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December 4, 2002

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

**ACTION BY CONCURRENCE--AMENDMENT OF THE BUDGET FOR CAPITAL
IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF
EXTERNAL FINANCING FOR WOODEN WEST ADDITION, LOS ANGELES CAMPUS**

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, amend the 2002-03 Budget for Capital Improvements and the 2002-05 Capital Improvement Program to include the following project:

From: Los Angeles: Wooden West Addition - preliminary plans, working drawings, and construction -- \$12,685,000 to be funded from Student Registration Fees (\$1,208,000), and external financing (\$11,477,000).

To: Los Angeles: Wooden West Addition - preliminary plans, working drawings, and construction -- \$13,855,000 to be funded from Student Registration Fees (\$1,208,000), and external financing (\$12,647,000).

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

- (2) The President be authorized to obtain financing not to exceed \$12,647,000, 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 the debt shall be from the Student Programs, Activities, and Resource Complex Fee approved by student vote in May 2000 and by The Regents in July 2001 and a portion of the Los Angeles campus University Registration Fee, which shall generate net revenue sufficient to pay debt service and to meet all related financing requirements; and
 - c. The general credit of The Regents shall not be pledged.
- (3) 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) Officers of The Regents be authorized to execute all documents necessary in connection with the above.

A Key to abbreviations and the project description is 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 Funds)
X	Campus Funds
CCCI	California Construction Cost Index
EPI	Equipment Price Index

2002-03 Budget for Capital Improvements
and 2002-05 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)		Approved		Proposed 2002-03	Projected After 2002-03
<u>Los Angeles</u>					
Wooden West Addition	P	\$945,000	R		
	W	263,000	R		
	W	851,000	LB		
	C	10,626,000	LB	C 1,170,000	LB

(\$13,855,000)

DESCRIPTION

The Los Angeles campus requests approval of a \$1,170,000 budget augmentation and authorization for increase in external financing for the Wooden West Addition project.

Background

In June 2001, the President, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, approved the Wooden West Addition project at a total project cost of \$12,685,000 to be funded from external financing (\$11,477,000) and Student Registration Fees (\$1,208,000). The project constructs a two-story 25,020 asf (32,000 gsf) addition to the west side of the John R. Wooden Sports and Recreation Center to accommodate Student Services health and recreational programs.

Need for Budget Augmentation

Since June 2001, additional cost issues became apparent as the project progressed through the design process. Increased costs have also resulted from market conditions. Net project budget increases of \$1,170,000 have been experienced due to the following:

Construction Cost Increases (+\$1,687,000)

Construction cost increases are due to bids that included higher than anticipated component costs for the masonry, window wall, structural steel, and concrete; and limited site access due to adjacent campus construction (+\$1,087,000). Other cost increases were related to the complexity of attaching a new structure to an existing building; and a six month construction start delay to complete working drawings (+\$600,000).

Net Soft Cost Decreases (-\$125,000)

Contingency increased to support the higher construction costs cited above (+\$18,000).

External fees decreased due to a reduction in scope of budgeted services, and cost efficiencies realized by using the same consultant team on a concurrent project (-\$138,000). Internal fees increased in accordance with revised staffing projections (+\$39,000). Survey and advertising costs decreased to reflect actual costs incurred (\$-44,000).

Special Item Decreases (-\$392,000)

Interest expense decreased due to a reduction in the planning interest rate from 6.5% to 6.125% and changes to the distribution of projected expenditures in the drawdown schedule (-\$176,000). Special item costs have decreased to reflect costs incurred for work completed including environmental, Regents' presentation, independent cost estimate, structural review, value engineering, specifications review, constructability review, and agency fees (-\$168,000); and decreased costs to complete the work projected for specialty consultants and printing/delivery expense (-\$48,000).

Financial Feasibility

The total project cost of \$13,855,000 at CCCI 4168 would be funded from Student Fees (\$1,208,000), and external financing (\$12,647,000). Repayment of the external financing would be from the Student Programs, Activities, and Resource Complex Fee (SPARC) approved by the students in May 2000 and approved by The Regents in July 2001, and a portion of the Los Angeles campus Registration Fee. The Chancellor, in consultation with the Student Fee Advisory Committee, approved the pledge of the University Registration Fee. The SPARC fee also financed a portion of the renovations to Men's Gym approved by The Regents in November 2000. The financial feasibility analysis shown in Attachment 2 presents information for both projects.

Assuming 30 year financing of \$12,647,000 at 6.125% interest, the average annual debt service for the project would be \$931,000.

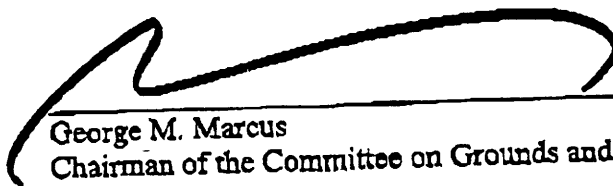
Additional financial feasibility information may be found on Attachment 2.

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Approved by:



Richard C. Atkinson
President of the University



George M. Marcus
Chairman of the Committee on Grounds and Buildings


Judith L. Hopkinson
Chairman of the Committee on Finance

John Moores
Chairman of the Board

Attachments

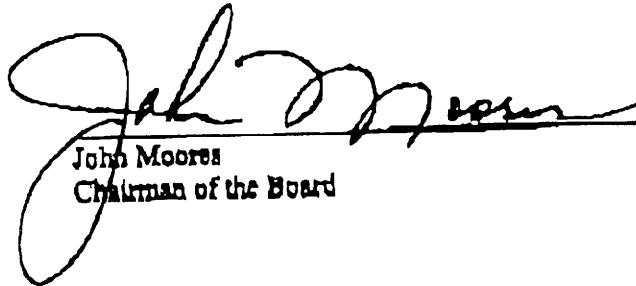
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Attachments

**PROJECT STATISTICS
WOODEN WEST ADDITION
CAPITAL IMPROVEMENT BUDGET
LOS ANGELES CAMPUS
CCCI 4168**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$33,000	0.2%
Building	\$10,019,000	72.3%
Exterior Utilities	\$165,000	1.2%
Site Development	\$83,000	0.6%
A/E Fees ^(a)	\$900,000	6.5%
Campus Administration ^(b)	\$700,000	5.1%
Surveys, Tests	\$625,000	4.5%
Special Items ^(c)	\$730,000	5.3%
Contingency	\$600,000	4.3%
Total	\$13,855,000	100%
Group 2 & 3 Equipment	0	
Total Project	\$13,855,000	

Statistics

Gross Square Feet (GSF) ^(d)	32,000
Assignable Square Feet (ASF) ^(d)	25,020
Ratio ASF/GSF (%)	78%
Building Cost/GSF ^(d)	\$313
Building Cost/ASF ^(d)	\$400

Comparable University Projects at CCCI 4168

	<u>Building Cost per GSF</u>
1. UCSB Intercollegiate Athletics Building	\$207
2. UCD Activities & Recreation Center	\$213
3. UCLA Men's Gym Staging Building	\$245

A number of factors should be considered when reviewing comparable projects for the Wooden West Addition project. The project includes the relocation of existing utilities, which increases construction cost. Further, the Addition must be faced in brick to match the existing Wooden Center, another cost-increasing factor. The project is situated on a tight site, with limited access for construction vehicles, materials, and so forth. Access problems are further exacerbated by the concurrent construction of the directly adjacent IM Field Parking Structure project, resulting in an increase to the contractor's General Conditions cost.

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

(b) Campus administration includes project management and inspection.

(c) Special items include EIR preparation, Regents presentations, independent cost, structural value engineering specifications, constructability reviews; agency fees, special consultants, hazardous materials abatement, moving expense and printing totaling \$280,000; and interest expense totaling \$450,000.

(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.

December 2002

SUMMARY FINANCIAL FEASIBILITY ANALYSIS**Project Title:** Wooden West Addition, Los Angeles**Total Estimated Project Cost:** \$13,855,000**Proposed Source of Funding:**

External Financing \$12,647,000

Student Fees \$1,208,000**TOTAL** **\$13,855,000****Projected Financing Terms:**

Interest rate: 6.125% Duration: 30 year

Estimated Annual Revenue (2004-05):⁽¹⁾

Student Programs, Activities and Resource Complex (SPARC) Fee \$2,935,000

(34,935 students x \$28 x 3 quarters) \$413,000

(14,760 summer students x \$28) \$1,081,000Registration Fees \$1,081,000

Total \$4,429,000

Estimated Annual Operating Expenses:

Men's Gym Facility Operating Expenses \$445,000

Wooden West Facility Operating Expenses \$150,000

Total \$595,000

Estimated Net Revenues Available for Debt Service: \$3,834,000**Estimated Annual Debt Service:**

Men's Gym Facility Principal and Interest \$1,737,000

Wooden West Estimated Principal and Interest \$931,000

\$2,668,000

UCLA Wooden West Addition

Annual Debt Service Coverage: 1.44 x

(1) Represents first full year of operation for the project.