their roots in the original LRDP, published in 1963. The 1963 LRDP urged a sympathetic approach to UC Santa Cruz's spectacular physical setting and established a fundamental physical organization – a central “core” of academic buildings surrounded by a series of residential colleges – that has guided campus development ever since. The present Framework reaffirms those initial directions by describing five “unifying concepts” that inform new campus development, facility renovation, and ongoing management and operation of campus facilities and grounds to ensure consistency with UCSC's highly regarded character and image, using particularly successful examples of past projects at UCSC as models to be emulated.

The Framework will be utilized at all stages of land planning, project development, and facilities management—including project programming and budgeting, site and land use allocation studies, project design, and eventually construction document preparation – to guide the incorporation of the five unifying concepts into all projects that modify the built environment. Additionally, it addresses sustainability principles and goals; however, the Capital Financial Plan, in its annual updates, will contain the detailed discussion of implementation of the campus' sustainability goals.

The environmental effects of development under the 2005 LRDP were evaluated in the LRDP Environmental Impact Report (EIR), and those under the CLRDP were evaluated in the CLRDP EIR. The Framework does not change the land use plan or alter the projected square footage estimated to meet the demands of the projected campus population and institutional objectives of either campus as analyzed in their respective EIRs. Acceptance of the Framework does not relieve the campus from complying with the California Environmental Quality Act (CEQA) for individual projects. Participation in the pilot program changes only the decision-making level (*i.e.*, from Regents to Chancellor) for project approval.

(Attachments: **Financial Plan** **Physical Design**)