



# Dialogue

CAPITAL RESOURCES MANAGEMENT • BUDGET & CAPITAL RESOURCES • UC OFFICE OF THE PRESIDENT



## CAPITAL PLANNING UNIT

Clockwise from the Top-Left: Stephen Stock - Facilities Planner, Brian Ross - Senior Facilities Planner, Colleen Connor - Principal Planner, Michael Linder - Program Analyst, Roshni Thomas - Executive Director, Linneth Cox - Principal Analyst, Dana Santa Cruz - Assistant Director, Alix Wills - Principal Architect

Capital Planning is CRM's central point of contact for campus capital project planning and budgeting. We assist and advise campus capital planning staff in the development of project proposals and their integration into capital program portfolios. Capital Planning also consults daily with Capital Markets Finance, Corporate Accounting, Office of the General Counsel, Secretary of the Regents, and others within UCOP on issues related to the development, coordination, justification and funding of capital improvement projects.

Capital Planning prepares the annual Consolidated Financial Plan for the Regents and coordinates the University's annual budget request for State funding. UCOP planners have primary responsibility for coordinating capital budget-related Regents' Items. Many project reviews and approvals have been delegated from either the State or the Regents to the Office of the President and to the Chancellors. For these projects, Capital Planning provides significant due

diligence in the design and construction phases for State funded projects, and confirmation of policy conformance for Non-State funded projects in the delegated process.

In both good and bad economic times, Capital Planning is charged with assisting campuses in meeting programmatic needs and preserving existing capital assets, whether through investment in needed new facilities or the renewal of existing facilities. These efforts respond to needs ranging from seismic correction and systematic modernization, to meeting enrollment demand consistent with the University's commitment to student access, to addressing change and obsolescence in academic and research program space.

*Colleen Connor*

## Cost Recovery for Disaster Claims



After the shaking stops, floods recede, or fires are extinguished, the hard work really begins. While emergency response to major disasters may take hours, days, or weeks, recovery and reconstruction can

take years or even decades! Costs to rebuild and replace damaged facilities and equipment are measured in hundreds of millions or even billions of dollars. The Capital Programs Institute (CPI) is offering two workshops co-sponsored by UCOP Risk Services and CSU Systemwide Risk Management and Public Safety that will provide UC and CSU finance, administration, risk and emergency management officials with the information, tools, and resources campuses will need in order to apply for, document, and properly dispense public disaster assistance funding following a declared disaster in California. The presenters, Rebecca Weber and Robert Lawson, are from the California Emergency Management Agency (Cal EMA). The workshops are free, but space is limited. Register at the link below for the **May 24 session at UC Irvine, or May 30 at UCOP in Oakland.**

*Chris Hornbeck*

<http://budget.ucop.edu/dc/cpi/cost-recovery.html>

## Relocation Policy Update

The University of California is subject to federal and state relocation regulations, which generally require assistance payments to residential and commercial tenants displaced by UC's real estate acquisitions. UC adopted our policy in 1975, modeled after California's relocation regulations. Pending final review and approval, UC will publish a policy update incorporating cumulative changes in the state regulations since 1975. California's (and therefore UC's) relocation regulations are generally more rigorous than the federal regulations, but campuses should seek OGC advice if federal funds are being used to acquire or lease real estate. For acquisitions involving multiple private tenants, it is generally advisable to retain specialized consultants to prepare legally compliant relocation plans. Typical relocation issues involve displaced tenants, including tenants not being offered renewal at lease expiration, following a UC acquisition. A far less common, but more challenging, relocation issue occurs when UC takes real property via eminent domain action.



*Connie Miller*



## Substantial Change Orders



Construction contract change orders address the many project changes that can occur after contract award – unforeseen conditions at the site or facility, corrections to the contract documents, changes in schedule, changes incidental to the scope of work and the cost associated with such changes. The campus has the authority to negotiate and execute change orders except when a

change order (1) alters the exterior appearance of a building design approved by the Regents; or (2) alters the scope of a major capital project or the description of a minor capital improvement project; or (3) the increased contract sum exceeds the appropriated funds.

If a change increases the cost of a project by more than \$100,000, or if the change is not incidental to the contract work, then it is considered “substantial” and cannot be awarded by change order unless it can be properly justified. **UC Facilities Manual, Vol. 5, Pt. II, Ch. 3, Sec. 3.2.7** lists a number of factors to consider in determining whether contracting for the work via change order is permissible. If the Facility determines that a substantial change order is justified, it must prepare a written record of the facts and conditions that constitute such justification and maintain that record in the project file. *Chris Hornbeck*

## Builder’s Risk Changes

In late 2011, UC negotiated a new Builder’s Risk Policy through our insurance broker (Aon). On all projects with budgets over \$200,000, coverage ends at the earlier of the date of completion as listed 1) on the Builder’s Risk application or 2) on the final Notice of Completion (NOC).

The General Conditions of our construction contracts have been revised to reflect that coverage ends on the date listed on the NOC. If a project is not yet complete as of the date listed on the Builder’s Risk application, coverage will lapse unless Aon is informed of the change in schedule in order to extend coverage. It is therefore **imperative that the Project Managers and Contract Administrators keep Aon and Risk Services informed of each project’s up-to-date schedule.** Please participate in your scheduled monthly Risk Services Campus Construction Connection calls to ensure clear communication of dates. Volume 5, Part II, Chapters 1 and 7 of the Facilities Manual have been edited to clarify this issue.



*Chris Hornbeck*

Forms and detailed information are available on the OP Risk Services website:

<http://www.ucop.edu/riskmgmt/construction.html>

Contract General Conditions available at: <http://www.ucop.edu/facil/fmc/facilman/> find the **Approved Contract Templates** link at the bottom.



## CODE CORNER

The 2012 California Building Code (CBC) Adoption Cycle is gearing up to produce the 2013 CBC that takes effect on January 1, 2014. The Building Standards Commission (BSC) has six advisory committees, each with an ex-officio seat for the University of California.

AVP Deborah Wylie was appointed this year to the Structural Design/Lateral Forces Committee; UCLA Director John MacDougall will serve again on the Plumbing, Electrical, Mechanical, and Energy Committee; UC Merced Fire Marshal Gini Krippner will serve on the Building, Fire and Other Committee; UC Davis Medical Center Fire Marshal Wes Arvin is on the Health Facilities Committee; and UCOP Director Catherine Kniazewycz will serve on the Accessibility and Green Building Committees. If you have any input concerning changes or updates to the 2010 building code, please feel free to contact the UC representative on the appropriate committee to discuss it.

The BSC and the Division of the State Architect Access Compliance Section (DSA) have already been busy with the emergency rules DSA is proposing for nine code areas that are in direct conflict with the ADA 2010 Standards. You can find the proposed changes at:

<http://www.bsc.ca.gov/codes/emergency/Emerg.aspx>

*Catherine Kniazewycz*

### KEY DATES

MAY

24



COST RECOVERY FOR DISASTER CLAIMS

UCI

30



COST RECOVERY FOR DISASTER CLAIMS

UCOP

JUNE

12



2012 ADA SEMINAR

BERKELEY

13



2012 ADA SEMINAR

IRVINE

JULY

17-19

REGENTS MEETING

UCSF

MISSION BAY

## How do I verify a contractor’s EMR?

The Experience Modification Rate (EMR) for a contractor is used by insurance companies to predict the future chance of claims. They are predominantly concerned about worker’s compensation losses. Our University Controlled Insurance Plan requires a maximum 1.15 or lower EMR for contractors and subcontractors; 1.0 is the theoretical average score. To verify a contractor’s EMR, register as a member at [www.compline.com](http://www.compline.com). Once logged in, at the center lower part of the website click on the “Lookup Risk” box to look up your contractor.

*Chris Hornbeck*