



Michael V. Drake, MD
President

January 15, 2021

Office of the President
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Oakland, CA 94607

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THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Enclosed for your information is the *Annual Report on Major Capital Projects Implementation, Fiscal Year 2019-2020*. This report is prepared annually and provides an overview of the status of major capital projects that were underway at the end of the 2019-2020 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 (2019-2020), and the List of Active Major Capital Projects Over \$20 Million (2019-2020).

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

Sincerely,

Michael V. Drake, MD
President

cc: Chancellors

bcc: Members, President's Cabinet
Executive Vice President & Chief Financial Officer Brostrom
Associate Vice President & Systemwide Controller Arrivas
Interim Executive Director Friedman



Annual Report on Major Capital Projects Implementation

Fiscal Year 2019-2020

Annual Report on Major Capital Projects Implementation

Fiscal Year 2019-20

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Cover Photo:
UC Irvine Middle Earth Expansion Project
Photo credit: Kevin Scott

EXECUTIVE SUMMARY

The **Annual Report on Major Capital Projects Implementation Fiscal Year 2019-20** provides an update on the progress of the University's Capital Improvements Program. The report provides the status of all major capital projects that were completed in fiscal year 2019-20¹ and active projects in design or construction as of June 30, 2020. The distribution of the projects by total budget is illustrated in **Figure 1**, along with the total funds supporting these projects.²

The document includes additional details for projects with a budget of over \$20 million. **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. Reported budgets may vary from those initially approved, as a result of augmentations. The reasons for augmentations vary, but are generally caused by unfavorable bid conditions in the over-heated California construction market. Reported schedule delays result from reasons that include unexpected site conditions, scope changes and redesign, delay in external approvals, weather, and mitigation work. The impacts from the COVID-19 pandemic began to impact projects at the end of the 3rd quarter and during the 4th quarter of FY 2019-20, and so the effects were not as pronounced as may be seen in future years.

¹Completion is measured at the point that the project achieves substantial completion.

²Major Capital Projects are capital projects with budgets of \$1 million or more.



Photo: UC Davis Recreation Pool Renovation

Figure 1 - Project Distribution by Budget Category - All Complete

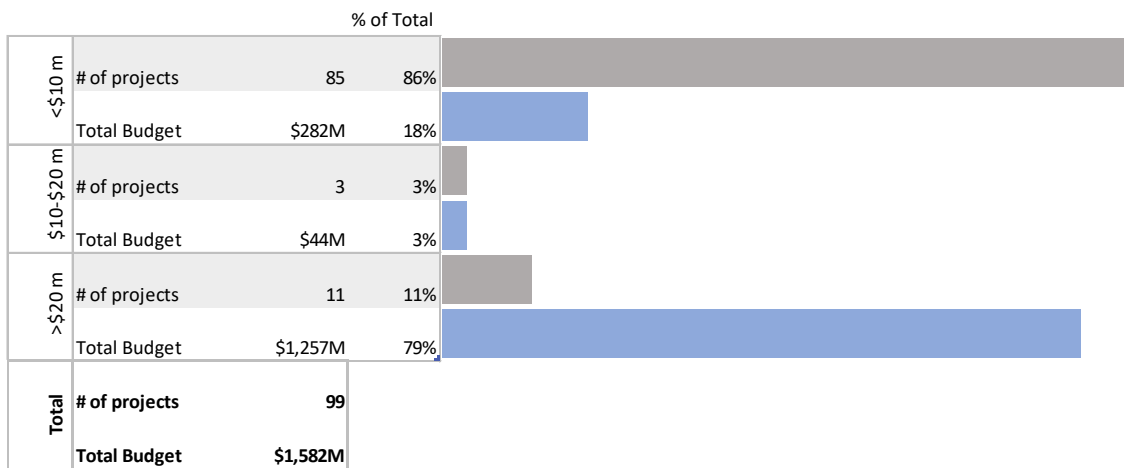
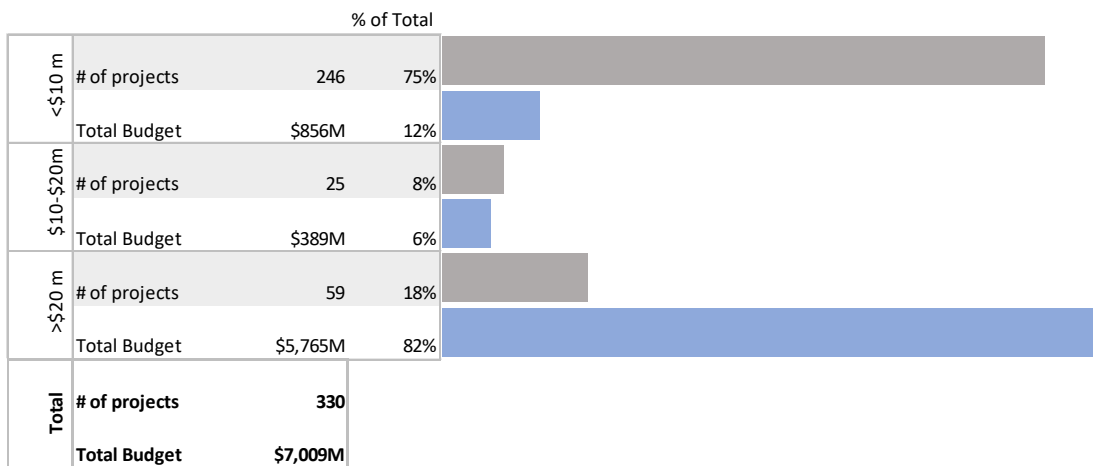


Figure 2 - Project Distribution by Budget Category - All Active



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. As in past years campuses exceeded expectations, with the implementation of world class academic and research projects. Education and general campus renovation projects were an area of focus, as was expanding and improving project delivery methods.

All Projects

Budget: 99 capital projects with a cumulative

budget of \$1,582 million were completed in fiscal year 2019-20. Of the 99 projects, 25 (25%) completed projects required budget augmentations while 68 (69%) were on budget and 6 (6%) achieved budget savings. Budget projections provided at substantial completion indicate that the aggregate final budget for completed projects will be marginally more (approximately \$0.3 million or <1%) than their original approved budget.

The \$1,582 million in completed projects in 2019-20 increased from \$820 million completed in

2018-19. New construction comprised 74 percent of the cumulative budget for completed projects. 85 of the 99 projects had budgets under \$10 million, and consisted mostly of renovations and infrastructure projects.

Schedules: Schedule performance for projects completed in 2019-20 remains a challenge. The percentage of late projects, defined as more than 90 days behind their original approval schedule, was 54 percent in 2019-20, compared to 59 percent in 2018-19, 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, reviews by outside agencies, re-design to meet budget, and unforeseen site conditions. Although COVID-19 only impacted construction activities for 4 months of this fiscal year, five projects encountered COVID-19 related

delays. Changes in scope, and unforeseen site conditions were the leading cause of extended schedules.

Projects with Budgets Over \$20 Million

Budget: The eleven completed projects with budgets over \$20 million totaled \$1,257 million. Five required augmentations (Appendix A contains the list of major capital with budgets over \$20 million projects completed in 2019-20).

Figure 3 provides a year over year comparison of complete projects with budgets over \$20 million. These figures indicate an increase in the number of projects completed as well as an increase in the funds used for augmentations.

Schedules: Six projects encountered delays and one completed early as compared to the originally approved schedules. Reasons included unexpected site conditions and necessary redesign, and COVID-19 related public utility coordination delays.

Figure 3 – Completed Projects – Yearly Comparison (Budget \$20+ Million)

	2018-19	2019-20
# of Complete Projects	9	11
Original Budgets Total	\$0.5 B	\$1.23 B
Current Budgets Total	\$0.5 B	\$1.26 B
% Budget Augmentation	-1%	2%
% Projects Delayed 90+ Days	22%	55%

ACTIVE PROJECTS:

All Projects

Budgets: Fiscal year 2019-20 saw a year over year decrease in the number of active projects. There were 330 active projects with a cumulative budget of \$7.1 billion as of June 30, 2020, compared to 349 project with budget of \$6.8 billion in active projects on June 30, 2019.

Auxiliary projects accounted for 31 percent of the total active project investment; projects in support of education and general made up 43 percent. Medical and health sciences constituted the remaining 27 percent of the total active project investment.

As of June 30, 2020, augmentations have been required for 71 of the 330 active projects, equal to 22 percent of the active project portfolio, for a cumulative budget increase of about 7 percent over the original approved budgets. The cumulative augmentations for active projects totaled \$450 million. 259 active projects (78%) have required no augmentation.

Projects with Budgets Over \$20 Million

Budget: At the end of fiscal year 2019-20, 60 active projects with budgets of \$20 million or higher totaled \$5.8 billion. This represents a 4 percent increase from the \$5.6 billion cumulative investment in fiscal year 2018-19. (refer to **Figure 4**) However, two large complex health-related buildings at UCSF – the Joan and Sanford I. Weill Neurosciences Building and the Clinical Sciences Building (CSB) Seismic Building – account for \$217 million (59%) of augmentations. A new education building at UC Irvine, the Interdisciplinary Science and Engineering Building accounts for another \$54 million (15%) of augmentations. The reasons for those three augmentations were the result of

changes in scope and cost escalation. The majority of augmentations for projects with budgets over \$20 million were for the same reasons: scope changes and cost escalation in the construction market.

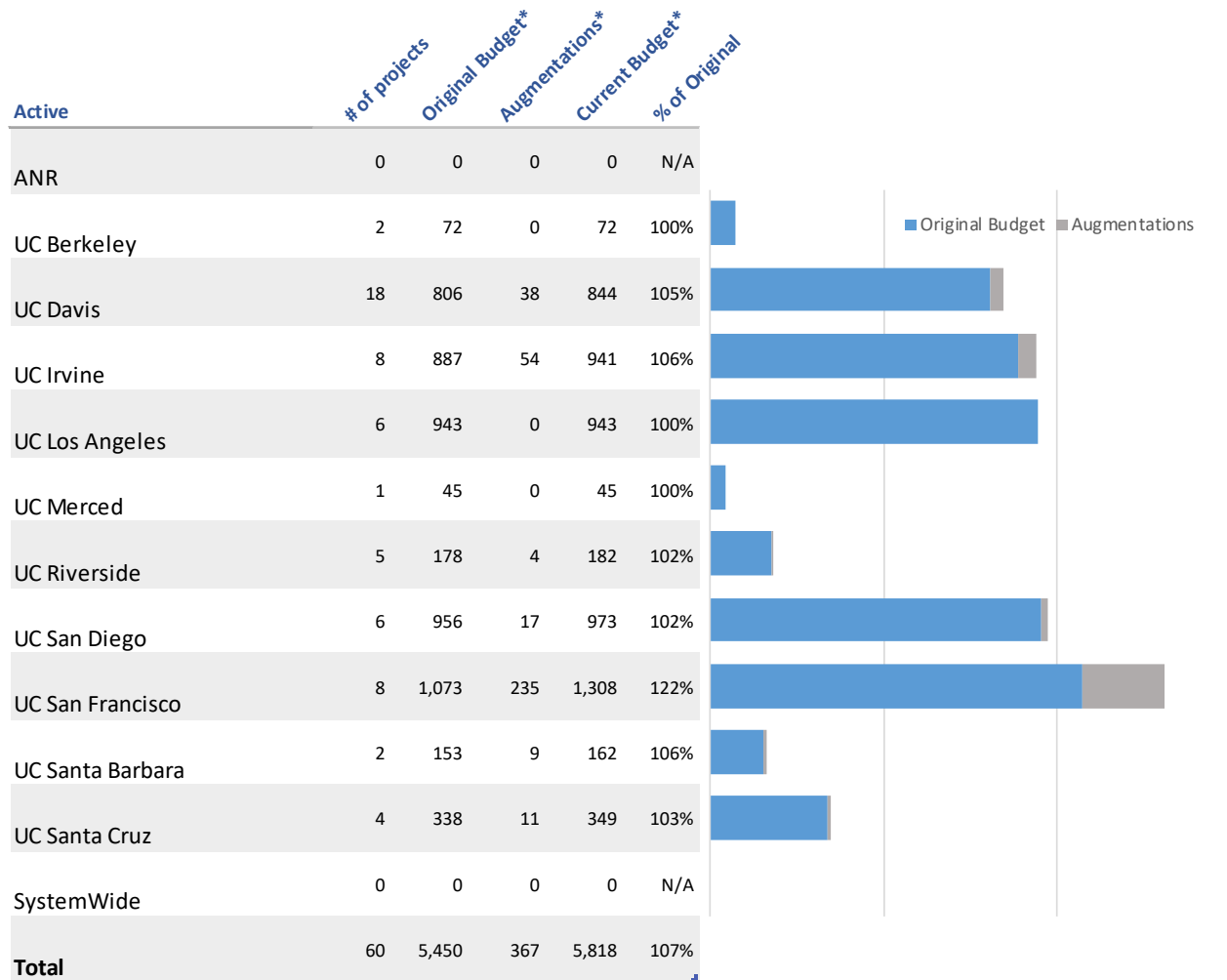
Schedules: Of the 60 active projects, 16 (27%) have experienced delays while 73 percent are currently anticipated to be on time or early. Reasons to date for delays ranged and include unexpected site conditions, scope changes and redesign, delay in external approvals, weather, mitigation work, and COVID-19 impacts. Of the 16 projects reporting a delay, 4 cited COVID-19 as one of the causes of delay.

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 four largest programs at San Diego, San Francisco, Irvine and Los Angeles accounting for almost 72 percent of the total dollar value for FY 2019-20.

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

	2018-19	2019-20	% Change
# of Active Projects	55	60	9%
Original Budgets	\$5.3 B	\$5.5 B	4%
FY 19-20 Budgets	\$5.6 B	\$5.8 B	4%
% Budget Augmentation	4%	7%	3%
% Projects Delayed 90+ Days	27%	27%	0%

Figure 5 - Active Major Capital Projects (\$20+M)



* in millions

Investment by Use for Active Projects Over \$20 Million: As illustrated in **Figure 6** on the following page by use category, the investment in Medical Center & Health Sciences facilities increased compared to FY 2018-2019, while Auxiliary (e.g., housing, dining, and parking) and Education and General Use decreased.

About 80 percent (\$4.7 billion) of the total investment in projects over \$20 million is for new buildings and about 20 percent (\$1.1 billion) is for building renovation and infrastructure renewal. Seismic renovation and infrastructure projects comprised 6% (\$345M) of the total investment in active projects over \$20M.

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

	2018-2019		2019-20		% Change
Education & General Use	\$2.5B	45%	\$2.4B	41.3%	-4%
Auxiliary	\$2.6B	46%	\$2.0B	35.3%	-14%
Med Center/Ed Health Science	\$0.5B	9%	\$1.4B	23.4%	14%
Total Investment	\$5.6B	100%	\$5.8B	100.0%	

In billions

PRESIDENTIAL PROCESS AND REGENTS PROCESS:

The authority to approve projects from \$10 million up to \$70 million is delegated to the Chancellors, subject to a certification checklist review by the Office of the President to ensure policy compliance. This is referred to as the Presidential Process in this report. The authority to approval projects with budget above \$70 million lies with the Board of Regents, and is referred to as the Regental Process in this report.

The Presidential Process increases campus autonomy, and provides for campus accountability for capital project delivery while streamlining the capital approval process.

As reported in previous years, and as shown in **Figure 7**, the 2019-20 budget and schedule performance reports for active and completed projects over \$10 million indicate that projects approved under the Presidential Process had a higher percentage of augmentation (7%) compared to their original budgets than did projects approved under the Regental Process (6%). Projects approved under the Presidential Process were more likely to receive an augmentation (31%), than were those approved under the Regents Process (24%).

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

	Presidential Process	Regents Process
# of Projects	74	25
Original budget	\$2,086 M	\$4,998 M
Cumulative approved budget changes (+/-)	\$140.2 M	\$300.2 M
Year-end budget change from original	7%	6%
Projects with budget augmentations	23	6
Projects with budget savings	0	1
% of Projects with budget savings	0%	4%
% of Projects with budget augmentations	31%	24%



Photo: UC Davis Tercero Dining Commons 2, Upper Floor

PPENDIX A – LIST OF COMPLETED MAJOR CAPITAL PROJECTS OVER \$20 MILLION (2019-20)

Notice of Substantial Completion or Certificate of Occupancy issued between July 1, 2019 and June 30, 2020

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	% Cost Increase	Reason(s) for Augmentation	Reason for Delay
Totals			1,229,553,000	27,056,000	1,256,609,000			
SF	Precision Cancer Medicine Building at Mission Bay	New	275,000,000	10,000,000	285,000,000	4%	Added financing cost due to fund source change	
SD	Nuevo East Student Housing	New	266,130,000	0	266,130,000	0%		
SF	Mission Bay East Campus Phase 1 Building (Block 33)	New	237,130,000	7,693,000	244,823,000	3%	Changes and delays by public utility	Delays in connections to public utilities & COVID-19
SD	Nuevo West Graduate Student Housing	New	178,292,000	0	178,292,000	0%		
LA	Anderson School of Management Addition ¹	New	70,835,000	-749,000	70,086,000	-1%		Elevator inspection delayed SC
LA	Margan Apartments Redevelopment ¹	New	42,000,000	7,220,000	49,220,000	17%	High Bids & Construction change order offsets	
IR	Fire and Life Safety Improvements	Infrastructure	34,290,000	1,592,000	35,882,000	5%	Design phase of the schedule extended due to unforeseen complexity of the project	Extended schedule due to off-hours renovation work and mitigation of hazardous materials.
IR	UCIMC Central Chiller Plant Expansion	Infrastructure	33,708,000	0	33,708,000	0%		Unforeseen underground conditions and equipment failures
IR	UCIMC Electrical Plant	Infrastructure	33,178,000	0	33,178,000	0%		Unforeseen underground conditions and equipment failures
RV	Barn Expansion	Both	28,990,000	1,300,000	30,290,000	4.5%	Unexpected underground utilities discovered during construction that needed to be relocated.	Unanticipated conditions at site
LA	Warner Graduate Art Studio Renovation and Addition	Both	30,000,000	0	30,000,000	0%		
NOTES:								
¹ Augmentation or reduction made in FY 20-21 to project completed in FY 19-20								

APPENDIX B – LIST OF ACTIVE MAJOR CAPITAL PROJECTS OVER \$20 MILLION (2019-20)

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
			5,397,602,000	367,100,000	5,764,702,000		
SF	Joan and Sanford I. Weill Neurosciences Building	New	357,600,000	157,400,000	515,000,000	Finish enhancements, added scope, fixed equipment and financing costs; changes/delays by public utility, changes in subcontractors	Delayed due to COVID-19 impacts
SD	North Torrey Pines Living and Learning Neighborhood	New	509,450,000		509,450,000		
LA	Southwest Campus Apartments	New	383,290,000	0	383,290,000		
IR	Verano 8 Graduate Student Housing	New	284,581,000	0	284,581,000		
SF	UCSF Research Building at ZSFGH	New	275,115,000	0	275,115,000		
LA	Lot 15 Residence Hall	New	237,449,000	0	237,449,000		
SF	Minnesota Street Graduate Student and Trainee Housing	New	222,700,000	12,400,000	235,100,000	Unforeseen conditions and higher bids	Protracted Contract disputes
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		
IR	Susan and Henry Samueli College of Health Sciences Building	New	185,000,000	0	185,000,000		
SD	Franklin Antonio Hall	New	185,000,000		185,000,000		
IR	Interdisciplinary Science & Engineering Building	New	120,000,000	53,691,000	173,691,000	Build-out all remaining shell space	Completion of the build-out of 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	Project delayed with change in contractor
IR	Middle Earth Expansion	Both	132,123,000	0	132,123,000		Unforeseen structural upgrades for Pippin Commons. Requires significant upgrades to existing structure.
SD	Ridge Walk Academic Complex	New	118,138,000		118,138,000		
DV	Emerson Hall Replacement	New	109,300,000	0	109,300,000		
SB	Classroom Building	New	97,133,000	0	97,133,000		
DV	Ambulatory Care Center with Expansion	Both	87,500,000	0	87,500,000		

Appendix B - Active Projects

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	Reason(s) for Augmentation	Major Delays & Reason
			5,397,602,000	367,100,000	5,764,702,000		
DV	Teaching and Learning Complex	New	86,337,000	0	86,337,000		
IR	Irvine Campus Medical Complex	New	73,106,000	0	73,106,000		
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	Cost Estimate revisions & contractor bids	
RV	Student Success Center	New	60,430,000	0	60,430,000		
DV	UCDH Office of the Future	Renovation	59,500,000	0	59,500,000		
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	Added scope: more beds	Final Completion pending approval of final commissioning. Anticipate completion by August 15, 2020.
SC	Kresge College Academic Building	Both	53,000,000	0	53,000,000		
DV	Student Athlete Performance Center	New	52,328,000	0	52,328,000		
SD	Campus Life Safety Improvements	Infrastructure	51,055,000	0	51,055,000		Multiple projects & phases; Agency permitting, scope change; needed building assessment, and historic designation issue
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		
DV	Chemistry Addition & 1st Floor Renovation	Renovation	46,921,000	0	46,921,000		
SF	Mt. Zion Main Hospital Buildings A & B Seventh Floor Renovations for Inpatient Psychiatric Services	Renovation	46,000,000	0	46,000,000		
MC	Downtown Center	New	45,116,000		45,116,000		Additional Owner Requests
SD	SIO Bldg D Marine Conservation Facility	Renovation	25,813,000	17,047,000	42,860,000	Unanticipated site conditions, revised scope, requirements of CA Coastal Commission.	
DV	Roseville Clinic II Tenant Improvement	Renovation	40,000,000	0	40,000,000		

Appendix B - Active Projects

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	Reason(s) for Augmentation	Major Delays & Reason
			5,397,602,000	367,100,000	5,764,702,000		
BK	Giannini Hall Seismic Safety Corrections	Renovation	39,200,000	0	39,200,0800		Review and approvals by agencies; one month extended period for design approval pursuant to CEQA
RV	Pierce Hall Infrastructure Improvements	Renovation	34,680,000	3,922,000	38,602,000	Bids exceeded estimates	
LA	LaKretz Botany Building Renovation	Renovation	38,420,000	0	38,420,000		
IR	Capital Renewal Infrastructure Improvement Program Phase 3B	Infrastructure	37,100,000	0	37,100,000		
DV	Hospital Seismic Upgrade Stair Tower & Exit	Infrastructure	12,945,000	23,355,000	36,300,000	Project delays, escalation, revisions to scope, failed bid attempts.	Site conditions worse than anticipated forcing redesign and mitigation work
SF	2 North Point Seismic and Tenant Improvements	Renovation	35,144,000	0	35,144,000		COVID-19 impacts and shutdown
SC	Rachel Carson College Dining Expansion	Renovation	34,945,000	0	34,945,000		
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
DV	Tercero Dining Commons 2	New	32,530,000	276,000	32,806,000	Scope change to extend pipes to the Central Plant and to connect the HHW pipes as recommended by campus leadership.	Delayed by unforeseen conditions; PG&E gas line found underground.
BK	Northern Regional Library Facility Phase 4 Expansion, Systemwide	New	32,500,000	0	32,500,000		Delay due to the Division of the State Architect's approval process
IR	Center for Child Health	New	32,365,000	0	32,365,000		
RV	Parking Structure 1	New	31,844,000	0	31,844,000		
DV	University Tower 2nd Floor Operating Room Remodel	Renovation	21,214,000	9,206,000	30,420,000	Infrastructure modifications, schedule delays and construction issues.	Site conditions worse than anticipated forcing redesign and mitigation work

Appendix B - Active Projects

Campus	Project	New, Renovation, Both, Infrastructure	Original Approved Budget	Augmentations	Current Budget	Reason(s) for Augmentation	Major Delays & Reason
			5,397,602,000	367,100,000	5,764,702,000		
DV	UCDH Point West Clinics	Renovation	27,930,000	0	27,930,000		
RV	Plant Growth Environment (PGE) Facility	New	27,405,000	0	27,405,000		Delay during planning
SF	M,L-3 Radiology Renovation Project	Renovation	21,300,000	5,345,000	26,645,000	Increased scope for additional medical equipment	Added equipment not originally included when PPG budget was approved
DV	UCDH Call Center	Renovation	25,300,000	0	25,300,000		
LA	Rosenfeld Hall Expansion and Renovation	Renovation	24,000,000	0	24,000,000		
DV	Cruess Hall North Renovation	Both	21,250,000	2,700,000	23,950,000	High bids, CM terminated, Rebid as design-build	
SF	Police Consolidation at 654 Minnesota	Renovation	23,754,000	0	23,754,000		Project on hold for at least one year pending re-evaluation of financial feasibility given costs of COVID-19
RV	Pierce Hall Interiors	Renovation	23,425,000	122,000	23,547,000	User requested add alternate	
DV	Electrical Substation Transformer Addition	Infrastructure	23,351,000	0	23,351,000		
DV	Briggs Hall Roof & Electrical Renovations	Infrastructure	23,149,000	0	23,149,000		
IR	Capital Infrastructure Renewal Program - Phase #3A	Infrastructure	22,600,000	0	22,600,000		COVID-19 has resulted in coordination and construction delays. Schedule updated accordingly