



OFFICE OF THE PRESIDENT

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**ACTION UNDER PRESIDENT'S AUTHORITY - AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENT AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR 2007-08 DEFERRED MAINTENANCE AND FACILITIES RENEWAL PROGRAM, LOS ANGELES CAMPUS**

It is recommended that:

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

- (1) The President amend the 2007-08 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Los Angeles: 2007-08 Deferred Maintenance and Facilities Renewal Program --  
Preliminary plans, working drawings, and construction --  
\$7,973,000 to be funded from external financing.

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

- (2) The President be authorized to obtain financing not to exceed \$7,973,000 to award construction contracts, 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 financing shall be from the Los Angeles campus share of Federal Indirect cost recovery deposited to Fund 19933, which shall be in amounts sufficient to meet the related financing requirements; and
  - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents provide certification 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 execute all documents in connection with the above.

KEY  
Capital Improvement Program Abbreviations

<b>S</b>	Studies
<b>P</b>	Preliminary Plans
<b>W</b>	Working Drawings
<b>C</b>	Construction
<b>E</b>	Equipment
<b>-</b>	State Funds
<b>F</b>	Federal Funds
<b>G</b>	Gifts
<b>HR</b>	Hospital Reserve Funds
<b>I</b>	California Institutes for Science Innovation
<b>LB</b>	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By,
<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

## DESCRIPTION

This item requests authorization of \$7,973,000 in external financing for the 2007-08 Deferred Maintenance and Facilities Renewal Program for the Los Angeles campus. These funds are needed to replace heating, ventilation, and air conditioning (HVAC) systems, building roofs, building plumbing and electrical systems, and roadway/hardscape that are beyond their life expectancy and for which further repairs are no longer cost effective. Addressing the deferred maintenance and facilities renewal problem is one of the University's highest priorities. A list of projects proposed for funding by this program is included as Attachment 2.

The projects primarily target five building and infrastructure systems: HVAC, roofing, elevators, electrical, and plumbing. HVAC renewal projects typically include replacing or retrofitting supply and exhaust fans, mixing boxes, controls, fume hood fans, condensate stations, and vacuum pumps. The work scope for electrical system renewals typically includes the replacement of the main circuit breakers and electric panel distribution boards in a campus building. Plumbing system renewals incorporate the replacement of pressure reducing stations, isolation valves and primary water mains.

### *Background*

In February 1998, The Regents approved the first year of a new approach to facilities renewal that would provide significant levels of funding over the next several years. The Regents authorized the Treasurer to sell bonds that provided \$64.8 million for deferred maintenance and capital renewal for 1998-99, with repayment of the bonds from a portion (\$6 million) of the increase over the prior year's UC general funds, specifically nonresident tuition funds. Only high priority projects with long-term benefits (minimum useful life of 15 years) to the University were eligible to be funded through this mechanism. The Regents approved the second year of this program in June 1999, and again authorized the Treasurer to sell bonds that provided an additional \$64 million for 1999-2000. As established in the first year, repayment of the bonds will come from \$6 million in nonresident tuition funds. The Regents approved the third year of this program in May 2000, and again authorized the Treasurer to sell bonds that provided an additional \$66 million for 2000-01.

The Regents approved the fourth year of this program in May 2001, authorizing the Treasurer to sell \$45 million in bonds. The fourth year of the program was allocated \$4 million of nonresident tuition. The four years of funding resulting in an infusion of almost \$240 million for capital renewal over the four-year period. A total of approximately \$22 million per year will be used to pay debt service for the four-year program.

In 2002-03, the systemwide debt-financing program for capital renewal and deferred maintenance was suspended because University funds used to support debt financing had to be redirected to offset State funding cuts. However, in order to allow individual campuses to continue to address their capital renewal and deferred maintenance needs, the University initiated a new funding program to allow campuses to direct a portion of their share of Federal Indirect Cost Recovery deposited to Fund 19933 (known internally as University General Funds) to provide long-term financing for this greatly needed program. Several campuses have participated in this program

over the five-year period 2002-03 to 2006-07, generating over \$131 million in additional funding for deferred maintenance and capital renewal needs.

This program has allowed the Los Angeles campus to address a significant number of critical deferred maintenance and capital renewal needs. By making a long-term commitment to this program, the campus has been able to leverage available funding by planning for and prioritizing projects, including large multi-year projects to renew entire building and infrastructure systems.

### ***Environmental Classification***

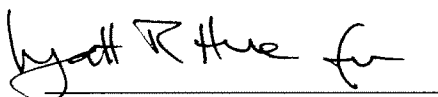
The component projects will comply with the University of California "Policy on Sustainable Practices" including those guidelines applicable to renovation projects.

### ***Financial Feasibility***

The total cost of the Los Angeles campus 2007-08 Deferred Maintenance and Facilities Renewal Program would be \$7,973,000 to be supported with external financing. A summary of the financial feasibility analysis is presented in Attachment 1.

The campus would use its share of the Federal Indirect Cost recovery deposited to campus University General Funds as the pledged source of repayment for the external financing. The projected annual debt service would be approximately \$794,000, calculated at an interest rate of 5.50% for 15 years. Total projected annual debt service from this source, including debt service for the entire Los Angeles Deferred Maintenance and Capital Renewal Program, would be \$3,904,000, with a debt service coverage ratio of 4.69x times.

Approved by:

  
Robert C. Dynes  
President of the University

8.22.07  
Date

Attachments

ATTACHMENT 1

**SUMMARY FINANCIAL FEASIBILITY ANALYSIS**

**Project Title:**

2007-08 Los Angeles Campus Deferred Maintenance and Facilities Renewal Program

**Total Estimated Program Cost:** \$7,973,000

**Proposed Source(s) of Funding:**  
External Financing \$7,973,000

**Proposed Financing Terms:**  
Interest Rate: 5.50%      Duration: 15 Years

**Pledged Source of Repayment (FY 2006-07):**  
Federal Indirect Cost Recovery  
Deposited to Campus University General Funds (19933) \$18,300,000

**Estimated Annual Expense:**  
Projected Annual Debt Service (proposed project) \$ 794,000  
Existing Annual Debt Service (Los Angeles DM Program) \$ 3,110,000  
Total Annual Expense \$ 3,904,000

Debt Service Coverage 4.69x

**University of California, Los Angeles  
2007-08 Deferred Maintenance and Facility Renewal Program  
Summary of Projects Requested for Approval**

Project No.	CAAN	Building Name/ Infrastructure System	Project Title	Project Cost (\$000)			Total Cost
				Bond	General (State)	Other	
1	4228B	Young Hall	Industrial and Domestic Hot Water Heating System Renewal	\$108,000.00	\$0.00	\$0.00	\$108,000.00
2	4250	Moore Hall	Steam System Renovation	\$270,000.00	\$0.00	\$0.00	\$270,000.00
3	Infrastructure	Throughout Campus	Underground Electrical Vaults Refurbishment, Phase II	\$108,000.00	\$0.00	\$0.00	\$108,000.00
4	4703	External Campus Wide	Campus Electrical Manhole Grounding Replacement, Phase II	\$108,000.00	\$0.00	\$0.00	\$108,000.00
5	4400	University Elementary School	Plumbing System Replacement	\$162,000.00	\$0.00	\$0.00	\$162,000.00
6	Infrastructure	Schoenberg Hall West /Hardscape	Hardscape Replacement	\$270,000.00	\$0.00	\$0.00	\$270,000.00

**The six projects listed above were approved as back-up projects in FY 06/07 but not funded**

7	4329	Reed Research Building	HVAC System Renovation	\$232,000.00	\$0.00	\$0.00	\$232,000.00
8	4213 and 4319	Dodd Hall and Law School	Condensate System Replacement	\$324,000.00	\$0.00	\$0.00	\$324,000.00
9	4335, 4319, 4228A and 4403	Schoenberg Hall, Franz Hall, Geology Building, and Boyer Hall	Hot Water Heating Control Replacement	\$205,000.00	\$0.00	\$0.00	\$205,000.00
10	4222	James West Center	HVAC System Renovation, Phase II	\$151,000.00	\$0.00	\$76,000.00	\$227,000.00
11	4203	Young Research Library	HVAC System Renovation	\$378,000.00	\$0.00	\$0.00	\$378,000.00
12	4335	Schoenberg Hall	HVAC System Renovation, Phase III	\$405,000.00	\$0.00	\$0.00	\$405,000.00
13	4579	School of Public Affairs	Air Distribution System Renovation, Phase I	\$297,000.00	\$0.00	\$0.00	\$297,000.00
14	4403	Boyer Hall	Air Distribution System Renovation, Phase I	\$238,000.00	\$0.00	\$0.00	\$238,000.00
15	4228C	Molecular Science Building	Fume Hood Control System Refurbishment, Phase II	\$324,000.00	\$0.00	\$0.00	\$324,000.00
16	4332B	Brain Research Institute	HVAC System Renovation, Phase I	\$227,000.00	\$0.00	\$0.00	\$227,000.00
17	Multiple State Funded Buildings	Throughout Campus	Fire Alarm System Replacement, Phase I	\$162,000.00	\$0.00	\$0.00	\$162,000.00

18	4577A	Melnitz Hall	Motor Control Centers Replacement	\$70,000.00	\$0.00	\$0.00	\$70,000.00
19	4580	Bunche Hall	Motor Control Centers Replacement	\$81,000.00	\$0.00	\$0.00	\$81,000.00
20	Infrastructure	Multiple Buildings	Campus Building Clock System Replacement, Phase III	\$189,000.00	\$0.00	\$0.00	\$189,000.00
21	4578	Macgowan Hall	Motor Control Centers Replacement	\$70,000.00	\$0.00	\$0.00	\$70,000.00
22	4576	Botany Building	Building Lighting Replacement	\$78,000.00	\$0.00	\$0.00	\$78,000.00
23	4228A	Geology Building	Building Lighting Replacement	\$211,000.00	\$0.00	\$0.00	\$211,000.00
24	4332G	School of Medicine Vivarium	Automatic Transfer Switch Replacement	\$108,000.00	\$0.00	\$0.00	\$108,000.00
25	4332D	School of Medicine	Electrical System Renewal	\$292,000.00	\$0.00	\$0.00	\$292,000.00
26	4329	Reed Building	Motor Control Centers Replacement	\$59,000.00	\$0.00	\$0.00	\$59,000.00
27	4590	West Medical Steam Plant	Motor Control Centers Replacement	\$108,000.00	\$0.00	\$0.00	\$108,000.00
28	NA	Throughout Campus	Campus Water Feed Replacement, Phase III	\$216,000.00	\$0.00	\$0.00	\$216,000.00
29	Infrastructure	Throughout Campus	Storm and Sewer Ejector System Renewal, Phase II	\$162,000.00	\$0.00	\$0.00	\$162,000.00
30	4320	Life Science Building	Plumbing System Replacement	\$270,000.00	\$0.00	\$0.00	\$270,000.00
31	4562	Southern Regional Library	Campus Fire Header Sets Replacement	\$81,000.00	\$0.00	\$0.00	\$81,000.00
32	4320, 4202, 4335	Life Science Building, Perloff Hall, Schoenberg Hall	Campus Fire Sprinkler Head Replacement	\$81,000.00	\$0.00	\$0.00	\$81,000.00
33	4331	School of Medicine Vivarium	Plumbing System Renewal	\$81,000.00	\$0.00	\$0.00	\$81,000.00
34	4250	Moore Hall	Plumbing System Renewal	\$216,000.00	\$0.00	\$0.00	\$216,000.00
35	4332B	Brain Research Institute	Freight and Passenger Elevator Renovation	\$173,000.00	\$0.00	\$0.00	\$173,000.00
36	4335	Schoenberg Hall	Stage Lift Renovation	\$194,000.00	\$0.00	\$0.00	\$194,000.00
37	4228B	Young Hall	General Assignment Classroom Renewal	\$356,000.00	\$0.00	\$0.00	\$356,000.00
38	4578	Macgowan Hall	Set Design Classroom Renewal	\$305,000.00	\$0.00	\$0.00	\$305,000.00

39	Infrastructure	Franz Hall Northeast	Hardscape Replacement	\$176,000.00	\$0.00	\$0.00	\$176,000.00
40	Infrastructure	Perloff Hardscape	Hardscape Replacement	\$351,000.00	\$0.00	\$0.00	\$351,000.00

**Sub Total** **\$7,897,000.00** **\$0.00** **\$76,000.00** **\$7,973,000.00**

**The following projects are back up projects**

41	4335	Schoenberg Hall	Plumbing System Renewal	\$216,000.00	\$0.00	\$0.00	\$216,000.00
42	4228B	Young Hall-West Wing	Plumbing System Renewal	\$108,000.00	\$0.00	\$0.00	\$108,000.00
43	Infrastructure	Bunche Hardscape	Hardscape Replacement, Phase I	\$486,000.00	\$0.00	\$0.00	\$486,000.00
44	4290	Mira Hershey Hall	Roof Replacement, Phase II	\$300,000.00	\$0.00	\$0.00	\$300,000.00

**Total for Back Up Projects:** **\$1,110,000** **\$0** **\$0** **\$1,110,000**

**Total for 2007-08 Projects:** **\$7,897,000** **\$0** **\$76,000** **\$7,973,000**

**Grand Total:** **\$9,007,000** **\$0** **\$76,000** **\$9,083,000**

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