DATE: February 13, 2014

TO: Subcommittee on Capital Budget

FROM: Thomas W. Peterson, Provost / Executive Vice Chancellor
Daniel Feitelberg, Vice Chancellor, Planning and Budget

COPY TO: Campus Physical Planning Committee
Budget Advisory Committee

REGARDING: Establishment of the Subcommittee on Capital Budget

The UC Merced Campus Physical Planning Committee (CPPC) has been charged with providing advice to the Chancellor with respect to the physical planning and capital development of the UC Merced campus. It makes recommendations to the Chancellor regarding the long-range development plan; the physical design framework; the ten-year capital financial plan; major real estate development proposals; and proposed sites for new buildings, infrastructure and projects.

Discussion of proposed capital projects through the CPPC does not constitute budget approval.

At present, the UC Merced chapter of the ten-year capital finance plan lacks a clear link to financing strategy within the context of the campus’ budget resources. Therefore, nearly all planned projects remain unfunded and do not have an approved budget.

The approval of amendments to the campus capital improvement plans would benefit from the periodic advice from subject matter experts and project sponsors. The subcommittee on capital budget will provide a forum for subject matter experts and project sponsors to discuss pending capital budget matters that require approval from the Regents, officials at the Office of the President, the Chancellor and/or the Vice Chancellor of Planning and Budget.

Approval for Amendments to the Capital Improvement Program. All amendments to the Capital Improvement Program require approval of the Chancellor. In addition to approval from the Chancellor, amendments to the Capital Improvement Program for state-funded projects, amendments to the Capital Improvement Program for non-state-funded projects in excess of $10 million, and approval for the issuance of debt financing require approvals from officials of the Office of the President and/or the Regents.
Delegations of Authority. Pursuant to DA 2574, the Chancellor has been delegated authority to approve amendments to the Capital Improvement Program for non-State-funded minor capital projects (total project cost equal to or less than $750,000) and non-State-funded major capital improvement projects (total project cost greater than $750,000) with a total project cost not to exceed $10 million. This authority excludes: (1) the addition of a new project with a cost in excess of $10 million; (2) any modification in project budget that results in a project costing in excess of $10 million; (3) any substantial program modification in physical characteristics or intended use of a project previously approved by The Regents or the Office of the President, including any internal re-delegations; (4) any project funded wholly or in part by State funds; (5) any project that was denied funding by the State for reasons other than the unavailability of funding; or (6) projects involving Chancellorial residences or offices.

At present, the approval of all amendments to the UC Merced Capital Improvement Program requires approval of the Chancellor. The authority for non-State-funded major capital improvement projects (total cost exceeding $750,000 and not to exceed $10 million) may not be redelegated. The authority for non-State-funded minor capital improvement projects (total project cost not to exceed $750,000 and as consistent with the constraints referenced above) may be redelegated.

DA 2574 also provides the Chancellor with authority under Standing Order 100.4(o) to transfer funds to capital improvement projects. The authority for non-State-funded major capital improvement projects (total cost over $750,000) may not be further redelegated. The authority for non-State-funded minor capital projects (total project cost not to exceed $750,000), may be redelegated. Pursuant to UCM DA 113, the authority to transfer funds for non-State-funded minor capital projects has been redelegated to the Vice Chancellor, Planning and Budget.

Role of the Subcommittee on Capital Budget. The Subcommittee on Capital Budget will facilitate communication among campus stakeholders involved with all aspects of the lifecycle of campus projects, including the planning, design, construction, financing, operations and maintenance. As such, discussions about optimal procurement and financing strategy, and the commensurate financial and operating risks that the campus may face during the course of project development and over its lifecycle should be discussed.

Participants in subcommittee meetings will provide advice to the co-chairs of the committee regarding the development of finance plans for proposed capital projects, including:

- The finance plan for proposed capital projects, including project planning guides and/or business case analyses, as appropriate;
- Procurement methodology for proposed capital projects;
- Issuance of internal or external debt and management of the campus debt portfolio;
- Review of the financial, legal and other risks in proposed and active capital projects;
- Design and construction of proposed and active capital projects;
- Project schedule;
- The 10-Year Capital Finance Plan;
- Review of periodic capital budget reports for active capital projects;
- Management of the plant accounts.

The Co-Chairs will provide day-to-day advice to the Chancellor regarding amendments to the Capital Improvement Program and periodically report to the Budget Advisory Committee.

**Participation and Governance of the Committee.** The Subcommittee on Capital Budget will be co-chaired by the Vice Chancellor of Planning and Budget and the Vice Chancellor for Business and Administrative Services.

The committee includes a large number of stakeholders directly involved in various aspects of the campus capital budget, and in some cases, multiple representatives from campus departments. The initial list of interested parties invited to participate in committee discussions is included in Appendix A.

In addition, we encourage the committee to invite project sponsors, others on campus and/or project consultants to participate in discussions about their respective projects of interest.

While we encourage active participation, we do so being mindful of busy schedules and the need to move forward with discussions about matters related to capital budget. Therefore, while we invite broad participation in the advisory process, we also recognize that members of the committee may not be able to attend all or a portion of meetings committee meetings.
ATTACHMENT A

Subcommittee on Capital Budget, Co-Chairs

Michael Reese  Vice Chancellor, Business and Administrative Services
Daniel Feitelberg  Vice Chancellor, Planning and Budget

Initial Interested Parties List

Andrew Boyd  Director of Operations, Design and Construction
Michael Chow  Director of Design, Design and Construction
Marianna Eastman  Campus Plant Accountant
Kim Groesbeck  Director, Accounting Services
Anne Kovalchick  Associate Vice Chancellor of Information Technology and Chief Information Officer (CIO)
Emma Loethen  Interim Director, Campus Budget Office
Thomas Lollini  Associate Vice Chancellor, Design & Construction and Campus Architect
Graeme Mitchell  Assistant Vice Chancellor, Facilities Management
Steve Rabedeaux  Director, Academic Facilities Planning
Michael Riley  Assistant Vice Chancellor, Business and Financial Services / Controller
John White  Assistant Vice Chancellor, Capital Finance
Phil Woods  Director, Physical and Environmental Planning
[Vacant]  Assistant Vice Chancellor, Finance
[Vacant]  Assistant Vice Chancellor, Real Estate Services