AGENDA

JOINT COMMITTEES ON
FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: **11:30 a.m., Tuesday, January 22, 2019**
Glenn S. Dumke Auditorium

Committee on Finance

John Nilon, Chair
Peter J. Taylor, Vice Chair
Jane W. Carney
Douglas Faigin
Emily Hinton
Jack McGrory
Hugo N. Morales
Lateefah Simon
Christopher Steinhauser

Committee on Campus Planning, Buildings and Grounds

Rebecca D. Eisen, Chair
Romey Sabalius, Vice Chair
Jane W. Carney
Wenda Fong
John Nilon
Christopher Steinhauser
Peter J. Taylor

Consent

1. Approval of Minutes of the Meeting of November 13, 2018, *Action*

Discussion

2. Final Approval of a Public-Private Partnership Student Housing Development Project at California State University, Sacramento, *Action*

MINUTES OF THE JOINT MEETING OF THE COMMITTEES ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California

November 13, 2018

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Adam Day, Chairman of the Board
Timothy P. White, Chancellor

Trustee John Nilon called the meeting to order.

Public Comment

Comments were made about California State University, Los Angeles' administration.

Approval of Minutes

The minutes of the November 15, 2016 joint committees meeting were approved as submitted.

Approval of the 2019-2020 through 2023-2024 Five-Year Capital Plan and Multi-Year Financing Authorization

The five-year capital plan and multi-year financing authorization were presented for approval.

Following the presentation, the trustees asked clarifying questions about the one-time requests and determination of what projects go on the Capital Outlay list. They also asked about the timing and term of potential general obligation bonds, debt financing structure, and interest payments over time.

The committee recommended approval of the proposed resolution (RFIN/CPBG 11-18-02).

Approval to Issue Board of Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments and Amend the 2018-2019 Capital Outlay Program for the Acquisition of Real Property for Sonoma State University

Information about a proposed real property acquisition by Sonoma State University was presented for approval. The property will help meet campus workforce housing needs and future student demand for housing.

Following the presentation, the trustees commented on the need to provide affordable housing for faculty and staff. Trustee Jack McGrory recused himself from voting on the item, due to a potential conflict of interest.

The remaining members of the committee recommended approval of the proposed resolution (RFIN/CPBG 11-18-03).

Trustee Nilon adjourned the meeting.

JOINT COMMITTEES ON
FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Final Approval of a Public-Private Partnership Student Housing Development Project at California State University, Sacramento

Presentation By

Steve Relyea
Executive Vice Chancellor and Chief Financial Officer

Robert S. Nelsen
President
California State University, Sacramento

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Summary

This agenda item requests the following actions by the California State University Board of Trustees with regards to the South Campus Student Housing project at California State University, Sacramento:

- Adoption of the Final Initial Study/Mitigated Negative Declaration dated January 2019.
- Approval of the Final Development Agreement.
- Approval to amend the 2018-2019 Capital Outlay Program for the South Campus Student Housing development project.
- Approval of the Schematic Design for the project.

In September 2017, the Board of Trustees approved the conceptual plan authorizing the campus, through University Enterprises, Inc. ("UEI"), a recognized campus auxiliary organization in good standing, to pursue a public-private partnership to construct a student housing development on 11.5 acres of land purchased by UEI from the City of Sacramento adjacent to the CSU Sacramento campus. The campus will lease an adjacent 1.5-acre site to UEI for inclusion in the project for parking.

Background

In October 2017, the campus and UEI initiated a request-for-qualifications process to evaluate prospective development teams. In January 2018, five interested firms submitted statements of qualifications, of which three were shortlisted and invited to submit proposals through a competitive bid process. A campus-wide committee and colleagues from the Chancellor's Office conducted a thorough review of the proposals, held meetings and interviews with the respective development teams, and completed final scoring of the proposals.

In February 2018, based upon unanimous recommendation from the committee, the campus selected Education Realty Trust, Inc. (EdR) to be the development partner on the project. EdR was selected based upon its strong expertise in student housing development and management, financial strength and capability, favorable financial considerations, and the long-term commitment to maintaining project ownership, investment, and partnership with the campus and UEI. Since being selected, EdR was acquired by Greystar Real Estate Partners, LLC in September 2018.

Project Description and Scope

The City of Sacramento owns 11.5 acres of land along the southeast boundary of the Sacramento State campus, adjacent to one of its main entry points. UEI plans to purchase the site from the city for $2,300,000 and use it for the proposed student housing development.

The land is currently leased to a youth and senior men's baseball league, who previously made improvements to the site, at their own expense, with construction of two baseball fields. In order to take formal possession of the site from the city, UEI is required to first construct replacement baseball fields of similar quality at the Army Depot Park, an alternative site granted by the city at no charge to the campus and UEI. After constructing the replacement fields UEI will exercise its purchase option and construction of the student housing project will begin at the 11.5-acre site.

There is also a 1.5-acre parcel of campus owned property immediately adjacent to the 11.5-acre site that will be incorporated into the project for parking. The campus parcel has a small storage building and an electronic billboard, and is also used for surge parking. There is a drainage easement running through the parcel, which will be maintained, and an easement for the billboard. The Campus Master Plan does not have any buildings planned for this parcel.

The project will be approximately 360,000 square feet with 284 apartment style units for a total of 1,100 beds in six four-story housing buildings with a one-story amenity building and 546 parking spaces. The building and site design will be consistent with the design guidelines of the Campus Master Plan. The current cost of the project is estimated to be $163.9 million, which will be financed 100 percent with developer equity.

The unit breakdown for the 284 apartment units is as follows:

- 212 four bedroom (4 beds per unit)
- 60 two bedroom (4 beds per unit)
- 12 Studio units (1 bed per unit)

The 546 parking spaces provided for the housing units will be located along the south edge of the property adjacent to Highway 50, on the state property. The buildings will be wood framed with stucco exteriors and shingled roofs. The community building will include the housing offices, a small retail space, fitness, vending, and package delivery areas, and a community meeting room with attached catering kitchen. The grounds will be landscaped with several outdoor recreation areas and a pool.

Summary of Key Agreement Terms

- UEI will be reimbursed by the developer in the amount of $5,671,204 for the costs associated with the acquisition of the 11.5 acres from the City ($2.5 million) and other transaction costs.
- Total cost of construction of the replacement baseball fields is valued at $9 million, of which $5 million will be funded by the developer and $4 million by UEI.
- UEI will lease the land to the developer for a term of 85 years with no options to extend.
- The developer will retain 100 percent interest in the buildings until lease expiration and will operate and maintain the project for the lease term.
- Main Ground Lease terms are outlined below:
    1. Base ground rent calculated at 7.25 percent of total revenues, which is projected to be approximately $950,000 in the first year of operations.
    2. Base ground rent is paid from operating expenses and unsubordinated to any developer return thresholds.
    3. All vacancy risk is retained by the developer.
    4. UEI has the right to purchase the facility via a Right of First Refusal or Right of First Offer.
    5. California prevailing wage requirements apply to the development.
- 100 percent equity financial structure provided by the developer.
- The developer will be responsible for funding, constructing, operating and maintaining the facility in good condition during the term of the lease.
- The project will revert to the auxiliary at the expiration of the lease.

Educational Benefits

The campus strongly believes the project will fulfill the high demand from upper-division and transfer students for apartment style units in a tight housing market. The proposed project will complement the core campus housing, and replace the Upper Eastside Lofts, a 400-bed upper-division student housing complex operated by UEI, when that master lease expires in 2022. This new housing community will support academic success and graduation initiatives by bringing students closer to the academic, social, and support resources of the campus. The project will also strengthen connections to the campus with the upper-division and transfer student populations that have not had sufficient access to pedestrian-friendly housing. Students who reside in campus housing experience enhanced faculty and peer interactions, which are linked to better learning outcomes and academic success.

Amend the 2018-2019 Capital Outlay Program

Sacramento State wishes to amend the 2018-2019 Capital Outlay Program for the design and construction of the South Campus Student Housing Project. The project will develop apartment-style housing with 1,100 beds for upper-division students on a 13-acre site southeast of the campus. The development will consist of 11.5 acres of auxiliary land and 1.5 acres of state land.

South Campus Student Housing Schematic Design

Collaborative Design-Build Contractor: Sundt Construction, Inc.
Architect: Steinberg Hart
Developer: Greystar Real Estate Partners LLC

Timing (Estimated)

Preliminary Plans Completed	September 2018
Working Drawings Completed	December 2018
Construction Start	May 2019
Occupancy	May 2021

Basic Statistics

Gross Building Area	361,285 square feet
Assignable Building Area	289,028 square feet
Efficiency	80 percent

Cost Estimate – California Construction Cost Index (CCCI) 6840[1]

Student Housing Building Cost ($304 per GSF)	$109,901,000

Systems Breakdown	*($ per GSF)*
a. Substructure (Foundation)	$ 6.55
b. Shell (Structure and Enclosure)	$ 81.90
c. Interiors (Partitions and Finishes)	$ 72.98
d. Services (HVAC, Plumbing, Electrical, Fire)	$ 85.84
e. Built-in Equipment and Furnishings	$ 3.33
f. Special Construction and Demolition	$ 0.51
g. General Requirements	$ 5.64
h. General Conditions and Insurance	$ 47.44

Site Development	$8,650,000
Construction Cost	$118,551,000
Fees, Contingency, Services, Replacement ballfield	$40,630,000
Total Project Cost ($441 per GSF)	$159,181,000
Fixtures, Furniture & Movable Equipment (Housing and dining)	$4,729,000
Grand Total	$163,910,000

Cost Comparison

The project's building cost of $304 per GSF is slightly lower than the $359 per GSF for the Student Housing Phase II project at Sacramento State approved in March 2015, and the $358 per GSF for New Student Housing at CSU San Bernardino approved in November 2015, both adjusted to CCCI 6840. The slightly lower cost for this project is related to construction type and the larger scale of the project.

California Environmental Quality Act (CEQA) Action

A Draft Initial Study/Mitigated Negative Declaration (IS/MND) was prepared for the proposed project to analyze the potential significant environmental effects of the project in accordance with the requirements of California Environmental Quality Act (CEQA). The Draft IS/MND was made available to the public for review and comment for 30 days, from August 24, 2018 to September 25, 2018.

[1] The July 2018 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

The Final IS/MND has been prepared and is presented to the Board of Trustees for review and adoption. The Final IS/MND found that the project will not result in any significant unavoidable impacts. The final documents, including the comment letters and responses to comments, Mitigation Monitoring and Reporting Program, are available online at: https://www.csus.edu/aba/facilities/CSUS_ISMND_20180822.pdf.

Issues Identified Through Public Participation

Seven comment letters were received: Central Valley Regional Water Quality Board, City of Sacramento Department of Utilities, Sacramento Metropolitan Utilities Department, City of Sacramento Department of Public Works, State of California Governor's Office of Planning and Research, and two from local residents. A summary of key responses is provided below:

Central Valley Regional Water Quality Board/City of Sacramento Department of Utilities
The Central Valley Regional Water Quality Control Board (CVRWQB) indicated that the project must comply with wastewater policies and construction stormwater pollution prevention requirements. In addition, the City of Sacramento Department of Utilities requested that measures to reduce stormwater after construction be addressed.

CSU Response: In response, the project will comply with such policies mentioned by CVRWQB and develop a Stormwater Pollution Prevention Plan. In addition, the Campus Master Plan provides for the utilization of measures to reduce peak stormwater after construction.

Sacramento Metropolitan Utilities Department (SMUD)
SMUD indicated that the project should acknowledge impacts to SMUD's existing infrastructure, the effect upon its electrical load requirements and its compliance with energy efficiency.

CSU Response: In response, the IS/MND notes there is no re-routing, relocation or removal of SMUD equipment outside of the project site. The project developer has been in contact with SMUD to address what new SMUD facilities will be required by the project and what impacts the project will have on existing facilities. The IS/MND notes that the project is designed to comply with California Green Building Standards Code requirements.

City of Sacramento Department of Public Works
The City of Sacramento Public Works Department mentioned that access to an adjoining future development in the area of E.A. Fairbairn and College Town Drive should not be precluded. In addition, the City of Sacramento Public Works Department indicated that the project would increase pedestrian and bicycle activity and necessitate improvements including the addition of a northbound lane to State University Drive between Folsom Boulevard and College Town Drive.

CSU Response: In response, the project developer is in communication with the adjacent property owner to explore the possibility of facilitating access to the adjoining future development in the vicinity of E.A. Fairbairn Street and College Town Drive. In terms of State University Drive, the IS/MND traffic study indicates that the project will reduce vehicular traffic at State University Drive intersections. A widening of State University Drive would worsen conditions for pedestrians by increasing the width of the road they must cross and encounter increased vehicle flow. Mitigation measure TRA-1 is proposed which would increase the capacity of the intersection to safely accommodate increased pedestrian traffic without adding an additional lane of traffic.

State of California Governor's Office of Planning and Research
The comment noted that the Negative Declaration complies with the State Clearing House review requirements.

CSU Response: No additional response required.

Local Residents
The letters from local residents included a concern on the loss of the existing baseball fields and the effect upon traffic due to implementation of the project.

CSU Response: In response, replacement fields of similar quality are being provided on another site. In addition, the provision of additional on-campus housing would reduce the number of students commuting to the campus, thereby reducing vehicle commuter trips.

Recommendation

The following resolutions are presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that:

1. The Final Initial Study/Mitigated Negative Declaration has been prepared to address any potential significant environmental impacts and mitigation measures associated with approval of the California State University, Sacramento South Campus Student Housing project and all discretionary actions related thereto, as identified in the Final Initial Study/Mitigated Negative Declaration.

2. The Final Initial Study/Mitigated Negative Declaration was prepared pursuant to California Environmental Quality Act and State CEQA Guidelines.

3. The Final Initial Study/Mitigated Negative Declaration is adopted pursuant to the requirements of Section 21081.6 of the Public Resources Code and Section 15074 of the State CEQA Guidelines which require the Board of Trustees to make findings prior to the approval of a project.

4. The Board of Trustees finds that the mitigated project as approved will not have a significant impact on the environment, will be constructed with the recommended mitigation measures as adopted in the Mitigation Monitoring and Reporting Program and will benefit the California State University.

5. The development of the student housing project through a public-private partnership, on the campus of California State University, Sacramento as described in Agenda Item 2 of the January 22-23, 2019 meeting of the Joint Committees on Finance and Campus Planning, Buildings and Grounds is approved, and that the chancellor, the executive vice chancellor and chief financial officer, and their designees are authorized to execute the agreements necessary to complete the transaction.

6. The chancellor or his designee is requested under Delegation of Authority granted by the Board of Trustees to file the Notice of Determination for the project.

7. The California State University, Sacramento South Campus Student Housing project is consistent with the Campus Master Plan approved in May 2015.

8. The project will benefit the California State University.

9. The 2018-2019 Capital Outlay Program is amended to include $163,911,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Sacramento South Campus Student Housing project.

10. The schematic plans for the California State University, Sacramento South Campus Student Housing project are approved at a project cost of $163,911,000 at CCCI 6840.