

Meeting Minutes – April 29, 2014 - 2:00pm-4:00pm

Location: Phelps Hall Room 2536

Members Present: Todd Lee, Michael Stohl, Joel Michaelsen, Kum-Kum Bhavnani, Marc Fisher, Ann Plane, Pam Lombardo, Melvin Oliver, Rod Alferness, Beverly Colgate, Michael Young, Richard Watts, Bruce Miller, Jonathan Abboud

Members Absent: Simonetta Falasca-Zamponi, Michael Witherell, Gary Haddow

Alternates Present: N/A

I. Announcements

Assistant Chancellor Todd Lee updated the committee on the status of the Governor’s Revised Budget. Further information on the revised budget is anticipated to be released mid-May 2014.

II. Minutes

The minutes from February 25, 2014 were approved as written.

III. Consent Agenda

IV. Action Items

V. Discussion Items

A. Information Only: Updating the Capital Financial Plan

Director of Capital Development, Chuck Haines, provided information on the process of updating of the 10-year Capital Financial Plan (CFP). The campus has received the call letter from the University of California Office of the President (UCOP) to initiate the process for updating the CFP.

In 2013, Assembly Bill 94 (AB 94) passed which authorizes the University of California to fund debt service for capital expenditures from its General Fund support appropriation and authorize the University to fund pay-as-you-go capital outlay projects from its General Fund support appropriation. For more information on AB 94 see here: <http://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml>

AB 94 allowed State funded debt associated with University capital projects and the commensurate Principal & Interest payments to be transferred from the State to the University of California (UC). The UC refinanced the debt at a more favorable interest rate. AB 94 stipulates that savings achieved through this mechanism must be committed to the UC retirement program (UCRP) in their entirety, however, permits general funds originally reserved for UCRP contributions to fund a limited capital program.

The Bioengineering Building was accepted for funding under the AB 94 mechanism in the 2013-14 budget year and Infrastructure Renewal Phase 1b project is anticipated to be funded via the mechanism

this coming year depending on the State budget. A delineated process as yet to be formalized for the 2015-16 requests for funding under the mechanism, however, UCOP is requesting shovel ready projects be put forward as funding for planning and design will likely not be available.

Anticipated funding sources for all future capital projects are included in the CFP. Projects which utilize external financing are also included in the campus debt model. The debt model is currently being updated and revised due to two major rating agencies downgrading the UC's debt. UCOP's Capital Market Finance group has introduced additional rigor into the debt model; this may have an impact on the campus as its current debt model is at capacity based on future plans. The updated debt model will have to prove capacity to match the CFP put forward by the campus. Budget and Planning will work with UCOP to update the CFP, the revision and review period will occur between May – September with Regents acting on the plan in November.

Projects involving State-Eligible funding will be pushed out one year, Campbell Hall will be pushed into the 2015-16 window as will Infrastructure Renewal Phase 2 and both will most likely be submitted for inclusion in the State Capital Outlay Program under AB 94.

Funds made available under the AB 94 mechanism will also be permissible for use on non-capital projects. This is different from how funds have traditionally been allocated. In the past there was clear delineation between capital and non-capital funding sources. The UC will consider whether or not spend on capital projects.

For 2013-14 UC Merced received the most funding, totaling \$51 million for three project. UCLA received the largest amount for a single project at \$48 million. The campus received \$26.505 million for the Academic Support Facility within the Bioengineering Building has proposed Infrastructure Renewal Phase 1b be funded for \$12.136 million in 2014-15.

Conversations will surround how much funds are contributed to operating and how much to P&I payments related to capital projects. Initially UCOP asked campuses to identify projects which required modest funding through the AB 94 mechanism. In light of other campus' requests the campus might consider putting forward larger projects.

This year the campus has completed several projects: Anacapa Fire Safety and Renewal, Ocean Science Education Building and North Campus Faculty Housing Phase II. Two projects have also entered construction: Sierra Madre Apartments and Davidson Library Addition and Renewal. Upcoming projects which will enter construction in 2014-15 include: North Campus Faculty Housing Phase III, 12kV Infrastructure Extension, Faculty Club Renovation and Guest House Addition, Santa Cruz Fire Safety and Renewal, Parking 22 Photovoltaic, KITP Visiting Scholar Residence, and San Joaquin Apartments. Projects in planning include: Henley Hall, Campbell Hall Replacement Building, North Campus Open Space, Pauley Track, Low Temperature Characterization Lab at MRL, Music Building, Physics Engineering Building, and the Cabrillo Business Park Building.

Campbell Hall will be put forward for funding under the AB 94 mechanism in 2015-16. Campbell Hall has life safety issues and is critical for campus teaching purposes. The building cannot be closed to renovate, therefore a replacement has to be constructed. A renovation would put the building offline for approximately 18 months with nowhere of adequate space on campus to accommodate the class sizes. If

one semester of freshman education in Campbell Hall is interrupted it effectively prevents students from being able to complete their bachelor's degrees within 4 years. The same problem exists for Buchanan Hall, the dedicated classroom building on campus.

A solution would be to construct Campbell Hall replacement on an adjacent parking lot followed by a new classroom building potentially in the location of the existing Campbell Hall. With classes supported in the two new facilities, Buchanan Hall, could receive a major renovation or could be decommissioned to clear the site for a new facility that would better utilize the land. A classroom building providing general assignment classroom space would be a prime candidate for state eligible funding. The campus has conducted some early research on such standalone facilities, many campuses within the UC and further afield are moving to adopt buildings of this type. A new building could be 4-6 floors in height providing classrooms, lecture halls, meeting spaces, study space, integrated IT and administrative support, and various other resources all in same building. It is suggested that a general assignment classroom building be added to the CFP between Campbell Hall Replacement Building and Buchanan Hall Renovation.

A classroom building will be placed into the CFP as placeholder to go through discussions at campus level, classroom utilization will be looked at and practices evaluated to improve metrics. It is advisable to fund and complete a Detailed Project Program to allow the project to move forward quickly when the time comes. The portfolio of classroom sizes and flexibility would be beneficial to the campus at large.

A.S. President Abboud is very supportive of a classroom building. Vice Chancellor for Student Affairs, Michael Young would like a new classroom facility to be flexible to accommodate study spaces, group study and student performance space. Current classroom space is utilized beyond "regular" teaching hours, many are used for extension, performance, summer conferences. A new classroom building would be sized to replace Buchanan Hall plus provide additional capacity. The building would need to accommodate 1,000 or 1,200 students at one time. The project would not preclude the Buchanan Hall site being used for additional classroom space or a new research facility.

B. Information Only: Current Projects Update

Senior Associate Vice Chancellor Marc Fisher provided an update of current projects on campus. Bioengineering is mobilizing, however, the Love Lab temporary building has to be moved before construction start in October. The Faculty Club Renovation and Guest House Addition will start construction soon after commencement and will build 30 new guest rooms and renovate the existing building. Davidson Library Addition and Renewal is scheduled for completion in December 2015, however it is currently ahead of schedule with possible early completion as soon as September 2015.

San Joaquin Apartments will go to the Coastal Commission for review in August, construction will proceed immediately after approval. Sierra Madre Apartments are currently under construction with completion expected in spring 2016. The 12kV infrastructure project will bring electricity out to housing projects, saving the campus utility fees by purchasing electricity through the central switch. Construction is starting now and will be complete by September, the project bid approximately \$900,000 under budget.

Phase II of North Campus Faculty Housing has sold out. Phase III will begin construction this October. A segment of Mesa road between stadium Road and Los Carneros Road will be repaved. Goleta West

Sanitary District, will also be installing a new sewer line which the campus is co-funding. An improvement project for a portion of UCen Road will come to CPC next month. The project straightens out the curve and adds approximately 60 parking spaces. Ocean Road from Mesa Road to the bus turning circle will be repaved, the remaining section adjacent ESSB and Athletics will be repaved after the Infrastructure Renewal Phase 1 project is completed. Students have approved a bicycle circle project between Rob Gym and the Visitor Center in SAASB, the current junction is difficult to navigate and is getting addressed due to safety concerns.

Santa Cruz Hall is the last of the residence halls to be renovated, construction will begin this summer and be completed before fall 2014-15 move-in. The KITP Visiting Scholar Residence, a donor developed project, is expected to start construction in fall 2014. The LRDP is expected to go to the California Coastal Commission in July for final review.

C. Information Only: Ocean Meadows Public Access

Director of Capital Development, Chuck Haines presented the conceptual plans for the former Ocean Meadows Golf Course. Ocean Meadows was purchased by the Trust for Public Land (TPL) and donated to the University to be stewards of the property as well as to restore it. Purchased for \$7 million with grant funding, the ownership of the land was transferred to the university under four general conditions: the land be preserved as open space in perpetuity; the habitat be restored for both plant and wildlife; there be a public access component; and be used for passive recreation only. The land has been rebranded as North Campus Open Space. One of the campus provisos with regards to accepting the land was that no campus funds would be utilized. Funding for physical planning, engineering/grading studies will be sought through grants. Grants for the restoration of the area would be applied for over the coming years. Most of the agencies that granted funds for the purchase have also expressed interested in the restoration of the land.

The first phase of the project has been to address public access, TPL is partnering on the project and has conducted community based planning meetings with the local community. These workshops produced three general concepts establishing ideas on how public access may work on the site. Director Haines walked the committee through the three concepts, each illustrating different levels of development.

I. Information & Follow-Up Items

Status Report: Special Projects Subcommittee

No report.

Status Report: Design Review Committee

No report.

Status Report: Faculty & Staff Housing

No report.

Status Report: Student Housing

No report.

Status Report: Major Capital Projects

Report attached.

VII. Correspondence

Meeting adjourned at 3:17pm

Minutes taken by Michael McGrogan, Office of Budget & Planning