

**Meeting Minutes – October 25, 2016- 2:00pm-4:00pm**

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**Location:** SB Harbor Room, UCen

**Members Present:** Chuck Haines, Henning Bohn, Marc Fisher, Ann Jensen Adams, Stephan Miescher, Pierre Wiltzius, Rod Alferness, Richard Watts

**Members Absent:** David Marshall, Stan Awramik, Beverly Colgate, Joe Incandela, Margaret Klawunn, Martin Shumaker, David McIntosh, Austin Heckler

**Alternates Present:** Chris LaVino, Bill McTague, Lisa Sedgwick, Timothy Sherwood

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**I. Announcements**

Chuck Haines, Acting Assistant Chancellor of Finance and Resource Management, provided the following updates: 1) Full time enrollment increased by 850 students this year. 2) Campus still awaits a final budget for 2016/17 from the UC Office of the President.

**II. Minutes**

The minutes from June 28, 2016 were approved as written.

**III. Consent Agenda (None)**

**IV. Final Discussion Item: D&CS Rate Proposal (C. Haines)**

Haines gave a presentation on Design and Construction Services' (D&CS) new recharge package. It proposes increases to the fees assigned to minor and major capital projects. Once the package is evaluated by CPC, the Income and Recharge Committee would continue its review before making a recommendation to the EVC for approval.

Haines explained the necessity for a new accounting structure. A pilot program was described whereby a college entity manages its capital project from within its own organization. It eliminates the need for a PM assigned by D&CS. Therefore, the fees for the other independent services of the department, that had been previously imbedded, must be recaptured.

Haines described the impact of the new structure and fees to a capital project through a series of comparisons between the services related to D&CS, Construction Contracting, and EH&S/Fire Marshall. Two spreadsheets illustrated the following analyses:

**Exhibit A:** Prepared by D&CS

**Minor Capital Project:** In the Proposed Model, a new recharge rate would result in an increased cost of 1.66 % to the project. In the Pilot Program Model, a new recharge rate would result in a savings of 3.45%. In this case, the department forgoes the services of a D&CS Project Manager in lieu of managing from within. However, this figure does not take into account the direct cost to the college entity for time spent self-supporting the project.

**Major Capital Project:** In the Proposed Model, a new recharge rate would result in an increased cost of 2.03 %.

**Exhibit B:** Prepared by Office of Budget and Planning

**Major or Minor Capital Project:** In the Proposed Model, the total charges to capital projects from one year to the next reflect an increase of 17.5%. This assessment elaborated on D&SC's models by taking into consideration the increase in revenue generated by the new recharge package; it adjusts for plant accounting services formerly supported with D&CS rates and internal recharges between D&CS and Facilities Management.

The point was made how the Committee might consider a blend of state and non-state monies to fund the portion of Construction Contracting Services' work that is non-billable.

In conclusion, Haines made the following points:

- A need for robust consultation throughout the income and recharge process
- CPC members should forward their question and comments in preparation for presentation to the Income and Recharge Committee
- 4 years have elapsed since the last rate increase.
- D&CS confirmed that salary and benefits have increased 29% since fiscal year 2012.
- An annual evaluation of D&CS salaries and benefit increases and their impact on recharge rates in the future is important.

#### **IV. Discussion Item Preliminary Project Proposal: Classroom Building/Music Seismic Correction Project (*M. Nocciolo*)**

Acting Director of Capital Development, Mark Nocciolo, presented a proposal for a state funded capital project that addresses the combination of enrollment growth and seismic liability.

Nocciolo explained how the project was born in response to a call from UCOP in June 2016. It announced their State Capital Outlay Program that will use GFF Funding to yield \$50M over the course of 3 years. Campus saw this as an opportunity to address the need for additional classroom space within a budget of \$40M and seismic deficiencies in the Music Building within a budget of \$10M.

Nocciolo acknowledged there are greater needs in the Music Building than that which a budget of \$10M can accomplish. As late as last June, the CPC Preliminary Project Proposal for a Music Renovation project estimated the need to renovate approximately 21,000 ASF at a cost of \$18M.

Nocciolo explained a plan to demolish the 2-story north wing and 1-story east wing of the complex and to accommodate elsewhere Music's programs and facilities displaced by the demolition. A need for surge space, possible relocation in the new Classroom Building, and/or in renovated space within the Music Building complex are under consideration.

Nocciolo expounded on the enrollment growth that represents a justifiable means of securing state funding. Currently, the overall increased classroom utilization is 77% of the University standard. He cited research by the Office of the Registrar that indicates enrollment growth has a direct impact to the campus' inventory of teaching spaces. To accommodate instruction and course loads for a growing student body, the campus needs more classroom, tutorial, and seminar rooms. The Registrar also stressed the importance of dynamic, flexible instructional spaces to accommodate the latest teaching methodologies.

A slide was presented to illustrate benefits to the project's proposed location. A potential 85' height limit, and the building's position in the core of the campus suggest opportunities for high-density capacity. Further project site analysis will be conducted during the programming phase to explore those advantages.

Due to the limits of budget, Nocciolo projected the scope for new construction and renovation would require conscientious attention to programming and schedule. The campus is proposing GFF funding for Preliminary Plans and Working Drawings in 2018/19 and Construction in 2019/20. The Project Planning Guide (PPG) approval document is due in June 2017. To meet submittal deadlines, architect selection and project programming needs to begin as soon as possible. In conclusion, B&P and the Campus Architect clarified the following:

- The Registrar has expressed a need for at least some new classrooms in the 25-60 seat range.
- The Music Building is not a good candidate for preservation due to seismic deficiencies, deferred maintenance projects, and its relative low density.
- The Music Department's component is considered a new building; they will continue to be consulted on the project.
- The Classroom Building will consist of general assignment classrooms; it may accommodate some of Music's programs.
- This project will return to CPC as an Action Item

## **VI. Information & Follow-up Items**

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

No report.

### **B. Status Report: Design Review Committee (M. Fisher)**

DRC anticipates robust activity this year with multiple projects up for review. Two seats have been filled by the local design professionals. Two seats are currently available for faculty members.

**C. Status Report: Faculty & Staff Housing (C. Haines)**

Phase 3 Ocean Walk: Development is almost fully subscribed; 1-2 units remain available.

Phase 4 & 5 Ocean Walk: Units should be available for purchase in approximately 18 months; Campus expects a lower price point from the Phase 3 single family units.

Sierra Madre: 50% of units designated for faculty and staff are subscribed

**D. Status Report: Student Housing (M. Fisher)**

San Joaquin Apartments: 140 Students have moved into the North Village; completion expected mid-2017

Sierra Madre: Fully occupied with positive feedback

**E. Status Report: Major Capital Projects**

Report Attached.

**VIII. Correspondence**

Meeting adjourned at 3:06pm

Minutes taken by Carolyn Franco, Office of Budget & Planning