



Dialogue

JANUARY 2013

CAPITAL RESOURCES MANAGEMENT

BUDGET & CAPITAL RESOURCES

UC OFFICE OF THE PRESIDENT

2012 Annual Report on Sustainable Practices

\$91 million in cumulative net avoided energy costs over the last eight years; 100 LEED™ certifications—and rising; generating 10 megawatts of renewable energy on campus—two years ahead of schedule. These are just some of the achievements highlighted in the 2012 Annual Report on Sustainability Practices, presented to the Regents last week.

UC was again recognized in the top tiers of national campus sustainability rankings and received twenty national and state sustainability awards. This year's report includes individual campus infographics that show key metrics for each campus and highlight key sustainability initiatives from the past year. *Matt St. Clair*

<http://regents.universityofcalifornia.edu/regmeet/jan13/gb2attach.pdf>.



UC Capital Financial Plan



The Capital Financial Plan for 2012-22 (CFP) was accepted by the Regents at the November 2012 meeting of the Committee on Grounds and Buildings. The CFP can be found at:

<http://www.ucop.edu/capital-planning/resources/2012-22-capital-financial-plan.html>

Prevailing Wages on Office Systems

Prevailing Wage must be paid for the installation of freestanding or affixed modular office systems on any contract sent out to bid by the University or its contractor after January 1, 2013. This is the result of an amendment to [Labor Code section 1720](#) that clarified the definition of "installation" to include such work. This change applies to all such installations no matter how the work contract is procured—through competitive construction bidding, construction direct award, or as non-construction procurement.

Vini Bhargava

CEQA Exemption for Solar Panels

A statutory exemption for solar panels on buildings and parking lots became effective in January 2012 with the passage of SB 226. The exemption applies to the installation of a solar energy system (both electric and hot water-generating systems are eligible) on the roof of an existing building or on an existing parking lot (which must have been in use as a parking lot for at least two years).



Associated equipment is also covered as long as the accessory equipment does not occupy more than 500 square feet of ground surface. Other limitations also apply, particularly if the project will remove certain types of plants or trees or requires certain specific environmental permits. Check with your campus environmental planner to determine whether this exemption is a good fit for your current solar projects. See California Public Resources Code Section 21080.35 at:

http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0201-0250/sb_226_bill_2011004_chaptered.html *Alicia Jensen*

OP Construction Services Manager Position Opening

With the impending retirement of Stephanie Dorward, OP Construction Services is in the hunt for a new manager to start in March 2013. The successful candidate will be a rock star problem solver, writer, and communicator who will take the complex and make it simple. We require a great attitude, a thirst for learning and the ability to work with attorneys. For a complete job description or to apply for this position, please visit: <https://jobs.ucop.edu/applicants/Central?quickFind=55978>

"It is the University's bounden duty to cultivate artistic ideals just as distinctly and indisputably as it is its duty to teach the beauties of literature and the wonders of science. The University fulfills only a part of its mission when it teaches the theory of beauty without its practice. Its duty is to inspire, to cultivate, to edify. And to do that completely it must have fine buildings." —*John Galen Howard, Supervising Architect of the University of California (1901-1924) and founder of the UC Berkeley School of Architecture*



Stop Pouring Money and Water Down the Drain

Many bulk-sized steam sterilizers and autoclaves use a continuous cold water flow to quench their hot steam condensate being discharged into the sewer system, but have no mechanism to shut off the cooling water when the sterilizer is not in use. This means that water is often pouring down the drain unnecessarily, sometimes 24 hours a day and even during weekends and holidays. While the practice of quenching steam condensate to approximately 140 degrees is important to protect plumbing and comply with regulations, "water misers" can be specified for new equipment or retrofitted to existing equipment to monitor the drain temperature and apply cold water only when necessary.

Alicia Jensen



Due Diligence on Leases for Operations and Maintenance Costs

Due diligence practice is well established for property acquisition, but negotiations for leases seldom allow for a formal due diligence review. UC has established lease due diligence policy for life safety, seismic safety, and accessibility. Lease-term operating and capital costs, however, are seldom thoroughly researched. When space markets favor landlords, there is even less opportunity for thorough due diligence. Because the tenant generally pays the cost of tenant improvements in excess of an allowance from the landlord, the potential cost for these improvements and any other modifications required by the University should be thoroughly researched, especially for buildings where the issues might be complex (historic properties, unknown history of upgrades, etc.). A thorough review of the property's operating history and physical condition can be useful in predicting possible increases in expenses. This is particularly true for triple net (NNN) leases, where the tenant is responsible for capital outlays to replace building systems, as well as operating expense increases. And don't forget to review the current title report with all of its exceptions to ensure that the existing entitlements and/or covenants do not restrict the campus' planned use for the property or prohibit occupancy by a tax-exempt entity. RESG has an acquisition closing checklist to assist in review of these transactions. <http://www.ucop.edu/real-estate-services/forms/tools-links/index.html>

Shauna Brown

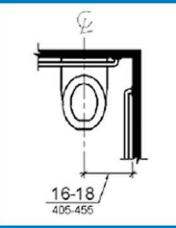
The Long Freeze

In December 2008, capital planning, design and construction colleagues statewide were reeling in disbelief, as the State froze all loan disbursements for lease revenue and GO bond-funded projects. UC was forced to suspend work on 68 projects worth \$938 million because of the freeze on disbursements. It was a long road to recovery, and UC reacted with three creative strategies to stay on track:

- In April 2009, the University convinced the state to exempt 16 projects from the freeze. Once the State Treasurer's Office (STO) regained access to capital markets and began issuing bonds, UC received sufficient funding to restart those projects.
- UC issued its own commercial paper to finance the purchase of \$200 million of State GO Bonds, the proceeds of which were used to complete 18 additional voter-approved building projects, with the additional benefit of UC owning the bonds as an investment. Between October 2009 and October 2012, nearly all remaining suspended projects received proceeds .
- UC sponsored successful legislation in 2012 to allow the university to provide interim financing to maintain construction schedules, and to be reimbursed for principal and interest costs when the State opts to sell bonds for project funding.

With the anticipated sale in 2013 of state lease revenue bonds for five projects totaling \$127 million, the State will have met all its obligations for projects previously approved for construction up until 2011.

Roshni Thomas



Legislative changes in 2012 related to the California Building Code included:

- A requirement for the Building Standards Commission to make a future change (to the 2016 code) to require stadium press boxes to be located on an accessible route, with specified exceptions. Chapter 370, Statutes of 2012 adds Section 18934.9 to the Health and Safety Code. This mandate requires the commission to adopt this provision during the next triennial building code cycle that begins on or after January 1, 2013. The next triennial code adoption cycle begins in 2015 for the 2016 edition of Title 24, California Building Standards Code.
- Use of Chapter 11B of the 2013 building code which takes effect January 1, 2014, is authorized as an alternative means of compliance starting on the publication date of the code. In effect, projects may comply with the new 2013 Chapter 11B

early. Health and Safety Code Section 18944.15 was added to allow that upon the publication date of the 2013 California Building Standards Code, for the purpose of claims brought under specific sections of the Civil Code based on an alleged violation construction-related accessibility, compliance with 2013 Title 24 part 2 Chapter 11B shall be authorized as an alternative method of compliance, effective 1/1/2013 through 1/1/2015 and then repealed. Adopted from: http://www.documents.dgs.ca.gov/bsc/cd_qstns/documents/2012/BSC-BULLETIN-12-03.pdf

Catherine Kniazewycz

JAN

22



UCOP

30



RIVERSIDE

MAR

12-14

REGENTS MEETING

UCSF
MISSION BAY



CODE CORNER