



Last month, the City of Berkeley and University of California Board of Regents approved a settlement agreement on UC Berkeley's 2021 Long Range Development Plan (LRDP) and lawsuits challenging UC's enrollment increases and impacts on neighborhoods. The Berkeley City Council authorized execution of the settlement by an 8-1 vote. This historic agreement is the culmination of several years of advocacy and litigation by the City over the impacts of significant campus enrollment increases, and paves the way for a new era of cooperation between the City of Berkeley and UC Berkeley. The agreement is one of the largest financial settlements any UC campus has provided a host city, and includes binding commitments on collaborative planning for campus growth and partnerships on issues important to the Berkeley community.

Since its announcement, there have been questions, as well as confusion about the terms and impact of this agreement. This summary is intended to clearly explain the agreement and its impact on the Berkeley community.

Reaching this agreement was a hard fought, multi-year process. As with any negotiation, you never get everything that you want, but I strongly feel that we did the best we could, and the City in the end got a good deal.

For background, it is important to acknowledge that under the California State Constitution, the University of California is exempt from local land use laws and most local taxes. Additionally, decisions on increased enrollment and growth are made by the State Legislature or Board of Regents. This puts host communities at a disadvantage over challenging or regulating UC's expansion. The only option cities like Berkeley have are either negotiate or sue. In this case, the City of Berkeley did both.

After learning that UC Berkeley was expanding enrollment by 11,000 additional students beyond what was planned, the City sued UC over failing to adequately study and mitigate this significant increase. For over two years we

fought valiantly in court, while also keeping a door open to UC officials to reach a negotiated settlement. While the City did win a ruling on environmental review, the judge's decision did not mandate increased annual payments or other mitigations for impacts. All the while, the University stopped making its annual payments to the City as the prior 2005 agreement had expired.

When I came into the Mayor's office in 2016, I set out to improve the relationship between the City and campus, and negotiate a much better deal than my predecessor had. I feel like we accomplished this. The new agreement immediately doubles the annual payments to the City, and includes real commitments for stronger collaboration on projects that impact our neighborhoods.

Thank you for taking the time to read this *outline of terms* and coming to your own conclusion. The entire agreement can be found [here](#).

Financial Terms

- It is important to understand that the previous 2005 LRDP settlement agreement had expired on May 31, 2021. The University was under no obligation to continue making ANY payments to the City until a new agreement was reached. If the City had continued with litigation (estimated at up to additional two years), the City would have lost \$1.8 million per year in annual payments, plus the cost of litigation. The new agreement was effective upon signing and as a result the City will receive payment this current fiscal year without interruption, enabling us to support fire and other city services.
- **Under the new agreement, UC Berkeley will provide annual payments to the City for a total amount of \$82.64 million over the next 16 years. Payments will start at an annual amount of \$4.1 million and increase by 3% annually. This is over 4 times the amount of the previous agreement over the life of this LRDP. The funding will support fire and city services, and projects and services supporting residents within a half mile of the UC main campus and Clark Kerr Campus. (see entire agreement for payment allocation).**
 - It does not allow the University to terminate the agreement if the University "does not like" how the City is spending the money. Rather, it provides several mechanisms for ensuring that the payments are used consistently with the terms of the agreement. These terms do not interfere with

the City Council or Mayor's ability under the City Charter to control expenditures of monies collected and appropriated from the city's General Fund.

- In addition to the annual payment, the University will continue to make annual contributions to the City's Proposition 218 Stormwater and Street Light Fund, the Downtown Berkeley Association, and the Telegraph Improvement District. The annual payment does not eliminate or otherwise supersede ongoing fees for services paid to the City by the University.
- The agreement will bring the University into compliance with the City's Parking Space Rental Tax provisions in a way that treats similarly situated entities (the University, the City, and BART) similarly.
- The agreement requires commercial tenants, in University owned properties, to obtain permits and pay city impact fees. Previously, the University had leased its property to commercial tenants engaged in non-program uses, and did not require commercial entities to get city approvals or pay taxes.
- The City and University will explore the possible relocation of the 8-unit building at 1921 Walnut Street. This is in addition to \$920,000 in funding to the City's Housing Trust Fund to address the potential demolition of the units, and any relocation benefits the campus may provide existing tenants.
- As a part of the People's Park Project, the University will lease land for a 100+ bed Permanent Supportive Housing project on People's Park to support the homeless population in the area.
- The campus will support a Homeless Drop-in Center for Telegraph District and surrounding neighborhood during the construction of the People's Park Housing Project.
- UC Berkeley will continue funding a homeless outreach worker for Telegraph area, Willard Park and surrounding neighborhood.
- Funding Chancellor's Grant beginning at \$300,000 annually with 3% annual increases.
- The University commits to joint planning for a new fire station and donating land off the main UC campus for a new City fire station to serve both the City and campus communities.
- If campus undergraduate enrollment growth exceeds one percent per year on average over three consecutive years, then the City and UC will meet to discuss the potential physical impacts of enrollment increases on the City and whether any amendments should be made to the agreement to address the enrollment increase.

- The University was under no obligation to pay parking taxes “in arrears”. Any recovery of these fees would have required yet another lawsuit, costing the City more in litigation fees and delaying any updated annual payments.

Collaboration on Future Planning and Issues of Mutual Concern

In addition to the annual payment, the agreement calls for a stronger cooperative relationship including:

- Honoring the City’s zoning standards in the design of off-campus projects.
- Creating a collaborative planning process for projects in the City Environs.
- Because of the importance to the City of maintaining properties on the City’s tax rolls, the University made a commitment that University-owned land will always be the first option explored by the University for both new program space and parking.
- A commitment to work with the City to explore ending the practice of master leasing of private housing.
- Establish a collaborative planning process for the City to review and comment upon campus capital projects located in the City environs and implementation of sustainable development standards prior to campus approval of such project.
- With regard to the Clark Kerr Campus, the terms of the MOU are not altered by the agreement. During the remaining term of the MOU, the University and the City will comply with the MOU by working cooperatively in planning and development of projects on the Clark Kerr Campus. There will also be collaboration about the potential expanded public access to recreational facilities and operational mitigations to address potential impacts on the surrounding neighborhood.
- Commitment to work with the City around the closure of Alta Bates Hospital and its emergency room in Berkeley, and identify alternatives to continue emergency and acute care for the University and city population.

Withdrawing from Current Litigation and Future Litigation

As a condition of the financial settlement, the agreement provides that the city will drop its litigation over the Upper Hearst Housing Project and litigation over an intercollegiate volleyball facility at UC’s Clark Kerr Campus. The agreement also calls for the City to not challenge UC’s Anchor House and People’s Park housing projects, the adoption of the 2021 LRDP, or any future

campus housing projects or projects on the Clark Kerr Campus or UC main campus. The city reserves the right to challenge projects off the main campus which do not include 80% housing, and can withdraw from the agreement and challenge future campus projects or enrollment increases.

UC Berkeley currently has the lowest ratio of student housing of any UC campus. The shortage of student housing impacts our broader housing market, drives up rents and increases displacement pressures. The City support's UC's plans to create more student housing projects, and these three projects will add approximately 2,000 new student beds to the UC's housing inventory.

With regard to the Upper Hearst Project, the University will make a presentation to the City's Planning Director regarding the Upper Hearst Project's proposed final design and exterior color scheme. The University will consider any comments and concerns raised regarding the design and color scheme and address those concerns prior to finalizing the construction drawings.

Termination Rights

The City has the right to terminate the agreement and sue the University over future development projects and enrollment increases that exceed one percent per year. The City also maintains all of its rights to enforce the Clark Kerr MOU.

If the University decides to increase campus undergraduate enrollment by an amount that exceeds one percent annual enrollment growth, the City has the right to open conversations about increasing annual payments or other compensation or it can take the University to court.

Ongoing Oversight and Accountability

City and University officials will meet quarterly to ensure ongoing collaboration, oversight and compliance with the implementation of this agreement.

As this is a legal agreement, every term is legally binding and if UC fails to meet its obligations, the City can take UC to court and seek a judgement for back payments or enforcement of other terms.