

**BOARD REPORT NO. 15-9-1C**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning & Operations, 358-6836

**CAPITAL IMPROVEMENT PROGRAM-PHASE 3 (CIP3) UPDATE**

On January 14, 2015 and August 12, 2015 staff presented an information report on the Lease Lease-Back (LLB) (Board Report No. 15-1-2C), and the Construction Management at Risk (CMAR) project delivery methods (Board Report No. 15-8-12), and the benefits that could be leveraged for the third phase of the Capital Improvements Program (CIP3). At the conclusion of the August 12, 2015 meeting the Board directed staff to return with a comprehensive overview of plans for CIP3 including proposed project prioritization, budgets, and delivery methods.

In accordance with Board direction, staff will provide a comparison of the three construction project delivery methods being recommended for CIP3: Design-Bid-Build, Design-Build, and Construction Management at Risk with project specific recommendations. Staff have conferred with Colleges' executive leadership teams to revisit and reconfirm the proposed priority order for delivery of the projects, and will present the result of those collaborative efforts.

The results of extraordinary cost escalation and market conditions have necessitated significant restructuring of the planned project schedule and budgets. Initial program planning and budget projections were based upon historical cost data from CIP1 and CIP2 projects, and informal market surveys of sister college districts. Upon completion of the professional services procurement process, professional cost estimators provided costs per square foot for the various planned project types and delivery methods. These initial square foot costs were indicative of unprecedented cost escalation and market pressure and indicated budget realignment is required.

The prioritized projects which had moved into the program and schematic design phases provided more detailed data, including actual square footage required to meet programmatic requirements and construction challenges, resulting in more detailed and accurate cost estimates. These more detailed cost estimates indicate that the budget shortfall may be greater than initially indicated based upon the initial square foot costs provided by the professional cost estimators.

Staff will provide an overview of the progression of the project planning and budgeting process as well as recommended delivery methods per project.