

**Campus Planning Committee**  
**December 1, 2009 2:00-4:00 p.m.**  
**Phelps 2536**

**Members Present:** Todd Lee, Marc Fisher, Joel Michaelsen, Reginald Archer, Michael Young, David Marshall, Jane Mulfinger, Ron Cortez, Margaret McMurtrey, Charlie Arreola, Richard Watts, Michael Witherell

**Members Absent:** Larry Coldren, Vickie Scott, Gerardo Aldana, Gene Lucas, Gary Greinke

**Alternates Present:** Jody Kaufman, Chris LaVino

## **I. ANNOUNCEMENTS**

Assistant Chancellor Todd Lee alerted the Committee that the Governor's proposed budget would be released on January 9<sup>th</sup> or 10<sup>th</sup> 2010.

## **II. MINUTES**

The minutes from October 27<sup>th</sup> were approved as written.

## **III. ACTION ITEMS**

### **A. Faculty Club Task Force Report**

The Committee recommends to the Chancellor that the campus proceed with a more detailed study of the proposal from Housing and Residential Services to test the assumption that a \$10 million investment of funding will be sufficient to renovate, operate and add guestrooms to the Faculty Club. If the study, conducted jointly by the Office of Budget and Planning, Design and Construction Services and Housing and Residential Services, finds that this project would require more than \$10 million, then the Faculty Club Project will come back to CPC.

## **IV DISCUSSION ITEMS**

### **A. Ten-Year Plan Funding Overview**

Assistant Chancellor Lee gave a presentation explaining the financial context of the Non-State portion of the Ten Year Capital Plan, which was discussed at the October CPC meeting. The aim of his presentation was to explain non-state funding sources. Assistant Chancellor Lee reminded the Committee that there is a proposed amount of \$764 million in capital improvements. The plan has 39 projects with at least 6 different funding sources. Although there are multiple funding sources, they have little flexibility. Program funding sources include Garamendi (primarily for research facilities), gift or fund raising, equity, campus based fees, for-sale housing and third party developers. Equity contributions are from a number of sources.

Two handouts were passed out showing all the proposed projects sorted by funding categories. Assistant Chancellor Lee explained that in the next ten years there will need to be major change, particularly that the campus will need to rely heavily on fund-raising for the capital program. There are challenges with required debt ratios primarily with Garamendi and opportunity funds. And the shortfall in the state capital program creates a big problem. A number of projects that are traditionally state capital projects need to be moved over into the non-state program. Below is a discussion of each funding source:

Garamendi funds- Garamendi comes from the federal indirect cost recovery funds. Currently we have four proposed projects spending a total of \$4.4 million. Last year Garamendi funds represented 17% of the total capital budget, which has gone down from 25% a few years ago. These proposed new projects total \$248 million dollars, which would additionally require \$18.4 million on operations and maintenance. These figures are more than four times what we are

paying today. These Garamendi projects required annual Federal Indirect Cost Recovery growth rate more than double the historical rate. Garamendi funds have thirty year debt.

Gift funds- We currently have three buildings funded primarily with gifts total \$22-24 million. There are many more projects that use gift funds to supplement another fund source. Ten new projects totaling \$80 million are proposed in the Ten Year Plan. These projects will have to pick up their own operation and maintenance. Assistant Chancellor Lee pointed out that it's difficult to raise money for operation and maintenance and these costs are covered more easily up front through an endowment. In total, he said, we would need about \$100 million in gift fundraising to carry out the proposed projects, not including money to be set aside for renovation. There are many other fundraising needs on campus such as Endowed Chairs or scholarships. The campus would need a fund-raising program that specifically target certain projects, which hasn't historically been done too much.

Student housing reserves- There is a current debt of \$25.3 million in student housing projects across campus. There are 4-5 funding sources associated with student housing. Debt on these projects is currently 30% of housing's annual expenses. UC Santa Barbara's fees are low to middle range compared to other UC campuses. In the next ten years were looking at fourteen proposed housing projects totaling \$229.5 million. Most of projects in the first 4 years will mainly be equity funded. Projects in the last 5 years will be debt financed. Housing has built this into its rate structure.

Campus based fees- Campus based fees have been a major source of funding for student buildings for many years including Recreation Center 1 and 2, Intercollegiate Athletics Building and the Student Resource Building. These fees are voted on by the students. Currently, students pay \$1,300 for undergraduate students and \$655 for graduate students. 1/3 of undergraduate fee and 52% of the graduate fee are associated with capital projects. There are five new proposed student fee projects in the next ten years totaling \$118 million. All but one of the projects will be included in the first five years. Recently the Regents have mandated that the campus must include money for financial aid in all student approved fee increases.

Infrastructure- The plan only identifies one Infrastructure project so far. Infrastructure projects include electricity, gas, potable water, sewer and storm water. We will create a funding formula to have most of the campus contributing to these projects since they benefit all users. This project is currently titled Campus Road Improvements and does not have a funding source identified yet.

For sale housing and third party developers- The campus plans to build North Campus Faculty Housing as for sale housing units. If the units are not sold then they would be rented out and the rent revenue would be used to pay the debt. The rules require the campus to pledge opportunity funds as a third backup source for financing. Third party development projects including the majority of North Campus and the Sierra Madre Family Housing project. These two project total \$54 million.

Assistant Chancellor Lee concluded his presentation with a few reality check questions- Can we realistically expect indirect cost funding to increase as rapidly as needed to fund the research capital program? What is the likelihood of raising sufficient gift funds for the identified projects? Will students continue to approve campus-based fees for student support services? Right now, both the state and non-state programs exceed projected available funding. The next steps are to work with the EVC and control points to develop alternatives. We will need to maintain

flexibility with these funding realities. Alternatives will be presented at the next CPC meeting for discussion.

## **V. INFORMATION & FOLLOW-UP ITEMS**

### **A. Status Report: Special Projects Subcommittee**

No report.

### **B. Status Report: Design Review Committee**

No report.

### **C. Status Report: Faculty & Staff Housing**

Assistant Chancellor Lee updated the Committee on the North Campus Faculty Housing Project.

### **D. Status Report: Student Housing**

Richard Watts explained that the campus is moving forward with the Sierra Madre Family Student Housing Project. A meeting with the Towbes Group will take place in the next week to discuss the Predevelopment agreement.

### **E. Long Range Development Plan- vision 2025**

No. report.

### **F. Status Report: Major Capital Projects**

Attached.

## **VI. Correspondence**

Meeting adjourned at 3:30 PM

Minutes taken by Jasmine Weiss, Office of Budget & Planning