

UNIVERSITY OF CALIFORNIA

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SANTA BARBARA • SANTA CRUZ

EXECUTIVE VICE PRESIDENT—
CHIEF FINANCIAL OFFICER

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July 5, 2023

The Honorable Nancy Skinner
Chair, Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

Dear Senator Skinner:


The Budget Act of 2022 appropriated funds to support campus expansion projects at UC Merced (\$31.5 million) and UC Riverside (\$51.5 million). To further support these projects, the Legislature intended that \$31.5 million and \$51.5 million would be provided to UC Merced and UC Riverside in the Budget Act of 2023 and Budget Act of 2024. Over the three years, UC Merced would receive \$94.5 million, and UC Riverside would receive \$154.5 million for a total of \$249 million. Assembly Bill 2046 was passed in the 2022 legislative session and included the following requirement.¹

“Commencing July 1, 2023, the University of California shall submit an annual report to the Legislature, pursuant to Section 9795 of the Government Code, and the Department of Finance on the amount of moneys allocated pursuant to subdivision (a) to the University of California, Riverside, and the University of California, Merced, how these funds were used, and outcomes resulting from the use of these funds.”

Since that time, the direct State General Fund appropriation has been reverted. The Budget Act of 2023 includes State General Funds to support the debt service of \$249 million for the campus expansion projects.² Attached is the annual report prepared by UC Merced and UC Riverside.

If you have any questions regarding this reporting, Associate Vice President David Phillips would be pleased to speak with you. David can be reached by telephone at (510) 987-9365 or by email at David.Phillips@ucop.edu.

Sincerely,

DocuSigned by:

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Nathan Brostrom
Executive Vice President – Chief Financial Officer

Attachment

¹Link to Assembly Bill 2046. University of California, Merced, and University of California, Riverside. (2021-2022):
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB2046

² Link to Assembly Bill 102. Budget Act of 2023. (2023-2024):
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB102

cc: H. Hemann, Consultant, Joint Legislative Budget Committee
G. Petek, Legislative Analyst, Legislative Analyst's Office
J. Pacella, Deputy Legislative Analyst, Legislative Analyst's Office
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S. Lukenbill, Assistant Program Budget Manager, Department of Finance
S. Weber, Secretary of the Senate
D. Parker, Chief Clerk of the Assembly
Indexing Division, Office of Legislative Counsel
D. Phillips, Associate Vice President, UC Office of the President
K. Fullerton, Associate Vice President and Director, UC Office of the President
L. Friedman, Executive Director, UC Office of the President
D. Santa Cruz, Director, UC Office of the President

Ab2046report

June 2023

Annual Report on UC Merced Classroom and Office Building III (COB III) project per requirements of AB2046 of the 2022 California legislative session

The California legislature, in their 2022 session, appropriated \$31.5M in first phase funding for the UCM Classroom and Office Building III Facility. The legislative intent at that time was for the state to provide an additional \$31.5M in both the 2023 and 2024 legislative sessions. When AB 2046 passed in the 2022 legislative session it included the following reporting requirement.

“Commencing July 1, 2023, the University of California shall submit an annual report to the Legislature, pursuant to Section 9795 of the Government Code, and the Department of Finance on the amount of moneys allocated pursuant to subdivision (a) to the University of California, Riverside, and the University of California, Merced, how these funds were used, and outcomes resulting from the use of these funds.”

The Classroom and Office Building III (COB III) is UC Merced’s top capital priority, to enable the campus to support new academic programs required for increased undergraduate enrollment. After the completion of the Medical Education Building, there will still be insufficient medium and large sized classrooms to facilitate the introduction of new academic programs necessary to support increasing enrollment.

Included below is information to highlight the actions taken by UC Merced in the utilization of the funds appropriated in the 2022 legislative session for COB III.

UC Merced initiated a campus wide discussion and analysis in the fall of 2022 to determine the highest priority capital need post completion of the Medical Education Building. As a result of those efforts, UC Merced moved forward in the spring of 2023 to initiate activities to develop a Conceptual Design and “Basis of Design” or Detailed Project Program (DPP) document that could be used to deliver this building through a design-build competition. In January of 2023, the Governor’s recommended budget recommended that phase 2 (and/or 3) funding for the COB III be delayed. UC Merced has continued to move forward with both the conceptual and basis of design planning for COB III, understanding that the campus would have to adjust the project schedule based on the final outcome of the legislative session.

In June 2023, UCM issued an RFQ to identify and select an architectural firm to develop a conceptual design and cost estimate, for initial project approval. Upon approval, further development of supporting documents, including the Detailed Project Program (DPP) or “Basis of Design” document, will follow. The design team will lead workshops to define the programmatic needs in development of the DPP, which will include room data sheets and project specific requirements.

In November 2023, UC Merced will seek Preliminary Plans funding approval from the Board of Regents to use approximately \$6M of funding for the continued planning activities for the COB III. The delivery schedule for the project will not be impacted by any delays in the state funding. The 2023 budget trailer bill reflecting full funding of the campus expansion initiative was good news for UC Merced and has been incorporated into the project schedule noted below:

June 14, 2023

RFQ is posted for architectural firms to complete conceptual design and “basis of design (DPP)”

July 22, 2023	Selection of architectural firm to complete conceptual design and “basis of design (DPP)”
November 15, 2023	Board of Regents Meeting to seek preliminary plans funding approval.
November 2024	Board of Regents to seek full budget, design and CEQA approval.
December 2026	Anticipated Project Completion

Pending the Board of Regents approval of preliminary plans funding in November, UC Merced has allocated \$200K for the conceptual design phase of the project. The balance of the \$6M will be expended on the “basis of design” and design build award. That the 2023 legislative action proposes the withdrawal of the \$31.5M in cash and replacement of it with debt financing for the entire \$94.5M will not impact the schedule for the COB III project.

Ab2046report

June 2023

Annual Report on UCR Undergraduate Teaching and Learning Facility (UTLF) project per requirements of AB2046 of the 2022 California legislative session

The California legislature, in their 2022 session, appropriated \$51.5M in first phase funding for the UCR Undergraduate Teaching and Learning Facility. The legislative intent at that time was for the state to provide an additional \$51.5M in both the 2023 and 2024 legislative sessions. AB2046, a bill enacted in the 2022 legislative session, originally carried the UTLF project and when it passed it included the following reporting requirement.

“Commencing July 1, 2023, the University of California shall submit an annual report to the Legislature, pursuant to Section 9795 of the Government Code, and the Department of Finance on the amount of moneys allocated pursuant to subdivision (a) to the University of California, Riverside, and the University of California, Merced, how these funds were used, and outcomes resulting from the use of these funds.”

The Undergraduate Teaching and Learning Facility is the UCR top capital priority, in order to support existing and increased undergraduate enrollment. The classroom and class-lab spaces on campus are a current limiting factor for our enrollment, even with classes scheduled late into the evenings.

Included below is information to highlight the actions taken by UCR in moving forward to utilize the funds appropriated in the 2022 legislative session for the UTLF.

UCR moved forward in the fall of 2022 to initiate all activity to develop a “Basis of Design” document that would be used to deliver this building through a design-build competition. In January of 2023 the Governor’s recommended budget recommended that phase 2 funding for the UTLF be delayed. UCR continued to move forward with the basis of design planning for the UTLF, understanding that we would have to adjust our plans/schedule based on the final outcome of the legislative session.

In March, 2023, UCR received approval from the Board of Regents to use \$6.8M of funding for the continued planning activities for the UTLF. At that time we noted the schedule for delivery of the project would be impacted by the funding schedule provided by the state. UCR moved forward, working with our consultant, to develop the Basis of Design for the UTLF.

In June, 2023, the outlook for full funding of the UTLF in the 2023 legislative session was seen as very positive, and this action has been included in the 2023 budget trailer bill awaiting signature by the Governor. Given this good news the schedule for this project is as noted below.

March 15, 2023	Planning Approval at Board Meeting.
June 13, 2023	Design Build Pre Qual Advertisement Released
August 31, 2023	Design Build RFP release (start of competition)
February 8, 2024	Phase 1 (Design Development) Award
March 2024	Regents: full budget/design/CEQA Requested action
June 2024	Phase 2/3 (Construction Documents/Construction) Award
August 2026	Project Completion

The current financial status of the \$51.5M appropriated to UCR in the 2022 legislative session is detailed below. The 2023 legislative action proposes to withdraw this \$51.5M in cash and replace it with debt financing for the entire \$154.5M for the project. This transition in funding mechanism will not impact our schedule for the project.

Financial Summary:

Total Planning Budget Approved	\$6.8M
Total Expended to date	\$1.027M
Encumbered but not yet expended	\$.971M
Balance for upcoming competition	\$4.8M