

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM – CONSENT

For Meeting of May 15, 2024

CONTINUATION OF THE STUDENT FACILITIES SAFETY FEE, DAVIS CAMPUS

EXECUTIVE SUMMARY

The UC Davis campus requests that the Regents renew the current UC Davis Student Facilities Safety Fee through spring 2059 to address seismic and life safety needs in student services facilities that are significantly or entirely supported with student fees. In 1995, the Regents approved the Student Facilities Safety Fee at \$66 per student per year during the regular academic year and \$11 per summer session student. In 2006, the Regents approved an expanded use of the fee beyond the required debt service for the Memorial Union and North and South Halls to include other needed life safety improvements in student services facilities. The existing fee will retire at the end of spring 2029 unless renewed.

This renewal would continue the Student Facilities Safety Fee at its current fee level. It would allow the campus to fund additional projects to meet seismic goals and safety requirements in student services facilities on campus that are funded in whole or in significant part by student fees. Future improvements using the funds would be subject to individual project approval. It is anticipated that a significant portion of the fee would be utilized to finance the demolition of Freeborn Hall and the replacement of the building with a new student support facility. There is a significant demand for non-instructional spaces for student use due to substantial enrollment growth over the past few decades; projects such as the Freeborn Hall replacement could help address this demand and make student-fee funded facilities safer and more accessible.

Consistent with University policy, a renewal of a compulsory campus-based fee, such as UC Davis's Student Facilities Safety Fee, may be approved by the Regents and does not require a student referendum when the Chancellor determines that the renewal is necessary to maintain the safety of a building or facility funded wholly or in significant part by student fees. Although a referendum is not required, student leaders have expressed strong support for the renewal.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that, effective immediately, the UC Davis Student Facilities Safety Fee be continued through spring 2059, as follows:

- A. All students enrolled at the UC Davis campus during the regular academic year be assessed the Student Facilities Safety Fee of \$66 per student per year (\$22 in the fall quarter, \$22 in the winter quarter, \$22 in the spring quarter).
- B. Students enrolled in summer sessions be assessed the Student Facilities Safety Fee of \$11 per student.

BACKGROUND

In 1995, the Regents established the seismic safety portion of the Student Union Fee for UC Davis as a separate Student Facilities Safety Fee. At UC Davis, the fee of \$66 per student per year for regular session students and \$11 per student for students enrolled in summer session was applied in 1996. The fees were initially utilized to fund the required debt service for seismic renovations of North Hall, South Hall, and the Memorial Union. In 2006, because of favorable financing terms for the projects and enrollment increases between 1995 and 2006, the Student Facilities Safety Fee generated more revenue than was needed to fund the debt service for the aforementioned seismic renovation projects. At that time, the Regents approved utilizing excess revenue at the end of each fiscal year for other needed life safety improvements in student services facilities and approved 25 percent of the total fee to be set aside for financial aid. Following the 2006 modifications to the Student Facilities Safety Fee, the funds were utilized for improvements in the following facilities: Recreation Pool Renovation; Electrical Substation Transformer Addition; La Rue Softball Field Complex; Silo South Rooms; Russell Field Facilities; Memorial Union Renewal; and Recreation Pool Chemical Storage Building.

The existing Student Facilities Safety Fee is set to sunset at the end of spring quarter 2029.

Student Fee-Funded Facilities in Need of Seismic and Other Safety Improvements

UC Davis has completed seismic and building condition evaluation of all State- and non-State-supported facilities. These assessments identified safety improvements needed in facilities that are significantly or entirely supported with student fees, some of which include Freeborn Hall (Seismic Level VI) and the Memorial Union (Seismic Level V). Seismic improvements in the Memorial Union are being evaluated, along with the potential to deliver improvements concurrent with other work scheduled for various parts of the facility.

Given safety concerns stemming from its Seismic VI rating, Freeborn Hall was closed in 2014. Prior to closure, Freeborn Hall served as a venue for student gatherings, hosting events, recreation, and entertainment for more than five decades. Following closure, the hall was not demolished, and its boarded-up state is currently in full view at a prominent campus entryway. The campus has evaluated several options to address the seismic corrections of Freeborn Hall and to replace the non-academic student support space provided in the facility. These efforts have resulted in the determination that demolition and replacement is the most practical solution, and a Freeborn Hall replacement project is currently under consideration pending a funding source. In addition to providing a building that meets current safety standards, the replacement

building would provide a space that, among other non-academic student support uses, would enhance basic needs services for students and support services targeting first-generation and lower-income students. The projected cost to minimally address the seismic and code-triggered improvements is at least \$22 million, which would not fully remediate the facility's significant deferred maintenance and life safety issues. A remediation project would also need to address the outmoded electrical, mechanical, plumbing, telecommunication, conveyance, and audio-visual systems as well as other deficiencies in and around Freeborn Hall. The cost of a Freeborn Hall Replacement Project is estimated to be at least \$65 million.

The campus has discussed the continuation of the Student Facilities Safety Fee with key student leaders. The urgency and scope of the seismic projects have been presented to the UC Davis Council on Student Affairs and Fees (COSAF), which serves as the UC Davis Student Fee Advisory Committee; COSAF includes student leaders from the Associated Students, University of California, Davis (ASUCD), the Graduate Student Association (GSA), and the Law Students Association (LSA). The students understand the critical nature of these student service facilities. They are highly used by the entire campus community, both undergraduate and graduate students. Students support the need to utilize and continue the Student Facilities Safety Fee to ensure that safe facilities are provided for both current and future students.

Use of Funds

Approval for the extension of the fee is being requested now to ensure long-term funding in support of needed life safety and seismic improvements and anticipated debt service prior to the commencement of project planning.

At current enrollment levels, the revenue generated by the fee extension would be approximately \$2.7 million annually. This revenue, available for an extended period under the proposed fee continuation, would contribute substantially to the debt payment required to replace Freeborn Hall. Debt service projections assume a 4.25 percent planning rate and a 30-year amortization period. The replacement facility may include a down payment from the current fee's carry forward balances. Furthermore, an expanded range of uses in a replacement facility may be supported by other fund sources.

Once a more detailed scope of work and cost projection is defined for a Freeborn Hall seismic replacement project and once other facilities in need of study or improvements have been identified, a prioritized funding plan for each facility will be developed. Any remaining revenue collected from the Student Facilities Safety Fee after meeting debt service requirements and the funding of seismic feasibility studies will be used to fund additional seismic and safety projects in student-fee funded facilities. Capital seismic and safety projects using this fee as a fund source will be approved in accordance with University policies.

Consistent with the fee administration terms as adopted by the Regents in 1995, the campus will continue to set aside 25 percent of the total fee for financial aid; that set-aside is accounted for outside of the project fund projections noted above.

Relevant Authorities

The President is seeking the Regents' approval to extend the Student Facilities Safety Fee, because as a matter of Presidential policy, the administration requests Regents' approval for compulsory campus-based student life-safety fees. The relevant policy is the University's Presidential "Policy on Compulsory Campus-Based Student Fees"¹ (Policies Applying to Campus Activities, Organizations and Students)," dated March 22, 2007, which states:

83.0 Exceptions to the Referenda Requirement

83.10 A new compulsory campus-based student fee, or an increase to or renewal of an existing such fee, may be approved by the Regents subject to the President's and the Chancellor's recommendation, and does not require a student referendum, under any of the following circumstances:

83.12 When the Chancellor determines that a new fee or an increase to or renewal of an existing fee, is necessary for the health and safety of students, and when that fee or fee increase or renewal is specifically related to the maintenance of the safety of a building or other facility that is funded wholly or in significant part (as determined by the Chancellor with the concurrence of the Office of the President) by student fees. Safety issues are those that are potentially dangerous and consistent with the standards set forth in the University Policy on Seismic Safety and the University Policy on Management of Health, Safety, and the Environment, as determined by the Chancellor with the concurrence of the Office of the President, such as those that relate to the risk.

Key to Acronyms:

ASUCD	Associated Students, University of California, Davis
COSAF	Council on Student Affairs and Fees
GSA	Graduate Student Association
LSA	Law Students Association

¹ Available at <http://policy.ucop.edu/doc/2710528/PACAOS-80>.