

ATTACHMENT 1

LOWER SPROUL PROJECTS: PROJECT BUDGET, CCCI 6326

Category		%
Site Clearance	6,155,000	3.3%
Building	91,550,000	49.7%
Exterior Utilities	1,500,000	0.8%
Site Development	18,831,000	10.2%
A/E Fees	14,270,000	7.7%
Campus Administration	8,056,000	4.4%
Surveys, Tests, Plans	1,620,000	0.9%
Special Items ⁵	19,547,000	10.6%
Financing Cost	9,800,000	5.3%
Contingency	12,883,000	7.0%
Total	184,212,000	100.0%
Group 2 & 3 Equipment	8,788,000	
Project Cost	193,000,000	

Project Statistics

	New Construction			Renovation
	Eshleman	King West	King South	
GSF	66,200	11,400	12,900	137,000
ASF	42,200	8,900	11,300	n/a
Efficiency Ratio: ASF/GSF	64%	78%	88%	n/a

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.

	New Eshleman	USC Student Ctr	UCSF Community Ctr
GSF	66,200	192,068	154,990
ASF	42,200	n/a	106,700
Escalated Building Cost	\$43,622,000	\$101,648,000	\$83,175,000
Building Cost/GSF	\$659	\$529	\$537

Cost factors⁶ 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

LOWER SPROUL PROJECTS: FUNDING PLAN

Funding Sources

Project Cost: \$193,000,000	External financing:	\$180,000,000
	Anticipated repayment sources	
	Lower Sproul Plaza Fee:	\$95,300,000
	Campus funds:	\$84,700,000
	Equity:	\$13,000,000
	Life Safety Fee:	\$10,000,000
	Lower Sproul Plaza Fee:	\$2,000,000
	Campus funds:	\$1,000,000

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.

ATTACHMENT 3

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	
External Financing	\$ 180,000,000
Student Fee Funds	\$12,000,000
Campus Funds	\$1,000,000
Total	\$ 193,000,000

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	\$134,619,000 tax-exempt \$ 42,081,000 taxable
Financial Feasibility Rates	6% tax-exempt - 10 years interest only, 20 years amortization 7.25% taxable - 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) \$11,737,000 in year 11* (first year of principal)
Estimated Annual Debt Service: Taxable	\$ 3,051,000 in year 1 (interest only) \$ 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			
Measure	10 Year Projections Max/Min Values	First Year Principal FY 2026	Approval Threshold
Debt Service to Operations	5.5% (max: FY2016)	4.9%	6.0%
Debt Service Coverage	2.34x (min: FY 2016)	4.16	1.75x
Expendable Resources to Debt	n/a	n/a	1.0x

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.