

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM – CONSENT

For the Meeting of November 15, 2017

APPROVAL OF PRELIMINARY PLANS FUNDING, KRESGE COLLEGE NON-ACADEMIC, SANTA CRUZ CAMPUS

EXECUTIVE SUMMARY

The Santa Cruz campus proposes the *Kresge College Non-Academic* project which will construct a new 60,000-assignable-square-foot (asf) student housing complex, a new 4,000-asf town hall, renovate 38,000 asf of residential space for continuing students, renovate 11,000 asf of existing facilities for student services use, and provide new accessible parking spaces. The *Kresge College Non-Academic* project is part of a larger Kresge College project¹ that would reprogram the entire Kresge College site to create a residential village at the west and south end of the college, a student services hub at the east, and create an academic hub at the north end of the college (*Kresge College Academic*). This will strengthen the academic presence in the college and its connections to the campus community, address functional deficiencies due to awkward programmatic adjacencies, and reinvigorate the living-learning environment of the college.

The proposed project would optimize the development potential of the Kresge College site, and provide student housing consistent with the campus's 2005 Long Range Development Plan and in compliance with the amended 2008 Comprehensive Settlement Agreement². Recent campus projections indicate approximately 1,500 new beds will be needed by 2023-24; however, it is possible that enrollment spikes could require that these beds be delivered earlier.

At the September 2017 Regents meeting, this project was presented as a discussion item. In that presentation, the campus shared its intent to densify and reprogram the college through demolition and new construction of some structures and selective rehabilitation of others. Initial studies have suggested that this is the most cost-effective approach to achieving the campus's goals for the college. Additional investigatory surveys and analyses will be conducted during the preliminary planning phase to understand existing conditions, validate previous assumptions

¹ For purposes of CEQA, the entire Kresge College Project, which also includes academic components (proposed separately), will be evaluated as one project.

² As part of the 2005 *University of California, Santa Cruz Long Range Development Plan* signed by the University and the City of Santa Cruz an agreement was made that requires the campus to provide housing in proportion to enrollment growth over the course of the 2005 LRDP.

driving project costs, and reassess the project accordingly. Any adjustment to the project scope, including complete or more substantial redevelopment of the site, would be presented to the Regents when budget and design approval are requested at a later date.

The Regents are being asked to approve preliminary plans funding in the amount of \$9,661,000 to be funded by housing auxiliary reserves (\$8,127,000), student fee reserves (\$1.2 million), parking auxiliary reserves (\$100,000), and campus funds (\$234,000). This funding would support scope refinement, preliminary schematic design, design development, and project cost estimating. External consultants will include construction management services. Services will be provided by special consultants including civil engineer, food services consultants, landscape architects, sustainability specialists, and building envelope/waterproofing consultants. Additional consultants will provide: independent seismic reviews, air quality, acoustics, and geotechnical analyses, biological and hydrology delineation, California Environmental Quality Act environmental planning and review, legal review, and guidance for code compliance, telecommunications systems, and security.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that the 2017-18 Budget for Capital Improvements be amended to include the following project:

Santa Cruz: Kresge College Non-Academic – preliminary plans – \$9,661,000 to be funded from housing auxiliary reserves (\$8,127,000), student fee reserves (\$1.2 million), parking auxiliary reserves (\$100,000), and campus funds (\$234,000).

BACKGROUND

At the September 2017 Regents' meeting, a discussion item (*Kresge College Project, Santa Cruz Campus*) provided an overview of Kresge College within the context of housing and academic space challenges facing the Santa Cruz campus. In addition to these issues, the campus has significant deferred maintenance and capital renewal needs. The Kresge College project is an opportunity for the campus to help address some of these challenges within one expansion and renewal project. The discussion provided the Regents with context for *Kresge College Academic* and the *Kresge College Non-Academic* projects. A related action, *Approval of the Preliminary Plans Budget, Kresge College Academic, Santa Cruz Campus*, appears separately on the Committee's November 2017 agenda.

Project Drivers

Each college on campus, including Kresge College, has been designed by renowned architects who created places to emphasize Santa Cruz's commitment to environmental stewardship and community engagement. Maintaining the cultural character of Kresge demonstrates environmental stewardship and responds to the interest in the project developed as part of the

community engagement efforts during programming and predesign studies. The following are the primary project drivers:

- 1) Delivering the project as efficiently as possible, in order to avoid adverse impacts on future student rates and fees;
- 2) Balancing rehabilitation with new construction to demonstrate environmental stewardship and cultural resource management;
- 3) Improving the student experience in residential areas;
- 4) Continuing operations of the college during the construction project;
- 5) Increasing efficiency and creating a student support hub for instructional and student support spaces;
- 6) Maintaining commitments by the University to provide a minimum number of beds to be available on campus in relationship to enrollment growth;
- 7) Meeting high demand for on-campus rooms, which is caused by enrollment increases and a competitive private market for off-campus housing; and
- 8) Increasing college bed capacity to be commensurate with the size of other Santa Cruz Colleges.

The project addresses these drivers by:

- 1) Providing affordable student housing units to address current unmet demand for freshmen and continuing students and improving the student experience in housing facilities;
- 2) Rehabilitating the existing buildings and the site to update to current building codes and to provide accessibility, while maintaining the original design characteristics;
- 3) Creating a clearly defined residential zone with social amenity and outdoor gathering spaces within the college to support first-year and continuing student life;
- 4) Implementing a phased construction to minimize programs, including beds, classrooms, and student support spaces, that will be required to be out of use during construction;
- 5) Concentrating student support programs together in adjacent rehabilitated buildings in the southeast area of the site to provide convenient access to these resources for not only Kresge students, but students living on the west side of campus as well;
- 6) Providing housing to address the campus's enrollment growth objective of 19,500 by 2020-21 and to contribute towards the goals of the President's Student Housing Initiative.
- 7) Providing an additional 182 beds bringing the total to 676 beds for Kresge College in line with the average number beds at other colleges.

PROJECT DESCRIPTION

The proposed *Kresge College Non-Academic* project would renovate approximately 48,000 assignable square feet (asf), and build an additional 64,000 asf, allowing for programmatic synergies to thrive between student services and student housing programs. The project will increase density of the site by constructing new multi-story student housing building(s) (approximately 60,000 asf total), a café, housing administration space, college co-op programs, and a new town hall. Bed count at Kresge College would increase by 50 percent, from 368 to approximately 550 beds. New student support services, including health programs, will be

clustered together to support not only the college, but the campus as well. Site development will include accessibility improvements to an existing 400-foot pedestrian bridge spanning the Moore Creek ravine, utilities replacement and improvements, expansion of outdoor gathering spaces, and accessibility throughout the college. Some of the existing buildings will retain their original purpose, while others will be reprogrammed to optimize the use of the site and meet growing campus needs.

Table 1: Existing and Proposed ASF by Program

Existing Use	Existing ASF	Proposed ASF
Residential	74,000	106,000
Student Services	3,000	11,000
Total	77,000	117,000

The project capitalizes on utilizing open flat space at the periphery of the site for higher density new construction. This strategy allows new construction to move forward efficiently with minimal shutdowns and impact to operations in existing buildings.

The steep terrain of the site, coupled with the constrained college site boundary, further drives the proposed student housing program to be concentrated in two new residential buildings located along a campus road at the western portion of the site (see Attachment 4B). Design of these buildings would include suite-style units that would house 400 first-year students. Together with the 150 beds for continuing students, the new college proposes a total 550 beds within the site footprint.³ This size was driven by three factors: 1) increasing the size of the college to be commensurate with the size of other colleges, 2) delivering beds to complement, support, and not compete with the adjacent non-college affiliated *Student Housing West* project beds and 3) providing beds in proportion to college administration and student support spaces required to support the increase.

Suite-style configurations were selected because they are a more appropriate layout for freshmen, encouraging social interaction and promoting a sense of community for their first year. The current program proposes a larger community room and/or kitchens in each of the residential buildings, along with a new cafe. Student support staff will have significant connections with students similar to the existing residence halls. Social lounges with study spaces will be present on each floor for students to study and socialize. Freshmen residents can dine at any of the existing dining halls on campus, consistent with current campus practices. Dining facilities are typically shared by two colleges: Kresge and Porter share the Porter dining facility⁴, which is approximately a quarter-mile to the south of Kresge College. Existing buildings would be renovated and/or repurposed to house 150 students (mostly continuing students) in apartment-style units. These new and renovated residential buildings will now form a dedicated student-

³ There are 126 additional bed spaces affiliated with Kresge College which are not located on the project site. Upon project completion, there would be approximately 676 affiliated Kresge bed spaces.

⁴ The Porter dining facility is part of a planned dining hall expansion project as listed in the 2016-26 Capital Financial Plan accepted by the Regents in January 2017.

focused zone centered on a new landscaped “quad”. Additional buildings will be rehabilitated for student housing and student co-op space surrounding the original outdoor piazzetta, creating a more active student gathering space.

Campus-wide student services programs would be clustered on the south-eastern portion of the site, between the residential and academic programs. This site allows for convenient access by students, regardless of mode of travel. The new multi-purpose “town hall” building is proposed for student gathering, and opens directly onto an expanded flat civic plaza which can facilitate larger events.

Site infrastructure improvements are being proposed as part of the *Kresge College Non-Academic* project to allow for improved circulation and accessibility. In addition to upgrades and extension of standard utilities, outdoor amenities will be provided including a new outdoor college commons, an activated piazzetta, a civic plaza/recreation area, and quiet respite areas. To aid in accessibility: the existing north bridge will be upgraded and widened; ramps and stairs will be added; and accessible parking spaces and pedestrian connections improvements will be made to existing parking lots. Water filtering landscaping and a rehabilitated Kresge meadow will provide storm water management features.

Affordability

Affordability and availability of housing is an issue for many students at the Santa Cruz campus where geographic barriers and transportation limitations reduce the areas in which students can live, work, and study. The Santa Cruz local housing market has not increased supply to keep pace with demand in recent years. Over the past five years, market listings have increased by an average of 5.94 percent a year⁵. There are few prospects for near-term supply increases in the private market. As a result, it is not anticipated that there will be much reduction in the demand for or pricing of off-campus housing.

The proposed project would offer students rental rates consistent with recently remodeled housing at other colleges. Also, the Colleges, Housing, and Educational Services system has a goal of keeping rates as attractive as possible by limiting annual increases to three percent. At project completion in 2023-24, the proposed rental rates could range between 18 and 23 percent lower than the existing off-campus housing rates assuming annual market increases continue at roughly six percent.

Revenue and expenses for all student housing is syndicated; all beds in the system support projects across the system. The on-campus housing system provides rental rates below market which aids in the recruitment and retention of students. In addition to affordability, living on-campus offers intangible value for students in the areas of academic success, convenience, stronger sense of community, safety, and security. Year after year, increasing numbers of continuing undergraduate students have applied for on-campus housing only to learn that they

⁵ UC Santa Cruz Community Rentals Office

cannot be accommodated. The primary purpose of this project is to provide housing to freshmen in suite-style spaces, and to continuing students in apartment-style housing. The project would provide them a collegiate living experience in a mixed-use environment that is adjacent to academic and social spaces and campus amenities.

Analysis of Construction Options

An extensive analysis was performed during predesign studies to evaluate the physical planning required to meet programmatic needs. Multiple scenarios were studied to analyze cost, programmatic, and schedule implications and inform the extent of renovation, redevelopment, and new construction. Rough order of magnitude estimates confirmed that selective renovation versus full redevelopment had a potential construction savings of at least 20 percent. The work done in the preliminary planning phase will allow the campus to assess if these estimates were appropriate or if a more extensive redevelopment of the site should be considered.

While preliminary cost studies show construction savings in building costs by prudently renovating some of the existing buildings, the bigger impact is in site development. Completely redeveloping the site with new footprints, additional grading, retaining walls, circulation infrastructure, and foundations that would be required exceeds the budget for housing and student support space. With significant topography changes, forested areas, and difficult vehicular access, limiting site development is an extremely effective way to control costs.

The development strategy concentrates new construction at the periphery of the site, taking advantage of open, larger, sites with good vehicular access for higher density development. The Kresge site has very limited access with highly sloping terrain. The existing building pads are small and scattered at different levels across the site. Concept phasing plans proposed demolishing a total of nine existing buildings (39,000 asf): five buildings to provide adequate building sites for new construction, two buildings to enable site accessibility between sloping terrain, and two buildings to create new gathering areas and new water filtering landscaping. The remaining 14 existing buildings (53,000 asf) are proposed for extensive renovation/rehabilitation. This concept phasing plan for the existing Kresge College buildings provides the following benefits over complete redevelopment of the site:

- Reusing existing flat building sites avoids significant site costs associated with extensive grading, retaining walls, new foundations and circulation infrastructure, and allows reuse of existing underground utility paths.
- Keeping existing foundations and some of the primary interior structural systems for construction savings. The extensive scope of the rehabilitation consists of replacing the entire envelope, including doors and windows, replacing engineered systems and modifying interior layouts. Preliminary building conditions findings support reuse of these elements. Further evaluations will occur during preliminary plans.
- Throughout the project, the phased construction will allow existing programs to remain in operation while Phase 1 is being built. This approach minimizes disruption to academic programs, maintains housing capacity, and minimizes costs and space needs for decanting current users.

- Balancing rehabilitation of existing buildings with new construction on the periphery is informed by compliance with the site's designation as a historical resource. The defining architectural features of some of the existing Kresge site and buildings can be more readily integrated into the design, minimizing its impact under the California Environmental Quality Act (CEQA), and potential legal challenges that could arise which would significantly delay the project, and addressing the historic and cultural significance of the original college development.

In summary, project delays, loss of revenue, and added construction and design costs could be ten to 40 percent higher for a new construction project of equivalent scope. Given limitations on debt capacity, the campus would need to either significantly reduce project scope or fall back to another alternative to meet program needs. Further analyses during preliminary plans will be conducted to confirm these cost assumptions. A carefully selected balance of redevelopment and new construction is the preferred pathway forward. This approach is expected to expediently deliver new beds at a cost that would help keep the student housing rates to a minimum.

To minimize risks posed by unknown conditions associated with renovations, a buildings conditions assessment was conducted in 2016 to outline the deficiencies and improvements required. The majority of building renovations will occur in Phase 2 of the project; however, two renovated buildings have been included with the Phase 1 work. This will provide a more thorough preview into existing conditions and allow the design team to address any issues before finalizing the construction documents. Using a Construction Manager at Risk delivery, a Construction Manager will be included during the design phase for preconstruction services, assist with dynamic costing, and provide construction evaluation. The campus will further assess building conditions with destructive testing where necessary during the design phase, and can modify assumptions as to the extent of renovation, as required.

Funding Plan and Schedule

The overall Kresge College project will be implemented through two primary funding plans. The budget for this non-academic project (student services, housing facilities, and parking) will be funded as follows: housing will be funded by campus housing reserves, and external financing backed by housing resources; student services facilities will be funded by student fee reserves and campus funds; parking will be funded by parking reserves and external financing backed by parking resources. A separate academic space project, *Kresge College Academic*, is proposed to be funded through campus funds and external financing supported by State General Funds. The academic space in the proposed project is part of the 2018-19 Budget for State Capital Improvements that will be presented to the Regents for acceptance at this meeting and was submitted to the Legislature and Department of Finance on August 28, 2017. Each budget action of the project, non-academic and academic, will request appropriate separate approvals. The renovation and new construction work will be coordinated in order to contain costs, minimize disruption to ongoing campus operations, and accelerate completion.

Following appropriate approvals of the budget, financing, design, and CEQA, construction would commence in fall 2019, with the goal of completion of Phase 1 by fall 2021 and Phase 2 by fall 2023.

KEY TO ACRONYMS

ASF	Assignable-Square-Foot
CEQA	California Environmental Quality Act

ATTACHMENTS:

- Attachment 1: Preliminary Plans Budget
- Attachment 2: Delivery Model
- Attachment 3: Alternatives Considered
- Attachment 4: Site Context

ATTACHMENT 1

PRELIMINARY PLANS BUDGET

<u>Category</u>	<u>Amount</u>
A/E Fees ⁽¹⁾	\$5,380,000
Campus Administration ⁽²⁾	\$1,116,000
Surveys, Tests, Plans ⁽³⁾	\$1,085,000
<u>Special Items ⁽⁴⁾</u>	<u>\$2,070,000</u>
Total Budget	\$9,651,000

¹ Executive architect, schematic design, design development, and construction management services.

² Campus project management, planning, engineering and design review, and contracts administration.

³ Site surveys including: soils, geologic borings and trenching; and design phase testing.

⁴ Programming consultants, CEQA documentation, peer reviews, specialty consultants, and agency fees.

DELIVERY MODEL

The Kresge College project is currently anticipated to be delivered as Construction Management at Risk (CMAR). The campus has found that CMAR will allow the project team to gain feedback from the construction management team early to address project complexities, including existing site and building conditions, cost management and project phasing. This project involves overlapping and competing interests of multiple stakeholder groups, critical adjacencies of multiple programs, and a combination of renovation of architecturally important buildings and new construction. CMAR delivery can deal effectively with these issues and with the environmental reviews necessary for this project. While CMAR is a potentially effective approach, construction delivery methods are one of many factors that will be evaluated during the preliminary planning phase.

It is possible that the assessments done during this phase would suggest a method other than CMAR to be better suited for this project. The criteria for selecting the appropriate method will include:

- Minimizing the ability for owner directed changes after initial programming.
- Shifting appropriate level of financial risks and incentives to the project team.
- Minimizing the risk of CEQA delays related to historic preservation.
- Obtaining competitive subcontractor bids.
- Integrating difficult site constraints and phasing into the design solution and the budget.

Construction of the overall Kresge College redevelopment and renovation is proposed in two phases in order to reduce, if not eliminate, the need for moving programs during construction. Phase 1 starts construction in fall 2019 and will be delivered August 2021. This phase includes the construction of the residential buildings, accessibility improvements to the north bridge, a new academic plaza, and the new town hall proposed in this item as well as new academic facilities. Phase 2 would commence upon completion of the new buildings and would include the renovation of all remaining existing buildings. Expected completion of Phase 2 is summer 2023.

The campus decided to exclude Kresge College from its existing Student Housing West project P3 process for master planning and developing new housing opportunities on campus, based on the complexity of the Kresge program, the challenges of the site, and the sensitive nature of the existing architecture. It was determined that the Kresge College project would likely delay the delivery of the critical new bed project.

ALTERNATIVES CONSIDERED

The following alternatives were considered:

- A. Perform deferred maintenance and required code upgrades on existing buildings
- B. Build new facilities, and renovate existing buildings to create better program synergies (Recommended)
- C. Redevelop the entire site and construct all new buildings
- D. Defer the project

Details each alternative is identified below. Thorough studies and analysis indicate Alternative B would meet the primary project goals and minimize financial obligations.

A. Perform deferred maintenance and required code upgrades on existing student housing and student services buildings

The least expensive path to extend the usable life of Kresge College student housing buildings would be to perform deferred maintenance and required code upgrades. Doing so would address existing building condition deficiencies as well as perform code and accessibility upgrades. Complexities would result from separating student housing scope from non-student housing scope as the buildings are interconnected. In addition, performing the minimum scope is not a prudent financial investment, as doing so would ignore the programmatic deficiencies of Kresge College and would continue to place freshman in inadequate living accommodations.

Also, a major renovation project of this scope is not a candidate for a summer-only project and thus, will have a significant impact on housing operations. Building envelope replacement, as well as anticipated repairs to building framing systems and infrastructure would take multiple months to complete. Subsequent to envelope repairs, interior work would need to take place. Each building would likely take nine to 12 months for project scope completion. Performing this scope on all buildings is not feasible as there are no options for moving the existing Kresge occupants. The campus does not have the residential, classroom, and administrative space required to phase a project of this magnitude.

B. Build new “Suite” style facility for freshmen; renovate existing buildings to create appropriate apartments for sophomores; and renovate existing buildings for student services spaces.

Constructing a new academic building and modifying the existing buildings is the recommended option. This option would be phased to allow existing programs to be moved into new buildings so that the existing buildings could subsequently be renovated and repurposed.

While this project budget would be higher than some of the other alternatives, it would extend the usable life of the existing Kresge College buildings, while also addressing the fundamental

programmatic issues. Doing so would address existing building condition deficiencies, as well as performing code and accessibility upgrades.

C. Redevelop the entire site and construct appropriate freshman and continuing students housing; deliver all new facilities for student services spaces.

Alternative C would be the best way to resolve the fundamental programmatic issues associated with the existing design at Kresge College. New housing, student support, and academic facilities would be compelling and attractive to future residents. However, constructing all new buildings is not the recommended option, due to numerous complexities associated with this type of project. The site is very constrained and consists of steep terrain. Open flat space for new construction exists only at the periphery along a road. Phasing of new construction would severely limit heavy construction equipment access into the middle of the site, driving up construction costs. Maintaining college operations and lack of decanting space across campus further exacerbates the delivery of the project.

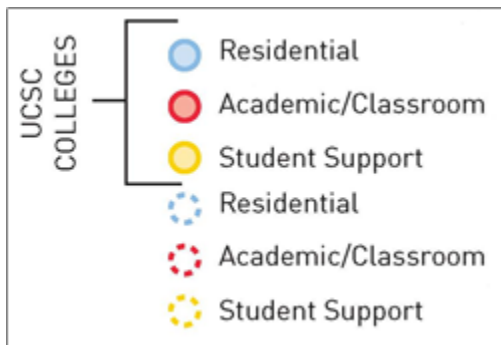
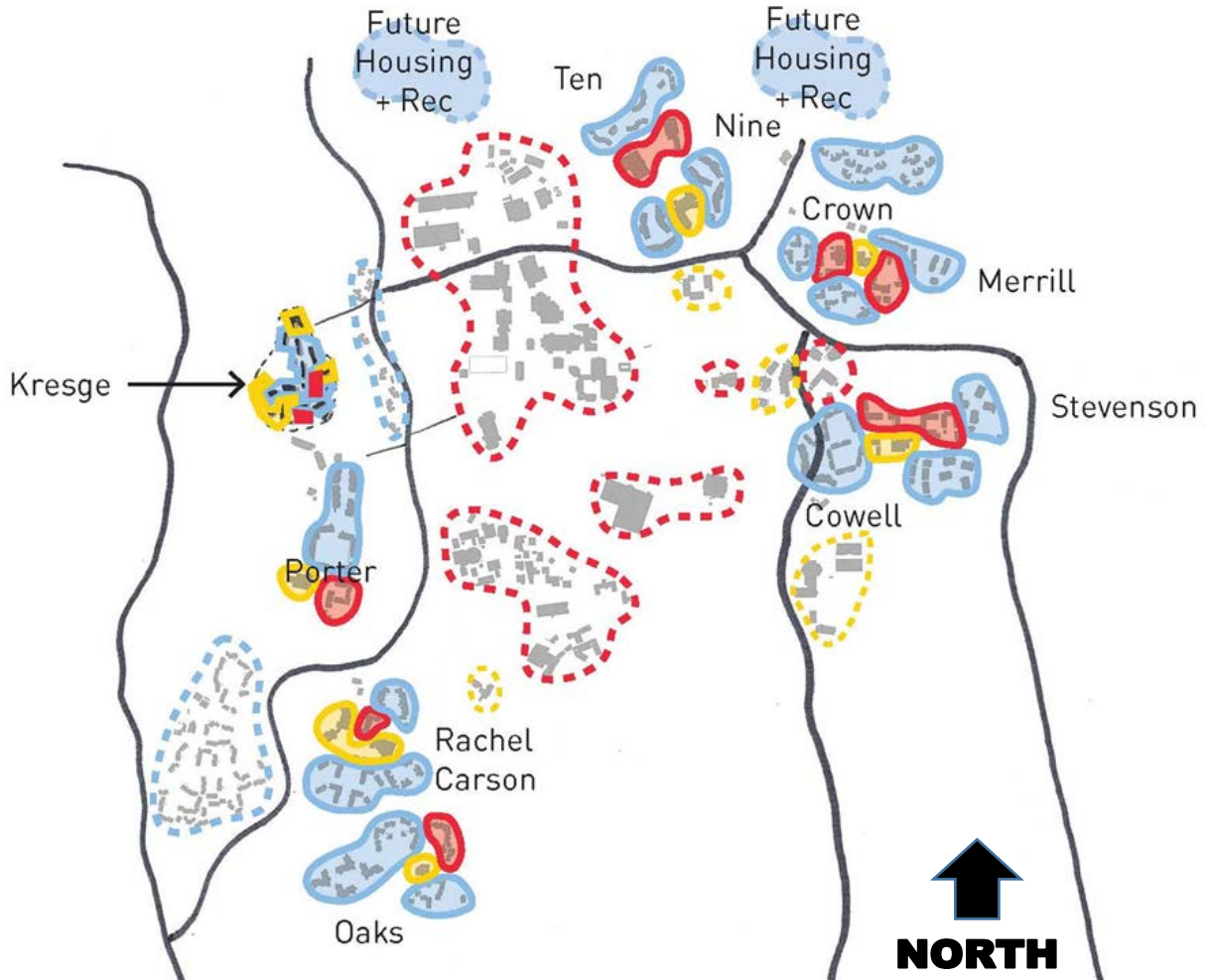
When considering the historic significance of the Kresge architecture there could be opposition to departures from the original design intent. Maintaining the cultural character of Kresge demonstrates environmental stewardship and responds to the interest in the project as developed during community engagement during programming and predesign studies. The total replacement approach may not be practical, as the project schedule could be delayed substantially by community response to this approach, given the interest in the facilities and site context.

Of all the considered alternatives where work is performed, this option would have the largest financial impact on the campus. Preliminary rough order magnitude cost analyses indicated that this approach could be as great as 30-40 percent higher than Alternate B. In order to protect against risks associated with this approach, a significant contingency would need to be added to the total project budget forecast. The campus is not in a financial position to fund such a large commitment.

D. Defer the project

Given anticipated campus enrollment increases and serious existing space deficiencies, coupled with the physical state of Kresge College, the “no project” option is not considered reasonable. In addition, the rapid escalation trend in Santa Cruz construction costs would likely substantially increase the ultimate cost of the project.

SITE CONTEXT



CONCEPT PLAN - SITE DETAIL

