Office of the President
November 7, 2001

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS AND COMMITTEE ON FINANCE:

ITEM FOR ACTION

For Joint Meeting of November 15, 2001

AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR BROAD ART CENTER SEISMIC RECONSTRUCTION AND EXPANSION PROJECT, LOS ANGELES CAMPUS

The President recommends that:

(1) The Committee on Grounds and Buildings recommend to The Regents, subject to the concurrence of the Committee on Finance, that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Los Angeles: Broad Art Center Seismic Reconstruction and Expansion - preliminary plans, working drawings, and construction -- $43,711,000 to be funded from federal funds ($5,873,000), campus funds ($6,338,000), gift funds ($21,500,000), and external financing ($10,000,000).

(2) The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to include this project, as described in (1) above.

(3) The Committee on Finance recommend to The Regents that:

(a) The Treasurer be authorized to obtain stand-by financing not to exceed $20,000,000, interim financing not to exceed $1,500,000, for a total of $21,500,000, prior to awarding a construction contract for any gift funds not received by that time and subject to the following conditions:

(i) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
(ii) Repayment of any financing shall be from gift funds and in the event such gift funds are insufficient, from Los Angeles campus’ share of the University Opportunity Fund; and

(iii) The general credit of The Regents shall not be pledged.

(b) The Treasurer be authorized to obtain external financing not to exceed $10,000,000 to finance the Broad Art Center Seismic Reconstruction and Expansion project, subject to the following conditions:

(i) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;

(ii) Repayment of the debt shall be from the Los Angeles campus’ share of the University Opportunity Fund; and

(iii) The general credit of The Regents shall not be pledged.

(4) Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

(5) 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.
KEY
Capital Improvement Program Abbreviations

S  Studies
A  Acquisition
P  Preliminary Planning
W  Working Drawings
C  Construction
A/C  Augmentation for Construction
E  Equipment
A/E  Augmentation for Equipment
-  State (no abbreviation)
F  Federal Funds
G  Gifts
HR  Hospital Reserve Funds
LB  Bank Loans or Bonds
LR  Regents’ Loans
N  Reserves other than University Registration Fee
R  University Registration Fee Reserves
U  Regents’ Appropriations
X  Others (Source known, but not included above, e.g., campus discretionary funds)
Q  Funds from sources yet to be determined

CCCI  California Construction Cost Index
EPI  Equipment Price Index
Campus and Project Title (Total Cost) | Prefunded | Proposed 2001-02 | Projected After 2001-02
--- | --- | --- | ---
Los Angeles

| Broad Art Center | P 374,000 X | P 726,000 X |
| Seismic Reconstruction and Expansion | P 694,000 F W 1,500,000 G | W 503,000 X |
| | W 265,000 F C 20,000,000 G |
| | C 4,335,000 X C 10,000,000 LB |
| | C 4,914,000 F E 400,000 X |

($43,711,000)

**DESCRIPTION**

The proposed project would renovate and expand Broad Art Center, an existing complex previously known as Dickson Art Center. The base project would include structural corrections, earthquake damage repairs, fire/life safety upgrades, and accessibility improvements. Program improvements would construct new space and improve building function to support the needs of the School of Arts and Architecture. Upon completion of the work, the seismic rating of the complex’s tower would be upgraded from “Poor” to “Good.” Approval for the preliminary plans was given by The Regents at their September 2000 meeting.

**Background**

The arts complex was built in 1965. The complex consists of an eight-story reinforced concrete tower with an attached one and two-story north wing, and a seismically separate two-story south wing. Little has been done to improve the complex since it was erected. The principal occupants of the complex are the Department of Art and the Department of Design/Media Arts of the School of the Arts and Architecture. The Arts Library and general academic classrooms are also located in the complex.

The January 1994 Northridge earthquake severely damaged the tower. The most serious damage occurred on the second, third, and fourth floors of the tower, where major cracking was sustained in the concrete shear walls and exterior walls. There was also cracking in the roof-level floor slabs and roof canopy columns. Architectural and engineering studies concluded that the overall strength of the tower had been reduced by approximately 40%. In June 1995, delegation of authority for approval of the campus’ Federal Emergency Management Agency (FEMA) reconstruction projects was given to the President to provide the flexibility needed in order to keep the projects moving forward expeditiously. Seismic strengthening and repair of earthquake damage in the tower was included in the FEMA program.
In September 2000, The Regents approved an amendment to the Budget for Capital Improvements and the Capital Improvement Program to include only preliminary plans (“P”) funding at $1,068,000 from campus funds ($374,000) and FEMA funds ($694,000) for a newly renovated complex to be named the Edythe and Eli Broad Art Center, in honor of a gift from Mr. and Mrs. Broad. In light of this gift, the previous seismic renovation project has been reconceived to include a complete reconstruction of the tower and remodeling of the south wing, accompanied by a significantly expanded scope and budget. The reconstructed facility would advance the curriculum, research, and teaching requirements of the School’s visual arts programs. The gift makes possible the expansion and improvement of facilities to support creative and artistic endeavor, including new flexible, multi-use space for interactive multi-media technology, studios, and meeting spaces for students and faculty. The complex would be made both productive and safe for its occupants.

**Project Description**

The proposed project would fundamentally reconstruct and expand the existing facility. The base project would seismically strengthen and repair earthquake damage in the tower, upgrade fire/life safety systems, and provide needed accessibility improvements throughout the complex. Program improvements would construct new space and reconfigure the space plan for the School of the Arts and Architecture, slated for occupancy September 2004.

The complex currently provides 95,076 asf (142,228 gsf). The proposed project would construct 5,423 asf (10,084 gsf) of new space in the complex. Under this project, additional space in the complex would be assigned to the School of the Arts and Architecture, increasing the School’s total space allocation by approximately 20,481 asf to 93,214 asf. (The Arts Library and another small office space user would vacate the complex and that space would be reassigned to the School.) Upon completion, the complex would contain approximately 100,499 asf (152,312 gsf). Facility space not occupied by the School would be occupied by general academic classrooms (5,794 asf) and unimproved shell space (1,491 asf) for future campus use.

The existing courtyard would be in-filled with a sky-lit structure to accommodate a new flexible multi-media gallery/performance space. The roof of this structure would serve as an outdoor gathering space with a new indoor/outdoor café adjacent to a new main entrance lobby on the second level of the tower. Circulation on tower floors four through seven would be relocated to the exterior of the building, allowing for conversion of the floors into flexible, multi-use space for open labs, visiting faculty studios, office and related support space. A new freight elevator would serve each tower floor. The lower tower floors and wings would be renovated and existing functions relocated to achieve the best fit of program and space. The most public functions in the complex, including the New Wight Gallery, the new multi-media lecture/gallery/performance space, and administrative offices would be located near the proposed lobby and existing auditorium.

Site work would include replacement of existing pavement in the plaza, installation of site signage and lighting, and construction of a new campus walkway from the plaza to Parking Structure 3 through the north courtyard at the second level. The exterior sculpture and ceramics work yards would be covered. A site-specific sculpture would be designed and installed in the
plaza in front of the building. The acquisition and installation of this sculpture is included in the project cost. Existing sculpture installations in the plaza would be relocated as necessary to accommodate the proposed work.

Current occupants of the complex would be moved into the Southwest Campus Staging Building in Lot 32 and modular facilities adjacent to the staging building. The Arts Library will permanently vacate the complex for another campus location.

Seismic, Accessibility, and Life Safety Improvements

The existing tower would be reduced to its concrete shell and reconstructed. The concrete roof canopy and sunscreens would be removed. The tower’s structure would be strengthened and stiffened. New shear walls, a new freight elevator, and access walkways would be constructed on the exterior of the tower. New shear walls would also be added at the upper floors of the tower and north wing. Structural cracks in walls, slabs and columns would be repaired.

Accessibility improvements would include modifications to existing restroom fixtures and accessories, modifications to stairs and handrails, adjustments to drinking fountain heights, code-required upgrades to the auditorium, and installation of an elevator to serve multiple levels in the south wing. Fire/life safety improvements would include installation of a fire sprinkler system on all floors, installation of a new fire alarm system, installation of emergency and exit lighting, bracing of mechanical equipment, and provision of code-compliant egress throughout the facility.

Program Improvements

Building systems improvements would include retrofitting and replacement of heating, ventilation and air conditioning equipment, ductwork and systems controls; installation of new power distribution, lighting, controls and equipment connections; installation of a fire alarm system connected to the campus command center; installation of security system conduit; and installation of a new fire sprinkler system. Communications connectivity improvements would include construction of a hub room and installation of a local area network connected to the campus backbone network.

CEQA Classification

In accordance with the California Environmental Quality Act and the University of California procedures for the implementation of CEQA, environmental effects of the Broad Art Center Seismic Reconstruction and Expansion project (previously named the Dickson Art Center Seismic Correction project) were analyzed in the Southwest Campus Staging Building – Dickson Art Center and Dance Building Seismic Renovation Tiered Initial Study/Mitigated Negative Declaration, (SCH #99101090) certified by The Regents in January 2000.

In addition, the Broad Art Center Seismic Reconstruction and Expansion project is statutorily exempt per the CEQA Statutes section 21080(b)(3), and categorically exempt per CEQA Guidelines section 15301 Class 1 Existing Facilities and section 15302(a), Class 2, Replacement or Reconstruction.

Financial Feasibility
The total project cost of $43,711,000 at CCCI 4240 would be funded from federal funds ($5,873,000), campus funds ($6,338,000), gift funds ($21,500,000) and external financing ($10,000,000).

As of November 1, 2001, the gift campaign status is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cash Gifts Received</td>
<td>0</td>
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<tr>
<td>Pledges Received</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Pledges Under Negotiation</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Total</td>
<td>$21,500,000</td>
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A binding pledge for $20,000,000 of the fund raising target was received in March 2000. An augmentation of $1,500,000 to the original pledge agreement is currently under negotiation with the Donor. Approval of stand-by financing of $20,000,000, interim financing of $1,500,000, and external financing of $10,000,000 is requested. In compliance with Regents’ policy all funds necessary to complete construction will be in hand prior to issuing the project for bids.

To the extent the campus obtains gift funds prior to the completion of the project, the drawdown against the standby loan will be reduced or outstanding balances will be prepaid. The campus anticipates that it would be able to collect the pledge received for this project, but in the event the collection is insufficient, the campus has pledged the Los Angeles Campus Opportunity funds as a source of repayment.

Should the campus be unable to raise the additional gifts, the $1,500,000 of interim financing may have to be repaid over 27 years at 6.125% for potential annual debt service of $115,000.

The $10,000,000 of external financing also to be repaid with Opportunity Funds has an average annual debt service of $776,500 based on 6.125% for 27 years. Opportunity Funds are a portion of the indirect cost recovery on federal contracts and grants. By University policy, up to 65% of a campus’ Opportunity Funds may be pledged for debt service, but only up to 33% of actual debt service may be paid from Opportunity Funds. In fiscal year 2004-05, the first full year of occupancy, 55.9% of Opportunity Funds are pledged for debt service.

Additional financial feasibility information may be found on Attachment 2.

(Attachments)
**PROJECT STATISTICS**
**BROAD ART CENTER SEISMIC RECONSTRUCTION AND EXPANSION**
**CAPITAL IMPROVEMENT BUDGET**
**LOS ANGELES CAMPUS**
**CCC 4240**

<table>
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<tr>
<th>Cost Category</th>
<th>Amount</th>
<th>% of Total</th>
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<tr>
<td>Site Clearance</td>
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<tr>
<td>Building</td>
<td>$29,705,000</td>
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<tr>
<td>Exterior Utilities</td>
<td>$140,000</td>
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<tr>
<td>Site Development</td>
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<tr>
<td>A/E Fees (a)</td>
<td>$3,850,000</td>
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<tr>
<td>Campus Administration (b)</td>
<td>$865,000</td>
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<tr>
<td>Surveys, Tests</td>
<td>$795,000</td>
<td>1.7%</td>
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<tr>
<td>Special Items (c)</td>
<td>$3,181,000</td>
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<td>Contingency</td>
<td>$2,910,000</td>
<td>6.7%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$43,311,000</strong></td>
<td><strong>99.1%</strong></td>
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<tr>
<td>Group 2 &amp; 3 Equipment</td>
<td>$400,000</td>
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<td><strong>Total Project</strong></td>
<td><strong>$43,711,000</strong></td>
<td><strong>100%</strong></td>
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**Statistics**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Gross Square Feet (GSF) (d)</td>
<td>162,944</td>
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<tr>
<td>Assignable Square Feet (ASF) (d)</td>
<td>100,499</td>
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<tr>
<td>Ratio ASF/GSF (%)</td>
<td>62%</td>
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<td>Building Cost/GSF (d)</td>
<td>$182</td>
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<tr>
<td>Building Cost/ASF (d)</td>
<td>$295</td>
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</tbody>
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**Comparable University Projects at CCCI 4240 Building Cost per GSF**
1. UCLA – Southwest Campus Staging Building $163
2. UCR – Fine Arts Seismic Facility $225
3. UCSC – Improvements to Fine Arts Facilities $209
4. UCI – Humanities Fine Arts Facilities $216

(a) Fees include executive architect and other professional design contract costs.
(b) Campus administration includes project management and inspection.
(c) Special items include programming, as-built survey, agency fees, hazardous materials documentation, Regents presentation, CEQA compliance, value engineering, Facilities expenses and sculpture acquisition costs totaling $2,470,000; and interest expense totaling $711,000.
(d) Gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself.
Assignable square feet (ASF) is the net usable area.

November 2001
Project Title: Broad Art Center Seismic Reconstruction and Expansion, Los Angeles

Total Estimated Project Cost: $43,711,000

Proposed Source of Funding:

Federal (FEMA) Funds $5,873,000
Campus Funds $6,338,000
Gift Funds $21,500,000
External Finance $10,000,000

TOTAL $43,711,000

Projected Financing Terms:

Stand-by Financing: $20,000,000
Interest rate: 7.125%

Interim Financing: $1,500,000
Interest rate: 6.125%

External Financing: $10,000,000
Interest rate: 6.125%

Estimated Los Angeles Campus Opportunity Funds (FY 2004-05):

Opportunity Funds Generated $37,790,000

Estimated Annual Debt Service (FY 2004-05):

Principal and Interest – Broad Art Center $881,000
Annual Debt Service – Existing Projects $20,233,000
Total Debt Service from Opportunity Funds $21,114,000

Percent of Opportunity Funds Pledged for Debt Service: 55.9%

Calculation of Debt Service Coverage (FY 2004-05):

Estimated Opportunity Funds Revenue $37,790,000
Debt Service $21,114,000
Debt Service Coverage 1.79 X

(1) Represents first full year of operation for the project
(2) Includes $11.5 million external financing, should interim financing be converted to long-term external financing
(3) To be repaid (if necessary) from Opportunity Funds

November 2001