



UNIVERSITY
OF
CALIFORNIA

James B. Milliken
President

June 9, 2026

Office of the President
1111 Franklin Street
Oakland, CA 94607

universityofcalifornia.edu

The Honorable John Laird
Chair, Joint Legislative Budget Committee
1020 N Street, Room 502
Sacramento, California 95814

CAMPUSES

Berkeley
Davis
Irvine
UCLA
Merced
Riverside
San Diego
San Francisco
Santa Barbara
Santa Cruz

MEDICAL CENTERS

Davis
Irvine
UCLA
San Diego
San Francisco

NATIONAL LABORATORIES

Lawrence Berkeley
Lawrence Livermore
Los Alamos

DIVISION OF AGRICULTURE AND
NATURAL RESOURCES

Mr. Joe Stephenshaw
Director of Finance
State Capitol, Room 1145
Sacramento, California 95814

Dear Senator Laird and Director Stephenshaw:

Pursuant to Section 92180 of the Education Code, enclosed is the University of California's annual report to the Legislature on *Campus Expansion Projects and Climate Initiatives at the University of California, Riverside, and the University of California, Merced*.

If you have any questions, Associate Vice President Cain Diaz would be pleased to speak with you. Cain can be reached by telephone at (510) 987-9530, or by email at Cain.Diaz@ucop.edu.

Sincerely,

James B. Milliken
President

Enclosures

cc: Senate Budget and Fiscal Review
The Honorable Lena Gonzalez, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Mr. Diego Lopez)
(Attn: Mr. Kirk Feely)
The Honorable David A. Alvarez, Chair
Assembly Budget Subcommittee #3
(Attn: Mr. Christian Griffith)
(Attn: Mr. Tobias Wolken)
Mr. Hans Hemann, Joint Legislative Budget Committee
Ms. Jessica Holmes, Department of Finance
Ms. Jessica Deitchman, Department of Finance

Ms. Gabriela Chavez, Department of Finance
Mr. Gabriel Petek, Legislative Analyst Office
Ms. Jennifer Pacella, Legislative Analyst Office
Ms. Florence Bouvet, Legislative Analyst's Office
Provost and Executive Vice President Katherine S. Newman
Executive Vice President and Chief Financial Officer Nathan Brostrom
Senior Vice President Meredith Turner
Associate Vice President Cain Diaz
Associate Vice President and Director Kathleen Fullerton
Associate Vice President David Phillips
Executive Director Lauren Friedman

Annual Report on UC Riverside’s Campus Expansion Funds

The California legislature, in its 2022 session, appropriated \$51.5 million in first-phase funding for the UCR Undergraduate Teaching and Learning Facility (UTLF). The legislative intent at that time was for the state to provide an additional \$51.5 million in both the 2023 and 2024 legislative sessions.¹ When AB2046 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.”

Consistent with past reporting, the UTLF includes 1,791 instructional seats, of which 264 seats are lab and/or studio seats supporting instruction in biology, organic chemistry, and dance. The UTLF project will result in an 18 percent increase in general assignment seats, a 54 percent increase in biology class lab seats, and a 20 percent increase in chemistry class lab seats over the current capacity – a significant step in reducing the campus's seat deficit and improving availability of some of the most impacted courses.

Construction of the UTLF commenced in July 2024 and is anticipated to be completed in the summer of 2026.

Included below is information highlighting the actions taken by UCR to use the State funds appropriated for the UTLF.

March 2023	Board of Regents Approved Preliminary Plans Funding
June 2023	Design Build Pre Qual Advertisement Released
August 2023	Design Build RFP release (start of competition)
February 2024	Phase 1A (Design Development) Award
March 2024	Board of Regents Approved the Full Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act
April 2023	Phase 1B (Design Development) Award
June 2024	Notice to Proceed Phase 2&3 (Construction Docs/Construction) Award
July 2026	Project Completion

Financial Summary:

Total Planning Budget Approved	\$6.8 million
Total Budget Approved	\$156.3 million ²
Total Expended to Date	\$135.7 million
Encumbered	\$150.834 million

¹ 2022-23 Final Budget Summary, Item 6440-001-0001, Provision 45. <https://www.dgs.ca.gov/-/media/Divisions/OSP/Publications/Final-Budget-Summary-2022-23-ADA.pdf>

² Includes the \$6.8 million planning budget as part of the overall \$154.5 million State allocation, plus \$1.8 million of campus funds added to cover costs associated with IT infrastructure improvements.

Annual Report on UC Merced’s Campus Expansion Funds

The California legislature, in its 2022 session, appropriated \$31.5 million in first-phase funding to support campus expansion projects at UC Merced. The legislative intent at that time was for the State to provide an additional \$31.5 million in both the 2023 and 2024 legislative sessions.¹ When AB2046 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 campus expansion funds are being used to support the construction of the Classroom and Office Building III, the Field Education and Research Center, the replacement of key campus boiler infrastructure, and planning and conceptual engineering for the Campus Integrated Utilities Solutions project.

Classroom and Office Building III

The Classroom and Office Building III (COB III) enables 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 large-sized classrooms to facilitate the introduction of new academic programs necessary to support increasing enrollment.

UC Merced initiated a campus-wide discussion and analysis in the fall of 2022 to determine the highest-priority capital need after 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 the building through a design-build competition.

In June 2023, UCM issued an RFQ to identify and select an architectural firm to develop a conceptual design and cost estimate. Further development of supporting documents, including the DPP/“Basis of Design” document, was completed. In July 2025, a design-build team was selected to finalize the design and construct the building. Construction began in April 2026.

Included below is information highlighting the actions taken by the Merced campus to use the State funds appropriated for the COB III project.

March 2024	Board of Regents approved Preliminary Plans Funding
March 2025	Board of Regents approved Full Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act.
July 2025	Design Build Team was Selected
April 2026	Construction was Initiated
January 2028	Anticipated Project Completion

¹ 2022-23 Final Budget Summary, Item 6440-001-0001, Provision 45. <https://www.dgs.ca.gov/-/media/Divisions/OSP/Publications/Final-Budget-Summary-2022-23-ADA.pdf>

Financial Summary:

Total Planning Budget Approved	\$8,600,000
Total Project Budget Approved	\$78,000,000
Total Expended to Date	\$7,883,432
Encumbered	\$74,000,000

Field Education and Research Center

UC Merced has completed construction of the Field Education and Research Center (FERC) project in the northernmost portion of the campus. The FERC is an important project that is intended to facilitate the Merced Vernal Pools and Grasslands Reserve (MVPGR) educational and research programs by providing a facility that supports field research and educational programming.

Campus Expansion funds (\$1.733 million) support the \$5.4 million project. Other campus and grant funds make up the remainder of the funding plan.

Campus Boiler Replacement

Over the past two years, UC Merced has experienced the sequential failure of three of its primary heating hot water boilers. These boilers, located in the Central Utility Plant, serve nine buildings on the north campus, including seven large academic facilities. In 2023, UC Merced began installing temporary rental boilers to replace the faulty equipment and currently has nine rented boilers in place to manage the load. The Boiler Replacement project would allow for the purchase of four replacement boilers, eliminating the need for rental boilers. This approach ensures uninterrupted campus operations while accommodating current and projected enrollment growth.

The delivery method is design-bid-build, and \$4.4 million in campus expansion funding has been approved for the Boiler Replacement project. The total project costs include demolishing and replacing the three failed boilers with four new boilers inside the Central Plant. By Spring 2026, new boilers were installed, and testing was initiated to overlap with continued operation of the temporary boilers to mitigate operational risks. Project completion is expected in July 2026.

Construction was initially delayed due to supply chain issues, delaying receipt of the new equipment.

Included below is information highlighting the actions taken by the Merced campus to use the State funds appropriated for the Campus Boiler Replacement project.

May 2025	The University's Executive Vice President – Chief Financial Officer Approved the Full Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act
July 2026	Construction Completion (pending supply chain disruptions)

Financial Summary

Total Planning Budget	\$4,400,000
Total Expended	\$1,815,278
Encumbered	\$4,000,000

Planning Funds for Campus Integrated Utilities Solutions

As the newest University of California campus, UC Merced continues to grow. The campus has developed a Utilities Master Plan (UMP). The UMP proposes strategies for the phased expansion of capacity and improvements to the utility infrastructure.

The Campus Integrated Utility Solutions (CIUS) project is a strategic effort to enhance and expand essential campus utility infrastructure, providing the capacity necessary to meet current enrollment needs and accommodate long-term growth. The CIUS project is broken down into two main phases. The first phase will identify and implement short-term utility infrastructure solutions that will be integrated into the second phase of long-term, expandable utility infrastructure solutions.

The State funds are being used to complete preliminary plans for

- Complete preliminary Plans for Phase 1, Short-Term Solutions. Phase 1 includes adding metered solar and battery storage facilities to address capacity constraints.
- Initial planning for Phase 2, Long-Term Solutions. The primary goal of this planning effort is to identify options to address the campus's infrastructure needs, with associated financial analysis. The campus will investigate and analyze various funding pathways for the construction of the long-term Modular Utility Plant and the required distribution systems.

The Merced campus has completed the following work:

Phase 1: Short-Term Solutions and Preliminary Planning

- New 21kV Electrical Service to the UC Merced Campus
PG&E 21kV service:
 - PG&E and UC Merced collaborated on the Preliminary Engineering Study (PES).
 - Campus signed Main Service PES, March 5, 2025
 - Campus signed Reserve Capacity PES, July 24, 2025
 - PG&E has completed both PES studies.
 - PG&E placed orders for long-lead-time substation equipment.
 - PG&E estimates a five-year timeline to complete engineering and construction.
 - PG&E is estimating completion of the project for the main service by June, 2029
- UC Merced-Owned 21kV Substation:
 - High-level, phased implementation plan. Project diagrams and preliminary cost estimates. Comprehensive single-line diagram of existing campus electrical infrastructure.
 - Conceptual design and cost estimate completed for the substation and distribution of the new service on campus.
 - Schematic and detailed design for the substation and distribution network expected to be completed in 2027.
- New 6.5MW Ground-Mount Solar + 3.5MW Battery Storage
 - Financial analysis comparing Power Purchase Agreement (PPA) vs. self-funded ownership model.
 - Entered contract negotiations with a provider in Spring 2026 to construct the new 6MW, ground-mount, agrivoltaics solar array.
 - Completion expected fall 2028.
- Sanitary Sewer Lift Station Project
 - Identified constraints and developed a project cost estimate.
 - After additional investigation, several options were developed and the cost estimate updated.

- Architect/Engineer has been selected, and the schematic design phase has been initiated.
- Project completion is scheduled for January 2027

Phase 2: Long-Term Solutions Initial Planning

- Electrical Substation and Campus Distribution Network
- Modular Utility Plant and Thermal Infrastructure
 - Preparing a cost proposal to support the development of an RFP for an engineering firm to complete the schematic design.
- Campus Master Plan: Phase II:
 - Extensive campus stakeholder workshops in February 2025.
 - Completed Campus Master Plan: Phase II

The anticipated project work plan is noted below:

July 2024	Board of Regents approved preliminary plans funding for CIUS Project: Phase 1, Short-Term Solutions, and partial preliminary plans funding for the CIUS Project: Phase 2
Fall 2026	Will seek approval from the University’s Executive Vice President - Chief Financial Officer to redirect approximately \$4 million of the original planning funds to the execution of the sewer upgrade project that emerged as a part of the short-term planning efforts, and will support both recent and future projects in the south campus
Spring 2027	Develop the conceptual and schematic design plans for the electrical substation and distribution network to integrate the new PG&E service on campus.
Winter 2027	Board of Regents discussion item to report on the results of the planning work, the individual projects that have emerged during the planning process, and the possible procurement strategies for the new electrical substation and campus distribution network, as well as the design and construction of the Modular Utility Plant.

Financial Summary

Planning Budget Approved	\$9,925,000
Total Expended to Date	\$409,163
Encumbered	\$688,400

Campus Expansion Funds Summary

COB III Project	\$78,000,000
FERC Project	\$1,733,000
Boiler Replacement Project	\$4,400,000
CIUS Project	\$9,925,000
Remaining “Unassigned” Funds	\$442,000

The remaining \$442,000 in “unassigned” funds will be used to cover any unexpected cost fluctuations as the four approved projects move through construction. The future use of these funds and/or the use of any funds not used to cover cost fluctuations will be documented in a future report.