

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of November 16, 2022

**AMENDMENT OF THE BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN
FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL
QUALITY ACT, KRESGE COLLEGE NON-ACADEMIC, SANTA CRUZ CAMPUS**

EXECUTIVE SUMMARY

The Kresge College Non-Academic project is part of an ambitious plan to provide additional student housing on the University of California Santa Cruz campus. The campus requests an amendment to the approved project to expand the housing scope to nearly double the number of beds originally designed. In addition, the campus requests an amendment to the approved budget to include an \$89 million award of State funding from the Higher Education Student Housing Grant Program and additional external financing, campus funds, and reserves.

The project was designed to be built in two phases to allow the residential college to continue operation during construction. Phase one is currently under construction and consists of three new residence halls and site work. Phase two is planned to begin in Summer 2023 and includes 1) additional student housing, 2) college academic and student program space, 3) a new Town Hall for student activity space, and 4) new and upgraded utilities and circulation infrastructure to make the college fully accessible.

The campus brought an information item to the Finance and Capital Strategies Committee in November 2021, describing the campus's intent to expand the housing in phase two. The expanded scope will allow the campus to densify the project within the existing college site boundary, increasing the originally approved bed count for the total project from 550 to 990. Additional beds will be provided in renovated or reconstructed buildings and one new infill apartment building. This project complies with the UC Seismic Safety Policy and Sustainable Practices Policy; supports the UC Carbon Neutrality Initiative; and promotes diversity, inclusion, and equity by providing affordable beds and a fully accessible site.

The Regents approved the total project cost and scope for both phases in March 2019 for \$205.65 million and 550 beds. In May 2022, Regental approval was granted for a \$28.5 million budget augmentation required to complete phase one. The phase two proposed budget amendment is \$195,444,000 and will support the expanded scope, now increased to 990 beds. In this proposed action, the Regents are being asked to 1) approve a \$195,444,000 amendment to

the approved \$234,150,000 budget for a total project budget of \$429,594,000, to be funded by the State Higher Education Student Housing Grant Program, external financing, campus funds, and reserves; 2) approve the project scope changes to provide an additional 440 beds; 3) authorize an additional \$105,325,000 of external financing supported by Student Housing/Dining Fees; 4) adopt California Environmental Quality Act Findings based on an addendum to the previously certified Environmental Impact Report for the Kresge College Renewal and Expansion Project; and 5) approve design modifications to the Kresge College Non-Academic project.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that the Regents' March 2019 action, *Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Non-Academic, Santa Cruz Campus*, amended May 2022, be further amended as follows:

- A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment – \$234.15 million to be funded by Auxiliary – Student Housing/Dining reserves (\$8.5 million), Auxiliary – Student Fee Reserves (University Fee Reserves) (\$1.2 million), Auxiliary – Parking reserves (\$100,000), General Campus Funds (\$27,547,000), external financing supported by Student Housing/Dining (\$190 million), and external financing from Century Bonds (\$6,803,000).

To: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment – \$429,594,000 to be funded by State funding from the Higher Education Student Housing Grant Program (\$89 million), Auxiliary – Student Housing/Dining reserves (\$8.5 million), Auxiliary – Student Fee Reserves (University Fee Reserves) (\$1.2 million), Auxiliary – Parking reserves (\$100,000), General Campus Funds (\$28,666,000), external financing supported by Student Housing/Dining (\$295,325,000), and external financing from Century Bonds (\$6,803,000).

- B. The scope of the Kresge College Non-Academic project, as amended, shall consist of approximately 146,400 assignable square feet (ASF), primarily residential space, supplying 400 new residential-hall-style beds (phase one) and approximately 590 apartment-style and residence hall beds (phase two). In addition, the scope includes approximately 3,600 ASF of student programs space, 2,800 ASF of college academic space, a 3,300 ASF new Town Hall for student activities, outdoor program areas, circulation, and parking lot accessibility improvements, and a newly accessible bridge.
- C. The President be authorized to obtain external financing in an amount not to exceed

\$295,325,000 (a further increase of \$105,325,000) plus additional related financing costs to finance Kresge College Non-Academic. The President shall require that:

- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
- (2) As long as the debt is outstanding, the general revenues of the Santa Cruz campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- (3) The general credit of the Regents shall not be pledged.

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- E. Following review and consideration of the environmental consequences of the Kresge College Non-Academic project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the CEQA Findings for the Kresge College Non-Academic project, having considered both the Kresge College Renewal and Expansion Project Environmental Impact Report (EIR) and the Addendum to the EIR for the Kresge College Non-Academic project.
 - (2) Adopt as a condition of approval the applicable mitigation measures within the responsibility and jurisdiction of UC Santa Cruz, as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the Kresge College Renewal and Expansion Project EIR.
 - (3) Approve the design modifications to the approved Kresge Non-Academic project.
- F. The President or designee be authorized, in consultation with the Office of the General Counsel, to execute all documents necessary in the execution of the above.

BACKGROUND

Campus Housing Need

The UC Santa Cruz campus has been able to supply bed spaces for more than half of its student enrollment for several years. However, housing supply has emerged as the most critical issue facing the campus. The supply of housing in the off-campus housing market has been reduced by the loss of approximately 1,000 county homes due to the CZU Lightning Complex fire in August

2020. In addition, demand for housing has further increased by the migration of Silicon Valley-based remote workers to the region. In August 2022, more than 2,000 students were on a waiting list for campus housing.

Kresge College

Kresge College opened in 1973 as the sixth college at UC Santa Cruz, continuing the campus vision of undergraduate student housing facilities 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. Organized along a ridge of a second-growth redwood forest, the college was designed by Charles Moore of Moore, Lyndon, Turnbull, Whitaker Architects and is regarded as an iconic work of early post-modern architecture and innovative campus planning.

The Kresge College Non-Academic project reinvests in one of the campus's older colleges, expands affordable on-campus housing, and locates dense new housing at the site perimeter to maintain the historical design of the college's existing buildings and site plan. Renovation and reconstruction of the existing buildings address the UC Sustainable Practices Policy and the UC Carbon Neutrality Initiative and bring all buildings into compliance with the UC Seismic Safety Policy.

This project benefits the entire campus, stretching beyond a reinvestment in the physical infrastructure of the college itself. New and expanded utilities and pedestrian circulation infrastructure will link the west side of the campus to the campus core. The sitework improvements, including accessible circulation, will also support future housing development on the campus's west side, supporting UCSC's commitment to diversity, inclusion, and equitable access to all aspects of higher education.

The project will maintain the aesthetic and cultural character of Kresge College and demonstrate environmental stewardship. While updating the college to accommodate today's student body and densifying the housing, the project will address seismic improvement needs, code upgrades, energy and environmental performance standards, and accessibility and circulation improvements throughout the site.

Rebid Phase Two of Approved Project Scope

The Kresge College Non-Academic project is divided into two phases to allow student housing and college programs to vacate the existing college structures and relocate into the completed phase one residential halls before the start of phase two construction. This allows the college to maintain operations throughout construction.

Both phases were bid together in April 2019 as one project. In response to higher than anticipated bids, the campus only proceeded with phase one construction. The 400 new beds and associated program spaces in phase one are on schedule for completion in summer 2023.

The campus elected to rebid and implement phase two via a design-build delivery method and is on schedule to meet a target delivery date of summer 2025.

Opportunity to Expand Housing in Phase Two

Facing a critical need for additional student housing, the campus began exploring opportunities to leverage the investment already made in significant site work for the project to expand bed capacity in phase two. The expansion in bed capacity was further supported by UCSC's successful application for State funding from the Higher Education Student Housing Grant Program. The award of \$89 million will partially fund the phase two project that nearly doubles the number of beds originally approved by the Regents. The State funding will specifically benefit low-income students in need of on-campus housing.

On-Campus Housing Supports Diversity, Equity, and Inclusion

Expanded housing at the Kresge College project will enable the campus to provide 320 beds with rental rates 20-25 percent below the average campus housing rates to resident undergraduate students qualified for low income housing (as detailed on page 8). This reduced-cost on-campus housing aids in the retention of students and supports their success by expanding opportunities for integration into the academic and social life of the campus. Qualifying students will have access to reduced-cost beds in all campus housing locations. The campus made this decision to best support each student's choice in college affiliation.

Diversity and a sense of belonging will be strengthened by prioritizing access for Educational Opportunity Program (EOP) students, including foster youth/former foster youth, current military/veterans, undocumented students (not qualifying for federal aid), first-generation students, low-income/low-socioeconomic background students, those who have experienced homelessness before UCSC, those formerly incarcerated or system-impacted, and others, supporting the campus's commitment to equitable access to higher education. In the fall of 2022, 2,248 EOP students lived in on-campus housing.

More than 43 percent of UCSC undergraduate students in 2022-23 would meet the grant criteria for low-income rent, and 40 percent are eligible for either the Pell Grant or Cal Grant, or both.

PROJECT DESCRIPTION

Approved Scope (March 2019)

The March 2019 approved scope of the Kresge College Non-Academic project includes new construction to provide 400 beds, renovation of existing housing to provide 150 beds, and provides student program and college academic space, and extensive site improvements. Refer to Attachment 3 for a map showing the approved Kresge Non-Academic Project site plan and Attachment 4 for information on the approved scope.

The project will improve site accessibility and pedestrian circulation across the eight-acre site.

All renovated and new buildings will connect via accessible paths; ramps and stairs will be added; accessible parking spaces and pedestrian connections will be made to existing parking lots serving the college. Accessible outdoor amenities include a new commons for the College, an activated piazzetta, a civic plaza/recreation area, and quiet respite areas. The project also includes upgrades and extension of all standard utilities and extensive energy savings and sustainability improvements. Refer to Attachment 3 for a graphic description of the approved original base program.

Amendment to Approved Scope to Expand Housing in Phase Two

An expanded housing scope of 320 beds was introduced in an information item in November 2021. Since then, the campus has worked with the design-build team to increase that number to 440 additional beds in phase 2. The expanded housing scope will benefit from site work and amenities included in the project's original scope, densifying the housing program by renovating and reconstructing existing buildings and new infill construction. Expanded housing is proposed at seven of the 12 existing buildings, which will be reconfigured with an additional floor. Seven renovated wood-framed housing buildings will be expanded with the addition of a third floor. This plan takes advantage of the existing high ceiling heights on the upper floor while maintaining the existing footprint for efficiency and respect for the historical integrity of the original buildings and college site plan. In addition, a new infill housing building at the south end of the site will be constructed, adding to the nearby existing Porter and Kresge infill housing.

Most of the residential space would be designed as apartments with double and triple occupancy rooms for undergraduates and more flexible typologies for the remaining residential space.

Refer to Attachment 3 for a map showing the expanded housing scope and Attachment 5 for a Program Summary.

BUDGET AUGMENTATION AND FUNDING PLAN

Proposed Budget Change

The proposed augmentation would increase the previously approved full budget of \$234.15 million by \$195,444,000 for a new total project budget of \$429,594,000, attributed as follows: \$173,444,000 augmentation for expanded housing, and \$22 million for the renovation base scope due to escalation. The award of \$89 million from the State Higher Education Student Housing Grant Program (Assembly Bill 190)¹ to the Santa Cruz campus will partially fund expanded housing and offset costs to the campus. (See Attachment 1, Project Sources and Uses, for additional information.)

This augmentation is based on actual market costs documented in the Design-Build Proposal, received September 14, 2022 from Truebeck/EHDD, a team with strong qualifications and

¹ Assembly Bill 190 is the higher education clean up trailer bill, making changes related to higher education issues in the Budget Act of 2022,
https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220AB190

experience on the Santa Cruz campus. The campus performed extensive outreach to solicit teams for Prequalification but had only one responding team. After consultation with the UC Office of the President, the campus issued a Request for Proposals.

The Design-Build Proposal follows two months of design work and presentations by the design-build team to confirm the program, design, and costs. After Regental approval, the campus will award the contract to the design-build team to complete the design and construction.

Overview of Cost Drivers

The renewal of Kresge College is uniquely complex compared to other campus projects. Layered onto the campus's challenging environmental setting and historical constraints is the need to phase the project to keep bed spaces available and classes ongoing during construction.

Continued escalation, unpredictability in the construction market, workforce availability, and supply chain issues related to the COVID-19 pandemic continue to affect costs. These challenges are amplified at the Santa Cruz campus, where the remote setting and competition in Bay Area markets ultimately make it difficult to attract bidders.

It is recognized that the cost for the renewal of Kresge College's housing (\$1,115/gross square foot (GSF)) is significantly higher than the average cost per GSF for other similar projects contained in the University's database of comparable housing projects (\$471/GSF). Associated with the commitment to increase the number of affordable housing units for its students, the project has to balance the increase in density with the complexities and costs associated with preserving the college's iconic architecture. There are no comparable projects that reflect the numerous challenges faced in the development of Kresge College. They include the site's limitations requiring the increase in density through the addition of floors to existing structures, the small footprint of the buildings, and other impacts, as discussed below. For these reasons, it was determined that the available project cost comparisons are not adequate for this project, and that is why they are not presented as a part of this request.

Despite these challenges, the campus is committed to providing new beds as soon as possible.

Cost of Seismic Upgrades

Seismic upgrades required to meet the UC Seismic Safety Policy are a significant component of the renovation costs. Cost estimates outlining alternatives for the scope of work show that the minimal scope of work to address only seismic upgrades, code deficiencies, and limited restoration work in the existing residential buildings accounts for 40-50 percent of the costs for a full renovation of the same square footage without providing an increase in the bed count.

Site Costs related to the Natural Environment

Kresge College has a spectacular natural environment and is surrounded on three sides by the Campus Natural Reserve; bounded by ravines on the east and west, with steep drops of

approximately 90 feet; and sits along a ridge with approximately 900 coastal redwood trees and a 50-foot slope difference from south to north. The construction site is constrained by its adjacency to fully operational, occupied buildings, its limited staging, parking, and laydown space, and strict environmental protections which affect the final cost. (See site photograph in Attachment 3.)

Affordable Housing and Discounted Rental Rates

The availability of affordable housing on campus and in the private housing market is a matter of urgent concern. Expanded housing at the Kresge College project will provide affordable on-campus housing. The State Housing Grant application will enable the campus to offer discounted rates (commensurate with State requirements) to 320 students.

The State Housing Grant application outlined a methodology to establish discounted rents. First, the methodology applies a discount factor of 50 percent to the median annual household income for Santa Cruz County. The methodology then stipulates that the discounted annual student rent shall not exceed 30 percent of this reduced median household income. Table 3 below demonstrates how these discounted rents would compare to standard campus rates for the 2021-22 academic year. The discounted rents will be calculated for the 2025-26 academic year (the anticipated first year of operation of the completed project) and then adjusted annually, following the procedures outlined in the methodology.

**Table 1: 2021-22 Monthly Rate Comparison per Grant Application-
UC Santa Cruz Student Rent Compared to Low-Income Student Rent**

Unit Type / Occupancy	Number of Beds	2021-22 Monthly Student Rent	2021-22 Monthly Low-Income Student Rent
Apartment Triple	280	\$1,232	\$979
Apartment Large Triple	40	\$1,299	\$979
Total Beds	320		

Bed Rates

Affordable and standard bed rates at Kresge College will continue to be consistent with bed rates in other residential colleges on the campus. Standard bed rents will compare favorably to the off-campus market when the project is occupied in fall 2025. A third-party study, commissioned by the campus in 2022, found the campus's planned fall 2025 standard single-bedroom rates to be 30 percent below predicted market rates.²

² Source: UC Santa Cruz Kresge Housing Rent Comparison-JLL (Date April 11, 2022) A competitive set of seven multi-unit off-campus properties (consisting of 979 units) were selected. Each selected property was located within a three-mile radius from the campus entrance. The average monthly cost/square foot for these properties was \$4.85. The analysis applied this cost, assumed for a shared, market rate two-bedroom apartment (880 square feet, single

Table 2: 2025-26 Monthly Rate Comparison
UC Santa Cruz On-Campus Housing Rate Compared to Off-Campus Market

Program Component	2025-26 On-Campus Rate	2025-26 Off-Campus Rate
Single Bedroom Rate	\$2,010	\$2,576
Utilities and Furniture Rental	Included	\$297
Total Monthly Cost	\$2,010	\$2,873
Campus Rate-% Below Market	30.0%	

The campus housing system centralizes the collected revenue from all undergraduate housing, which pays for all of undergraduate housing’s operational costs and project-related debt payments. A portion of revenue is held as reserve balances for seed capital for future bed projects as well as interim planned maintenance. Financial planning verifies that the centralized system can absorb debt payments for the increased Kresge Non-Academic project costs.

External Financing Campus Debt Metrics

Debt metrics are summarized in Tables in Attachment 2. The estimated debt service for the augmented \$105,325,000 in external financing at a planning rate of 4.25 percent is \$6,504,337 per year, including principal and interest, over a 30-year term. Days’ cash on hand is 189 days as of July 31, 2022, which meets the requirements of the University’s Debt Policy. The augmented Kresge College Non-Academic project debt service coverage also is projected over a ten-year period to have minimum debt service coverage of 1.0 times in 2028, which meets the requirements of the University’s Debt Policy.

Due to significant losses in the auxiliary enterprise net revenue resulting from reduced on-campus student presence caused by COVID-19 pandemic safety compliance, the campus does not meet University Debt Policy requirements in 2021, with a modified cash flow margin of -2.1 percent, campus debt service coverage of -0.4 times and auxiliary system debt service coverage of -0.66 times. In the ten-year period following 2021, the modified cash flow margin, general campus, and auxiliary debt service coverage ratios are predicted to recover to meet the requirements of the University’s Debt Policy, with minimums of 6.8 percent, 1.1 times, and 1.54 times, respectively. The Kresge College Non-Academic Phase 2 Expansion specific project debt service coverage minimum is 1.0 times, meeting the University Debt Policy requirement. The Chief Financial Officer has granted an exception to the University’s Debt Policy because of

occupancy bedrooms), as a basis to compare to UC Santa Cruz “per bed” campus rates (single bedroom). The analysis assumed campus rates would be assessed during the academic year and summer term (typically, they are only charged nine-month rates); it further assumed that market rates would be assessed for 12 months. An aggregate 20.6 percent inflation index was applied to the May 2022 market rental rate to determine a fall 2025 market rental rate.

the importance of the project in relation to increased student demand, the project's projected ability to meet the individual auxiliary project coverage requirement, and the strength of the overall auxiliary debt service coverage ratio.

PROJECT IMPLEMENTATION

Project Delivery

Construction on phase one started at the end of 2019 using the Construction Management at Risk (CM@R) delivery method. The CM@R provided the campus with an integrated design team approach and early input from the contractor regarding staging and phasing.

The phase two portion of the project will be constructed via design-build delivery to benefit from the financial certainty and earlier transfer of risk the delivery method offers.

Schedule

Phase one of newly constructed residential halls and associated site work is scheduled to be completed in summer 2023, 16 months later than the original delivery date of fall 2021. The prolonged schedule is due to impacts from the COVID-19 pandemic cited in the action item for phase one, approved in May 2022.

To allow the college to continue operation and provide student housing throughout construction, phase two is scheduled to begin construction in the summer of 2023, immediately following the completion of phase one. It will be completed in the summer of 2025.

Seismic Safety Policy

This project will comply with the University of California Seismic Safety Policy and independent seismic peer review and will advance progress toward meeting UCSC's Seismic Plan.

Sustainable Practices Policy

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. The project's budgeting, programming, and design include a full range of sustainability practices for building design and operations.

The project addresses sustainability by reusing existing buildings, converting energy use to all-electric, and by extensive site improvements and landscape design that reduce water consumption and stormwater runoff through bioretention. A collection of harvesting and filtering tanks manage and collect stormwater runoff, and stormwater management systems harvest stormwater runoff for non-potable demands such as irrigation and toilet flushing. The project

will have a minimum Leadership in Energy and Environmental Design Silver certification level with a stretch target of Gold.

This project has been analyzed by the UC Operational Carbon and Energy Assessment for New Construction (OCEAN) Tool. The OCEAN Tool identifies high-level estimates of the proposed project's target site energy use, utility costs, and operational greenhouse gas emissions. Building performance metrics are compiled within UC's capital projects database to compare and assess future projects.

Data from the OCEAN Tool from the Design-Build Proposal is included in Attachment 6 and will be developed by the design-build team in the design development phase.

Small and Diverse Businesses

The Santa Cruz campus is committed to promoting and increasing participation of Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises 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 to perform services. Providing qualified SBEs with the maximum opportunity to participate will be encouraged with the selected design professionals and contractors with the goal of meeting 25 percent participation.

CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE

Pursuant to the California Environmental Quality Act (CEQA), an Addendum to the Kresge College Renewal and Expansion Project Environmental Impact Report (EIR) (State Clearinghouse Number 2018042015) has been prepared for the project (Attachment 7). None of the circumstances that would trigger subsequent or supplemental environmental review under Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 or 15163 have occurred or are present. Findings have been prepared to support the University's determination that the proposed project would not require major revisions of the Kresge College Renewal and Expansion Project EIR (Refer to Attachment 8 for the Kresge College Renewal and Expansion Project EIR and Attachment 9 for CEQA Findings).

Key to Acronyms

ASF	Assignable Square Feet
CM@R	Construction Management at Risk
CEQA	California Environmental Quality Act
EOP	Educational Opportunity Program
EIR	Environmental Impact Report

GSF	Gross Square Feet
OCEAN	UC Operational Carbon & Energy Assessment for New Construction Tool
SBE	Small Business Enterprise

ATTACHMENTS:

Attachment 1	Project Sources and Uses
Attachment 2	Summary of Financial Feasibility
Attachment 3	Design Graphics
Attachment 4	Original Approved Scope (March 2019)
Attachment 5	Program Summary (ASF)
Attachment 6	UC Operational Carbon & Energy Assessment for New Construction (OCEAN) Tool, Analysis Results
Attachment 7	Addendum to the Kresge College Renewal and Expansion Project Environmental Impact Report (EIR) https://ppc.ucsc.edu/planning/images/kresgecollegeproject_eir_addendum.pdf
Attachment 8	Kresge College Renewal and Expansion Project Environmental Impact Report (EIR) https://ppc.files.com/f/d158862449497cf6
Attachment 9	CEQA Findings

PROJECT SOURCES AND USES

KRESGE COLLEGE NON-ACADEMIC

PROJECT SOURCES:	Approved Budget May 2022	Amendment November 2022	Proposed Budget November 2022	% of Total
Auxiliary Reserves (Student Housing/Dining and Parking)	\$ 8,600,000	-0-	\$ 8,600,000	2.0%
General Campus Funds	27,547,000	1,119,000	28,666,000	6.7%
University Fee Reserves	1,200,000	-0-	1,200,000	0.3%
External Financing supported by Student Housing/Dining	190,000,000	105,325,000	295,325,000	68.7%
External Financing Century Bonds	6,803,000	-0-	6,803,000	1.6%
State Higher Education Student Housing Grant Program	-0-	89,000,000	89,000,000	20.7%
Total Sources	\$ 234,150,000	\$ 195,444,000	\$ 429,594,000	100%

PROJECT USES:	Approved Budget May 2022	Amendment November 2022	Proposed Budget November 2022	% of Total
Site Clearance	\$ 8,113,000	\$ (1,397,000)	\$ 6,716,000	1.6%
Building	139,436,000	153,238,000	292,674,000	68.2%
Exterior Utilities	23,067,000	7,190,000	30,257,000	7.0%
Site Development	20,853,000	15,128,000	35,981,000	8.4%
A/E Fees	17,790,000	3,021,000	20,811,000	4.8%
Campus Administration	6,948,000	2,267,000	9,215,000	2.1%
Surveys, Tests, Plans	1,135,000	829,000	1,964,000	0.5%
Special Items	5,636,000	5,399,000	11,035,000	2.6%
Contingency	11,072,000	9,544,000	20,616,000	4.8%
Subtotal (PWC Cost)	234,050,000	195,219,000	429,269,000	100.0%
Group 2 & 3 Equipment	- 0 -	225,000	225,000	
Total	234,050,000	195,444,000	429,494,000	
Interest During Construction (IDC) ³	100,000	-0-	100,000	
GRAND TOTAL	\$ 234,150,000	\$ 195,444,000	\$ 429,594,000	

³ In 2021, in coordination with the UC Office of the President, Interest During Construction (IDC) funds were transferred to construction costs.

PROJECT USES Category	Housing & Res. Life, Including Proposed Amendment	College Academic	Student Programs	Parking and Site Work⁴	Proposed Budget November 2022	% of Total
Site Clearance	\$ 728,000	\$ 31,000	\$ 31,000	\$ 1,926,000	\$ 6,716,000	1.6%
Building	280,881,000	5,885,000	5,857,000	51,000	292,674,000	68.2%
Exterior Utilities	11,834,000	184,000	183,000	18,056,000	30,257,000	7.0%
Site Development	10,396,000	69,000	69,000	25,447,000	35,981,000	8.4%
A/E Fees	20,240,000	257,000	255,000	59,000	20,811,000	4.8%
Campus Administration	8,905,000	137,000	136,000	37,000	9,215,000	2.1%
Surveys, Tests	1,906,000	28,000	28,000	2,000	1,964,000	0.5%
Special Items	10,817,000	85,000	84,000	49,000	11,035,000	2.6%
Contingency	19,545,000	491,000	489,000	91,000	20,616,000	4.8%
Subtotal (PWC Cost)	369,252,000	7,167,000	7,132,000	45,718,000	429,269,000	100%
Group 2 & 3 Equipment	- 0 -	75,000	150,000	- 0 -	225,000	
Total Project	369,252,000	7,242,000	7,282,000	45,718,000	429,494,000	
Interest During Construction	100,000	-0-	-0-	-0-	100,000	
GRAND TOTAL	\$369,352,000	\$7,242,000	\$7,282,000	\$45,718,000	\$429,594,000	

⁴ Site work includes accessible circulation throughout the college, improvements throughout the eight-acre site's utilities and storm water management system, and outdoor plazas and civic spaces.

PROJECT STATISTICS FOR BUILDINGS	Housing & Res. Life, Including Proposed Amendment	College Academic	Student Programs	Project Statistics November 2022
By Uses				
Building Cost (Buildings)	\$ 280,881,000	\$ 5,885,000	\$ 5,857,000	\$ 292,623,000
Project Cost (PWC Buildings)	\$ 369,252,000	\$ 7,167,000	\$ 7,132,000	\$ 383,551,000
Gross Square Feet (GSF)	253,650	5,000	6,800	265,450
Assignable Square Feet (ASF)	140,000	2,800	3,600	146,400
Efficiency Ratio ASF/GSF	0.55	0.56	0.53	0.55
Building Cost/GSF	\$ 1,107	\$ 1,177	\$ 861	\$ 1,102
Building Cost/ASF	\$ 2,006	\$ 2,102	\$ 1,627	\$ 1,999
Project Cost/GSF	\$ 1,456	\$ 1,433	\$ 1,049	\$ 1,445
Project Cost/ASF	\$ 2,638	\$ 2,560	\$ 1,981	\$2,620

PHASE 2 HOUSING PROJECT STATISTICS	PHASE 2 Housing & Residential Life, Including Proposed Amendment		
	Renovation	New Construction Infill Apartments	Project Statistics November 2022
By Construction Type			
Building Cost	\$ 153,577,000	\$ 37,379,000	\$ 190,956,000
Project Cost (PWC Cost)	184,127,000	44,815,000	228,942,000
Gross Square Feet (GSF)	139,650	31,600	171,250
Assignable Square Feet (ASF)	72,550	18,150	90,700
Efficiency Ratio ASF/GSF	0.52	0.57	0.53
Building Cost/GSF	\$ 1,100	\$ 1,183	\$ 1,115
Building Cost/ASF	\$ 2,117	\$ 2,059	\$ 2,105
Project Cost/GSF	\$ 1,318	\$ 1,418	\$ 1,337
Project Cost/ASF	\$ 2,538	\$ 2,469	\$ 2,524

ATTACHMENT 2**SUMMARY OF FINANCIAL FEASIBILITY**

SANTA CRUZ CAMPUS	
Project Name	Kresge College Non-Academic
Project ID	976388
Total Estimated Project Cost	\$429,594,000
Anticipated Interest During Construction ⁵ (included in total estimated project cost)	\$100,000

PROPOSED SOURCES OF FUNDING⁶	
Approved External Financing – LPRB 2021Q/R	\$161,500,000
Approved External Financing – Century Bond 2015	\$6,803,000
Approved External Financing - Phase 1 Augmentation	\$28,500,000
Proposed External Financing – Phase 2	\$105,325,000
State Housing Grant	\$89,000,000
General Campus Funds	\$28,666,000
University Fee Reserves	\$1,200,000
Auxiliary Reserves	\$8,600,000
Total	\$429,594,000

SECTION I. Externally Financed Projects

FINANCING ASSUMPTIONS	
External Financing Amount ⁷	\$105,325,000
Anticipated Repayment Source	Auxiliary - Housing
Anticipated Fund Source	Aux-Student Housing/Dining
Financial Feasibility Rate	4.25%
First Year of Repayment (e.g. FY 20XX)	2026
Term (e.g. 30 years; indicate if any years interest only)	30 years: 2 years interest only
Final Maturity (e.g. FY 20XX)	2055
Estimated Average Annual Debt Service	Interest only: \$4,476,313 Principal & interest: \$6,504,337

⁵ A portion of Interest During Construction (IDC) was approved and used for a previous portion of this project (2021 LPRB financing). This previous issuance included \$100,000 in IDC, for both payoff of commercial paper IDC and additional funds for capitalized interest. Going forward, the campus will pay the \$4.5 million of current interest.

⁶ Fund sources for external financing shall adhere to University policy on repayment for capital projects.

⁷ Includes only additional external financing for augmentation. Previously approved external financing has already been issued.

SUMMARY OF FINANCIAL FEASIBILITY (CONTINUED)

Below are the results of the financial feasibility analysis for the proposed project using the campus' Debt Affordability Model. The model includes projections of the campus' operations and planned financings.

Campus Debt Metrics			
Measure	Value	Period	Approval Threshold
General Campus Requirements			
<i>Modified Cash Flow Margin (Minimum)</i>	-2.1%	2021	≥ 0%
<i>Debt Service Coverage (Minimum)</i>	-0.4	2021	≥ 1.1x
<i>Monthly Liquidity in STIP/TRIP</i>	189 Days	07/31/2022	≥ 90 days
Auxiliary System Requirements			
<i>Auxiliary Debt Service Coverage (Minimum)</i>	-0.66	2021	≥ 1.1x
<i>Project Debt Service Coverage (Minimum)</i>	1.00	2028	≥ 1.0x

This project does not meet University Debt Policy requirements. An exception to the University's Debt Policy has been granted by the Chief Financial Officer because of the importance of the project in relation to increased student demand, the project's projected ability to meet the individual auxiliary project coverage requirement, and the strength of the overall auxiliary debt service coverage ratio.

ORIGINAL APPROVED SCOPE (MARCH 2019)

The Kresge College Non-Academic project constructs new space and renovates or demolishes existing structures, resulting in 94,300 net assignable square feet (asf) to provide modern housing, student life, and academic support space. The project is set on eight acres and includes new utilities, site infrastructure, accessibility improvements, and parking.

New Construction

- 46,000 asf of new housing in residence halls for first-year students and
- if the budget allows, a 2,800 asf Town Hall for student activity space.

Renovation and Repurposed Space

- 35,500 asf of student apartments and residential life space;
- 10,000 asf of student support space; and
- 2,800 asf for a Kresge College Student Faculty Center.

The scope includes a net of approximately 550 residential beds and will reprogram uses at Kresge College. The project budget of \$205.65 million is proposed to be funded by housing auxiliary reserves, auxiliary parking reserves, campus funds, student fee reserves, external financing supported by student housing/dining fees, and Century Bond financing.

Additional information may be found in the March 2019 action item, refer to F3, Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Non-Academic, Santa Cruz Campus (<https://regents.universityofcalifornia.edu/regmeet/mar19/f3.pdf>)

ATTACHMENT 5

KRESGE COLLEGE NON-ACADEMIC PROJECT – PROGRAM SUMMARY (ASF)

Program Component	Approved Scope	Amendment to Scope	Total ASF
Housing and Residential Life			
Phase 1 New Residence Halls, Cafe	46,000		46,000
Phase 2 Housing and Residential Life Space	35,500	+ 55,200	90,700
Town Hall	2,800	+ 500	3,300
Student Programs (A2)	10,000	- 6,400	3,600
College Academic (G2)	2,800		2,800
Total (ASF)	97,100	+49,300	146,400
Bed Count	Approved Base Scope	Amendment to Scope	Total Beds
Total Bed Count	550	+ 440	990
<i>Kresge Bed Count (Pre-project)</i>	<i>-365</i>		<i>-365</i>
Total Net New Project Bed Count	185	+ 440	625

(Including amendment to scope, 400 beds are provided in Phase 1 and 590 in Phase 2, for a total of 990 beds.)