

Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of March 18, 2015

**APPROVAL OF PRELIMINARY PLANS FUNDING, DOWNTOWN CENTER,
MERCED CAMPUS**

EXECUTIVE SUMMARY

The proposed Downtown Center project will be located directly across from City Hall in downtown Merced and could act as a pillar for the downtown campus, which currently consists of the recently leased Parcade facility and Mondo Building. By establishing a substantial presence in downtown Merced, the University can continue to foster and create programmatic opportunities and partnerships with the community, while additional UC Merced employees in the downtown area will provide an economic boost to local shops and restaurants.

The proposed project would be for construction of approximately 75,000 gross square feet (GSF) of campus administrative offices in downtown Merced. The campus will analyze the financial and programmatic impacts of an additional 25,000 GSF of mixed-use space on the ground floor including retail, conference facilities, ancillary academic programs, and/or community space during the preliminary plans phase.

The proposed project will be for construction of an office building that provides an efficient and flexible layout for a 21st century work environment. Additionally, the project will allow the campus to release approximately 71,500 assignable square feet (ASF) of leased space and consolidate the majority of administrative uses, currently dispersed throughout several regional locations as well as the main campus, into a central facility. These dispersed locations result in ineffective administrative operations, and are not cost effective long-term solutions. The project will also allow the limited on-campus space to be solely occupied by: faculty, administrators and staff who directly support students, faculty and instructional personnel; campus safety and security; and staff who provide direct care and maintenance of buildings and grounds.

The total project budget is estimated to be approximately \$40 million. Initial analysis indicates that this amount may only be sufficient to construct a 75,000 GSF building.

The Regents are being asked to approve preliminary plans funding in the amount of \$1.36 million to be funded by campus funds. Full budget, associated external financing, design and its supporting California Environmental Quality Act approval will be requested in a future Regents' action.

RECOMMENDATION

The President of the University recommends that the Committee on Grounds and Buildings recommend to the Regents that the 2014-15 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Merced: Downtown Center – preliminary plans – \$1.36 million to be funded from campus funds

BACKGROUND

In order to prioritize space for students, the campus has moved administrative functions, faculty offices, and research laboratories off campus to three dispersed locations in the greater Merced area. The campus currently leases space in several different facilities in the cities of Atwater (Castle 1200) and Merced (Mondo Building, Promenade, and recently leased Parcade facility). These locations currently house various administrative and academic functions, including: Student Affairs, Academic Affairs, Business and Administrative Services, Office of Planning and Budget, and the Office of Research.

Additionally, the Regents own a facility in the city of Fresno that houses campus business functions. The west wing of Kolligian Library's third floor, located on campus, also houses various administration units.

The current administrative spaces in the leased facilities are inefficient and geographically isolated, resulting in increased operational costs, inefficient communication, and poor departmental synergy. Additionally, the leased facilities cannot accommodate all of the departments that can be located off the main campus. As a result, office space in the Kolligian library is over-utilized, precluding needed student support functions from being housed on campus.

In 2013, the Urban Land Institute recommended that UC Merced locate a significant number of staff members at a central location – potentially in downtown Merced – to increase efficiency and teamwork, and strengthen the campus' presence within the city. After reviewing all leasing opportunities, the campus determined that adequate office space for lease in Merced is not available, and committing to lease space does not provide a long-term solution.

An important part of campus plans include the campus' proposed development of a Downtown Center to consolidate many administrative functions in a downtown campus. The Downtown Center will include construction of an office building that will provide an efficient and flexible layout for a 21st century work environment and also consolidate the majority of administrative uses into a central facility. The Downtown Center will serve as the primary hub for administrative functions and represents a long-term investment in the future of downtown Merced.

PROJECT DESCRIPTION

This project will be located directly across from City Hall in downtown Merced and could act as a pillar for the downtown campus, which currently consists of the recently leased Arcade facility and Mondo Building. By establishing a substantial presence in downtown Merced, the University can continue to foster and create programmatic opportunities and partnerships with the community, while additional UC Merced employees in the downtown area will provide an economic boost to local shops and restaurants. The project site is in close proximity to several nearby parking facilities.

The proposed Downtown Center project would be for construction of approximately 75,000 gross square feet (GSF) (45,000 assignable square feet [ASF]) of administrative space across three floors on a 0.83 acre parcel, located at the corner of N and 18th Streets in downtown Merced (purchased in June 2014). The project will provide private offices, open offices, conference rooms and supporting spaces to house up to 40 different non-academic administrative units to support the campus' everyday operation. During the preliminary plans phase, the campus will also explore the option of adding 25,000 GSF of mixed-use space on the ground floor for community-centric functions including retail, conference center, and community space. If this space is included, the building would likely be a four-story facility with administrative spaces on floors two through four.

The proposed building will provide a significantly more efficient office layout than the current inventory of leased space through the use of activity-based programming. Activity-based programming models space and room configurations based on activities accomplished during the workday, with the intention of increasing space utilization for the entire facility. The campus also estimates that the total amount of administration space can be reduced by approximately 26,000 ASF, which includes releasing approximately 71,500 ASF in leased space. The released space includes completely vacating Castle 1200 and partially vacating the Promenade and the Mondo Building. The project will also reduce the amount of administration space located on campus in the Kolligian Library, allowing the campus to repurpose the space for academic and student life needs.

Approval Request and Schedule

The requested preliminary plans ("P") funding of \$1.36 million would enable the campus to complete design development. The campus intends to request full budget, external financing, and design and its supporting California Environmental Quality Act approval for the project in summer 2015. It is estimated that construction would commence in early 2016, with the goal of completion by fall 2017.

Funding Plan

The total project budget for preliminary plans, working drawings, construction, and moveable equipment is currently estimated to be \$40 million. Initial analysis indicates that this amount may only be sufficient to construct a 75,000 GSF building.

The proposed Downtown Center project is intended to be funded through a combination of campus reserves and/or external financing. The split between financing and campus reserves will be determined when the campus seeks full budget approval. UC Merced campus funds are the anticipated funding source for repayment of external financing with indirect cost recovery as the backstop funding source. It is anticipated that the Downtown Center project will save the campus approximately \$680,000 annually in lease expenses, commencing in the first year of occupancy. Additionally, energy savings of up to 50 percent and increased staff productivity are expected to be realized over time.

The estimated cost for programming and design through the Preliminary Plans (“P”) phase is \$1.36 million, to be funded by campus funds.

Financial Feasibility

Given the need for investment in facilities and infrastructure in order for the campus to meet future enrollment demand, the campus will be exempt from meeting the external financing feasibility metrics for the Downtown Center project.

Key to Acronyms

ASF	Assignable Square Feet
CEQA	California Environmental Quality Act
GSF	Gross Square Feet
PPP	Public Private Partnership

ATTACHMENTS:

[Attachment 1: Preliminary Plans Budget](#)

[Attachment 2: Project Location Map](#)