



OFFICE OF THE PRESIDENT

*Robert C. Dynes*  
*President*

1111 Franklin Street  
Oakland, CA 94607-5200  
Phone: (510) 987-9074  
Fax: (510) 987-9086  
<http://www.ucop.edu>

June 23, 2004

**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 JOSEPH EDWARD GALLO RECREATION AND WELLNESS CENTER, MERCED CAMPUS**

It is recommended that:

**Pursuant to Standing Order 100.4(q)**

- (1) The President amend the 2003-04 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Merced: Joseph Edward Gallo Recreation and Wellness Center - preliminary plans, working drawings, construction, and equipment - \$11,240,000, to be funded from external financing (\$7,500,000), campus funds (\$265,000), and gift funds (\$3,475,000).

**Pursuant to Standing Order 100.4 (nn)**

- (2) The President be authorized to obtain financing not to exceed \$7,500,000 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;

- b. **Repayment of the financing shall be from the Merced Student Recreation Fee approved by The Regents in May 2003; 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 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
- EPI** Equipment Price Index

Budget for Capital Improvements and  
Capital Improvement Program  
Scheduled for  
Regent's Allocations, Loans, Income Reserves,  
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

Campus and Project Title (Total Cost)	<u>Pre-</u> <u>Approved</u>		<u>Proposed</u> <u>2003-04</u>			
<u>Merced</u>						
Joseph Edward Gallo Recreation and Wellness Center	P	\$399,000	U	W	\$120,000	U
	P	\$95,000	G	W	\$570,000	G
				C	\$6,981,000	U
				C	\$2,810,000	G
				E	\$265,000	X
(\$11,240,000)						

**DESCRIPTION**

The Merced campus proposes to construct the Joseph Edward Gallo Recreation and Wellness Center, which totals 24,985 asf (35,690 gsf). The project would construct a gymnasium with bleachers, a student health and wellness center, sports instruction space, cardiovascular/weight training room, locker room, public lobby and reception, and a small administrative office suite.

**Background**

Many considerations have driven planning for the new Merced campus. The site of the Recreation and Wellness Center is consistent with the initial Long Range Development Plan for the campus, approved in 2002. Constructing a Recreation and Wellness Center and developing its associated programs is critical for student life at UC Merced. It is planned that the facility would become a focal point for the University's commitment to health and healthy lifestyles. Recreation, health care, and health education will be elements of the overall program within the new facility.

Of the campus's planned 910 acres, 148 acres (16%) are dedicated to Athletics and Recreation. Recreational programs play an important role in student life as well as student recruitment and retention. UC Merced plans to provide a full complement of recreational opportunities, both indoors and out, for intramural and club sports. This will be necessary to meet the campus's long-term goals.

UC Merced's goal is to house 50 percent of students on campus. Program elements for athletics and recreation are expected to include curricular offerings, intramural athletics, and classes and workshops, as well as exercise and programmatic facilities for staff and faculty. Investments will be made in bicycle, pedestrian, and transit systems to minimize reliance on automobiles.

UC Merced plans to open in 2005-06 with 75 faculty and lecturers and 1,000 FTE students. It plans to grow rapidly by adding 800 students per year thereafter. By 2010-11, the campus should reach 5,000 FTE students, until it is built out at a capacity of 25,000 FTE students (21,500 undergraduates and 3,500 graduate students) and a faculty and staff of about 6,600 FTE.

In May 2003, the President approved preliminary plans ("P") only, which allowed the Merced campus to define specific program requirements and hire the executive architect to develop a specific scope of work, budget, and begin schematic design.

### Project Description

The proposed project would be located in the West Neighborhood of campus near the first set of academic buildings, near student housing and dining facilities. The program includes:

Recreation and Wellness Center Program  
Assignable Square Feet (ASF)

<u>Area</u>	<u>ASF</u>
Multipurpose Gymnasium/Storage	11,320
Multipurpose Room and Storage	1,700
Cardiovascular/Weight Training	3,735
Recreation Office, Conference and Support	1,180
Locker Room	2,700
Lobby, Reception, Vending, Laundry	1,290
Wellness Center	<u>3,060</u>
<b>Total ASF</b>	<b>24,985</b>
<b>Total OGSF</b>	<b>35,690</b>

It is anticipated that construction would begin in June 2005 with completion scheduled for Fall 2006 one year after the campus is scheduled to open.

This project will comply with the *Systemwide Green Building Policy and Clean Energy Standard* approved by The Regents at their meeting of July 2003, as well as with the *Presidential Policy for Green Building Design and Clean Energy Standards* dated June 16, 2004. As required by these policies, the project will adopt the principals of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

CEQA Classification

In January 2002, The Regents certified an Environmental Impact Report for the campus Long Range Development Plan consistent with University procedures for the implementation of the California Environmental Quality Act. The environmental analysis for this project is covered in the campus LRDP EIR.

Financial Feasibility

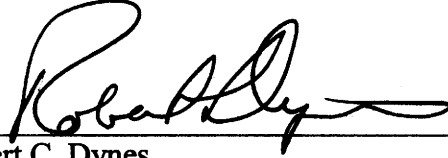
The total project cost of \$11,240,000 at CCCCI 4267 is to be funded from gift funds (\$3,475,000), campus funds (\$265,000), and from external financing (\$7,500,000). The project will initially be financed with an internal loan of \$7,500,000 with partial repayment from Student Recreation Fees and \$2,000,000 repayment from gift funds. When the campus enrollment has reached a size which will support the repayment of the \$7.5 million loan from the Student Recreation Fee, the outstanding balance of the internal loan will be financed externally. Based on debt of \$7,500,000 at 6.125% for 30 years, estimated debt service will be \$552,200, which, including debt service coverage of 1.25X (current policy), will require campus enrollment of approximately 3,200 students to service.

Joseph Edward Gallo has made a significant pledge of \$1,900,000 toward construction of this project. This is in addition to major gifts from the Mary Stewart Rogers Foundation (\$475,000), and from the Peter Gallo Memorial Foundation (\$1,100,000). The status as of June 2004 is as follows:

Gifts In-Hand	\$ 700,000
Pledges Received	\$2,775,000 (\$775,000 backstopped by campus funds and \$2,000,000 backstopped by internal loan financing)
Gifts To Be Raised	\$ <u>0</u>
Total:	\$3,475,000

The Regents at their May 2003 meeting approved a new Recreation Fee of \$292 per student per year to be established at the Merced campus effective upon campus opening (approximately \$72 of the fee for recreation programs and \$220 of the fee for debt service).

Approved by:



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Robert C. Dynes  
President of the University

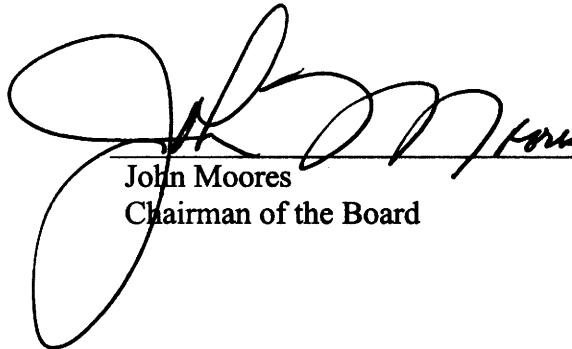


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Judith L. Hopkinson  
Chairman of the Committee on Finance

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



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John Moores  
Chairman of the Board

Attachment

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President of the University

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Chairman of the Board

**Attachment**



**PROJECT STATISTICS**  
**Joseph Edward Gallo Recreation and Wellness Center**  
**Capital Improvement Budget**  
**Merced Campus**  
**CCCI 4267**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$ 30,000	0.3%
Building	\$ 7,764,000	70.6%
Exterior Utilities	\$ 300,000	2.7%
Site Development	\$ 415,000	3.8%
A/E Fees <sup>(a)</sup>	\$ 1,029,000	9.4%
Campus Administration <sup>(b)</sup>	\$ 534,000	4.9%
Surveys, Tests	\$ 174,000	1.6%
Special Items <sup>(c)</sup>	\$ 217,000	2.0%
Contingency	\$ 512,000	4.7%
<b>Total</b>	<b>\$10,975,000</b>	<b>100%</b>
Group 2 & 3 Equipment	\$ 265,000	
<b>Total Project</b>	<b>\$11,240,000</b>	

**Statistics**

Gross Square Feet (GSF) <sup>(d)</sup>	35,690
Assignable Square Feet (ASF) <sup>(d)</sup>	24,985
Ratio ASF/GSF (%) UC	70%
Building Cost/GSF <sup>(d)</sup>	\$218
Building Cost/ASF <sup>(d)</sup>	\$311

**Comparable University Projects at CCCI 4267**

<u>CIB Dated</u>	<u>UC Campus</u>	<u>Project Name</u>	<u>Building Cost/gsf</u>	<u>Ratio gsf/asf</u>
6/28/00	Santa Barbara	Recreation Center Expansion	\$195	67%
4/5/00	Davis	Activities and Recreation Center	\$208	74%

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

(b) Campus administration includes project management and inspection.

(c) Special items include independent structural and historical reviews; hazardous materials survey/monitoring; acoustic, theater, audio visual, interior, color, roofing, graphics, lighting, multi-media and telecommunications consultants; planning and environmental; agency review; and moving costs.

(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.

June 2004