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June 19, 2003

PRESIDENT OF THE UNIVERSITY

ACTION UNDER PRESIDENT'S AUTHORITY--AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR THE LAKE ARROWHEAD FACILITY IMPROVEMENTS PROJECT, LOS ANGELES CAMPUS

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2002-03 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Los Angeles: Lake Arrowhead Facility Improvements - preliminary plans, working drawings, construction, and equipment -- \$9,341,000 to be funded from external financing (\$8,756,000) and Lake Arrowhead Conference Center Reserves (\$585,000).

Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)

- (2) The President be authorized to obtain financing not to exceed \$8,756,000 to finance the Lake Arrowhead Facility Improvements project, 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, Lake Arrowhead Conference Center fees shall be established at levels sufficient to pay the debt service and to meet the related requirements of the proposed 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) 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 attached.

KEY
Capital Improvement Program Abbreviations

S	Studies
P	Preliminary Planning
W	Working Drawings
C	Construction
E	Equipment
-	State (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, Stand-By, 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

2002-03 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 2002-03		
<u>Los Angeles</u>			
Lake Arrowhead	P	424	LB
Facility Improvements	W	557	LB
	C	7,775	LB
	C	260	N
	E	325	N
(\$9,341,000)			

DESCRIPTION

The Los Angeles campus proposes to construct a replacement Maintenance Building, a new Recreation Building and renovate and expand the food service facilities in the Main Lodge of the UCLA Lake Arrowhead Conference Center (LACC), for a project cost of \$9,341,000.

Background

The LACC provides lodging, meeting, dining, and recreational services to guests in a facility located approximately two hours from campus in the San Bernardino Mountains. The facility operates as a conference center that is open to both University of California departments and non-University guests from September through May, and as the Bruin Woods Family Resort program from June through August of each year. The family-focused summer program builds and sustains quality working relationships between the UCLA Alumni Association and its membership by strengthening on-going communications with alumni, by providing a basis for identifying and recruiting volunteers, and by providing further motivation for future financial contributions from alumni to the University. The facility accommodates up to 185 overnight guests per day during conference season and up to 400 guests per session during the summer months.

The conference center consists of 33 buildings, including a Main Lodge with dining, conference, and meeting rooms; two conference lodges; 25 residential condolets and cottages; and 5 support facilities. Among the latter are buildings for LACC's maintenance, arts and crafts, and spa functions. The Main Lodge and cottages were originally constructed in the 1920s. New residential units and support facilities were added to the property in the 1980s, and the main lodge was expanded at that time to provide the conference center with more meeting, dining, and administrative office space. The last significant renovations occurred in 1990.

Improvements to the Main Lodge and several of the support buildings are now necessary to correct functional and operational deficiencies related to LACC's current volume of use. Deficient conditions include a kitchen in the Main Lodge that has not been functionally updated since it was constructed in the 1920s; a maintenance building that is insufficiently sized to support the center's dual conference and summer program activities; an arts and crafts building that lacks adequate sales, work, and storage space; and a spa facility with poor ventilation and obsolete amenities, fixtures and finishes. Planning studies have shown that the most cost-effective way to correct these deficiencies would be through a combination of building replacement, renovation, and expansion.

Project Description

The project would construct a Maintenance Replacement Building to accommodate expanded shop, support, and storage space for the LACC property; construct a new Recreation Building to replace outdated facilities with upgraded crafts, spa, fitness, and locker facilities; and renovate and expand the food service facilities in the Main Lodge to correct functional and operational deficiencies in the kitchen, dining room, and snack bar. Overall, the project would construct 15,145 gsf and renovate approximately 6,776 gsf. Net of demolition, the project would result in the addition of approximately 9,769 gsf to the property. The proposed work is described in greater detail below.

A new two-story 6,203 asf (8,454 gsf) Maintenance Replacement Building would be constructed on the site of the existing maintenance facility and its adjacent parking lot. The building would accommodate shops for carpentry and equipment repair; storage for lumber, tools, parts, paint, grounds equipment, and seasonal furniture; garage space for maintenance vehicles; office and workspace for housekeeping functions; employee break room; and related supervisory office space. The facility includes 750 square feet of covered, unenclosed storage to accommodate grounds keeping items and boats.

The new one-story 4,694 asf (5,555 gsf) Recreation Building with a useable storage attic would replace the existing Arts & Crafts and Cabana buildings on the site of those buildings adjacent to the swimming pool. The arts and crafts portion of the building would accommodate a crafts workroom, sales, and storage areas. The spa portion of the building would accommodate an in-ground spa. A fitness center would house exercise equipment. Locker rooms would provide shower and changing facilities for men and women. The facility includes 250 square feet of covered, unenclosed deck for arts and crafts activities.

Renovations to the Main Lodge food service facilities would involve construction of 1,022 asf (1,136 gsf) and renovation of 6,047 asf (6,776 gsf) to correct functional and operational deficiencies in the kitchen, dining room, and snack bar. The project would expand and renovate the kitchen to support its current volume of meals; expand and renovate the dining room to improve workflow between the kitchen and dining room and to provide additional serving and presentation space; expand and renovate the snack bar to provide additional food preparation and storage space. A storage room and attic would be renovated into a new staff dining room. Work in this facility would also include replacement of the steam boiler and emergency generator, and upgrades to building mechanical and electrical systems to support the proposed renovations.

The scope of work involves demolition, excavation, and grading; removal and replacement of landscape and hardscape elements impacted by the work; installation of fixed food service and spa equipment; and provision of finishes. Group 2 and 3 equipment would include the procurement and installation of movable food service equipment, fitness equipment, shop furnishings and equipment, office and dining furniture, and small appliances.

Phased Improvements

To correct deficient conditions throughout the property, replacement of the Maintenance Building would be undertaken first to accommodate housekeeping functions now located in the Main Lodge. Renovation and expansion of the food service facilities in the Main Lodge would commence following the completion of this work. Construction of the new Recreation Building would be scheduled concurrently with the Maintenance Replacement Building project schedule in order to provide guests with improved recreational facilities at the earliest possible date. Temporary staging facilities would be provided on site to keep maintenance and food service functions operational during construction.

The project would be designed and bid under three bid packages. Construction of bid packages 1 and 2, the Maintenance Replacement and the Recreation buildings, respectively, would commence in November 2003 with completion by July 2004. Construction of bid package 3, the Main Lodge Food Service Renovation, would commence in September 2004 with completion by June 2005.

CEQA Classification

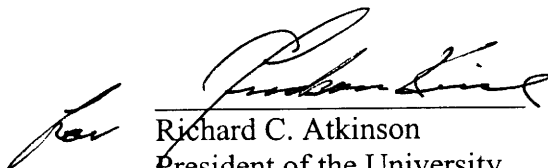
In accordance with the California Environmental Quality Act and University of California procedures for the implementation of CEQA, the proposed project is Categorically Exempt under Article 19, Section 15301, Class 1, Existing Facilities, Section 15302 and Class 2, Replacement or Reconstruction.

Financial Feasibility

The total project cost of \$9,341,000 at CCCI 4261 would be funded from external financing (\$8,756,000) and LACC Reserves (\$585,000). Group 2 & 3 equipment and staging costs would be funded with LACC Reserve funds. Debt service of \$645,000 per year (30 years at 6.125% interest) would be repaid from guest room rates generated by the existing LACC facilities. LACC and Bruin Woods rates would increase in the aggregate by approximately \$15.00 per bed per night over a four year period between FY 2003-04 and FY 2007-08 to support the cost of the project, representing an 11% to 13% increase for the ranges of rates charged.

Additional financial feasibility information may be found on Attachment 2.

Approved By:


Richard C. Atkinson
President of the University

6-19-03
Date

**PROJECT STATISTICS
LAKE ARROWHEAD FACILITY IMPROVEMENTS
CAPITAL IMPROVEMENT BUDGET
LOS ANGELES CAMPUS
CCCI 4261**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$110,000	1.2
Building	5,887,000	65.3
Exterior Utilities		
Site Development	410,000	4.5
A/E Fees ^(a)	566,000	6.3
Campus Administration ^(b)	195,000	2.2
Surveys, Tests	250,000	2.8
Special Items ^(c)	1,009,000	11.2
Contingency	<u>589,000</u>	<u>6.5</u>
Total	\$9,016,000	100%
Group 2 & 3 Equipment	325,000	
Total Project	\$9,341,000	

<u>Statistics</u>	<u>Proposed</u>
Gross Square Feet (GSF) ^(d)	16,545
Assignable Square Feet (ASF) ^(d)	13,799
Ratio ASF/GSF (%)	83%
Building Cost/GSF ^(d)	\$356
Building Cost/ASF ^(d)	\$427

(a) Fees include executive architect and other professional design contract costs.

(b) Campus administration includes project management and inspection.

(c) Special items PPG preparation, independent structural review, water proofing consultant, Division of State Architect, Fire Marshal, food consultant, lighting consultant, independent cost review expenses (\$476,000); staging (\$260,000); and interest expense (\$273,000).

(d) 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 2

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Project Title: Lake Arrowhead Facility Improvements

Total Estimated Project Cost: **\$ 9,341,000**

Proposed Source of Financing

External Financing	\$ 8,756,000
Lake Arrowhead Conference Center Reserves	\$ 585,000
	\$ 9,341,000

Projected Financing Terms:

Interest Rate: 6.125%
Duration: 30 years

Estimated UCLA LACC Revenue (2006-07) ¹

Revenues from existing LACC Facilities	\$ 8,344,000
	\$ 8,344,000

Total Revenue

Estimated UCLA LACC Expenses (2006-07) ¹

Expenses from existing LACC Facilities	\$ 5,280,000
Contribution to Alumni Association	\$ 428,000
	\$ 5,708,000

Total Expenses

Estimated UCLA LACC Surplus for Debt Services (2006-07) **\$ 2,636,000**

Estimated UCLA LACC Debt Services (2006-07) ¹

Lake Arrowhead Facility Improvements Project	\$ 645,000
Future Projects which may seek approval ²	\$ 43,000
Principal and Interest from Existing LACC Facilities	\$ 788,000
	\$ 1,476,000

Total Principal and Interest

Estimated UCLA LACC Surplus for Major Maintenance (2006-07) ¹ **\$ 1,160,000**

UCLA LACC Summary Information (2006-07) ¹

Estimated Annual Net Revenues ³	\$ 2,636,000
Estimated Annual Debt Service	\$ 1,476,000
Estimated Annual Surplus for Major Maintenance	\$ 1,160,000
Average Debt Service Coverage	1.79X

¹ – First full year of principal and interest payment (2006-07)

² – Includes debt associated with projects expected to request approval from the President

³ – Excludes estimated interest income