UC Merced Announces Major Expansion

Campus selects developer for project that will nearly double size of campus

MERCED, Calif. – The University of California, Merced, today named Plenary Properties Merced (PPM) the winning bidder for its next major phase of campus development – an unprecedented four-year project that will nearly double the physical capacity of the campus by 2020, allowing it to grow to 10,000 students shortly thereafter.

“We are impressed by the creativity, efficiency and aesthetic qualities evident throughout the winning proposal,” UC Merced Chancellor Dorothy Leland said. “Plenary Properties Merced has produced a compact, environmentally sensitive design that blends beautifully with our existing campus, facilitates our multi-disciplinary teaching and research methods, and provides flexibility for future changes in building usage. Most important, it’s a cost-effective way of building out our campus.”

Leland said the UC Board of Regents will be asked in July to review and approve the project’s conceptual design and to approve the required external financing, clearing the way for completion and execution of the formal contract in August. The regents previously approved the $1.14 billion budget, commercial terms and all major elements of the delivery model last November.

The new facilities will be built within a 219-acre site that currently supports the existing campus and its 6,700 students. Groundbreaking could begin as early as September. The
first phase of buildings is scheduled for delivery in 2018, with the remainder completed in 2020.

PPM is a consortium of design, engineering, construction, maintenance, operations and financial partners, anchored by lead developer, equity provider and financial arranger Plenary Group, an international infrastructure developer and investor in public-private partnership projects across North America. PPM’s lead contractor is Webcor Builders, a San Francisco-based firm whose previous projects include California Memorial Stadium at UC Berkeley, Zuckerberg San Francisco General Hospital and the California Academy of Sciences. Johnson Controls is providing the operations, maintenance and renewal services to the project throughout the 39-year contract term. The team’s selection is the culmination of a rigorous process of identifying, pre-qualifying and thoroughly vetting developers capable of taking on a project of this size.

The project will be the first in the UC system to use a single private development team for a multi-year, multi-building project of this scope. PPM will not only design and build all of the new facilities as a single, fast-track project but will also ensure major building systems operate effectively over the 39-year term of the contract. In addition, the developer will be responsible for raising all required private financing as part of the public-private partnership.

“UC Merced, the youngest campus in our system, is poised to become a model for our other campuses as we look for the most efficient ways to construct, operate and maintain facilities that enable us to pursue our teaching, research and public service missions,” UC President Janet Napolitano said. “As the first public research university to be created in the 21st century, UC Merced is prepared to build on its remarkable academic achievements as the campus itself is built out to accommodate future growth.”

In keeping with UC Merced’s strong emphasis on interdisciplinary learning and research, PPM’s design themes make creative use of environments and buildings that are designed for multiple purposes, generating dynamic, interdisciplinary interaction among students, faculty and staff. To accommodate changing needs over time, the design and construction approaches are flexible and highly adaptable, helping the campus achieve long-term life-cycle and sustainability goals.

The project is expected to create more than 10,000 construction jobs in the San Joaquin Valley (more than 12,000 statewide) during the four-year construction period. The one-
time economic benefit to the region will be an estimated $1.9 billion ($2.4 billion statewide).

The campus expects to add faculty and student support services by 2020 to accommodate enrollment growth.

Leland said the university’s expansion will significantly strengthen its capacity to achieve its critical mission as the first UC campus in the San Joaquin Valley – increasing college-going rates within the region’s highly diverse, largely underserved population while serving as a powerful engine of economic development. The campus has already pumped more than $1.3 billion into the regional economy ($2.5 billion statewide) since start-up operations began in 1999.

The new buildings will fully support UC Merced’s environmental sustainability objectives, including its “Triple Net Zero” goal (zero net energy usage, zero landfill waste and zero net greenhouse gas emissions by 2020). The campus has been recognized by the U.S. Green Building Council as one of the greenest in the nation.

"The UC Merced 2020 Project will put UC Merced at the forefront of higher-education design and delivery in the U.S.,” Dale Bonner, executive chairman of Plenary Concessions, said. “Plenary is delighted to be a part of this partnership.”

Financing for the project will include up to $600 million in regents-issued revenue bonds, pending approval by the Board of Regents in July, with the rest coming from the developer and UC Merced’s own funds.

“The 2020 Project effectively leverages private capital in conjunction with UC funds to both cover project costs and allow UC to make efficient use of our own financial resources,” said UC Chief Financial Officer Nathan Brostrom.

The delivery approach provides a long-term incentive for building performance and preventative maintenance, a unique aspect of the public-private partnership, and ensures annual costs are within the limits established last year by the regents.

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**About UC Merced**

UC Merced opened September 5, 2005, as the newest campus in the University of California system and the first American research university of the 21st century.
Situated near Yosemite National Park, the campus significantly expands access to the UC system for students throughout the state, with a special mission to increase college-going rates among students in the San Joaquin Valley. It also serves as a major base of advanced research, a model of sustainable design and construction, and a stimulus to economic growth and diversification throughout the region.

About Plenary Properties Merced

PPM brings a wealth of experience with proven, effective approaches to leadership, communication, project oversight, operation and management, and life-cycle management and complex issue resolution on social P3 projects in North America. The PPM team includes the following organizations: Plenary Group, lead developer, equity provider and financial arranger; Webcor Construction LP, lead contractor; Skidmore Owings & Merrill Inc., lead campus planner; and Johnson Controls Inc., lead operations and management firm.