



Dialogue

NOVEMBER 2015

CAPITAL PROGRAMS

CAPITAL ASSET STRATEGIES AND FINANCE

UC OFFICE OF THE PRESIDENT

Chris Hornbeck appointed to DBIA Board

Capital Programs is proud to announce that the Design-Build Institute of America (DBIA) has elected our own Chris Hornbeck, Director of Construction Services, to the DBIA National Board of Directors for the 2016 calendar year.

DBIA, with over 4000 members, promotes the value of design-build project delivery and teaches the effective integration of design and construction services to ensure success for owners and design and construction practitioners. Chris plans to use his position to support continued improvement of industry DB best practices to improve benefits for all UC stakeholders and support project goals and success. We will continue to use DB through continuous improvement by optimizing allocation of project responsibilities and risks. We are proud to have a UC representative in this endeavor. Please feel free to contact Chris to share your thoughts and insights and please join me in congratulating Chris for a well-deserved recognition.

Deborah Wylie



Oh the Places We Will Build, the People We Will Meet....

CAS&F Summit

It takes a village to make a capital project a reality. Each project is a long journey from conception through construction, before great UC minds can walk the halls. Many of us impact those journeys (projects) including Capital Planning and Budget, Finance and Real Estate, and all units in-between. What might we learn from one another when our diverse disciplines cross paths?

UCOP Capital Asset Strategies & Finance (CAS&F) is considering an integrated conference with the many units that contribute to the development and operations of campus facilities. We anticipate participants from a range of disciplines. We want to gauge your interest in attending, planning and/or programming this conference. Please, please, please, take the short 10 question survey to help us plan and make this a success. https://www.surveymonkey.com/r/CASF_Summit

Chris Hornbeck @ Deborah Wylie

Sustainable Groundwater Management Act

New legislation has been enacted creating a new groundwater management system for California. The Sustainable Groundwater Management Act (SGMA) requires local jurisdictions in each groundwater basin to: 1) identify a Sustainable Groundwater Management Agency, and 2) to prepare a Sustainable Groundwater Management Plan. Highest priorities and earliest deadlines affect geographic areas identified with the most overdrawn groundwater basins. Campuses will need to coordinate with local jurisdictions to ensure regional agencies are aware of UC growth plans and water needs, as well as water conservation measures. This is in addition to UC's Policy on Sustainable Practices that already requires campuses to have Water Action Plans to identify water conservation measures.

Information from ACWA (Association of California Water Agencies) can be found at: www.acwa.com *Charlotte Strem*

2015-25 Capital Financial Plan



The 2015-25 Capital Financial Plan (CFP) was accepted by the Regents at their November meeting. The CFP catalogs the capital investments proposed at each campus, and the Division of Agriculture and Natural Resources (ANR) over the next 10 years. While this planning tool cannot capture all of the needs that will arise over the next decade, it does provide a reliable outlook of the strategic goals and program priorities at the campuses, medical centers, and ANR. Before advancing into development each project must obtain specific approvals, and those projects anticipating the use of debt-funding must prove financial feasibility against certain affordability metrics. The 2015-25 CFP and prior year plans are available at <http://www.ucop.edu/capital-planning/resources/2015-25-capital-financial-plan.html>.

Dana Santa Cruz



ICAMP Update

As noted in Dialogue (September 2015 issue), the Integrated Capital Asset Management Program (ICAMP) has two new core team members, Marc Heckman & Richard Powers. Marc and Rich recently completed a Maximo implementation for UCSF's Medical Center and Campus facilities' maintenance organizations in October and will now redirect the majority of their time toward ICAMP.

Initial focus is directed toward program setup, discovery and analysis. Major deliverables for this phase (Nov '15 - Feb '16) include: 1) identifying and securing project resources and subject matter experts (SMEs), 2) finalizing software solution and pricing, 3) developing an ICAMP Current-State Evaluation Report, and 4) drafting an ICAMP budget & value proposition.

Marc and Rich plan to contact ICAMP campus constituencies to introduce themselves, verify campus contacts, evaluate the current state of campus systems (i.e. CMMS, Space, Condition Assessment), validate ICAMP expectations and answer questions. Expect us to contact your ICAMP representatives over the next 2-3 months. Feel free to contact us directly with your scope and interests. marc.heckman@ucop.edu and rich.powers@ucop.edu

Marc Heckman

CEQA changes coming

The California Office of Planning and Research has proposed amendments to the California Environmental Quality Act (CEQA) for discussion. While there are more steps before these are effective, it is important to understand the scope of the proposed changes. Proposed changes include updates to the CEQA checklist; analysis of energy impacts and water supply; and changes to reflect recent case law.

Two additional proposed major changes are still pending: 1) change in transportation analysis method from Level of Service to Vehicle Miles Traveled – this change is the subject of a separate update effort, and 2) additional changes resulting from pending CA Supreme Court decisions on a)GHG emissions and b)the impact of the environment on a project (in contrast to the impact of a project on the environment).

UCOP, in coordination with the Department of General Services, recently commented on another proposed change to public agency land acquisition, suggesting recycling and compost be considered in a project's waste stream. Contact your campus environmental planner or UCOP Physical and Environmental Planning if you have questions.

Charlotte Strem

Total Return from University Ground Leases

University real estate transactions serve the institution's mission by accommodating a wide variety of programmatic and auxiliary support needs. University land is unique and has a high institutional value and opportunity cost. Universities are long term users with unique missions and they need to emphasize the shortest feasible lease term and a strong total return. When Universities lease campus land in furtherance of their mission, monetary rent may not be the only, or even the principal, form of return. One way to think of University return on land is as "total return" consisting of some combination of the following:

- Intangible returns that are not measured in economic terms but may serve to enhance institutional reputation; improve campus neighborhood environments and create opportunities for students.
- Tangible returns other than rent but nonetheless measurable may be exchanged for the use of the land. For example recreational facilities, study space, classrooms and even infrastructure.
- Traditional consideration consists primarily of base ground rent with escalations, and perhaps participation in cash flow and sharing in equity distributions.

The University is in the best position to succeed when it: 1) has a clear vision of what it wants to accomplish (in terms of institutional purpose and total return), 2) has a consistent message, 3) selects an appropriate developer carefully, and 4) says no when necessary.

Gordon Schanck

Key Dates

DECEMBER

1

Oakland



Water Wise: Best Practices for Moisture Protection and Waterproofing

8

UCLA



Water Wise: Best Practices for Moisture Protection and Waterproofing

JANUARY

tbd



Commissioning UC Buildings (Old and New)

23-24

San Francisco
Mission Bay

REGENTS MEETING