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**ACTION UNDER PRESIDENT'S AUTHORITY – AMENDMENT OF THE BUDGET
FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM
AND APPROVAL OF EXTERNAL FINANCING FOR SERVICE UNIT PARK, PHASE
1, DAVIS CAMPUS**

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Davis: Service Unit Park, Phase 1- Preliminary plans, working drawings and construction-\$8,964,000 to be funded with \$8,848,000 external financing and \$116,000 Parking Reserves.

Pursuant to Standing Order 100.4(nn)

- (2) The President be authorized to obtain external financing not to exceed \$8,848,000 to finance the Service Unit Park Phase 1 project, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. Repayment of any financing shall be from the Davis campus' share of the University Opportunity Fund; and
 - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

A Key to abbreviations and the project description are attached.

KEY
Capital Improvement Program Abbreviations

S	Studies
P	Preliminary Plans
W	Working Drawings
C	Construction
E	Equipment
-	State Funds (no abbreviation)
F	Federal Funds
G	Gifts
HR	Hospital Reserve Funds
I	California Institutes for Science and Innovation
LB	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By, Interim and Bank Loans)
LR	Regents' Loans (Internal Loans)
N	Reserves other than University Registration Fee (Housing and Parking Reserves)
R	University Registration Fee Reserves
U	Regents' Appropriations (President's Funds, Educational Fund)
X	Campus Funds
CCCI	California Construction Cost Index
EPI	Equipment Price Index

2004-05 Budget for Capital Improvements and
Capital Improvement Program
Scheduled for
Regents' Allocation, Loans, Income Reserves,
University Registration Fee Reserves, Gift Funds,
and Miscellaneous Funds

Campus and Project Title (<u>Total Cost</u>)		<u>Proposed</u>	<u>2004-05</u>
<u>Davis</u>			
Service Unit Park, Phase 1	P	\$443,000	LB
	P	\$6,000	N
	W	\$443,000	LB
	W	\$6,000	N
	C	\$7,962,000	LB
	C	\$104,000	N
(\$8,964,000)			

DESCRIPTION

The Davis campus requests approval of the Service Unit Park, Phase 1 project, to be supported with external financing in the amount of \$8,864,000 and Parking Reserves in the amount of \$116,000. The Service Unit Park, Phase 1 project would provide new space of 36,104 asf (40,352 gsf), and 82 surface parking spaces. Relocating UCD service units to the new Service Unit Park would release core-campus sites for priority academic and administrative use.

This project includes the cost of site work and utilities needed to serve the Phase 1 project. Pending approval of the Phase 1 project, the campus would proceed with a related project to fund work that needs to be undertaken with the Phase 1 project that will provide appropriate capacity to serve future phases under the Master Plan (e.g. upsizing of utility lines). The total cost of this initial work associated with Master Plan development is estimated at \$736,000 and is to be funded by campus funds.

Background

The service units dedicated to operating and maintaining the UCD campus are currently housed in obsolete facilities situated in several different locations on the core-campus. One core-campus site has been designated for the State-funded Physical Sciences Expansion project. To accommodate this new academic space, it is crucial that the site be cleared and that support functions are relocated to a more appropriate site. Given that many of the existing service units on campus are housed in outdated and obsolete space, it is most efficient to provide a new, more appropriately located campus site that can later be expanded to meet additional service unit space needs in the future.

The Service Unit Park, Phase 1 project would accomplish this objective by relocating a portion of UCD's Material Management units to a new area on the west campus off of Hopkins Road. The site is currently undeveloped and was previously used for agricultural programs. A portion of the core campus space vacated would provide interim space for Operations and Maintenance functions until future phases are constructed. Full build-out of the project would be phased so that, in time, all such services would eventually be co-located outside of the campus core for efficient operation. The proposed site for the Service Unit Park is currently designated as *Research Park Low Density*. The *Research Park Low Density* land use designation is a lower campus priority than the release of core campus space for academic endeavors. Planning for the Service Unit Park has indicated that the Hopkins Road site would be compatible with the adjacent existing and planned land uses. The 2003 LRDP Research Park Low Density site designation will be changed to Support Services to make the LRDP land use designation consistent with the land uses at the proposed Service Unit Park.

Project Description

The Phase 1 project would provide approximately 40,352 gsf of office, material management and storage space in two separate buildings. Pre-engineered metal buildings would provide the best value for the intended use and location, while still delivering reasonable durability. The high-bay Material Management building would house the central receiving function and the bulk mail operations of the campus. This approximately 33,400 gsf building would contain approximately 29,855 asf (90% efficiency) including dock space, receiving space, storage racks, work space, and office and support space. The second building includes 6,952 gsf (6,249 asf, 90% efficiency) of storage, office, and work space for the Special Services Unit. This pre-engineered metal building is of conventional height with large roll up doors convenient for truck access. The storage space would be unconditioned and used for palletized longer-term storage and equipment storage. The Phase 1 project would include 82 surface parking spaces for university vehicles, visitors and employees.

The cost of the new buildings included in the Phase 1 project represents about 75% of the proposed construction budget while parking, roads, and infrastructure costs amount to about 25% of this budget. The infrastructure costs are relatively high compared to other typical campus projects due to the fact that the project is located on a completely undeveloped site.

CEQA Classification

California Environmental Quality Act (CEQA) review for the Service Unit Park, Phase 1 project was included in a Mitigated Negative Declaration prepared for both the Physical Sciences Expansion project and Service Unit Park project. The Mitigated Negative Declaration was adopted in conjunction with the Physical Sciences Expansion design approval in March 2005

Green Building Policy and Clean Energy Standard

This project will comply with the *Presidential Policy for Green Building Design and Clean Energy Standards* dated June 16, 2004. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information

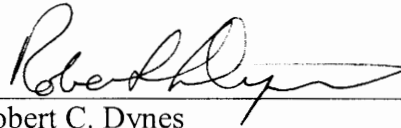
regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

Financial Feasibility

The total project cost for the Service Unit Park at CCCI 4699 is \$8,964,000, to be funded with external financing (\$8,848,000) and Parking Reserves (\$116,000). Based on long-term debt of \$8,848,000 amortized over 30 years at 6.125 percent interest, the estimated average annual debt service would be approximately \$651,000. Repayment of the debt would be from campus Opportunity Funds. Opportunity Funds are a portion of the indirect cost recovery generated by federal contracts and grants. By University policy, up to 65 percent of the campus' total Opportunity Funds may be pledged for debt service, but only up to 33 percent of the actual debt service may be paid from Opportunity Funds. In fiscal year 2008-09, the first full year of principal and interest payments for the project, 60 percent of Opportunity Funds are pledged for debt service. Inclusive of this amount the campus is within the prescribed Opportunity Fund Pledge and payment limits.

Additional financial feasibility information may be found on Attachment 2.

Approved:



Robert C. Dynes
President of the University

Attachments

**PROJECT STATISTICS
SERVICE UNIT PARK
CAPITAL IMPROVEMENT BUDGET
DAVIS CAMPUS
CCCI 4699**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$ 105,000	1.2 %
Building	\$ 5,284,000	58.9 %
Exterior Utilities	\$ 800,000	8.9 %
Site Development	\$ 885,000	9.9 %
A/E Fees ^(a)	\$ 503,000	5.6 %
Campus Administration ^(b)	\$ 350,000	3.9 %
Surveys, Tests	\$ 116,000	1.3 %
Special Items ^(c)	\$ 567,000	6.3 %
Contingency	\$ 354,000	4.0 %
<u>Total</u>	<u>\$8,964,000</u>	<u>100.0 %</u>

Statistics

Gross Square Feet (GSF) ^(d)	40,352
Assignable Square Feet (ASF) ^(d)	36,104
Ratio ASF/GSF (%)	89 %
Building Cost/GSF ^(d)	\$131

(a) Fees include executive architect and other professional design contract costs.

(b) Campus administration includes project management and inspection.

(c) Special items include the DPP, Environmental Services, DSA Review, Value Engineering, State Fire Marshall Review, Independent Structural/ Seismic Review, Preconstruction CM, Special Consultants: Industrial Designer, Fire Protection, Archeologist, Haz. Material Surveys and Testing, and Interest During Construction totaling \$567,000.

(d) A gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself. An assignable square feet (ASF) is the net usable area.

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Project Title: Service Unit Park, Phase 1

Total Estimated Project Cost \$8,964,000

Proposed Sources of Funding

External Funding	\$ 8,848,000
Parking Reserves	\$ 116,000

Proposed Financing Terms

Interest Rate:	6.125%
Duration:	30 Years

Davis Opportunity Fund Information (2008-09) ⁽¹⁾

Estimated Annual Revenue	
Pre-Off-the-Top Generated (Garamendi)	\$ 6,661,000
Opportunity Funds Allocation	<u>\$19,518,000</u>
Total Estimated Annual Revenue	\$26,179,000

Estimated Average Annual Debt Service	
Existing Garamendi Debt Service and O&MP Expenditures	\$ 6,661,000
Potential Debt Service on Proposed External Financing	\$ 651,000
Pledged Expenditure – Other Capital Projects	<u>\$ 8,457,000</u>
Total Estimated Annual Expenses	\$15,769,000

% Opportunity Funds Pledged for debt (policy limit 65%) 60%

Debt Service Coverage 1.66X

(1) First full year of principal and interest payments for the project.