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January 5, 2008

ACTION UNDER PRESIDENT'S AUTHORITY- AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, BIO SCIENCES II – CAGEWASH, FACILITIES IMPROVEMENTS, SANTA BARBARA 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:

Santa Barbara: Bio Sciences II – Cagewash, Facilities Improvements – preliminary planning, working drawings, and construction – \$3,083,690 to be funded from external financing (\$2,083,690) and campus funding (\$1,000,000).

Pursuant to Standing Order 100.4(nn)

- (2) The President be authorized to approve financing not to exceed \$2,083,690 to finance the Bio Sciences II – Cagewash, Facilities Improvements project, the President shall require 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 Santa Barbara 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 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 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, Standby, 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

2008-09 Budget for Capital Improvements
and Capital Improvement Program
Scheduled for Regents' Allocation, Loans, Income Reserves,
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

<u>Campus and Project Title</u>		<u>Proposed 2008-09</u>	
<u>Santa Barbara</u>			
Bio Sciences II –	P	\$150,000	X
Cagewash, Facilities			
Improvements	W	\$200,000	X
	C	\$650,000	X
	C	\$2,033,690	LB
	E	\$50,000	LB
(\$3,083,690)			

DESCRIPTION

The Bio Sciences II – Cagewash, Facilities Improvements project would provide the campus with a renovated cagewash facility. The total project cost of \$3,083,690 would be funded from external financing (\$2,083,690) and campus funds (\$1,000,000).

Background

The Bio Sciences II Building of 72,727 asf (129,558 gsf) was constructed in 1966, is seven stories in height, and has a full basement. The existing cagewash facility, which is 20 years old, is located on the sixth floor in 1,100 asf.

Current space assigned to the cage washing function within the Animal Research Center (ARC) is too small to handle the current volume of operations and does not meet U.S. Department of Agriculture (USDA) animal care standards. The number of research animals housed in the ARC has quadrupled over the last four years, from 500 to 800 a day in May 2004 to 2,500 to 3,000 a day in January 2008. The majority of species housed are rodents. Use of transgenic mice is anticipated to increase for biomedical research, exceeding the capacity of the existing cagewash facility.

Continuous cleaning and sterilizing of cages and equipment are essential to maintaining this critical research facility. The current cagewash machine and the utilities required to support it have experienced numerous failures and are under a constant need of repair. The maintenance staff can no longer keep the cagewash system operating on a regular basis because many machine parts are no longer manufactured. In addition, a new cagewash machine would reduce the wash cycle from 45 to 15 minutes, thus reducing both water and energy use significantly. A new automatic watering system has been purchased to accommodate the increase in animals and decrease the labor time of manually filling 3,000 bottles a week. This machine is currently occupying animal room space. The plan is to move this machine into the clean side of the cagewash facility once space is available.

Project Description

The Bio Sciences II – Cagewash, Facilities Improvements project of 3,671 asf (4,850 gsf) would provide a new energy efficient animal cagewasher, large autoclave, and related infrastructure systems to meet the requirements of the ARC. The proposed project would be located on the sixth and seventh floors of the Bio Science II Building and would renovate 2,600 asf of existing space and construct a small addition of 1,000 asf on the seventh floor roof.

The proposed project would be implemented in phases in order to keep the cagewash facility in operation during construction. New space would be built on the seventh floor as part of the first phase of the project to temporarily house the new cagewasher. The current mechanical room on the seventh floor would be enlarged to accommodate hot water utilities and steam boilers for the cagewasher and an autoclave, condensing unit racks, water distillation equipment and detergent barrels. Once the new equipment is operational on seventh floor, the renovation of the sixth floor ARC space would commence. After completion of the sixth floor renovation, the new cagewasher would be relocated to the sixth floor, and a new autoclave would be installed on the sixth floor.

The final phase of the project would involve the renovation of the space on the seventh floor that housed the temporary cagewash facility. Once renovated, the space would be converted to rooms that may be used in the future by the ARC staff.

Project construction is anticipated to begin in July 2009 with completion in October 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.

CEQA Classification

The proposed project is consistent with the campus' 1990 Long Range Development Plan. California Environmental Quality Act compliance and design review will occur at a future date.

Financial Feasibility

The total project cost of \$3,083,690 would be funded from external financing (\$2,083,690) and campus funds (\$1,000,000). The estimated annual debt service at 5.75% for 10 years is \$280,000. Repayment for the Bio Sciences II – Cagewash, Facilities Improvements debt would be from the University Opportunity Funds which represent a portion of the indirect cost recovery generated by federal contracts and grants.

The University Opportunity Fund Debt Repayment Policy requires that campuses meet two financial tests: (1) that the amount of projected maximum annual debt payments payable from the campus' Opportunity Funds shall not exceed 65 percent of the campus's total Opportunity Funds allocated

each year, and (2) that no more than 33 percent of the campus's total Opportunity Funds allocated each year are used for debt service payment. The Santa Barbara campus meets both tests. In fiscal year 2012-13, the second full year of occupancy and first full year of principal and interest for the project, 62 percent of the campus' total Opportunity Funds allocation would be applied to debt service. 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 feasibility information may be found on Attachment 1.

Approved by:



Mark G. Yudof Date
President of the University

Attachments

ATTACHMENT 1

**PROJECT STATISTICS
BIO SCIENCES II – CAGEWASH, FACILITIES IMPROVEMENTS
CAPITAL IMPROVEMENT BUDGET
SANTA BARBARA CAMPUS
CCCI 5471**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$50,000	1.6%
Building	\$2,200,000	72.5%
Exterior Utilities	0	0%
Site Development	0	0%
Fees ^(a)	\$250,000	8.2%
A&E/PP&C ^(b)	\$180,000	5.9%
Surveys, Tests	\$120,000	4%
Special Items ^(c)	\$83,690	2.8%
Contingency	<u>\$150,000</u>	<u>4.9%</u>
<u>Total</u>	<u>\$3,033,690</u>	<u>95.1%</u>
Group 2 & 3 Equipment	\$50,000	4.9%
Total Project	\$3,083,690	100%

Statistics

Gross Square Feet (gsf)	4,850
Assignable Square Feet (asf)	3,671
Ratio asf/gsf	76%
Building Cost/gsf	\$454

(a) Fees include executive architect and other professional design contract costs.

(b) Campus administration includes project management and inspection.

(c) Special items include project program of \$50,000 and interest during construction of \$33,690 totaling \$83,690.

ATTACHMENT 2

SUMMARY OF FINANCIAL FEASIBILITY ANALYSIS

Project Title: BIO SCIENCES II – CAGEWASH, FACILITIES IMPROVEMENTS

Total Estimated Project Cost: \$ 3,083,690

Project Source of Financing:

Campus Funds	\$ 1,000,000
External Financing	\$ 2,083,690
Total	\$ 3,083,690

Project Financing Terms:

Interest Rate: 5.75%
Duration in Years: 10

Estimated Average Debt Service: \$ 274,783

Proposed Source of Revenue (Pledged):

Opportunity Fund \$ 274,783

Santa Barbara Opportunity Fund Information (FY 2012-13*):

Estimated Annual Revenue	
Garamendi Off-the-Top	\$ 3,720,000
Opportunity Fund Annual Allocation	\$ 7,659,000
Total Revenue Base	\$ 11,379,000

Estimated Average Annual Debt Service:

Proposed Project	\$ 280,000
Other Projects Yet To Be Approved:	\$ 713,000
Other Approved Projects	\$ 6,045,000
Total	\$ 7,038,000

% Pledged for Debt	62%
Debt Service Coverage	1.62

* First full year of interest and principal payments on the project