University of California

ANNUAL REPORT ON MAJOR CAPITAL PROJECTS IMPLEMENTATION

Fiscal Year 2009-10

Budget and Capital Resources
University of California, Office of the President

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EXECUTIVE SUMMARY

The *Annual Report on Major Capital Projects Implementation* provides a status update for the University's major capital projects for FY 2009-10. During this period, the value of the active projects portfolio of 229 projects was $9.4 billion, representing a 2.7 percent increase over the previous year's total of $9.2 billion for 291 projects. One hundred and twenty-eight projects were completed and 66 new projects added.

Active project budget augmentations, as a percentage of original budgets, decreased from 9.2 percent the previous year to 8.2 percent in FY 2009-10. If augmentations for scope changes and factors beyond the control of the University for four of the 229 active projects are excluded, this augmentation rate drops to approximately 3.8%. This sharp decrease is primarily due to the current economic climate that has resulted in very favorable bidding conditions. The percentage of projects with schedule changes increased from 38.8 percent to 40.2 percent, a continued reflection of the suspension of State projects the previous year.

In December 2008, sixty-eight State-funded projects totaling $983 million were halted or suspended as a result of the freeze. Between April 2009 and April 2010, the University received funding from four General Obligation bond sales totaling $404 million and lease revenue bond funding totaling $370.6 million. In July 2009, the University raised $199.8 million through the sale of short-term commercial paper to purchase a privately placed State of California General Obligation (GO) bond. The combination of these funds allowed all suspended projects to restart and permitted all GO and lease revenue bond-funded projects authorized in the 2008 Budget Act to proceed.

In FY 2009-10, the California construction market continued the downward spiral that began in FY 2007-08. While the cost of construction materials showed some gains by mid-2010, contractor premiums remained depressed and unemployment in the construction trades in California remained in the double digits, one of the highest in the nation.

The University has taken aggressive action to capitalize on this favorable bid and economic climate. In FY 2009-10 alone, $1.6 billion Build America Bonds were issued to finance 67 projects, ranging from core and auxiliary projects, to medical center and research projects, as well as strategic real estate acquisitions.

The severe competition for projects has resulted in a sharp increase in bid protests. In the years 2005-2008, bid protests averaged six per year. This fiscal year sixteen bid protests and seven subcontractor substitution requests were filed and sixteen hearings were held. These actions have resulted in delays in awarding contracts.

The Architecture Billings Index, a leading economic indicator that reflects the nine-to twelve-month lag between architecture billings and construction spending, evidenced a continued decline in the demand for design services. The economic recovery for the industry is expected to be a slow one, given that construction activity and construction inflation for FY 2010-11 are projected to continue at low levels.

Construction inflationary factors for 2012 -2014 are difficult to predict as they are dependent upon the speed of the recovery nationally and globally. Thus University projects that are currently in the preliminary planning stage, when budgets are established, and that will be bid in late 2011-2012, should include some method of managing inflation. The use of Integrated Project Delivery principles that allow for partnering among the contractor, subcontractors, architects and engineers can facilitate accurate assessment of cost fluctuations and develop a coordinated means to address volatile conditions should they arise.

University initiatives related to process improvement, cost management, and project delivery included the following:

- The Capital Program Leadership Forum;
- Capital projects approval process improvements;
- The Statewide Energy Partnership Program;
- Public-Private partnerships; and
- The University Controlled Insurance Program.

ANNUAL REPORT ON MAJOR CAPITAL PROJECTS IMPLEMENTATION

Fiscal Year 2009-10

I. INTRODUCTION

A. Background and Purpose

The University of California *Annual Report on Major Capital Projects Implementation*, first presented in 1991, provides broad indicators of project delivery performance for major capital projects, defined as projects with a total project cost of over $750,000[1]. This Report presents the status of major capital projects underway at the end of FY 2009-10 with a cumulative portfolio budget of $9.4 billion. Construction market conditions and future trends in the construction industry are also analyzed, as well as University initiatives undertaken to improve processes and manage project cost and risk.

The measures or indicators used to assess the general condition of the UC capital program are: 1) project budget change, and 2) project schedule change. It should be noted that the University's ability to implement its capital program is affected by a number of factors, only some of which are within the control of the University. Those within University control include project delivery methods, academic program changes, and budgeting and funding strategies. Factors beyond University control include the construction industry bid climate, local and global market conditions, building code changes, State and non-State funding requirements, and unforeseen physical and environmental conditions.

It should also be recognized that some project budget and schedule changes are driven by circumstances that are intentional, necessary, and beneficial to the University's mission—such as incorporating program improvements, multiple project phasing, and leveraging of new funding opportunities.

Because many variables affect project delivery, simple indicators do not fully represent the complexity of factors that influence University capital project implementation. Nevertheless these key indicators of budget and schedule change provide valuable insights into program trends and where anticipatory or remedial action may be required.

B. Status of State-Funded Projects

In December 2008, the poor cash position of the State of California forced its Pooled Money Investment Board to freeze disbursements of capital outlay funds for state and local government entities. Appropriations for sixty-eight UC projects totaling $983 million were initially halted or suspended as a result of the freeze of loan disbursements. Between April 2009 and April 2010, the University received funding from four General Obligation bond sales totaling $404 million and lease

[1] This threshold was increased from $400,000 to $750,000 in 2009.

revenue bond funding totaling $370.6 million. In July 2009, the University raised $199.8 million through the sale of short-term commercial paper to purchase a privately placed State of California General Obligation (GO) bond that provided funding to complete an additional 18 voter-approved building projects. The combination of these funds allowed all suspended projects to restart and permitted all GO and lease revenue bond-funded projects authorized in the 2008 Budget Act to proceed.

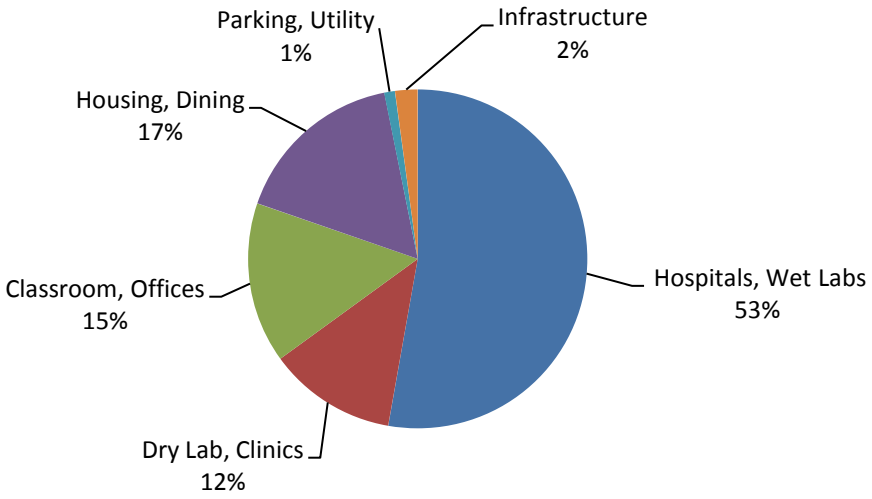
The University has been without funding from a new General Obligation bond since 2008-09. As a result, the University sought State funding in the form of lease revenue bonds to address high priority needs for the past three years and received a limited amount of funding for two of those three years that covered eleven critical projects. The funds, while helpful, have been insufficient to address the backlog of essential projects and emerging capital needs that require funding.

II. STATUS OF THE FY 2009-10 CAPITAL PROGRAM

A. ACTIVE PROJECTS

Figure 1 below illustrates the primary building types included in the FY 2009-10 active projects portfolio. The system-wide distribution reflects the impact of enrollment growth, seismic and life safety improvements, health sciences expansion, research development, capital renewal, and the statutory deadlines of Senate Bill 1953[2] for medical facility construction.

Fig. 1 : FY 2009-10 Primary Uses of Active Major Capital Projects



[2] Senate Bill 1953 requires seismic evaluations and compliance plans that will attain specified performance categories for structural and non-structural elements at all acute care hospitals within a specified timeframe.

The cumulative budgets of the active projects portfolio of 229 projects was $9.4 billion, establishing a historic high and representing a 2.7 percent increase over the previous year's total of $9.2 billion for 291 projects. The increase in the portfolio dollar volume can be attributed primarily to the addition of the new $664 million Jacobs Medical Center at the San Diego campus.

Table 1 below provides a summary of the status of major capital project activity at the end of fiscal year 2009-10 as compared to the previous year. All figures that refer to either budget or schedule changes, represent the cumulative changes from project budget approval until completion and do not include data prior to official budget approval.

Table 1: Summary Data of all Active Major Capital Projects at Fiscal Years Ending 2008-09 and 2009-10

	2008-09	***2009-10***
1. Total number of active projects	291	229
2. Total amount of original budgets	$8,317,866,490	$8,618,701,270
3. Cumulative approved budget changes	$816,330,000	$ 705,685,920
4. Total year-end budget (excludes inflation*)	$9,134,196,490	$9,323,987,190
5. Percent change from original budget	9.8%	8.2%
6. Total year-end budget (includes inflation*)	**$9,181,802,490**	**$9,418,114,190**
7. Projects with budget changes	57	37
8. Projects with schedule changes (over 90 days)	113	92

**"Inflation" refers to State inflation adjustments in the budget.*

One hundred and twenty-eight projects were completed in FY 2009-10 and 66 new projects were added. With the addition of these new projects and augmentations to previously approved projects, the total value of active projects increased by $236 million.

Fig. 2: Total Budget and Number of Projects

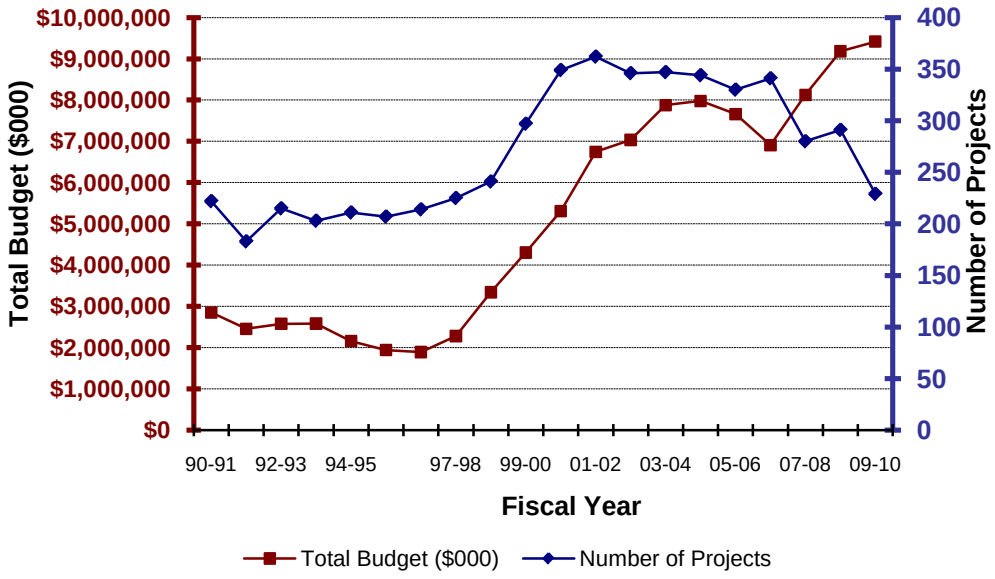


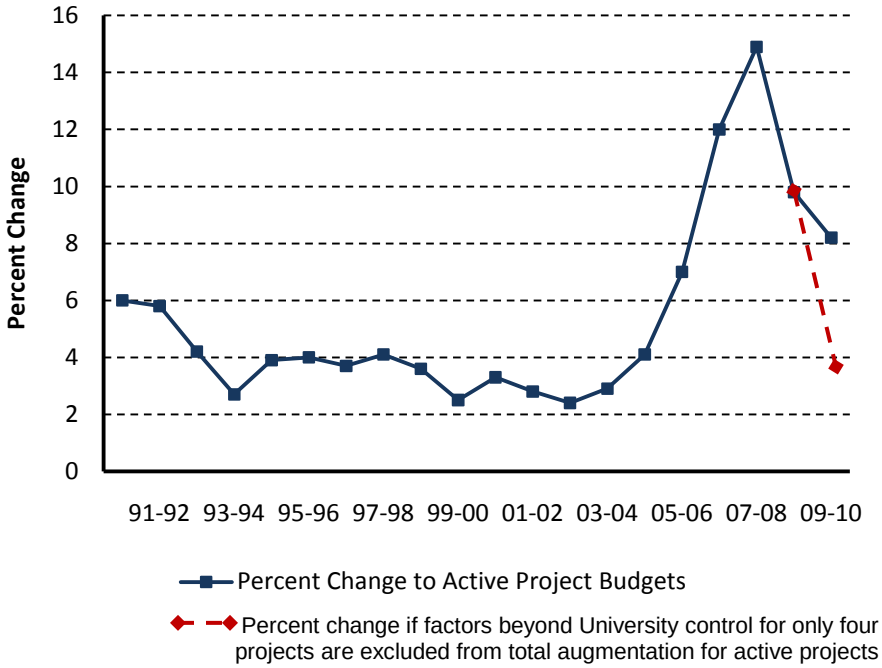
Figure 2 displays trends for the year-end budget totals and for the number of active projects for each fiscal year from FY 1990-91 through FY 2009-10.

The increase in the total active projects budget in FY 2009-10 as compared to the corresponding decrease in the total number of projects is primarily due to two factors. The budget increase can be attributed to the addition of one large project, the $664 million Jacobs Medical Center at the San Diego campus. The reduction in the number of projects is partly due to the raising of the threshold that defines Major Capital Projects, from $400,000 to $750,000 in 2009. This eliminated 41 projects valued at $24 million.

1) Budget Augmentations

Figure 3 displays trends in the percent change in inflation-adjusted project budgets (net changes divided by total amount of original budgets).

Fig. 3: Percent Change to Active Project Budgets



Active project budget augmentations, as a percentage of original budgets, decreased from 9.2 percent the previous year to 8.2 percent in FY 2009-10. If augmentations for scope changes and factors beyond the control of the University for four of the 229 active projects are excluded, this augmentation rate drops to approximately 3.8%. This sharp decrease is primarily due to the current economic climate that has resulted in very favorable bidding conditions.

Unforeseen site conditions, market conditions, errors and omissions in construction documents, and design and construction delays are factors that contribute to the need for augmentations. However budget augmentations on a number of projects were due to scope increases

determined to be beneficial to the project and made feasible through the availability of additional funding.

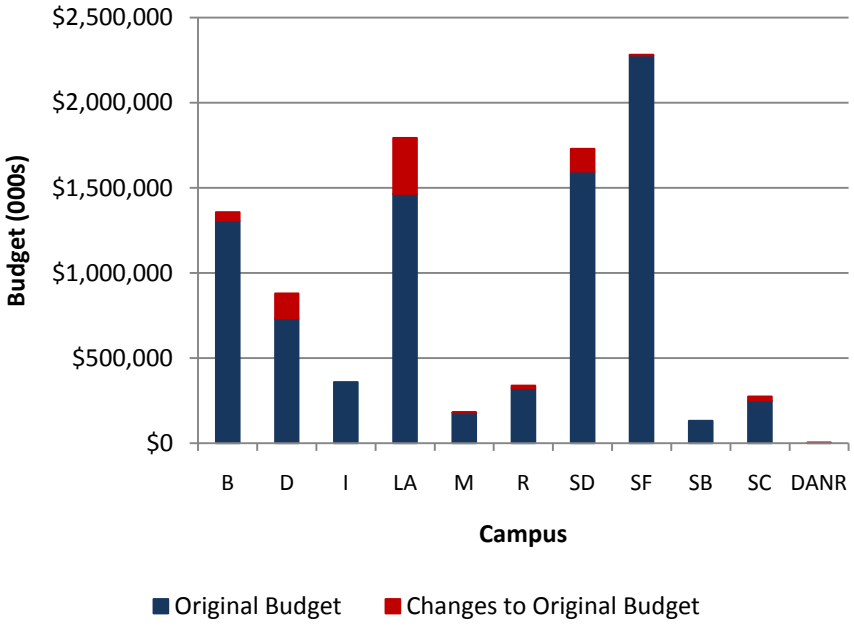
On the San Diego campus, a $90.82 million augmentation for the Sulpizio Cardiovascular Center and Thornton Hospital Expansion project included the build-out of previously shelled space, expansion of the central plant, modifications to create inpatient rooms and procurement of additional equipment. In addition, a $28.6 million augmentation to the Health Sciences Biomedical Research Facility 2 project added 41,000 gross square feet of laboratory, office and support space. For the San Diego campus the exclusion of these two augmentations results in a cumulative budget increase of less than 1%.

Similarly the augmentation total for the Davis campus includes the Surgery and Emergency Services Pavilion that was bid in 2006, a volatile high escalation period. If this project is not included, the change to the original budget for this campus in FY 2009-10 would be less than 1%.

At UCLA, the Santa Monica Hospital project required substantial augmentations due to a major program realignment after budget approval, unforeseen conditions and the complex logistics and coordination of thirteen construction phases that were required so that the existing hospital could remain operational during construction. If augmentations for the Santa Monica Hospital project are excluded, the UCLA augmentation rate for FY 2009-10 drops down to less than 1%.

Fig. 4 displays budget changes by campus.

Fig. 4: Budget Change by Campus



2) Schedule Changes

A project is considered "over schedule" if completion is delayed more than 90 days after the initially scheduled completion date. Fig. 5 displays trends for the percentage of projects with schedule changes from FY 1990-91 through FY 2009-10. The percentage of projects with schedule changes increased from 38.8% in 2008-09 to 40.2 percent.

Fig. 5: Project Schedule Changes

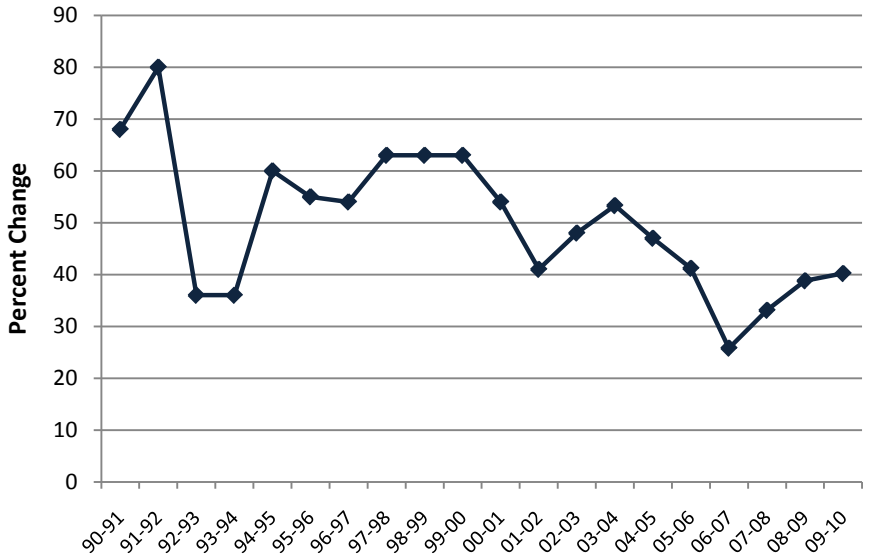
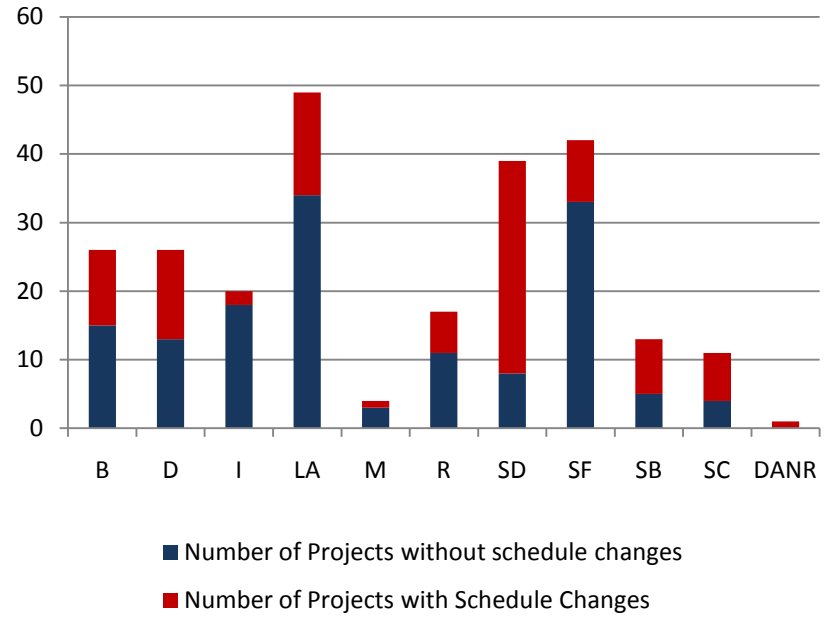


Figure 6 below displays the number of projects with schedule changes by campus.

Fig. 6: Number of Projects with Schedule Changes by Campus



The suspension of State-funding affected projects on every campus and resulted in schedule delays with potential budget impacts. In addition, some projects such as the Student Athletic High Performance Center at the Berkeley Campus and the Biomedical Sciences Facility at Santa Cruz, experienced delays due to protests and ensuing litigation. Also delays in agency reviews for hospital projects impacted schedules.

B. COMPLETED PROJECTS

While the preceding statistics consider all active projects as of the last day of the fiscal year, it is important to examine projects completed during the fiscal year in order to discern more period-specific trends in the percentage of change to original budgets, as well as to examine the average number of days over the original schedule.

One hundred and twenty-eight projects with budgets totaling $ 1.6 billion were completed in FY 2009-10. Completed projects are those for which Notices of Completion were filed or a Notice of Substantial Completion was received with no major outstanding financial or contract issues.

Table 2: Summary Data of Completed Major Capital Projects

	2008-09	***2009-10***
1. Total number of projects completed	129	128
2. Total amount of original budgets of projects completed	$ 1,445,863,770	$1,291,275,600
3. Approved changes (excludes inflation/reversion*)	$ 133,407,510	$ 126,758,350
4. Total year-end budgets (excludes inflation/reversion*)	$ 1,579,271,280	$1,418,033,950
5. Percent net change from original budget	9.2%	9.8%
6. Total year-end budget (includes inflation/reversion*)	$ 1,691,229,280	$1,567,762,950
7. Number of completed projects within original schedule	54	50
8. Number of completed projects over original schedule**	75	78
9. Average number of days over original schedule***	251	396

** "Inflation/reversion" refers to State inflation or reversion adjustments to project budgets*
*** "over schedule" if over more than 90 days*
****Average number of days exceeding the original schedule for the entire portfolio*

The percent change in original budgets for projects completed in FY 2009-10 increased from 9.2 percent the previous year to 9.8 percent. This increase continues to reflect the fact that many of these projects were budgeted prior to the market volatility of the years 2005 to 2007 when they were bid. It should also be noted that due to the raising of the threshold that defines Major Capital Projects, from $400,000 to $750,000 in 2009, thirty-six projects, that were completed in FY 2009-10 and valued at $21 million, were eliminated from this listing.

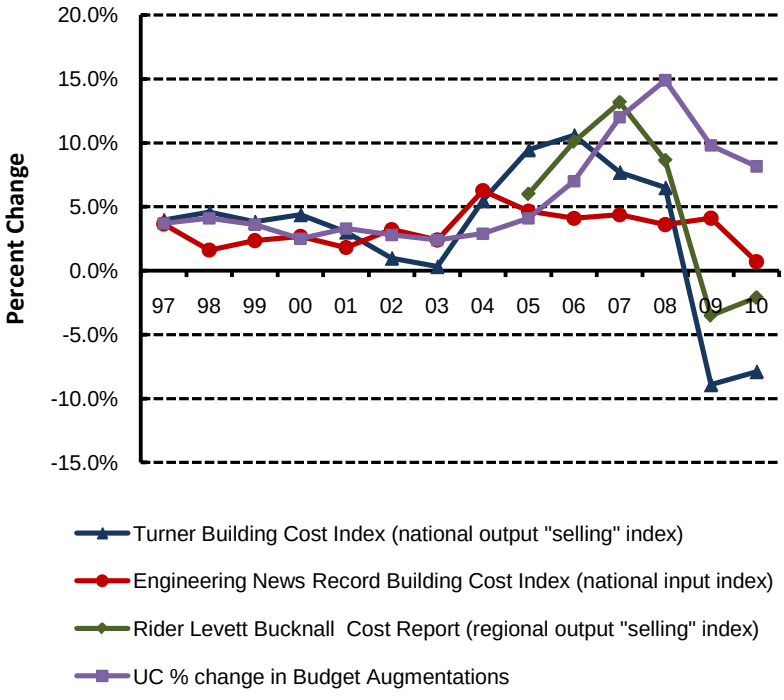
Also, as noted earlier, project changes can represent a benefit for the project, such as new funding opportunities, shifts in funding strategies, program updates that require redesign, and coordination with other projects.

III. CONSTRUCTION MARKET CONDITIONS FY 2009-10 AND FORECAST FOR FY 2010-11

In FY 2009-2010, the California construction market continued the downward spiral that began in 2007-08. While the cost of construction materials showed some gains by mid-2010, contractor premiums remained depressed and unemployment in the construction trades in California remained in the double digits, one of the highest in the nation. The major construction cost indices continued to decline in FY 2009-10, especially the "selling" indices that include materials and labor as well as overhead and profit. As can be seen in Figure 7, the Turner Building Cost Index, a selling index that measures both material and labor costs and contractor overhead and profit, shows a –7.9 percent decrease from the second quarter of 2009. Similarly the Rider Levett Bucknall's (RLB) selling index shows a – 2.1 percent drop from a year ago.[3] As was the case in the previous year, intense competition between contractors who vied for fewer and fewer jobs resulted in bids that often included zero or negative margins.

The Engineering News Record (ENR) Building Cost Index, a regional input index that measures the cost of materials and labor that comprise a contractor's bid but does not include overhead and profit, showed a modest 0.7 percent increase over this same period.[4]

Fig. 7: Input and Output Cost Indices and Percent Change in Index



[3] ENR 2nd Quarterly Cost Report: *Recession will Keep Grip on Costs*, June 28, 2010.
[4] Ibid.

Construction materials prices continued to fall steadily during the first three quarters of FY2009-10 but in May and June 2010, some materials such as steel, lumber, petroleum and asphalt showed a sharp rise. However, this price surge did not increase overall construction costs as margins continued to shrink. "Construction costs are stabilizing at lower levels," notes Karl Almstead, who puts together the Turner Building Cost index. "Commodity prices increased during the first quarter of this year, but competition is still pushing contractor's selling prices down, although they are not falling as fast as they were a few quarters ago."[5]

These downward pressures on overall construction costs were clearly beneficial to owners who had liquidity. Seventy percent of the University's 163 major capital projects that were bid in FY 2009-10 with pre-bid estimates totaling $807.8 million, came in on average 22% lower at $627.3 million. As Ken Simonson, chief economist for the Associated General Contractors of America stated – "These trends suggest that anyone considering a construction project should break ground promptly, before materials costs are reflected in higher bids and while there are still abundant contractors to do the work."[6] The University has taken aggressive action to capitalize on this favorable bid and economic climate. In FY 2009-10 alone, $1.6 billion Build America Bonds were issued to finance 67 projects, ranging from core and auxiliary projects, to medical center and research projects, as well as strategic real estate acquisitions.

The severe competition for projects has resulted in a sharp increase in bid protests. In the years 2005-2008, bid protests averaged six per year. This fiscal year sixteen bid protests and seven subcontractor substitution requests were filed and sixteen hearings were held. These actions have resulted in delays in awarding contracts.

Forecast: The Architecture Billings Index (ABI), a leading economic indicator that reflects the nine-to twelve-month lag between architecture billings and construction spending, evidenced a continued decline in the demand for design services. Kermit Baker, Chief Economist for the American Institute of Architects and responsible for the ABI, observes, "Project cancelations, regardless of when they happen in the design phase, continue to be the main road block to recovery for the construction sector. Numerous projects have been put on hold indefinitely over the last several months with little hope that they will be resumed. Work that is being done is more likely smaller renovation projects, as opposed to new buildings."[7]

The economic recovery for the industry is expected to be a slow one with construction activity and construction inflation for FY 2010-11 projected to continue at a low level. The University can continue to capitalize on the weak construction market and relatively low-cost capital financing options available, by bidding as many projects as feasible. However, risks such as contractor default, change orders, claims activity and poor quality could result from extremely low bids as winning bidders find they cannot deliver projects at these prices.

Construction inflationary factors for 2012 -2014 are difficult to predict as they are dependent upon the speed of the recovery nationally and globally. As the Davis

[5] ENR 2nd Quarterly Cost Report: *Recession will Keep Grip on Costs*, June 28, 2010.
[6] AGC of America Data Digest: Producer Price Indexes for Construction Materials and Components, May 18, 2010.
[7] American Institute of Architects, September 23, 2010.

Langdon *4th Quarter 2009 Construction Industry Market Report* notes – "Planning for uncertainty is more important than planning to a specific escalation target. This involves developing strategies for accommodating both lower and higher than expected rates of escalation." The Report goes on to recommend inclusion of alternates, monitoring of market conditions, and owner-managed contingencies through all phases of a project.

University projects that are currently in the preliminary planning stage when budgets are established, and that will be bid in late 2011-2012, should include some method of managing inflation. The use of Integrated Project Delivery principles that allow for partnering among the contractor, subcontractors, architects and engineers can facilitate accurate assessment of cost fluctuations and provide a coordinated means to address volatile conditions should they arise.

IV. UNIVERSITY INITIATIVES RELATED TO PROJECT DELIVERY

In FY 2009-10, the University continued to develop initiatives related to process improvement, cost control, and risk management. The following are ongoing initiatives:

A. The Capital Program Leadership Forum

In March 2010, the Regents' adopted a number of recommendations that were initially put forward in the *2005 Cost Study Report – Transforming Capital Asset Utilization and Delivery*. The Capital Program Leadership Forum ("Forum") was formed to provide a vehicle for advising on implementation strategies and initiatives. The Forum, chaired by Vice President for Budget and Capital Resources Lenz, is comprised of an individual from each campus appointed by the Chancellor to speak on his or her behalf for the campus capital program.

The discussions at the Forum gave rise to four working groups comprised of members from the campuses and the Office of the President. These groups were tasked with staffing the work effort required to implement recommendations adopted by the Regents. The working groups subject areas are 1) Preparation of a Business Case Analysis at the earliest identification of program need; 2) Early Notification to the Regents of project budget and scope changes and increased reporting for high interest projects; 3) Compilation and dissemination of cost and benchmark data that facilitates timely exchange of design and construction information, and development of appropriate metrics for assessing project outcomes; and 4) Development of new contracting models such as Integrated Project Delivery as well as opportunities for strategic sourcing in the construction arena. As of this report date, all four working groups have made substantial progress towards achieving stated goals.

B. Capital Projects Approval Process Improvements

In March 2008 a delegated capital projects approval process was implemented with the purpose of enabling the Regents to focus their efforts on system-wide issues at a strategic level, rather than on project-by-project detailed reviews. This process improvement required campuses to develop a "portfolio" comprising a Ten-Year Capital Financial Plan, a Physical Design Framework, and a Long Range Development Plan. Upon completion and approval by the Regents of

these portfolios, Chancellors would acquire authority to approve non-state funded projects with a project cost of under $60 million.

Streamlining of the capital approval process included development of guidelines and templates for campus portfolios, amendments of Standing Orders and Regents' policy to allow for increased campus authority, and the creation of a checklist of requirements for delegated projects.

As of this report date, except for the UC Davis-Sacramento Campus, the portfolios of all campuses have been accepted by the Regents. Fifteen delegated projects (under $60 million) were approved in FY 2009-10.

In a future action, an accountability framework will be developed that includes an *Annual Campus Capital Program Report*. Key components of this report—a project data report, a physical environment review and an audit—will testify to the campuses' adherence to its portfolios and performance on specific metrics of interest to the Regents and the President. The highest level capital program metrics developed in this Report will be considered for inclusion into the *President's Annual Accountability Report*.

C. The Statewide Energy Partnership Program

The Statewide Energy Partnership Program (SEP) includes over 900 energy efficiency projects at the campuses and medical centers. Over three years this program is expected to reduce annual system-wide energy costs by $36 million and deliver reductions of eleven percent of total electricity usage and eight percent of natural gas usage system-wide. It is also projected to yield a nine percent reduction in the University's purchased utilities "carbon footprint".

Of these projects one hundred and five are major capital projects totaling approximately $150,000,000. All of these energy efficiency projects are separate from any major capital outlay projects proposed for State funding by the University in FY 2010-11. Projects with short payback periods are given priority and include data center upgrades, climate control enhancements and monitoring-based commissioning.[8]

In March 2009, the Regents authorized $247 million for SEP program funding of which approximately $61 million will be provided through utility grants over the next three years. In September 2010, the Regents augmented the program by an additional $15 million (with attendant project annual energy cost savings of $2 million). As of September, campuses have submitted applications for 303 projects with a portfolio cost of $141 million. Approximately $31 million of this amount will be offset by utility incentive grants.

D. Public-Private Partnerships

Over sixty-five Public-Private Partnerships (PPPs) using a variety of transaction structures have been planned or developed at UC since the mid-1980s. Four

[8] Monitoring-based commissioning is a systematic, documented process where monitoring equipment is used for ongoing diagnostics to ensure that building systems are performing efficiently.

key PPP transaction structures (and the uses to which they are most applicable) include:

- Ground Lease (auxiliary use-i.e., revenue producing; third party tenant/users);
- Donor Development (Donor preference to control project delivery; typically programmatic use; on or off UC land);
- Ground Lease-Leasebacks (programmatic use, UC is the user); and
- Developer Build-to-Suit for purchase by UC on completion (also known as Turnkey projects—best off UC land).

Ground Lease projects for auxiliary purposes include eleven student rental housing projects, five faculty for sale housing projects (representing multiple phases and product types) and five motels and hotels. Donor development projects, where a donor assumes responsibility for funding and construction of 100 percent of a project, have now been employed at four UC campuses and at two agricultural field stations.

In FY 2009-10 UC entered into three Ground Lease-Leaseback transactions. Two of these are currently under construction. Of note is the Neurosciences Building on Block 19A at the San Francisco Mission Bay campus. The PPP utilized an innovative approach to tax-exempt financing and provided an opportunity to develop a new family of documents in support of future ground lease-leaseback transactions. This approach is now available to campuses to consider as an alternative delivery mechanism for their on campus capital projects.

E. University Controlled Insurance Program (UCIP)

In January 2010, the University developed and implemented a University Controlled Insurance Program (UCIP) for all projects with a construction contract budget of over $25 million. This program covers general liability and workers' compensation. Aside from savings that could range from 1 to 3% of construction costs, benefits include higher limits and broader coverages, uniform and consistent coverage for the entire project, enhanced and coordinated safety for all contractors, and potentially reduced litigation and cross complaints.

Even at this early stage the UCIP has shown significant cost savings. One example is the $664 million Jacobs Medical Center at the San Diego campus where the UCIP cost is estimated at $6 million below the cost of traditional insurance. The actual savings and impacts of the entire program will be evaluated annually. As of August 2010, five projects have been enrolled in the program.

ATTACHMENT 1: ALL ACTIVE MAJOR CAPITAL PROJECTS AT FY END - 2009-10

Cumulative Changes to Budget (dollars) and Schedule Subsequent to Project Approval

	1	2	3	4	5	6	7		8	9
	Active Projects	Original Budget	Budget at End of 09-10	Inflation Adjusted Budget 09-10	Total # with Budget Changes	Changes to Original Budget	% Change from Original Budget		# with Schedule Changes	% with Schedule Change
Berkeley	20	1,303,431,196	1,380,421,196	1,355,021,196	6	51,590,000	4.0%	**a**	9	45.0%
Davis	25	731,683,000	893,400,000	878,049,000	6	146,366,000	20.0%	**b**	12	48.0%
Irvine	19	359,371,200	359,371,200	359,371,200	0	0	0.0%		2	10.5%
Los Angeles	44	1,462,687,000	1,801,820,000	1,791,428,000	3	328,741,000	22.5%	**c**	12	27.3%
Merced	4	180,108,000	185,799,000	183,808,000	1	3,700,000	2.1%		1	25.0%
Riverside	17	324,246,808	344,856,808	338,223,808	4	13,977,000	4.3%		6	35.3%
San Diego	34	1,594,712,000	1,729,900,000	1,727,022,000	7	132,310,000	8.3%	**d**	26	76.5%
San Francisco	42	2,278,447,000	2,283,148,000	2,282,447,000	1	4,000,000	0.2%		9	21.4%
Santa Barbara	12	131,026,481	147,288,481	131,026,481	0	0	0.0%		7	58.3%
Santa Cruz	11	251,280,581	290,059,500	275,540,500	8	24,259,919	9.7%	**e**	7	63.6%
DANR	1	1,708,000	2,050,000	2,050,000	1	342,000	20.0%		1	100.0%
	229	8,618,701,266	9,418,114,185	9,323,987,185	37	705,285,919	8.2%		92	40.2%
			Inflation Adjustments:	*94,127,000*						
BUDGET CHANGES										
Projects with Reversions 7										
Projects with Increases 30										
SCHEDULE										
On Schedule 137										
Schedule Changed 92										
State	49	1,952,826,062	2,568,720,062	2,474,593,062						
Non-state	180	6,665,875,204	6,849,394,123	6,849,394,123						
	229	**8,618,701,266**	**9,418,114,185**	**9,323,987,185**	**37**	**705,285,919**	**8.2%**		**92**	**40.2%**

Notes:

(1) Active Projects: Projects with budgets exceeding $7500,000 on which funds were expended in 2008-2009 and had not been completed (no Notice of Completion filed) by June 30, 2009.

(2) Original Budget: The sum of the original budgets for the active projects officially approved.

(3) Budget at End of 2009-2010: The sum of the project budgets at year end. This figure includes all increases and decreases made to the original budget since its approval.

(4) Budget with inflation removed for state-funded projects. *Value of inflation adjustments shown in italics.*

(5) Total # with Budget Changes: the number of active projects that have had budget changes (increases or decreases) over the life of the project to date.

(6) Changes to Original Budget: This is a net dollar amount of augmentations and decreases. State-funded project budgets are adjusted to the original cost index for the project so that inflationary changes are not reflected as budget augmentations.

(7) % Change Original Budget: The budget changes represent the percent of change from the original budget, due to revised program scope or market conditions.

(8) # with Schedule Changes: The number of projects that have had changes in their schedule since original approval ("schedule change" is defined as being "over schedule" by more than 90 days).

(9) % with Schedule Changes: The percentage of the total campus projects with schedule changes.

(a) Schedule delays are due to State funding suspension for a number of projects (Campbell Hall, Durant etc.) as well as litigation for the Student Athletic High Performance Center.

(b) Includes augmentations for UCDMC Surgery and Emergency Services Pavilion that was budgeted before the 2004 cost escalations, and bid during the volatile construction market.

(c) Includes augmentations for Santa Monica Orthopaedic Replacement Hospital due to design changes, unforseen construction delays, and claim settlements. Added program for the Life Science Replacement Building is also included.

(d) Includes a $90.82 M augmentation for the Sulpizio Cardiovascular Center and Thorntom Hospital Expansion project that includes the build out of previously shelled space and expansion of the central plant and a $28.6 M augmentation for a 41,000 gsf addition to the Health Sciences Biomedical Research Facility 2.

(e) Includes augmentations for scope added to two large projects (one housing and one State) and for two large State projects that were budgeted before the 2004 cost escalations, and bid during the volatile construction market.