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April 15, 2009

**CHAIR OF THE BOARD  
CHAIR 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 EXTERNAL FINANCING, 3200 REGATTA RENOVATION, BERKELEY CAMPUS**

**EXECUTIVE SUMMARY**

Campus: Berkeley

Project: 3200 Regatta Renovation

Action: Approval of project budget of \$16,900,000 and external financing

Total Cost: \$16,900,000 funded from external financing (\$15,100,000) and campus funds-campus real estate reserve funds (\$1,800,000).

Previous Actions: None

Project Summary: The Berkeley campus proposes to renovate approximately 101,350 asf of warehouse, storage, museum collection storage, and office space in the building located at 3200 Regatta Boulevard, Richmond, California

It is recommended that:

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

- (1) The President, subject to concurrence of the Chair of the Board and the Chair of the Committee on Grounds and Buildings, authorize that the Budget for Capital Improvements and the Capital Improvement Program include the following project:

Berkeley:        3200 Regatta Renovation - preliminary plans, working drawings, and construction - \$16,900,000 to be funded from external financing (\$15,100,000) and campus funds-campus real estate revenues (\$1,800,000).

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

- (2) The President be authorized to obtain external financing not to exceed \$15,100,000 to finance the 3200 Regatta Renovation project. The President requires that:
  - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - b. As long as the debt is outstanding, the Berkeley campus will receive as rent from building tenants amounts sufficient to pay the debt service and meet the related requirements of the authorized financing;
  - c. The general credit of the Regents shall not be pledged.
- (3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

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

<u>(Total Cost)</u>	<u>Proposed</u> <u>2008-09</u>	
<u>Berkeley</u>		
3200 Regatta		
Renovation	P	\$ 1,025,000 External Financing
	W	\$ 850,000 External Financing
	C	\$13,225,000 External Financing
	C	\$ 1,800,000 Campus Funds
(\$16,900,000)		

**DESCRIPTION**

The Berkeley campus requests approval of the 3200 Regatta Renovation project at a total project cost of \$16,900,000 to be funded from external financing of \$15,100,000 and campus funds (campus real estate revenues) of \$1,800,000. This project would renovate 101,350 asf of the 3200 Regatta Boulevard building in Richmond, California for warehouse, storage areas, and office uses.

***Background and Statement of Need***

In January 2007, the Regents approved the sale and leaseback of the 6701 San Pablo Avenue building and the purchase of two buildings located at 3200-3300 Regatta Boulevard in Richmond (adjacent to the Richmond Field Station). The Berkeley campus subsequently purchased the 3200-3300 Regatta Boulevard property in July 2007 for \$28,900,000 plus closing costs. The property contains two single-story warehouse buildings; the 3200 building where the project would be located is 379,700 asf (380,461 gsf), and the smaller 3300 building is 29,324 asf (29,936 gsf). The purchase enhanced the potential for the future development of the Richmond Field Station and would meet the campus' storage and archival needs in one centralized and efficient location.

Forty-five percent of the total space of 3200 Regatta is being leased to non-University tenants. As finances permit, the future expiration of those leases will allow for further expansion into those spaces by the campus for museum collections and research needs.

The Berkeley campus holds in trust numerous artifacts of cultural, historical, and academic value. At present, these are scattered in several locations, a number of which are not adequate for long-term preservation. The proposed renovation project would address accreditation requirements for the Phoebe A. Hearst Museum of Anthropology and the Berkeley Art Museum/Pacific Film Archive and meet the storage needs of each museum collection. The need for remote storage is more critical than ever as the campus continues to make use of every available central campus space for instruction and research. The campus central receiving and off-site departmental storage functions under the

Business Services unit are currently located at two separate locations within lease space at 6701 San Pablo building. This unit would be relocated to the 3200 Regatta Boulevard, providing better efficiency of their services.

### ***Project Description***

The proposed 3200 Regatta renovation project would renovate 101,350 asf of the total 379,700 asf within the one-story concrete “tilt-up” warehouse. The scope of the project involves the relocation of two different units: 1) the museum collections of 45,350 asf and 2) the property management central receiving and storage unit of 56,000 asf.

The project would provide site utilities, phone and data infrastructure, common and support areas such as restrooms and conference rooms, as well as security to support these programs. Exterior work would include development of a loading dock to serve the occupants. Work also includes fire and energy code-mandated upgrades, including fire protection (fire sprinklers and fire alarm system), and accessibility improvements to comply with the Americans with Disability Act. The scope of the work includes specialized moving of the museum collections, as well as standard moving of property management storage, and installation of new shelving for the museum collections.

### **Museum Collection**

The project would relocate the programs listed in Table 1. The scope of work in the museum collections area includes new perimeter full-height partitions, and installation of ceiling, and waterproofing. Specialized work includes installation of temperature and humidity controls to address the film storage needs of the Berkeley Art Museum and Pacific Film Archive, as well as the nitrate film storage, which is part of the Bancroft Library collection. The nitrate film (photographic negatives) is stored in an explosion proof environment of freezers that are monitored by an alarm system and backed up by an emergency generator. Air conditioning and temperature controls regulating the room will mitigate any potential danger from the heat from the operation of the freezers. In addition, the room where the freezers will be located will have a two-hour fire rating and a blow-out panel on the exterior wall for explosion-proof construction. The UC Berkeley campus Fire Marshal has been involved in the development of the design for the storage of the nitrate film, and the project design and construction will satisfy all fire code and campus Fire Marshal requirements. Heating and ventilation would be installed in the remainder of the storage space, workrooms and common areas. Mechanical cooling systems would be provided for the film storage space with provision for expansion to other collections as funding is identified. The design is intended to provide flexibility so that collections can upgrade and expand their spaces as demand and funding warrant.

**Table 1  
Museum Collections  
Space Allocation by Program**

<b>Program</b>	<b>Assignable Square Feet</b>
Berkeley Art Museum/Pacific Film Archive (BAM/PFA)	18,000
Phoebe A. Hearst Museum of Anthropology	15,000
The Bancroft Library	6,500
College of Environmental Design Archives	5,000
University of California Museum of Paleontology	850
<b>Total ASF</b>	<b>45,350</b>

**Property Management, Central Receiving and Storage**

The project would also house the programs listed in Table 2. The Property Management, Central Receiving and Storage administrative programs would be housed in an existing office area with no layout alteration. Central Receiving is the freight consignee for the Berkeley campus and is responsible for centralized shipping, receiving and distribution services for all campus departments and the Office of the President. In 2008, the unit received and delivered over 25,000 parcels weighing approximately 900 tons. The overall work includes construction of two new offices to accommodate the “Cal Overstock” and “Surplus Den” functions, a public restroom, and installation of a chain link fencing system to separate different storage needs for departmental storage.

**Table 2  
Property Management, Central Receiving and Storage  
Space Allocation by Type of Space**

<b>Property Management</b>	<b>Assignable Square Feet</b>
Property Management Administrative Office	4,500
Cal Overstock and Surplus Den	7,000
Loading Dock and Delivery Staging Area	12,000
Storage: including Secure Departmental, Event Pallet and Surge Storage Areas	32,500
<b>Total ASF</b>	<b>56,000</b>

Construction is expected to begin in July 2009, with completion in December 2009.

***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.

***CEQA Classification***

This project has been classified "categorically exempt" in accordance with the California Environmental Quality Act (CEQA) and the University of California Procedures for the Implementation of CEQA.

***Financial Feasibility***

The total project of \$16,900,000 would be funded from external financing of \$15,100,000 and campus funds (campus real estate revenues) of \$1,800,000. External financing of \$15,100,000 amortized over 30 years at a planning rate of 6.25 percent, results in an estimated annual debt service of \$1,127,000.

The campus is pledging a combination of revenues from building tenants: 1) net rent revenue from third-party and campus tenants generated by 3200-3300 Regatta Boulevard and 2) net third-party rent revenue generated by tenants at 2440 Bancroft, a three-story office building with ground floor retail located on Bancroft Way directly across from the Berkeley campus. The property was purchased by the campus in August 2007.

In fiscal year 2011-12, the anticipated first full year of principal and interest payments, the combined revenue from all stated sources is estimated to be \$1,700,000, resulting in estimated debt service coverage of 1.33 times.

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 is shown in Attachment 2. .

Approved:

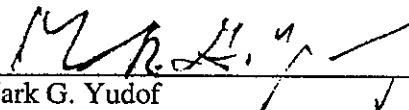


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Richard C. Blum  
Chair of the Board

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Leslie T. Schilling  
Chair of the Committee on Grounds and Buildings



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Mark G. Yudof  
President of the University

Attachments

Fax to: Tricia Lyall  
5109879224

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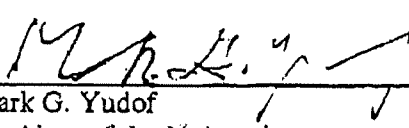
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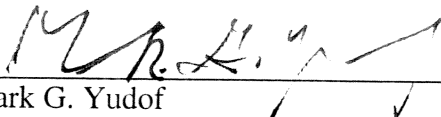
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Richard C. Blum  
Chair of the Board

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Mark G. Yudof  
President of the University



**PROJECT STATISTICS  
3200 REGATTA RENOVATION  
CAPITAL IMPROVEMENT BUDGET  
BERKELEY CAMPUS  
CCCI 5507**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$ 0	0%
Building	11,730,000	69.4%
Exterior Utilities	500,000	3.0%
Site Development	150,000	0.9%
A/E Fees	595,000	3.5%
Campus Administration <sup>(a)</sup>	470,000	2.8%
Surveys, Tests	78,000	0.5%
Special Items <sup>(b)</sup>	2,827,000	16.7%
Contingency	550,000	3.3%
<b>Total</b>	<b>\$16,900,000</b>	<b>100%</b>
Group 2 & 3 Equipment	0	
<b>Total Project</b>	<b>\$16,900,000</b>	

**Statistics**

Gross Square Feet (GSF) <sup>(c)</sup>	n/a
Assignable Square Feet (ASF) <sup>(c)</sup>	101,350
Ratio ASF/GSF (%) UC	--%
Building Cost/ASF <sup>(c)</sup>	\$115.74

**Comparable University Projects at CCCI 5507**

Comparison projects are not included due to the unique and complex nature of this project.

- (a) Campus administration includes project management and inspection.
- (b) Special items include advanced planning, hazardous materials assessment, moving costs, and interest during construction.
- (c) Gross square feet (GSF) are the total area, including usable area, and space occupied by the structure itself. Assignable square feet (ASF) is the net usable area.

ATTACHMENT 2

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

**Project Title:** 3200 Regatta Renovation

**Total Estimated Amount of Funding:** \$ 16,900,000

**Proposed Source(s) of Funding:**

External financing	\$ 15,100,000
Campus funds-campus real estate funds	<u>1,800,000</u>
Total	\$ 16,900,000

**FINANCING SUPPORTED BY THIRD PARTY LEASE REVENUE**

Interest rate of 6.25% for 30 years \$ 15,100,000

**Pledge Source of Repayment (2011-12)<sup>1</sup>:**

Estimated Rental Revenue from 3200 Regatta	\$ 1,422,000
Estimated Third-party Rental Revenue from 2440 Bancroft	265,000
Estimated Operating Expense	<u>(184,000)</u>
Estimated net third party lease revenue	\$ 1,503,000

Proposed Debt Service \$ 1,127,000

Debt Service Coverage 1.33x

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