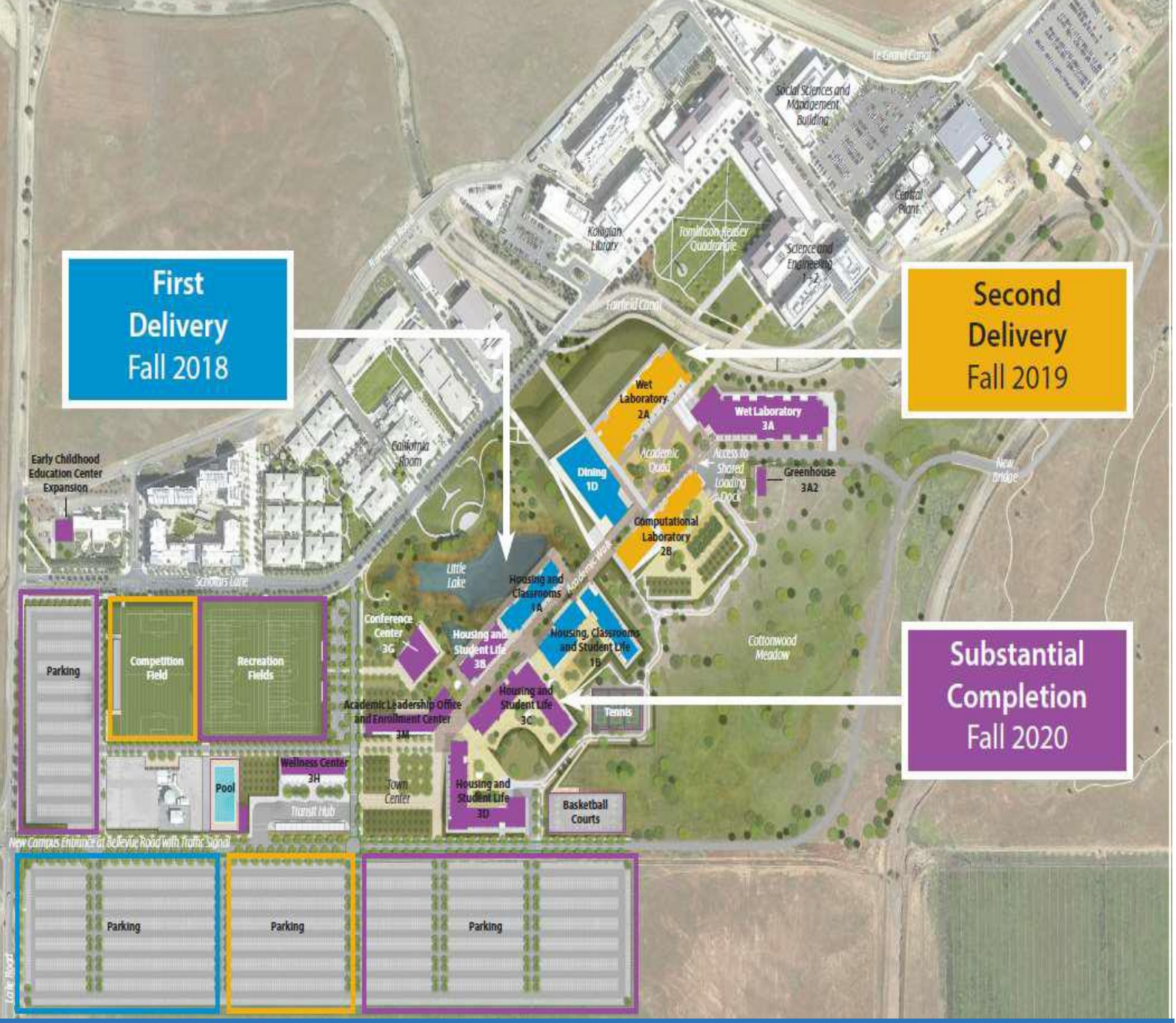
UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 26.0

PERIOD ENDING: 31 August 2018



Team

Owner's Authorized Representative & Project Executive
- VC/COO 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
- August 6, 2018 (Achieved)

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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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

August 2018 saw the occupancy and utilization of all First Delivery Housing, Dining, Central Plant, Parking and the Competition Field facilities. New students successfully moved into the Granite Pass and Glacier Point dormitories and are now dining at The Pavilion every day, enjoying views from the patio across Little Lake. Following the success of First Delivery, attention has now refocused on the remaining facilities to be turned over in Second Delivery. Namely the 2D Research Server, 1H Loading Dock, 2A Wet/Dry Laboratory and 2B Computational Laboratory. The 2A Lab will be the first complex building delivered in the Project, so all resourcing efforts are being directed to the finalisation of design and scheduling construction and commissioning activities to ensure its on-time delivery.

GOVERNANCE & OVERSIGHT

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, O&M

Design & Construct

Design for infrastructure and landscape works are now significantly complete for the site-specific works. The Recreation Field design is now complete and design for the Competition Pool is well advanced and in Construction Document design phase. Second Delivery building design has seen the entire design work for Building 2D is completed and structural design for Buildings 2A and 2B is complete, with the remaining balance of design work for Buildings 2A and 2B now in permit back check. Building Design for Third Delivery has seen Housing Buildings 3C and 3D completed with structural design for 3A also complete. Structural design for Buildings 3G, 3H, and 3M has now been submitted for permit and these buildings are progressing through Construction Document design phase. The University has continued the direction to postpone design work on Building 3F ECEC and SD design phase for Building 3A2 Greenhouse is on-hold pending receipt of viable performance criteria from the University.

A total of three hundred and thirty-four (334) design submittals have now been received since the Project's inception.

From a total of four hundred and thirty-nine (439) Requests for Information (RFI) / Owner Questions received from the Developer, eighteen (18) were received during the month of August with a closeout rate of 98.8%. To date, the University has submitted twenty-four (24) Owner RFI's to the Developer for response.

O&M

First Delivery Facilities are now officially embedded in the Operate and Maintain phase of the 2020 Project contract. The Dining Facility, two dormitories and Competition Field are now being successfully utilised by the University faculty and students with classes resuming mid-month. Most activities continued along with the Customer Service Center, staff recruitment and working with JCI to streamline O&M services to the newly operating buildings.

Commissioning activities ramped down with the finalisation of First Delivery and preparations are coming together to begin planning for Second Delivery commissioning activities.

PROJECT CONTROLS

Schedule

The Project continues to remain on track with all First Delivery Facilities successfully delivered ahead of the agreed contract dates. The transition to Operate and Maintain phase of First Delivery Facilities has now taken place and will continue to be monitored as the Project moves towards Second Delivery.

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 currently stands at $27.57 million (17.13%) of the total forecast. Careful measures continue to be enacted in the consideration of Change Requests to mitigate impacts and avoid budget overspends.

CONTRACT MANAGEMENT

To date, forty-five (45) Preliminary Change Orders (PCO) have been issued. Fifty-five (55) Change Orders and fifty-four (54) Unilateral Change Orders (UCO) have also been issued to date. Thirteen (13) Developer Change Proposals (DCP) have been approved to date with none issued during this period.

In regard to environmental compliance, the nesting bird season is winding down and as of August 31st, there were no confirmed active bird nests on the 2020 Project site. Sequoia Eco logical Consulting, Inc, the Developer hired biological consulting firm, will no longer be on site to monitor bird nests but may be utilized for work associated with the Developer's Little Lake Streambed Alteration Agreement (No. 1600-2016-0213-R4). Live Oak Associates, the Owner supplied biological consulting firm, is still on site daily to ensure compliance with the University's environmental agreements.

Prior to the official opening of First Delivery, the Merced County Mosquito Abatement District (MCMAD) treated an area of 90 acres on the Campus and surrounding area with insecticide. Arilla Bueno, MCMAD Field Services Supervisor, provided the UC Merced Police Department, City of Merced, and the Merced Sheriff with a spray notice prior to treatment. All environmental regulations and laws were followed.

OPERATIONS

The primary focus for Project Operations in the period continued to cover schedule management, budgeting, and forecasting each of the key contracts to enable proactive budget management of the constrained Project funds. Operations of the project will continue to evolve over time, particularly with the transition to Operate and Maintain phase of First Delivery buildings now turned over to the University to occupy. The University's Facility Team and JCI will now take a lead role in coordinating any operational activities taking place in this building moving forward.

PROJECT PROGRESS PHOTOS

Progress Photo 1. *Academic Walk 2nd August 2018*

Progress Photo 2. *3A Mixed Lab 22nd August 2018*

Progress Photo 3. *3C Housing 2nd August 2018*

Progress Photo 4. *3D Housing 2nd August 2018*

Progress Photo 5. *Courtyard & Tennis courts 2nd August 2018*

Progress Photo 6. *Campus Walkway 2nd August 2018*

Progress Photo 7. *1B Classroom 2nd August 2018*

Progress Photo 8. *1A/3B Classroom 2nd August 2018*

Progress Photo 9. *3A Lab 9th August 2018*

Progress Photo 10. *2B Comp Lab 22nd August 2018*

2. PROJECT HEALTH DASHBOARD

No concerns Unable to comment Monitoring required Immediate action required

Schedule	The Project continues to remain on track with all First Delivery Facilities successfully delivered ahead of the revised agreed contract dates. The transition to Operate and Maintain phase of First Delivery Facilities has now taken place with Faculty and Students successfully occupying each facility. The schedule will continue to be monitored as the Project moves towards Second Delivery.

	Start	Contractual Finish	Potential Finish	Delivery	Status
First Delivery	20 Jun 2016	6th August 2018	Complete	None	Completed on time
Second Delivery	15 Aug 2016	1 Jun 2019	1 Jun 2019	None	On target
Final Delivery	3 Jan 2017	1 Jun 2020	1 Jun 2019	None	On target

Cost	The Project Budget continues to be further developed by the Project Team and Financial Analyst. To date, forty-five (45) Preliminary Change Orders (PCO) have been issued. Fifty-five (55) Change Orders and fifty-four (54) Unilateral Change Orders (UCO) have also been issued to date. Thirteen (13) Developer Change Proposals (DCP) have been approved to date. None were issued during the period. The cumulative potential impact of all authorized changes is in the order of $25.45million. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	(-$4.00)	$86.22	$20.05	$0.00	$66.16
(B) Campus Integration	$22.00	$4.00	$26.00	$5.78	$0.00	$20.21
(C) Construction Contingency	$35.90	$0.00	$35.90	$1.73	$25.45	$8.72
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$27.57**	**$25.45**	**$95.12**

Scope	August saw two (2) item issued 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.)	55	54	45
Aggregate Cost ($k)	EST $7.46	EST $17.99	$TBD
Time Impact (days)	Nil	Nil	Nil
Developer Compliance	No non-compliance notices were issued to the Developer during the period.		
Contract Notices	None from the Developer in the period.		
Labor Compliance	No issues to report for the period.		
Health & Safety	In the period: Recordable Injuries – 0 First Aid – 9 Lost Time Injuries - 0 From January 1, 2017 through to August 16th, 2018, 100 First Aids and 10 Recordable injuries were documented.		
Community Engagement	On August 10th, Webcor and Plenary Properties Merced joined other local companies in supporting the Merced Chamber of Commerce Kids' Day Backpack Giveaway by distributing 350 backpacks filled with school supplies to local school children (pre-school through middle school).		
Communication	UCM social media activities for the month included 8 tweets and 6 Instagram posts on the 2020 Project. The site will also be visited by a Bay Area Council group including a tour and project presentation.		
Stakeholder Engagement	Stakeholders are actively engaged in design review and shared governance. They continue to focus on campus logistics and operational use of the buildings. During the period ten (10) meetings were held and one (1) shoulder to shoulder design meetings were held.		
Risk	The Team continues to systematically evaluate areas of risk with mitigation plans for each. Presently the Developer remains on schedule to achieve First Delivery, having delivered the first two buildings earlier than the revised delivery dates. However, Campus continues to proactively undertake contingency planning should schedule slippages occur.		