

RECOMMENDATION

The President recommends that the Committee on Finance recommend to The Regents that revenue remaining at the end of each fiscal year from the mandatory Student Facilities Safety Fee of \$66 per student per year at the Davis campus, beyond the required debt service for the Memorial Union and North and South Halls, be used for other needed life safety improvements in student services facilities, and that 25 percent of the total fee be set aside for financial aid.

BACKGROUND

In 1995, The Regents approved a \$66 per student per year Student Facilities Safety Fee on the Davis campus. The fee was to be used for the seismic renovations in North and South Halls and the Memorial Union. The fee was approved pursuant to the March 1988 Regents' policy as follows:

Fee increase does not require a student referendum when the Chancellor determines that the increase is necessary for the maintenance of the safety of a building or facility funded wholly or in part by students. This Policy is applicable to fees for student fee-funded buildings such as student unions, student centers, and student recreational and sports facilities on all University campuses.

Because of favorable financing terms for the projects and enrollment changes since 1995, the Student Facilities Safety Fee generates more revenue than is needed to fund the debt service for the seismic renovation projects. The campus proposes that, at the end of each fiscal year, remaining revenue collected from the Student Facilities Safety fee after meeting debt service requirements be made available for additional life safety projects in student-fee funded facilities. This proposal will allow the campus to begin to address additional life safety needs at the Davis campus without establishing another mandatory student safety fee to meet these additional needs. The current \$66 fee per year generates approximately \$1 million per year after meeting debt service payments for seismic improvements in the Memorial Union and North and South Halls. This proposal is consistent with the Los Angeles campus' proposal approved by The Regents in September 1999 to use excess fee revenue generated from its Student Seismic Fee.

Though not required for existing campus-based fees under current Presidential policy, the campus also proposed to set aside 25 percent of the total annual fee as return-to-aid funds in response to recent concern about the lack of a financial aid component in campus-based fees. Approximately \$500,000 from fee revenue would be set aside annually for financial aid.

As currently approved by The Regents, as long as the debt for the Memorial Union and North and South Halls is outstanding, the Student Facilities Safety Fee shall remain at a level sufficient to pay the debt service and meet the related requirements of the financing, including debt service coverage equal to 1.25 times the actual debt service. The campus would ensure that sufficient revenues are generated and available to meet all financing requirements for the outstanding debt. The debt for these projects will retire in 2029. Upon retirement of the debt, the campus does not intend to extend the length of the Student Facilities Safety Fee.

Office of the President

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ACTION ITEM

For Meeting of September 20, 2006

APPROVAL OF EXPANDED USE OF STUDENT FACILITIES SAFETY FEE REVENUE, DAVIS CAMPUS

EXECUTIVE SUMMARY

- Campus: Davis
- Proposed Action: The proposed action is approval to use excess net revenue from the Student Facilities Safety Fee, Davis campus, to meet life safety needs in student-fee funded facilities.
- Previous Actions: In 1995, The Regents approved a \$66 per student per year Student Facilities Safety Fee on the Davis campus. The fee was to be used for the seismic renovations in North and South Halls and the Memorial Union. The approved fee was pursuant to the March 1988 Regents' policy.

Life safety projects using this fee as a fund source will be approved in accordance with Regents' policy for capital improvement projects. It is anticipated that revenue from the Student Facilities Safety Fee would first be used for health and safety projects in the Pavilion, a 150,000-square-foot arena. In subsequent years, as additional revenues are available, other life safety projects would be funded as appropriate.

UC Davis Student Affairs has conferred about the proposed extended use of the original fee with the elected officers of the three officially recognized student governments at that campus: the Associated Students, the Graduate Student Association, and the Law Student Association. All concur with the proposed action. The presidents of these recognized student governments have provided letters of support. These consultations have included the campus' intention to engage students in an annual review of the health and safety projects through the campus' Student Services and Fees Advisory Committee, and the relative priorities for use of this campus-based fee.

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LARRY N. VANDERHOEF
Chancellor at Davis

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September 29, 2006

Board of The Regents
Office of the Secretary of the Regents
University of California
1111 Franklin Street, 12th Floor
Oakland, CA 94607-5200

Dear Regents:

The following provides additional information and responds to questions raised at the September 20, 2006, Regents meeting regarding the recommendation to approve the Committee on Finance Item 504 *Approval of Expanded Use of Student Facilities Safety Fee Revenue, Davis Campus*.

In 1995, The Regents approved a \$66 per student per year Student Facilities Safety Fee at the Davis campus to be used to pay for seismic renovations in North and South Halls and the Memorial Union.

1) Why did we set the fee at \$66 per year in 1995? Wasn't that too high?

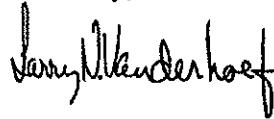
The fee was established at \$66 for regular session and \$11 for summer session based on application of then-current planning assumptions for \$13.1 million in capital improvements for the Memorial Union and North and South Halls. Over the past 10 years steady annual increases in enrollment and a substantial decline in the interest rate due to refinancing have resulted in Life Safety Fee surpluses. The 1995 assumptions used to establish the fee at \$66 per year are compared with the projected costs for this fiscal year in the following table.

Board of The Regents
September 29, 2006
Page 3

additional revenues are available, other life safety projects associated with student fee-funded facilities will be addressed. The campus does not have another fund source that can be used to address life safety needs in student services facilities without establishing another mandatory student facilities safety fee.

I appreciate that the Regents approved this item. Please let me know if you have additional questions.

Sincerely,



Larry N. Vanderhoef
Chancellor

/cac

c: President Robert Dynes
Provost and Executive Vice President Rory Hume

Office of the President

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ACTION ITEM

For Meeting of September 20, 2006

**APPROVAL OF EXPANDED USE OF STUDENT FACILITIES SAFETY FEE
REVENUE, DAVIS CAMPUS**

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