Campus Planning Committee
October 30, 2012 2:00-4:00 p.m.
Minutes

Members Present: Todd Lee, John Foran, Gene Lucas, Kum-Kum Bhavnani, Joel Michaelsen, Simonetta Falasca-Zamponi, Jan Frodesen, Melvin Oliver, Rod Alferness, Michael Witherell, Richard Watts, Bruce Miller, Sophia Armen

Members Absent: Marc Fisher, Ron Cortez, Beverly Colgate, Michael Young, Mario Galicia

Alternates Present: N/A

I. ANNOUNCEMENTS

Assistant Chancellor Lee announced that the campus has recently received the FY 2012-13 Allocation instructions from University of California Office of the President (UCOP). These instructions included the first year of the planned 'rebenching' effort -- rebenching addresses the difference in state funding per student among the campuses. The campus will receive 29.1% of the funds set aside for rebenching allocations and is one of five campuses to share in these funds. Funding for students will be weighted based on level of degree with graduate students funded higher than undergraduate. Under this process the campus received 9.1% of funding allocated using the new weighted formula distribution methodology.

In total UCSB received $10.5 million (11.1%) of the $94.3 million in new state funds. About 43% came in the rebenching component and 57% through the weighted per student allocations. If allocations were determined using methods utilized in the past the campus would have expected to receive approximately $7.1 million. The net benefit was $3.4 million or approximately 47% greater than what was received in prior years. Chancellor Yang took an active role in pushing the rebenching Committee forward.

Included in the allocations was a $100 million permanent cut which was handled by UCOP last year. The cuts were allocated using the old methodology (no student weighting) which resulted in UCSB receiving a $6.5 million cut.

Net new state funding was therefore $4 million. Per the allocation instructions the new funding is intended to be used to help fund the costs of UCRP (retirement fund).

The university is now waiting on the election and the results of Proposition 30. If Prop 30 doesn't pass then the UC is expecting:

- An immediate cut of $250 million+;
- A $125 million cut associated with the 2012-13 tuition buyout which was scheduled to be paid in 2013-14 with Prop 30 approval; and
- The likelihood of no new state funding for several years.

II. MINUTES

The minutes from September 25 were approved. An updated version of the minutes reflecting comments from the committee meeting can be found online here:
http://bap.ucsb.edu/capital.development/cpc/planningcommittee.html

III. CONSENT AGENDA

A. Low Temperature Materials Characterization Lab – Materials Research Lab

The committee by consensus recommends that the Chancellor approve the Low Temperature Materials Characterization Lab project. The project will enclose approximately 1,200 square foot of patio at the Materials Research Laboratory (MRL) building in order to create new laboratory space to house over a $1 million worth of research equipment. The project budget is estimated at $1 million excluding equipment and will be financed 100% by gift funds.

IV. ACTION ITEMS

A. Sierra Madre Apartments SD Budget Approval

The committee by consensus recommends that the Chancellor approve the Sierra Madre Apartments budget established in the Schematic Design phase ($80 million) and that the project proceed into working drawings once the budget is approved by the Regents.

Assistant Chancellor Lee requested an amendment to the staff report to specify that of the 151 apartments, the 36 apartments to the north of the site will be exclusively for faculty/staff rental. Discussions are needed regarding the management of the faculty/staff units.

V. DICUSSION ITEMS

A. Overview of Housing Plan – Presentation Preview

Director Haines presented a draft version of the Overview of the Student Housing Plan which will be presented to the Regents on November 13th.

The 2010 Long Range Development Plan (LRDP) was based on the Strategic Academic Plan (SAP) which identifies enrollment growth of 5,000 students from 20,000 to 25,000 at the rate of approximately 1% or 250 students per year. The LRDP was approved by the Regents in September 2010. The Regents also approved the Chancellor and UCOP to enter into agreements to resolve any community issues there may be with the LRDP. The campus entered into a series of settlement agreements with the City of Goleta and the County of Santa Barbara which addressed enrollment, provision of housing, public safety and traffic impacts.

Agreements relating to student housing stipulated the campus must build a new bed for each new student enrolled beyond the baseline of 20,000 on-campus (F/W/S) enrollment. Timing of housing development must be connected to enrollment growth and housing must be built on existing campus land. The campus cannot purchase or lease existing housing nor purchase land with the intent to develop it and have it count towards the 5,000 bed commitment.

There is a planning buffer which allows up to 1,000 students over the base enrollment to be accommodated in existing housing, e.g., campus can take a double room and convert it for 3 students. It is projected that by 2016-17 enrollment will exceed the 1,000 bed buffer if additional new housing is not developed. If the buffer is exceeded enrollment is frozen at the previous year's intake until new housing is developed.

The 2012-22 Consolidated Financial Plan (CFP) is expected to be approved at the Regents meeting. The UCSB CFP includes 5 housing projects; Sierra Madre Apartments (occupancy 2014-15), San Joaquin Apartments (2016-17), and Mesa Verde Apartments 1-3 (2019-22). These projects will provide around 3,500 of the required 5,000 beds. The campus is planning to seek budget approval for Sierra Madre Apartments from the Regents in January and will request "P" approval for San Joaquin Apartments in March 2013.

B. Private Use Requirements and Restrictions

"Private Use" is an issue that is receiving increased attention. It refers to any special legal agreement that the university may enter into in order to allow the use of tax-exempt financed space by non-governmental parties in their private trade or business. Campus buildings are financed by tax-exempt financing bonds in the form of General Obligation (GO) bonds, Lease Revenue Bonds (LRBs) or University of California (UC) bonds.

Often there are outside entities that choose to locate themselves on campus for the benefit of the research environment and the association with the institution. Many campuses see this as positive but the IRS can see this as problematic as buildings constructed for tax exempt purposes may be generating revenue that does not fit within the tax exempt purpose.

Non-governmental parties include non-profit 501(c)(3) organizations, private companies and individuals. All projects financed with tax exempt bonds are subject to Private Use limitations. To remain compliant (in safe harbor) non-governmental parties can only occupy space, within a tax-exempt financed building, valued below 10% of bond proceeds or $15 million, whichever is lesser. This metric applies to GO bonds and UC bonds, but can be variable for LRBs which are typically treated more conservatively. Tax-exempt financed space used for less than 50-days per year by non-governmental parties does not constitute Private Use.

The State Treasurer's Office assumes Private Use will only be at the level originally reported. The State Public Works Board (SPWB) has special limitations for leasing and research contracts. Projects on campus which are utilizing LRBs include the Arts Building Seismic and Corrections project and the upcoming Davidson Library Addition and Renewal. These projects are subject to scrutiny from the SPWB.

Private Use is acceptable in buildings and space financed by taxable bonds. Often when bonds are issued they have a blended rate and different sources of funds can be allocated to Private Use portions of a project. The campus is not always notified of the blended rate by UCOP and is therefore expected to stay with safe harbor limits. If the IRS inspects and determines private activity is beyond safe harbor limits the bond will be switched to the taxable rate.

Types of private activity include – ownership, leases, management/service agreements, research contracts and material transfer agreements, output contracts and other legal entitlements (joint ventures, naming rights etc.)

The Office of Budget and Planning will be querying departments for leases and business arrangements.

C. 5-year Campus Road Plan
Physical Facilities Services Coordinator, Bob Sundberg, presented the campus road plan. Data was developed by Pavement Engineering Inc (PEI) by evaluating all campus roads, which total 13.3 lane miles (880,000 ft^2) of road, using the Pavement Condition Index (PCI). The average weighted PCI of campus roads is 55 (100 being excellent and 0 being total failure) and approximately 72% of campus roads are considered to be in fair to failed condition. The asset replacement value of campus roads is $17.6 million.

Roads fail primarily through oxidation from sun and water and fatigue from heavy wheel loads. Heavy wheel loads are of particularly concern on campus. One 2-axle truck on the road is consuming the life of the road equal to that of 442 Chevy s-10 blazers. One bus is equivalent to 7,700 with on average 200 buses a day passing through campus. Four common pavement defects are: weathering or raveling, transverse or longitude cracking, block cracking, and alligator cracking. These defects can be seen all over campus.

Service Coordinator Sundberg provided photo examples of poor and failed condition roads on campus. Road evaluation data was used to formulate estimated reconstruction costs. A map by fiscal year illustrated the 5-year road plan and associated total costs of over $8.4 million. The roads will be designed to last 20 years; a slurry seal is recommended every 3-5 years at the cost of $1.2-3.6 million. Alternatively, minimum maintenance costs of $250,000/year would allow only basic dig out repairs and pothole filling that would only address 2% of campus roads and assumes no maintenance to excellent to fair condition roads.

Slough Road is approximately 1.4 lane miles. Reconstruction of the road is estimated to cost approximately $1.56 million. To prolong the life of the existing road by a couple of years it would cost approximately $454,000. Evaluations on the road indicate there are sections currently deficient by about 6” of base.

The next steps are to confirm priorities, approve an annual budget, work with D&CS to implement repairs, review project roads and update plans in a few years, monitor reports and track effectiveness of repairs.

INFORMATION & FOLLOW-UP ITEMS

Status Report: Special Projects Subcommittee
No report.

Status Report: Design Review Committee
No report.

Status Report: Faculty & Staff Housing
North Campus Housing phase II framing is nearing completion. The campus is hoping to begin selling the completed homes in early spring 2013. Of the 6 units for sale at West Campus Housing, 4 are under contract. Follow up is required with the Faculty-Staff Housing Subcommittee.

Status Report: Student Housing
No report.

Status Report: Major Capital Projects
Report attached.

VII. CORRESPONDENCE

Meeting adjourned at 3:15 pm.
Minutes taken by Michael McGrogan, Office of Budget & Planning