



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>

December 13, 2007

**ACTION UNDER PRESIDENT'S AUTHORITY - AMENDMENT OF 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 2007-08 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)

(Additions shown in **bold**; deletions shown in strikeout)

- (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. **As long as this debt is outstanding, University of California Housing System (UCHS) fees for the Santa Barbara campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing; and** ~~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 are attached.

(Attachments)

KEY
Capital Improvement Program Abbreviations

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

2007-08 Budget for Capital Improvements
and Capital Improvement Program
Scheduled for Regents' Allocation, Loans, Income Reserves,
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

Campus and Project Title (Total Cost)	Approved <u>2005-06</u>
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Santa Barbara

San Miguel Fire Safety and Repair	P	565	LB
	W	449	LB
	C	7,086	LB
	E	600	LB

(\$8,700,000)

DESCRIPTION

A technical amendment of the Presidential action is being requested. The project budget and the related external financing were approved under Presidential authority in April 2006. Upon review of the source of repayment by outside bond counsel, it was requested that such language be modified to the standard language that is currently used for UCHS projects. The new standard language provides for fees to be set at levels sufficient to pay debt service and to meet other related financing requirements, which modifies the previous language which referenced payment from net revenues. This is solely a technical change to conform the authorizing language with the external financing structure and does not affect the project scope nor the amount of the external financing.

The remainder of the prior Presidential Action remains in full effect and as originally approved.

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 the time of renovation, now needs to be replaced or installed as new to respond to current life safety and building code requirements. 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 (ADA) and are not compliant with ADA regulations that would be applicable to new construction.

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. Windows are also not consistent with current energy specifications. The existing roof was installed in 1985 and is at the end of its useful life. It 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 the building, a modernized control system, strobe light and horn alarms per accessibility standards, and battery backup.

Residential floor and public restrooms would be modified for compliance with ADA regulations applicable to new construction. This includes relocation of stalls to address 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 accessibility modifications to be performed involve signage and elevator cab upgrades.

Major building renovations would include replacement of the existing window systems, including windows and frames, and repair of spandrel panels and adjacent concrete blocks, including caulking and sealing. The roofing system on the towers would be replaced, which 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 would also be undertaken, including replacement of original elevator controls with digital controls and refurbishment of elevator mechanical equipment as necessary. 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 on the life safety improvements and accessibility standards was completed in fall 2006; the refurbishment of elevator equipment is ongoing and expected to be completed in fall 2008.

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 5.75% for 30 years is \$615,000. As long as this debt is outstanding, University of California Housing System fees for the Santa Barbara campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing. UCHS Net Revenues are gross revenues minus operating expenses and are used to pay debt service. Any surplus net revenues are applied to major facility 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 are no additional rent increases 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 on Attachment 2.

Approved by:


Robert C. Dynes
President of the University

12/14/07
Date

Attachments

ATTACHMENT 1

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

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

Project Statistics

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

ATTACHMENT 2

SUMMARY OF FINANCIAL FEASIBILITY ANALYSIS

Project Title: San Miguel Fire Safety and Repair

Total Estimated Project Cost \$ 8,700,000

Proposed Source of Financing

External financing \$ 8,700,000

Total \$ 8,700,000

Projected Financing Terms

Interest rate: 5.75% Duration: 30 years

Estimated UCSB Housing Annual Revenue (2008-09)¹

Existing beds & dining operations at 95% occupancy \$80,449,000

Estimated UCSB Annual Operating Expenses (2008-09)¹

Existing facilities operating expenses \$48,001,000

Net Revenues Available for Debt Service (2008-09)¹

\$32,448,000

Estimated Housing Debt Service (2008-09)¹

San Miguel Fire Safety and Repair estimated average debt service \$615,000

Existing facility principal and interest 22,495,000

Total \$23,110,000

Estimated Surplus For Major Maintenance

\$9,338,000

Debt Service Coverage

1.40

UC Housing System Information (2008-09)

Estimated average annual net revenues \$288,192,000

Estimated average loan payments \$174,050,000

Estimated annual surplus for major maintenance \$114,142,000

Estimated debt service coverage 1.65X

¹ First year of full principal and interest payment