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March 5, 2007

**ACTION UNDER PRESIDENT'S AUTHORITY--AMENDMENT OF THE BUDGET
FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM
AND APPROVAL OF EXTERNAL FINANCING FOR SAN NICOLAS FIRE SAFETY
AND REPAIR, SANTA BARBARA CAMPUS**

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2006-07 Budget for Capital Improvements and the Capital Improvement Program to include the following changes:

Santa Barbara: San Nicolas Fire Safety and Repair - preliminary plans, working drawings, construction, and equipment -- \$6,900,000 to be funded from external financing (\$4,900,000) and Santa Barbara Campus UCHS Net Revenues (\$2,000,000).

Pursuant to Standing Order 100.4(nn)

- (2) The President be authorized to obtain financing not to exceed \$4,900,000 to finance the San Nicolas Fire Safety and Repair 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. As long as the debt is outstanding, University of California Housing System fees for the Santa Barbara campus shall be established at levels sufficient to provide excess net revenues sufficient to pay the debt service and to meet related requirements of proposed funding.
 - c. The general credit of The Regents shall not be pledged.

- (3) The President 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 President 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 Planning
W	Working Drawings
C	Construction
E	Equipment
-	State (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

2006-07 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 (Total Cost)	Proposed <u>2006-07</u>		
<u>Santa Barbara</u>			
San Nicolas Fire Safety and Repair	P	285	N
	W	282	N
	C	1,433	N
	C	4,300	LB
	E	600	LB
(\$6,900,000)			

DESCRIPTION

The Santa Barbara campus proposes to provide fire and life safety upgrades and renovate the San Nicolas Residence Hall. This project would retrofit the tower and common area spaces with a fire sprinkler system; replace the fire alarm system in the complex; replace existing roofing materials and provide other improvements to prohibit water intrusion; upgrade bathrooms for ADA compliance; replace the emergency generator; and generally address interior refurbishments of the entire residence hall.

Background

San Nicolas Hall is a residence hall complex located in the southeast portion of the UC Santa Barbara campus. San Nicolas Residence Hall was constructed in 1966 and is composed of one 8-story tower (53,721 asf and 84,014 gsf) which includes 408 beds and associated support space. The project site is located on the south side of the Main Campus, north and east of the Campus Lagoon, west of Santa Rosa Hall, and south of the University Center.

San Nicolas Hall underwent a large-scale renovation in 1988 as a part of the seven-phase Residence Halls Renovation Program (1986-1993). The renovation included updating mechanical, electrical and data systems, asbestos abatement and replacement of interior finishes. However, a number of building components throughout San Nicolas Hall, that were not included in the 1988 improvements, need to be replaced or installed as new to respond to current life safety and building code issues and to replace systems which have reached the end of their useful life cycle. Public restrooms and residential floor restrooms were built before the Americans with Disability Act and are not compliant with ADA regulations applicable to new construction.

The existing roof was installed in 1985 and is in need of replacement. It also leaks in a number of places and the roof system, including drains, flashing, waterproofing components and other features, is compromised by its age.

Project Description

Fire and life safety improvements would include the retrofit of the residential tower and common area spaces with a fire sprinkler system and replacement of the existing fire alarm system throughout the building with a new system. Replacement of the system would include new detectors throughout, modernized control system, strobe light and horn alarms, per ADA requirements, and battery backup.

Residential floor and public restrooms would be modified for compliance with ADA regulations. These include relocation of stalls for turning radius and sizing issues, installation of grab bars, height adjustments for sinks and other existing equipment and provision of new fixtures where necessary. Other ADA modifications which would be performed involve signing and elevator cab upgrades.

The highest priority is replacement of the roofing system on the tower. Work includes stripping the existing roof, repair of drainage and sub-roofing features as necessary, and installation of a single ply roof system.

The project would refurbish building interiors associated with life safety and building system renewal as well as replace old, damaged and worn interior features. Work includes new carpeting, paint and patch in areas disturbed by sprinkler and other system installation, and similar work as necessary.

As allowed by budget, the project would provide for replacement and refurbishment of existing HVAC mechanical system components.

Construction would commence in June 2007, to be completed September 2007.

CEQA Classification

The San Nicolas Fire Safety and Repair project is categorically exempt under the California Environmental Quality Act (CEQA).

Financial Feasibility

The total project cost of \$6,900,000 would be funded from external financing (\$4,900,000) and Santa Barbara Campus UCHS Net Revenues (\$2,000,000). The estimated annual debt service of 5.75% at 30 years is \$347,000. Repayment for the San Nicolas Fire Safety and Repair debt would be from campus' share of the University of California Housing System Net Revenues.

The impact of this project on the existing Santa Barbara campus University of California Housing System facilities would be an estimated rate increase of \$61 per student per year. The campus has developed a rate increase strategy to meet the financial obligations associated with

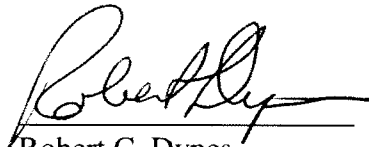
the housing program's capital development and seismic corrections, including this project, through the academic year 2011-12. The planned rate increases encompass the ongoing operational increases, as well as debt associated with recently approved projects and projects within the 2011-12 planning horizon. The following table summarizes the Santa Barbara Housing rental rate increase through 2011-12.

<i>Year</i>	<i>Operating Increase</i>	<i>Increase Associated with San Clemente*</i>	<i>Increase Associated with this Project</i>	<i>Total Rate Increase</i>
2006-07	3 %	2.95%	0%	5.95%
2007-08	3 %	2.95%	3.55%	6.55%
2008-09	3 %	2.95%	3.65%	6.65%
2009-10	3 %	0%	0%	3.00%
2010-11	3 %	0%	0%	3.00%
2011-12	3 %	0%	0%	3.00%

* The San Clemente Student Housing project was approved at the January 2006 Regents' meeting.

Additional financial feasibility information may be found on Attachment 2.

Approved by:


Robert C. Dynes
President of the University

March 8, 2007
Date

Attachments

**PROJECT STATISTICS
SAN NICOLAS FIRE SAFETY AND REPAIR PROJECT
CAPITAL IMPROVEMENT BUDGET
SANTA BARBARA CAMPUS
CCCI 4700**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance		
Construction	4,932,000	78.3%
Exterior Utilities	53,000	0.8%
Site Development		
Fees	410,000	6.5%
A&E/PP&C	224,000	3.6%
Surveys, Tests, Plans, Specs	75,000	1.2%
Special Items	108,000	1.7%
Contingency 10.0%	498,000	7.9%
<u>Total P-W-C</u>	6,300,000	100%
Group 2 & 3 Equipment	600,000	
Total Project	\$6,900,000	

Project Statistics

Assignable Square Feet (ASF)	53,721
Gross Square Feet (GSF)	84,014
Building Cost/ASF	\$92
Building Cost/ GSF	\$59
Ratio ASF/ GSF	64%

ATTACHMENT 2

SUMMARY OF FINANCIAL FEASIBILITY ANALYSIS

Project Title: San Nicolas Fire Safety and Repair

Total Estimated Project Cost \$ 6,900,000

Proposed Source of Financing

External financing	\$ 4,900,000
Santa Barbara Campus UCHS Net Revenues	<u>\$2,000,000</u>
Total	\$ 6,900,000

Projected Financing Terms

Interest rate: 5.75% Duration: 30 years

Estimated UCSB Housing Annual Revenue (2009-10)¹
Existing beds & dining operations at 95% occupancy \$80,998,000

Estimated UCSB Annual Operating Expenses (2009-10)¹
Existing facilities operating expenses \$48,189,000

Net Revenues Available for Debt Service (2009-10)¹ \$32,809,000

Estimated Housing Debt Service (2009-10)¹
San Nicolas Fire Safety and Repair estimated average debt service \$347,000
Existing facility principal and interest \$24,700,000
Total \$25,047,000

Estimated Surplus For Major Maintenance \$7,748,000

Debt Service Coverage 1.31

UC Housing System Information (2009-10)
Estimated average annual net revenues \$296,250,000
Estimated average loan payments \$189,395,000
Estimated annual surplus for major maintenance \$106,855,000
Estimated debt service coverage 1.57

¹ First year of full principal and interest payment