

June 27, 2018

VIA FEDERAL EXPRESS AND EMAIL

Ms. Alisa Klaus
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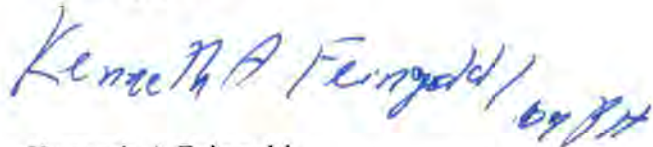
Re: Student Housing West Project
Draft Environmental Impact Report

Dear Ms. Klaus:

Attached please find the Further Comments on the Draft Environmental Impact Report for the "Student Housing West" Project signed by me and joined by numerous others from the faculty, UC Santa Cruz Foundation, Alumni Association, and friends of UC Santa Cruz. Please place this in the formal comment record and circulate to the University's responsible officers.

Thank you for your assistance.

Sincerely yours,

A handwritten signature in blue ink that reads "Kenneth A Feingold / 6/27/18".

Kenneth A Feingold
Regent Emeritus, University of California
Former President, UC Santa Cruz Foundation

June 27, 2018

CHANCELLOR GEORGE BLUMENTHAL
CAMPUS PROVOST AND EXECUTIVE VICE CHANCELLOR MARLENE TROMP

**Re: Further Comments on Draft Environmental Impact Report for
“Student Housing West” Project**

Dear George and Marlene:

Thank you for the opportunity to meet with you and your staff on June 11 and with your staff colleagues on June 22 concerning the “Student Housing West” (SHW) project. As with our May 10, 2018 letter, the undersigned write in their individual capacities.

Please note that, due to the narrow time constraints posed by the June 27 further Draft Environmental Impact Report (“DEIR”) comment deadline so soon after our June 22 meeting, this letter is signed only by those who have been actively engaged with and informed of the June 11 and 22 meeting processes, as there has been no time to circulate this letter more broadly. Therefore, one should not draw the inference that fewer signatures below reflect less broad support for the views stated in this letter.

As previously detailed in the May 10, 2018 comments to the DEIR, we acknowledge the need for and support the construction of additional housing and childcare facilities. However, the current proposal contains four avoidable elements which, if not corrected, would cause material and irreversible damage to UC Santa Cruz: (1) the East Meadow development would forever destroy the iconic entrance to the campus, in exchange for a very small benefit—a mere 148 beds of Family Student Housing (“FSH”) and childcare; (2) the proposed East Meadow development would be an extremely inefficient use of scarce campus buildable land, using up more land for 5% of the proposed project beds than for the other 95% of the project; (3) the West Meadow (“Heller”) plan is way too large in number of beds, and in the height and massing of the buildings, and would create an off-putting West Wall that would be so massive as to also materially change the character of the campus; and (4) the Heller plan for 2, 852 beds would be a free-standing small town, without an academic component, in fundamental conflict with the college system.

As a result of over 200 comments on the DEIR, on May 15, 2018, you announced the need for a robust discussion to address the current proposal and the alternatives. Unfortunately, major University supporters and stakeholders, such as the UC Santa Cruz Foundation and the Alumni Association, had not been included in the planning process, and the expansion of the “Student Housing West” project to the East Meadow was not publicly announced until on or about February 27 or 28, 2018. Indeed, the Chair of the Foundation didn’t even find out about it until another alumnus and friend of the campus told him about it at a public meeting on another subject on March 4, 2018. Had the Foundation and the Alumni

Association been included in the planning process, we would have offered our May 10 comments and these comments much earlier in the process. Thus, your May 15, 2018 decision to accept further comment and discussion did not come until after the proposed project already had acquired considerable institutional inertia, rather like a train that is running down the tracks at a high rate of speed.

Against this background, on June 2, 2018, the UC Santa Cruz Foundation passed a Resolution thanking you for authorizing a collaborative process with a committee as requested by Foundation Chair Alec Webster. The Resolution requested, among other matters, that the collaborative process address: (1) the viability of alternative housing and childcare proposals; (2) whether the P3 project can be realized without utilizing any portion of the East Meadow; (3) the financial models for the P3 project, as currently proposed, as well as those for alternative proposals; and (4) strategies for public outreach to build consensus for the project so that it can be built as quickly as possible. At the June 2, 2018 Foundation meeting you stated that, while you could quibble with a few words, you had no objection to the Resolution and the proposed collaborative process.

In furtherance of the June 2 Resolution and the anticipated robust discussion, those of us who attended the June 11 and 22 meetings came to collaborate with the administration, the campus planning team, and Capstone (the P3 developer) on whether the current proposal or the alternative proposals would yield the best project, a project that could yield new net beds as soon as possible, with greater consensus, within budgetary constraints, and without the delay potentially resulting from controversy. Given the restraints imposed by the decision that the university administration would not share detailed estimates for the current proposal and/or alternatives nor debate the merits of our ideas or comments, the June 11 and 22 meetings had less robust discussion and two-way conversation than anticipated. However, the meetings were useful and informative to us, and we hope they were useful and informative to you and your staff as well. We thank you for the opportunity.

We, you, and your staff all need to come away from this period of discussion and comment with a better sense of the realities of the current proposal in relation to achieving the agreed goal of promptly constructing additional housing and childcare facilities. The project, the students, the developer team, and the University all would be better off if we act with a clear understanding of the facts. We see several key realities here:

First, the current proposal has been ever-changing, and it appears to be inferior to the DEIR Alternative 2 plus use of the previously approved East Campus Infill (ECI) site. This “Alternative 2 Plus” approach is essentially a modification of Alternative 2, and the modification itself is also discussed in the DEIR.

The Heller site has shrunk to a shadow of its former self, and has continued to shrink since the DEIR first was released. In early 2016, when the campus began biological surveys for the SHW project, the site was defined as 55 acres. A year later the campus was defining the

site as 25.5 acres. By the time the DEIR was released, the site was defined as 13 acres. We now learn from your staff that, while the site is still referred to as 13 acres, the portion of that 13 acres that is in fact buildable has continued to shrink since the DEIR was released, due to various biological and geological constraints.

As a result, your staff and the developer report that buildings at Heller would have to be considerably taller than described in the DEIR – and that is true for all options, the current proposal as well as each of the alternatives, all of which rely on the Heller site for most of the new housing to be provided. It is said that time is money, but here it is also true that height is money. As these buildings get higher and higher they get more expensive. Lower cost construction techniques end above 4 floors; the costly high-rise fire codes kick in above 7 stories; and increased height generally increases foundation costs, particularly given the sometimes challenging geology of our campus.

The current proposal would over-pack the Heller site to the point of irrationality. The current proposal employs a two-site strategy, Heller and the East Meadow. But it is a version of the two-site strategy that leaves 95% of the burden on Heller, due to the inherent limitations of the East Meadow site (geologic, aesthetic, storm water, etc.). It is necessary to use a different second site that can accommodate a larger share of the new housing burden and reduce the excessive and expensive overloading of the Heller site.

We believe that the likeliest choice for a new second site capable of providing a larger share of the housing would be the ECI. It offers several advantages, which we discuss further below, but we simply note here that as previously designed and approved by the Regents it would provide 20% of the proposed new housing, as infill to an already developed housing area, and significantly mitigate the ever-increasing problems at Heller. ECI potentially also could be part of a package involving other sites, such as Delaware Avenue (which might be superior for graduate student housing or FSH), and other sites worth considering as well.

We also have discussed with your staff possible internal modifications to a portion of the previously designed ECI project that would enable it to serve equally well as interim Family Student Housing and as long-term undergraduate housing, would increase the ratio of doubles to singles as students have indicated they would prefer, would increase the building capacity without increasing its footprint or height, would lower the average price point to students, and would increase revenues. This concept is flexible and is, of course, just one of the options available.

Second, the alternatives we propose could produce net new beds quicker than the current proposal.

You have rightly pointed out that this project is not just about dealing with a future housing shortage – the reality is we have a housing shortage today. Therefore an alternative that begins producing net new beds even earlier than full completion of the entire project is highly preferable. The current proposal would produce no net bed increases until the

completion of the entire project. Utilizing a phasing strategy with ECI at the start would allow for promptly addressing the most pressing needs for undergraduate housing and for the temporary relocation of FSH. One of the advantages of a combined Heller and ECI “Alternative 2 Plus” is that ECI already has been fully designed, its Final EIR has been certified by the Regents, and it has been approved by the Regents. Probably some updates would be needed, but time lost to the pre-construction approval process would be much shorter compared to other alternatives. The ECI beds could be brought online in approximately 3 years, as compared to the current proposal, which would produce no net new beds for at least 5 years, not counting whatever delay may result from the considerable opposition to it.

Similarly, construction at the Heller site could be phased to give priority to building the new FSH and childcare in a manner that gave them appropriate separation from the bulk of undergraduate housing on that site.

Third, the inaccurate cost estimates currently being touted for the Heller site are for a project no one intends to build.

The commonly cited figure of \$174,000 per bed for the Heller site does not count the cost of the childcare facility that would be at Heller, the dining hall expansions at Porter and Rachel Carson Colleges that would be necessitated by the Heller project, or the rising costs generated by the ever-increasing heights of buildings at Heller.

When discussing alternatives such as ECI your staff argued that the California Construction Cost Index (CCCI) understates recent rises in construction costs in California. However, if that is true, it applies equally to all alternatives, including the current proposal. In addressing costs of the housing component, we also submit that the campus needs to seriously consider reducing the number of single rooms and increasing the number of doubles, thereby reducing the housing costs to the students and their families, while increasing the housing revenue to pay for the cost of the project.

Fourth, the corresponding cost estimates for any alternative to the current proposal have been grossly inflated and misstated. The administration presented at public meetings in Santa Cruz and with the Foundation and Alumni Association bar graph charts that purported to represent \$200 to \$600 million additional cost estimates for alternatives to the proposed project. However, those asserted numbers lack specificity and don’t withstand scrutiny. For example:

(a) The cost differential in the recently released bar graph charts shows purported relocation costs for each of the alternatives to be approximately \$40,000,000 higher than the current proposal. While the exact number of students actually needing relocation is uncertain, if we assume that number to be 100 (slightly more than the number of students with children now occupying Family Student Housing) the purported relocation cost would be \$400,000 per student! That is clearly a grossly inflated number for three years of relocating about 100 FSH students. Indeed, there are single family homes in South County

one could buy outright for less than \$400,000, and you could throw in a used car for the commute (not that we are suggesting that approach).

(b) Another example is that, while the dining hall costs necessitated by Alternative 4 are included in its costs (under the vaguely labeled “North Remote Considerations”), the dining hall expansion costs at Porter and Carson Colleges necessitated by the proposed 2,852 bed Heller project are not included in its costs. Accurate decision-making would insist on objective, apples-to-apples cost comparisons. A more productive discussion of costs would need to reveal specific cost details, which the University has refused to provide.

(c) For the North Remote Site (Alternative 4 in the DEIR), the bar graphs attribute 40% of purported cost add-ons to “North Remote Considerations.” This assertion is undefined and therefore is impossible to evaluate with specificity. However, it should be noted that the North Remote site (1) is included in the present LRDP as designated for “Colleges and Student Housing”; (2) the location is less than half a mile from major existing water, sewer and electrical infrastructure and already is served by a very large and wide road; (3) the site is relatively flat ground (about the same as the Heller site); and (4) thus the gigantic but unspecified alleged cost add-on, with no supporting numbers provided, is not credible.

(d) We note that the extraordinary construction cost increases shown in the bar graphs for each of the alternatives purport to show that the alternatives are far more costly than the current proposal, but the graphs in fact show the very high cost penalty of increasing the building heights at Heller. For example, Alternative 2 would reduce undergraduate beds at Heller by 30%, while the bar graph shows the cost of that reduced amount of housing at the same location increasing by \$20 million. How can so much less cost so much more, at the same location? Your staff has provided the answer: the reduced area within the 13 acre Heller site since the DEIR was issued has forced the building heights to be increased, and that has substantially increased construction costs at Heller under any option, including the current proposal. This applies not only to undergraduate housing, but to graduate housing and FSH as well. In Alternative 3, for example, nearly half of all cost increases are construction cost increases (undergraduate, graduate, and FSH) due to increased height, and another 30% of the increased costs are the portion of design, developer fees and financing attributable to that increase in construction costs. The appropriate title for these bar graph charts would be “Why We Need To Reduce Over-Reliance On The Heller Site.”

In summary, the administration’s asserted additional cost estimates for alternatives to the proposed project are unspecified as to backup numbers, and are vague, unsupported, unrealistic, and lacking in credibility in some instances, and misstated as to their actual meaning in other instances.

Fifth, while cost in dollars is an important consideration in any building project, dollars do not adequately measure all the costs that need to be considered. There is the iconic value of the campus itself, the identity value that comes from its most dramatic vistas, the value of the land for both UC research and contiguous habitat, the power of those distinguishing

vistas to symbolize our strength in environmental sciences programs, and their value in attracting students, faculty, staff, and donors. What would be the long term costs to the University if those campus attributes intentionally were removed?

As you have pointed out, there is also the reality that, while our campus is very large in gross acreage, for a variety of geological, environmental and legal settlement reasons, the buildable land is actually scarce. And scarcity creates higher value. As set forth in the DEIR, the Heller site would provide approximately 220 beds per acre, while the East Meadow site would provide approximately 10 beds per acre. The latter would be profligate spending of scarce land, using more than half the proposed project's buildable acreage for just 5% of the total project. And as we now know, the disparity in the spending of land between those two sites is even greater than those numbers indicate, given the continued shrinkage of buildable land on the Heller site, as discussed above. Appropriate decision-making would consider costs in all the denominations in which costs occur.

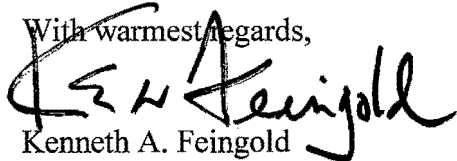
Sixth, opposition itself imposes costs in time, money, and reputation. Opposition to the SHW project is far greater than you or we ever expected, and that opposition focuses almost entirely on the East Meadow site. The hard reality here is that 95% of the opposition is generated by a site that provides only 5% of the beds. It is not difficult to calculate that a different approach would greatly benefit this project and the students who need it. But there is more here than avoiding the delay and risk to the project that strong opposition brings with it: there is a fundamental reputation cost as well, a cost that materially would damage our campus brand. In the changed universe of substantially reduced state support for the kind of high quality higher education that our campus has provided, our brand reputation rises to an existential level of importance.

Conclusion: We believe that given all the comments and information now presented, what is required is a strong dose of reality-based decision-making. We believe the campus estimation of the need for additional student housing is real, and that a project well-designed to meet that need and to begin doing so promptly is required. We believe that a project centered on the Heller site, but supplemented by one or more new sites that can carry a significant portion of the new housing requirement, is the path that would be most expeditious and would best serve the needs of the campus. And we believe that, if so directed, your staff and developer team are fully capable of promptly executing such an approach. We stand ready and eager to assist and support you in that approach.

Because of the limitations placed on the meetings, the robust give and take discussion you called for in the May 15, 2018 announcement and the collaborative process described in the Foundation's June 2 Resolution have not yet occurred. Accordingly, we request that: (1) immediately after the comment period ends on June 27 and the administrative record is complete, the administration, campus planners, and Capstone share the additional information called for in the Resolution concerning the current proposal and the alternatives; (2) a subsequent meeting be scheduled within 30 days with the Foundation and Alumni Subcommittee to continue to address the current proposal and alternatives;

and (3) the Subcommittee be updated on a monthly basis on material developments concerning the Project. Continuing the collaborative process is the best approach to timely achievement of a successful project.

With warmest regards,



Kenneth A. Feingold
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WE HAVE READ AND JOIN IN THIS LETTER:

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