



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

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ACTION UNDER PRESIDENT'S AUTHORITY - AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, 2009-10 DEFERRED MAINTENANCE AND CAPITAL RENEWAL PROGRAM, BERKELEY CAMPUS

CAMPUS	Berkeley
PROJECT	2009-10 Deferred Maintenance and Capital Renewal Program
PROJECT NUMBER	N/A
PROPOSED ACTIONS	1. Approve budget. 2. Approve external financing not to exceed \$5,000,000.
PREVIOUS ACTIONS	None
<u>PROJECT SUMMARY</u>	
PROJECT PROGRAM	<ul style="list-style-type: none"> • Addressing high priority capital renewal needs, including restoration or replacement of deteriorated roofs and windows, fire alarm systems, electrical and HVAC systems, building exteriors, and waterproofing systems.
TOTAL PROJECT COST	<ul style="list-style-type: none"> • \$5,000,000
FUNDING SOURCE(S)	<ul style="list-style-type: none"> • External Financing: \$5,000,000
SQUARE FOOTAGE	<ul style="list-style-type: none"> • N/A
UNIT COSTS	<ul style="list-style-type: none"> • N/A
ISSUES	<ul style="list-style-type: none"> • N/A

ATTACHMENT 1

PROJECT DESCRIPTION

A. CONTEXT AND GOALS

- The Berkeley campus is faced with deteriorating conditions and building systems in numerous facilities. Of the state-eligible space, 77 percent was built before 1970, and 45 percent was built over 50 years ago.
- With capital budgets constrained, the campus has deferred renewal of building systems in several older buildings. In many cases, systems are now beyond their useful life and are in critical need of repair or replacement.
- To continue to address their capital renewal and deferred maintenance needs, the University initiated a new funding program to authorize campuses to finance long-term debt by pledging a portion of their UC General Fund income to fund high priority capital renewal and deferred maintenance projects. Since 2002-03, campuses have secured \$211 million of financing for this purpose.
- The campus will select from among those identified in Attachment 3 for a maximum of \$5,000,000.

B. PROJECT PROGRAM AND SCOPE

- The program includes 26 projects that address high priority capital renewal needs, including restoration or replacement of deteriorated roofs and windows, fire alarm systems, electrical and HVAC systems, building exteriors, and waterproofing systems.
- The projects are expected to extend the life of roofing systems, exterior systems, and windows by at least 20 years.
- Included in this approval is \$500,000 for “in-year priority projects,” emergency or other priority projects identified after the program was approved. Before proceeding with any such identified priority projects, the campus will secure prior administrative approval from the Vice President – Budget and Capital Resources.
- The \$5,000,000 in external financing will be used to address as many as possible of the 26 projects listed in Attachment 3 (totaling \$6,906,000) approved for the program.

C. LOCATION

Site	Various campus locations
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D. SCHEDULE

Construction Start	N/A
Completion	N/A

E. SUSTAINABILITY

Target LEED™ Rating	N/A
Compliance UC Policy	<ul style="list-style-type: none"> • These deferred maintenance projects will comply with the <i>University of California Policy on Sustainable Practices</i>.

	<ul style="list-style-type: none">• As required by this policy, the projects will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.
F. PROJECT CONFORMANCE	
2009-15 State and Non-State Capital Improvement Program	<ul style="list-style-type: none">• Conforms

ATTACHMENT 2

<u>FUNDING PLAN</u>			
A. TOTAL PROJECT COST (\$5,000,000)			
Funding Source	<ul style="list-style-type: none"> • Berkeley campus's share of the federal indirect cost recovery deposited to Fund 19933 		
B. EXTERNAL FINANCING			
Tax-Exempt Amount	\$5,000,000		
Tax-Exempt Rate	5%	Term	Fifteen years
Annual Estimated Debt Service:	\$482,000	Debt Service Coverage	2.39x
Pledged Source(s) of Repayment	<ul style="list-style-type: none"> • Berkeley campus's share of the federal indirect cost recovery deposited to Fund 19933 		
<ul style="list-style-type: none"> • The \$5,000,000 in external financing will be used to address as many as possible of the 26 projects listed in Attachment 3 (totaling \$6,906,000) approved for the program. • As long as the debt is outstanding, the Berkeley campus's share of the federal indirect cost recovery deposited to Fund 19933 shall be maintained in amounts sufficient to pay the debt service and to meet the related requirement 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. • The summary financial feasibility analysis may be found in Attachment 4. 			

ATTACHMENT 3

SUMMARY OF PROJECTS REQUESTED FOR APPROVAL
2009-10 Deferred Maintenance and Capital Renewal

Campus: **BERKELEY**

	Building Name	Project Title	Estimated Cost
1	Bancroft Tennis Courts and Parking Structure B	Concrete Spalling Correction	\$ 270,000
2	Dwinelle Hall	Condensate System Restoration, Phase 2	\$ 200,000
3	Life Sciences Addition Bldg	Animal Colony Shower Roof Replacement	\$ 100,000
4	Giauque Lab	HVAC Equipment Replacement	\$ 600,000
5	Sproul Hall	Roof and Skylight Replacement	\$ 500,000
6	Boalt Hall	Law School Roof Deck Replacement	\$ 309,000
7	2240 Piedmont	Wood Frame Window Replacement, Phase 1	\$ 75,000
8	University Hall	Fire Door Replacement	\$ 150,000
9	Valley Life Sciences Bldg	Exterior Stair Water Intrusion Remediation	\$ 400,000
10	Minor Addition	HVAC System Restoration, Phase 1	\$ 400,000
11	Morrison Hall	Roof Replacement	\$ 500,000
12	Hildebrand Hall	Hot Water Heat Exchanger Replacement	\$ 150,000
13	Hesse Hall	Exterior Door Replacement, Phase 1	\$ 40,000
14	2232 Piedmont	Wooden Emergency Exit Restoration	\$ 100,000
15	Simon Hall	Elevator Renovation	\$ 258,000
16	Hearst Gymnasium	Fire Alarm System Replacement	\$ 300,000
17	Hearst Gymnasium	Down Spout Restoration	\$ 77,000
18	2240 Piedmont	Chimney Replacement	\$ 150,000
19	Dwinelle Hall	Balcony Restoration	\$ 102,000
20	Hearst Gymnasium	Foundation Water Intrusion Remediation, Phase 1	\$ 250,000
21	Morrison Hall	Main Electrical Conduit Replacement	\$ 50,000
22	2222 Piedmont	Front Porch Restoration	\$ 25,000
23	Life Sciences Addition Bldg	Sixth Floor Drain Piping Replacement	\$ 250,000
24	2222 Piedmont	Window Replacement	\$ 150,000
25	Hilgard Hall	Exterior Restoration	\$ 1,000,000
26	Various	In-year Priority Projects	\$ 500,000
	TOTAL		\$ 6,906,000

ATTACHMENT 4

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Project: 2009-10 Deferred Maintenance and Capital Renewal Program

Total Estimated Project Cost: \$ 5,000,000

Proposed Sources of Funding:
External Financing \$ 5,000,000

Projected Financing Terms:
Tax-exempt interest rate of 5.00% for 15 years \$ 5,000,000

Pledge Source of Repayment (FY 2008-09):

Federal Indirect Cost Recovery
Campus Allocation of Fund 19933 \$ 6,949,000

Estimated Debt Service
Projected Annual Debt Service (proposed project) \$ 482,000
Existing Annual Debt Service \$ 2,425,000
Total Estimated Debt Service \$ 2,907,000

Debt Service Coverage 2.39x