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March 2, 2020

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Enclosed for your information is the *Annual Report on Major Capital Projects Implementation, Fiscal Year 2018-19*. This report is prepared annually and provides an overview of the status of major capital projects that were underway at the end of the 2018-19 fiscal year, with a focus on projects with budgets of \$20 million and above.

Included in this report are two appendices with information about specific projects:

- the List of Completed Major Capital Projects Over \$20 Million (2018-19); and
- the List of Active Major Capital Projects Over \$20 Million (2018-19).

If you have any questions about the report, please contact Associate Vice President and Systemwide Controller Peggy Arrivas at (510) 987-9067.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano".

Janet Napolitano
President

Enclosure

cc: Chancellors



Annual Report on Major Capital Projects Implementation

Fiscal Year 2018-19

Annual Report on Major Capital Projects Implementation

Fiscal Year 2018-19

University of California Office of the President

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Cover Photo:

UC San Diego Tata Hall (formerly Biological and Physical Sciences Building)

EXECUTIVE SUMMARY

The **Annual Report on Major Capital Projects Implementation Fiscal Year 2018-19** provides an update on the progress of the University's Capital Improvements Program. The report provides the status of all major capital projects in excess of \$10 million that were completed in fiscal year 2018-19 and active projects in design or construction as of June 30, 2019. The distribution of the projects by total budget is illustrated in **Figure 1**, along with the total funds supporting these projects.

The report analysis focuses, however, on the projects with budget over \$20. **Figures 1** and **2** illustrate the full range of capital projects (**Figure 1** Completed Projects and **Figure 2** Active Projects), grouped by thresholds of under \$10 million, \$10-\$20 million, and over \$20 million. Projects with budgets over \$20 million account for the majority of the funds related to capital. The reasons for augmentations are generally unfavorable bid conditions in the over-heated California construction market, and tend to also impact project schedules. For schedule delays, the reasons include unexpected site conditions, scope changes and redesign, delay in external approvals, weather, and mitigation work.

FIGURE 1 - Project Distribution by Budget Category - All Completed

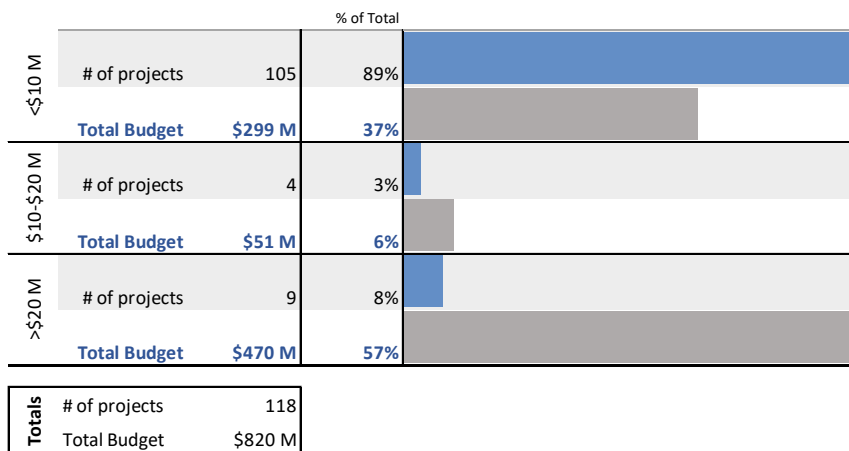
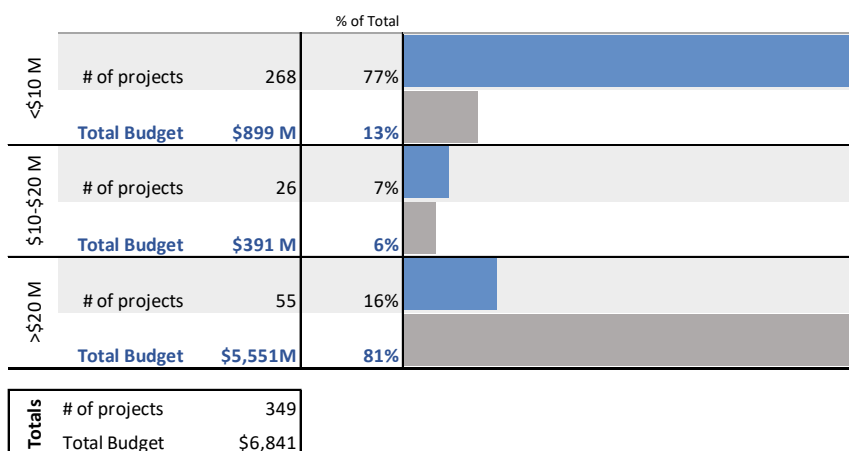


FIGURE 2 - Project Distribution by Budget Category - All Active



COMPLETED PROJECTS:

The quality of projects completed last year remains exceptional by many measures including innovative design to support world-class academic and research programs.

ALL PROJECTS

Budget: 118 capital projects with a cumulative budget of \$820 million were completed in fiscal year 2018-19. Of the 118 projects, 22 (19%) completed projects required budget augmentations while 96 were on or under their approved budget (11 achieved budget savings). Current budget projections indicate that the aggregate final budget for completed projects will be marginally less (approximately \$1.1 million or <1%) of their original approved budget. Schedule control remains challenging with only 41 percent of projects completed on time.

The \$820 million in completed projects in 2018-19 decreased from \$1.7 billion completed in 2017-18. New construction comprised 44 percent of the cumulative budget for completed projects. 105 of the 118 projects had budgets under \$10 million, and consisted mostly of renovations and infrastructure projects.

Schedules: Schedule performance for projects completed in 2018-19 remains a challenge. The percentage of late projects, defined as more than

90 days behind their original approval schedule, was 59 percent in 2018-19, compared to 59 percent in 2017-18, 53 percent in 2016-17, and 66 percent in 2015-16.

Reasons for delays are similar to previous years and include scope and programmatic changes, coordination with other projects, work in occupied buildings, re-design to meet budget, and unforeseen site conditions. Changes in scope is the leading cause of extended schedules.

PROJECTS WITH BUDGETS OVER \$20 MILLION

Budget: The nine completed projects with budgets over \$20 million together totaled \$470 million. Two required augmentations and two had significant budget savings (Appendix A contains the list of major capital with budgets over \$20 million projects completed in 2018-19). **Figure 3** provides a year over year comparison of complete projects with budgets over \$20 million. These figures indicate a decrease in the number of projects completed as well as a significant drop in the funds used for augmentations.

Schedules: Two projects encountered delays and two completed early as compared to the originally approved schedules. Reasons included unexpected site conditions and necessary redesign, and contractor delay.

FIGURE 3 – Completed Projects - Year over Year Comparison (Budget \$20+ Million)

	2017-18	2018-19
# of Complete Projects	15	9
Original Budgets Total	\$1.2 B	\$0.5 B
Current Budgets Total	\$1.3 B	\$0.5 B
% Budget Augmentation	5.80%	-1%
% Projects Delayed 90+ Days	67%	22%

ACTIVE PROJECTS:

ALL PROJECTS

Budgets: Fiscal year 2018-19 saw a year over year increase in the number of active projects. There were 349 active projects with a cumulative budget of \$6.8 billion as of June 30, 2019, compared to 302 project with budget of \$7.1 billion in active projects on June 30, 2018. Auxiliary projects accounted for 40 percent of the total active project investment; projects in support of education and general made up 46 percent. Medical and health sciences constituted the remaining 14 percent of the total active projects.

As of June 30, 2019, augmentations have been required for 62 of the 349 active projects, equal to 18 percent of the active project portfolio, for an aggregate budget increase of about 4 percent over the original approved budgets. The cumulative augmentations for active projects totaled \$285 million. 287 active projects (82%) have required no augmentation.

PROJECTS WITH BUDGETS OVER \$20 MILLION

Budget: At the end of fiscal year 2018-19, 55 active projects with budgets of \$20 million or

higher totaled \$5.6 billion. This represents an 8 percent decrease from the \$6.1 billion cumulative investment in fiscal year 2017-18. (refer to **Figure 4**) However, two large complex health-related buildings at UCSF – the Joan and Sanford I. Weil Neurosciences Building and the Clinical Sciences Seismic Building – account for \$149 million (67%) of augmentations.

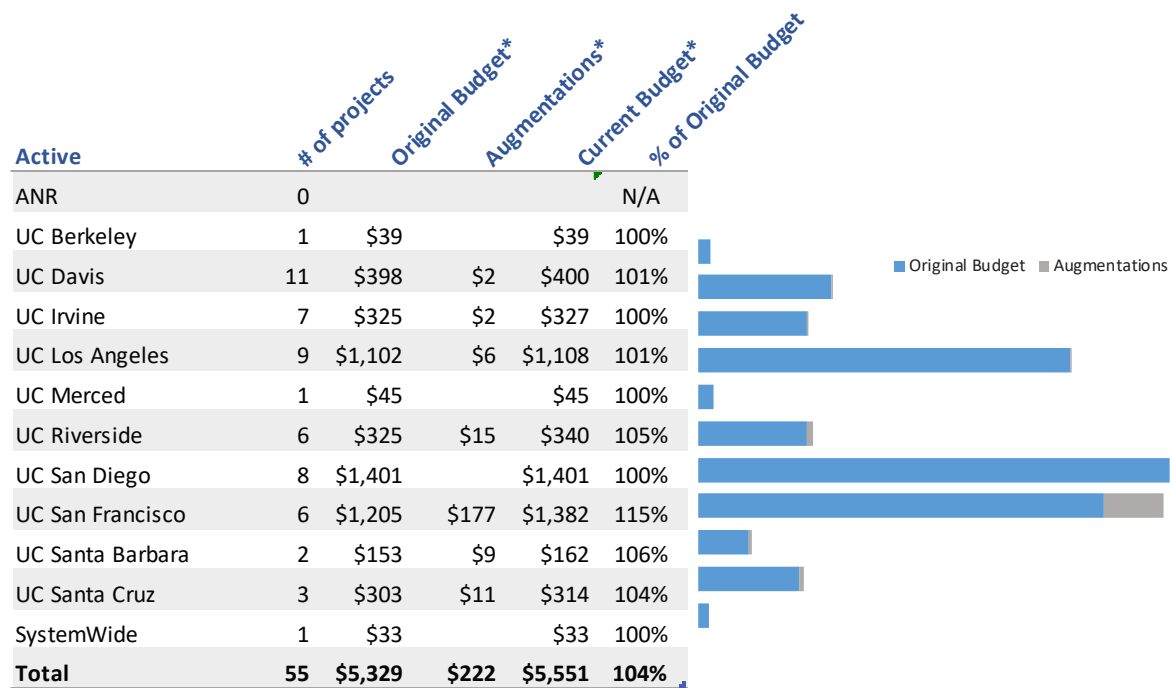
Schedules: Of the 55 active projects, 15 (27%) have experienced delays while 73 percent are currently anticipated to be on time or early. Reasons to date for delays ranged and include unexpected site conditions, scope changes and redesign, delay in external approvals, weather, and mitigation work.

Investment by Campus for Active Projects Over \$20 Million: As shown on **Figure 5** on the following page, capital project investment varies by campus, with the three largest programs at San Diego, San Francisco, and Los Angeles accounting for almost 70 percent of the total value for 2018-19.

FIGURE 4 - All Active Projects - Year over Year Comparison (\$20+ Million)

	2017-18	2018-19	% Change
# of Active Projects	51	55	8%
Original Budgets	\$5.5 B	\$5.3 B	-4%
FY 18-19 Budgets	\$6.1 B	\$5.6 B	-8%
% Budget Augmentation	8.40%	4%	
% Projects Delayed 90+ Days	35%	27%	

Figure 5 - Active Major Capital Projects by Campus (\$20+ Million)

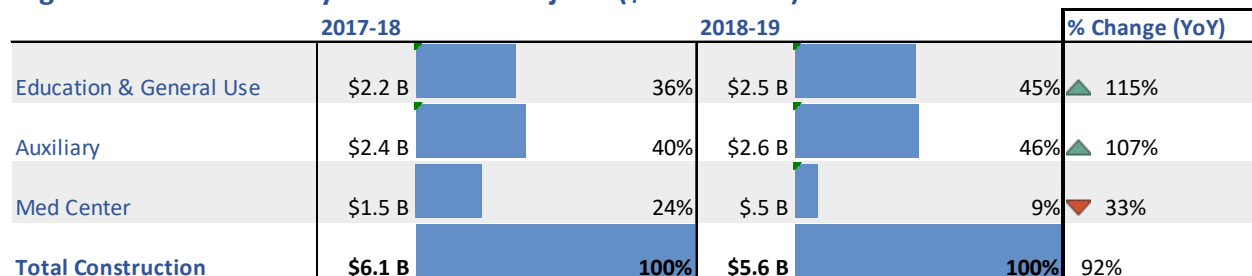


Investment by Use for Active Projects Over \$20 Million:

As illustrated in **Figure 6** by use category, the year over year percentage of investment in Medical Center & Health Sciences facilities decreased to 9 percent of the total, Auxiliary (e.g., housing, dining, and parking) increased to

46 percent of the total, and Education & General Use increased to 45 percent of the total. About 84 percent (\$4.6 billion) of the total investment in projects over \$20 million is for new buildings and about 16 percent (\$912 million) is for building renovation and infrastructure renewal.

Figure 6 - Investment by Use - Active Projects (\$20+ Million)



DELEGATED PROCESS AND REGENTS PROCESS:

The Delegated Process for Capital Improvement Projects (Delegated Process) was initiated in 2008 as an alternative to full Regental approval for projects with a total project cost of between \$10 million and \$70 million. The Regents delegated approval authority for budget and design for capital projects and the authority to make any related California Environmental Quality Act determinations to the President, for the portfolio of projects in this cost range that meet eligibility criteria. Eligibility criteria include consistency with the campus' approved Long Range Development Plan and accepted Physical Design Framework, and consistency with the current Capital Financial Plan accepted by the Regents.

At their March 2018 meeting, the Regents adopted Regents Policy 8103 on Capital Project Matters. Policy 8103 set the President's maximum authority to approve projects at \$20 million. The Policy also delegated authority to the President for budget and design approvals for capital projects up to \$70 million for the portfolio of projects that meet eligibility criteria.

This authority for projects up to \$70 million was redelegated in April 2018 to the Chancellors,

subject to a certification checklist review by the Office of the President to ensure policy compliance. This authority increases campus autonomy, and provides for campus accountability for capital project delivery while streamlining the capital approval process.

In April 2019, Delegation of Authority (DA) 2629 – Capital Project Matters was signed by the President. DA 2629 indicates the authorities under Policy 8103 in support of matters deemed best exercised by the President and designees rather than the Board of Regents or its Committees. The DA also provided clarification in the areas of project eligibility, what constitutes a change (i.e., scope, design), and other specifics for capital approvals.

As reported in previous years, and as shown in **Figure 7**, the 2018-19 budget and schedule performance reports for active and completed projects over \$10 million indicate that projects approved under the Delegated Process had (on a percentage basis) more budget augmentations.

FIGURE 7 -Delegated vs. Regental Process Active & Complete (\$10+ Million)

	Delegated Process	Regents Process
# of Projects	35	56
Original budget	\$1061. M	\$5130.6 M
Cumulative approved budget changes (+/-)	\$37.7 M	\$189.8 M
Year-end budget change from original	3.55%	3.70%
Projects with budget augmentations	10	14
Projects with budget savings	2	2
% of Projects with budget savings	5.71%	3.57%
% of Projects with budget augmentations	28.57%	25 %

APPENDIX A – LIST OF COMPLETED MAJOR CAPITAL PROJECTS OVER \$20 MILLION (2018-19)

Notice of Substantial Completion or Certificate of Occupancy issued between July 1, 2018 and June 30, 2019

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	% Cost Increase	Reason(s) for Augmentation	Reason for Delay
			\$475,973,000	-\$6,114,000	\$469,859,000	-1%		
SD	Biological and Physical Sciences Building (Tata Hall)	New	\$115,500,000	\$0	\$115,500,000	0%		
DV	North Addition Office Building (UCDMC)	New	\$87,500,000	\$0	\$87,500,000	0%		
IR	Classroom Office Building	New	\$66,874,000		\$66,874,000	0%		
SD	Osler Parking Structure	New	\$46,799,000	\$0	\$46,799,000	0%		
LA	CHS - SOM West Seismic Renovation	Renovation	\$40,000,000	-\$8,300,000	\$31,700,000	-21%		
DV	Chemistry Seismic and Life Safety Corrections	Renovation	\$33,900,000	\$4,094,000	\$37,994,000	12%	Unforeseen accessibility deficiencies, fume hoods, & emergency showers	
LA	Geffen Academy at UCLA	Renovation	\$35,000,000	-\$4,258,000	\$30,742,000	-12%		
DV	MHSC - Children's Surgery 3rd Floor	Both	\$28,400,000	\$0	\$28,400,000	0%		3-month delay due to unexpected site conditions, redesign, reviews, and mitigation work
DV	Large Lecture Hall	New	\$22,000,000	\$2,350,000	\$24,350,000	11%	Unanticipated costs for regulated disposal	Year delayed due to contractor delays

APPENDIX B – LIST OF ACTIVE MAJOR CAPITAL PROJECTS OVER \$20 MILLION (2018-19)

Projects in design or construction with approved budgets (excludes projects in planning, programming and design without approved budgets)

Appendix B - Active Projects

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	Reason(s) for Augmentation	Major Delays & Reason
			\$5,328,709,000	\$221,922,000	\$5,550,631,000		
SD	North Torrey Pines Living and Learning Neighborhood	New	\$509,450,000	\$0	\$509,450,000		
SF	Joan and Sanford I. Weil Neurosciences Building	New	\$357,600,000	\$89,400,000	\$447,000,000	Finish enhancements, added scope and financing costs	
LA	Southwest Campus Apartments	New	\$383,290,000	\$0	\$383,290,000		
SF	Precision Cancer Medicine Building at Mission Bay	New	\$275,000,000	\$10,000,000	\$285,000,000	Added financing cost due to fund source change	
SD	Nuevo East Student Housing	New	\$266,130,000	\$0	\$266,130,000		
LA	Lot 15 Residence Hall	New	\$237,449,000	\$0	\$237,449,000		
SF	Mission Bay East Campus Phase 1 Building (Block 33)	New	\$237,130,000	\$0	\$237,130,000		
SF	Minnesota Street Graduate Student and Trainee Housing	New	\$222,700,000	\$12,400,000	\$235,100,000	Unforeseen conditions and higher bids	
LA	10995 Le Conte Apartments	New	\$209,640,000	\$0	\$209,640,000		
SC	Kresge College Non-Academic	Both	\$205,650,000	\$0	\$205,650,000		
SD	Franklin Antonio Hall	New	\$185,000,000	\$0	\$185,000,000		
SD	Nuevo West Graduate Student Housing	New	\$178,292,000	\$0	\$178,292,000		
RV	Multidisciplinary Research Building I	New	\$150,000,000	\$11,450,000	\$161,450,000	Increased scope - augment to fit-out shell space	
SF	Clinical Sciences Building (CSB) Seismic Building	Renovation	\$91,468,000	\$59,722,000	\$151,190,000	Change in contractor and price escalation	
IR	Middle Earth Expansion	Both	\$132,123,000	\$0	\$132,123,000		
SD	Ridge Walk Academic Complex	New	\$118,138,000	\$0	\$118,138,000		
SB	Classroom Building	New	\$97,133,000	\$0	\$97,133,000		
DV	Teaching and Learning Complex	New	\$86,337,000	\$0	\$86,337,000		
LA	Anderson School of Management Addition	New	\$70,835,000	\$0	\$70,835,000		
SD	Design and Innovation Building	New	\$67,000,000	\$0	\$67,000,000		
SB	Jeff and Judy Henley Hall	New	\$56,000,000	\$9,010,000	\$65,010,000	High bids	
RV	Student Success Center	New	\$60,430,000	\$0	\$60,430,000		

Appendix B - Active Projects

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	Reason(s) for Augmentation	Major Delays & Reason
			\$5,328,709,000	\$221,922,000	\$5,550,631,000		
DV	Hot Water Quad Loop and Hutchison Conversion	Infrastructure	\$55,200,000	\$0	\$55,200,000		
SC	Crown College Residence Halls Major Maintenance	Renovation	\$44,300,000	\$10,692,000	\$54,992,000	Scope change and high bids	
SC	Kresge College Academic	Both	\$53,000,000	\$0	\$53,000,000		
SD	Campus Life Safety Improvements	Infrastructure	\$51,055,000	\$0	\$51,055,000		Program of small infrastructure projects delayed 800+ days due to job order contract expiration and Coastal Commission delays.
LA	Franz Hall Tower Seismic Renovation	Renovation	\$50,000,000	\$0	\$50,000,000		
DV	Webster Hall Replacement	New	\$49,851,000	\$0	\$49,851,000		
LA	Margan Apartments Redevelopment	New	\$42,000,000	\$6,300,000	\$48,300,000	High bids	
MC	Downtown Center	New	\$45,116,000	\$0	\$45,116,000		5-month delay due to added solar work
LA	CHS-NPI Seismic Correction	Renovation	\$40,000,000	\$0	\$40,000,000		
BK	Giannini Hall Seismic Safety Corrections	Renovation	\$39,200,000	\$0	\$39,200,000		
RV	Pierce Hall Infrastructure Improvements	Renovation	\$34,680,000	\$3,922,000	\$38,602,000	High bids	
LA	LaKretz Botany Building Renovation	Renovation	\$38,420,000	\$0	\$38,420,000		
IR	Capital Infrastructure Renewal Program - Phase #3B		\$37,100,000	\$0	\$37,100,000		Program of small infrastructure projects completed in phases beginning in 2017
IR	Fire and Life Safety Improvements	Infrastructure	\$34,290,000	\$1,592,000	\$35,882,000	Escalation due to schedule delay	
IR	UCIMC Central Chiller Plant Expansion	Infrastructure	\$33,708,000	\$0	\$33,708,000		Delay in approvals
DV	Walker Hall Renewal and Seismic Corrections	Renovation	\$31,157,000	\$2,212,000	\$33,369,000	Exceeded original cost estimate due to scope changes	Complex historic structure
IR	UCIMC Electrical Plant	Infrastructure	\$33,178,000	\$0	\$33,178,000		Delay in approvals
DV	Tercero Dining Commons 2	New	\$32,530,000	\$276,000	\$32,806,000	Additional scope	
System	Northern Regional Library Facility Phase 4 Expansion, Systemwide	New	\$32,500,000	\$0	\$32,500,000		
IR	Center for Child Health	New	\$32,365,000	\$0	\$32,365,000		
LA	Warner Graduate Art Studio Renovation and Addition	Both	\$30,000,000	\$0	\$30,000,000		

Appendix B - Active Projects

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	Reason(s) for Augmentation	Major Delays & Reason
			\$5,328,709,000	\$221,922,000	\$5,550,631,000		
RV	Barn Expansion	Both	\$28,990,000	\$-521,000	\$28,469,000		6-month lag due to permit approval delay, weather, and unforeseen conditions
DV	Main Hospital Seismic Compliance University Tower 1	Infrastructure	\$27,801,000	\$0	\$27,801,000		5-month delay due to unexpected site conditions, redesign, reviews, and mitigation work
RV	Plant Growth Environment (PGE) Facility	New	\$27,405,000	\$0	\$27,405,000		
SF	M,L-3 Radiology Renovation Project	Renovation	\$21,300,000	\$5,345,000	\$26,645,000	Increased scope for additional medical equipment.	
SD	SIO Bldg D Marine Conservation Facility	Renovation	\$25,813,000	\$0	\$25,813,000		Reset of project schedule from 2017 approval for revised scope
DV	University Tower 2nd Floor Operating Room Remodel	Renovation	\$24,300,000	\$0	\$24,300,000		8-month delay due to unexpected site conditions, redesign, reviews, and mitigation work
RV	Pierce Hall Interiors	Renovation	\$23,425,000	\$122,000	\$23,547,000	Increased scope, augment to fit-out shell space	
DV	Electrical Substation Transformer Addition	Infrastructure	\$23,351,000	\$0	\$23,351,000		3-month delay due to coordination issues with local utility.
DV	Briggs Hall Roof & Electrical Renovations	Infrastructure	\$23,149,000	\$0	\$23,149,000		
DV	Hospital Seismic Upgrade Stair Tower & Exit	Infrastructure	\$22,880,000	\$0	\$22,880,000		2-year delay due to unexpected site conditions, redesign, reviews, and mitigation work
IR	Capital Infrastructure Renewal Program - Phase #3A	Infrastructure	\$22,600,000	\$0	\$22,600,000		Program of small infrastructure projects completed in phases beginning in 2017
DV	Cruess Hall North Renovation	Both	\$21,250,000	\$0	\$21,250,000		