Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For the Meeting of November 16, 2011

APPROVAL OF THE BUDGET, APPROVAL OF EXTERNAL FINANCING, CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT, AND APPROVAL OF DESIGN, LOWER SPROUL PROJECTS, BERKELEY CAMPUS

EXECUTIVE SUMMARY

The Lower Sproul complex of buildings was completed in the early 1960s to provide the Berkeley campus with a student center. Over the past half century, as a result of changes in the size and character of the student body, transformative advances in instruction and technology, a lack of capital reinvestment and, most importantly, the identification of critical seismic deficiencies, the complex has become an anachronism that no longer meets the needs of our students, nor provides them with an adequate level of safety. This item concerns: the Lower Sproul Projects and the Future Lower Sproul Improvement Program.

Lower Sproul Projects

This multi-building capital investment program is the result of the student Lower Sproul Plaza Fee passed by referendum in spring 2010, and approved by the President in July 2010. A primary driver is mitigation of seismic risk. The scope of the program includes:

- Replacement of seismically ‘poor’ Eshleman Hall;
- Relocation of the campus Career Center from seismically ‘poor’ space;
- Expansion and renovation of King Student Union;
- Selective renovations of Chavez Center and Anthony Hall;
- Lower Sproul Plaza access, structural, and landscape improvements; and
- Surge expenses, including renovation of Alumnae Hall at the Anna Head School.

The Lower Sproul Plaza Fee would also contribute to the cost of operation and maintenance of the facilities referenced above, as well as initial construction, and would provides regular contributions to a capital renewal reserve. One-third of Fee revenues would be reserved for student financial aid.

Previous Action

In January 2011 the Regents approved partial preliminary plans (‘P’) funding of $7,098,000 for the Lower Sproul Projects.
Cost Savings and Future Projects

The preliminary budget for the Lower Sproul Projects was $223 million, the same budget represented in the Berkeley campus’s 2010-20 Capital Financial Plan. Subsequently, with the completion of the business case analysis, and detailed analyses of program, design, and cost conducted in the schematic design phase, the campus has determined that the cost previously estimated at $223 million could be reduced. The cost savings are the result of design refinements to optimize value and performance, and modification of project delivery from two sequential phases to a single phase.

As a result of these cost savings, the revised project budget to deliver the required scope of the Lower Sproul Projects has been reduced from $223 million to $193 million.

The students and campus propose to invest this $30 million in budget savings toward additional capital improvements within the Lower Sproul complex. These additional items, the Future Lower Sproul Improvement Program, are consistent with the scope represented to the students in the fee referendum, in the Memoranda of Understanding (MOUs) by the University and the Associated Students of UC, and in the Presidential Fee Approval. The Future Lower Sproul Improvements Program would adhere to the terms of the MOUs, and would focus on improvements to King Student Union, Chavez Student Center, Anthony Hall, and Lower Sproul Plaza, including:

- Renewal or replacement of inadequate and/or obsolete building systems,
- Adaptive renovation of existing interior spaces which do not meet current student needs,
- Performance of identified deferred maintenance, and
- Site and landscape improvements including enhanced sustainable design features.

Proposed Actions

This item requests Regental approval for:

- **Lower Sproul Projects** (budget, external financing, standby financing, design, and environmental approval) comprised of the original project scope $193,000,000

Future Actions

Approvals of individual projects in the Future Lower Sproul Improvement Program, totaling $30 million, including approval of external financing, would be pursued through the delegated approvals process.
Statement of Issues

**Life Safety.** A primary driver of the project is life safety. The existing 46,200 gsf Eshleman Hall, the home of student organizations and student government, has a ‘poor’ seismic rating. A partial retrofit completed in 2009-2010 mitigated some of its most critical seismic deficiencies, but its seismic rating remains ‘poor.’ The Lower Sproul Projects would replace Eshleman Hall with a new building. The project would also relocate the existing campus career center, also housed in a building with a ‘poor’ seismic rating, to other university-owned space.¹

**Cost Sharing.** Student fees would fund roughly 56 percent of the capital required for the project, with campus funds comprising the balance, as described in Attachment 2. This includes a contribution of $10 million from the existing student Life Safety Fee as well as revenues from the Lower Sproul Plaza Fee. The project scope and funding plan reflect the program elements outlined in the MOUs. The MOUs prescribe the purposes of the Lower Sproul Plaza Fee, a governance structure to administer the Fee and the program of improvements it supports, the process for decision making, and descriptions of project elements to be supported by campus funds and Fee revenues.

¹ The new UC Seismic Safety Policy, adopted 26 August 2011, has replaced the former taxonomy of ‘good,’ ‘fair,’ ‘poor,’ and ‘very poor’ with a numerical system. While the policy notes the former rating of ‘poor’ would in general approximate a new rating of ‘V,’ it also notes the new ratings are based on specific performance levels while the former ratings were qualitative in nature (pp 13-15). This item therefore utilizes the historical terms in force at the time the ratings were made.
The President recommends that the Committee on Grounds and Buildings recommend that the Regents:

A. Amend the 2011-12 Budget for Capital Improvements and the Capital Improvement Program as follows:

From: Berkeley – Lower Sproul Projects – preliminary plans – $7,098,000 from campus funds.
To: Berkeley – Lower Sproul Projects – preliminary plans, working drawings, construction and equipment – $193,000,000, from external financing supported by Lower Sproul Plaza Fee ($95,300,000), external financing supported by campus funds ($84,700,000), Life Safety Fee ($10,000,000), Lower Sproul Plaza Fee ($2,000,000), and campus funds ($1,000,000).

B. Authorize the President to obtain external financing in an amount not to exceed $180,000,000 to finance the Lower Sproul Projects, subject to the following conditions:

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

(2) As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

C. Authorize the President to obtain stand-by financing not to exceed $4,000,000 for the Lower Sproul Projects subject to the following conditions:

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

(2) Financing documentation shall require that the repayment of standby financing shall be primarily from the Life Safety Fee. In addition, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

(3) The general credit of the Regents shall not be pledged.
2. The President recommends that, upon review and consideration of the environmental consequences of the proposed Lower Sproul Projects, the Committee on Grounds and Buildings:


   B. Approve the mitigation monitoring and reporting program,

   C. Approve the Findings.

   D. Approve the design of the Lower Sproul Projects.

   E. The University will evaluate whether the Subsequent Environmental Impact Report for the Lower Sproul Projects has adequately evaluated any impacts the Future Lower Sproul Improvement Program may have, and will take separate action to approve the design of those elements.
BACKGROUND

The complex of mid-20th century modernist buildings framing Lower Sproul Plaza (Figures 1 and 2) has long been identified as a part of the campus in need of reprogramming and redesign, in order to provide undergraduate and graduate students with a center for student life commensurate with the needs of 21st century students. Over the past half century, as a result of changes in the size and character of the student body, transformative advances in instruction and technology, a lack of capital reinvestment and, most importantly, the identification of critical seismic deficiencies, the complex has become an anachronism that no longer meets the needs of Berkeley’s students, nor provides them with an adequate level of safety.

Project Drivers

The goal of the project is to transform Lower Sproul Plaza into a true community center for the Berkeley campus, one which reflects the 21st century reality of student life. This re-envisioned center would provide a wide range of services and conveniences to students, but would also complement the academic experience through a wide range of cultural, educational, social, and recreational programs. The center would also serve as a place of welcome for everyone in the multicultural student community, to foster social and cultural interaction, celebrate diversity, and promote civic engagement.

The buildings themselves have serious life safety and other physical deficiencies. Eshleman Hall has a ‘poor’ seismic rating, and the Career Center is also housed in a building with a ‘poor’ seismic rating. The internal systems of all the buildings are largely unimproved since the buildings were completed in the early 1960s, and both the buildings and the plaza require upgrades to conform to current safety and access codes.

Meanwhile, the Berkeley student body has changed enormously: it is not only 50 percent larger today than it was in 1960, but also far more diverse. Today, only about a third of Berkeley undergraduates identify as Euro-American: estimates based on historical data suggest this figure was around 90 percent in 1960. Over 70 percent of incoming freshmen have at least one parent who was born outside the US, with over 60 percent having both born outside the US, and nearly one-third of Berkeley undergraduates would be the first in their family to graduate from a four-year college.

The changes in student life over this period are just as profound. Learning and social interaction have been transformed not only by increasingly team-based and interactive methods of instruction and research, but also by the personal computer and the internet and, more recently, by mobile personal technology. These changes have in turn revolutionized the way students use physical space. Today, much of student life begins at the end of the day and continues well into the night when most of the campus is shut down. Students require safe, dedicated 24-hour workspaces that support group and team study as well as a wide range of extramural functions.
The future Lower Sproul Plaza is envisioned as an active, secure place where students can participate in group and team study, seminars and conferences, performances, community service, student government, and informal social interaction both day and night. To achieve this vision requires both more space, and space more suitably designed: the needs cannot be met entirely within the existing buildings, for several reasons.

The existing space in both Eshleman and King Union is inadequate to accommodate their existing functions. Eshleman accommodates only a fraction of the demand from student organizations and governance, while King Union is almost entirely utilized for traditional meeting rooms, including the ball room and retail spaces, including the book store. Neither has the capacity to accommodate today’s demand for new spaces for group and team study, practice, and performance. Moreover, the inherent physical configurations of both buildings further constrain their utility: in particular, the need for large, open, welcoming spaces to house functions such as a campus commons and a multicultural center can only be met by replacing or expanding the existing buildings to create those volumes.

Project History

Over the past decade, the campus has explored the idea of a revitalized Lower Sproul Plaza, both to address its seismic deficiencies and to provide student facilities comparable to peer institutions. In recognition of the historic underinvestment in facilities devoted to student life, the campus conducted a concept study of the Lower Sproul complex in 2006-2007, which gave students and the campus a first indication of what the complex could become.

In 2008, in response to an extraordinary group of students who committed to garnering the necessary support for a student fee initiative, the Berkeley campus contributed $1 million to fund a Master Plan, which brought campus and student leaders together to create a vision for an active, student-oriented complex.

Workshops and interviews with students and administrators were conducted in fall 2008, under the oversight and guidance of the Lower Sproul Steering Committee. The final Master Plan document for Lower Sproul was published in June 2009. The Plan defined a program of capital improvements to address the key physical deficiencies of the complex, as well as other priority needs identified by the students. This stage of work also incorporated technical, code and life safety reviews, conceptual budgets and phasing options, as well as a study of retail and revenue potential.

In spring 2010, the students passed the Lower Sproul Plaza (LSP) Fee to help fund improvements to the complex. It is particularly notable that, even in a time of rising student fees, over two-thirds of student voters voted to approve the LSP Fee, underscoring the need and support for this project. The LSP Fee was approved by the President in July 2010. In January 2011, the Regents authorized the expenditure of up to $7.1 million on partial preliminary plans.
Cost Sharing

Student fees would fund roughly 56 percent of the capital required for the project, with campus funds comprising the balance. The project scope, and the distribution of funding, reflect the Memoranda of Understanding (MOUs) executed by the University and the Associated Students of UC (ASUC). The MOUs prescribe the purposes of the LSP Fee, a governance structure to administer the Fee and the program of improvements it supports, decision making processes, and descriptions of project elements to be supported by campus funds and student fee revenues.

As prescribed in the MOUs, campus funds would support up to half the cost of selected elements, with the balance supported by student funds from the LSP Fee and the existing campus Life Safety Fee:

- Replacement of seismically ‘poor’ Eshleman Hall;
- West addition and selective renovations to King Student Union;
- Selective renovations of Chavez Center and Anthony Hall;
- Site and access improvements to Lower Sproul Plaza; and,
- Surge expenses including renovation of Alumnae Hall at Anna Head School.  

The balance of the project scope would be supported entirely with student funds from the LSP Fee:

- South addition to King Student Union
- Relocation of the campus Career Center from seismically ‘poor’ space

Cost Reduction and the Future Lower Sproul Improvement Program

The preliminary project budget for the Lower Sproul Projects, as presented to the Regents in January 2011, was $223 million and is the same budget represented for the Lower Sproul Projects in the Berkeley campus’s 2010-20 Capital Financial Plan. However, in order to maximize the value of this capital investment, the campus has undertaken a review of project cost based on 100 percent schematic design, informed by the business case analysis.

The campus found the scope previously estimated at $223 million could be reduced, both through design refinements to optimize value and performance, and through delivery of the project in a single phase rather than in two sequential phases. As a result of these cost reductions, the new project budget for the scope previously represented as $223 million is $193 million.

The students and campus propose to redirect this $30 million savings toward additional capital improvements in the Lower Sproul complex, which are consistent with the scope represented to the students in the fee referendum, the MOUs, and the Presidential Fee Approval. These additional capital improvements would adhere to the terms of the MOUs, and would focus on

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2 ‘Project related surge expenses’ are explicitly authorized as a permitted use of both Lower Sproul Plaza Fee revenues and campus funds under the Memorandum of Understanding (MOUs) by the University and the Associated Students of UC (ASUC), 1 April 2010, pp 7-8.
improvements to King Student Union, Chavez Student Center, Anthony Hall, and Lower Sproul Plaza, including:

- Renewal or replacement of inadequate and/or obsolete building systems;
- Adaptive renovation of existing interior spaces which do not meet current student needs;
- Performance of identified deferred maintenance; and
- Site and landscape improvements including enhanced sustainable design features.

The students and campus propose to pursue the approvals of these improvements through existing delegated approvals processes and these improvements will be carried out under the existing two MOUs between the students and the campus and the new addendum to the two existing MOUs. At such time as the specific improvements to be funded by the $30 million budget savings are identified, the University will evaluate whether the SEIR for this project has adequately evaluated any impacts they may have, and take separate action as may be required to approve the design of those elements.

Consideration of Public Private Partnership

The campus evaluates new capital projects for their potential as private-public partnerships (PPPs). PPPs at UC can be structured in a variety of transaction forms, including:

- Ground Lease-Leasebacks, in which a UC-owned site is ground leased to a private developer, who builds the project, which is then leased back to UC.
- Developer Build-to-Suit, in which a developer builds the project, on either private or UC-owned land, which is then purchased by UC upon completion. In a variation on this model, a donor may build the project and convey it to UC upon completion: the Blum Center at UC Berkeley is a recent example.

Under the right circumstances, PPPs may have the potential to offer savings in both time and money over conventional delivery, but the unique characteristics of each project must be evaluated to ascertain whether it might be a good candidate.

The Lower Sproul Projects scope of work is dispersed throughout the Lower Sproul portion of the campus. This requires significant coordination with ongoing operations and utilities, and introduces difficulties in fencing of work areas to ensure student and public safety. Several elements of the project are interconnected, including structural connections between the new Eshleman Hall, King Union, and the existing underground parking structure, and require gravity and seismic support to be maintained. These elements of the project, and the accompanying operational and construction risk profile, make it inappropriate for third-party development.

Of the scope included in the Lower Sproul Projects, the Eshleman Hall project was at first considered to be a potential candidate for the PPP delivery model due to these factors:

- In functional terms, it is a conventional office building, although one with a more complex and specific program than a typical private sector building.
- It is situated at the edge of campus with direct access from a city street, greatly simplifying the execution of a ground lease or license.
• The student Fee represents a revenue stream which could be used to support a ground lease-leaseback transaction.

However, upon closer examination, the collaborative design process required for Eshleman Hall, which is a direct result of the shared student-campus financial model, entails complexities in communication and decision-making that make it unsuitable for PPP deliver. The private-sector delivery model is not, as a rule, organized for or experienced at managing widely divergent perspectives and perceived needs, and the accompanying vetting of design solutions through an iterative and sensitive reconciliation process. Typically, private-sector projects tend to defer tenant improvements to future negotiations with the tenants; the oft-cited speed and economy of private sector office projects is due at least in part to the deferral of tenant improvements until after completion of the base building.

In general, the benefits of PPPs tend to be greatest for project types which are commonly developed privately and standard in design, and therefore offer the greatest potential to leverage private-sector experience. In the case of the Lower Sproul Projects, a PPP is unlikely to yield significant advantages.
Figure 1. Project Vicinity

1. Lower Sproul Plaza
2. Eshleman Hall (1965)
   - Student Organizations
   - Undergraduate Student Governance
3. King Student Union (1961)
   - Event & Meeting Spaces
   - Book Store, Food & Retail
4. Chavez Student Center (1960)
   - Student Services
   - Student Learning Center
5. Anthony Hall (1957)
   - Graduate Student Governance
6. 2440 Bancroft
   - Career Center (proposed location)
7. 2111 Bancroft
   - Career Center (current location)
8. Alumnae Hall
   - Anna Head School Complex
A. Zellerbach Hall (1968)
   - Performing Arts Center (not in scope)
1 Lower Sproul Plaza
2 Eshleman Hall (1965)
   Student Organizations
   Undergraduate Student Governance
3 King Student Union (1961)
   Event & Meeting Spaces
   Book Store, Food & Retail
4 Chavez Student Center (1960)
   Student Services
   Student Learning Center
5 Anthony Hall (1957)
   Graduate Student Governance
A Zellerbach Hall (1968)
   Performing Arts Center (not in scope)
B Upper Sproul Plaza (not in scope)
C Sather Gate (not in scope)
PROJECT DESCRIPTION

The Lower Sproul Projects would transform this midcentury complex into an active, day-and-night center for student life. The existing obsolete and dysfunctional student facilities would be improved or replaced, and would be augmented with a broader range of shared facilities to address presently unmet critical student needs. As part of the project, the seismic hazard posed by the existing Eshleman Hall and the existing Career Center space would be mitigated.

The Lower Sproul complex was designed and built during 1957-1967 as a mid 20th century modernist urban complex located at the border between the campus and the city. It is comprised of four buildings\(^3\) that surround a large, paved plaza that is also the roof of the parking garage below. (See Figures 1 and 2.)

Building on the 2009 Master Plan, the Lower Sproul Program Committee defined a set of program objectives for the project, to which the program and design strategy respond:\(^4\)

- Create an active public square centered on student life
- Program and design ground level spaces to contribute to the vibrancy of the place
- Serve as a major campus entrance and showcase for campus programs
- Share and leverage resources to maximize their value
- Manage resources actively and equitably
- Create a durable but flexible physical framework able to respond to change
- Provide a mix of spaces to accommodate a wide range of activity types
- Create an environment that supports education and civic engagement
- Enhance safety and security to support 24/7 activity

Program and Design

The scope of the Lower Sproul Projects includes:
- New construction:
  - Replacement of seismically ‘poor’ Eshleman Hall
  - West and south additions to King Union
- Renovation:
  - Lower Sproul Plaza access, structural, and landscape improvements
  - Selective renovations of King Union, Chavez Center and Anthony Hall
  - Relocation of the campus Career Center from seismically ‘poor’ space
- Surge expenses, including renovation of Alumnae Hall at the Anna Head School.

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\(^3\) King Student Union, Chavez Student Center, Eshleman Hall, and Zellerbach Hall. Zellerbach is not part of the project scope.

\(^4\) UC Berkeley, Student Community Center Project Program, December 2010, pages 8-9.
New Construction

Eshleman Hall is a seismically ‘poor’ building of 46,200 gross square feet (gsf) (28,650 assignable square feet [asf]) completed in 1965. Eshleman provides space for student organizations and undergraduate student governance (ASUC). The project would replace the seismically deficient Eshleman with a new concrete frame building with 66,200 gsf (42,200 asf) in five levels above grade and one below grade. The New Eshleman would transform the spaces for student organizations and governance into more efficient workplaces with modern technology, flexible interactive layouts, and shared resources. It would also provide new spaces for individual and group study, practice, and performance, as well as a new Graduate Student Center and, at street level, a transit center and commuter lounge.

The scope for King Union includes additions to both the west and south frontages. The 11,400 gsf (8,900 asf) west addition, facing the plaza, would create a new two-story ‘campus living room’ integrating food vendors, indoor and outdoor dining, lounges and performance spaces to create a central gathering place for the entire student body. The west addition would also house a new multicultural community center, including lounge, conference, and performance spaces to serve as a place of welcome for the multicultural community, to support intercultural dialogue and education, cultural expression, and civic engagement, and to augment existing programs in equity, identity, and recruitment/retention.

The 12,900 gsf (11,300 asf) south addition to King Union, facing Bancroft Way and the city, would create a new two-story volume of retail space to accommodate an expansion of the book store and other student-oriented retail services. The south addition would improve the Bancroft Way frontage with active, transparent public space at the ground floor, replacing an existing pit-like area fronting Bancroft. The south addition would provide prime commercial space for ASUC revenue generation, at this main student entrance to campus.

The designs of New Eshleman and the King Union additions focus on creating a ring of active, vibrant spaces framing the plaza and creating stronger linkages to student life within the buildings. The form of the King Union west addition would be a two-story transparent volume that makes the life within the campus living room and multicultural center visible from the plaza, and provides security to the plaza. The existing Upper Sproul entry lobby to King Union would be transformed into a concourse extending via a new bridge to the open, collaborative spaces in new Eshleman, made visible by the transparent north façade.

The designs of New Eshleman and the King Union additions also focus on improving the interface of campus and city. The Lower Sproul complex lies at the main student entrance to the campus, and the project design strives both to enhance the image and identity of the campus at this key location, and make the campus edge more permeable and inviting. The ground floor spaces would be highly transparent with angled walls to guide circulation into the plaza from Bancroft Way, and the long south façade of New Eshleman is punctuated by a large open portal at the street level that preserves views into the campus and to Zellerbach Hall, the campus’ prime performing arts venue.
Both New Eshleman and the new elements of King Union feature contemporary design that respects the integrity of the original complex, while the materials would reflect the durability and rich colors and textures of the existing structures. The new architecture would share a common palette of board formed concrete, warm toned terra cotta, glass, and metal details, but the palette would be varied on each facade to respond to program and energy performance.

For example, the south façade of New Eshleman would have a greater percentage of solid terra cotta than the north façade, which has a greater percentage of glass to maximize daylight and to provide views of the activity within the building from the plaza. The south façade is articulated to provide corner windows to capture views to the west. These windows align with natural gathering places at the south edge of open flexible space on the interior, and break up the scale of the long elevation into modules reflecting the scale of the urban fabric. The pavilion-like roof level of New Eshleman showcases the Senate Chambers as a symbol of student governance.

Lower Sproul Plaza

Improvements to Lower Sproul Plaza include new stairway/ramp structures at the northeast and northwest corners to provide code compliant access, repairs to both the plaza surface and the underlying structure, and new seating, landscaping, and lighting. The plaza improvements would support an on-going investment program to restore and renew the campus landscape, as envisioned in the 2020 LRDP.

All access points to the plaza would be made universally accessible. The monumental stairs at the northeast and northwest corners of the plaza would undergo complete reconstruction to include the integration of accessible ramps, strengthening the visual and physical connection between Lower and Upper Sproul. A series of new planters with seating would add a ribbon of green on the south frontage of Chavez. The existing asphalt paved area on the west side of Chavez would be replaced with a landscaped rain garden that would capture and filter storm water from the plaza before its release into Strawberry Creek.

The plaza itself was constructed originally as sections each supported by cantilevers from the surrounding buildings, and is seismically deficient. Sections of the plaza which are connected structurally to Eshleman and the west side of King Union would be demolished and replaced, and the remaining sections would be reinforced. New waterproofing would be installed throughout, and a new high performance resilient surface would be integrated into an area of the plaza to support dance practice and performance.

Building Renovations

The scope of King Union renovations includes reinforcement of foundations and vertical structure to accommodate the additions; selective upgrades to mechanical, electrical, plumbing, and sprinklers to accommodate the new food service operations; stair and elevator upgrades; and selective tenant improvements.
The scope also includes selective renovations to Anthony Hall and Chavez Student Center. The Chavez scope includes fire protection upgrades and limited tenant improvements focused on the Student Learning Center on the north edge of the plaza, to enhance its visibility and create a beacon for late night study. The Anthony scope includes tenant improvements, selective structural upgrades, and lighting replacement.

The Career Center is presently located in a seismically ‘poor’ building in downtown Berkeley, several blocks from the Lower Sproul complex. The project would relocate this key student service to a university-owned building at 2440 Bancroft Way, directly across the street from Lower Sproul. The scope includes tenant improvements to the new space to accommodate the program needs of the Center.

Surge Space

During construction of the project, occupants must be relocated to interim ‘surge’ space at several locations. The scope of surge expenses includes the seismic upgrade and renovation of the 9,000 gsf Alumnae Hall in the university-owned historic Anna Head School complex, located three blocks south of campus. The Alumnae Hall renovation, which was not anticipated in the fee referendum but is required for construction staging, would precede the demolition of Eshleman Hall. Once construction is completed, Alumnae Hall would be used as student practice and performance space. The Lower Sproul project budget would cover the cost of program improvements, while Life Safety Fee funds would cover the cost of seismic and related code improvements.

Alumnae Hall is one of several locations on campus planned for use as surge space. ‘Project related surge expenses’ are explicitly authorized as a permitted use of both Lower Sproul Plaza Fee revenues and campus funds under the MOUs.

Policy Compliance

2020 LRDP. The Project conforms to the Location Guidelines in the 2020 LRDP, which prioritize locations on the Campus Park for uses which include: instructional spaces; faculty office, research, and conference spaces; student workspaces; and research activities with substantial student engagement and participation. The renovation of space at 2440 Bancroft for the Career Center and the renovation of Alumnae Hall for student activities in the short and long term is also consistent with the Location Guidelines, which suggest the ‘Adjacent Blocks’ are suitable for performance venues or other visitor-intensive functions.

Capital Financial Plan. The 2010-2020 Capital Financial Plan for the Berkeley campus includes the Lower Sproul Projects at a project budget of $223,000,000.

Independent Cost and Design Review. The project has been reviewed both by an independent cost estimator and by the campus Design Review Committee at its January 2009, November
2010, March 2011 and May 2011 meetings. The Committee endorsed the direction of the design at schematic phase review in May 2011.

**Sustainable Practices.** As required by this policy, the project would implement principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints, and regulatory and programmatic requirements. New Eshleman is targeted to achieve a LEED Gold certification and King Union additions and renovations are planned to achieve a minimum of LEED CI certified. Energy performance for Eshleman is anticipated to be at least 20 percent better than Title 24 and water use is expected to be reduced by 40 percent. These performance objectives would be achieved through the use of high performance building envelopes, natural ventilation, maximized day-lighting, and storm water filtration, management, and re-use.

**Phasing and Schedule**

The project scope was presented in the spring 2010 fee referendum as a two-phase project:

- **Phase 1:** Eshleman Hall replacement and Plaza improvements  
  Career Center relocation
- **Phase 2:** King Union renovation/additions and Plaza improvements  
  Chavez Center renovation  
  Anthony Hall renovation

This phasing sequence reflects the primacy of addressing seismic risk: both the Eshleman replacement and the Career Center relocation would remediate current seismic hazards. The student fee was calibrated to increase as required to accommodate the project phasing.

However, subsequent review of the project, as informed by completion of the business case analysis, has revealed delivery in a single phase would achieve a significant reduction in project cost, due to improved logistics, reduction in overhead, and avoidance of two years’ escalation in what was formerly the second phase. The project is now proposed as a single-phase project with completion planned for January 2015.

**ATTACHMENTS**

Attachment 1: Project Budget  
Attachment 2: Funding Plan  
Attachment 3: Financial Summary  
**Attachment 4: Project Graphics**  
Attachment 5: Environmental Summary  
**Attachment 6: Environmental Impact Summary of Subsequent Environmental Impact Report**  
Attachment 7: Complete CEQA document (Final Subsequent Environmental Impact Report includes Mitigation Monitoring Program)  
Attachment 8: CEQA Findings
LOWER SPROUL PROJECTS: PROJECT BUDGET, CCCI 6326

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<td><strong>Total</strong></td>
<td>184,212,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>Group 2 &amp; 3 Equipment</td>
<td>8,788,000</td>
<td></td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>193,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**Project Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Eshleman</th>
<th>King West</th>
<th>King South</th>
<th>Renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSF</td>
<td>66,200</td>
<td>11,400</td>
<td>12,900</td>
<td>137,000</td>
</tr>
<tr>
<td>ASF</td>
<td>42,200</td>
<td>8,900</td>
<td>11,300</td>
<td>n/a</td>
</tr>
<tr>
<td>Efficiency Ratio: ASF/GSF</td>
<td>64%</td>
<td>78%</td>
<td>88%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Comparable Projects: New Eshleman**

The project scope includes a variety of elements, ranging from new construction to interior renovations to structural improvements and site and landscape improvements. The campus has not identified any comparable projects which include the same range of elements in the same proportions. However, there are at least two projects which provide a relevant comparison to New Eshleman, the single largest element of the project budget: the UCSF Mission Bay Community Center (bid 2002) and the USC Tutor Student Center (bid 2008). The three buildings are compared in terms of building cost, escalated to the midpoint of Eshleman construction at December 2013:

---

5 Special Items include: special consultants, pre-architectural programming, technical specialty consultants, preconstruction services, code compliance reviews, commissioning, interim relocation for program functions displaced during construction, revenue replacement for revenue generators displaced during construction, hazmat surveying and monitoring, and cost reviews.
<table>
<thead>
<tr>
<th></th>
<th>New Eshleman</th>
<th>USC Student Ctr</th>
<th>UCSF Community Ctr</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSF</td>
<td>66,200</td>
<td>192,068</td>
<td>154,990</td>
</tr>
<tr>
<td>ASF</td>
<td>42,200</td>
<td>n/a</td>
<td>106,700</td>
</tr>
<tr>
<td>Escalated Building Cost</td>
<td>$43,622,000</td>
<td>$101,648,000</td>
<td>$83,175,000</td>
</tr>
<tr>
<td>Building Cost/GSF</td>
<td>$659</td>
<td>$529</td>
<td>$537</td>
</tr>
</tbody>
</table>

Cost factors\(^6\) leading to higher building cost for New Eshleman include:

- Higher structural demands due to Berkeley campus’s proximity to Hayward Fault
- New Eshleman construction complicated by existing basement and physical interdependence with adjacent buildings
- New Eshleman’s relatively smaller GSF and higher ratio of exterior surface to GSF due to site constraints on floor size
- New Eshleman’s relatively high glazing area as proportion of exterior surface
- Mechanical/electrical/emergency generators also serve King Union and Chavez

\(^6\) Cost analyses by Davis Langdon Associates
ATTACHMENT 2

LOWER SPROUL PROJECTS: FUNDING PLAN

Funding Sources

<table>
<thead>
<tr>
<th>Project Cost: $193,000,000</th>
<th>External financing: $180,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated repayment sources</td>
<td></td>
</tr>
<tr>
<td>Lower Sproul Plaza Fee: $95,300,000</td>
<td></td>
</tr>
<tr>
<td>Campus funds: $84,700,000</td>
<td></td>
</tr>
<tr>
<td>Equity: $13,000,000</td>
<td></td>
</tr>
<tr>
<td>Life Safety Fee: $10,000,000</td>
<td></td>
</tr>
<tr>
<td>Lower Sproul Plaza Fee: $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Campus funds: $1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Funding Distribution

As prescribed in the MOUs, campus funds would support up to half the cost of the following elements, with the balance supported by student funds from the Lower Sproul Plaza Fee and the existing campus Life Safety Fee:

- Replacement of seismically poor Eshleman Hall
- West addition and selective renovations to King Student Union
- Selective renovations of Chavez Center and Anthony Hall
- Access and landscape improvements to Lower Sproul Plaza
- Project related surge expenditures

The balance of the scope would be supported entirely with student funds from the Lower Sproul Plaza Fee:

- South addition to King Student Union
- Relocation of the campus Career Center from seismically poor space

No State funds will be used to fund this project, and fund sources for external financing shall adhere to University policy on repayment for capital projects.

External Financing

See Attachment 3 (Financial Feasibility)

Standby Financing

In addition to the external financing described above, this item also requests up to $4,000,000 in standby financing related to the Life Safety Fee contribution. This fee is currently authorized to run through FY 15, and would contribute $10,000,000 to the Lower Sproul projects. By the time of the planned construction start in FY 13, over $6,000,000 in fee revenues would be in hand and available for the Lower Sproul projects. The standby financing is requested in order to ensure the entire $10,000,000 Life Safety Fee contribution is available by the date of construction start. The $4,000,000 in standby financing is anticipated to be repaid with $2,000,000 in Life Safety Fee revenues in FY 13 and $2,000,000 in FY 14.
# Financial Feasibility: Lower Sproul Projects

## Berkeley Campus

### Project Name
Lower Sproul Projects

### Project ID
912520

### Total Estimated Project Cost
$193,000,000

## Proposed Sources of Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Financing</td>
<td>$180,000,000</td>
</tr>
<tr>
<td>Student Fee Funds</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Campus Funds</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$193,000,000</strong></td>
</tr>
</tbody>
</table>

## Financing Assumptions

### Amount Financed
$3,300,000

### Anticipated Repayment Source
General Revenues of the Berkeley Campus

### Anticipated Fund Source
Lower Sproul Plaza Fee

### Financial Feasibility Rate
5% - 15 year term

### First Full Year of Principal
Year 1 (debt model assumes FY 2013)

### Final Maturity
Year 15 (debt model assumes FY 2027)

### Estimated Annual Debt Service
$320,000

## Financing Assumptions

### Amount Financed
$176,700,000

### Anticipated Repayment Source
General Revenues of the Berkeley Campus

### Anticipated Fund Source
Lower Sproul Plaza Fee & Campus Funds

### Amounts
- Tax-exempt: $134,619,000
- Taxable: $42,081,000

### Financial Feasibility Rates
- Tax-exempt: 6% - 10 years interest only, 20 years amortization
- Taxable: 7.25% - 10 years interest only, 20 years amortization

### First Full Year of Principal
Year 11 (debt model assumes FY 2026)

### Final Maturity
Year 30 (debt model assumes FY 2045)

### Estimated Annual Debt Service:
- Tax-Exempt: $8,077,000 in year 1 (interest only)
- Taxable: $11,737,000 in year 11* (first year of principal)

### Estimated Annual Debt Service:
- Tax-Exempt: $3,051,000 in year 1 (interest only)
- Taxable: $4,050,000 in year 11* (first year of principal)

*Financial model assumes 10 years interest only followed by 20 years amortized debt.

## Campus Financing Benchmarks

<table>
<thead>
<tr>
<th>Measure</th>
<th>10 Year Projections Max/Min Values</th>
<th>First Year Principal FY 2026</th>
<th>Approval Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service to Operations</td>
<td>5.5% (max: FY2016)</td>
<td>4.9%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Debt Service Coverage</td>
<td>2.34x (min: FY 2016)</td>
<td>4.16</td>
<td>1.75x</td>
</tr>
<tr>
<td>Expendable Resources to Debt</td>
<td>n/a</td>
<td>n/a</td>
<td>1.0x</td>
</tr>
</tbody>
</table>

Financing approval requires the campus to meet the debt service to operations benchmark and one of the two other benchmarks for approval.

Fund sources for external financing shall adhere to University policy on repayment for capital projects.
ENVIRONMENTAL SUMMARY: LOWER SPROUL PROJECT

In accordance with University procedures and the requirements of the California Environmental Quality Act (CEQA), the campus prepared an Initial Study to evaluate the Lower Sproul Project in relation to the original analysis of the environmental impacts of implementation of the 2020 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) in the 2020 LRDP EIR. The analysis concluded that the Project is largely consistent with the UC Berkeley LRDP EIR, certified by the Regents in January 2005. For the purpose of evaluating the whole of the project as required by CEQA, the Lower Sproul Project was defined to include: demolition and replacement of Eshleman Hall, additions and renovations to MLK Student Union, renovations to Chavez Center, renovations to Anthony Hall and Alumnae Hall, and landscape improvements.

However, the University determined that a Subsequent EIR (SEIR) was required to update and augment the LRDP EIR to reflect the Project as proposed. The need for additional review is based on the significant impact upon resources which may now be considered historic, but were not identified as such in the 2020 LRDP EIR. The impact is considered significant and unavoidable. The SEIR was circulated for public review on August 16, 2011, and the 45-day public comment period ends on September 29, 2011. A public hearing was held on September 1, 2011; the meeting was attended by approximately four community members and four interested student representatives, and no public comments were received at the hearing.

The State Office of Planning and Research acknowledged receipt of the document and indicated that there were no comments from State agencies. Two comment letters were received from the Berkeley Architectural Heritage Association (BAHA) and from the City of Berkeley. BAHA comments that the design is improved but would like to see further design improvements and consideration of alternatives that would maintain historic fabric; however, the suggested alternatives and changes would not accomplish significant goals of the project.

City of Berkeley comments request further information about the relationship of the project to the newly adopted Southside Plan, and express concern about mitigation of construction-period impacts. The University expects to work closely with the city and neighboring businesses to reduce impacts of construction as fully as possible; consolidation of construction into a single phase (as noted in this item, and in the Final SEIR) may help to reduce construction-related impacts. In September 2011, the City of Berkeley formally approved the Southside Plan. In a 1997 MOU, the campus acknowledged the Southside Plan as the guide for campus developments in the Southside area, although not for those within the Campus Park. The project site is on the Campus Park, and not in the Southside area, but many aspects of the project are intended to support objectives of the Southside Plan such as reinforcing the MLK Student Union, ASUC facilities, and Sproul Plaza as the northern terminus to the Telegraph commercial district, and improvements to the connection between Upper and Lower Sproul.

The Project has been reviewed in a community meeting, several presentations to City of Berkeley commissions, and with the State Historic Preservation Office. Commission comments focused upon relationship of new additions to MLK Student Union to the existing historic
context. A City staff person has attended the campus Design Review Committee reviews, as suggested by the 2020 LRDP EIR. The campus Design Review Committee has endorsed the design direction of the project.

The University evaluated alternatives to the Project: (1) No Project Alternative, (2) Eshleman Replacement Only alternative, and (3) Retrofit Existing Eshleman alternative.