

# UCMERCED

UNIVERSITY OF CALIFORNIA



## UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT PROJECT PERFORMANCE MONTHLY REPORT 7.0

PERIOD ENDING: 31 JANUARY 2017



# 2020 Project At-a-Glance

**First  
Delivery  
July 2018**

**Second  
Delivery  
July 2019**

**Substantial  
Completion  
July 2020**

## 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<sup>1</sup>

## 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](https://merced2020.ucmerced.edu)





## 1. EXECUTIVE SUMMARY



### PROJECT EXECUTIVE'S SUMMARY

It's been apparent that construction may have been impacted by significant amounts of rain during the period. On January 31<sup>st</sup> 2017 the Project Team received an initial notice from the Developer outlining that work had been impacted, however a formal claim has not been received. Progress may also have been hampered by the Developers continued efforts to secure a Governmental Approval for works to Little Lake. At this time, the impact of both of these issues are not apparent, however, the Project Team is expending significant effort to understand and assist in mitigation strategies. The Developer's Baseline Schedule V2 and Notice to Proceed (NTP2) was conditionally approved on January 6<sup>th</sup> 2017 which allows on site construction activities.

The Project Team attended a workshop to discuss the Developer's revised Lab 2B 100% Schematic Design (SD). The Developer's intent appeared to address much of the deficiencies and we await resubmittals of the revised 100% Schematic Design package.

Budget expenditures were further refined by month and vendor and spending trends are on track.

### GOVERNANCE & OVERSIGHT

Per previous reports, the Governance structure remains in full force and on a number of issues the Project Team continues to liaise with the Governance Board and Office of General Council (OGC).

In recent Board meetings, the agenda has now expanded to consider a number of operational and institutional work streams that need to be developed in good time for 1<sup>st</sup> delivery.

### 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 1<sup>st</sup> delivery buildings primarily in or entering the construction documentation stage. Presently, fifty-seven (57) design submittals have been received (45 completed and 12 in progress) and One Hundred & Four (104) stakeholder meetings held to date, to solicit input.



## PROJECT CONTROLS

### Schedule

The Project Team had 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. Baseline schedule V2 was submitted in the period by the Developer as part of the condition precedent to Notice to Proceed (NTP) 2.

The Baseline Schedule V2 was conditionally approved and issuance of NTP 2 occurred on 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. The Baseline schedule V2 was further refined to take into consideration the Project Team's commentary and V3 was issued on January 31<sup>st</sup> 2017. The Developer is required to produce the Project Schedule and status all events each month against the approved Baseline Schedule. The Developer has also been requested to demonstrate mitigation plans for recovery of slippages and lost productivity.

Subject to negotiation with the Developer, it was agreed that one of the conditions of NTP2, namely the provision of a project office, would be deferred to March 27, 2017 as a good faith effort to allow effective cure plans to be executed.

### 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 \$2.64 million (1.8%) 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.

The Project Team has successfully negotiated better savings to date than were stated through the Governance approval process, which we believe demonstrates that the structure and approach is being successful at mitigating Change Orders and their impacts.

### Scope

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 still under review.

## CONTRACT MANAGEMENT

Notice to Proceed (NTP2) which authorized the start of Construction Works on site, was issued on January 6<sup>th</sup>, 2016. The following were issued during the period: Two (2) Unilateral Change Orders (UCO), Four (4) Preliminary Change Orders, and Two (2) Change Orders.

No formal notices have been issued or received.

The Developer continues to deliver both Administrative and Design Submittals in the period. No significant issues have been reported, and the Developer continued to work collaboratively with the University towards the successful granting of conditional NTP 2 on 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

In the period, two new members have been added to the team, namely Brandi Alves as Administrative Assistant, and Eric Provencio, as an intern. The primary focus for Project Operations in the period continues to be 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 due to revised sequencing. The Baseline Schedule V2 was conditionally approved on January 6, 2017. The Project Team have highlighted and conveyed feedback to the developer for their further revisions/sequencing and cost loading of events. V3 of the Baseline Schedule was submitted by the Developer on January 31, 2017 which is currently under further review. The Developer is working on statusing the actual progress against the baseline schedule to show slippages and cure mitigation actions. |             |                 |                     |          |
|  |                              | 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 (13) Preliminary Change Orders (PCO) have been raised to date. Of which, two (2) Change Orders have been issued, four (4) 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 (-\$1.04m).<br>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         | \$3.50              | \$90.22  |
|  | (B) Campus Integration       | \$22.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$0.00      | \$22.00         | \$0.18              | \$22.00  |
|  | (C) Construction Contingency | \$35.91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$0.00      | \$35.91         | \$0.12              | \$35.91  |
|  | (D) Construction Credits     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             | \$ 1.17         |                     | \$ 1.17  |
|  | (E) Total                    | \$148.13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$0.00      | \$149.30        | \$3.80              | \$149.30 |
|  | 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<br>Change Orders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Change Price<br>Requests | Forecast<br>Changes |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------|
| <i>Quantity (No.)</i>         | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 11                       | 42                  |
| <i>Aggregate Cost (\$k)</i>   | EST \$0.13m                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | EST (-\$1.17)            | \$0.16              |
| <i>Annualized Cost(\$k)</i>   | EST \$0.00m                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$TBD                    | \$TBD               |
| <i>Time Impact (days)</i>     | EST Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Nil                      | Nil                 |
| <i>Developer Compliance</i>   | Regarding contract compliance by the Developer, pursuant to Article 7.2.2 and Appendix 5 of the project Agreement, on January 10 <sup>th</sup> 2017 the project team issued a Notice of Non-Compliance to the Developer regarding inaccessibility to approx. 180 parking spaces at the Temporary Parking. The Developer responded on January 26 <sup>th</sup> 2017 with a Notice of cure. 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. |                          |                     |
| <i>Contract Notices</i>       | One Non-Compliance notice was issued to the Developer on January 10, 2017 during the period due to inaccessibility of 180 temporary parking spaces. The Developer issued a cure notice on January 27, 2017.                                                                                                                                                                                                                                                                                                                                                                        |                          |                     |
| <i>Labor Compliance</i>       | No issues to report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                          |                     |
| <i>Health &amp; Safety</i>    | No safety issues or Lost Time Injuries (LTI) to date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                          |                     |
| <i>Community Engagement</i>   | No complaints have yet been reported from the construction hotline.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                          |                     |
| <i>Communication</i>          | Communication between the Project 2020 team, external authorities, the Developer, and stakeholders continues to work positively.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                          |                     |
| <i>Stakeholder Engagement</i> | 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.                                                                                                                                                                                                                                                                                                                                                                                      |                          |                     |
| <i>Risk</i>                   | The Team continues to systematically evaluate areas of risk and formal workshops are in development. No claims are anticipated.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                          |                     |