

UCMERCED

UNIVERSITY OF CALIFORNIA



UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT PROJECT PERFORMANCE MONTHLY REPORT 5.0

PERIOD ENDING: 30 NOVEMBER 2016

2020 Project At-a-Glance

**First
Delivery
July 2018**

**Second
Delivery
July 2019**

**Substantial
Completion
July 2020**

Team

Owner' Representative

- VC Michael Reese (BAS)

Project Executive

- AVC Michael McLeod (POPD)

Project Delivery

- 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 through start-up activities with the first major site activity being witnessed on site as grading and temporary utilities commenced in November. The Developer has continued at pace with design and administrative submittals including the critical baseline schedule which will be locked in January-2017.

The Project Team continue to coordinate contractual, design and operations interfaces with the campus and stakeholder community. Having made some key hires and alignments in the period, the 2020 project team is nearing full scale in anticipation of a major ramp up in activity in the New Year.

Budget and schedule remain on track, however 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

The first Building Permit (for site fencing) was issued on August 24, 2016. Early works activities have begun, such as potholing, site surveying, and fencing. Coordination with City and County of Merced, Merced Irrigation District, and State Agencies is ongoing. Schematic design is in progress, with thirty-two (32) design submittals received (28 completed and 4 in progress) and seventy-one (71) 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 Mid-January 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. 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. A number of preliminary change requests or conceptual changes have been recorded but no major items have been actions subject to governance and technical review which is under way. The previous concern raised with the Developer regarding the 'equal distribution of Graduate Student areas' across campus, has been resolved through a series of collaborative design review meetings with the Developer and with feedback from the Stakeholders.

CONTRACT MANAGEMENT

Early Notice to Proceed 2 (Early NTP2) which authorized the start of Early Works on site was issued on August 26, 2016. Four formal Preliminary Change Orders (PCO) were issued in the period with One more awaiting issuance. PCO #1 was received from PPM in the period and is currently under negotiation.

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 Mid-Jan 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. There are no material emerging or unforeseen risks to the project delivery to report at this time.

PROJECT OPERATIONS

The project organization has reached relative stability with the majority of long term resources now based within the Merced locality. In the period, new members of the team have been added and inducted to the project. 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

	<i>Schedule</i>	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 Mid-January 2017. We continue to monitor actual progress closely.				
		Start	Finish	Slippage	Status	
	<i>First Delivery</i>	20 Jun 2016	1 July 2018	Minor	On-target	
	<i>Second Delivery</i>	15 Aug 2016	1 Jun 2019	None	On-target	
	<i>Final Delivery</i>	3 Jan 2017	1 Jun 2020	None	On-target	
	<i>Cost</i>	The Project Budget continues to be further developed by the project team and financial analyst. No change orders have been instructed to date, however a total of seven (7) Preliminary Change Orders (PCO) are under various stages of development. All additional costs arising from future changes are likely to have a meaningful impact on available contingency and so should be carefully considered. Amounts shown in table are in millions (\$MM)				
		Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Forecast
	<i>(A)Project Operations</i>	\$90.22	\$0.00	\$90.25	\$2.71	\$90.22
	<i>(B) Campus Integration</i>	\$22.00	\$0.00	\$22.00	\$0.10	\$23.26
	<i>(C) Construction Contingency</i>	\$35.90	\$0.00	\$35.90	\$TBD	\$35.90
	<i>(D) Total</i>	\$148.12	\$0.00	\$148.15	\$2.81	\$149.38
	<i>Scope</i>	Two (2) PCOs are with the Developer for pricing, with Five (5) Change Order Estimate currently under negotiation. 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
<i>Quantity (No.)</i>	None	7	20
<i>Aggregate Cost (\$k)</i>	None	EST \$2.07m	\$1.3m
<i>Annualized Cost(\$k)</i>	None	\$TBD	\$TBD
<i>Time Impact (days)</i>	None	Nil	Nil
<i>Developer Compliance</i>	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.		
<i>Contract Notices</i>	None to date. Amendment No.1 was executed by both parties in relation to Project Insurances.		
<i>Labor Compliance</i>	No issues to report		
<i>Health & 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, and parking.		
<i>Risk</i>	Risk review and vetting are under review with future risk workshops in development. No claims are anticipated.		



View of 2020 Project Site from COB I



Grading located at the Ancillary Site.



North East view of Little Lake



South East view of Little Lake