



OFFICE OF THE PRESIDENT

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May 21, 2008

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

**ACTION BY CONCURRENCE--AMENDMENT OF THE BUDGET FOR CAPITAL
IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF
STAND-BY FINANCING, CHS PARKING E CLINICAL RESEARCH/BIOMARKER SEISMIC
RENOVATION, LOS ANGELES CAMPUS**

EXECUTIVE SUMMARY

Campus:	Los Angeles
Project:	CHS Parking E Clinical Research/Biomarker Seismic Renovation
Action:	Approval of project budget for \$12,800,000
Total cost:	\$12,800,000 to be funded from gift funds (\$10,000,000) and campus funds (\$2,800,000)
Previous Actions:	None
Project Summary:	The Los Angeles campus proposes to renovate seismically rated "Poor" space in the occupied portion of CHS Parking Structure E (PS-E) for use by the outpatient Clinical Research and Biomarkers Center.
Issues:	<ul style="list-style-type: none">• Stand-by financing of \$10,000,000 is needed to conform to Regental policy that all funds be in hand at the time of bid. A pledged gift for the same amount will be collected by 2010.• This project is currently included as part of the Five-Year Capital Program, Non-State and State Funds.

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: CHS Parking E Clinical Research/Biomarker Seismic Renovation - preliminary plans, working drawings, construction, and equipment - \$12,800,000, to be funded from gift funds (\$10,000,000) and campus funds (\$2,800,000).
- (2) The President approve and authorize stand-by financing not to exceed \$10,000,000 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 any debt shall be from gift funds. If gift funds are insufficient, and some or all of the debt remains outstanding, then the Los Angeles campus' share of the University Opportunity Fund shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing; 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.

(Attachment)

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)		Proposed 2007-08	
<u>Los Angeles</u>			
CHS Parking E	P	\$703,000	X
Clinical Research/	W	\$616,000	X
Biomarker Seismic	C	\$381,000	X
Renovation	C	\$10,000,000	G
	E	\$1,100,000	X
(\$12,800,000)			

DESCRIPTION

The Los Angeles campus proposes to renovate 16,606 asf (23,294 gsf) of seismically rated "Poor" space in the occupied portion of CHS Parking Structure E for use by the outpatient Clinical Research and Biomarkers Center at a total project of cost \$12,800,000 to be funded by gift funds (\$10,000,000) and campus funds (\$2,800,000).

Background

CHS Parking Structure E Facility

The CHS Parking Structure E (PS-E), located on Tiverton Avenue at the eastern edge of the Center for the Health Sciences (CHS), is a 95,116 gsf facility built in 1967. The Emergency Department and other hospital-related functions currently occupy 16,606 asf (23,294 gsf) on two levels at the north end of the structure, which includes two levels of covered parking and a level of rooftop parking. All of the occupied space would be vacant following the completion of the Westwood Replacement Hospital in 2008. The space is accessible to patients, and has close proximity to clinical faculty, research laboratories and clinical pathology laboratory functions in the CHS complex.

PS-E is an L-shaped reinforced concrete structure with insufficient reinforcement in its columns and a significant deficiency of strength and stiffness at its south end. These deficiencies would result in a poor torsion response during a seismic event that could lead to significant damage and partial collapse. The structure currently has a seismic rating of "Poor."

The proposed project would be the first seismic upgrade and program improvement project in the CHS after the medical center vacates the complex. At this time, the classification of the buildings would change from hospital occupancy to a high-rise occupancy, necessitating fire/life safety upgrades and accessibility

improvements to comply with code. In November 2006, the campus received a major pledge from Dajit S. and Elaine Sarkaria to renovate PS-E for clinical biomarkers research.

General Clinical Research Center

The General Clinical Research Center at UCLA (GCRC) was established in 1972 to provide medical scientists with the resources necessary to conduct clinical research studies on healthy subjects and patients with a disease. Diseases under study are broad and varied and include metabolic, cardiovascular, pulmonary, gastrointestinal, bone and muscle disorders, cancer, and degenerative diseases (Alzheimer's, Parkinson's), and a variety of neuropsychiatric disorders. GCRC is administered by the School of Medicine and provides multi-disciplinary training, career development and research support relating to clinical research at UCLA. It serves more than 150 investigators from all departments of the UCLA health care system.

GCRC occupies approximately 5,396 asf in the Center for the Health Sciences (CHS). It accommodates both in- and out-patients in a facility consisting of double occupancy examination rooms, procedure rooms, a nurse's station, a core sample processing laboratory and food service rooms, as well as nursing, dietary and administrative offices. The amount and configuration of the space, located along double-loaded corridors on multiple floors, does not provide appropriate space where out-patients can be received, interviewed and undergo simple medical procedures. After the in-patient unit relocates to the Westwood Replacement Hospital in 2008, the existing facility would still be inadequately sized to accommodate a projected volume of 16,000 out-patient visits per year, up from 11,000 peak visits in 2004.

The core sample processing laboratory also needs upgrading to support recent advances in molecular and medical technology. In contrast to current medical practice of tabulating clinical syndromes and relating them to a set of treatments, therapy would be directed at targets that are specific for the disease and for the patient, i.e., personalized medicine. This approach would involve the ability to identify the appropriate target in an individual with a disease that could lead to the discovery of a "biomarker" of the disease - a protein in a body fluid or tissue, a specific finding on imaging, or a combination of several parameters. It is expected that most diseases would eventually be defined and treated utilizing disease biomarkers, leading to useful and marketable advances in molecular medicine that would transform medical practice. An upgraded laboratory would provide testing for research subjects at UCLA, the UCLA Medical Center's regional affiliates, and collaborating research institutions throughout the country.

Project Description

The proposed project would renovate 16,606 asf (23,294 gsf) of seismically rated "Poor" space on both occupied levels of CHS Parking Structure E for use by the outpatient Clinical Research and Biomarkers Center. The project would include structural corrections, fire/life safety, accessibility upgrades, and program improvements.

Structural corrections would involve fiber wrapping of the columns within the occupied space on each level to increase their confinement and ductility. Concurrently, under a separate Chancellor-approved project to be funded with Parking Reserves, a concrete shear wall, drag beam and footing would be constructed at the south end of the parking structure, and the columns in that portion of the structure would be fiber wrapped. Both projects would brace non-structural elements including mechanical equipment,

ducting and piping, and relocate equipment and utilities in the way of the proposed work. Upon completion of both projects, the seismic rating of PS-E would be upgraded to "Good."

Fire/life safety improvements would involve replacement of the fire sprinkler and fire alarm systems, provision of illuminated exit signs, and installation of fire-rated doors and smoke dampers. A new fire alarm panel would be installed under the separate State-funded School of Medicine High-Rise Fire Safety Phase 1 project. An one-hour fire-rated occupancy separation would be provided between the new biomarkers laboratory and adjacent uses. Accessibility improvements would include renovation of existing visitor and staff toilet rooms, removal and replacement of a drinking fountain, installation of code-compliant signage, replacement of door hardware and upgrades to stairwell handrails and landings.

Program improvements would include provision of examination, procedure, infusion and interview rooms; related patient care, patient lounge, staff offices, and reception/waiting space; and a core biomarker research laboratory for the analysis of samples collected from research subjects. The scope of work would involve modifications to partitions and building systems to accommodate the program, and the addition of patient toilet rooms, exam room sinks, fume hoods, medical utilities, a dumb waiter, lockers, signage, casework, window covering and finishes; provision of upgraded finishes and casework in the reception/waiting area; and installation of exterior signage.

Construction would commence in August 2009 with completion by August 2010.

Policy on Sustainable Practices

This project will comply with the *University of California Policy on Sustainable Practices*. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements, and achieve a minimum UC-equivalent LEEDTM CI certified rating.

CEQA Classification

In accordance with the California Environmental Quality Act (CEQA), this project is classified as Categorical Exemption under CEQA Guidelines Section 15301, Class 1, Existing Facilities.

Financial Feasibility

The total project cost of \$12,800,000 at CCCI 5766 would be funded by gift funds (\$10,000,000) and campus funds (\$2,800,000). As of March 1, 2008, the gift campaign status is as follows:

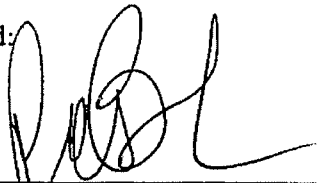
Cash gifts received	\$0
Pledge received	\$10,000,000
Gifts to be raised	<u>\$0</u>
Total	\$10,000,000

It is expected that the pledged gift funds of \$10,000,000 will be collected by 2010 in accordance with the terms of the gift. Approval of stand-by financing of \$10,000,000 is requested to meet the Regents' requirement to have funds on hand at bid award. To the extent the campus obtains gift funds, the drawdown against the stand-by financing would be reduced or outstanding balances would be prepaid.

Repayment of any debt shall be from gift funds. If gift funds are insufficient, and some or all of the debt remains outstanding, then the Los Angeles campus' share of the University Opportunity Fund shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing. The external financing will be paid from specific revenue sources specified in the external financing documents; therefore, the general credit of The Regents will not be pledged.

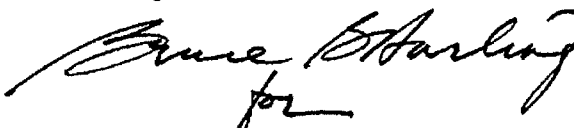
Additional financial information may be found on Attachment 2.

Approved:



Richard C. Blum
Chairman of the Board

Joanne C. Kozberg
Chairman of the Committee on Grounds and
Buildings



Robert C. Dynes
President of the University

(Attachments)

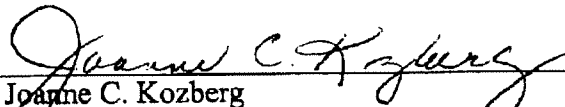
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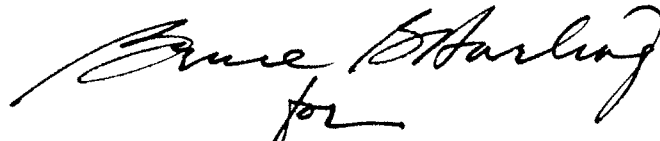
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A handwritten signature in black ink, appearing to read "Robert C. Dynes", written over a horizontal line.

Robert C. Dynes
President of the University

(Attachments)

**PROJECT STATISTICS
CHS PARKING E
CLINICAL RESEARCH/BIOMARKER SEISMIC RENOVATION
CAPITAL IMPROVEMENT BUDGET
LOS ANGELES CAMPUS
CCCI 5766**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance		
Building	\$8,727,000	74.6%
Exterior Utilities		
Site Development		
A/E Fees ^(a)	886,000	7.6%
Campus Administration ^(b)	445,000	3.8%
Surveys, Tests	228,000	1.9%
Special Items ^(c)	610,000	5.2%
Contingency	804,000	6.9%
Total	\$11,700,000	100%
Group 2 & 3 Equipment	1,100,000	
Total Project	\$12,800,000	

Statistics

Gross Square Feet (GSF) ^(d)	23,294
Assignable Square Feet (ASF) ^(d)	16,606
Ratio ASF/GSF (%) UC	71%
Building Cost/GSF ^(d)	\$375
Building Cost/ASF ^(d)	\$526

(a) Fees include executive architect, other professional design contract costs reflecting renovations in a difficult space.

(b) Campus administration includes project management and inspection.

(c) Special items include pre-design study, specialty consultants, agency review, hazardous materials monitoring, independent cost estimate, structural peer review, mechanical/electrical/plumbing peer review, and messenger totaling \$410,000; and interest expense totaling \$200,000.

(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.

ATTACHMENT 2

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Project Title: CHS Parking E Clinical Research/Biomarker Seismic Renovation

Total Estimated Project Cost \$12,800,000

Proposed Sources of Funding

Gift funds	\$10,000,000
Campus funds	<u>2,800,000</u>
Total	\$12,800,000

Proposed Financing Terms

Stand-by Financing: \$10,000,000

Interest Rate: 7.0%

Pledge Source of Repayment (FY 2012-13)¹:

Opportunity Fund Allocated	\$49,777,000
Garamendi Debt Service and OMP	<u>8,523,000</u>
Total Estimated Annual Revenue	\$58,300,000

Campus Debt Service	\$20,397,000
Garamendi Debt Service and OMP Expenditures	<u>8,523,000</u>
Total Estimated Annual Expenses	\$28,920,000

Percentage of Opportunity Funds Pledged for Debt 49.6%

Debt Service Coverage 2.02X

1. First full year of principal and interest payments