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August 23, 2007

**ACTION UNDER PRESIDENT'S AUTHORITY - AMENDMENT OF THE BUDGET
FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM
AND APPROVAL OF EXTERNAL FINANCING FOR COFFEE HOUSE
RENOVATION, DAVIS CAMPUS**

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amends the 2007-08 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Davis: Coffee House Renovation - preliminary plans, working drawings, and construction - \$9,276,000 to be funded from external financing (\$6,790,000), Campus Expansion Initiative reserves (\$2,163,000), Student Facilities Safety Fee reserves (\$248,000), and Registration Fee Capital reserves (\$75,000).

Pursuant to Standing Order 100.4(nn)

- (2) The President approves external financing not to exceed \$6,790,000 to finance the Coffee House Renovation, 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 the external financing shall be from the Coffee House portion of the Campus Expansion Initiative (CEI) Fee approved by student vote in fall 2002 and approved by the President on March 11, 2003, which shall generate net revenues sufficient to pay the debt service and to meet all the related financing requirements of the proposed funding; 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 the 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

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>2007-08</u>	
<u>Davis</u>			
Coffee House			
Renovation	P	\$905,000	N
	W	\$691,000	N
	C	\$6,790,000	LB
	C	\$890,000	N
(\$9,276,000)			

DESCRIPTION

This project would renovate & expand 23,224 asf of space in the Associated Students of UC Davis (ASUCD) Coffee House, which is the main eatery on the Davis campus. Located in the Memorial Union, the Coffee House is managed and operated by the ASUCD. It is one of the largest student employers on campus, employing over 250 students as well as five career staff.

Background

The ASUCD Coffee House is located in the west wing of the Memorial Union, on the ground floor. The Coffee House serves breakfast, lunch and dinner to students, faculty, staff, and campus visitors, conducting over 8,000 financial transactions daily. Most menu items are made fresh daily.

The current facility constrains effective operations of the Coffee House in several ways. The kitchen is too small to effectively support the scale of operations. The kitchen facility lacks sufficient counter space, dishwashing space, cold and freezer storage, dry storage, and office capacity. The bakery is currently narrow and set apart from the main kitchen. Customer traffic flow and queuing are major constraints on effective customer service. Proper presentation of fresh, homemade products is lacking due to space constraints. Current seating of 457 is insufficient for a campus of approximately 30,000 students.

To address these constraints, the UC Davis students adopted a student referendum in the fall of 2002. The Campus Expansion Initiative (CEI) established an undergraduate fee of \$8 per quarter and \$4 per summer session to fund renovations and improvements to the Coffee House, specifically to provide improved customer service, a wider variety of menu choices, and increased seating capacity. The fee went into effect fall 2004.

Project Description

The proposed Coffee House Renovation project of 23,224 asf would provide facilities to support enhanced and expanded food service in the Memorial Union area. The project would allow members of the campus community to quickly access fresh homemade food products in a more welcoming, updated facility. Project components would include:

- ***Enhanced serving areas.*** Food distribution platforms, now dispersed and fragmented, would be consolidated and co-located. Cash register banks would be expanded to relieve congestion and improve queuing. New finishes, including signage and lighting, would enhance platform identity. These changes would improve customer traffic flow and increase opportunities for diversified food offerings.
- ***Kitchen expansion and improvements.*** The kitchen would be expanded into a portion of the existing University catering area that is to the north of the kitchen and is no longer in use. This expansion would add more space to hot food production, allowing greater flexibility in menu selection, additional counter space, and larger aisle spacing for improved flow of product. The dish room would be expanded and new dishware washing equipment would be installed.
- ***Expanded seating.*** The project would expand the seating capacity of 450 in the dining room to 750 to 900 through the infilling of the exterior patio that is bounded on three sides by the existing south interior dining space. The displaced outdoor seating would be relocated in the exterior areas to the east and south of the Coffee House.
- ***Bathroom upgrades.*** The bathrooms would be upgraded to a quality comparable to other bathrooms in the Memorial Union and will meet ADA standards.
- ***Safety upgrades.*** A fire alarm and fire sprinkler system would be installed in the Coffee House sections of the Memorial Union.

Construction of the project would begin in November 2008, with estimated completion in November 2009. The Coffee House would be closed during most of the construction period, and the campus would provide mobile food kiosks and temporary office space in trailers in order to maintain some level of service to the campus community.

Policy on Sustainable Practices

This project will comply with the *University of California Policy on Sustainable Practices*. 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.

CEQA Classification

In compliance with the state guidelines and University of California procedures for the implementation of the California Environmental Quality Act (CEQA), the Davis campus has reviewed the proposed project. The proposed project was determined to be categorically exempt under Section 15301 (Class 1 - Existing Facilities).

Financial Feasibility

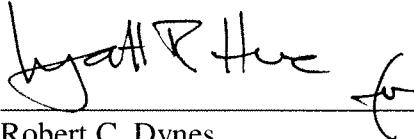
The total cost for the Coffee House Renovation project would be \$9,276,000, funded from external financing (\$6,790,000), Campus Expansion Initiative reserves (\$2,163,000), Student Facilities Safety Fee Reserves (\$248,000), and Registration Fee Capital reserve (\$75,000).

The debt service would be repaid with the income from the Campus Expansion Initiative (CEI) Fee approved by student referendum for renovation of the Coffee House which was approved by student vote in fall 2002 and approved by the President on March 11, 2003. Based on long-term debt of \$6,790,000 amortized over 30 years at 5.75% interest, the estimated annual debt service would be \$480,000.

Campus Expansion Initiative reserve funds of \$2,163,000 that have accumulated since the fee was first collected in fall 2004 and Registration Fee Capital reserves would fund the planning, working drawings and a portion of the construction. Student Facilities Safety Fee reserves, approved by The Regents in September 2006 for expanded use to meet life safety needs in student-fee funded facilities, would be used to install a fire alarm and fire sprinkler system in the Coffee House.

Additional details are provided in Attachment 2.

Approved by:



Robert C. Dynes
President of the University

8.25.07

Date

Attachments

**PROJECT STATISTICS
COFFEE HOUSE RENOVATION
CAPITAL IMPROVEMENT BUDGET
DAVIS CAMPUS
CCCI 5694**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Construction	\$6,247,000	67.3%
Fees	\$732,000	7.9%
A&E/PP&C	\$494,000	5.3%
Surveys, Tests, Plans	\$185,000	2.0%
Special Items *	\$993,000	10.7%
Contingency	\$625,000	6.7%
Total Project Cost	\$9,276,000	100%

Statistics

Gross Square Feet (GSF) **	26,591
Assignable Square Feet (ASF) **	23,224
Ratio ASF/GSF (%)	87%
Construction Cost/GSF	\$ 235
Construction Cost/ASF	\$ 269

* Special items include: detailed project programming; interest during construction; hazardous materials survey and testing; value engineering and independent reviews; agency review; special consultants for lighting, fire protection, and telecommunication; and special consultants for food service and restaurant design.

** Gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself. Assignable square feet (ASF) are the net usable area.

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Project Title: Coffee House Renovation

Total Estimated Project Cost \$9,276,000

Proposed Sources of Funding

Campus Expansion Initiative Reserves:	\$2,163,000
Student Facilities Safety Fee Reserves:	\$ 248,000
Registration Fee Capital Reserves:	\$ 75,000
External Financing:	<u>\$6,790,000</u>
Total:	\$9,276,000

Projected Financing Terms

Interest Rate: 5.75%
Duration: 30 Years

Estimated Annual Fees and Expenses (2011-12) ⁽¹⁾:

Campus Expansion Initiative Fee Income (net of financial aid)	
\$8 per quarter regular session (22,863 students)	\$548,700
\$4 per quarter summer session (13,067 students)	<u>\$ 52,300</u>
Total	\$601,000
Projected annual debt service (2011-12) ¹	\$480,000
Pledge Ratio	1.25x

¹ Fiscal year 2011-12 represents the second full year of operation and first full year of principal and interest payments. Number of students is headcount based on budgeted FTE of 22.130 undergraduates.

² Project is included in the Five-Year Capital Program Non-State and State Funds 2006-2007 to 2010-2011.