



1111 Franklin Street  
Oakland, CA 94607-5200  
Phone: (510) 987-9074  
Fax: (510) 987-9086  
<http://www.ucop.edu>

March 3, 2009

**ACTION UNDER PRESIDENT'S AUTHORITY - AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENT AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, 2009-2011 STATEWIDE ENERGY PARTNERSHIP PROGRAM, BERKELEY CAMPUS**

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2008-09 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Berkeley: 2009-2011 Statewide Energy Partnership Program -- preliminary plans - \$514,000 to be funded from external financing.

**Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)**

- (2) The President approve external financing not to exceed \$514,000 to finance the preliminary plans for the Statewide Energy Partnership Program. 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's share of State operating funds (as provided for under terms set forth in Provision 2 of Item 6440-001-0001 of Section 2.00 of the 2008 Budget Act) shall be used to pay 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 execute all documents in connection with the above.

## DESCRIPTION

In November 2008, the Regents delegated authority to the President to obtain external financing for preliminary planning for the 2009-2011 Statewide Energy Partnership Program (Partnership), a program through which the State's investor-owned utilities will pay the University incentive grants for energy conservation projects. The Berkeley campus requests approval of \$514 thousand from external financing for preliminary planning and engineering ("P"), pursuant to this delegation of authority. The requested financing is needed to allow the campus to proceed with planning for projects that need to be implemented immediately once full budget approval is obtained from the Regents. Waiting to proceed with this preliminary planning and engineering until full budget approval is secured would significantly delay the start of these energy projects and thus jeopardize the campus' ability to meet its 2009 energy savings commitment.

The Berkeley campus is participating in the Partnership with over 150 projects totaling over \$24 million, for which the investor-owned utilities are expected to provide approximately \$9 million of incentive grants. These projects are expected to generate an estimated \$4 million in annual energy savings for the campus.

### *Project Description*

Approval of this action will allow the campus to proceed with preliminary planning and engineering for a number of lighting, HVAC, and monitoring-based commissioning projects, as well as PC power management and appliance replacement, in State-supported facilities across the campus. The planning funds will be used to complete preliminary planning for approximately \$3.4 million worth of projects, projects identified in the campus Strategic Energy Plan for implementation when the Regents approve the full budget for the program. A summary of the projects requiring preliminary funding and their total estimated cost is included in Attachment 1.

### *Policy on Sustainable Practices*

The projects 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.

### *Environmental Classification*

Prior to approving the proposed projects, the University will comply with the California Environmental Quality Act and University Guidelines for the Implementation of CEQA, as necessary.

### *Financial Feasibility*

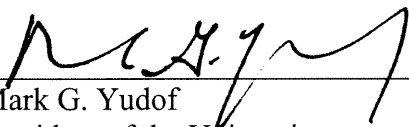
The requested funding for preliminary planning of \$514 thousand, including \$14 thousand for financing costs, will be externally financed with State operating funds, pursuant to Provision 2 of Section 6440-001-0001 of the State Budget Act. Based on long-term debt of \$514 thousand,

amortized over 15 years at 5.75 percent interest, the annual debt service is estimated at \$52 thousand.

For each campus fund source, annual debt service on the portfolio of projects is not to exceed 85 percent of the energy savings gained from the financed projects. This threshold ratio is intended to ensure that for each campus fund source annual energy savings from projects implemented through the Partnership will be greater than the debt service required to finance the projects, thus ensuring that State operating funds will 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.

Approved by:

  
\_\_\_\_\_  
Mark G. Yudof  
President of the University

3/3/09  
Date

Attachments

**UNIVERSITY OF CALIFORNIA**  
**2009-2011 Statewide Energy Partnership Program**  
*Summary of Projects Requiring Preliminary Planning Funding*

Campus: **BERKELEY**

	<b>Building Name</b>	<b>Project Title</b>	<b>Estimated Project Cost</b>
1	Dwinelle Hall	<i>Monitoring Based Commissioning (MBCx)</i>	260,000
2	Hearst Mining Bldg	<i>Monitoring Based Commissioning (MBCx)</i>	120,000
3	Latimer Hall	<i>Monitoring Based Commissioning (MBCx)</i>	310,000
4	Le Conte Hall	<i>Monitoring Based Commissioning (MBCx)</i>	130,000
5	Life Sciences Addition	<i>Monitoring Based Commissioning (MBCx)</i>	345,000
6	McCone Hall	<i>Monitoring Based Commissioning (MBCx)</i>	210,000
7	Minor Addition	<i>Monitoring Based Commissioning (MBCx)</i>	150,000
8	University Hall	<i>Monitoring Based Commissioning (MBCx)</i>	130,000
9	Hearst Mining Bldg	<i>HVAC (SP Reset, CAV to VAV, VIV to VAV, Rebalance, Controls)</i>	65,000
10	Le Conte Hall	<i>HVAC (SP Reset, CAV to VAV, VIV to VAV, Rebalance, Controls)</i>	10,000
11	University Hall	<i>HVAC (SP Reset, CAV to VAV, VIV to VAV, Rebalance, Controls)</i>	240,000
12	Dwinelle Hall	<i>Lighting</i>	622,000
13	Hearst Mining Bldg	<i>Lighting</i>	160,000
14	Le Conte Hall	<i>Lighting</i>	245,000
15	Minor Addition	<i>Lighting</i>	90,000
16	University Hall	<i>Lighting</i>	345,000
		<b>TOTAL</b>	<b>3,432,000</b>

**SUMMARY FINANCIAL FEASIBILITY ANALYSIS**

**Project Title:**

Berkeley Campus - 2009-2011 Statewide Energy Partnership Program

**Total Estimated Program Cost:** \$ 514,000

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

External Financing \$ 514,000

**Proposed Financing Terms:**

Interest rate: 5.75%      Duration: 15 years

**Pledged Source of Repayment:**

State Operating Funds  
External Financing \$ 514,000

**Net Income Prior to Debt Service** \$ 64,000

**Annual Debt Service:**

Projected Annual Debt Service (proposed project) \$ 52,000  
Existing Annual Debt Service \$ 0  
Total Annual Expense \$ 52,000

**Debt Service Coverage** 1.25x