

**Office of the President**

**TO MEMBERS OF THE COMMITTEE ON FINANCE:**

**ACTION ITEM**

*For Meeting of March 14, 2007*

**PROPOSED CONTINUATION AND INCREASE OF SEISMIC/LIFE SAFETY FEE,  
SANTA CRUZ CAMPUS**

**EXECUTIVE SUMMARY**

- Action:
- (1) Approve continuation of the Santa Cruz campus seismic/life safety fee through spring 2038 to finance seismic improvements to the structural systems of the Cowell Student Health Center and the Field House West facilities.
  - (2) Approve an increase in the Santa Cruz campus seismic/life safety fee from \$25 to \$40 (an increase of \$15) per student per quarter, for the period beginning summer 2007 through spring 2038 to repay debt associated with external financing for the planned seismic improvements.

Issues: The Santa Cruz campus seismic/life safety fee provides funding for needed seismic and other life-safety improvements in student services facilities ineligible, in whole or in part, for State-funded maintenance. The seismic/life safety fee is the Santa Cruz campus' primary fund source to address the safety needs of student services facilities. The existing fee will cease at the end of spring 2007.

Continuing the duration of the existing seismic/life safety fee and increasing the fee level will allow the campus to finance seismic/ life safety improvements for two major student facilities on the campus – the Cowell Student Health Center and the Field House West.

Consistent with University policy, an increase in a compulsory campus-based fee does not require a student referendum when the increase is necessary for the health and safety of students specifically related to the maintenance of the safety of a building, including addressing seismic or other structural deficits.

## RECOMMENDATION

The President recommends that the Committee on Finance recommend to The Regents that, to finance seismic structural improvements to the Cowell Student Health Center and the Field House West facilities at the Santa Cruz campus, the compulsory Seismic/Life Safety fee at that campus be continued and increased from \$25 per student per quarter to \$40 per student per quarter for all UC Santa Cruz students enrolled in the fall, winter, and spring terms and in State-funded summer programs, beginning summer 2007 through spring quarter 2038.

## BACKGROUND

The existing Seismic/Life Safety Fee at the Santa Cruz campus will cease at the end of spring 2007. To address safety improvements that are needed for the Cowell Student Health Center (Health Center) and the Field House West facilities, the Santa Cruz campus proposes to extend the duration of the existing Seismic/Life Safety Fee and to increase the fee level from \$25 per student per quarter to \$40 per student per quarter.

Changes in the Seismic/Life Safety fee are proposed in accordance with the University's Policy on Compulsory Campus-Based Student Fees (*Policies Applying to Campus Activities, Organizations and Students*, October 19, 2006) which provides:

### 83.00 Exceptions to the Referendum Requirement

83.10 A new compulsory campus-based student fee, or an increase to or renewal of an existing such fee, may be approved by The Regents subject to the President's and the Chancellor's recommendation, and does not require a student referendum, under any of the following circumstances:

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83.12 When the Chancellor determines that a new fee, or an increase to or renewal of an existing fee, is necessary for the health and safety of students, and when that fee or fee increase or renewal is specifically related to the maintenance of the safety of a building or other facility that is funded, wholly or in significant part (as determined by the Chancellor with the concurrence of the Office of the President) by student fees. Safety issues are those that are potentially dangerous consistent with the standards set forth in the University Policy on Seismic Safety and the University Policy on Management of Health, Safety, and the Environment, as determined by the Chancellor with the concurrence of the Office of the President, such as those that relate to the risk of fire, the presence of asbestos, or the existence of seismic or other structural deficits.

The Santa Cruz campus 1998 *Building Seismic Survey*, which included seismic evaluations of select State and non-State supported facilities, identified safety improvements needed in several facilities that are significantly or entirely supported with student fees. While seismic safety work on space that is State-supportable is included in the State-funded Five-Year Capital Improvement Program, corrections in student fee-supported spaces are ineligible for State funding. As a result, in September 2003, the campus proposed and The Regents approved a \$25 per student per

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funds are available, to complete the detailed plans required to determine the cost and scope of correcting other poorly rated student-fee-funded facilities, to provide funding for other eligible seismic corrections and/or eligible small safety projects, and to fund the cost of necessary relocation of employees and/or equipment while a facility undergoes an eligible seismic and/or safety correction. The UC Santa Cruz Student Fee Advisory Committee (comprised of 10 undergraduate students, 1 graduate student, 1 faculty member, and 1 staff representative) would review the allocation of revenue from the seismic/life safety fee to any additional eligible projects annually.

It is estimated that the increased fee would generate approximately \$1,927,800 in the first year it is collected, of which approximately \$642,600 would be used for financial aid purposes. Because the increased fee would be collected before construction is complete and before the bonds are sold, fee revenue from this first year would be used to reduce the amount of debt required for the *Student Life Seismic Corrections* project and, as funds are available, to address other eligible small life-safety projects. After construction were complete (spring 2008), the fee would generate approximately \$1,974,000 in the first full fiscal year. Of this amount, approximately \$658,000 would be used for financial aid and approximately \$1,034,720 would be used to pay the annual debt service on an approximately \$14,632,000, 30-year loan. If the proposed extension and increase in the Seismic/Life-Safety Fee is approved, the campus will submit an Action by Concurrence item to request approval of external financing for \$14,632,000 of the proposed \$15,232,000 project.

**STUDENT LIFE SEISMIC CORRECTIONS  
COMPULSORY SEISMIC/LIFE SAFETY FEE REVENUE AND EXPENDITURES  
SANTA CRUZ CAMPUS**

	2003-04	2004-05	2005-06	2006-07 Estimated and Actual	TOTAL
<b>REVENUES:</b>					
Fee Income	694,728	1,080,031	1,084,059	1,112,790	3,971,608
STIP Income	460	9,847	14,224	10,409	34,940
<b>Total Revenue</b>	<b>695,188</b>	<b>1,089,878</b>	<b>1,098,283</b>	<b>1,123,199</b>	<b>4,006,548</b>
<b>ALLOCATIONS:</b>					
Debt Service					-
Return-to-Aid	231,000	360,441	361,806	370,931	1,324,178
Health Center Ventilation Asbestos Removal			292,914		292,914
Granary (Child Care) Lead Abatement				140,000	140,000
OPERS Pool - Structural Repair (estimate)				62,000	62,000
Academic Resource Center HVAC Repair		7,455	395		7,850
Seismic Corrections Phase 3 (Hahn)--proportionate share		207,053	11,250		218,303
Student Affairs Fire Alarm/ Sprinklers		617,140		139,208	756,348
Seismic Evaluations and Preliminary Design		7,520	407,140	637,191	1,051,851
Construction Related Relocation (employees/equipment)				100,000	100,000
Contingency				53,104	53,104
<b>Total Allocations</b>	<b>231,000</b>	<b>1,199,609</b>	<b>1,073,505</b>	<b>1,502,434</b>	<b>4,006,548</b>

Unallocated Reserve	464,188	(109,731)	24,778	(379,235)	-
<b>Net Reserve Balance</b>	<b>464,188</b>	<b>354,457</b>	<b>379,235</b>	<b>-</b>	<b>-</b>