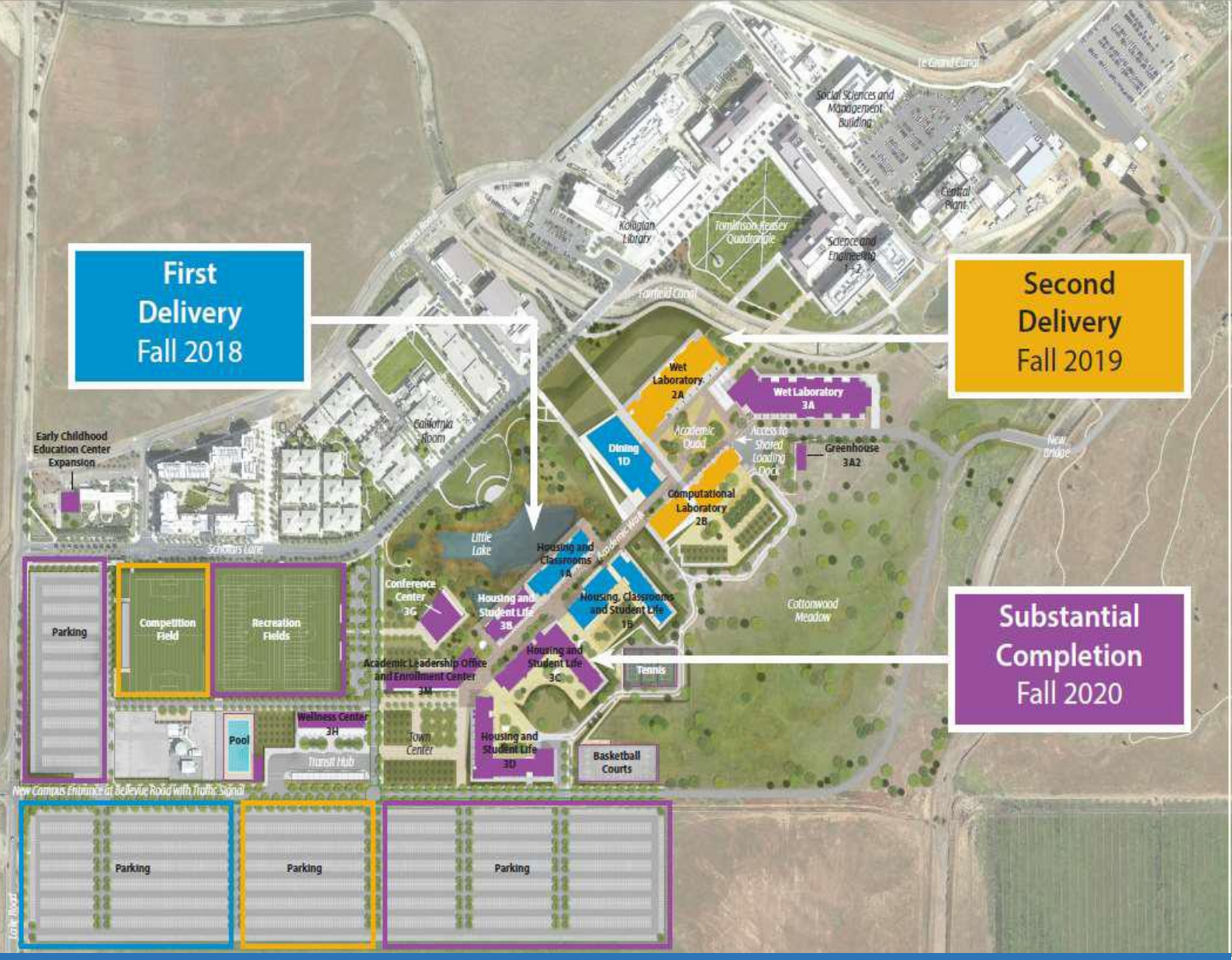
UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 19.0

PERIOD ENDING: 31 JANUARY 2018



Team

Owner's Authorized Representative & Project Executive
- AVC Michael McLeod (POPD)

Lead Project Manager
- Paul Mackintosh (WT Partnership)

Developer/Project Co:
- 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 12, 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

merced2020.ucmerced.edu

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Appendix E - Change Order Log, January 2018

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Purpose of Report

This report is provided for the benefit of the Leadership Team, executive-level reporting, and historical record, in the on-going management of the University of California, Merced 2020 Project. It includes observations about project activities, project health, Developer performance, risk, and process improvement opportunities.

[Parenthesis] - Square brackets are utilized within the document to illustrate an opinion founded on information available at the time of writing. It affords the author and the Project Team the opportunity to review the conclusion following discussion and liaison, where relevant, revising following initial issue for finalization.

Document Control

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1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

The Partnership continues to strengthen as the Project progresses and the systems and processes in place for managing design review and change items are working well. Starting a new year means we're now closer than ever to reaching finalisation and occupancy of First Delivery facilities. The Developer and UCM Project Teams are working through final contractual and compliance requirements in anticipation of this. The Project Team also continue to closely monitor the Developer's Schedule to ensure the Project remains on track, more so than ever in the lead up to First Delivery.

GOVERNANCE & OVERSIGHT

Per previous reports the Project Team continues to liaise with the Governance Board and Office of General Council (OGC) on project issues. Three Governance Board meetings were held during the period where a variety of Change Orders and project issues were reviewed and discussed.

DESIGN & CONSTRUCTION

Design for First Delivery Buildings is complete, as is Structural Design for Second Delivery Buildings and Building 3C and 3D Third Delivery Buildings.

During the January 2018 period, the Design Review Team received nine (9) design submittals and thirteen (13) Requests for Information (RFI) from the Developer. The type of submittals received highlights the transition from Second Delivery facilities and onto design for Third Delivery facilities.
Final Furniture, Fixtures & Equipment (FF&E) lists were submitted in preparation for mid-year occupancy of First Delivery buildings in addition to the submission of energy models to PG&E under the Savings by Design Program. The models are looking to demonstrate designed energy savings 20% beyond the minimum Californian Title 24 requirements.
Construction focus during the period remained on progressing P5 Parking Lot, Competition Field, 2D Research Server, Loop Road Bridge, Hardscape, Landscape and permanent power for First Delivery. At the time of writing this report, construction progress for First Delivery Buildings stands at 1D 68%, 1B 68%, and 1A 60%.

PROJECT CONTROLS

Schedule

The Developer's January 2018 Schedule Update was received and is currently under review. Initial insights show that a lag still exists between critical trades with 23% negative float (where there essentially should be none) poses a risk to meeting the current proposed completion dates. The Project Team continue to work with the Developer and Builder to mitigate this risk where possible.

First Delivery Occupancy Readiness dates are presently being reviewed with proposed new dates for 1D Dining – 1st July 2018, 1B Housing – 25th July 2018, and 1A Housing – 6th August 2018.

Budget

The Campus Budget is retained as approved at a total of $148.13 million comprising: Owner Operating Budget ($79.38 million) and Campus Contingency ($68.75 million). Adequate cost control measures continue to be implemented to ensure suitable funds are retained to close out the Project. Expenditure is currently at $16.44 million (11%) of total forecast. Careful measures continue to be enacted in the consideration of Change Requests to mitigate impacts and avoid budget overspends.

CONTRACT MANAGEMENT

The Developer continued to delivery both Administrative and Design Submittals during the January 2018 period. The following change management items were also delivered to the Developer during the month: one (1) Change Order. No Preliminary Change Orders, Unilateral Change Orders were processed during the period. Two (2) weather delay days were signalled by the Developer for the month, however these are yet to be received as Relief Events. The Project Team will note these as two (2) of the seventeen (17) days allocated in the Schedule.

The project safety record is still tracking well and a credit to the Builder with only four First Aids during January. Furthermore, no instances of contractual, inspection or environmental non-compliance were recorded during the period.

A new consulting firm joined the Project to manage biological monitoring on site and ensure compliance with applicable environmental laws and regulations. At the end of the month 95% of work had been completed on California Tiger Salamander exclusion fencing and a Coyote was observed on a site wildlife camera intended for monitoring San Joaquin Kit Foxes.

OPERATIONS

The primary focus for Project Operations in the period continued to be schedule management, budgeting. and forecasting each of the key contracts to enable proactive budget management of the constrained Project funds.

PROJECT PROGRESS PHOTOS

Progress Photo 1. *Partial Site Panorama, January 3rd 2018*

Progress Photo 2. *Partial Site Panorama, January 25th 2018*

Progress Photo 3. *Mineral King Bridge, January 12th 2018*

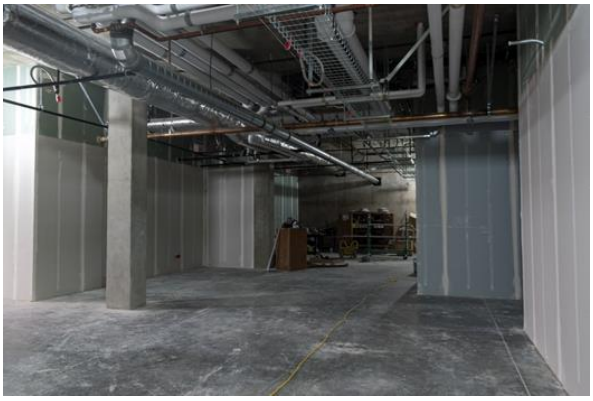
Progress Photo 4. *Housing 1B, January 25th 2018*

Progress Photo 5. *Lab 2B, January 3rd 2018*

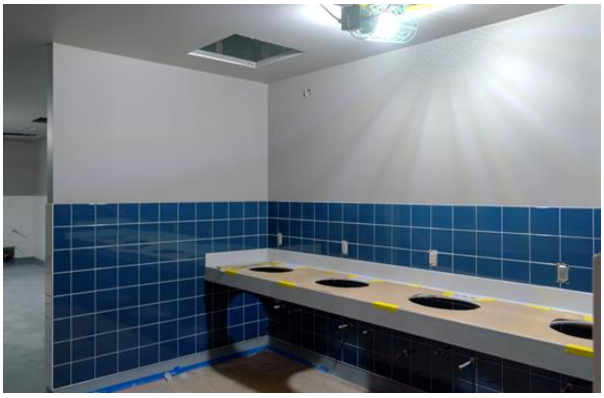
Progress Photo 6. *Lab 2B, January 25th 2018*

Progress Photo 7. *Lab 2A, January 3rd 2018*

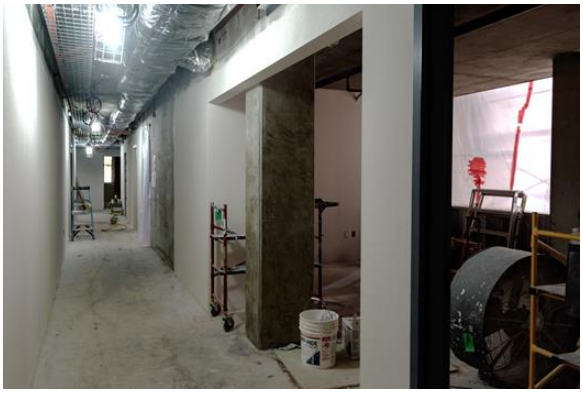
Progress Photo 8. Lab 2A*, January 25th 2018*



Progress Photo 9. *Housing 1A, January 17th 2018*



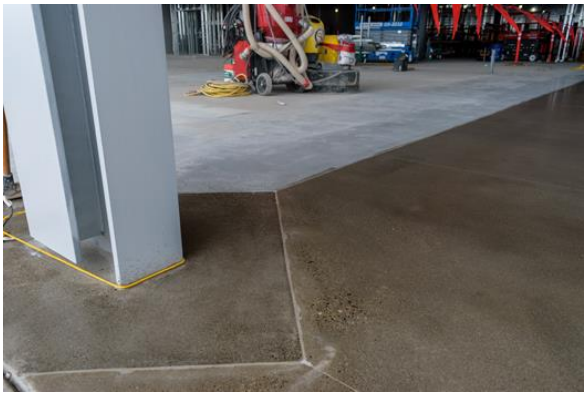
Progress Photo 10. *Housing 1B, January 17th 2018*



Progress Photo 11. *Housing 1B, January 17th 2018*

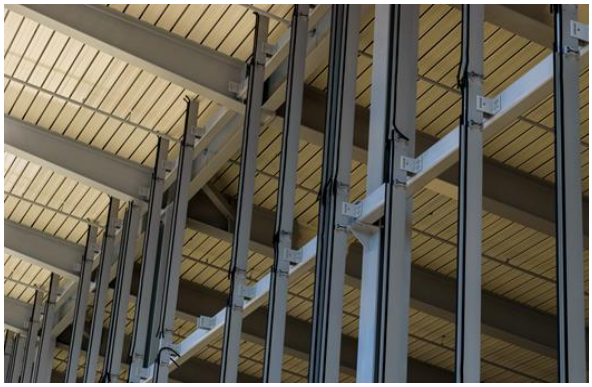
Progress Photo 12. *Housing 1B, January 25th 2018*

Progress Photo 13. *Dining 1D, January 3rd 2018*



Progress Photo 14. *Dining 1D, January 17th 2018*

Progress Photo 15. *Dining 1D, January 25th 2018*



Progress Photo 16. *Dining 1D, January 25th 2018*

2. PROJECT HEALTH DASHBOARD

No concerns Unable to comment Monitoring required Immediate action required

Schedule	First Delivery dates are still being worked towards and the Developer is continuing to diversify their sub-contract trade companies to meet this scheduling requirement.

	Start	Contractual Finish	Potential Finish	Slippage	Status
First Delivery	20 Jun 2016	1 July 2018	6 Aug 2018	36 Days	On target
1A - Housing	20 Jun 2016	1 July 2018	6 Aug 2018	36 Days	On target
1B - Housing	20 Jun 2016	1 July 2018	25 July 2018	24 Days	On target
1D - Dining	20 Jun 2016	1 July 2018	1 July 2018	Nil	On target
Second Delivery	15 Aug 2016	1 Jun 2019	1 Jun 19	None	On target
Final Delivery	3 Jan 2017	1 Jun 2020	1 Jun 19	None	On target

Cost	The Project Budget continues to be further developed by the Project Team and Financial Analyst. To date, fifty-five (55) Preliminary Change Orders (PCO) have been issued to date, thirteen (13) of which were cancelled and three (3) on hold pending alternative design solutions. Thirty-seven (37) Change Orders, thirty-three (33) Unilateral Change Orders (UCO) have also been issued to date. No new Developer Change Proposals (DCP) have been approved. The cumulative potential impact of all authorized changes (also known as Unilateral Change Orders) is in the order of $8.36m. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	(-$2.15)	$88.07	$11.70	$0.00	$76.37
(B) Campus Integration	$22.00	$2.15	$24.15	$4.74	$0.00	$19.41
(C) Construction Contingency	$35.90	$0.00	$35.90	$0.00	$10.52	$25.38
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$16.44**	**$10.52**	**$121.17**

Scope	January saw the issuance of one (1) item to final agreed Change Order. The Owner is currently analyzing and reconciling costs with the Developer on the remaining open items. It is the Project Team's continued opinion that the change process is still working effectively to filter scope creep. Any Change Orders that are being implemented, continue to undergo rigorous and substantive business case analysis and Governance approval.

	Total Executed Change Orders	Total Unilateral Change Orders	Total Preliminary Change Orders
Quantity (No.)	37	33	55
Aggregate Cost ($k)	EST $2.16m	EST $8.36	$TBD
Time Impact (days)	Nil	Nil	Nil
Developer Compliance	No new non-conformance issues were raised for the month of January 2018.		
Contract Notices	None from the Developer in the period.		
Labor Compliance	No issues to report.		
Health & Safety	In the period: • No recordable Injuries. • First Aid – 4. • No Lost Time Injuries (LTI) to date. Webcor continue to have a full-time paramedic on site assisting the safety team and is also available to provide help in cases of emergency.		
Community Engagement	No significant community engagement was documented for January 2018. The Builder is currently planning a "Meet the CFO" event with the UC Merced School of Business on March 6th 2018.		
Communication	Media outlets continue to be interested in covering Project 2020 with Bloomberg News on track to publish a piece in late-Summer 2018. Direct engagement with campus and city stakeholders also continues with presentations successfully made to UCM staff and local Lions Club members this month.		
Stakeholder Engagement	Stakeholders remain actively engaged in design review of remaining Third Delivery buildings. Concerns still exist around campus logistics and operational building use which are being managed with the Design and Construction teams. Five additional Shoulder to Shoulder and five Stakeholder Meetings were held during the month.		
Risk	The Team continues to systematically evaluate areas of risk with mitigation plans for each and continue to proactively plan for any risks or potential schedule slippages moving forward.		