

Meeting Minutes – January 29, 2019- 2:00pm-4:00pm

Location: SB Harbor Room, UCen

Members Present: Chuck Haines, David Marshall, Joaa Hespanha, Henning Bohn, Rod Alferness, Ahmad Ahmad, Garry Mac Pherson, Pierre Wiltzius, Brian Graham, Margaret Klawunn

Members Absent: Beverly Colgate, Trevor Hayton, Richard Watts, Cierra Raine Sorin, Brooke Kopel

Alternates Present:

I. Announcements

A. State Budget Review

Chuck Haines, Assistant Chancellor, Finance and Resource Management, reported on the State budget. Of the UC’s request for \$422.7M, the State has allocated \$240M in its initial budget for permanent funding and \$153M in one-time funding. The \$240M distributes as follows:

- \$119.8M salary and benefits
- \$49.9M degree attainment and student success
- \$5.3M student mental healthcare
- \$15M student basic needs
- \$10M to fund increase of 1,000 students in fall of 2018
- \$40M to restore a prior cut in state general funds from Prop. 56

Of the \$153M increase in one-time funding, the State is funding \$138M for deferred maintenance, and \$15M for degree completion through UC Extension. By comparison, the Governor’s budget that gives significantly more to CSU in permanent and one-time funding. UC is consid-

ering a renegotiation of the original funding request not to include permanent funding to compensate for tuition buy-out this year. Assistant Chancellor Haines remarked that the latest funding measures represent a modest yet noteworthy improvement from recent years. The next budget revision occurs in May.

II. Minutes

The minutes from December 11, 2018 were approved as written.

III. Consent Item (none)

IV. Action Items

The Campus Planning Committee voted to recommend approval of the DPP for the Engineering III Building and to proceed to the Schematic Design Phase (SD) once funding is available.

V. Discussion Items

A. Seismic Study (J. Hendricks)

Julie Hendricks, Director of Design and Construction Services, shared a summary of the campus's current seismic study. UC campuses received notification from UCOP of a requirement to perform a seismic assessment for all leased and owned facilities. D&CS has engaged structural engineers to assist with the process. The buildings are divided into one of three groups depending on the degree of urgency, based on a number of factors including age, prior assessments performed, etc. Assessments of 16 buildings in Group 1 were reported in December 2018. Campus plans to complete evaluations for Group 2 (200 buildings) in June 2019, and Group 3 (131 buildings) in June 2020. There will likely be funding to assist in assessing the buildings that require follow up. Group 1 buildings include Noble Hall and the Chemistry building as examples.

The first level of evaluation is a ballpark estimate of seismic risk. More diagnosis follows in the second and third phase of review. Campus would work with engineers to develop a rough order

of magnitude at that time. A G.O. bond could assist with seismic corrections, although the campus' deferred maintenance and enrollment growth are other needs that compete for such funding.

B. Tennis Center Complex (*J. McCutcheon*)

John McCutcheon, Director of Athletics, introduced the Tennis Center Complex, a donor funded, \$5.22M project to replace the existing tennis courts with a new, Division One-caliber facility. The current courts are worn and no longer suitable for either recreation or intercollegiate play. The new plan expands spectator seating and includes a building to accommodate locker rooms and meeting rooms. The Tennis Center Complex is a joint effort between The Intercollegiate Athletic Department (ICA) and Department of Recreational Sports. This is a design/build project, which will allow for budget and schedule efficiency opportunities. It will go before the Design Review Committee. The project is tentatively scheduled to begin construction by the end of the year with completion by the end of 2020.

C. Capital Planning Process (*M. Nocciolo*)

Mark Nocciolo, Acting Director, Capital Development, gave a presentation on the capital planning process. He noted that the campus has not received traditional public financing in 12 years. Deferred maintenance has suffered as a result. Since 2007, about a half-dozen projects, including the Library, BioE and Infrastructure Phases, 1B and 1C, have received some public financing for portions of their design and construction costs.

A capital project is the construction of a building or facility, purchase of land or buildings, renovation or improvement of existing building or facility. The capital program is divided into minor and major projects. The goal of this discussion is to clarify the differences between them and the role of CPC in the capital process.

CPC reviews major capital projects as Consent Items, Preliminary Project Proposals (PPP), program reviews and Schematic Design reviews. In some cases, minor capital projects also come before the committee. All projects are reviewed and approved by the Chancellor.

Nocciolo shared a matrix that illustrated the circumstances under which a capital project would come before CPC depending on the dollar value, degree of state-funding, presence of new space, etc. Another chart indicated responsibilities between key decision makers in the capital process. Examples include Design and Construction Services (D&CS), Budget and Planning (B&P), control points from the colleges and departments, and building committees.

For smaller projects, the review begins when a department or college contacts Design and Construction Services (D&CS) regarding the need. D&CS determines the level of review required and submits a proposal to Budget and Planning. The proposal describes the project, identifies the funding sources and includes plans, drawings and environmental classifications. It is signed by the EVC and the Chancellor before moving forward. The UC considers Minor Capital Projects to fall between \$35,000 and \$1,000,000.

Major Capital Projects are greater than \$1,000,000. Most go through four planning phases in order to proceed; Project Initiation, Campus Review and Approval, Pre-Design Studies, and another round of Campus Review and Approval. Upon Project Initiation, the Control Point and Budget and Planning prepare a Preliminary Project Proposal (PPP) for CPC Review. The PPP is reviewed over two meetings; discussion, and action. CPC recommends to the Chancellor approval of the project to proceed to Pre-Design Studies.

The Detailed Project Program (DPP) reports those analyses. Managed by Budget and Planning, in consultation with Campus Design and Facilities, Environmental Health and Safety (EH&S), and others, the DPP identifies the project's objectives, program scope, cost, site and any issues that may impact budget or feasibility. After Design Review Committee (DRC) reviews the DPP, Budget and Planning presents it to CPC over two meetings for discussion and action. CPC then recommends to the Chancellor to approve the project in order to proceed into Schematic Design. The Chancellor may have final approval if the project is less than \$5 million.

For projects between \$5M and \$70M, the Chancellor may use delegated authority to approve. The project must be non-state funded, and included in the Campus' Capital Financial Plan

(CFP). External financing (debt) requires UCOP approvals. Projects over \$70M require full, UC Regents review. The budget and funding source determine the method of further approval by the Regents.

Nocciolo stressed the large backlog of need within the campus' state capital program. Budget & Planning reported \$1.2B to UCOP this year in state-eligible projects that are currently unfunded and \$212M in projects for which funding has been identified.

VI. Information and Follow-up Items

A. Status Report: Special Projects Subcommittee (*B. Colgate*)

No report

B. Status Report: Design Review Committee (*H. Bohn and R. Bahl*)

No report

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

Negotiations continue with local developers on Ocean Walk; Campus hopes to develop a timeline of the Ocean Road project in the Spring quarter

D. Status Report: Student Housing (*G. Mac Pherson*)

Housing Dining Auxiliary Enterprises Annual Report 2017-18 notes revenue of \$178M. Garry Mac Pherson invites members to contact him directly for a copy.

E. Status Report: Major Capital Projects (*attached*)

II. Correspondence

Meeting adjourned at 2:30p.m.

Minutes taken by Carolyn Franco, Office of Budget and Planning