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August 5, 2008

**ACTION UNDER PRESIDENT'S AUTHORITY--AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, BUILDING J1 RENOVATION AND UPGRADE, DAVIS CAMPUS**

It is recommended that:

**Pursuant to Standing Order 100.4(q)**

- (1) The President amends the 2008-09 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Davis: Building J1 Renovation and Upgrade - preliminary plans, working drawings, and construction - \$3,998,000 to be funded from external financing.

**Pursuant to Standing Order 100.4(nn)**

- (2) The President approve external financing not to exceed \$3,998,000 to finance the Building J1 Renovation and Upgrade, 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, the Davis campus' share of the University Education Fund shall be maintained in amounts sufficient to pay debt service and to meet the related requirements of the authorized financing; and
  - c. The general credit of The Regents shall not be pledged.
- (3) 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**

<b>S</b>	Studies
<b>P</b>	Preliminary Plans
<b>W</b>	Working Drawings
<b>C</b>	Construction
<b>E</b>	Equipment
<b>-</b>	State Funds (no abbreviation)
<b>F</b>	Federal Funds
<b>G</b>	Gifts
<b>HR</b>	Hospital Reserve Funds
<b>I</b>	California Institutes for Science and Innovation
<b>LB</b>	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By, Interim and Bank Loans)
<b>LR</b>	Regents' Loans (Internal Loans)
<b>N</b>	Reserves other than University Registration Fee (Housing and Parking Reserves)
<b>R</b>	University Registration Fee Reserves
<b>U</b>	Regents' Appropriations (President's Funds, Educational Fund)
<b>X</b>	Campus Funds
<b>CCCI</b>	California Construction Cost Index
<b>EPI</b>	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 ( <u>Total Cost</u> )	<u>Proposed</u> <u>2008-09</u>		
<u>Davis</u>			
Building J1 Renovation and Upgrade	P	\$287,000	LB
	W	\$363,000	LB
	C	\$3,348,000	LB
(\$3,998,000)			

**DESCRIPTION**

The Davis campus requests approval for the Building J1 Renovation and Upgrade project at a total cost of \$3,998,000 to be funded from external financing. The project would renovate 1,796 asf of the existing laboratory facility to provide appropriate space for programs that require Bio-safety Level 3 (BSL3) containment. The project includes improved animal holding facilities, wet laboratories, laboratory support space, and new building systems required to operate contemporary BSL3 laboratories.

***Background***

Building J1 (Animal Resource Services) was constructed in 1966 and consists of 23,000 gsf designed and operated for infectious organism containment research. The building is currently empty, and the north wing does not meet current standards for containment of infectious organisms and is used for storage. The future use of the balance (south wing) has not been determined.

The BSL3 space is needed for research programs utilizing infectious and pathogenic organisms. The facility would be designed to accommodate research studies involving in-vitro experimentation utilizing infected avian, murine, arthropod hosts, and the development of genetic markers for a wide range of disease agents that require BSL3 containment. The proposed BSL3 facilities in Building J1 would allow researchers to bring infectious organisms and hosts together, conduct diagnostics within the same facility, and avoid transporting infectious organisms outside of a control area.

***Project Description***

The Building J1 Renovation and Upgrade project would renovate 1,674 asf of BSL 3 laboratory space and 122 asf of laboratory support space in the north wing of Building J1. The project also includes interstitial space above the laboratory that houses mechanical equipment. In addition, in

the men's and women's restroom and locker rooms accessibility deficiencies would be corrected to comply with the Americans with Disabilities Act (ADA) and Title 24 California Building Standards Code.

Life safety improvements include a fire alarm system and fire sprinkler system in the north wing. The fire sprinkler system would be sized to accommodate potential future expansion of the system throughout the facility.

The project includes infrastructure for pass-through autoclave sterilizers, which would be purchased and installed separately. The project includes a card key access system that controls access to the BSL3 research wing and allows logging and control capability for each laboratory and animal room. The concrete floors, wainscot, ceilings, walls, and doors would receive epoxy finishes.

The HVAC system and controls would be supported by uninterruptible emergency power. Two air cooled outdoor chillers and two hot water heaters would provide redundancy to maintain cooling and heating in the BSL-3 spaces. Two new air handler units would provide approximately 70 percent of normal pressurization in the event of failure or servicing of the one of the supply fans or filters. Two new exhaust fans would provide approximately 70 percent of normal pressurization in the event of failure or servicing of one of the exhaust fans or filters. Locally-controlled air tight dampers would be provided for the supply and exhaust ducts to each procedure room to allow for sealing the rooms during decontamination. Existing light fixtures would be replaced with sealed, energy efficient surface-mounted fixtures.

Construction of the project would begin in January 2009 with estimated completion in February 2010.

### ***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.

The project would achieve a minimum of LEED Silver equivalent rating. A LEED goal point checklist would be developed at the start of schematic design to identify opportunities to incorporate sustainable design and EPA Labs 21 principles into the design and execution of the project. Sustainable design goals include high efficiency fans, motors, filtration, and ducting. The BSL3 program requirement for 100 percent outside air, high air exchange rates, and very high static pressure due to rigorous HEPA filtration would result in an extremely high energy use per square foot. A comprehensive energy model of the facility's energy use would be prepared, and alternative energy efficiency measures would be evaluated for life cycle costs and incorporated into the project if shown to add value. The proposed cooling and heating mechanical systems would meet or exceed Title 24 energy reduction by 20 percent.

***CEQA Classification***

The proposed project was included in the Building J1 Renovation and Upgrade Tiered Initial Study and Mitigated Negative Declaration. The Tiered Initial Study and Mitigated Negative Declaration was adopted May 2008. At the time of design approval, consistent with the Regents' Policies and Bylaws, the University will determine whether, and to what extent, additional CEQA review is required.

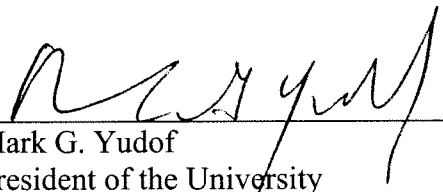
***Financial Feasibility***

The total project cost for the Building J1 Renovation and Upgrade project would be \$3,998,000, funded from external financing. Based on long-term debt of \$3,998,000 amortized over 30 years at 5.75 percent, the estimated annual debt service would be \$283,000.

The University Education Fund Debt Repayment Policy requires that campuses meet two financial tests: (1) that the amount of projected maximum annual debt payments payable from the campus' Education Funds shall not exceed 65 percent of the campus' total Education Funds allocated each year, and (2) that no more than 33 percent of the campus' total Education Funds allocated each year are used for debt service payment. The Davis campus meets both tests. In fiscal year 2011-12, the second full year of occupancy and first full year of principal and interest for the project, 12.2 percent of the campus' total Education Funds allocation would be applied to debt service. The external financing will be paid from specific revenue sources specified in the external financing documents; therefore, the general credit of The Regents will not be pledged.

Additional details are provided on Attachment 2.

Approved by:

 8/7/08  
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Mark G. Yudof Date  
President of the University

Attachments

ATTACHMENT 1

**PROJECT STATISTICS  
BUILDING J1 RENOVATION AND UPGRADE  
CAPITAL IMPROVEMENT BUDGET  
DAVIS CAMPUS  
CCCI 5477**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$ 141,000	3.5%
Building	\$ 2,200,000	55.0%
Exterior Utilities	\$ 224,000	5.6%
Site Development	\$ 0	0%
A/E Fees	\$ 355,000	8.9%
Campus Administration	\$ 288,000	7.2%
Surveys, Tests	\$ 54,000	1.4%
Special Items (*)	\$ 544,000	13.6%
Contingency	\$ 192,000	4.8%
<i>Total</i>	<b>\$ 3,998,000</b>	100%
Group 2 & 3 Equipment	\$ 0	
<i>Total Project</i>	<b>\$ 3,998,000</b>	

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**Statistics**

Gross Square Feet (GSF) **	4,481
Assignable Square Feet (ASF) **	1,796
Ratio ASF/GSF (%)	40%
Construction Cost per GSF	\$491

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\* Special Items include independent cost estimating, agency review, special consultants for commissioning and laboratory planning, hazardous material survey, environmental review, communications resource, detailed project program preparation, and interest during construction.

\*\* 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: Building J1 Renovation and Upgrade, Davis Campus**

**Total Estimated Project Cost:** \$ 3,998,000

**Proposed Sources of Funding:**

External Financing: \$ 3,998,000

**Projected Financing Terms:**

Interest Rate: 5.75%

Duration: 30 Years

**Davis Campus Education Fund Information: (2011-12) <sup>(1)</sup>**

**Davis Campus Education Fund Allocation <sup>(2)</sup>** \$16,231,000

**Estimated Education Fund Debt Service:**

Proposed Debt	\$283,000
Additional Concurrent Proposed Debt – Tupper Hall	\$267,000
Additional Concurrent Proposed Debt – Hotel Site	\$144,000
Existing Approved Debt Service	<u>\$1,294,000</u>
Total Estimated Annual Debt Service	\$1,988,000

**% Education Fund Allocated for Debt Service** 12.2%

**Debt Service Coverage** 8.16X

<sup>1</sup> Second full year of operation.

<sup>2</sup> Includes clinical trial income.