Faculty Welfare Committee
Academic Senate, Los Angeles Division

June 12 2012
1:00 p.m. - 2:30 p.m.

Present: Joel Aberbach (Chair), Dominique Hanssens, Daniel Mitchell (UEPRRC Rep.), Donald Shoup

Absent: Nicholas Cacalano, Gerald Kominski, Russell Korobkin, Matthew Lieberman, Megan Sweeney, Lynn Vavreck; Magali Limeta (Undergraduate Student Rep)

Staff: Brandie Henderson

Minutes
The minutes of April 10, 2012 were approved as amended.

Residential Conference Center Parking Update (Donald Shoup)
Prof. Shoup reported that it was difficult to get policy on the removal of parking spaces when dealing with new projects. The issue was initially brought to light when the Ronald Reagan Hospital was built on the site of a parking lot. Policy was then created to recover the revenue loss to the Transportation Office. Policy states that the project has to pay $20,000 net spaces indexed to construction costs. According to the policy, the Residential Conference Center should pay $18 million to the Transportation Office. The Ronald Reagan Hospital paid $25 million for the parking lot it replaced. The Residential Conference Center would remove 620 parking spaces at the proposed price tag of $8 million. This payment would bring the per space rate below policy, at $13,000 per space. Prof. Shoup reminded the committee that there is no information on where those who want to go to Pauley Pavilion, Ackerman, or Morgan Center would park.

It was agreed that the Prof. Shoup should continue the correspondence with Ms. Fortier on behalf of the committee. Understanding that this is the last meeting of the quarter, the committee would like to add the letter to Ms. Fortier as an appendix to the June 2012 Faculty Welfare Committee minutes (Appendix A).

Action: Prof. Shoup will revise the letter per the committee’s discussion and circulate it for approval via email.

Old Business

• Clinical Compensated Faculty Senate Status – Prof. Mitchell reported that Senate Chair Andrew Leuchter came before UEPRRC to share that many Clinical Faculty members interest in Senate membership. Senate, unlike non-Senate members, are automatically conferred Emeriti at retirement. One of the most appealing things about Emeriti status for most is the reduced parking rate and access to the library. UEPRRC reviews a small number of Emeriti conferral requests from non senator members, but expanding Senate membership to Clinical faculty would opening these opportunities to a higher number of people and possibly negatively affecting the amenities. Prof. Mitchell acknowledged that number of clinical professors dwarf those on north campus. Senate Chair Leuchter will send the request, once received, to UEPRRC for review.

• State Budget Negotiations – Chair Aberbach reported that the most interesting thing about the budget is that the bill explicitly states that there will be a ongoing long term funding agreement between UC and the State.

• Hilgard Terminal – The Transportation Office will more than likely redirect the buses from the Hilgard Terminal to the Macgowan terminal during the summer.

• Campus Climate Survey – It is rumored that the campuses will no longer be in charge of marketing the campaign for the Campus Climate Survey.

Meeting Adjourned.
July 3, 2012

To: Renee Fortier  
Executive Director, Events & Transportation  

From: Donald Shoup  
On Behalf of the Faculty Welfare Committee  

Re: Questions about the Parking Buy Out Proposed for the Residential Conference Center

At its meeting on June 12, the Faculty Welfare Committee discussed the issue of the parking buy out proposed for the Residential Conference Center. We appreciate your sending us the policy followed for previous parking buy outs, and we would like to present our interpretation of this policy, along with several questions we hope you can answer about the buy out for the Conference Center.

The Residential Conference Center will be built on the site of Parking Structure 6. Therefore, the Conference Center is expected to pay the Parking Service for the loss of parking spaces in the structure. Structure 6 contains 752 parking spaces, and the Conference Center will replace 125 spaces in one level of underground parking. The Conference Center will thus reduce the campus parking supply by 627 spaces. Questions have arisen about the terms of the parking buy out for the Conference Center.

If the Conference Center project follows the customary policy used for previous parking buy outs, it would pay $19 million to the Parking Service to compensate for the loss of 627 parking spaces. The funds would be deposited in the Parking Reserve Fund to pay for future seismic upgrades and other capital projects of the Parking Service.

Instead of following the customary policy used for previous buy outs, the Conference Center project has proposed to pay only $8.4 million to the Parking Service. It thus appears that the Conference Center project will pay the Parking Reserve Fund $10.6 million less than the customary buy out ($19 million − $10.6 million).

The loss of $10.6 million for the Parking Reserve Fund is an important issue for the Academic Senate. The Parking Service needs money for seismic upgrades and other capital projects for the parking system, such as $3.6 million for Parking Structures 2, 3, and 9, $5 million for Parking Structure 5, and $2.7 million for Parking Structure 8. If the Conference Center project underpays the Parking Reserve fund by $10.6 million, UCLA will have to raise parking fees for all faculty, staff, and students to pay for the entire $11.3 million of seismic repairs and deferred maintenance.
The terms of the Conference Center’s parking buy out are addressed in the following three sections.

I. Parking buy out according to the policy presented in the document, “University of California, Los Angeles Parking Facilities Replacement/Buy-Out Policy”

II. Parking buy out proposed for the Conference Center

III. Issues to consider regarding the proposed parking buy out for the Conference Center

Attachment 1: “University of California, Los Angeles Parking Facilities Replacement/Buy-Out Policy”

Attachment 2: “UCLA Capital Project Funding and Tracking”

I. Parking buy out according to the policy presented in the document, “University of California, Los Angeles Parking Facilities Replacement/Buy-Out Policy”

Attachment 1, which explains UCLA’s parking buy-out policy, states:

“Capital projects which are gift funded or funded through sources other than the State of California construction funds, will be responsible for either funding replacement of parking facilities at the site as an element of construction, or compensating the campus Parking System to replace spaces at another site. . . . The level of compensation for the permanent removal of parking spaces that are not replaced at the project site is set at $20,000 per space and is indexed each year for capital project annual inflation based on the Engineering News Record Construction Cost Index. The $20,000 figure represents the FY 1999/00 cost to replace a parking space on the UCLA campus.”

This policy was developed by the UCLA Transportation Service and was approved by Chancellor Carnesale in 2000. It has been followed by all subsequent parking buy outs when a construction project removes campus parking spaces (see spreadsheet on next page).

The Conference Center project will remove 752 parking spaces in Structure 6, and will replace 125 spaces beneath the Conference Center, so 627 parking spaces will not be replaced. The indexed buy-out value in 2012 is $30,237 per parking space not replaced. Therefore, according to UCLA’s customary buy-out policy, the Conference Center project should pay $18,960,000 to the Parking System to compensate for the loss of the 627 spaces (627 x $30,237). Attachment 2 states that the funds would be deposited in the Parking Reserve Fund, which is used to pay for seismic upgrades and other capital projects of the Parking Service.

Parking buy outs are an important issue for the Academic Senate because they can fund capital expenses that would otherwise have to be financed by higher parking fees. In her presentation to the Faculty Welfare Committee on February 14 of this year, Transportation Director Renée Fortier explained it was necessary to raise parking fees for faculty, staff, and students because
the additional revenue is needed to pay for a large backlog of seismic repairs and deferred maintenance on several parking structures: $3.6 million for Parking Structures 2, 3, and 9; $5 million for Parking Structure 5, and $2.7 million for Parking Structure 8. Further seismic upgrades and other major maintenance projects will inevitably need to be funded.

### II. Parking buy out proposed for the Conference Center

A new method has been proposed to calculate the parking buy out for the Conference Center. The parking buy out proposed for the Conference Center would pay only $8,380,000 to the Parking Reserve Fund, which is only 44 percent of the customary buy out of $18,960,000.

How does the buy out proposed for the Conference Center lead to a shortfall of $10,580,000 ($18,960,000 − $8,380,000) when compared with the customary buy out? As pieced together from email messages from the Parking Service, the calculation seems to be as follows. The project will remove 752 spaces and the indexed buy-out value in 2012 is $30,237 per parking space removed. Therefore, the total buy-out payment for 752 spaces is $22,800,000 (752 x $30,237), which is even higher than the customary buy out of $18,960,000 for 627 spaces (627 x $30,237). Nevertheless, two further calculations reduce the payment to only $8,380,000.

First, the Conference Center project will pay $10,500,000 to build 125 new parking spaces, at a cost of $84,000 per space. This $10.5 million figure is counted as a buy out, and it is deducted from the total buy-out payment of $22,800,000. The remaining buy-out payment to the Parking Service is therefore $12,300,000 ($22,800,000 − $10,500,000).
Second, the Parking Service estimates that the 125 replacement spaces beneath the Conference Center are expected to earn $3.9 million more than 125 spaces in Structure 6 would have earned through 2025. The project deducts this $3.9 million from the $12,300,000 due to the Parking Service. The remaining cash payment to the Parking service is thus only $8,400,000 ($12,300,000 − $3,900,000), which amounts to only $13,400 per parking space lost.

III. Issues to consider regarding the Conference Center project’s proposed parking buy out

1. The buy out of $13,400 per space lost is only 44 percent of the customary buy-out payment, which is $30,237 per space.

2. The buy out of $13,400 per space lost is only 16 percent of the cost of building replacement parking in the Conference Center, which is $84,000 per space.

3. Will 125 spaces in one level of parking below the Conference Center really cost $84,000 apiece? Structure 6 already has one underground level of parking with 150 spaces. The structure’s cost was only $8,400 per space it was built in 1980.

4. The cost of $84,000 per space for the one level of parking under the Conference Center will be more than twice the cost of any previous parking structure built on campus. At a cost of $84,000 per space, UCLA would have to pay $63 million to replace all the 752 spaces in Structure 6. If this extravagant expense to provide parking becomes a matter of public discussion, UCLA may come in for some bad publicity. Will the rest of the Conference Center be similarly expensive? Vice Chancellor Morabito advised that UCLA should build the Conference Center now because construction costs are low.

5. Under the proposed terms for the buy out, the more the Conference Center parking spaces are claimed to cost, the less the Conference Center project will pay to the Parking Service for losing 627 spaces. If the 125 replacement parking spaces were claimed to cost $182,000 each, their total cost would be $22.8 million, so the Parking Service would receive nothing under the proposed buy-out terms that count the cost of the spaces as a buy-out payment.

6. When was the new buy-out policy developed? Who proposed it? Who has approved it? Is there a document that explains it? Was it developed on an ad hoc basis for using Structure 6 as the site of the Conference Center?

7. Splitting the cost of the Conference Center between its underground parking and all the other construction costs is an art, not a science. Perhaps the cost of the parking structure was exaggerated because, under the proposed buy out, every dollar spent on the parking structure is a dollar less the Conference Center will pay for its parking buy out. The Faculty Welfare Committee would like to see an explanation of how the cost of $84,000 per space was calculated.
8. Why is the cost of building parking spaces below the Conference Center considered a buy out? In previous buy outs, projects have compensated the Parking Service for the number of parking spaces lost, and the cost of any parking built as part of the project was not considered part of the buy out (the Reagan Hospital, for example).

9. Why is some of the income from parking below the Conference Center considered a buy out? In previous buy outs, the income from parking built as part of the project has not been considered part of the buy out (the Reagan Hospital, for example).

10. How did the Parking Service estimate that the 125 replacement parking spaces built beneath the Conference Center will earn $3.9 million more than 125 parking spaces in Structure 6 would have earned through 2025? What is the revenue per space per day for the 100 metered spaces in Structure 6? What is the assumed revenue per space per day for the spaces under the Conference Center?

11. When the Conference Center project was planned for the Faculty Center site, UCLA’s consultant advised that it should have at least 1.3 parking spaces per guest room to accommodate guests and employees. Since the Conference Center will have 250 guest rooms, the consultant’s recommendation implies a demand for 325 parking spaces, while the Conference Center will provide only 125 spaces, which is 200 spaces less than the predicted parking demand for Conference Center. If so, the Conference Center project will increase parking demand by 325 spaces while removing 627 spaces from the supply. Has this increase in parking demand been factored into the proposed parking buy out?

12. If the Conference Center project increases parking demand at the same time that it reduces the parking supply, perhaps some of the Conference Center’s parking buy out should be used to increase UCLA’s efforts to encourage transit use. For example, UCLA recently doubled the fare that BruinGO riders must pay when they board the Blue Bus. This fare increase was justified on the grounds that the Parking Service could not afford to continue to subsidize the lower fare.

13. If the Conference Center project underpays for its parking buy out, the Parking Reserve Fund will have less money to pay for seismic repairs and major maintenance expenses. As a result, UCLA will have to increase parking fees for faculty, staff, and students to finance these capital costs. If so, some might say that UCLA will increase parking fees to subsidize the Conference Center. Was this issue considered when the buy out was proposed?

Cc: Brandie Henderson, Policy Analyst, Academic Senate
    Joel Aberbach, Chair, Faculty Welfare Committee
University of California, Los Angeles
Parking Facilities Replacement/Buy-Out Policy

Introduction and Principles

The University of California, Los Angeles has limited land for capital project development. In consideration of limited land for renewal and development, the campus may select the sites of existing parking lots, structures and other facilities for redevelopment. The campus currently relies on a total of 23,000 parking spaces to serve the needs of a daily population of 65,000, including approximately 35,000 students, 18,000 faculty and staff, and 12,000 daily visitors and patients.

The UCLA 1990 Long-Range Development Plan (LRDP) caps the number of parking spaces at 25,169. It is projected that construction of additional spaces to the LRDP cap will allow the campus to continue to meet the needs of the UCLA community at the current level through FY 2005-06, keeping pace with anticipated growth. Although transportation demand management has been very successful at UCLA, the demand for parking continues to exceed supply. Peak Fall Quarter parking occupancy is as high as 98%. Failure to provide adequate parking to meet the needs of the campus has significant impacts on the University’s ability to meet its public service mission, as well as having significant consequences on the surrounding Westwood community parking inventory intended for local business and residential uses.

To maintain an adequate campus parking inventory, UCLA is committed to replacing parking spaces and parking-related facilities removed by capital development. To that end, UCLA establishes the following principles and makes the following policy associated with capital projects that affect parking and transportation facilities.

In support of its teaching, research and public service mission,

- UCLA recognizes that automobile access to the campus is a necessary alternative for students, faculty, staff, patients, and visitors.

- Parking and transportation facilities are elements of the campus infrastructure and, like utilities, will be protected and maintained to ensure vehicular access to the campus.

- Parking and transportation elements of capital projects are part of project costs for such development and should be included in project budgets.

- Parking losses caused by the campus’ need to site new-buildings or facilities on existing parking facilities should be paid for by a source other than parking revenues.
Similarly, any losses incurred to other programs by siting new parking facilities on existing campus facilities should be paid for from parking revenues.

1.0 Siting and Replacement of Facilities

The campus will replace parking spaces and parking-related facilities removed by capital development, in accordance with campus and Regental approved physical planning guidelines. These include the 1990 UCLA LRDP, as well as the Transportation Mitigation Monitoring Agreement (TMMA) with the City of Los Angeles. Parking spaces are defined as all vehicle parking spaces on the UCLA campus. Motorcycle and bicycle parking spaces are prorated by the amount of vehicle parking space utilized. Parking replacement projects, as all capital projects, will include in the scope of work all improvements needed for a fully functional facility, including access roads, utilities, pedestrian circulation, landscaping, and other amenities needed for successfully integrating the facility into the campus.

2.0 Source of Replacement Facility Funding

a. Gift and Other Funded Projects

Capital projects which are gift funded or funded through sources other than the State of California construction funds, will be responsible for either funding replacement of parking facilities at the site as an element of construction, or compensating the campus Parking System to replace spaces at another site.

b. State Funded Projects

The State of California does not currently subsidize parking, and the campus Parking System cannot be compensated from State funds for the loss of parking spaces or facilities resulting from a State-funded capital project. The campus will make every attempt to avoid impacts on parking inventory by State-funded projects.

Should there be no other alternative site, the Administrative Vice Chancellor will review with the Chancellor, on a case by case basis, the need to construct State-funded capital projects on the site of existing parking facilities. The Chancellor will be the arbiter regarding the siting and the use of other funds to compensate the Parking System for any losses resulting from State-funded capital construction on existing parking facilities.

3.0 Compensation to Parking System

The level of compensation for the permanent removal of parking spaces that are not replaced at the project site is set at $20,000 per space and is indexed each year for capital project annual inflation based on the Engineering News Record Construction Cost Index. The $20,000 figure represents the FY 1999/00 cost to replace a parking space on the UCLA campus, given that most new spaces built on the campus will be subterranean due
to lack of available above-grade sites. (The CCI base index for January 2000 was 6,130.) In the event that a project drives a more expensive parking solution than the standard underground structure (due to building grid/layout requirements, footprint inefficiency, etc.), the project shall also pay the construction cost differential in addition to the per space baseline.

Compensation for those spaces not replaced at the project site shall be made to Parking Services prior to the removal of said spaces from the campus parking space inventory. Funds identified for the compensation of the parking system will be placed in a restricted capital reserve account to be used only for the construction of parking spaces. Alternatively, a campus program may obtain approval to directly finance the replacement of lost spaces through repayment of bond or other financing for an identified parking replacement project. Should funding or financing for lost inventory not be in place prior to removal of the campus parking inventory, the campus program undertaking the project impacting parking inventory shall compensate the Parking System for the lesser of lost earnings from the time the funds were not in place, payable at the short-term investment pool rate, or lost income, payable at the prevailing average daily revenue per campus parking space.

4.0 **Temporary Loss of Parking Spaces/Facilities**

When parking spaces are removed from the system due to construction or placement of materials or portable structures on a temporary basis, the department or project will be recharged for the loss at the prevailing average daily sales rate. Meter spaces removed will be recharged based on the meter income for that zone.

5.0 **Exceptions to Policy**

Exceptions to this policy and/or modifications of its provisions must be reviewed by the Administrative Vice Chancellor after consultation with the Associate Vice Chancellor, General Services and the Director of Transportation. Exceptions to the replacement of permanent space loss must be approved by the Chancellor.
UCLA CAPITAL PROJECT FUNDING & TRACKING

The mix of external financing and cash contributions in a project’s Capital Improvement Budget (CIB) is determined by the housing debt capacity model. The priority in most instances is to minimize external financing and long term housing rate increases while still meeting the Performance Measurement Ratio requirements of the debt capacity model.

There are four items in a project that may require cash contributions.

1. **Group 2/3 Equipment**: Equipment carrying the designation “group 2/3” equipment cannot use external financing. By definition, 2/3 equipment and furnishings are typically not expected to last as long as the term of the external financing.

2. **Parking Replacement Buyouts**: The Housing Department must reimburse the Parking Department when a housing project displaces parking spaces. The amount to be reimbursed is determined by campus policy. If there is no parking spaces to be rebuilt as a part of the new project, the buyout funds typically are transferred to the Parking Department reserves and do not show in the project expenses. This buyout does show as part of the CIB. NOTE: *If there are parking spaces to be rebuilt as part of the new housing project, or in a concurrent parking project, the cost of the buyout does remain in the project expense and can be externally financed.*

3. **Temporary Staging**: Project costs associated with constructing temporary replacement facilities required during the construction phases cannot be externally financed.

4. **Pre-Project Planning**: In advance of a project’s regental approval, all costs associated with project planning must be funded with cash. However, if an IRS Declaration is made at the time the planning is started, those pre-project planning costs can be externally financed once regental approval is received. *At the time of regental approval, cash contributions can be returned and replaced with interim financing (commercial paper).*

The advantages of having the cash returned are due to the differences in the various interest rates.

- Typically, the **planning interest rate** required to be represented in the regent’s item is considerably higher what is charged for commercial paper. This results in the CIB having considerably more funds set aside for interim financing during construction than will be required.
- The **Short-Term Investment Pool (STIP)** rate of earnings on reserves is typically higher than the Commercial Paper interest rate.

Cash held is reserves will typically generate more interest income than the offsetting interest costs of not keeping those funds in the project. Over time, this will allow for more cash to be generated, which could be used to reduce the total amount of the project costs to be externally financed at the end of the project. *For this reason all cash contributions are typically timed to be as late in the project schedule as possible.*
The tracking of actual Capital Project appropriations and expenses is possible though the campus accounting system (QDB). Tracking is done on a monthly basis and compared against previously submitted drawdown schedules so as to understand future cash contribution requirements and overall project status (see sample report).