



OFFICE OF THE PRESIDENT

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April 5, 2006

**ACTION UNDER PRESIDENT'S AUTHORITY- AMENDMENT OF THE BUDGET  
FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM  
AND APPROVAL OF EXTERNAL FINANCING FOR SAN MIGUEL FIRE SAFETY  
AND REPAIR, SANTA BARBARA CAMPUS**

It is recommended that:

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

- (1) The President amend the 2005-06 Budget for Capital Improvements and the Capital Improvement Program to include the following changes:

Santa Barbara: San Miguel Fire Safety and Repair - preliminary plans, working drawings, construction, and equipment -- \$8,700,000 to be funded from external financing.

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

- (2) The President be authorized to obtain financing not to exceed \$8,700,000 to finance the San Miguel Fire Safety and Repair 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. Repayment of the debt for the San Miguel Fire Safety and Repair shall be from the Santa Barbara campus share of the University of California Housing System Net Revenues; 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 is attached.

KEYCapital Improvement Program Abbreviations

<b>S</b>	Studies
<b>P</b>	Preliminary Planning
<b>W</b>	Working Drawings
<b>C</b>	Construction
<b>E</b>	Equipment
<b>-</b>	State (no abbreviation)
<b>F</b>	Federal Funds
<b>G</b>	Gifts
<b>HR</b>	Hospital Reserve Funds
<b>I</b>	California Institutes for Science and Innovation
<b>LB</b>	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By, Interim and Bank Loans)
<b>LR</b>	Regents' Loans (Internal Loans)
<b>N</b>	Reserves other than University Registration Fee (Housing and Parking Reserves)
<b>R</b>	University Registration Fee Reserves
<b>U</b>	Regents' Appropriations (President's Funds, Educational Fund)
<b>X</b>	Campus Funds
<b>CCCI</b>	California Construction Cost Index
<b>EPI</b>	Equipment Price Index

2005-06 Budget for Capital Improvements  
And the Capital Improvement Program  
Scheduled for Regents' Allocation, Loans, Income Reserves,  
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

Campus and Project Title ( <u>Total Cost</u> )		Proposed <u>2005-06</u>
<u>Santa Barbara</u>		
San Miguel Fire Safety and Repair	P	565 LB
	W	449 LB
	C	7,086 LB
	E	600 LB

(\$8,700,000)

## DESCRIPTION

The Santa Barbara campus proposes to provide fire and life safety upgrades, and renovate the San Miguel Residence Hall comprised of two 8-story towers 50,192 asf (86,900 gsf) with 390 beds and associated support space. This project is included in the Five-Year Capital Program, Non-State and State Funds 2005-06 to 2009-10.

### *Background*

San Miguel Hall is a residence hall complex located in the southeast portion of the UC Santa Barbara campus. San Miguel Residence Hall was constructed in 1962 and underwent a large-scale renovation in 1986 as a part of the seven-phase Residence Halls Renovation Program (1986-1993). The renovation updated interiors and modernized common areas. However, a number of building components throughout San Miguel Hall, which were adequate at that time, now need to be replaced or installed as new to respond to current life safety and building code issues. Current codes would require San Miguel to have a fire sprinkler system; and the existing fire alarm system lacks battery backup and relies on separate control panels for rooms and corridors, which would not be allowed today. Public restrooms and residential floor restrooms were built before the Americans with Disability Act and are not compliant with ADA regulations.

Windows in student rooms are original to the building and are at the end of their useful life. As a result of age and deterioration, many of the window systems leak and are not consistent with current energy specifications. Also, the existing roof was installed in 1985 and is at the end of its useful life. The roof leaks in a number of places and the roof system, including drains, flashing, waterproofing components and other features, is compromised by its age. The existing elevators are original to the building. Original elevator controls and other system components and mechanical equipment are aged and suffer periodic breakdown.

### ***Project Description***

The project site is located on the south side of the Main Campus, north and east of the Campus Lagoon, west of Santa Rosa Hall, and south of the University Center. Life safety improvements would include the retrofit of both residential towers and common area spaces with a fire sprinkler system and replacement of the existing fire alarm system throughout the building with a new system. The existing Simplex fire alarm system is the oldest installation in all of the UCSB residential halls. It lacks a battery backup and relies on separate control panels for the rooms and the corridors. Replacement of the system would include new detectors throughout, modernized control system, strobe light and horn alarms per ADA requirements and battery backup.

Residential floor and public restrooms would be modified for compliance with ADA regulations. These include relocation of stalls for turning radius and sizing issues, installation of grab bars, height adjustments for sinks and other existing equipment and provision of new fixtures where necessary. Other ADA modifications to be performed involve signing and elevator cab upgrades.

Major building renovations would include replacement of the existing window systems including windows and frames, repair of spandrel panels and adjacent concrete blocks including caulking and sealing. The roofing system on the towers would be replaced; work includes stripping the existing roof, repair of drainage and sub-roofing features as necessary, and installation of a single ply roof system. Upgrade and refurbishment of the four tower elevators including replacement of original elevator controls with digital controls and refurbishment of elevator mechanical equipment as necessary, would also be undertaken. As allowed by budget, the project would provide for replacement and refurbishment of existing mechanical, electrical and plumbing fixtures and system components. The project would refurbish building interiors associated with life safety and building system renewal, as well as replace old, damaged and worn interior features.

Construction would commence in summer 2006, to be completed before the beginning of fall term 2006.

### ***CEQA Classification***

The San Miguel Fire Safety and Repair project is categorically exempt under the California Environmental Quality Act (CEQA).

### ***Financial Feasibility***

The total project cost of \$8,700,000 would be funded from external financing. The estimated annual debt service at 6.125% for 30 years is \$641,000. Repayment for the San Miguel Fire Safety and Repair debt would be from the campus's share of the University of California Housing System (UCHS) Net Revenues. UCHS Net Revenues are gross revenues minus operating expenses, used to pay debt service. Any surplus net revenues are applied to facility major maintenance or equity contributions for new facility construction.

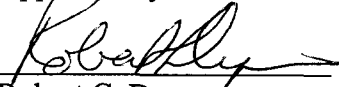
The campus has developed a rate increase strategy to meet the financial obligations associated with the housing program's capital development and seismic corrections, including this project, through the academic year 2010-11. The planned rate increases encompass the ongoing operational increases, as well as debt associated with recently approved projects and projects within the 2010-11 planning horizon. The following table summarizes the Santa Barbara Housing rental rate increase through 2010-11. There is no additional rent increase associated with this project.

Residence Hall Rental Rate				
<i>Year</i>	<i>Operating Increase</i>	<i>Increase Associated with San Clemente *</i>	<i>Increase Associated with this Project</i>	<i>Total Rate Increase</i>
2005-06	3 %	2.95%	0%	5.95%
2006-07	3 %	2.95%	0%	5.95%
2007-08	3 %	2.95%	0%	5.95%
2008-09	3 %	2.95%	0%	5.95%
2009-10	3 %	0%	0%	3%
2010-11	3 %	0%	0%	3%

\* The San Clemente Student Housing project was approved at the January 2006 Regents' meeting.

Additional financial feasibility information may be found in Attachment 2.

Approved by:

  
Robert C. Dynes  
President of the University

4/6/06  
Date

Attachments

**PROJECT STATISTICS  
SAN MIGUEL FIRE SAFETY AND REPAIR  
CAPITAL IMPROVEMENT BUDGET  
SANTA BARBARA CAMPUS  
CCCI 4597**

<b><u>Cost Category</u></b>	<b><u>Amount</u></b>	<b><u>% of Total</u></b>
Site Clearance Construction	6,013,000	74.2%
Exterior Utilities Site Development		
Fees	609,000	7.5%
A&E/PP&C	271,000	3.3%
Surveys, Tests, Plans, Specs	100,000	1.2%
Special Items	506,000	6.2%
Contingency	601,000	7.4%
<b><u>Total P-W-C</u></b>	<b>8,100,000</b>	<b>100%</b>
Group 2 & 3 Equipment	600,000	
<b>Total Project</b>	<b>\$8,700,000</b>	

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**Project Statistics**

Assignable Square Feet (ASF)	50,192
Gross Square Feet (GSF)	86,990
Building Cost/ GSF	\$69
Ratio ASF/ GSF	58%

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## ATTACHMENT 2

**SUMMARY OF FINANCIAL FEASIBILITY ANALYSIS**Project Title: San Miguel Fire Safety and Repair

<u>Total Estimated Project Cost</u>	\$ 8,700,000
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**Proposed Source of Financing**

External financing	\$ 8,700,000
Total	\$ 8,700,000

**Projected Financing Terms**

Interest rate: 6.125%    Duration: 30 years

<u>Estimated UCSB Housing Annual Revenue (2008-09)<sup>1</sup></u>	
Existing beds & dining operations at 95% occupancy	\$80,449,000

<u>Estimated UCSB Annual Operating Expenses (2008-09)<sup>1</sup></u>	
Existing facilities operating expenses	\$48,001,000

<u>Net Revenues Available for Debt Service (2008-09)<sup>1</sup></u>	\$32,448,000
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<u>Estimated Housing Debt Service (2008-09)<sup>1</sup></u>	
San Miguel Fire Safety and Repair estimated average debt service	\$641,000
Existing facility principal and interest	<u>\$22,495,000</u>
Total	\$23,136,000

<u>Estimated Surplus For Major Maintenance</u>	\$9,312,000
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<u>Debt Service Coverage</u>	1.40
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UC Housing System Information (2008-09)

Estimated average annual net revenues	\$261,897,000
Estimated average loan payments	\$177,177,000
Estimated annual surplus for major maintenance	\$84,720,000
Estimated debt service coverage	1.57X

<sup>1</sup> First year of full principal and interest payment