

Campus Planning Committee
January 29, 2013 2:00-4:00 p.m.
Minutes

Members Present: Todd Lee, John Foran, Gene Lucas, Kum-Kum Bhavnani, Joel Michaelsen, Marc Fisher, Simonetta Falasca-Zamponi, Jan Frodesen, Beverly Colgate, Michael Witherell, Richard Watts, Bruce Miller, Sophia Armen

Members Absent: Ron Cortez, Melvin Oliver, Rod Alferness, Michael Young, Mario Galicia

Alternates Present: Stephen Weatherford, Chris LaVino, Bill McTague

I. ANNOUNCEMENTS

Assistant Chancellor Lee announced that significant portions of the Regents Budget proposal were funded in the Governor's Budget proposal for 2013-14. The Regent's Budget included a base budget adjustment in State General Funds of 6% and the Governor's Budget proposes a 5% adjustment which is good news for the University. The \$125 million tuition buyout for 2012-13 was included in the Governor's Budget. In the Regent's Budget it was proposed that all debt associated with General Obligation (GO) bond funding would be transferred from the State of California to the Regents. The University of California Office of the President (UCOP) would then refinance the debt to release additional cash flow by taking advantage of the UC's favorable interest rates and debt ratings.

Not included in the Governor's Budget was the buyout which was identified for a fee increase next year worth \$125 million. The Governor has indicated that a fee increase will not be supported. UCOP has accepted that there will not be a fee increase next year and the overall spending plan will be adjusted to respond. The campus is working with UCOP to encourage key legislators to push this budget proposal forward. The 2013-14 Budget process will run from now until late spring or early summer when the State will take action.

The campus is talking to UCOP about the distribution of additional funds coming from the State to the campus. Funding will be set aside in an exercise called rebenching to equalize State funding per student over a planned 6-year period. \$37 million will be set aside for rebenching each year, and campuses that have a funding per student from the State lower than UCLA would get higher portion of new money coming in. UCSB will get about 25% of anything set aside. In 2012-13 (the first year the plan came into action) only \$15.7 million was set aside as there wasn't enough additional State money coming to the system. The rebenching will return to \$37 million from next year and include the shortfall from this year making next year's rebenching total in the range of \$52-53 million. Any new funding not part of redistribution will be allocated using the weighted formula distribution methodology. UCSB gets about 9% of these funds using this distribution method.

UCOP has begun placing a disclaimer on the financial feasibility analysis for every capital project that comes to them from UCSB. We have reached the debt capacity of 6% (debt service to operations ratio) and will be constrained going forward. UCSB is the only UC campus at debt capacity. When the campus has a project that is debt financed we must make sure it is in the 10-year Capital Financial Plan (CFP) and incorporated into the debt affordability model. The campus will need to look at ways to reduce debt going forward which could mean adding more equity at times and working to reduce costs on all

projects. If there are unforeseen expenses during the course of a project adding debt will not be an option in most cases.

All projects in the current 10-year CFP are within the 6% debt capacity threshold without exceeding it. The planning rate used in project financials is 6% but in reality the debt financing rate may be beneath this and over time the campus may regain capacity. Refinancing capital projects can also provide relief by reducing interest rates on debt without extending the repayment periods.

In conversations with UCOP the campus has been highlighting the unique financial situation it is experiencing. A large portion of campus debt is associated with student housing, this portion of the portfolio is inherently debt intensive but has a repayment source identified. The campus would like there to be an exception and are exploring the possibly to take advantage of system-wide capacity.

II. MINUTES

The minutes from December 11 were approved. A revised version of the minutes reflecting comments from the committee meeting can be found in section following and online here:

<http://bap.ucsb.edu/capital.development/cpc/planningcommittee.html>

III. CONSENT AGENDA

IV. ACTION ITEMS

A. San Joaquin Apartments 50% Detailed Project Program

The committee by consensus recommends that the Chancellor accept the San Joaquin Apartments site capacity analysis and submit a Regents Item requesting “P” approval (i.e., Preliminary Plans) to proceed into the design phase of development. The San Joaquin 100% DPP (including concept design) will return to CPC before the project advances into schematic design.

V. DISCUSSION ITEMS

A. Student Recreation Facilities Enhancement – Student Fee Initiative

Executive Director of Resource Planning for Student Affairs, Bill McTague, provided information on the Department of Recreation’s proposed student fee initiative to support the repair, renovation and restoration of aging campus recreation facilities and amenities. The fee will support a project split into three phases and their related utility and maintenance expenses. These phases include: The renovation of Robertson Gymnasium (\$500,000); the resurfacing of Pauley Track (\$2,000,000 - may include addition enhancements budget permitting); and the addition of all-weather turf to the western edge of Storke Field (\$3,000,000). The Pauley Track and Storke Field projects will include lighting to extend programming hours into the evenings.

Rob Gym improvements are considered a maintenance project while Pauley Track and Storke Field would potentially be subject to CPC review as they are considered major capital projects that would have ongoing utilities and maintenance costs associated.

Pauley Track is currently not in good enough condition to hold competition meets on campus. One cause of the poor condition is root intrusion. UCSB currently competes at Westmount College. The proposed project will rebuild and resurface the track and provide various other improvements such as seating. The

usable life and durability of the all-weather turf planned for Stroke Field is approximately 12 years, after which the turf carpet will be replaced (the fee does not provide for this). The infrastructure beneath the field could last 40-50 years.

The fee required to support this project is \$15.00 per student, per quarter (including summer) and will be assessed to undergraduate and graduate students. The fee would generate \$885,375/year including \$664,031 for the project and \$221,344 that would go to Return to Aid. After 10 years of collection the fee will convert to \$2.00 per student, per quarter, reaffirmed every 4 years and used cover utilities and maintenance.

The proponents are currently collecting the signatures required for the project to appear on the spring ballot. Before a student fee referendum that supports a capital project can be accepted it must come to CPC for a recommendation to the Chancellor so as to not precede the formal campus process for capital projects. The project will go forward if sufficient numbers of students sign the petition and vote to approve the fee during the spring 2013 campus-wide election. This item will come back next month as an Action Item.

B. Faculty Club Schematic Design

Senior Associate Vice Chancellor Fisher presented the Faculty Club schematic design. The proposed project would transform the Faculty Club bringing the existing building up to current standards for a modern hospitality facility that offers fine dining and special events programming. The newly expanded guesthouse amenities, which would be physically connected to the existing Faculty Club, would provide the campus greater opportunity to offer convenient and affordable accommodation to out-of-town visitors.

As proposed, the 29,750 GSF renovation and addition is estimated to cost \$15.7 million. The Memorandum of Understanding (MOU) between Housing & Residential Services and the Faculty Club proposes funding from two sources including; \$2.5 million provided by Housing (reserves) and \$13.2 million in debt. Annual debt service of \$959,000 is based on a 30-year term at a 6% planning rate with debt coverage ratio of 1.25%. Projected revenues generated from operations will be used for repayments and will not impact student housing rates.

The project is planned to begin construction in January 2014 with completion expected in May 2015. The Faculty Club would be occupied in the summer of 2015. The CPC is being asked to recommend to the Chancellor acceptance of the budget and design and to allow the project to proceed into working drawings and construction. The project will visit CPC for the last time as an Action Item next month.

C. Faculty / Staff Housing Priority Process

Co-Chair of the Design Review Committee, Joel Michaelsen is the Chair of the Faculty & Staff Housing Subcommittee to the CPC. Six to eight years ago the subcommittee established priority policies for faculty housing though there was no staff priority-list produced at this time. Members of staff on the subcommittee have put forward a recommendation to the Chair that staff be prioritized based on a lottery system. This is different from the faculty priority process which is based upon chronology.

The Chair proposes priorities for housing to be divided into three pools: ladder faculty; non-ladder academic staff; and non-academic staff. Policies for establishing priorities within the ladder faculty pool

have already been determined and will remain unchanged. Priorities within the other two pools will be determined by lottery, with all full-time career staff being potentially eligible. As housing becomes available, staff members will be offered the opportunity to sign up and be placed in the lottery.

The Chair's recommendation would be that the broad outlines for this plan are adopted and that the details be filled in during implementation. The subcommittee would make recommendations to the CPC which would ultimately be in charge of determining priorities for housing. For every future faculty and staff housing project a recommendation would be crafted as part of project planning that would determine what ratio of units would be available to each pool and the recommendation would be evaluated by CPC followed by a recommendation to the Chancellor.

It is possible that in phase II of North Campus there could be openings that would result in the use of a lottery for staff. Separate priority lists will be maintained for rental and for-sale housing, but individuals could have a spot on both lists. Academic Personnel will maintain the ladder faculty and non-ladder academic staff pools, and Human Resources will maintain the non-academic staff pool. Sierra Madre will include faculty and staff rental units.

This item will return to CPC next month for further discussion.

INFORMATION & FOLLOW-UP ITEMS

Status Report: Special Projects Subcommittee

No report.

Status Report: Design Review Committee

No report.

Status Report: Faculty & Staff Housing

Phase II of North Campus Faculty housing is under construction for 37 units. The building framing and envelopes are mostly complete and internal work is beginning. Initial pricing is being finalized and the sale process is expected to begin in late March or early April, with potential move-ins by late August or early September.

Status Report: Student Housing

Discussions are ongoing about San Joaquin and Sierra Madre Apartments and how to handle student fee schedules for Housing. There is a Student Housing Committee meeting scheduled this quarter to reach some conclusion on the proposals considered.

Status Report: Major Capital Projects

Report attached.

VII. CORRESPONDENCE

Meeting adjourned at 3:15 pm.

Minutes taken by Michael McGrogan, Office of Budget & Planning