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January 17, 2003

**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 AMENDMENT TO EXTERNAL FINANCING FOR CAMPUS PARKING STRUCTURE 2, SANTA BARBARA CAMPUS

It is recommend that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2002-03 Budget for Capital Improvements and the 2002-05 Capital Improvement Program to include the following project:

From: Santa Barbara: Campus Parking Structure 2 - Preliminary plans, working drawings, construction, and equipment -- \$16,409,000 to be funded from external financing (\$12,751,000), Parking Reserves (\$3,500,000), and campus funds (\$158,000).

To: Santa Barbara: Campus Parking Structure 2 - Preliminary plans, working drawings, construction, and equipment -- \$18,024,000 to be funded from external financing (\$14,366,000), Parking Reserves (\$3,500,000), and campus funds (\$158,000).

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

- (2) The President be authorized to obtain financing not to exceed \$12,486,000 to finance the 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; and

- b. As long as the debt is outstanding, the Santa Barbara Campus Parking System fees shall be established at levels to provide excess net revenues sufficient to pay debt service and to meet the requirements of the proposed financing; and
 - c. The general credit of The Regents shall not be pledged.
- (3) The President be authorized to obtain financing not to exceed \$1,880,000 to finance the dining component of the 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; and
 - b. As long as the debt is outstanding, the Santa Barbara Campus Dining Services fees shall be established at levels to provide excess net revenues sufficient to pay the debt service and related requirements of the proposed funding; and
 - c. The general credit of The Regents shall not be pledged.
- (4) 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.
- (5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

A Key to abbreviations and project description is attached.

KEY
Capital Improvement Program Abbreviations

S	Studies
P	Preliminary Plans
W	Working Drawings
C	Construction
E	Equipment
-	State Funds (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

2002-03 Budget for Capital Improvements
2002-05 Capital Improvement Program
Scheduled for Regents' Allocations, Loans, Income Reserves,
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

Campus and Project Title (Total Cost)		Prefunded		Proposed <u>2002-03</u>	Projected After <u>2002-03</u>
<u>Santa Barbara</u>					
Campus Parking	P	699,000	N		
Structure 2	P	7,000	X		
	W	8,000	X		
	W	291,000	N		
	W	498,000	LB	W 156,000	LB
	C	12,253,000	LB	C 1,057,000	LB
	C	143,000	X		
	C	2,510,000	N		
				E 402,000	LB
(\$18,024,000)					

DESCRIPTION

This action requests the approval of a \$1,615,000 budget augmentation and an increase in external financing authorization for the Campus Parking Structure 2 project at the Santa Barbara campus.

In addition, the campus requests a change in scope to increase the total project square footage by net 2,699 gsf, from 206,837 gsf to 209,536 gsf. This additional space would result in an increase in the food facility component of 2,230 gsf, an increase in the parking structure of 1,482 gsf and a decrease of the electrical switch rooms by 1,013 gsf.

Background

At their January 2001 meeting, The Regents' approved preliminary plans ("P") for the project. At the September 2002 meeting, The Regents approved an amendment to the 2002-03 Budget for Capital Improvements and 2002-05 Capital Improvement Program for the Campus Parking

Structure 2 for a total project cost of \$16,409,000. Schematic design of the project was approved at the November 2002 Regents' meeting.

The Campus Parking Structure 2 has been planned in conjunction with the previously approved California NanoSystems Institute building project and shares the same site and project architect.

Project Description

As previously approved, Campus Parking Structure 2 (CPS2) consisted of a 607-space, five-level structure measuring approximately 204,812 gsf. The structure as approved at the September and November Regents' meetings contained a 2,700 gsf area for a food facility which would be leased by UCSB Dining Services and be located at the south end of the parking structure; and an area measuring approximately 2,025 gsf to be funded by campus funds would be located along the northeast side to house electrical switch rooms and an emergency generator for CNSI.

The campus proposes to increase the total project square footage by net 2,699 gsf, from 206,837 gsf to 209,536 gsf. This additional space would increase the square footage for the food facility from 2,700 gsf to 4,930 gsf. The larger facility would address queuing and seating concerns that were identified as plans for tenant improvements developed. The larger facility would also enable more efficient layout of the food preparation area. Tenant improvements for the food facility would include all necessary infrastructure, finished ceilings, floors, and lighting for the proposed the food facility. Additional space changes would be an increase to the parking structure by 1,482 gsf to 203,594 gsf and a decrease to the electrical switch rooms by 1,013 gsf to 1,012 gsf.

Construction of CPS2 is scheduled to begin in December 2003 with occupancy in July 2005.

CEQA Compliance

An Environment Impact Report and amendment to the campus' 1990 Long Range Development Plan was approved by The Regents at the November 2002 meeting.

Financial Feasibility

The budget augmentation of \$1,615,000 would be funded from external financing. The revised total project cost of \$18,024,000 would be funded from a combination of external financing for Campus Parking Structure 2 (\$12,486,000), Parking Reserves (\$3,500,000), Campus Funds (\$158,000), plus external financing for Campus Dining Services' food service facility (\$1,880,000).

Based on external financing of \$12,486,000 at 6.125% interest for 30 years, the annual debt service is \$919,000 for Campus Parking Services. With estimated net revenue of \$2,563,000 (in FY 2005-06), this project meets the requirements of the external financing. This debt would be repaid from parking permit revenues.

Based on external financing of \$1,880,000 at 6.125% interest for 30 years, the annual debt service is \$138,000 for Campus Dining Services. With estimated net revenue of \$845,000 (in FY 2005-06), this project also meets the requirements of the external financing. This debt would be repaid from net revenues from the food service facility which is projected to maintain an annual debt service-to-net operating income ratio of 1.26 or greater; while Campus Dining Services is projected to maintain an overall annual debt service-to-net operating income ratio in excess of 2.70.

Table 1	
Campus Parking Structure 2	
Schedule of Fees	
Fiscal Year	Average Monthly Permit Rate
1999-00	\$30
2000-01	\$35
2001-02	\$35
2002-03	\$35
2003-04	\$35
2004-05	\$35
2005-06*	\$35
2006-07*	\$35
<i>*Fees may increase with construction of a third parking structure.</i>	

FY 2002-03 permit rates are not projected to increase for the next five years (rates shown are an average of current rates and projected rates). However, the construction of a third campus parking structure currently under consideration may increase rates beginning in FY 2005-06.

At the time of bid award, Parking Services is forecast to have a reserve balance of about \$3.5 million which is sufficient to provide the additional \$2.5 million in equity for construction from parking reserves in order to comply with Regental policy of having all funds available at time of bid award.

Additional financial feasibility information may be found on Attachment 2.

(Attachments)

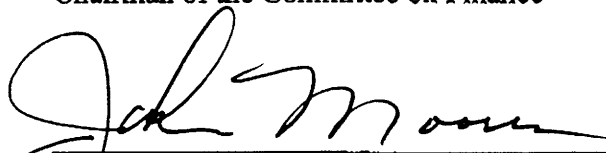
Approved by:



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

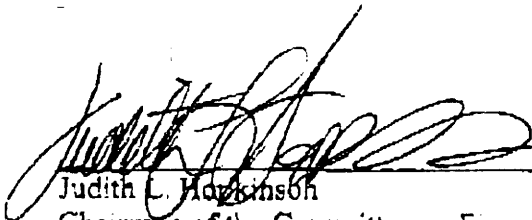
Attachments

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Attachments

Project Statistics
CAMPUS PARKING STRUCTURE 2
 Capital Improvement Budget
 Santa Barbara Campus
 CCCI 4412

<u>Cost Category</u>	<u>Parking Structure</u>	<u>CNSI</u>	<u>Dining Facility</u>	<u>Total</u>	<u>% of Total</u>
Site Clearance	\$ 387,000	\$ 4,000	\$ 6,000	\$ 397,000	2.3%
Building	\$10,658,000	\$ 106,000	\$ 1,014,000	\$11,778,000	66.8%
Exterior Utilities	\$ 522,000	\$ 5,000	\$ 44,000	\$ 571,000	3.2%
Site Development	\$ 784,000	\$ 8,000	\$ 13,000	\$ 805,000	4.6%
A/E Fees	\$ 1,086,000	\$ 11,000	\$ 178,000	\$ 1,275,000	7.2%
Campus Administration	\$ 618,000	\$ 6,000	\$ 74,000	\$ 698,000	4.0%
Surveys, Tests, Plans, Specs	\$ 247,000	\$ 2,000	\$ 30,000	\$ 279,000	1.6%
Special Items	\$ 944,000	\$ 9,000	\$ 54,000	\$ 1,007,000	5.7%
Subtotal	\$15,246,000	\$ 151,000	\$ 1,413,000	\$16,810,000	95.4%
Contingency	\$ 740,000	\$ 7,000	\$ 65,000	\$ 812,000	4.6%
Subtotal (P*W*C)	\$15,986,000	\$ 158,000	\$ 1,478,000	\$17,622,000	100.0%
Group 2 & 3 Equipment	\$ -	\$ -	\$ 402,000	\$ 402,000	
Total Project Cost	\$15,986,000	\$ 158,000	\$ 1,880,000	\$18,024,000	

Statistics

Gross Square Feet (gsf)**	209,536
Building Cost/gsf	\$51
Project Cost per parking space****	\$26,336

Comparable Projects @ CCCI 4412

	Construction Cost/GSF	Project Cost/Space
UCSD Gilman Drive Parking Structure	\$39	\$19,393
UCSF Mission Bay Block 21A Parking Garage	\$61	\$28,028
UCSC Core West Parking Structure	\$53	\$27,947

* Special Items include cost peer and scheduling consultant, seismic and agency reviews, environmental/coastal commission reports, archaeological surveys, value engineering, and capitalized interest.

** Gross square feet (gsf) is the total area, including all usable areas, stairways, and space occupied by the structure itself. Assignable square feet (asf) is the net program area.

**** Project Cost per space calculation excludes the costs attributable to CNSI mechanical rooms (\$158,000) and UCSB Dining Services space (\$1,880,000).

January 2003

SUMMARY FINANCIAL FEASIBILITY ANALYSIS**Project Title:** Campus Parking Structure 2, Santa Barbara Campus**Estimated Project Cost:** \$16,144,000**Proposed Source of Funding:**

External Financing	\$12,486,000
Parking Reserves	\$3,500,000
Campus Funds	<u>\$158,000</u>
Total	\$16,144,000

Project Financing Terms:

Financing Amount: \$12,486,000
 Interest rate: 6.125% Duration: 30 years

Estimated Annual Revenues (FY 2005-06): ⁽¹⁾

Parking Permits	\$2,589,000
Daily Sales	\$1,238,000
Meters, Recharges and Miscellaneous	\$476,000
Night/Weekend Sales	<u>\$321,000</u>
Total Parking Permits and Other Income	\$4,624,000

Estimated Average Annual Expenses (FY 2005-06): ⁽¹⁾

Operating Expenses (proposed project)	\$60,000
Operating Expenses (existing projects)	<u>\$2,139,000</u>
Total Expenses	\$2,199,000

Net Revenues Available for Debt Service: \$2,425,000

Principal and interest (proposed project)	\$919,000
Principal and interest (existing projects)	<u>\$882,000</u>
Total Debt	\$1,801,000

Estimated Annual Surplus for Major Maintenance (FY 2005-06): ⁽¹⁾ \$624,000**Santa Barbara Parking System Information (FY 2005-06):**

Estimated Annual Net Revenues	\$2,425,000
Estimated Annual Debt Service	<u>\$1,801,000</u>
Average Debt Service Coverage	1.35

Notes:

(1) Fiscal year 2005-06 represents first full year of operation for Campus Parking Structure

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Project Title: Campus Dining Facility in Parking Structure 2, Santa Barbara Campus

Estimated Project Cost: \$1,880,000

Proposed Source of Funding:
External financing \$1,880,000

Project Financing Terms:
Financing Amount: \$1,880,000
Interest rate: 6.125% Duration: 30 years

Estimated Annual Revenues (FY 2005-06): ⁽¹⁾

Sales Income (proposed project)	\$510,000
Sales Income (existing projects)	<u>\$5,408,000</u>
Total Sales Income	\$5,918,000

Estimated Average Annual Expenses (FY 2005-06): ⁽¹⁾

Operating Expenses (proposed project)	\$335,000
Operating Expenses (existing projects)	<u>\$4,738,000</u>
Total Expenses	\$5,073,000

Net Revenues Available for Debt Service: \$845,000

Principal and interest (proposed project)	\$138,000
Principal and interest (existing projects – internal campus loan)	<u>\$174,000</u>
Total Debt	\$312,000

Estimated Annual Surplus for Major Maintenance (FY 2005-06): ⁽¹⁾ \$533,000

Santa Barbara Dining Services Information (FY 2005-06):

Estimated Annual Net Revenues	\$845,000
Estimated Annual Debt Service	<u>\$312,000</u>
Average Debt Service Coverage	2.71

Notes:

(1) Fiscal year 2005-06 represents first full year of operation for Dining Facility in Campus Parking Structure 2

January 2003