

Revised

Additions shown by underscoring; deletions shown by strikethrough

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Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

INFORMATION ITEM

For Meeting of November 17, 2021

KRESGE COLLEGE NON-ACADEMIC, SANTA CRUZ CAMPUS

EXECUTIVE SUMMARY

The Regents approved the Kresge College Non-Academic project in March 2019 for a total project cost of \$205.65 million. The original project constructs new space, renovates existing structures, and demolishes obsolete space, resulting in 94,300 net assignable square feet (asf) of modern housing, residential life, and student support space. The project replaces 365 existing beds with 550 beds, yielding a net new 185 beds. The project also provides substantial site improvements throughout the eight-acre Kresge College site to serve the college as well as adjacent housing development on the west side of the Santa Cruz campus. One of the primary drivers for the project was making the college, which has a 50-foot slope difference from north to south, fully accessible; this includes improvements to a 400-foot pedestrian bridge connecting the college and west side of campus to the academic core and new accessible walkways and connections throughout the college.

The approved project was structured as two phases: the first phase includes new construction of three residential halls (400 beds) and associated site work and began construction with an early site work package in fall 2019. The second phase consists of renovating existing buildings for apartments (150 beds), residential life programs, student support and college academic space, and related site work. See Table 1 below for additional information.

Due to shifting priorities and increased costs primarily due to the COVID-19 pandemic, the Santa Cruz campus is presenting a new vision for phase two of the project that adapts to the changes the last year has brought, benefits from the considerable site investment the campus has made, delivers additional beds for which there is great demand, and maximizes the opportunity for State funding to address the student housing challenge.

The Santa Cruz campus proposes an augmentation and scope amendment totaling \$124.35 million for the Kresge College Non-Academic project. There are two funding sources: (1) \$35.35 million of campus funds to address high bids from the approved original base scope, and (2) \$89 million of anticipated State funding from the Higher Education Student Housing Grant Program (Senate Bill 169) to expand the housing scope.

The expanded scope includes an additional 320 beds and would be implemented in the project's second phase. These additional beds would count toward the campus's commitment to providing beds for newly enrolled students under the 2021 LRDP. If the campus does not receive State support to fund the expanded scope, the project will move forward using campus resources to ensure that the additional beds are achieved. These campus resources were initially intended for other projects, including seismic retrofits and housing. A short-term internal loan may be paid back by Colleges, Housing and Education Services, so longer-term seismic retrofits and other needs may still proceed and be addressed.

Table 1: Summary of Budget and Scope Amendment

	BASE PROJECT	HOUSING EXPANSION	TOTAL (BASE + EXPANSION)
Budget (\$M)			
Original	\$205.65	n/a	\$205.65
Augmentation	\$35.35	\$89.00	\$124.35
Total	\$241.00	n/a	\$330.00
Bed			
Residential Hall	400	n/a	400
Apartments	150	320	470
Total	550	320	870
Net New	185	320	505

At this meeting, UC Santa Cruz will provide an update on the Kresge Non-Academic project, describing the augmentation to the original base scope and the expansion of the housing scope. The campus will return to the Regents in early 2022 with an action item requesting an augmentation of budget, scope, and design following action pursuant to the California Environmental Quality Act.

BACKGROUND

Since the inception of the Santa Cruz campus, housing facilities have been integrated into the colleges to enhance the development of a vital intellectual community, promote engagement in university life, and support student recruitment, retention, and graduation. UCSC's founding vision was to create an integrated living-and-learning environment through engaging academic and extracurricular programs which are centered in the residential colleges. The original intent was to provide a close-knit academic and support structure at an intimate scale through the colleges while striving to grow as a first-class research institution. This idea endures today to support students and encourage their success.

Kresge College was founded in 1971 as the sixth of ten colleges at UCSC. Over 45 years, Kresge students have enjoyed creative community spaces, academic affiliations, and apartment-style housing that fostered independence amidst a supported environment. However, time has taken its toll on the college building structures, and its spaces are in dire need of renovation and seismic upgrades. Additional space is needed for housing, student, and academic programs as the campus grows.

In the original Kresge College plan, academic, residential, and student programs were interspersed. In the proposed project, Kresge College would be reorganized to create zones that provide residential privacy, social interaction, recreation, and a separate academic and student program focus, improving wayfinding while retaining critical areas of overlap between programs of the original concept of the college. Organized along a ridge in a redwood forest, the college was designed by Charles Moore of Moore, Lyndon, Turnbull, Whitaker to foster a dynamic academic student community and is regarded as an iconic work of early post-modern architecture. The Kresge Non-Academic project aims to update the college to continue its legacy while accommodating today's student body.

Base Project Scope High Bids

The Kresge College Non-Academic project is a phased project: phase 1 is primarily new construction and site work, and phase 2 is primarily renovation. Phases 1 and 2 were bid together as one project, with an option to move forward with only the first phase, depending on the bids received. This strategy allowed the campus to leverage the larger scale of the full project in an attempt to attract more competitive bids.

The bid opening for phases 1 and 2 was in April 2020, just a few weeks after the COVID-19 pandemic started and stay-at-home orders had been issued in Santa Cruz County. Many bid packages came in high, even though cost estimates during the design phase, provided by both the Construction Manager at Risk (CM@R) and the design team's cost estimating consultant, indicated that the project was on budget. A key factor in the higher than anticipated bids was the uncertainty in the market at the beginning of the COVID-19 pandemic. Because the need to deliver beds in accordance with the 2005 Long Range Development Plan's Comprehensive Settlement Agreement was paramount, the campus moved forward to award the phase 1 work for new construction of the three residential halls and the associated site work necessary to support the new buildings only. This work is under construction, with the beds anticipated to be delivered in fall 2022. At that time, the team began a review of options to value-engineer the phase 2 scope; the campus's initial review showed that the project was within a 15 percent threshold value of a potential scope adjustment.

Additional events from the year 2020 continued to affect the project: material shortages and supply chain challenges, evacuation orders from the CZU Lightning Complex Fire, and increased lumber costs have all contributed to schedule delays and higher site costs for phase 1, and higher cost estimates for phase 2. Along with the pandemic, these events have allowed the campus to reconsider the project to expand further the number of beds delivered.

Opportunity to Expand Housing

The pandemic has changed space needs and shifted priorities over the last 18 months. With the housing shortage in the Santa Cruz area, recently exacerbated by the loss of 1,000 homes in Santa Cruz County due to the CZU Lightning Complex fire in August 2020 and housing market pressures due to the pandemic, the campus began looking at the Kresge College Non-Academic project as a potential opportunity to expand the campus's housing stock to accommodate current and new student enrollment. The possibility of funding from the State's Higher Education Student Housing Grant Program presents an opportunity to expand the housing scope of the project and address the highest priority of UC Santa Cruz students today: adequate and affordable housing.

PROJECT DESCRIPTION

Augmentation of Original Base Scope (approved in March 2019)

The approved base scope of the Kresge College Non-Academic project renews Kresge College using several different approaches: constructs new housing to provide 400 beds and renovates existing housing to provide 150 beds. The 550 beds represent an approximately 50 percent increase over the 365 beds currently available at Kresge College. Refer to Attachment 2 for a map showing new construction, renovation, and demolition.

In addition to the 550 beds, the approved base scope also included student support space and college academic space. Site development across the eight-acre site includes accessibility improvements to an existing 400-foot pedestrian bridge, utilities replacement and improvements, expansion of outdoor gathering spaces, stormwater management systems including harvesting stormwater runoff for non-potable demands such as irrigation and toilet flushing, and accessibility and circulation improvements throughout the college. Refer to Attachment 4 for a detailed description of the approved original base program.

Expansion of Housing Scope

Seven of the 11 existing buildings to be renovated will now include expanded housing. These are buildings A1, R1, R2, R4, R6, and R8, which were formerly demolished, and building R10, which formerly was to be used for student support space.

The existing buildings are historically significant. The proposed housing expansion works within these constraints to add a floor to six renovated wood-framed housing buildings (R1, R2, R4, R6, R8, and R10), taking advantage of the additional space from the existing high ceiling heights on the upper floor while maintaining the same footprint for efficiency and historic integrity. Building A1 will now be fully renovated. Building R8, which was formerly slated for demolition, and building R10, which had formerly been repurposed as student support space, will be retained for residential space. The majority of residential space would be designed as apartments with triple occupancy for undergraduates and more flexible suite typologies for the

remaining residential space.

The additional 320 beds delivered by this expanded scope will support projected enrollment needs. Because the additional beds can benefit from residential amenities and site work already included in the original scope, the cost per bed with the housing expansion would be approximately 70 percent of the cost per bed in the original project.

No significant site improvements are required as the expanded housing scope will benefit from investments made in the site from the original scope of the project. Some additional utilities capacity will be studied in the design development phase to serve the additional beds.

The changes to the original base scope are outlined below.

- Original scope: The approved March 2019 project scope has buildings R9 and R10 fully renovated for student support.

Proposed scope: Student Support space in buildings R9 and R10 is proposed to be reduced by about 6,600 assignable square feet (asf) from the original program (see Table 2 below). The additional student support space at Kresge is no longer necessary. Existing space centrally located in Quarry Plaza, a student support hub, has become available for use by the identified services. In addition, the expanded use of tele-health and remote services has reduced the need for some of the envisioned physical space. Housing continues to be in high demand. The campus proposes to use buildings R9 and R10 for residential apartments for continuing students. The renovation of building R9 will be deferred but can be used for residential housing until then. Building R10 will be fully renovated.

- Original scope: The approved March 2019 project scope has building A1 partially renovated and building R8 demolished.

Proposed scope: Building A1 would be fully renovated, and R8 would be retained as residential space.

- Proposed scope: Add approximately 24,500 asf of renovated residential space to the approved program (see Table 2 below). This would enable the delivery of approximately 320 beds. The 870 beds provided by the expanded project represent an increase of almost 240 percent over the existing bed count of 365.

Refer to Table 2 below for a program summary and Attachment 2 for a map showing the expanded housing scope.

Table 2: Kresge College Non-Academic Project – Program Summary (ASF)

Program Component	Approved Base Scope	Expanded Housing Scope	Total (Base + Expansion)
Housing and Residential Life			
Res Halls, Cafe	46,000	--	46,000
Apartments	35,500	+ 24,500	60,000
Town Hall	2,800	--	2,800
Student Support	10,000	- 6,600	3,400
College Academic	2,800	--	2,800
Total (ASF)	97,100	17,900	115,000
Total Project Bed Count	550	320	870
Total Net New Project Bed Count	185	320	505

Proposed Budget Change

The proposed augmentation would increase the previously approved full budget of \$205.65 million by \$124.35 million for a new total project budget of \$330 million (see Table 3 below).

Augmentation of Original Base Scope – Budget

The high bids for the base scope would be funded by an additional \$35.35 million from campus funds.

Expansion of Housing Scope – Budget

The expanded housing scope in seven existing buildings and related site work is proposed to be funded by an additional \$89 million from the State’s Higher Education Student Housing Grant Program. Because of the critical need for student housing, the campus has determined that the opportunity cost of redirecting funds designated for other projects to backstop this State funding request is in the best long-term interest of the campus and students.

Table 3: Kresge College Non-Academic Project – Budget Summary by Fund Source (\$)

Funding Source	Approved Budget	Base Scope Augmentation	Expanded Housing Scope Augmentation	Total (Base + Expansion)
Auxiliary Reserves (AR)	8,600,000			8,600,000
University Fee Reserves (UR)	1,200,000			1,200,000
General Campus Funds (CF)	27,547,000	35,350,000		62,897,000
External Financing (EF):	168,303,000			168,303,000
State Funding: Higher Education Student Housing Grant Program			89,000,000	89,000,000
TOTAL	205,650,000	<u>24,350,000</u> <u>35,350,000</u>	<u>100,000,000</u> <u>89,000,000</u>	330,000,000

Project Delivery

The Santa Cruz campus considered several options when determining the optimal project delivery method for the Kresge Non-Academic project. Phase 1 started construction at the end of 2019 using Construction Management at Risk (CM@R). The CM@R provided the campus with an integrated design team approach and early input from the contractor regarding staging and phasing.

Phase 2 will be rebid. As the campus prepares for the second phase of the project, which is primarily renovation rather than new construction, the project is exploring delivery models to determine what would be the best option to serve the project and balance the desired level of project control, financial certainty, and the project's target delivery date.

Refer to Attachment 3 for a map showing the project's construction progress.

Phasing and Schedule

Phase 1 includes the three newly constructed residential halls and associated site work currently projected to be complete in fall 2022, one year later than the original delivery date of fall 2021. The prolonged schedule is due to impacts from the COVID-19 pandemic cited earlier in the item.

For phase 2, the campus intends to develop the preliminary design and schedule for the expanded housing scope. The campus intends to return to the Regents in early 2022 with an action item requesting an augmentation of budget, scope, and design following action pursuant to the California Environmental Quality Act. Taking advantage of the work already done, phase 2 is projected to start construction in fall 2022. As Kresge College will remain operational during construction, the campus is reviewing if the project can be delivered in one phase or if it will need to be sequenced. The campus is targeting fall 2024 for the bulk of the project to be completed, with the balance of work delivered by spring 2025. The project has funds encumbered to complete the design development of proposed revisions.

Sustainability

This project will 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 is included in the project's budgeting, programming, and design effort.

Key to Acronyms

ASF	Assignable-Square-Feet
CM@R	Construction Management at Risk

ATTACHMENTS:

Attachment 1:	<u>Kresge College Housing Expansion</u>
Attachment 2:	<u>Kresge College Demo, New Construction, Renovation</u>
Attachment 3:	<u>Kresge College Construction Progress</u>
Attachment 4:	<u>Kresge College Approved Original Base Scope</u>