

**1. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 01  
Use of Few Models for Project Delivery Results in Missed Opportunities  
for Lowering Cost and Speeding Delivery**

**UC Comments:**

The University supports the Commission's recommendation to expand construction delivery methods for public entities. The University has benefited from its ability to utilize a variety of contracting methods, including design-build, to deliver projects and believes that state agencies could also benefit from such contracting flexibility.

Restrictions on project delivery methods, however, are only one impediment that public entities must overcome to deliver projects efficiently and cost-effectively. Outdated, inconsistent and impractical provisions of the state's competitive bidding laws also greatly limit the ability of public entities to maximize efficiency and reduce costs in their project delivery processes. As one example, the University's current competitive bidding requirements have components that unnecessarily impede efficient delivery of capital projects and impose restrictions on the University's basic maintenance programs that are critical to keeping operational the University's large inventory of aging facilities.

**UC Recommendation:**

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Proposed amendments to the Public Contract Code are attached as **Appendix A.**

## **2. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 06 High Performance Building Design**

### **UC Comments:**

The University supports the Governor's recommendation to develop high performance buildings. The University has developed its own policies and procedures to ensure that high-performance design practices are incorporated into all new UC buildings.

On June 16, 2004, the President issued the University Policy on Green Building Design and Clean Energy Standards which requires that all new University buildings:

- Outperform the required provisions of the California Energy Code's energy-efficiency standards by at least 20%;
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The policy also requires that life-cycle costs be explicitly considered, along with other factors in the project planning and design process of high-performance buildings, the policy recognizes the importance of long-term operations and maintenance in the performance of University facilities.

In conjunction with the state's four major investor-owned utility companies, all new UC building projects will also be enrolled in the Savings-by-Design program as long as the program continues to be funded by the California Energy Commission. Under the program, each UC building project that conforms to UC policy will qualify for both energy analysis and life-cycle cost calculation services, both of which are essential for developing and maintaining high-performance buildings. Compliance with the University's Green Building Design Policy and standards for each project will be reported to the Regents on an annual basis and generally available to the public.

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For the University, these improvements include streamlining the appropriation and administration of capital construction funds.

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*"In a November 2003 report titled Higher Education: Flexible Facility Utilization Standards, the Legislative Analyst's Office determined that an appropriate benchmark for classroom usage for the state's higher education system is 1,820 hours of workstation use per year. For teaching laboratories an appropriate benchmark is 1,040 hours of use per year.*

*"Current utilization rates at the state's colleges and universities, however, range between 72 and 85%. In the CSU and UC systems alone, this means that more than 100,000 additional students could be accommodated each year between the two systems. This is about the equivalent of the University of California's three largest campuses: Los Angeles, Berkeley, and Davis..."*

Academic facilities of the University are planned in accordance with space planning standards established by the California Postsecondary Education Commission (CPEC), classroom and utilization standards mandated by the Legislature, and related agreements with the Governor and Legislature designed to accommodate enrollment growth and academic needs in conjunction with available capital funds. We disagree with the Legislative Analyst's Office (LAO) report on utilization standards and have discussed this issue with the the LAO, the Department of Finance, and the legislative budget committees. The Department of Finance and the legislative budget committees support the University's position on space utilization and our proposed capital plans.

The University disagrees with the LAO's utilization methodology defining "useable time." The California Postsecondary Education Commission's 1990 report, *A Capacity for Learning*, reviewed classroom utilization standards across the U.S. and concluded that a standard of 30 station-hours per week is more realistic than California's current legislated standard of 35 hours. The survey completed during that study identified the 35-hour standard as among the most stringent in the nation.

The LAO has defined a benchmark for classroom workstation use of 1,820 hours per year and for laboratories of 1,040 hours per year. These benchmarks are based on achieving the full legislatively-defined utilization rate of 35 hours per week for classrooms and 20 hours per week for teaching laboratories for ***all*** 52 weeks of the year, including weeks involved in final exams, holidays, summers, and between-term periods. Applying the weekly utilization rates to every week of the year is unreasonable and significantly skews the annual utilization rates at both universities.

For example, the LAO's space utilization standard assumes summer enrollments will be equal to those of the Fall, Winter, and Spring terms. Yet, the highest summer term enrollment rate that has been achieved at other universities across the country is approximately 40% of the regular term enrollment. In our view, increasing enrollment over that level would require mandating that students enroll in the summer, a measure that the state has not supported. The Governor and Legislature have supported an initial summer enrollment target of 40% for the University in planning and requesting funds for instructional facilities, and we are making every effort to expand programs and enrollment in the summer and increase facility utilization.

During the fall, winter, and spring academic terms, underutilized classroom and teaching laboratory capacity on the growth campuses is being rapidly absorbed. The University expects enrollments to increase by more than 40,000 students by 2010-11—an increase of approximately a 50% percent in our student enrollments. Our ability to accommodate continued enrollment growth depends upon the provision of adequate, up-to-date instruction and research space, particularly in the areas of engineering and science. It is estimated that over \$650 million is needed annually for current UC state-supportable facility needs, substantially more than the \$345 million per year that is available to the University through the 2004 bond measure. The University makes the most effective use of available facilities, including maximizing year-round use of facilities including classrooms and class laboratories, the objective of the Legislative Analyst. The University has a continuing general commitment not to request state capital funds for new classrooms and scheduled teaching laboratories unless campus-wide utilization meets the legislatively-approved utilization standards, nor for other standard instruction and research space unless supported by CPEC campus-wide space planning allowances.



## **7. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 23**

### **Energy Conservation, Efficiency have not Achieved Full Potential**

#### **UC Comments:**

The University supports the Commission's recommendation to increase energy efficiency by public entities. The University has the potential to save 25% of our existing energy consumption through efficiency measures. However, we estimate implementing measures to yield a 25% energy reduction across the system would cost approximately \$300 to \$400 million. Due to the uncertainties about funding for energy efficiency projects, the University has set a minimum goal of 10% overall energy reduction benchmarked to the 1999/2000 base year.

The University's campuses can implement peak load reduction projects if provided with adequate funding. To be able to borrow money to fund projects, campuses need to have a stable revenue source resulting from on-peak energy savings. Real time pricing programs or other mechanisms that do not establish a steady revenue stream cannot be utilized to justify investments.

The University supports an energy efficiency financing program and has participated in the State's Energy Revenue Bond financing program in the 1980s and 1990s, investing more than \$60 million in energy efficiency projects at the campuses. The current difficulty with financing a program to fund energy efficiency projects through savings is that there are no savings in campus purchased utility budgets. Campus purchased utility budgets have been operating in deficits as a result of significant increases in the cost of electricity and natural gas coupled with little or no state funding over the last few years for purchased utilities and operational support for the many new buildings that the University is adding each year to meet projected enrollment growth.

#### **UC Recommendations:**

The University would support a loan program but does not believe that Public Goods Charges should be utilized for such a program. The Public Goods Charge is a tax levied on energy bills to the campuses. If this source were used to create a pool of loans to the campuses, the net effect would be that monies taken out of campus budgets would be loaned back to the campuses. This does not make sense.

Furthermore, a loan program requires purchased utility savings to repay the loans. Currently, State funding has not kept pace with energy price increases, and thus campuses are running utility budget deficits. Without real savings to pledge to such loans, the University will be limited to the incentives from the Public Goods Charges to fully fund energy efficiency. We would recommend expanding the current Public Goods Charge funded UC/CSU/Utility partnership program, because it provides total project funding.

Finally, the University strongly supports state efforts to increase energy efficiency and conservation, but we would also emphasize that the benefits of energy efficiency and

conservation programs can only be fully realized if the state finally establishes a framework for a reliable and reasonably-priced energy market.

## **8. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 26**

### **Building Standards Adoption Reform**

#### **UC Comments:**

UC supports the Commission's recommendation to establish objective criteria for selecting a model code for building standards for California.

The University of California is one of the largest consumers of design and construction industry services in California. UC has approximately \$7 billion dollars of projects in design or construction and has added about \$1 billion to its construction program each year for the past five years. Current UC housing programs exceed \$1.1 billion and new programs are currently being developed to meet the anticipated additional 40,600 students by 2010. UC's acute care facilities construction program has current commitments in excess of \$1.5 billion with additional major projects being planned. Unworkable building standards increase the risk of delay, error, and cost associated with that University construction.

#### **UC Recommendations:**

The University recommends development of objective criteria to select one nationally recognized model code as the basis for the State code. The University also recommends the Building Standards Commission, or successor agency, reduce the frequency of the state amendment process and that the qualifications of appointed members of the Building Standards Commissioners or its successor be revised to require design and construction industry experience and professional licenses and credentials.

**9. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 38:  
Lengthy Hospital Construction Approvals are Impacting Patient Care**

**UC Comments:**

The University supports the efforts of the Commission's recommendation to reduce lengthy hospital construction approvals.

The five University of California acute care facilities are making significant infrastructure investments to comply with these seismic safety standards. The University estimates costs of \$711 million to comply with the 2008 requirements for projects at the UC Davis, San Diego, and Irvine Medical Centers alone. More expensive hospital replacement projects are being contemplated at UC San Francisco's Medical Center, and the UCLA Medical Center is completing a new hospital replacement project that complies with SB 1953's 2030 standards.

As mandated seismic safety deadlines approach, Office of Statewide Health Planning and Development's (OSHPD) workload will significantly increase. This increase is certain to translate into increased project review delays and associated cost increases. For example, according to conservative estimates, a one-month delay in the review and construction of UC Medical Center seismic projects would result in additional costs of nearly \$1.5 million. While the University and OSHPD have developed Memorandums of Understanding to address some of these issues, these MOUs do not address the fundamental causes or cures.

The University supports establishing specific time frames for initial project document reviews and allowing outside entities to be used as independent plan reviewers. These measures will improve the review process of project documents, ensure submittals of quality, complete, and code-compliant documents, and establish reasonable accountability for OSHPD's timeliness. In addition, OSHPD must be given the authority to establish an approval process for outside entities to become eligible to serve as independent plan reviews. Without this authority, OSHPD will be unable to respond quickly to increased workloads.

University agrees in concept with the consolidation of related facilities construction programs into a Housing, Buildings & Construction Division within an Infrastructure Department. However, given OSHPD's current legislative mandates, the University would be concerned if OSHPD's functions were diluted or had to compete with other agency plan review and construction inspection functions. As hospitals are the most complex buildings to design and plan review in the state, it is important that hospital construction plan reviews and inspections be integrated with public health issues such as infection control, decontamination units, and Title 22 regulations.

**APPENDIX A**  
**PROPOSED AMENDMENTS TO PUBLIC CONTRACT CODE**  
**SECTIONS 10500, ET SEQ.**

10500.

As used in this article, "project" includes the erection, construction, alteration, ~~{repair,}~~ or improvement of any University of California structure, building, road, or other improvement that will exceed in cost, including labor and materials, a total of ~~{fifty}~~ **[one hundred]** thousand dollars ~~{(\$50,000)}~~ **[\$100,000]**.

10501.

Except as otherwise provided in this article, the Regents of the University of California shall let any contract for a project to the lowest responsible bidder or else reject all bids. **[The lowest responsible bidder may be selected on the basis of the best combination of price and qualifications, including financial condition, relevant experience and demonstrated management competency as determined by the University according to published selection standards.]** However, if one or more of the bids is substantially equal to the lowest bid, and at least one of those bidders is a disadvantaged business enterprise, a women business enterprise, or a disabled veteran business enterprise, the regents may award the contract in accordance with the policies and procedures adopted pursuant to Section 10500.5. If the regents deem it to be for the best interest of the university, the regents may, on the refusal or failure of the successful bidder for a project to execute a tendered contract, award it to the second lowest responsible bidder. If the second lowest bidder fails or refuses to execute the contract, the regents may likewise award it to the third lowest responsible bidder.

10502.

The Regents of the University of California shall give public notice of a project to bidders by publication ~~{once a week for at least two consecutive weeks next}~~ **[twice within the 60 day period]** preceding the day set for the receiving of bids as follows:

(a) In one newspaper of general circulation published in the county in which the major portion of the project is located and in one such trade paper circulated in the county in which the major portion of the work is to be done~~[, or]{-}~~

~~{(b)}~~ **[(b) By electronic statewide notice, at a minimum, in the California State Contracts Register or a website maintained by the University.**

(c) The notices shall state the time and place for the receiving and opening of sealed bids, describe in general terms the work to be done, and describe the bidding mode by which the lowest responsible bidder will be selected.

10504.

Except as otherwise provided in Section 10504.5 or 10506, work on all projects shall be performed under contract awarded in accordance with Section 10501, except that it may be done on a time and materials basis, by contract upon informal bids, by University of California employees, by day labor under the direction of the regents, or by a combination thereof ~~{, in }~~ **[in either of the following instances:**

**(a) In]** case of emergency due to an act of God, earthquake, flood, storm, fire, landslide, public disturbance, vandalism, or failure that causes damage to a university-owned building or

structure, university-owned real property, or any improvements thereon, when that work or those remedial measures are required immediately and are necessary to protect the public health, safety, and welfare.

**[(b) Whenever the failure to act immediately would impair the University's ability to meet its mission of teaching, research and public service.]**

10504.5.

Where the nature of the work, in the opinion of the regents, is such that the application of all of the provisions of this chapter in connection with that work is not required, and the cost of the project does not exceed ~~one hundred thousand dollars (\$100,000)~~ **[the value of a minor capital outlay project for which, pursuant to Section 10108, the services of the Department of General Services are not required and a state agency or department is authorized to carry out its own project]**, the regents shall solicit bids in writing and shall award the work to the lowest responsible bidder or reject all bids.

10505.

(a) The Regents of the University of California may perform ~~projects~~ **[work on a project]** with university employees if the regents deem that the award of a contract, the acceptance of bids, or the acceptance of further bids is not in the best interests of the university, under ~~either~~ **[any]** of the following circumstances:

(1) The value of the ~~project~~ **[work]** to be so performed shall not exceed ~~fifty~~ **[one hundred]** thousand dollars ~~(\$50,000)~~ **[\$100,000]; or**

(2) The project is for the erection, construction, alteration, ~~repair,~~ or improvement of experimental, diagnostic, or specialized research equipment; **or**

**(3) The work is for security, utility connections or commissioning.** ~~(-)~~

(b) This section does not apply to the painting or repainting of a structure, building, road, or improvement of any kind if the value of the painting or repainting project exceeds ~~twenty-five thousand dollars (\$25,000)~~ **[one hundred thousand dollars (\$100,000)].**

10506.5

**Annually, on [date], the monetary thresholds set forth in this article shall be adjusted upward or downward to reflect the percentage change in the Engineering News Record Building California Construction Cost Index, rounded off to the nearest one thousand dollars (\$1,000).]**

10511.

(a) (1) The Regents of the University of California shall give public notice to bidders of the sale of University of California real property situated in California if the estimated value of the real property to be sold exceeds the amount specified in paragraph (2).

(2) Paragraph (1) shall apply to real property whose estimated value exceeds ~~five hundred thousand~~ **[one million]** dollars ~~(\$500,000)~~ **[\$1,000,000]** net to the seller.

(b) Notice of the sale of real property shall be by publication a minimum of six times, between 2 and 12 weeks preceding the day set for receiving bids, as follows:

(1) A minimum of three times in at least one newspaper of general circulation in the county in which the property is situated.

(2) At least three times in a newspaper of general circulation in the City of Los Angeles, the City of San Diego, the City of San Francisco, or the City of Sacramento, whichever is deemed most appropriate by the regents.

(3) The published notices shall specify the general description of the property, the source for bid materials and information, and the date and place for the receiving of sealed bids.

10513.

The publication and award procedures set forth in this article shall not be applicable to any of the following:

(a) The sale of an undivided or fractional ownership interest in real property.

(b) A sale of a right of use in real property that is less than fee ownership.

(c) A sale of real property subject to title conditions or restrictions on the university's ownership deriving from the origin of that ownership by gift, devise, or otherwise, if that sale would be inconsistent with those title conditions or restrictions.

(d) The disposition of real property acquired through exercise of a power of sale pursuant to a deed of trust, or held as an asset in the university's investment portfolio.

(e) A sale of public lands under the direction of the federal land agent.

(f) A sale to a person or entity who will dedicate the real property to public use[, **a sale to a non-profit entity for open space or related uses, or a sale to a public entity**].

(g) A sale of real property acquired after January 1, 1985, through eminent domain proceedings initiated by the Regents of the University of California. In those cases, the person from whom the property was acquired shall be notified and be accorded an exclusive opportunity for 90 days to purchase the property at its fair market value. If the person fails to undertake proceedings to purchase the property within 90 days, the procedures specified in Sections 10511 and 10512 shall then be followed in the sale of the property.

(h) An exchange to acquire real property of another person or entity for university purposes. Any exchange shall be upon terms and conditions agreed to by the exchanging parties.

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The University disagrees with the Commission's following characterizations regarding space utilization.

*"In a November 2003 report titled Higher Education: Flexible Facility Utilization Standards, the Legislative Analyst's Office determined that an appropriate benchmark for classroom usage for the state's higher education system is 1,820 hours of workstation use per year. For teaching laboratories an appropriate benchmark is 1,040 hours of use per year.*

*"Current utilization rates at the state's colleges and universities, however, range between 72 and 85%. In the CSU and UC systems alone, this means that more than 100,000 additional students could be accommodated each year between the two systems. This is about the equivalent of the University of California's three largest campuses: Los Angeles, Berkeley, and Davis..."*

Academic facilities of the University are planned in accordance with space planning standards established by the California Postsecondary Education Commission (CPEC), classroom and utilization standards mandated by the Legislature, and related agreements with the Governor and Legislature designed to accommodate enrollment growth and academic needs in conjunction with available capital funds. We disagree with the Legislative Analyst's Office (LAO) report on utilization standards and have discussed this issue with the the LAO, the Department of Finance, and the legislative budget committees. The Department of Finance and the legislative budget committees support the University's position on space utilization and our proposed capital plans.

The University disagrees with the LAO's utilization methodology defining "useable time." The California Postsecondary Education Commission's 1990 report, *A Capacity for Learning*, reviewed classroom utilization standards across the U.S. and concluded that a standard of 30 station-hours per week is more realistic than California's current legislated standard of 35 hours. The survey completed during that study identified the 35-hour standard as among the most stringent in the nation.

The LAO has defined a benchmark for classroom workstation use of 1,820 hours per year and for laboratories of 1,040 hours per year. These benchmarks are based on achieving the full legislatively-defined utilization rate of 35 hours per week for classrooms and 20 hours per week for teaching laboratories for ***all*** 52 weeks of the year, including weeks involved in final exams, holidays, summers, and between-term periods. Applying the weekly utilization rates to every week of the year is unreasonable and significantly skews the annual utilization rates at both universities.

For example, the LAO's space utilization standard assumes summer enrollments will be equal to those of the Fall, Winter, and Spring terms. Yet, the highest summer term enrollment rate that has been achieved at other universities across the country is approximately 40% of the regular term enrollment. In our view, increasing enrollment over that level would require mandating that students enroll in the summer, a measure that the state has not supported. The Governor and Legislature have supported an initial summer enrollment target of 40% for the University in planning and requesting funds for instructional facilities, and we are making every effort to expand programs and enrollment in the summer and increase facility utilization.

During the fall, winter, and spring academic terms, underutilized classroom and teaching laboratory capacity on the growth campuses is being rapidly absorbed. The University expects enrollments to increase by more than 40,000 students by 2010-11—an increase of approximately a 50% percent in our student enrollments. Our ability to accommodate continued enrollment growth depends upon the provision of adequate, up-to-date instruction and research space, particularly in the areas of engineering and science. It is estimated that over \$650 million is needed annually for current UC state-supportable facility needs, substantially more than the \$345 million per year that is available to the University through the 2004 bond measure. The University makes the most effective use of available facilities, including maximizing year-round use of facilities including classrooms and class laboratories, the objective of the Legislative Analyst. The University has a continuing general commitment not to request state capital funds for new classrooms and scheduled teaching laboratories unless campus-wide utilization meets the legislatively-approved utilization standards, nor for other standard instruction and research space unless supported by CPEC campus-wide space planning allowances.

## **7. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 23**

### **Energy Conservation, Efficiency have not Achieved Full Potential**

#### **UC Comments:**

The University supports the Commission's recommendation to increase energy efficiency by public entities. The University has the potential to save 25% of our existing energy consumption through efficiency measures. However, we estimate implementing measures to yield a 25% energy reduction across the system would cost approximately \$300 to \$400 million. Due to the uncertainties about funding for energy efficiency projects, the University has set a minimum goal of 10% overall energy reduction benchmarked to the 1999/2000 base year.

The University's campuses can implement peak load reduction projects if provided with adequate funding. To be able to borrow money to fund projects, campuses need to have a stable revenue source resulting from on-peak energy savings. Real time pricing programs or other mechanisms that do not establish a steady revenue stream cannot be utilized to justify investments.

The University supports an energy efficiency financing program and has participated in the State's Energy Revenue Bond financing program in the 1980s and 1990s, investing more than \$60 million in energy efficiency projects at the campuses. The current difficulty with financing a program to fund energy efficiency projects through savings is that there are no savings in campus purchased utility budgets. Campus purchased utility budgets have been operating in deficits as a result of significant increases in the cost of electricity and natural gas coupled with little or no state funding over the last few years for purchased utilities and operational support for the many new buildings that the University is adding each year to meet projected enrollment growth.

#### **UC Recommendations:**

The University would support a loan program but does not believe that Public Goods Charges should be utilized for such a program. The Public Goods Charge is a tax levied on energy bills to the campuses. If this source were used to create a pool of loans to the campuses, the net effect would be that monies taken out of campus budgets would be loaned back to the campuses. This does not make sense.

Furthermore, a loan program requires purchased utility savings to repay the loans. Currently, State funding has not kept pace with energy price increases, and thus campuses are running utility budget deficits. Without real savings to pledge to such loans, the University will be limited to the incentives from the Public Goods Charges to fully fund energy efficiency. We would recommend expanding the current Public Goods Charge funded UC/CSU/Utility partnership program, because it provides total project funding.

Finally, the University strongly supports state efforts to increase energy efficiency and conservation, but we would also emphasize that the benefits of energy efficiency and



conservation programs can only be fully realized if the state finally establishes a framework for a reliable and reasonably-priced energy market.

## **8. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 26**

### **Building Standards Adoption Reform**

#### **UC Comments:**

UC supports the Commission's recommendation to establish objective criteria for selecting a model code for building standards for California.

The University of California is one of the largest consumers of design and construction industry services in California. UC has approximately \$7 billion dollars of projects in design or construction and has added about \$1 billion to its construction program each year for the past five years. Current UC housing programs exceed \$1.1 billion and new programs are currently being developed to meet the anticipated additional 40,600 students by 2010. UC's acute care facilities construction program has current commitments in excess of \$1.5 billion with additional major projects being planned. Unworkable building standards increase the risk of delay, error, and cost associated with that University construction.

#### **UC Recommendations:**

The University recommends development of objective criteria to select one nationally recognized model code as the basis for the State code. The University also recommends the Building Standards Commission, or successor agency, reduce the frequency of the state amendment process and that the qualifications of appointed members of the Building Standards Commissioners or its successor be revised to require design and construction industry experience and professional licenses and credentials.

**9. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 38:  
Lengthy Hospital Construction Approvals are Impacting Patient Care**

**UC Comments:**

The University supports the efforts of the Commission's recommendation to reduce lengthy hospital construction approvals.

The five University of California acute care facilities are making significant infrastructure investments to comply with these seismic safety standards. The University estimates costs of \$711 million to comply with the 2008 requirements for projects at the UC Davis, San Diego, and Irvine Medical Centers alone. More expensive hospital replacement projects are being contemplated at UC San Francisco's Medial Center, and the UCLA Medical Center is completing a new hospital replacement project that complies with SB 1953's 2030 standards.

As mandated seismic safety deadlines approach, Office of Statewide Health Planning and Development's (OSHPD) workload will significantly increase. This increase is certain to translate into increased project review delays and associated cost increases. For example, according to conservative estimates, a one-month delay in the review and construction of UC Medical Center seismic projects would result in additional costs of nearly \$1.5 million. While the University and OSHPD have developed Memorandums of Understanding to address some of these issues, these MOUs do not address the fundamental causes or cures.

The University supports establishing specific time frames for initial project document reviews and allowing outside entities to be used as independent plan reviewers. These measures will improve the review process of project documents, ensure submittals of quality, complete, and code-compliant documents, and establish reasonable accountability for OSHPD's timeliness. In addition, OSHPD must be given the authority to establish an approval process for outside entities to become eligible to serve as independent plan reviews. Without this authority, OSHPD will be unable to respond quickly to increased workloads.

University agrees in concept with the consolidation of related facilities construction programs into a Housing, Buildings & Construction Division within an Infrastructure Department. However, given OSHPD's current legislative mandates, the University would be concerned if OSHPD's functions were diluted or had to compete with other agency plan review and construction inspection functions. As hospitals are the most complex buildings to design and plan review in the state, it is important that hospital construction plan reviews and inspections be integrated with public health issues such as infection control, decontamination units, and Title 22 regulations.

**APPENDIX A**  
**PROPOSED AMENDMENTS TO PUBLIC CONTRACT CODE**  
**SECTIONS 10500, ET SEQ.**

10500.

As used in this article, "project" includes the erection, construction, alteration, ~~{repair,}~~ or improvement of any University of California structure, building, road, or other improvement that will exceed in cost, including labor and materials, a total of ~~{fifty}~~ **[one hundred]** thousand dollars ~~{(\$50,000)}~~ **[\$100,000]**.

10501.

Except as otherwise provided in this article, the Regents of the University of California shall let any contract for a project to the lowest responsible bidder or else reject all bids. **[The lowest responsible bidder may be selected on the basis of the best combination of price and qualifications, including financial condition, relevant experience and demonstrated management competency as determined by the University according to published selection standards.]** However, if one or more of the bids is substantially equal to the lowest bid, and at least one of those bidders is a disadvantaged business enterprise, a women business enterprise, or a disabled veteran business enterprise, the regents may award the contract in accordance with the policies and procedures adopted pursuant to Section 10500.5. If the regents deem it to be for the best interest of the university, the regents may, on the refusal or failure of the successful bidder for a project to execute a tendered contract, award it to the second lowest responsible bidder. If the second lowest bidder fails or refuses to execute the contract, the regents may likewise award it to the third lowest responsible bidder.

10502.

The Regents of the University of California shall give public notice of a project to bidders by publication ~~{once a week for at least two consecutive weeks next}~~ **[twice within the 60 day period]** preceding the day set for the receiving of bids as follows:

(a) In one newspaper of general circulation published in the county in which the major portion of the project is located and in one such trade paper circulated in the county in which the major portion of the work is to be done~~[, or]{-}~~

~~{(b)}~~ **[(b) By electronic statewide notice, at a minimum, in the California State Contracts Register or a website maintained by the University.**

(c) The notices shall state the time and place for the receiving and opening of sealed bids, describe in general terms the work to be done, and describe the bidding mode by which the lowest responsible bidder will be selected.

10504.

Except as otherwise provided in Section 10504.5 or 10506, work on all projects shall be performed under contract awarded in accordance with Section 10501, except that it may be done on a time and materials basis, by contract upon informal bids, by University of California employees, by day labor under the direction of the regents, or by a combination thereof ~~{, in }~~ **[in either of the following instances:**

**(a) In]** case of emergency due to an act of God, earthquake, flood, storm, fire, landslide, public disturbance, vandalism, or failure that causes damage to a university-owned building or

structure, university-owned real property, or any improvements thereon, when that work or those remedial measures are required immediately and are necessary to protect the public health, safety, and welfare.

**[(b) Whenever the failure to act immediately would impair the University's ability to meet its mission of teaching, research and public service.]**

10504.5.

Where the nature of the work, in the opinion of the regents, is such that the application of all of the provisions of this chapter in connection with that work is not required, and the cost of the project does not exceed ~~one hundred thousand dollars (\$100,000)~~ **[the value of a minor capital outlay project for which, pursuant to Section 10108, the services of the Department of General Services are not required and a state agency or department is authorized to carry out its own project]**, the regents shall solicit bids in writing and shall award the work to the lowest responsible bidder or reject all bids.

10505.

(a) The Regents of the University of California may perform ~~projects~~ **[work on a project]** with university employees if the regents deem that the award of a contract, the acceptance of bids, or the acceptance of further bids is not in the best interests of the university, under ~~either~~ **[any]** of the following circumstances:

(1) The value of the ~~project~~ **[work]** to be so performed shall not exceed ~~fifty~~ **[one hundred]** thousand dollars ~~(\$50,000)~~ **[\$100,000]; or**

(2) The project is for the erection, construction, alteration, ~~repair,~~ or improvement of experimental, diagnostic, or specialized research equipment; **or**

**(3) The work is for security, utility connections or commissioning.** ~~(-)~~

(b) This section does not apply to the painting or repainting of a structure, building, road, or improvement of any kind if the value of the painting or repainting project exceeds ~~twenty-five thousand dollars (\$25,000)~~ **[one hundred thousand dollars (\$100,000)]**.

10506.5

**Annually, on [date], the monetary thresholds set forth in this article shall be adjusted upward or downward to reflect the percentage change in the Engineering News Record Building California Construction Cost Index, rounded off to the nearest one thousand dollars (\$1,000).]**

10511.

(a) (1) The Regents of the University of California shall give public notice to bidders of the sale of University of California real property situated in California if the estimated value of the real property to be sold exceeds the amount specified in paragraph (2).

(2) Paragraph (1) shall apply to real property whose estimated value exceeds ~~five hundred thousand~~ **[one million]** dollars ~~(\$500,000)~~ **[\$1,000,000]** net to the seller.

(b) Notice of the sale of real property shall be by publication a minimum of six times, between 2 and 12 weeks preceding the day set for receiving bids, as follows:

(1) A minimum of three times in at least one newspaper of general circulation in the county in which the property is situated.

(2) At least three times in a newspaper of general circulation in the City of Los Angeles, the City of San Diego, the City of San Francisco, or the City of Sacramento, whichever is deemed most appropriate by the regents.

(3) The published notices shall specify the general description of the property, the source for bid materials and information, and the date and place for the receiving of sealed bids.

10513.

The publication and award procedures set forth in this article shall not be applicable to any of the following:

(a) The sale of an undivided or fractional ownership interest in real property.

(b) A sale of a right of use in real property that is less than fee ownership.

(c) A sale of real property subject to title conditions or restrictions on the university's ownership deriving from the origin of that ownership by gift, devise, or otherwise, if that sale would be inconsistent with those title conditions or restrictions.

(d) The disposition of real property acquired through exercise of a power of sale pursuant to a deed of trust, or held as an asset in the university's investment portfolio.

(e) A sale of public lands under the direction of the federal land agent.

(f) A sale to a person or entity who will dedicate the real property to public use[, **a sale to a non-profit entity for open space or related uses, or a sale to a public entity**].

(g) A sale of real property acquired after January 1, 1985, through eminent domain proceedings initiated by the Regents of the University of California. In those cases, the person from whom the property was acquired shall be notified and be accorded an exclusive opportunity for 90 days to purchase the property at its fair market value. If the person fails to undertake proceedings to purchase the property within 90 days, the procedures specified in Sections 10511 and 10512 shall then be followed in the sale of the property.

(h) An exchange to acquire real property of another person or entity for university purposes. Any exchange shall be upon terms and conditions agreed to by the exchanging parties.