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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, TUPPER HALL 4TH FLOOR LABORATORY REMODEL, 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: Tupper Hall 4th Floor Laboratory Remodel - preliminary plans, working drawings, and construction - \$3,802,000 to be funded from external financing (\$3,776,000) and campus funds (\$26,000).

Pursuant to Standing Order 100.4(nn)

- (2) The President approve external financing not to exceed \$3,776,000 to finance the Tupper Hall 4th Floor Laboratory Remodel, 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

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, Standby, 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 2008-09		
<u>Davis</u>			
Tupper Hall 4th Floor			
Laboratory Remodel	P	\$26,000	X
	P	\$157,000	LB
	W	\$183,000	LB
	C	\$3,436,000	LB
(\$3,802,000)			

DESCRIPTION

The Davis campus requests project approval for the Tupper Hall 4th Floor Laboratory Remodel project at a total cost of \$3,802,000 to be funded from external financing (\$3,776,000) and campus funds (\$26,000). This project would renovate 5,338 asf on the fourth floor of Tupper Hall to support research programs in the Department of Biochemistry and Molecular Medicine in the School of Medicine. Tupper Hall, constructed in 1976, is the primary site of the School's basic biomedical research laboratories on the Davis campus.

Background

The Department of Biochemistry and Molecular Medicine brings together researchers and faculty with disciplinary strengths in biochemistry, genetics, and cell biology into a single large group that addresses issues in basic biology at the molecular and cellular level. As the School of Medicine (School) recruits talented new faculty who currently use the latest technologies, appropriate facilities are critical to support program requirements. In addition, many research techniques and technologies have emerged that are increasingly important for existing faculty to access.

Over the last ten years, nearly 40 percent of the School's research space in Tupper Hall has undergone extensive renovations to improve space utilization, enhance efficiencies, and adopt the most current and evolving research laboratory practices. Upgrades have been implemented through phased major renovation projects as well as less extensive renovations of individual laboratories. Laboratory spaces in Tupper Hall that are not renovated do not provide appropriate support for modern biomedical research.

Project Description

The proposed project would reconfigure and renovate 5,338 asf of laboratory and laboratory support space. Consistent with previous renovations, this project would create a high percentage of open shared labs in addition to individual labs. The project would increase the utilization of bench and equipment space in the labs by using modular metal casework that allows for flexibility in the labs and reduces future cost to

accommodate changes in bench activity. Space assigned to administrative units would be converted to laboratories. Walls that now divide smaller laboratories would be removed to create a more functional open lab environment. Upgrades of mechanical, plumbing, and electrical systems would be installed.

The following table summarizes the spaces to be developed by the project.

Functional Area	ASF
Laboratory 4308	411
Laboratory 4312	408
Laboratory 4314	412
Laboratory 4316	411
Laboratory 4318	410
Laboratory 4320	411
Laboratory 4407	619
Laboratory 4416/26	886
Laboratory 4419	642
Laboratory 4427	323
Laboratory 4443	405
Total	5,338

Construction of the project would begin in September 2009 with estimated completion in July 2010.

CEQA Classification

In compliance with the State guidelines and University of California procedures for the implementation of the California Environmental Quality Act (CEQA). The proposed project is determined to be exempt from CEQA under Title 14 California Administrative Code Section 15061 (b)(2) and categorically exempt under Section 15301 (Existing Facilities).

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.

Financial Feasibility

The total cost for the Tupper Hall 4th Floor Laboratory Remodel project would be \$3,802,000 funded from external financing (\$3,776,000) and campus funds (\$26,000). Based on long-term debt of \$3,776,000 amortized over 30 years at 5.75 percent, the estimated annual debt service would be \$267,000.

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's 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:



Mark G. Yudof
President of the University



Date

**PROJECT STATISTICS
TUPPER HALL 4TH FLOOR LABORATORY REMODEL
CAPITAL IMPROVEMENT BUDGET
DAVIS CAMPUS
CCCI 5511**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$ 0	
Building	2,762,000	72.6%
Exterior Utilities	0	
Site Development	0	
A/E Fees	442,000	11.6%
Campus Administration	110,000	2.9%
Surveys, Tests	25,000	0.7%
Special Items ^(a)	187,000	4.9%
Contingency	276,000	7.3%
Total	<u>\$3,802,000</u>	<u>100%</u>
Group 2 & 3 Equipment	\$0	
Total Project	<u>\$3,802,000</u>	

Statistics

Gross Square Feet (GSF) ^(b)	8,594
Assignable Square Feet (ASF) ^(b)	5,338
Ratio ASF/GSF (%)	61%
Construction Cost/GSF	\$ 321

(a) Special items include value engineering and independent reviews; hazardous materials survey & testing; agency review; interest during construction.

(b) 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:	Tupper Hall 4 th Floor Remodel
Total Estimated Project Cost:	\$3,802,000
Proposed Sources of Funding:	
Campus Equity:	\$ 26,000
External Financing:	<u>3,776,000</u>
Total:	\$3,802,000
Projected Financing Terms:	
Interest Rate:	5.75%
Duration:	30 Years
Davis Campus Education Fund Information: (2011-12) ⁽¹⁾	
Davis Campus Education Fund Allocation ⁽²⁾	\$16,231,000
Estimated Education Fund Debt Service:	
Proposed Debt	\$267,000
Additional Concurrent Proposed Debt – J1 Renovation	\$283,000
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

¹ Second full year of operation.

² Includes clinical trial income.