

Office of the President
March 8, 2000

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ITEM FOR ACTION

For Meeting of March 15, 2000

**REVERSION OF PROPERTY TO THE STATE, BAY AREA RESEARCH AND
EXTENSION CENTER, SANTA CLARA COUNTY**

The President recommends that the Committee on Finance recommend to the Regents that:

- (1) The Regents hereby resolve that the approximately 17-acre Bay Area Research and Extension Center property in Santa Clara County (BAREC) is no longer necessary for agricultural research.
- (2) The Secretary be authorized to execute a quit claim deed or other appropriate documentation conveying The Regents' interest in BAREC to the State of California, if requested by the state.

BACKGROUND

The Bay Area Research and Extension Center property (BAREC) was conveyed to The Regents of the University of California from the Director of Finance of the State of California for use in agricultural research in two parcels, the first in 1952 and the second in 1963. BAREC, as one of the University's ten agricultural research and extension centers, has contributed to California agriculture over the years. Current research at BAREC includes programs on turf grass, water management, integrated pest management, and field crops. The enabling legislation refers to the Department of Veteran Affairs; this department still retains a 0.54-acre parcel contiguous to BAREC. Both conveyances to the University contain a stipulation that:

“... In the event The Regents of the University of California shall by resolution at any time determine that the whole or any part of the property granted and conveyed hereunder is no longer desirable or necessary for use in agricultural research, the fee title to said property described in such resolution shall revert to and vest in the State of California upon the recording of such resolution in the official records of the County of Santa, Clara, State of California.”

As a result of budget negotiations between the University and Department of Finance, Item 6440-001-0001 – For Support of University of California, Schedule (a), Provision: 17 of the Budget Act of 1999 states:

“Of the amount appropriated in Schedule (a), \$2,000,000 is for cooperative extension, contingent upon an assessment that land in Santa Clara County currently used for cooperative extension is available to the state for other purposes without restriction.”

The “*land in Santa Clara County currently used for cooperative extension*” is the land comprising BAREC. The \$2,000,000 is a permanent allocation to the UC Cooperative Extension budget and is in exchange for the University returning the BAREC land to the state.

Program Evaluation

The Division of Agriculture and Natural Resources (DANR) has determined that the value of the augmentation for Cooperative Extension is of substantially greater benefit to its overall program than continued research at BAREC and that research needs served by the center can be addressed at other sites. The decision to recommend reversion of BAREC was driven by the need to increase funding for UC Cooperative Extension programs. Cooperative Extension absorbed significant budget cuts in the early 1990s. Besides the loss of more than 50 farm advisor positions, these reductions have significantly affected DANR’s ability to deliver research-based educational information to user communities across the state. The \$2.0 million permanent augmentation in the Budget Act of 1999 from this action will be used to begin to restore the UC Cooperative Extension program capabilities.

A number of groups and individuals have expressed their concerns with the University’s discontinuing agricultural research at BAREC. President Atkinson wrote to Regents concerning this issue in a letter dated August 16, 1999. While acknowledging public concerns, the President, with the concurrence of the Vice President for Agricultural and Natural Resources, recommends that the Board determine that BAREC is no longer necessary for agricultural research and that the property should revert to the state.

An appropriate transition period to allow the completion of short-term research and transfer of other existing activities at BAREC will be negotiated with the state. A task force will be appointed by DANR to:

- C relocate longer-term research projects to (i) the local area, (ii) other division sites (there are nine other research and extension centers), or (iii) to cooperator sites;
- C recommend possible replacement or relocation of BAREC agricultural infrastructure; and
- C recommend bridge funding where needed for researchers to establish new test sites and lots.

Property Evaluation

BAREC is located on the north side of Winchester Boulevard approximately one block east of its intersection with Stevens Creek Boulevard in the city of Santa Clara. The level site is bordered by older single-family residences to the north, east, and west, strip commercial to the southwest, and the Valley Fair regional shopping center to the south. Given its long public use history, the property is not presently zoned (although the local General Plan calls for moderate density residential). Following its reversion to the state, any development on the site would involve a thorough public approval process. Because of the use restrictions applicable to its ownership, the University has not had the BAREC land appraised. Free of the restrictions applicable to the University’s ownership, however, this property is believed to have a fair market value in excess of \$1,000,000 per acre. The unrestricted value would ultimately be dependent upon the zoning and

entitlement of the property. As restricted for the University's use, the property's value is comparable to agricultural land valued at approximately \$10,000 per acre. In effect, the University's use of the BAREC land is analogous to a no-cost lease renewable for so long as the land is used for agricultural research.

In accordance with University procedures, the project, defined as the determination of lack of necessity and the related reversion of the BAREC land, has been classified as exempt from the California Environmental Quality Act (CEQA).