

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

November 20, 1997

The Committee on Grounds and Buildings met on the above date at Sunset Commons, Los Angeles campus.

Members present: Regents Atkinson, Johnson, Khachigian, McClymond, Montoya, Nakashima, Parsky, Sayles, and Soderquist; Advisory member Willmon

In attendance: Regents Brophy, Clark, Connerly, Davies, Davis, Gonzales, Leach, Levin, and Preuss, Regent-designate Miura, Faculty Representatives Dorr and Weiss, Secretary Trivette, General Counsel Holst, Assistant Treasurer Stanton, Provost King, Senior Vice President Kennedy, Vice Presidents Darling, Gomes, Gurtner, and Hopper, Chancellors Berdahl, Carnesale, Debas, Dynes, Orbach, Vanderhoef, and Yang, Executive Vice Chancellor Golub representing Chancellor Wilkening, and Recording Secretary Bryan

The meeting convened at 11:20 a.m. with Committee Chair Nakashima presiding.

1. **CONSENT AGENDA**

Amendment of the Budget for Capital Improvements and the Capital Improvement Program

The President recommended that, subject to the concurrence of the Committee on Finance, the 1997-98 Budget for Capital Improvements and the 1997-2000 Capital Improvement Program be amended to include the following project:

San Diego: A. Gilman Drive Parking Structure -- preliminary plans, working drawings, and construction -- \$14,979,000 to be funded from external financing.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

2. AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, TOM BRADLEY INTERNATIONAL CENTER FOR STUDENTS AND SCHOLARS, LOS ANGELES CAMPUS

The President recommended that, subject to the concurrence of the Committee on Finance, the Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: A. Tom Bradley International Center for Students and Scholars -- preliminary plans, working drawings, construction, and equipment -- \$10,520,000 to be funded from gift funds (\$4,723,000), external financing (\$4,533,000), and prepaid rent (\$1,264,000).

To: Los Angeles: A. Tom Bradley International Center for Students and Scholars -- preliminary plans, working drawings, construction, and equipment -- \$13,994,000 to be funded from gift funds (\$2,136,000), external financing (\$8,410,000), University of California Housing System Net Revenue Funds (\$2,184,000), and prepaid rent (\$1,264,000).

The Committee was informed that the project requires an increase of \$3,474,000 over the previously approved budget. The primary factors for this increase are summarized below.

Increased Scope and Construction-related Costs (\$3,151,000):

- Conference Facilities (\$1,348,000): These increased the scope by 4,514 gsf, for a revised total of 44,290 gsf. Construction costs associated with the increased building area and height (volume) include additional concrete and masonry, exterior cladding, structural steel, and finishes. Related building system requirements also increased, including plumbing, heating and cooling, electrical, lighting, telecommunications, audio-visual equipment, fire alarm, sprinkler, and security.
- Unanticipated Site Conditions (\$1,180,000): These included inadequate soils, necessitating enlargement of the foundation system and subsurface water, which required more excavation and shoring. In addition, it was discovered that there were previously undocumented utilities and a major pipe on the property that required re-routing as well as hazardous material removal.
- Structural Steel Costs (\$623,000): These increased due to a constricted supply caused by a major steel supplier that stopped production, resulting in increased

prices for structure and decking. In addition, discoveries from the 1994 Northridge earthquake about moment frame steel bracing deficiencies were just being made at this time. Redesign of the steel connections was undertaken to reflect these concerns, and increased manufacturing costs were incurred.

Additional Fees (\$173,000): These resulted from several related issues, including planned and unanticipated project redesign, additional project management, and re-bidding of the concrete and steel portions of the project.

Escalation and Surge Costs (\$150,000): Both escalation and staging costs increased as a result of an overall 22-month extension of the original project schedule. Delays resulted from the previously noted redesign efforts for the conference facilities and steel connections, re-bidding of the concrete and steel portions of the project, and flooding of the site during the winter of 1995. In addition, schedule delays translated to increased rent paid by ISC for off-campus space.

Since the original May 1998 approval, the project budget has increased by 98 percent. It should be noted, however, that even with delays to the schedule, the campus experienced no increase in finance costs since November 1994, due to favorable rates available through the University's tax-exempt commercial paper program. With the final budget increase, the campus fully expects to complete construction of the project.

Revised Project Cost and Funding:

The budget augmentation is to be funded from external financing and UCHS net revenue funds. The revised project cost is \$13,994,000, which is to be funded from external financing (\$8,410,000), gift funds (\$2,136,000), UCHS net revenue funds (\$2,184,000), and pre-paid rent (\$1,264,000). External financing will be repaid from UCHS fees for the Los Angeles campus (\$4,533,000) and the Los Angeles campus' share of the University Opportunity Fund (\$3,877,000).

Regent Montoya asked why Opportunity Funds are being used for the project. Associate Vice President Hershman cited precedents for using Opportunity Funds on capital projects, noting that there are guidelines that govern how much may be pledged and how much may be used for debt service. The Opportunity Funds are derived from federal contract and grant overhead money, which is a reimbursement from the federal government for overhead costs associated with research grants. The chancellors have some discretion in their use. Regent Montoya asked what the increase in the project's funding would add to the cost per square foot. Campus Architect Oakley responded that the final construction cost per gross square foot is \$207.

Regent Clark asked why competitive bids were not taken. Mr. Oakley responded that, although a campus architect did the drawings, as a public entity the University must accept competitive bids; in this case, each trade contract was bid as a prime bid, while the University acted as the general contractor. Regent Clark then asked for an

explanation of the prepaid rent cited previously. He was informed that the prepaid rent is the proceeds from the sale of the original international student center which were contributed toward the space the center occupies in the new building. Regent Clark asked about the present status of the project. Mr. Oakley responded that the west wing is in use. The north wing is scheduled for completion in mid-February.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

3. **APPROVAL OF 1998-99 BUDGET FOR CAPITAL IMPROVEMENTS**

The President recommended that, subject to the concurrence of the Committee on Finance, the 1998-99 Budget for Capital Improvements be approved as presented in the document titled **1998-99 Budget for Capital Improvements**.

[The 1998-99 Budget for Capital Improvements was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Regent Johnson noted that the University is anticipating being faced with funding many "big ticket" items in the near future, including a tenth campus. Mr. Hershman observed that it is not known whether the State will be in a position to provide sufficient funds. He was confident, however, that the administration is aware that the University's financial needs are extensive. It remains to be seen whether bond issues will be placed on the ballot to fill those needs.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 11:45 a.m.

Attest:

Secretary