

E. STRATEGY FOR THE MAJOR NEW SITE

As federal and state funding of capital construction for higher education has diminished over the past two decades, colleges and universities around the country have undertaken some new ventures to secure funds for facilities. They have found ways to leverage public funds with private sector development strategies, in order to benefit public purposes served by such institutions. In some instances, they have created separate non-profit or public benefit corporations to gain flexibility. UCSF intends to pursue similar strategies in order to take advantage of the innovative shared-benefit opportunities that would arise.

As federal and state funding has diminished, colleges and universities have undertaken new ventures to secure funds for facilities.

What kinds of opportunities are envisioned? These are myriad. What can be achieved and what operational latitude is permitted varies so widely under different organizational arrangements as to resist easy summation. However, the fundamental concept involves developing innovative financing of land acquisition and building construction in ways that are easier, for a public benefit corporation than for a state entity.

Some examples: Joint real estate investments or occupancies with the private sector may be organized. There may be ways to tie funding for research facilities to commercial byproducts of research, without endangering either academic primacy or leading to conflicts of interest. Certain arrangements may make it possible for UCSF to share in the realization of general economic benefits that accrue to property owners and real estate developers in an area from the presence of University facilities nearby. These and other cost-sharing and reward-sharing opportunities remain to be explored.

UCSF faces challenges in addition to finding funding for the new site. Each of the three locations still under consideration brings with it complex political, financial, and physical development issues. In addition, the actual financial and political issues that would need to be worked through prior to final completion of a land acquisition cannot be identified except through substantial negotiation. UCSF therefore will need flexibility in the site selection and acquisition process. It will need to draw on UC's real estate and land development expertise, a committed donor base, and experience in working with counties and/or municipalities concerned about shared costs of new utilities, transportation links, housing, and associated physical development.

To bring about the major new campus site, UCSF will need the following:

- A new kind of administrative acquisition and development entity;
- Authority to complete a site selection process and negotiate terms;
- Public support for a balance between private negotiations and appropriate public review;
- A means to achieve site control and/or land acquisition;

- Sufficient land to ensure ultimate build-out of needed space;
- Funding and/or cost reductions or revenue enhancements sufficient to develop early campus infrastructure and core buildings;
- Integrated planning that links academic objectives, funding arrangements and site characteristics to a timetable of construction; and
- Citizen involvement through a UCSF/community advisory panel.

To accomplish these, UCSF will need a degree of flexibility and freedom of action not typical of the normal capital improvement program process. The nature of these requirements may be stated as follows.

ADMINISTRATIVE STRUCTURE

UCSF will need to create an administrative structure which can leverage critical seed capital for the new site.

As noted in the introduction to this chapter, UCSF will need to create an administrative structure which can leverage critical seed capital. A new non-profit corporation is contemplated which would amass both professional expertise and charitable risk capital sufficient to negotiate a satisfactory transaction. It would focus on land development and financing rather than academic policy. As such, it would have to attract support from UCSF's major donor community and the UCSF Foundation. Recent examples of similar public entities pursuing these strategies include The Presidio's public benefit organization and the Oregon Health Sciences University's strategy of becoming a public benefit corporation.

AUTHORITY TO NEGOTIATE

UCSF seeks adequate authority from The Regents to carry out and conclude a competitive site selection process, including authority to negotiate privately with landowners at the three major sites. Thus, UCSF explicitly seeks formal approval of all three alternative sites put forward in the LRDP as potential new major sites. UCSF will then proceed to make a selection and finalize arrangements for site control of the selected site, returning to The Regents only for final approval of the terms and conditions of the acquisition as necessary. Whether or not the site control can be accomplished without the commitment of additional University funds, Regental approval would be sought as a matter of policy and principle.

PUBLIC SUPPORT

UCSF must accomplish the process of site selection and acquisition, including community involvement and ultimate Regental approval, through a process that is deemed to be fair, open and appropriate. This will require balancing the need for privacy in negotiating specific elements of a transaction with public

discussion of the advantages and disadvantages of a site's location, size, ability to meet UCSF's academic needs, costs, and impacts to the community resulting from UCSF's new campus site.

SITE CONTROL/LAND ACQUISITION

UCSF needs a vehicle for negotiating and achieving site control and/or acquisition in order to assure the full build-out of the campus site, without necessarily having to commit all the required resources in advance or having them immediately available. UCSF will want to obtain the best possible agreement concerning its future development. Land costs, community and political support, acquisition and development terms, cooperative land use measures, infrastructure and transportation planning: These all will be elements of a final transaction where having a degree of autonomy and flexibility will be central to a successful negotiation.

SUFFICIENT LAND FOR A MAJOR NEW SITE

The size of the site, its proximity to UCSF, and its capability to absorb the full campus buildout is a fundamental requirement. As buildout will extend beyond the 15-year horizon of the LRDP, measures must be in place to assure that the land and buildings can be acquired for full ultimate use.

FUNDING FOR INITIAL CAMPUS NEEDS

The initial period of selection, acquisition and development will probably last from two or three years. An additional three to five years may be required before the initial infrastructure of streets, sewers, telecommunication lines, and so forth is completed. Shortly thereafter it is hoped that UCSF will construct its first campus building. By the end of the 15-year period of the LRDP it is expected that at least a second large research building would have been built.

To bring this about, UCSF intends to be as creative as possible, within appropriate policies governing the University, in obtaining new and expanded sources of funding. Seed capital in the form of donations is needed. These may be arranged via potential joint ventures. Potential joint ventures with private developers may also become part of the funding package. In addition, UCSF may seek, either in combination with a municipality or independently, to reap some of the benefits of land value increases occasioned by the University's presence to assist with development of the site. Alternatively, UCSF may seek benefits in reduced land and/or infrastructure costs from landowners who will benefit from UCSF's presence.

INTEGRATED PLANNING

UCSF will work with its academic leadership to identify the most appropriate initial buildings to form the core of the new site.

As soon as it becomes possible to see what the issues will be concerning a particular site selected, UCSF will work with its academic leadership to identify the most appropriate initial buildings to form the campus “core.” There may be opportunities to link that initial building program with funding opportunities for further development, in much the same way the Garamendi Section 15820.21 program provides a mechanism to repay the costs of new buildings from new research initiatives undertaken by the faculty. Meanwhile, the construction engineering, costing and planning will be undertaken, with full participation by the municipality in whose jurisdiction the site is to be developed.

COMMUNITY ADVISORY ROLE

Throughout the development of the 1996 LRDP, UCSF has benefited from the active review and advice offered by the Community Advisory Group (CAG), a group of citizens whose breadth of leadership in institutions and neighborhoods of San Francisco has been invaluable (see Chapter 4, Goals and Objectives). In addition, UCSF has long had a Board of Overseers, as part of the UCSF Foundation; in 1992 it was restructured to become the Board of Directors, with slightly different responsibilities, among them to advise the Chancellor on issues relevant to campus/community relationships. From these two entities—CAG and the Council of Advisors—will evolve a new advisory group. This self-governing entity will serve some of the same purposes as each of the previous groups by bringing community concerns regarding UCSF’s plans and projects to the attention of the Chancellor.

THE FACILITIES PLANNING AND CONSTRUCTION PROCESS

The facilities projects put forward in the LRDP include dozens of projects, organized by site. These range from the very large-scale and long-term (a new campus site) to the fairly concrete and near-term (renovating a lab, demolishing a building). Listed below are the steps through which most facilities projects move, except as noted.

- Approval of the LRDP, LRDP EIR and EIR Mitigation Monitoring Plan by The Regents
- Campus approval to proceed with initial planning for a project.
- A planning team is formed (usually with faculty leadership, except with infrastructure projects) including, at a minimum, a planner, project manager, architect, engineer, and technical specialists
- A statement of purpose and specific requirements (a “program”)
- Identification of a funding source for acquisition and construction
- Identification of funds to operate and maintain the new physical space
- A site or sites
- A conceptual physical plan (or layout, on smaller projects)
- An initial environmental impact classification review (all projects—to determine if an Initial Study is needed)
- Additional environmental review (if an Initial Study is required)
- Community review (depending on scale, type of project, location)
- Municipal and other support (for large-scale development involving development agreements, redevelopment area plans or other)
- UC, State and Regents approvals, which vary depending on the size of the project, its funding source, and whether it involves amending an existing LRDP. In the case of a large, state-funded (greater than \$5 million) several approvals from the state and Regents would be required as the project progressed.
- Detailed specifications and construction documents
- A construction contract with a firm eligible to do UC projects.
- Permit applications and approvals
- Public information documents (depending on scale, type of project)