

**Office of the President**

**TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:**

**ACTION ITEM**

*For Meeting of March 18, 2026*

**5210 PACIFIC CONCOURSE DRIVE TENANT IMPROVEMENTS, UCLA HEALTH, LOS ANGELES CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ADOPTION OF A MITIGATED NEGATIVE DECLARATION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**EXECUTIVE SUMMARY**

UCLA Health proposes the adaptive reuse of a recently acquired, approximately 170,000-gross-square-foot, two-story life sciences building at 5210 Pacific Concourse Drive in unincorporated Los Angeles County. The project would renovate and reconfigure most of the building's interior spaces to establish a Sports Medicine Institute, relocate the off-campus UCLA Clinical Microbiology Laboratory, and create a community fill pharmacy and a specialty pharmacy. Most building core elements and the main lobby would be retained. This project will help meet the rising demand for orthopedic and pharmacy services while achieving cost efficiency compared to building a new facility on campus.

In January 2025, the Regents approved \$6.5 million of preliminary plans funding from hospital reserves. The Regents are being asked to: (1) approve the full project budget of \$298.2 million to be funded from external financing (\$293.2 million) and grant funds (\$5 million); (2) approve the project scope; (3) approve \$293.2 million in external financing; (4) adopt the Mitigated Negative Declaration, Mitigation Monitoring and Reporting Program, and associated Findings prepared for the project pursuant to the California Environmental Quality Act; and (5) approve the project's design.

**RECOMMENDATION**

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:

- A. The 2025-26 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: 5210 Pacific Concourse Drive Tenant Improvements – preliminary plans – \$6.5 million from hospital reserves.

- To: Los Angeles: 5210 Pacific Concourse Drive Tenant Improvements – preliminary plans, working drawings, construction, and equipment – \$298.2 million funded from external financing supported by revenues of the UCLA Hospital System (\$293.2 million) and grant funds (\$5 million).
- B. The scope of the 5210 Pacific Concourse Drive Tenant Improvements project be approved. The project shall renovate and reconfigure an approximately 170,000-gross-square-foot, two-story life sciences building to establish a Sports Medicine Institute, relocate the off-campus UCLA Clinical Microbiology Laboratory, and create a community fill pharmacy and a specialty pharmacy.
- C. The President be authorized to obtain external financing in an amount not to exceed \$293.2 million, plus additional related financing costs to finance the 5210 Pacific Concourse Drive Tenant Improvements project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
  - (2) As long as the debt is outstanding, the general revenues of UCLA Health 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.
  - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- D. Following review and consideration of the environmental consequences of the 5210 Pacific Concourse Drive Tenant Improvements project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the Mitigated Negative Declaration for the 5210 Pacific Concourse Drive Tenant Improvements project.
  - (2) Adopt the Mitigation Monitoring and Reporting Program prepared for the 5210 Pacific Concourse Drive Tenant Improvements project and make as a condition of approval the implementation of all applicable programs, practices, and procedures as well as mitigation measures identified therein that are within the responsibility and jurisdiction of UCLA.

- (3) Adopt the CEQA Findings for the 5210 Pacific Concourse Drive Tenant Improvements project.
- E. The design of the 5210 Pacific Concourse Drive Tenant Improvements project, UCLA Health be approved.

## **BACKGROUND AND PROJECT DRIVERS**

### ***Property Acquisition and Existing Building Overview***

In October 2024, UCLA Health acquired the approximately 170,000-gross-square-foot, two-story life sciences building on a 9.2-acre site with 621 surface parking spaces, near Los Angeles International Airport and the I-405/I-105 interchange, to address the immediate and future space needs of various units.

Built in 2002, the building features floor plates of approximately 80,000 gross square feet (gsf), 15-foot ceilings, two passenger elevators, and a freight elevator. The building is currently vacant, and approximately 40 percent is comprised of laboratory space, along with former offices, support spaces, and amenities. Renovations completed in 2020 included the creation of a two-story lobby, a café, and a small outdoor amenity space.

### ***Programmatic Purpose***

UCLA Health's Strategic Plan calls for the Health System to reach more patients with high-quality, equitable, and appropriate care, ultimately elevating the entire community's health. The renovated building would serve as the new UCLA Health South Bay hub for three major functions:

- **UCLA Sports Medicine Institute:** The new UCLA Sports Medicine Institute will be a state-of-the-art facility serving a growing number of patients and athletes, featuring an ambulatory surgery center, outpatient clinic, advanced imaging, and rehabilitation for comprehensive musculoskeletal care. By uniting specialists in sports medicine, orthopedics, radiology, anesthesiology, and physical therapy in the same facility, it will provide complete care for musculoskeletal needs. This expansion will improve access to orthopedic services in an outpatient setting, relieving demand at UCLA's Santa Monica and Ronald Reagan Medical Centers.
- **UCLA Clinical Microbiology Laboratory:** The UCLA Clinical Microbiology Laboratory, also known as the Brentwood Laboratory, provides comprehensive testing for infectious agents and select autoimmune disorders and hosts an accredited Clinical Microbiology Postdoctoral Training Program. The renovated space would consolidate several off-campus leased laboratories currently housed in older buildings that do not comply with UC Seismic Safety Policy standards.

- **Community Fill Pharmacy and Specialty Pharmacy:** With the Peter Morton Medical Building nearing capacity, the pharmacy department needs additional space to meet rising demand. Currently serving both inpatient and outpatient needs, the department is also preparing to handle the new prescription volume from UCLA's employee health plans and local employers. The renovated property will become a centralized fulfillment center for UCLA Health's retail and specialty pharmacy services.

This project is an important opportunity for UCLA Health to build on its long and successful history of caring for Angelenos. The well-being of UCLA Health communities depends on addressing UCLA Health's capacity constraints and expanding community-based resources to support both community health and surgical services. In addition to growing critical services, UCLA Health will be able to serve patients more effectively, enhancing patient experience and reducing the burden on physicians and staff.

### **PROJECT DESCRIPTION**

#### ***Program and Scope***

The project would renovate and reconfigure most of the building's interior spaces, upgrade the building systems to support the new program, address compliance with the Americans with Disabilities Act, and improve safety and security. Minor seismic improvements, roof strengthening, and modifications to the existing parking and landscaping are included.

The main lobby, including a grand stairway, the outdoor amenity area, and most building core elements, such as stairwells, a passenger elevator, a freight elevator, and a reconfigured main electrical room and reverse osmosis water treatment room, would be retained. The existing café on Level 1 would be reconfigured. One multi-stall restroom on Level 2 would remain, while the remaining restroom facilities would be relocated or replaced with individual fixtures throughout the building.

The proposed program area of the project is summarized below:

**Table 1: Proposed Space Allocation**

<b>Use or Service</b>	<b>asf</b>	<b>gsf</b>	<b>Total asf</b>	<b>Total gsf</b>	<b>Total gsf Percentage</b>
<b>UCLA Sports Medicine Institute</b>			49,390	70,881	41.8%
Ambulatory Surgery (10 Operating Rooms)	12,575	21,155			
Patient Prep and Recovery	6,999	10,278			
Sterile Processing Department	5,075	5,482			
Medical Clinic (30 Exam Rooms)	9,571	13,691			
Advanced Imaging <sup>(1)</sup>	9,196	12,966			

Physical Therapy	4,715	5,965	
Ambulatory Surgery Center Pharmacy	1,259	1,344	
<b>UCLA Clinical Microbiology Laboratory</b> <sup>(2)</sup>			29,815    35,818    21.1%
<b>Community Fill Pharmacy and Specialty Pharmacy</b> <sup>(3)</sup>			35,205    37,760    22.2%
<b>Support Space</b> (Café, Conference Room, Administrative Offices, Storage, Lobby, Security, Common Restrooms, Utility Areas, Building Circulation)			11,967    25,284    14.9%
<b>Total</b>			<b>126,377    169,743    100%</b> <sup>(4)</sup>

- (1) Equipment areas for one MRI (approximately 1,258 gsf) would be provided as shell space for future installation.
- (2) Approximately 946 gsf would be shell space to be built out in the future.
- (3) Approximately 2,937 gsf would be shell space to be built out in the future.
- (4) Because of rounding, the total may not correspond with the sum of the separate parts.

***Funding Plan and Financial Feasibility***

The \$298.2 million total project budget would be funded by external financing supported by revenues of the UCLA Hospital System (\$293.2 million) and grant funds (\$5 million). Additional information regarding project sources and uses is included in Attachment 1.

The financial performance for the UCLA Hospital System has remained strong. For the last five years, modified days cash on hand has ranged between 219 and 241. Modified net income has ranged between \$258 million and \$780 million, resulting in a modified margin that has ranged between eight percent and 17 percent.

As of June 30, 2025, the UCLA Hospital System had a 15.5 percent modified net margin, 8.7x modified debt service coverage, and 219 modified days cash on hand. These numbers include adjustments for non-cash pension and OPEB items, which is allowed by the University’s Debt Policy. Over the ten-year projection period, modified net income is projected to range between 11.6 and 14.9 percent, modified debt service coverage is projected to range between 3.0x to 9.8x, and modified days cash on hand is projected to range between 159 to 202, which meet the requirements of the University’s Debt Policy.

Additional details can be found in Attachments 2 and 3.

***Project Delivery and Schedule***

A construction manager at risk (CMAR) team will be selected to provide pre-construction services, including cost estimating, scheduling, constructability analysis, and risk analysis. The CMAR team will assist the campus in analyzing constructability options for building systems and delivery options for early ‘make ready’ work to facilitate the timely delivery of the project.

Construction would be performed in two phases: (1) interior demolition is scheduled from July 2026 through October 2026, and (2) construction would begin in January 2027, with completion

anticipated in June 2028.

### ***Comparable Construction Analysis***

Due to the unique combination of functions and the size of the 5210 Pacific Concourse Drive Tenant Improvements project, adequate comparable projects are not available. Available comparisons, including renovation and wet laboratory projects, are significantly smaller and do not reflect the project's scope.

## **PROJECT DESIGN**

### ***Project Layout***

Level 1 would be occupied by the Sports Medicine Institute, with physical therapy, advanced imaging, and a medical clinic located in the western portion of the building, and an ambulatory surgery center and related support spaces in the eastern portion.

Level 2 would be occupied by the community fill pharmacy and specialty pharmacy, including a call center, in the western portion, and the Clinical Microbiology Laboratory in the eastern portion. Space adjacent to the lobby would be shelled for future buildout.

Support spaces at the center of the building include the lobby, renovated café, and security on Level 1, as well as a conference room and administrative offices on Level 2. Common restrooms, storage, and utility areas would be provided on both floors.

### ***Exterior Improvements***

The building exterior will largely remain unchanged. Limited improvements include entry and exit modifications, installation of site surveillance devices, repair of the existing roof (including the screening of new rooftop equipment), new building signage, and incidental repairs to the building façade.

Site improvements would be limited to those necessary to support the proposed facility. A new chiller enclosure would be built on the site of an existing hazardous materials storage structure, immediately west of the building. An oxygen tank and a small, enclosed service yard for emergency generators and waste compactors would be installed in the southeastern parking area. Electric vehicle chargers would be added, and circulation and accessibility would be improved in the north parking lot. The service loading area would be relocated from the west side of the building to the south side. Existing landscaping would largely be retained and enhanced.

Additional information about the project's design may be found in Attachment 5.

### ***Sustainability***

A \$5 million grant from the Office of the President's centrally held biomethane funds will be

applied to decarbonize the project by eliminating on-site combustion and delivering an all-electric building. The project will achieve a minimum of Leadership in Energy and Environmental Design (LEED™) Silver certification, striving to achieve Gold certification.

UCLA Health is a member of Practice Greenhealth, an international sustainable healthcare organization working to reduce environmental footprints and produce leaders in environmental health and justice.<sup>1</sup> The project will meet or exceed applicable provisions of the UC Policy on Sustainable Practices, focusing on water efficiency, energy efficiency, climate protection, waste diversion, indoor air quality, and healthy construction materials. A full range of sustainability features and practices will be integrated into the project's design and operations, including those related to UCLA Health's membership in Practice Greenhealth.

### ***Consistency with the Long Range Development Plan***

The project site is located at 5210 Pacific Concourse Drive in unincorporated Los Angeles County. Given its location off campus, the project is not considered in the Long Range Development Plan (LRDP). Nonetheless, the project incorporates relevant planning concepts and applicable programs, practices, and procedures set forth in the UCLA 2002 LRDP, as amended through 2018.

## **CONSISTENCY WITH SELECT UC POLICIES AND PRACTICE**

The project complies with the UC Policies for Seismic Safety, Sustainability, and Small/Disabled Veteran Business Enterprises.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE**

In accordance with CEQA and the Amended University of California Procedures for Implementation of CEQA, an Initial Study/Mitigated Negative Declaration (IS/MND) (State Clearinghouse No. 2025111040) has been prepared for the 5210 Pacific Concourse Drive Tenant Improvements project (Attachment 6 - Final IS/MND). As demonstrated in the IS/MND, with the incorporation of feasible mitigation as well as applicable programs, practices, and procedures, the project will not have a significant effect on the environment. The IS/MND is not tiered from the previously certified LRDP Environmental Impact Report since the project site is located off campus and not included within the LRDP boundaries. CEQA Findings have been prepared to support the University's determination that the proposed project would not result in significant direct, indirect, or cumulative environmental impacts (Attachment 7 - CEQA Findings).

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<sup>1</sup> Additional information on Practice Greenhealth may be found at: <https://practicegreenhealth.org/>.

**ATTACHMENTS**

Attachment 1	Project Sources and Uses
Attachment 2	<a href="#">Summary of Financial Feasibility</a>
Attachment 3	<a href="#">UCLA Hospital System Ten-Year Projections and Assumptions</a>
Attachment 4	<a href="#">Project Location Map</a>
Attachment 5	<a href="#">Design Graphics</a>
Attachment 6	5210 Pacific Concourse Drive Tenant Improvements Final IS/MND and Mitigation Monitoring and Reporting Program (includes Draft IS/MND) <a href="https://www.capitalprograms.ucla.edu/file/pdf/UCLA_Health_SMI_Final_IS-MND_260227.pdf">https://www.capitalprograms.ucla.edu/file/pdf/UCLA_Health_SMI_Final_IS-MND_260227.pdf</a> Draft IS/MND Appendices <a href="https://ucla.app.box.com/s/eh5gyt80xkvtzp2iupi5bsvytqcr01r6">https://ucla.app.box.com/s/eh5gyt80xkvtzp2iupi5bsvytqcr01r6</a>
Attachment 7	CEQA Findings <a href="https://www.capitalprograms.ucla.edu/file/pdf/UCLA_Health_SMI_CEQA_Findings_March_2026.pdf">https://www.capitalprograms.ucla.edu/file/pdf/UCLA_Health_SMI_CEQA_Findings_March_2026.pdf</a>
Attachment 8	UCLA Long Range Development Plan and Environmental Impact Report <a href="https://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan">https://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan</a>

## PROJECT SOURCES AND USES

## 5210 PACIFIC CONCOURSE DRIVE TENANT IMPROVEMENTS

<b>SOURCES (\$000s)</b>		
External Financing	\$293,200	97.8%
Grant Funds (UCOP's centrally held biomethane funds)	\$5,000	2.2%
<b>Total Sources</b>	<b>\$298,200</b>	<b>100% <sup>(1)</sup></b>

<b>USES (\$000s)</b>		
Site Clearance	\$4,000	1.8%
Building	\$155,000	70.5%
Exterior Utilities	\$3,500	1.6%
Site Development	\$3,500	1.6%
A/E Fees	\$16,800	7.6%
Campus Administration <sup>(2)</sup>	\$1,755	0.8%
Surveys, Tests, Plans <sup>(3)</sup>	\$1,145	0.5%
Special Items	\$6,455	2.9%
Contingency <sup>(4)</sup>	\$27,845	12.7%
<b>P-W-C Cost <sup>(5)</sup></b>	<b>\$220,000</b>	<b>100% <sup>(1)</sup></b>
Group 2 & 3 Equipment	\$70,000	
<b>Project Total</b>	<b>\$290,000</b>	
Interest During Construction	\$8,200	
<b>Grand Total</b>	<b>\$298,200</b>	

<b>PROJECT STATISTICS</b>	
Gross Square Feet (gsf) <sup>(5)</sup>	169,743
Assignable Square Feet (asf)	126,377
Efficiency Ratio: asf / gsf	74.5%
Building Cost / gsf	\$913
P-W-C Cost / gsf	\$1,296

<sup>(1)</sup> Because of rounding, the total may not correspond with the sum of the separate parts.

<sup>(2)</sup> Campus administration includes project management, campus engineering, inspections, campus design services, and construction services.

<sup>(3)</sup> Special items include pre-design; pre-construction services; environmental reports; peer reviews; agency fees; moving and staging; hazardous materials surveys and monitoring; environment, health and safety services; LEED™ coordination, as-built scanning, and specialty consultants.

<sup>(4)</sup> The contingency reflects the increased risk of unforeseen conditions associated with renovating an existing building.

<sup>(5)</sup> Total of preliminary plans (P), working drawings (W), and construction (C).