

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of March 20, 2024

CLASSROOM AND OFFICE BUILDING III, MERCED CAMPUS: PRELIMINARY PLANS FUNDING

EXECUTIVE SUMMARY

The Classroom and Office Building III (COB III) project is a critical element of UC Merced's strategy to increase student enrollment. The COB III project will support the delivery of 12 new undergraduate academic majors and minors with the addition of three large instructional venues including two lecture halls and an auditorium. The COB III building will complete the Social Justice Quad on campus, will provide academic and advising services and a supportive home base for the School of Social Sciences, Humanities and Arts (SSHA) graduate and undergraduate students, as well as the largest auditorium open to the public on campus. The project is striving to achieve Leadership in Energy and Environmental Design (LEED) Platinum certification and will advance the UC values of diversity, equity, and inclusion through special attention to the avoidance of unintentional or stereotype biases and creating a sense of equity and belonging among building occupants.

The Regents are being asked to approve preliminary plans expenditures of \$8.6 million, to be funded from external financing supported by State General Funds. The preliminary funding would support site surveys, specialty consultants, the basis of design documentation, project budget confirmation, a design-build competition including design development, and preparation of environmental documentation. The campus anticipates returning to the Regents in January 2025 to request approval of the full budget, external financing, scope, and design following action pursuant to the California Environmental Quality Act.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:

- A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Merced: Classroom and Office Building III – preliminary plans – \$8.6 million, to be funded from external financing supported by State General Fund appropriations

(\$8.6 million).

- B. The President be authorized to obtain external financing for the Classroom and Office Building III project of \$8.6 million plus related interest expense and additional related financing costs and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) The primary source of repayment shall be from State General Fund appropriations, pursuant to the Education Code Section 92493 et seq. Should State General Fund appropriation funds not be available, the President shall have the authority to use any legally available funds to make debt service payments.
 - (2) The general credit of the Regents shall not be pledged.
 - (3) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

BACKGROUND AND PROJECT DRIVERS

The UC Merced 2020 Project provided faculty research space for the School of Natural Sciences and the School of Engineering. The future faculty and research space requirements for the School of Social Sciences, Humanities and Arts (SSHA) were not addressed in the 2020 Project. Additionally, while the 2020 Project constructed one large lecture hall (292 seats), the lecture hall in the new Arts and Computational Sciences building is the only lecture hall of its size on campus. The Lakireddy Auditorium, located in the Classroom and Office Building I, is now almost 20 years old and not set up to accommodate current instructional technologies or seating arrangements.

Project Drivers

UC Merced is actively developing strategies to increase undergraduate and graduate enrollment. Fundamentally the most effective way to affect enrollment is by increasing demand for a UC Merced education. Research shows that the primary mechanism for increasing demand is by widening and deepening the types and numbers of major and minor programs available to students. High-profile majors such as a BA in Biology or Communications and a BS in Ecology, Evolutionary and Conservation Biology, Neuroscience or Biochemistry are high on student interest lists, yet these will require facilities that UC Merced does not have. The UC Merced campus is planning to design and approve up to one dozen new high-demand academic programs, at a rate of three to five per year, before COB III opens in fall 2027.

While UC Merced has developed a comprehensive array of classrooms, the campus has limited large lecture hall space of the capacity required to deliver the most popular academic majors. For example, UC Merced currently has only two lecture halls with a capacity of 200 to 300. The current Fall 2022 Classroom Utilization report shows that the campus is utilizing these two lecture halls with a capacity between 200 and 300 at 127 percent of the classroom utilization

standard. The addition of new high-impact academic programs will create additional pressure for large lecture hall space.

The most recent facility to address the growth requirements of SSHA was the Classroom and Office Building II (COB II) project completed in early 2016. Following the completion of the Medical Education Building in fall 2026 and including space in the Classroom and Office Building I (COB I), Social Sciences and Management (SSM), and COB II buildings, SSHA will be housed in four different buildings spread across campus. The COB III Building is intended to provide a consolidating hub for SSHA faculty and student support programs as well as provide growth space for the future. The COB III building will be critical in facilitating the future growth of the campus.

PROJECT DESCRIPTION

The 50,000-gross-square-foot COB III project will anchor the Social Justice Quad at the northeast corner of the campus, where temporary modular trailers currently house adjunct academic staff. The structure will be a two- and three-level structure with a paseo between the Social Justice Quad and Ansel Adams Road. The COB III site is central to the four facilities that currently house SSHA faculty and academic programs, creating a hub for academic and student support services for the SSHA community. SSHA student advising, undergraduate and graduate student support services, and curriculum services will be housed in COB III.

The project will also house two large lecture halls and an auditorium. The auditorium will seat 460 and will double as a public assembly and event venue, currently a critically lacking resource at UC Merced. There will additionally be a 290-seat circular lecture hall and a 250-seat case-style lecture hall both designed to encourage engagement and flexibility in a large lecture hall setting. The building will be structurally reinforced to complete the construction of the third level at a future date.

Funding Plan and Financial Feasibility

The COB III project will be 100 percent funded by external financing supported by State General Funds allocated to UC Merced for campus expansion. UC Merced was originally allocated \$94 million over three years beginning in 2021 for the expansion of capital facilities to support an increase in student enrollment. The Budget Act of 2023 subsequently changed the funding approach from one-time State General Funds to appropriating ongoing State General Funds to support external financing for University-issued bonds. Approval of preliminary plans funding of \$8.6 million at the March 2024 Regents meeting will enable UC Merced to confirm and refine the scope of work through detailed programming and design, completion of the California Environmental Quality Act (CEQA) analysis, and estimation of final project cost. Additional information may be found in the Preliminary Plans Budget (refer to Attachment 1) and the Summary of Financial Feasibility (refer to Attachment 2).

Project Delivery and Schedule

Following completion of a conceptual design study, the project team is requesting preliminary plans funding of \$8.6 million. With approval of this request, the COB III project will be positioned for completion of the Detailed Project Plan (DPP) by summer 2024 and overall design by the end of the year. The project delivery method will be design-build with project completion expected in spring 2027.

Consistency with Campus Plans

The 2020 LRDP land use designation for the preferred site is “Campus Mixed Use,” and the proposed COB III building is an allowed use. The building will be designed to be consistent with the goals of the 2020 LRDP, follow the design guidance in the recently updated campus Physical Design Framework, and the project is consistent with the forthcoming 2023-29 Capital Financial Plan.

Sustainability

The COB III will be designed and built to comply with the University of California Sustainable Practices Policy. The Sustainable Practices Policy establishes goals for green building, clean energy, transportation, climate protection, facilities operations, zero waste, procurement, food service, and water systems. A full range of sustainability practices for building design and operations will be included in the project’s budgeting, programming, and design effort.

The conceptual design proposes a mass timber structure for the roof form and mass timber columns, which, along with reduced carbon concrete and steel, will reduce the embodied carbon impact of the structure compared to more conventional structural systems. The building will be served by the existing electrical infrastructure and will include high-efficiency mechanical, electrical, and plumbing systems. The conceptual design proposes a 100 percent outside air, underfloor air distribution system for the large lecture halls which will optimize comfort, acoustics, and energy efficiency while providing for improved indoor air quality and infection control in the assembly spaces.

This project has been analyzed by the UC Operational Carbon and Energy Assessment for New Construction (OCEAN) Tool, and results are provided in Attachment 5. The OCEAN Tool identifies high-level estimates of target site energy use, utility costs, and operational greenhouse gas emissions for the proposed project. Building performance metrics are being compiled within UC’s capital projects database and will be utilized to compare and assess future projects. The current pre-P-Fund phase energy model estimates an energy use intensity (EUI) of 31,000 British thermal units per square foot (kBtu/sf) in alignment with the current policy target. In support of UC Merced’s carbon neutrality status, the COB III project will be all electric and strive to earn LEED™ Platinum certification.

Key to Acronyms

CEQA	California Environmental Quality Act
COB III	Classroom and Office Building III
DPP	Detailed Project Plan
DVBE	Disabled Veteran Business Enterprise
EUI	Energy Use Intensity
LEED	Leadership in Energy and Environmental Design
LRDP	Long Range Development Plan
OCEAN Tool	Operational Carbon & Energy Assessment for New Construction Tool
SBE	Small Business Enterprise
SSHA	School of Social Sciences, Humanities and Arts
SSM	Social Sciences and Management Building

ATTACHMENTS:

Attachment 1:	Preliminary Plans Funding Budget
Attachment 2:	Summary of Financial Feasibility
Attachment 3:	Project Location Map/Site Map
Attachment 4:	Alternatives Considered
Attachment 5:	Statement of Consistency with Select UC Policies and Practice
Attachment 6:	<u>UC Operational Carbon & Energy Assessment for New Construction (OCEAN) Tool</u>

ATTACHMENT 1**PRELIMINARY PLANS FUNDING BUDGET**

Category	Amount	Percentage (%)
Building ⁴	\$1,000,000	12%
A & E Fees ⁵	\$3,000,000	35%
Campus Administration ⁶	\$1,300,000	15%
Survey, Test & Plans ⁷	\$1,000,000	12%
Special Items ⁵	\$2,300,000	27%
Total Preliminary Plans Budget	\$8,600,000	100%

The preliminary plans funds support activities involve the following:

- Selection of Executive Architect to develop room data sheets, program documents, perform contract administration, and maintain campus standards.
- Selection of Design-Build Contractor includes stipends.
- Cost modeling and estimating; initial value engineering review.
- Schedule and complete risk analyses.
- Develop schematic design and design development drawings and documents.
- Determine and develop building systems.
- Design phase testing, including site survey, soil borings, and hydrology.
- Campus planning and California Environmental Quality Act (CEQA) analysis.
- Peer reviews and specialty consultant work, as required.

⁴Preconstruction services, preliminary cost estimating, schedule development, risk, and value analysis.

⁵Programming /scope development for the project through design development.

⁶Campus project management including construction management and contract administration.

⁷Design phase testing as required including site survey, soils, boring, and hydrology.

ATTACHMENT 2**SUMMARY OF FINANCIAL FEASIBILITY****MERCED CAMPUS**

Project Name	Classroom and Office Building 3
Project ID	CMJ0000017
Total Estimated Project Cost	\$8,600,000
Anticipated Interest During Construction (included in total estimated project cost)	N/A

PROPOSED SOURCES OF FUNDING¹

Campus Expansion Funds	\$8,600,000
Total	\$8,600,000

SECTION I. Externally Financed Projects**FINANCING ASSUMPTIONS**

External Financing Amount	\$8,600,000
Anticipated Repayment Source	State Funded
Anticipated Fund Source	State Funded
Financial Feasibility Rate	4.25%
First Year of Repayment (e.g. FY 20XX)	2024
Term (e.g. 30 years; indicate if any years interest only)	30 years
Final Maturity (e.g. FY 20XX)	2053
Estimated Average Annual Debt Service	\$512,545 – Interest & Principal

¹ Fund sources for external financing shall adhere to University policy on repayment for capital projects.

ATTACHMENT 3

CLASSROOM AND OFFICE BUILDING III SITE / LOCATION



ATTACHMENT 4

ALTERNATIVES CONSIDERED

Discussions around the Classroom and Office Building III project focused on several alternatives:

1. Given that the 2020 Project did not provide growth space for the School of Social Sciences, Humanities and Arts (SSHA), the initial concept for the Classroom and Office Building III project was to construct two buildings. One building would include growth space for SSHA faculty, the two lecture halls and an auditorium while a second, “Annex,” building would provide a centralized area for campuswide student academic support services. As the programming for this concept developed, two things became apparent. Developing two buildings instead of one would by the nature of construction be more expensive and a building that housed all of student academic support services would be so large that there would not be sufficient funds to also provide space for future growth in SSHA. Hence, campus aspirations were reduced.
2. The second alternative considered was to create a classroom and student services building that would address the campus need for larger lecture halls and public assembly space as well as the overall goal to centralize student academic support services. The dominant reason that this alternative did not gain traction is because it failed to solve for the growth of SSHA.
3. The third alternative for the COB III project was to develop a program that included the two large lecture halls and the auditorium in addition to modest growth space for SSHA and space to centralize SSHA’s student academic support services. This alternative best addresses the key problem that coalesced during these conversations, which is that SSHA student services and faculty are currently spread throughout campus in four separate buildings with no room to grow in any of the existing locations. It was determined that this solution, one building that addressed the need for large lecture hall and auditorium space, SSHA faculty research space, and centralized SSHA student support services would best serve the needs of the campus.
4. The fourth alternative, which was never considered an acceptable alternative, was to not build the project at all but rather develop case-by-case space solutions to SSHA faculty and student service needs. While the case-by-case methodology could be used to address individual SSHA space needs as they arose, it is not possible to make a small lecture hall space function as a large lecture hall. Without access to large lecture hall space, the campus would not be able to optimize and grow its new academic programs, and therefore they would not be able to positively affect student enrollment.

ATTACHMENT 5

STATEMENT OF CONSISTENCY WITH SELECT UC POLICIES AND PRACTICE

The project is consistent with selected UC Policies and Practices

Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBEs)

The campus is committed to promoting and increasing participation of Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBEs) in all purchasing and contract business, subject to any applicable obligations under State and federal law, collective bargaining agreements, and University policies. The campus regularly communicates with interested contractors and consultants to provide information about how to find opportunities to work at the campus and to encourage them to respond to the annual announcement soliciting interest in performing services. Providing qualified SBEs and DVBEs with the maximum opportunity to participate will be encouraged with the selected design professionals and contractors with the goal of meeting 25 percent participation.

Seismic Safety

Once designed, the Classroom and Office Building III project will comply with the University of California Seismic Safety Policy including independent seismic peer review.