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August 13, 2008

**CHAIRMAN OF THE BOARD  
CHAIRMAN OF THE COMMITTEE ON GROUNDS AND BUILDINGS  
PRESIDENT OF THE UNIVERSITY**

**ACTION BY CONCURRENCE--AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, COWELL STUDENT HEALTH CENTER EXPANSION AND RENOVATION, SANTA CRUZ CAMPUS**

**EXECUTIVE SUMMARY**

Campus: Santa Cruz

Project: Cowell Student Health Center Expansion and Renovation

Action: Approval of budget augmentation of \$1,297,000 and increase of external financing of \$1,297,000.

Total Cost: \$12,309,000 to be funded from Registration Fee reserves (\$250,000) and external financing (\$12,059,000).

Previous Actions: **May 2007:** Amendment of the Budget for Capital Improvements and Approval of External Financing.

Project Summary: Construction of two major capital improvement projects has begun at the Cowell Student Health Center. The *Cowell Student Health Center Expansion and Renovation* project will add a new wing to the Health Center and renovate the existing facility to provide appropriate space for Student Health Services and Counseling and Psychological Services. The *Student Life Seismic Corrections* project will address seismic, life, safety, and accessibility for the existing facility. The proposed augmentation would use a new student fee to purchase and install additional green materials, implement green practices, and obtain a USGBC LEED "Silver" certification for the Health Center.

- Issues:
- Budget augmentation of \$1,297,000 to be funded from external financing.
  - In May 2008, the students voted to establish a new compulsory fee of \$5.20 per quarter, per student to pay the debt associated with purchasing and installing additional green materials, implementing green practices, and obtaining a USGBC LEED “Silver” certification for the Cowell Student Health Center.
  - This augmentation would provide the first student-fee funded LEED certified facility on the Santa Cruz campus.

It is recommended that:

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

- (1) The President, subject to concurrence of the Chairman of the Board and the Chairman of the Committee on Grounds and Buildings, amend the 2008-09 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

From: Santa Cruz: Cowell Student Health Center Expansion and Renovation - preliminary plans, working drawings, and construction - \$11,012,000 to be funded from Registration Fee reserves (\$250,000) and external financing (\$10,762,000).

To: Santa Cruz: Cowell Student Health Center Expansion and Renovation - preliminary plans, working drawings, and construction - \$12,309,000 to be funded from Registration Fee reserves (\$250,000) and external financing (\$12,059,000).

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

**Deletions shown by strikeout; additions by underscore**

- (2) The President approve and authorize external financing not to exceed \$12,059,000 ~~\$10,762,000~~ to finance the Cowell Student Health Center Expansion and Renovation project listed in ~~(1) above~~, 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 Santa Cruz campus' Student Health Center Facilities Fee and revenues from the Health Center Fee for Service~~ As long as the debt is outstanding, the Santa Cruz campus' Student Health Center Facilities Fee approved by student vote in spring 2005 and approved by the President July 2005, and the Student Health Center Green Building Fee approved by student vote in May 2008 and approved by the President in June 2008, shall be

maintained in amounts sufficient to pay debt service and to meet 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 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)(3) 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 provided below.

(Attachments)

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, Standby, 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

2008-09 Budget for Capital Improvements  
and Capital Improvement Program  
Scheduled for  
Regent's Allocations, Loans, Income Reserves,  
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

Campus and Project Title (Total Cost)		<u>Approved</u>		<u>Proposed</u> <u>2008-09</u>
<u>Santa Cruz</u>				
Cowell Student	P	\$ 250,000	R	
Health Center	P	\$ 207,000	LB	
Expansion and	W	\$1,317,000	LB	
Renovation	C	\$9,238,000	LB	C \$1,297,000 LB
(\$12,309,000)				

**DESCRIPTION**

The Santa Cruz campus requests approval of a \$1,297,000 budget augmentation and authorization for an increase in external financing for the *Cowell Student Health Center Expansion and Renovation* project.

***Background and Need for Budget Augmentation***

In spring 2005, Santa Cruz students approved the Student Health Center Facilities Fee referendum (Measure 18) to assess graduate and undergraduate students a fixed fee of \$27 per student per quarter. The fee was included in a list of compulsory campus-based fees approved under the President’s delegated authority in July 2005.

In May 2007, the *Cowell Student Health Center Expansion and Renovation* project was approved under an Action by Concurrence at a total project cost of \$11,012,000 funded from Registration Fee reserves (\$250,000) and external financing (\$10,762,000). The “expansion” project adds a new wing to the Health Center and renovates the existing facility to provide appropriate space for Student Health Services and Counseling and Psychological Services. In May 2007, the *Student Life Seismic Corrections* project was also approved involving the Health Center with the scope of work addressing seismic, life safety, and accessibility.

Construction on these projects began concurrently in June 2008 and is anticipated to be completed in September 2009. The approved projects are designed to achieve an equivalent of the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) 2.2 “Certified” rating and/or outperform the provisions of the California Energy Code’s energy-efficiency standards by at least 20 percent.

In May 2008, the Santa Cruz students voted to pass the Student Health Center Green Building Fee initiative (Measure 35) to assess graduate and undergraduate students a compulsory fixed fee of \$5.20 per student per quarter. The fee was approved by the President in June 2008 and will be used to pay the debt associated with purchasing and installing additional green materials, implementing green practices, and obtaining a USGBC LEED “Silver” Certification for the Cowell Student Health Center. The intent of the fee is to incorporate these additional materials into the Health Center during the construction and renovation of the facility and to obtain certification during fall 2009.

### ***Project Description***

The base scope of the *Cowell Student Health Center Expansion and Renovation* project would not change. The proposed augmentation would upgrade some materials, finishes, and building systems to meet or surpass the requirements necessary to obtain a LEED “Silver” Certification.

In lieu of patching the roof on the existing structure, this augmentation would install a new roof that would extend the roof life and reduce the “heat island” effect. New exterior pathways would be constructed with pervious pavers instead of concrete or asphalt, thereby allowing more stormwater to penetrate into the ground and reducing the amount of runoff that would cause erosion in the campus’ natural arroyos. Existing asphalt/concrete pathways also would be replaced using the same pervious materials. This augmentation would also include the use of more resilient and sustainable flooring products and countertops, and the existing asbestos acoustical ceiling would be replaced.

This budget augmentation would also cover the cost of professional design services, additional contractor documentation and labor (beyond what is required by the base project), LEED building commissioning, and additional campus overhead including project management, coordination, inspection, and documentation associated with incorporating the additional green materials and obtaining the LEED Silver certification.

### ***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. With the approval of this budget augmentation and external financing, the campus will purchase and install additional green materials, implement green practices, and obtain a USGBC LEED “Silver” certification for the Cowell Student Health Center.

### ***CEQA Classification***

In January 2008, the University adopted an Initial Study and Mitigated Negative Declaration for the *Cowell Student Health Center Expansion and Renovation* project. Because the proposed “green” alternates were included in the Initial Study and Mitigated Negative Declaration that was circulated and approved, no additional analysis is required.

The University also determined the seismic upgrades associated with the Cowell Student Health Center portion of the *Student Life Seismic Corrections* project were categorically exempt under CEQA (Class 1, Existing Facilities). The proposed “green” alternates relative to seismic upgrades affect only interior building materials and do not require a revised Environmental Impact Classification form.

### ***Financial Feasibility***

The total project cost of \$12,309,000 would be funded from external financing (\$12,059,000) and Campus Registration Fee Reserves (\$250,000).

The financing for the approved *Cowell Student Health Center Expansion and Renovation* project will not change. The approved project includes a debt of \$10,762,000 to be amortized over 30 years at 5.75 percent interest. The annual debt service is approximately \$761,048 with 1.28x debt service coverage. For the purpose of determining the applicable debt service coverage, a combination of the compulsory Student Health Center Facilities Fee and the Health Center Fee for Service is available. The compulsory Student Health Center Facilities Fee which was approved in 2005, is fixed at \$27 per student per quarter, requires 25-percent return to financial aid, and will be assessed the first quarter following the completion of construction. The Health Center Fee for Service is charged to students as they receive services from the Health Center. Revenue from the Health Center Fee for Service will contribute approximately \$30,000 per year over the life of the debt. Additional financial information for the debt associated with the approved project is shown in Attachment 2A.

The proposed budget augmentation includes a debt of \$1,297,000 to be amortized over 15 years at 5.50 percent interest. The annual debt service for the augmentation is approximately \$129,214 with 1.41x debt service coverage. The compulsory Student Health Center Green Building Fee was approved in June 2008 and is available for determining the applicable debt service coverage. The fee is fixed at \$5.20 per student per quarter, requires a 33-percent return to financial aid, and will be assessed for 15 years beginning the first quarter following the USGBC LEED “Silver” certification of the Health Center. Additional financial information for the debt associated with this augmentation is shown in Attachment 2B.

The external financing will be paid from revenue sources specified in the external financing documents; therefore, the general credit of The Regents will not be pledged.

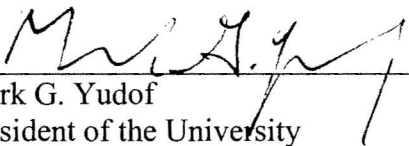
Approved:

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Richard C. Blum  
Chairman of the Board

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Leslie T. Schilling  
Chairman of the Committee on Grounds and  
Buildings

 8/14/08

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Mark G. Yudof  
President of the University

Attachments



**PROJECT STATISTICS  
COWELL STUDENT HEALTH CENTER EXPANSION AND RENOVATION  
CAPITAL IMPROVEMENT BUDGET  
SANTA CRUZ CAMPUS  
CCCI 5501**

<u>Cost Category</u>	<u>Total Amount</u>	<u>% of Total</u>
Site Clearance	\$ 94,000	0.8 %
Construction	8,186,000	66.5 %
Exterior Utilities	261,000	2.1 %
Site Development	684,000	5.6 %
Fees	1,008,000	8.2 %
Campus Administration	528,000	4.3 %
Surveys, Tests	70,000	0.6 %
Special Items <sup>(a)</sup>	857,000	7.0 %
Contingency	621,000	5.0 %
<b>Total</b>	<b>\$ 12,309,000</b>	<b>100.0 %</b>

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<u>Statistics</u>	<u>Total</u>
Gross Square Feet (GSF) <sup>(b)</sup>	35,054
Assignable Square Feet (ASF) <sup>(b)</sup>	21,500
Ratio ASF/GSF (%) UC	61 %
Building Cost/GSF	\$ 234

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- (a) Special items include agency reviews, energy management system, Initial Study EIR, geotechnical consultant, independent seismic review, interest during construction, value engineering and constructability reviews, and independent LEED Certification consultant totaling \$857,000.
- (b) Gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself. Assignable square feet (ASF) is the net usable area.

ATTACHMENT 2A

**SUMMARY FINANCIAL FEASIBILITY ANALYSIS**

**Project Title: Cowell Student Health Center Expansion and Renovation (Base Project)**

**Total Base Project Cost** \$ 11,012,000

**Proposed Sources of Funding**

External Financing: \$ 10,762,000  
Campus Registration Fee Reserves: \$ 250,000

**Proposed Financing Terms:**

Interest Rate: 5.75%                      Duration: 30 Years

**Campus Student Health Center Facilities Fee Information (2010-11)<sup>1</sup>**

Estimated Student FTE <sup>2</sup>	17,430
Fee per Student - \$27 per quarter x 3 quarters	\$ 81
Estimated Revenue	\$ 1,411,830
Less: 25% Return to Financial Aid	\$ 352,958
Less: Estimated Building Maintenance	\$ 110,972
Net Revenue Available for Debt Service	\$ 947,900
Estimated Health Center Service Fees	\$ 30,000
Total Available for Debt Service	\$ 977,900

**Annual Debt Service**

Principal and Interest – Cowell Student Health Center  
Expansion and Renovation Approved Project \$ 761,048

**Debt Service Coverage** 1.28x

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<sup>1</sup> First full year of principal and interest for the project

<sup>2</sup> Santa Cruz Campus Long Range Enrollment Plan - Total General Campus FTE

**ATTACHMENT 2B**

**SUMMARY FINANCIAL FEASIBILITY ANALYSIS**

**Project Title: Cowell Student Health Center Expansion and Renovation (Augmentation)**

**Total Augmentation Cost** \$ 1,297,000

**Proposed Sources of Funding**

External Financing: \$ 1,297,000

**Proposed Financing Terms:**

Interest Rate: 5.50%          Duration: 15 Years

**Campus Student Health Center Facilities Fee Information (2010-11)<sup>1</sup>**

Estimated Student FTE<sup>2</sup> 17,430  
Fee per Student - \$5.20 per quarter x 3 quarters \$ 15.60  
Estimated Revenue \$ 271,908

Less: 33% Return to Financial Aid \$ 89,730  
Net Revenue Available for Debt Service \$ 182,178

**Annual Debt Service**

Principal and Interest – Cowell Student Health Center  
Expansion and Renovation Augmentation \$ 129,214

**Debt Service Coverage** 1.41x

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<sup>1</sup> First full year of principal and interest for the project

<sup>2</sup> Santa Cruz Campus Long Range Enrollment Plan - Total General Campus FTE

Approved:

Richard C. Blum  
Chairman of the Board



Leslie T. Schilling  
Chairman of the Committee on Grounds and  
Buildings



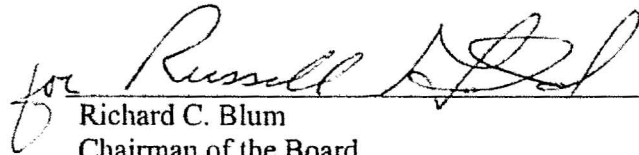
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Mark G. Yudof  
President of the University

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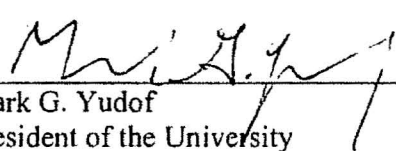
Fax to: Tricia Lyell  
510 9879224

Approved:

  
for Richard C. Blum  
Chairman of the Board

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Leslie T. Schilling  
Chairman of the Committee on Grounds and  
Buildings

 8/14/08  
Mark G. Yudof  
President of the University

Attachments