

TO THE MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS¹:

ACTION ITEM

For Meeting of May 14, 2014

AUTHORIZATION TO APPROVE TRANSFER OF FIVE ACRES FROM THE UC MONTEREY BAY EDUCATION, SCIENCE AND TECHNOLOGY CENTER MASTER PLAN (WEST CAMPUS) TO THE FORT ORD NATURAL RESERVE AND REMOVE THE REMAINING WEST CAMPUS FROM THE MASTER PLAN, SANTA CRUZ CAMPUS

EXECUTIVE SUMMARY

The Santa Cruz campus requests that the President of the University be authorized to approve amendments to the UC Monterey Bay Education, Science and Technology Center (MBEST) Center Master Plan to: (1) remove five acres that was sold to the City of Marina in 2001 from the Fort Ord Natural Reserve (FONR), and designate five acres from the West Campus of the MBEST Center as replacement habitat for FONR, and (2) remove the remaining 51-acres of the West Campus from the MBEST Center Master Plan (Master Plan). Additionally, it is requested that the President be authorized to take any future actions related to the on-going management, administration, and operation of the MBEST Center that are consistent with the Master Plan, including the execution of any documents in furtherance thereof.

RECOMMENDATION

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

1. The President be authorized to approve an amendment to the UC Monterey Bay Education, Science and Technology (MBEST) Center Master Plan to modify the boundaries of the Fort Ord Natural Reserve (FONR) by removing five acres from FONR and include five acres of the West Campus of the MBEST Center Master Plan;
2. The President be authorized to approve an amendment to the MBEST Center Master Plan to modify the boundaries of the MBEST Center by removing the remaining 51 acres of the West Campus from the Master Plan; and
3. The President be authorized, after consultation with the Office of General Counsel, to approve and execute all documents, amendments, and modifications thereto, as may be necessary or appropriate to effectuate the foregoing approvals and meet the conditions of

¹ Of interest to the Committee on Finance

the Master Plan, provided that such approvals do not materially increase The Regents' obligations and/or decrease its authority.

BACKGROUND

This item is being brought to the Regents in anticipation of a future sale of a portion of the UC Monterey Bay Education, Science and Technology (MBEST) Center, which is included in the Regents' approved 1997 MBEST Center Master Plan (Master Plan). The Regents are being asked to authorize the President to approve specific amendments to the Master Plan, as further detailed below, and to take the necessary actions to effectuate those amendments. For context, the historic background for the MBEST Center is provided as Attachment 1 and potential future actions are discussed in Attachment 2.

The MBEST Center arose from the opportunity afforded by the U.S. Army's property disposal program and the desire of regional leadership to draw upon the strength of the region's educational and research sectors to develop collaborative research-business opportunities on land acquired by the University of California at the former Fort Ord Army Base. (Refer to Attachment 3 for the State Map, Attachment 4 for the Regional Map, and Attachment 5 for the MBEST Center Master Plan Map.) The Regents-approved MBEST Master Plan states that the MBEST Center "is expected to play a key role in the rebuilding and future economic development of the Monterey/Santa Cruz region from economic distress resulting from the closure of the Fort Ord Military Reservation." The University's goals for the MBEST Center are: (1) to promote economic growth and environmental stewardship through the integration of science, technology, education and policy; (2) to contribute to California's leadership in the emerging environmental and informational economies of the global marketplace; and (3) to maintain and enhance the unique natural and cultural resources of the Monterey Bay region.

Change of Fort Ord Natural Reserve Boundaries

The Fort Ord Natural Reserve (FONR) is a reserve within the UC Natural Reserve System (NRS) and is administered by the NRS system-wide office and managed day-to-day by the Santa Cruz campus. FONR consists of 605 acres of ecologically significant land that serves the NRS mission of university-level teaching, research, and public service. FONR is a small but crucial part of the total 18,540 acres of habitat reserve set aside by the 1997 Fort Ord Multi-Species Habitat Management Plan and held by seven agencies including the University.

On July 31, 2001, the campus sold five acres of real property that was originally part of FONR to the City of Marina Redevelopment Agency. In return, the campus agreed to designate five acres within the West Campus as replacement habitat; however, the replacement habitat was never formally incorporated into the NRS, nor were the five acres sold to the City of Marina ever removed from the Master Plan. Thus this item requests that the Regents authorize the President to amend the Master Plan to remove the five acres that were sold to the City of Marina from FONR, and to designate five acres of the West Campus as replacement habitat for FONR. A determination of California Environmental Quality Act (CEQA) compliance would be

required prior to the President's consideration of these proposed changes to the Master Plan. (See Attachment 6, which depicts the proposed changes relating to FONR.)

Removal of the West Campus from the Master Plan for the MBEST Center

Since 2002, the campus has engaged in discussions with two master developers to develop portions of the MBEST Center. In both cases, the selected developers concluded that demand for new buildings was very limited and the regional economy did not support such an investment. In addition, the developers concluded that in this particular market, ground leasing the underlying property would make it difficult to secure financing for any proposed projects. In 2011, the campus in partnership with the Fort Ord Reuse Authority (FORA) and in coordination with local community leaders and Congressman Farr, established a visioning group to investigate and evaluate alternate future uses for the MBEST Center. The visioning group conducted a market analysis, which validated the conclusions from the campus' earlier development efforts. In a letter to Chancellor Blumenthal, dated May 11, 2012, all eight members of the visioning group made the following recommendations:

1. Retain and manage FONR.
2. Redefine and confine the area of the strategic mission of the MBEST Center to only the 71-acre Central North Campus.
3. Make other developable campus-owned lands at the former Fort Ord Base available to the private sector for job-generating uses compatible with the MBEST Center, such as office, institutional, or commercial uses.
4. Establish an advisory group with local higher education institutions to help guide the MBEST Center and expand upon potential research activities beyond those of the campus' research and instructional programs.
5. Partner with the City of Marina to complete entitlements of the Central North Campus, in an effort to streamline the development process and increase its competitiveness.

In accordance with these recommendations, this item requests that the President be authorized to approve a reduction in the size of the MBEST Center, as currently defined under the Master Plan, to include only the Central North Campus. The balance of the West Campus will be removed from the Master Plan and made available to the private sector for development of non-UC-mission related uses. (Refer to Attachment 5 for a map depicting the proposed change to the Master Plan.) To ensure that development of the West Campus remains consistent with the Fort Ord Base Reuse Plan and the Master Plan, the campus will record a set of Covenants, Conditions & Restrictions (CC&Rs). These actions would broaden the range of potential development opportunities on the West Campus, while maintaining uses that are compatible with the MBEST Center, thereby increasing its value and improving the prospect of providing jobs to the local economy.

Future Implications for Development and Potential Actions

In order to implement the recommendations of the visioning group, a number of discrete actions will be required. These actions are discussed in detail below and summarized in Attachment 2.

Entitlements

Development of campus land at the former Fort Ord Base will require the creation of a hybrid entitlement process, which will be based on the property's intended future use and location within the former Fort Ord. All private, non-University mission-related developments within the West Campus, the Central North Campus, and the Eighth Street Parcel will be approved and permitted by the City of Marina under existing agreements with the University. The County of Monterey has a similar responsibility on the unincorporated tracts in the Central South Campus and East Campus. The campus will retain entitlement and permitting authority over those projects that are considered part of its mission.

The City of Marina modified its General Plan in October, 2000 to reflect the land uses found in the MBEST Center Master Plan, and amended its Zoning Ordinance to identify the MBEST Center's Central North and West Campuses as a "Business Park District."

As part of a future action, the Santa Cruz campus is working closely with the City of Marina to draft a Specific Plan and Subdivision Map ("Subdivision Map") on the MBEST Center's Central North Campus and the adjacent Marina Airport Business Park. (See parcels M1 through M26 on Attachment 5.) These entitlement documents will mirror the elements found in the Master Plan. The City of Marina will be the Lead Agency for CEQA compliance associated with the adoption of the proposed Specific Plan and Subdivision Map. It is anticipated that the City of Marina will consider approval of the Specific Plan and Subdivision Map in early fiscal year 2015, which will not require the University's approval.

The Subdivision Map will require the Santa Cruz campus to deed the common areas (parks, roadways, and storm water retention basins) to the City of Marina, and to join a Landscaping and Lighting District in order to fund administration and maintenance costs of the common areas. This is considered in the campus' interest because the campus does not have the dedicated resources to maintain the common areas in the MBEST Center. The authorization for the President to facilitate the University's joining a Landscaping and Lighting District is being requested in a separate May Action Item to the Committee on Finance.

The University will also record a set of Central North Campus CC&Rs, which will implement the development and operating standards found in the Master Plan. These CC&Rs will be approved under the President's delegated authority.

Other Development Opportunities

The campus is currently considering marketing for sale or leases of the remaining parcels: the Eighth Street parcel, the Central South Campus, and the East Campus at the former Fort Ord

Base to the private sector. Authority to enter into any long-term ground lease, sale, or partnership, would be sought at the appropriate level, in accordance with University governance requirements.

Endangered Species Incidental Take Permit

To address the presence of endangered species, the FORA has been coordinating with State and federal wildlife agencies to prepare a Habitat Conservation Plan (HCP) that would establish criteria for issuing and managing an endangered species incidental take permit as it relates to public and commercial developments. A Joint Exercise Powers Agreement will establish the Fort Ord Regional Habitat Cooperative (Cooperative) which will oversee implementation of the HCP, as well as hold and manage the incidental take permit on behalf of all the jurisdictions involved with the former Fort Ord. In a separate-but-related May 2014 Regents' action being considered by the Committee on Finance, the campus is requesting approval to join and participate in the Cooperative.

Environmental Review

The proposed delegations of authority are administrative actions that do not commit the University to actions that could result in direct or indirect physical changes in the environment. Any future University action under delegated authority as provided in this action would be subject to environmental review in accordance with CEQA.

ATTACHMENTS (below):

- Attachment 1: Chronology of MBEST and FONR
- Attachment 2 - Summary of Future Potential Actions
- Attachment 3 - MBEST Center State Map
- Attachment 4 - MBEST Center Regional Map
- Attachment 5 - MBEST Center Master Plan Map
- Attachment 6 - MBEST Center and FONR Lands Map

**CHRONOLOGY OF THE
UC MONTEREY BAY EDUCATION, SCIENCE AND TECHNOLOGY CENTER
AND THE FORT ORD NATURAL RESERVE**

1. In **1991**, the U.S. Army announced the planned closure of Fort Ord, located in Monterey County, approximately 35 miles south of the Santa Cruz campus. (See Attachment 3, MBEST Center State Map, and Attachment 4, MBEST Center Regional Map.) Elected representatives, including then State Assemblyman Sam Farr, encouraged the University of California to participate in the civilian reuse of the former Fort Ord Base.
2. In **January, 1993**, an informational item was presented to the Committee on Educational Policy, describing the Santa Cruz campus' involvement in establishing a Multi-Institutional Center for Science, Technology, Education, and Policy, to be sited at the former Fort Ord with involvement from several campuses and national laboratories.
3. On **July 14, 1994**, the Regents authorized the acceptance of title to approximately 1,100 acres of real property at the former Fort Ord in a phased transfer.
4. On **August 19, 1994**, the UC President signed a Memorandum of Agreement with the Secretary of the Army (Installations, Logistics, and Environment) for the phased conveyance of approximately 1,100 acres of real property to the University that would become the UC Monterey Bay Education, Science and Technology (MBEST) Center and Fort Ord Natural Reserve (FONR). (See Attachment 5, MBEST Center and FONR Lands Map.)
5. On **September 7, 1994**, the University accepted and recorded a deed for the first phase of land transfer from the U.S. Army, totaling 964 acres located on five separate tracts.
6. On **June 20, 1996**, the Regents designated approximately 605 acres of land received or scheduled to be received from the Army as part the Natural Reserve System (NRS), thereby establishing FONR.
7. On **March 20, 1997**, the Regents approved the Master Plan for 127 acres of developable land and 408 acres of FONR land located near the Marina Municipal Airport. Although the Master Plan included four of the five tracts transferred from the Army in 1994 (the 71-acre Central North Campus, the 56-acre West Campus, the 273-acre East Campus, and the 37-acre Central South Campus), the Regents approved only portions of the Master Plan applying to the Central North and West campuses. (Attachment 6, MBEST Center Master Plan) and the FONR North Reserve.

The fifth, 47-acre tract, located approximately two miles to the southwest of the Central North Campus, known as the Eighth Street Parcel, was not included in the Master Plan because the campus intended that this land would be sold to raise funds for infrastructure

improvements at the MBEST Center. (See Attachment 5, MBEST Center and FONR Lands.)

8. On **July 31, 2001**, the University sold five acres of real property originally part of the FONR to the City of Marina Redevelopment Agency. In return for removing five acres from FONR, the campus agreed to designate five acres within the MBEST West Campus as habitat. Although the replacement area is managed as part of FONR, it was never formally incorporated into the NRS system.
9. On **February 12, 2004**, the University accepted the second phase of land transfer, totaling approximately 73.4 acres from the U.S. Army.
10. On **February 14, 2011**, the University accepted an additional 6.33 acres from the U.S. Army. Of the 1,100 acres proposed for transfer from the U.S. Army to the University authorized by the Regents in 1994, only 50 acres have yet to be conveyed (all within the FONR), which is anticipated to occur sometime within fiscal year 2015.
11. In **April of 2014**, the Flight Simulator Building, a former U.S. Army building located on lands transferred to the University, was offered for sale under the Stull Act.
12. In **April of 2014** the President approved a minor subdivision of land to legally define the boundary between the West Campus and FONR and to create four parcels one of which will contain the Flight Simulator Building. At the same time the President also approved the recording of Conditions, Covenants, and Restrictions on the West Campus to ensure development compatible with the guidelines in the Master Plan.

SUMMARY OF FUTURE POTENTIAL ACTIONS

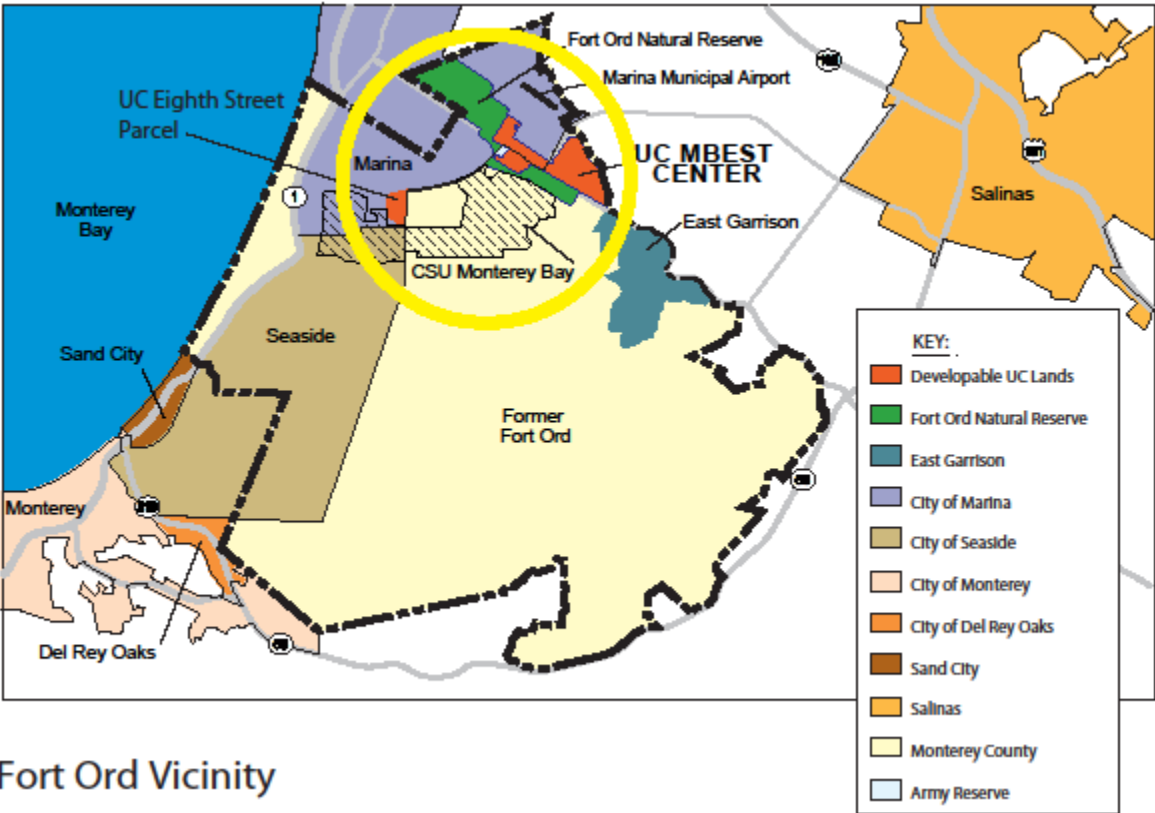
Order	Action	Anticipated Timing	Approving Entity
West Campus Items			
a.i.	Minor Subdivision of West Campus	June, 2014	President
a.ii.	Approve and record CC&Rs for West Campus	June, 2014	President
a.iii.	Add five acres to FONR Action 1 in this item	May, 2014	Regents - Grounds & Buildings
a.iv.	Remove West Campus from Master Plan Action 2 in this item	May , 2014	Regents
a.v.	Sale of Flight Simulator Building	1st Qtr FY15	AVP-Capital Resources Management
a.vi.	Sale of the West Campus in one or more actions	As buyers are found	President
Central North Campus Items			
b.i.	UCOP Concurs that preference for ground lease can be removed w/o change to MP.	April, 2014	Chancellor
b.ii.	Approval of a Specific Plan and Subdivision Map	1st Qtr FY15	City of Marina
b.iii.	Approval of CC&Rs for the Central North Campus Action 3 in this item	1st Qtr FY15	President
b.iv.	Deed Common Areas to the City of Marina	When City of Marina approves Subdivision Map	Vice President
b.v.	Join Landscaping and Lighting District Covered by a Finance item	When City of Marina forms LLD	President
b.vi.	Sell or ground lease parcels within the Central North Campus Action 3 in this item	When a buyer can fund CEQA analysis	Sale: President Ground Lease: Regents
Endangered Species Incidental Take Permit			
c.i.	Join Joint Powers Authority to manage multi-party Incidental Take Permit	May, 2014	Regents Finance Committee
c.ii.	Execute a Habitat Conservation Plan Implementation Agreement Action 3 in this item	4 th Qtr FY15	President
c.iii.	Adopt a Policy to Implement the HCP	4 th Qtr FY15	Chancellor
c.iv.	Obtain Endangered Species Take Permit	4 th Qtr. FY15	Chancellor
c.v.	Establish FONR endowment and receive funding, manage FONR endowment Action 3 in this item	4 th Qtr FY15	President
Other Development Opportunities			
d.	Other Development Opportunities	TBD	Depends on proposed action

MBEST CENTER STATE MAP



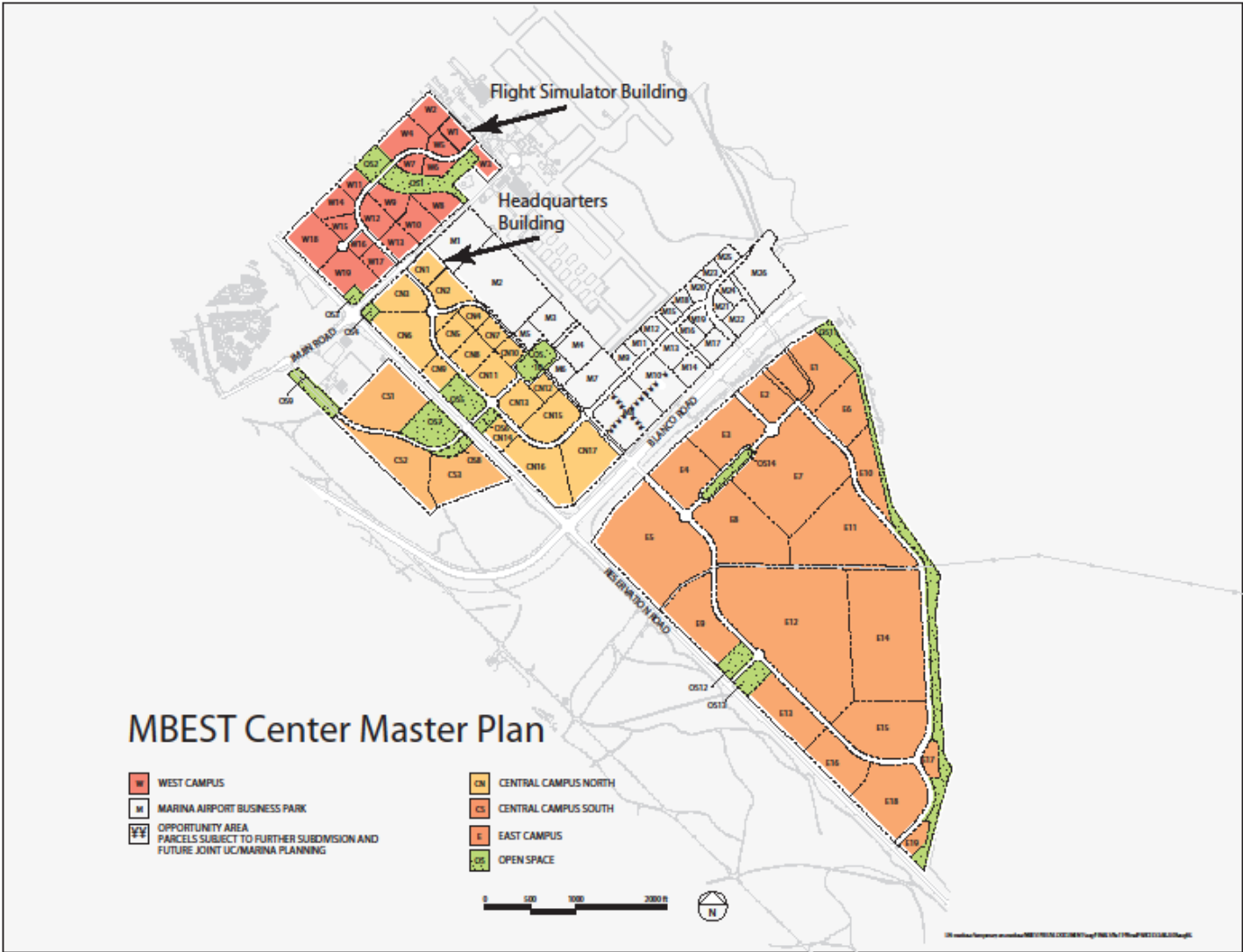
State Context

MBEST CENTER REGIONAL MAP



Fort Ord Vicinity

MBEST CENTER MASTER PLAN MAP



MBEST CENTER AND FORT ORD NATURAL RESERVE LANDS MAP

