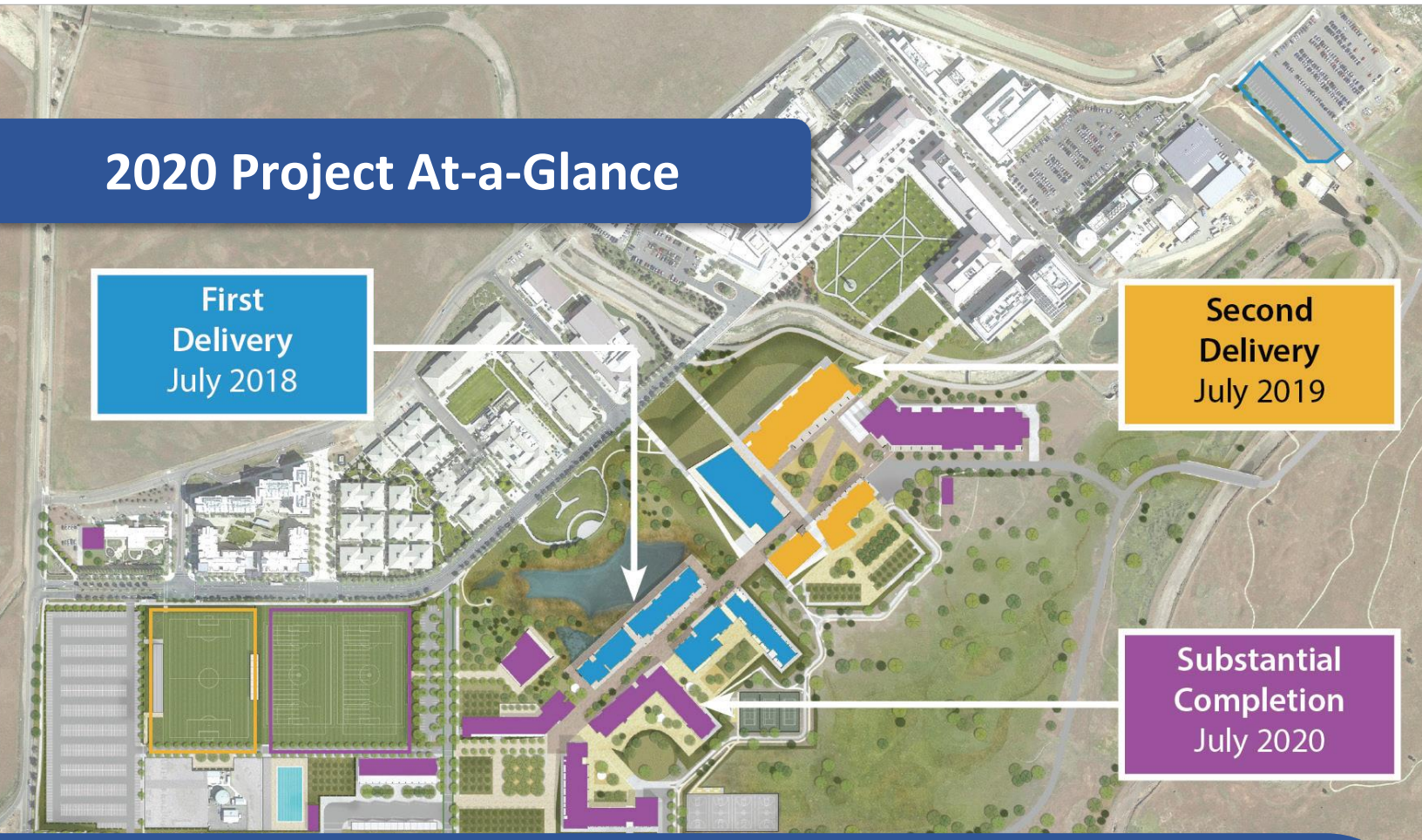
UC MERCED
UNIVERSITY OF CALIFORNIA

UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 6.0

PERIOD ENDING: 31 DECEMBER 2016

2020 Project At-a-Glance



Team

Owner' Representative
- AVC Michael McLeod (POPD)

Project Executive
- Adam Shaw (WT Partnership)

Developer/ProjectCo:
- Plenary Properties Merced ("PPM")

Equity:
- Plenary Group ("Plenary")

Design-Builder:
- Webcor Builders ("Webcor")

Operator:
- Johnson Controls ("JCI")

Commercial

Agreement:
- Availability Payment based P3 incl DBFOM
- 3 phase operational ramp-up

Term:
- 39 Years (incl 4 yr construction)

Contract Value:
- $1,340,839,588

DB Contract Value:
- $1,166,631,875 (DB)

Annual O&M Cost (Real):
- $4.1m

Total Real Lifecycle Cost Model (over term)
- $101M

Security (equivalent cash value):
- DB Performance bond: $1,166m (100%)
- DB Payment Bond: $1,166m (100%)
- DB Limit of Liability: $583m ($50%)
- OM Limit of Liability: (200% annual cost)
- DB Parent Company Guarantee $583m ($50%)

Schedule

Financial Close
- August 15, 2016

First Delivery Occupancy Readiness Date
- July 1, 2018

Second Delivery Occupancy Readiness Date
- June 1, 2019

Substantial Completion
- June 1, 2020

Final Acceptance
- September 29, 2020

PA Long Stop Date
- June 1, 2021

Construction Schedule
- Circa 46 Months

Operating Period:
35 – 37 Years`

Scope

- 1.2 million GSF mixed-use development
- New classrooms and research laboratories
- 1,700 beds for student housing
- Comprehensive infrastructure and parking network
- Competition pool, recreation amenities, dining and conference facilities and wellness center
- U.S. Green Building Council LEED Gold minimum
- Delivered in phases between Fall 2018 and Fall 2020
- ASF: 778,487 SF | GSF: 1,173,698 SF

merced2020.ucmerced.edu

1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

The project has continued with on site as grading and temporary utilities in December and the establishment of Trailer town. The deacceleration lane for Lake road for the ancillary site was established with no disruptions to the neighbors and campus community. The Developer has also concentrated on producing and submitting the baseline schedule, which underwent an in-depth review by the project team. A subsequent workshop with the Developer was held in order that the comments would be addressed and revisions to the schedule undertaken for resubmission and acceptance by the project team by January 6th 2017.

The Project Team and Faculty undertook an introductory review of the Lab 2B 100% Schematic Design, which was ultimately rejected as it did not meet the TR's program parameters. A further workshop will be undertaken next month to review the comments and establish how the developer is addressing & correcting the deficiencies.

Budget expenditures were further refined by month and vendor and spending trends are on track. However continued careful management continues to be of utmost importance.

GOVERNANCE & OVERSIGHT

The 2020 Project Team and governance structure were established in August 2016, and are fully operational now. The approved Governance Board structure has met regularly since institution to engage on a range of matters including budget, scope and schedule.

The project team developed reporting standards for the board, which were accepted by the Chancellor and UCOP on a meeting held on the date of the ground-breaking.

The Board have received presentations on a number of potential issues around scope amendments and design review actions arising from the meetings are being tracked by virtue of Minutes and action items.

DESIGN & CONSTRUCTION

Early works activities continue, such as potholing, site surveying, grading and utility work. Coordination with City and County of Merced, Merced Irrigation District, and State Agencies is ongoing. Design is in varying stages with 1st delivery buildings primarily in or entering the construction documentation stage. Presently, forty-five (45) design submittals have been received (32 completed and 13 in progress) and Ninety-one (91) stakeholder meetings held to date, to solicit input.

PROJECT CONTROLS

Schedule

As previously reported, the project is currently operating under the Preliminary Schedule received as part of the financial close package. A draft baseline schedule was issued by the Developer on 11 November 2016 as part of the condition precedent to Notice to Proceed (NTP) 2.

The Project Team conducted an in-depth review and had subsequent close coordination meetings with the Developer regarding the Baseline Schedule. Revisions to work sequencing; incorporating additional events; and resource and cost loading activities will be undertaken by the Developer for resubmission and acceptance by the Project Team by January 6, 2017. As such, the Developer will still be required to demonstrate how the overall schedule will be maintained to the satisfaction of the milestone dates set by the University. No additional material slippages have been incurred in the period.

Budget

The Campus Budget is retained as approved at a total of $148.13 million. Subject to initial analysis by the project team, the Owner Operating Budget ($79.38 million) and Campus Contingency ($68.75 million) has been broken-down to allow adequate cost control measures to be implemented to ensure suitable funds are retained to close out the project. Expenditure is currently at $3.01 million (2%) of total forecast.

Based on empirical project costings, the funds available for construction contingency are very limited. As such, very careful consideration of change requests is required to avoid budget overspends. The total anticipated expenditure (characterized by both Change Orders and Preliminary Change Orders) is currently within our contingency forecast however the same number of new items arising in each subsequent reporting period cannot be sustained.

Scope

No program changes or non-compliances have been made in the period. There continues to be a series of collaborative design review meetings with the Developer and with feedback from the Stakeholders. Reviews in association with design critical components of Lab 2A are underway.

CONTRACT MANAGEMENT

Early Notice to Proceed 2 (Early NTP2) which authorized the start of Early Works on site was issued on August 26, 2016. Two Unilateral Change Orders (UCO) were issued in the period and Two Preliminary Change Orders (PCO) were issued in the period.

No formal notices have been issued or received.

The Developer continues to deliver both Administrative and Design Submittals in the period. At this time, works remain authorized under Early NTP 2 approval provided following Financial Close. No significant issues have been reported, and the Developer continues to work collaboratively with the University to work through the condition precedent towards successful granting of NTP 2 by Jan 6, 2017.

The team have undertaken a structured risk review and are continuing to refine the approach to risk mitigation in contract implementation and project organization approach. All concerns and issues are being logged with the Unifier system. There are no material emerging or unforeseen risks to the project delivery to report at this time.

OPERATIONS

The project organization has reached relative stability with the majority of long term resources now based within the Merced locality. In the period, no new members have been added to the team. The primary focus for Project Operations in the period has been budgeting and forecasting each of the key contracts to enable proactive budget management of the constrained project funds.

2. PROJECT HEALTH DASHBOARD

No concerns | Unable to comment | Monitoring required | Immediate action required

Schedule	As noted in further detail hereunder, the Preliminary Project Schedule has experienced slippages on both design and early construction activities. It should be noted that this document was not substantially updated from bid and so some slippages are occurring due to revised sequencing. The Project Team have undertaken an in-depth review of the Baseline Project Schedule and have highlighted and conveyed feedback to the developer for their further revisions/sequencing and cost loading of events. The Baseline Project Schedule is due to be resubmitted for approval by January 6, 2017. We continue to monitor actual progress closely.

	Start	Finish	Slippage	Status
First Delivery	20 Jun 2016	1 July 2018	Minor	On-target
Second Delivery	15 Aug 2016	1 Jun 2019	None	On-target
Final Delivery	3 Jan 2017	1 Jun 2020	None	On-target

Cost	The Project Budget continues to be further developed by the project team and financial analyst. Nine (9) Preliminary Change Orders (PCO) have been raised to date. Of which, two Unilateral (UCO) have been instructed, a further five (5) are under various stages of development and two (2) have been cancelled. The cumulative potential impact is in the order of (-$0.46m). Amounts shown in table are in millions ($MM)

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Forecast
(A)Project Operations	$90.22	$0.00	$90.22	$2.87	$90.22
(B) Campus Integration	$22.00	$0.00	$22.00	$0.14	$22.00
(C) Construction Contingency	$35.91	$0.00	$35.91	$0.00	$35.91
(D) Total	**$148.13**	**$0.00**	**$148.13**	**$3.01**	**$148.13**

	Scope	Two (2) PCOs are with the Developer for pricing, with Five (5) Change Order Estimate currently under negotiation and two (2) have been cancelled. Stakeholder requests for scope changes are being carefully monitored, and require both justification and approvals through the governance structure.

	Executed Change Orders	Change Price Requests	Forecast Changes
Quantity (No.)	2	5	38
Aggregate Cost ($k)	EST $0.20m	EST (–$0.82m)	$0.16m
Annualized Cost($k)	EST $0.00m	$TBD	$TBD
Time Impact (days)	EST. Nil	Nil	Nil

Developer Compliance	Regarding contract compliance by the Developer, the project team is monitoring item 3.4 - Project Schedule Submittals for possible future assessment of contract non-compliance points. Otherwise, design and administrative submittals are being provided in accordance with the Project Agreement requirements. The Team's contract monitoring tool continues to be developed.
Contract Notices	None to date. Amendment No.1 was executed by both parties in relation to Project Insurances.
Labor Compliance	No issues to report
Health & Safety	No safety issues or Lost Time Injuries (LTI) to date
Community Engagement	No complaints have yet been reported from the construction hotline.
Communication	Communication between the Project 2020 team, external authorities, the Developer, and stakeholders continues to work positively.
Stakeholder Engagement	Stakeholders are actively engaged in design review and shared governance. Their concerns focus largely on campus impacts, safety, traffic, & parking, and each case has been worked to close.
Risk	The Team continues to systematically evaluate areas of risk and formal workshops are in development. No claims are anticipated.