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COMMUNITY COLLEGE DISTRICT NO. 508
AUGUST 4, 2016



CITY COLLEGES
of CHICAGO
Education that Works

Construction Update Presentation to the Ad Hoc Construction Committee

Monday, June 27, 2016

FOR DISCUSSION ONLY



PLANNED DALEY COLLEGE ADVANCED MANUFACTURING CENTER

CCC's 5-year capital plan to support College to Careers; Investments break down as follows:

- \$28.5 million in academic enhancements (smart classrooms, science classrooms, libraries, labs, and student support centers)
- \$21.8 million for life safety and security systems
- \$33.5 million in long-deferred maintenance (i.e., upgrades to mechanical systems, building exteriors, roof repairs and replacements, maintenance)
- \$251 Million to construct New Malcolm X College and School of Health Sciences
- \$20 million to complete the new Olive-Harvey Transportation, Distribution and Logistics (TDL) Center

\$75 million for the new Daley College Technical Manufacturing Center
was not included in the Capital Plan

Daley College Advanced Manufacturing Center



New \$75 million, 105,000 sq. foot facility to prepare students for the estimated 14,000 advanced manufacturing jobs coming to the Chicagoland region over the next decade.

- Designed with input from faculty and industry partners, the center will provide students access to state-of-the-art equipment to learn to solve real-world problems, and will dually serve as a quality control testing site for small to mid-sized area local manufacturers
- The project will include a 30,000 sq. foot bridge across 76th street linking the main Daley College facility with the new manufacturing center to provide students easy access to a central one-stop shop for student services, including tutors, advisors, registration, and other supports
- The project will increase the College's capacity by nearly 3,800 students each year.



PLAN COMPONENTS:

1	New Technical Manufacturing Center -----	\$63,000,000
2	Demolition of existing temporary structures-----	\$1,200,000
3	New south bridge replacement and atrium-----	\$9,800,000
	gateway entrance/student services center	
4	<u>New parking lot landscape site development.-----</u>	<u>\$1,000,000</u>
		\$75,000,000

Estimated Completion Time from Design to Move in is 34 months from start date.

Project Overview

1

Project Timelines

- Completion of the Daley College Advanced Manufacturing Center is scheduled for the **fall semester of 2018.**
- The timeline is aggressive but achievable and will require:
 - strict adherence to schedules; and
 - a strong, nimble and innovative project team; and

2

Project Planning

- Constant planning will ensure that **all elements** of the financing and construction of this state-of-the-art facility are successfully addressed and project obstacles overcome.

3

Project Deliverables

- On-time delivery is important but it is equally important for the team to deliver a well constructed building that meets the needs of our student body.

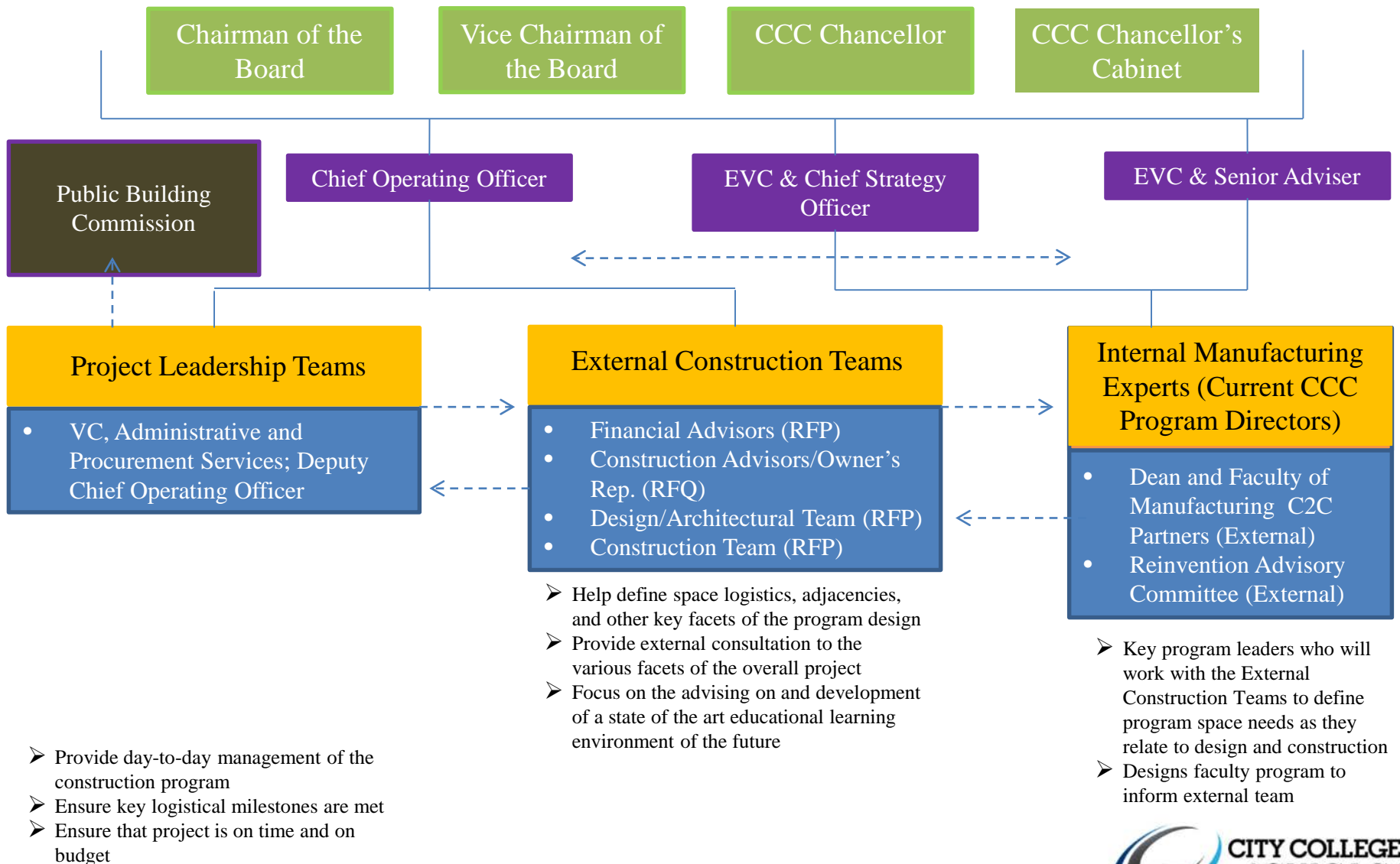
Project Approach – 5 key phases

1. Approvals: This phase involves development and thorough vetting of program justification documentation. This will include review and approval by the Public Building Commission (PBC), the CCC Board of Trustees and Illinois Community College Board
2. Financing: This phase consists of determining the most advantageous financing structure and issuing the appropriate bond option
3. Procurement: Consists of the PBC developing specifications and facilitating full and open competitions for the Architect of Record (AOR), Construction Manager, and General Contractor (GC).
4. Design: The AOR, in concert with CCC senior leadership and the PBC, develops detailed programming and a design that results in formal construction documents. The AOR remains involved throughout the construction phase to conduct quality control activities and inspections
5. Construction: Initiated with site preparation and continues through foundation, infrastructure, construction, and installation of furniture, IT etc.

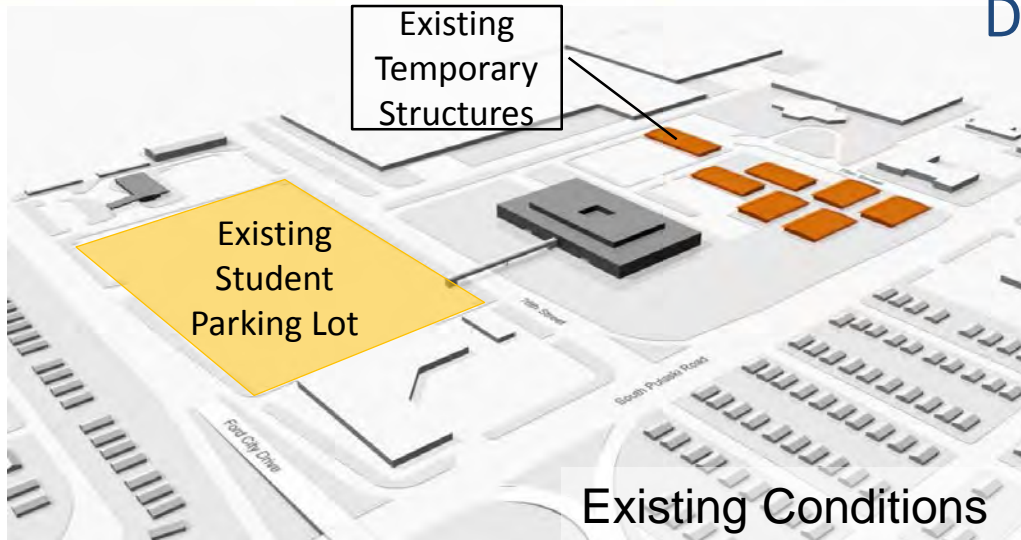
City Colleges' Engagement with Public Building Commission

- Upon approval of the City Colleges' Board, PBC will commence initial planning, programming, design, and pre-construction to develop a final scope, schedule, and budget
- City Colleges and PBC enter into a Board approved Intergovernmental Agreement
- After initial development activities, the District and PBC enter into a Partial Undertaking to develop a final program and scope
 - First funding of \$7 million on a three month rolling basis
 - Determined by cash-flow requirements
- Final Undertaking will include the completed phased delivery schedule of new Student Services Center , demolition of temporary structures, parking lot, and site improvements after completion of the Advanced Manufacturing Center
- Finalized Program, scope, and project delivery decisions need to be confirmed by August 15th, most pressing is project delivery method
- City Colleges will review invoices for funding and cash-flow statements prepared by the PBC for this project

Project Management –Team Organizational Chart



Daley – Existing Challenges

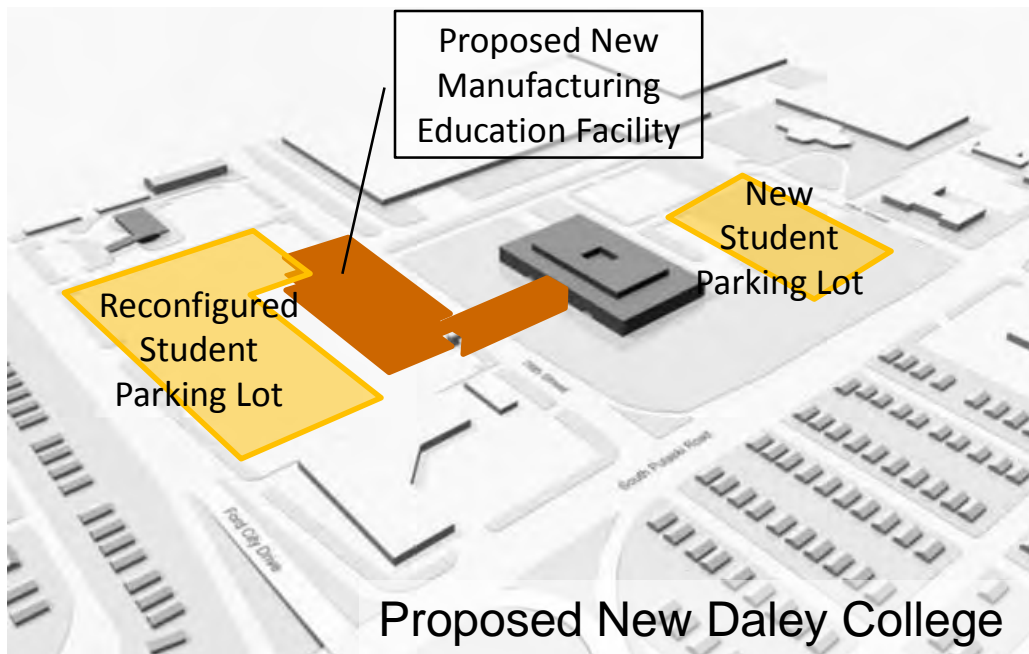


EXISTING CHALLENGES:

Daley College's Technical Manufacturing Center program is currently housed in out-dated temporary buildings over 40 years old, that are not ADA accessible, and are energy inefficient.

EXPANSION OBJECTIVES:

- Replace temporary buildings with a state-of-the-art manufacturing education facility
- Increase available instructional and classroom space to absorb anticipated enrollment growth
- Provide space for future expansion



Existing Technical Manufacturing Program
Is currently housed in Seven prefabricated buildings with corrugated metal siding (constructed as temporary buildings)

Daley – Solution

PROPOSED SOLUTIONS:

Daley College's Technical Manufacturing Center will be housed in a State of the Art Facility, that is ADA accessible, energy efficient and a model for the curriculum.

EXPANSION OBJECTIVES:

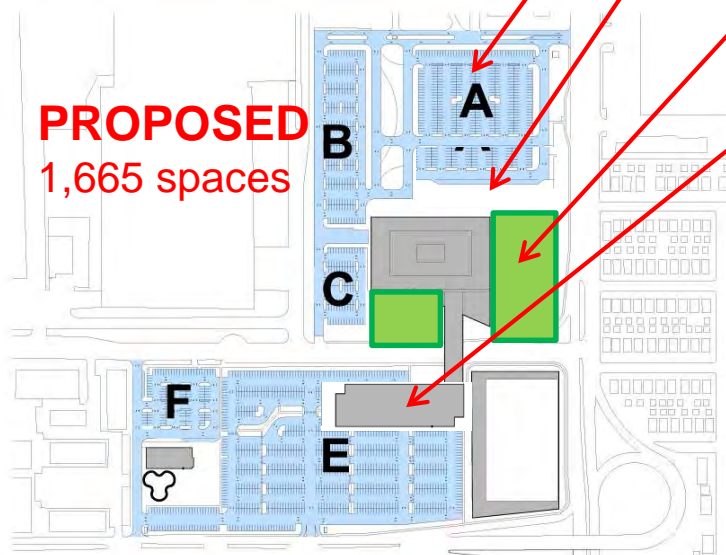
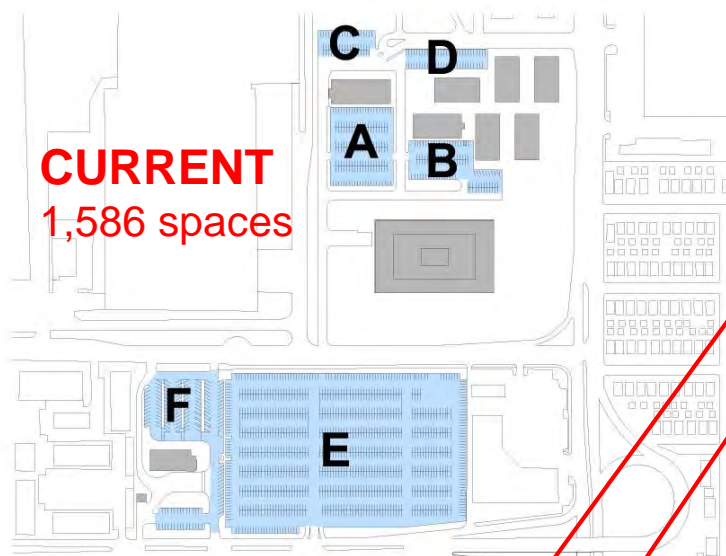
- Replace temporary buildings with a state-of-the-art manufacturing education facility
- Increase available instructional and classroom space to absorb anticipated enrollment growth
- Provide space for future expansion



The Proposed Technical Manufacturing Center

Will provide a state of the art facility that will support the educational endeavors of tomorrow's innovators.

Daley - Overall site improvement comparisons



A consolidation of the north parking lot to improve vehicular and pedestrian circulation

Added drop-off lanes for improved circulation control for the College and Child Development Center.

New East lawn “Quad” opens to the street and frames the entrance to the College.

New Technical Manufacturing Center



Public Building Commission's (PBC) Economic Sustainability Programs:

- **Supplier Diversity:** The Public Building Commission has a minimum 24 % Minority Business Enterprise goal and a minimum 4% Women's Business Enterprise goal.
- **Local Business Subcontracting:** General Contractors that are local must subcontract 25% of their contract to local businesses and non-local General Contractors must subcontract 35% of their contract to local businesses.
- **Community Hiring:** At least 7.5% of the project labor must be performed by project community residents within the project community area map.
- **Workforce Diversity:** The PBC offers a bid incentive known as an “Award Criteria Formula” to increase minority and women participation in trade positions on the project. Similarly, PBC offers a bid incentive to increase the number of apprentices on projects.

Construction Delivery Approach Options

- **Construction Manager At Risk (CMAR):**
 - Delivery method which entails a commitment by the Construction Manager to deliver the project within a Guaranteed Maximum Price (GMP)
 - CMAR provides professional services and acts as a consultant to the owner in the design development and construction phases
 - CMAR traditionally holds all of the contracts
 - CMAR must also manage and control construction costs to not exceed the GMP; contractually any costs exceeding the GMP that are not change orders are the financial liability of the CMAR
 - Used by CCC to build Kennedy-King College
- **Design-Bid-Build:**
 - Traditional method of project delivery in which there are separate entities for the design and construction of the project
 - Owner manages two contracts – one for the architect of record (AOR) and one for the general contractor (GC)
 - Each project phase is implemented separately without overlap
 - Used by CCC on the new Malcolm X College
- **Design-Build:**
 - Method of project delivery in which one entity – the design-build team – works under a single contract with the project owner to provide design and construction service.
 - Integrates the roles of designer and constructor
 - Allows for overlap of project phases
 - Not previously utilized by CCC due to statute limitations; involvement of PBC allows use of this delivery method

Daley College – Project Delivery Method Comparison

Design and Construction will be managed from start to finish by the Public Building Commission in partnership with City Colleges of Chicago and will provide programming, design input, and work hand-in-hand with CCC administration through the entire process. The project will take an estimated 31- 39 months to complete.

	Design Bid Build	CMAR	Design Build
Early Involvement	Minimal	Possible Building Integrated Management Listen, Engage, Address, Next	Likely Building Integrated Management Listen, Engage, Address, Next
Contract	<pre> graph TD CCC[CCC] --> Contractor[Contractor] CCC --> Architect[Architect] CCC --> CM[CM] </pre>	<pre> graph TD CMAR[CMAR] --> Contractor[Contractor] CMAR --> Architect[Architect] CMAR --> PBC[PBC] PBC --> CCC[CCC] </pre>	<pre> graph TD PBC[PBC] --> DB[DB] PBC --> CCC[CCC] </pre>
Project Management	CM or PM Contractor	CM or PM CMAR	CM D/B Contractor
Cost Control	Lump Sum	Lump Sum or Guaranteed Maximum Price	Target Cost Guaranteed Maximum Price Lump Sum
Subs	Lump Sum	Lump Sum	Generally Lump Sum Guaranteed Maximum Price for Key Subs
Risk	Contractor Cost/Schedule Risk Architect (E & O)	CMAR Cost/Schedule Risk Architect (E & O)	DB Contractor has Cost/Schedule Risk and most liability Risk
Schedule Impact	March 2017 – Break Ground Contract Award	March 2017 – Break Ground Initial GMP	November 2016 – Break Ground Steel, Foundations Start

Advantages/Disadvantages of Recommended Design-Build Approach

Advantages

- One stop shop for owner
- Increased collaboration & innovation among contractors and user
- Increased efficiency
- Decreased change orders
- Increased sustainability
- Reduces disputes between contractor and A/E

Disadvantages

- Designers of record and contractor on same team
- Owner does not pick A/E directly
- Programming A/E is generally precluded from proposing on design-build team but can maintain oversight responsibilities

Recommendation: Design-Build Approach

Reasons for Recommendation:

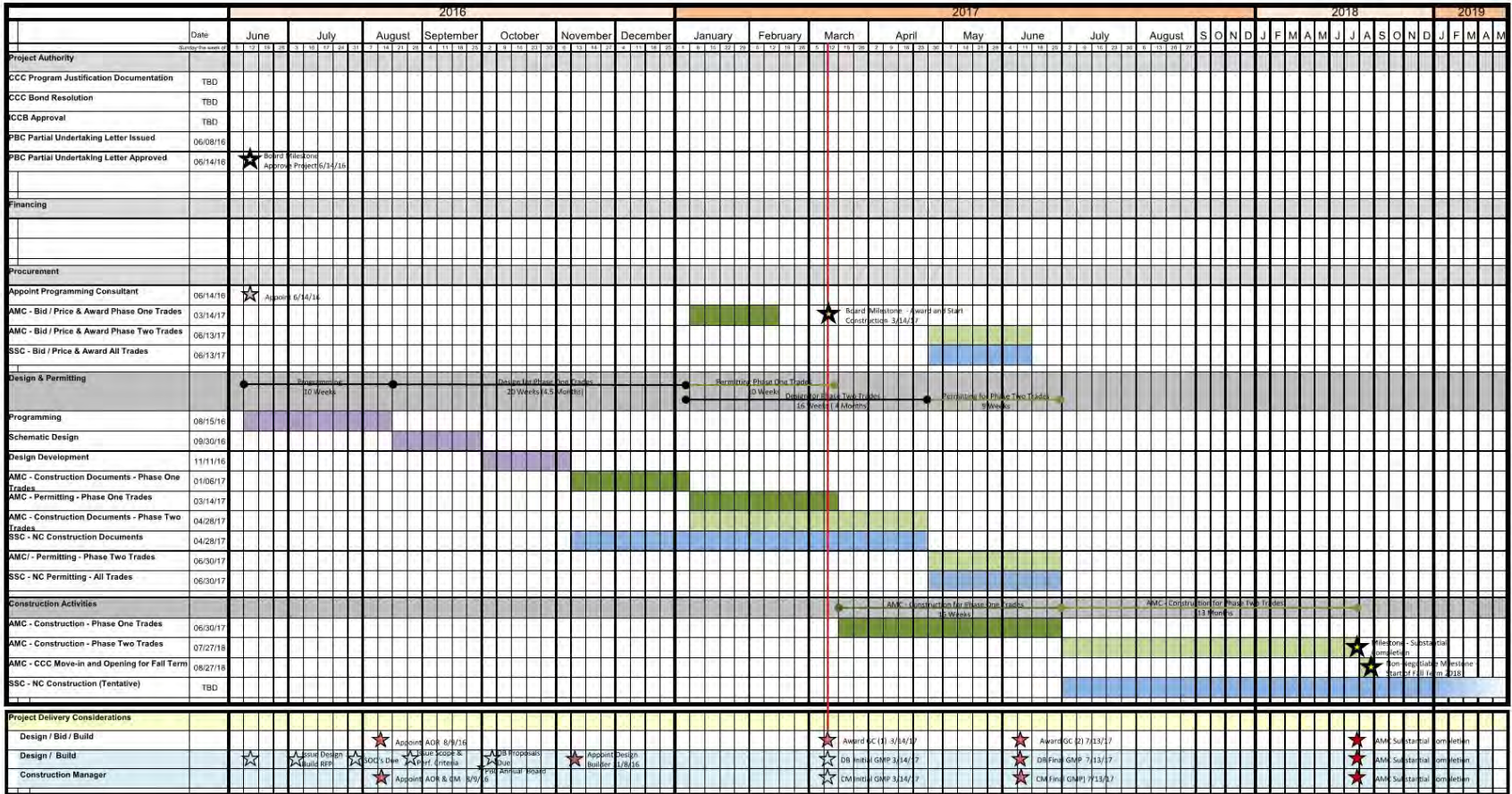
- Design/Build would have been preferred delivery Method for Malcolm X College
- The Design/Build Process aligns with the collaborative and hands on approach CCC generally utilizes
- A Design/Build approach will maintain a high level of oversight while eliminating the barriers between professions and trades
- Because a Design/Build Process includes a competitively solicited Guaranteed Maximum Price, change orders would occur only in the event of a substantial and quantifiable change in direction.
- In the Design/Build Process the Architect and Contractor work together toward a common goal as mutual problem solvers rather than adversaries
- A closer working relationship results in better communication and contributes to the sustainability of the team and the end result

Major Project Milestones (Based on Design Build Approach)

Milestone	Estimated Completion Date
Programming Consultant Appointed by PBC	6/2016
Intergovernmental Agreement with PBC	7/2016
Issue Design-Build RFP	7/2016
Design-Build Proposals Due	10/2016
Appoint Design-Build Contractor	11/2016
Advanced Manufacturing Center Groundbreaking	11/2016
Design Build Initial GMP	3/2017
Design-Build Final GMP	7/2017
Advanced Manufacturing Center Substantial Completion	8/2018

Daley College - Five Phase Project Detailed Timeline

Design and Construction will be managed from start to finish by the Public Building Commission in partnership with City Colleges of Chicago and will provide programming, design input, and work hand-in-hand with CCC administration through the entire process. The project will take an estimated 25 - 27 months to complete.



- Funding Options

- State grants [not expected to be available]

- Cash

- Current reserves - insufficient, even without State budget uncertainty

- Future cash inflows – may support short term funding, any facility would likely require a property tax pledge

- Capital Markets (current ratings of AA and AA- from S&P and Fitch Ratings; S&P reviewing CCC rating currently)

- General obligation bonds

- Revenue bonds

Board Approvals Required (including possible bond issue)

Board Action	Expected Date
Authorize Chair to execute IGA (broad agreement with PBC that allows, but does not require, CCC to use PBC for construction projects)	July 7, 2016
Authorize Chair to execute Project Undertaking (document that is signed by CCC and PBC that includes the detailed Project Scope, the Budget, the Schedule, and any other relevant Project information)	July 7, 2016
Authorize management to submit application to ICCB for this project	July 7, 2016
Allow management to reimburse itself consistent with IRS regulations for expenses incurred if the Board later authorizes the issuance of tax-exempt bonds	July 7, 2016
Authorize the selection of a Financial Advisor	August 4, 2016
Authorize the selection of Printers (specific to bond issue)	October 13, 2016
Authorize the selection of underwriters and legal counsel	November 3, 2016
Authorize the issuance of tax-exempt bonds	November 3, 2016
Issuance of tax-exempt bonds	December 1, 2016

Capital Markets Outlook

- City Colleges issued \$250M in alternate revenue bonds in 2013, pledging State and tuition revenue in front of an unlimited pledge of property taxes at ~5% interest
 - Fitch Ratings AA- (stable), reaffirmed in the Fall of 2015
 - Standard and Poor's AA (stable), currently under review, rating update expected in July or August 20
- Much has changed since 2013
 - Illinois State budget impasse has impacted the pricing and marketing of Illinois credits
 - Impaired liquidity and operating reserves
 - Investor concerns over the levels of unfunded pensions and bonded debt levels in local government
 - Metropolitan Water Reclamation District of Chicago lost AAA rating due to debt in overlapping districts with modest and improving pension obligations and strong operations
 - Decline of credit ratings of many large issuers in Chicago area, including the City of Chicago's general obligation bonds
 - Rating agencies are expected to lower the ratings on Illinois credits that do not reduce their budgets to maintain reserves or increase revenues (tuition/property taxes)
- 17% of CCC operating revenues in the Preliminary FY2017 budget are from the State of Illinois
 - Our credit rating for a new issue will be evaluated based on
 - Our assumptions for State Revenue in light of the State budget impasse
 - Strength of operating reserves in light of budget impasse
 - Estimate of when institutional effectiveness be impacted by the lack of Funding
 - Perceived willingness to make service reductions or increase tuition and/or property taxes
 - Sensitivity analysis with no state funding in cash flows
 - Impact of changes in senior leadership
 - Credit strength of the underlying property tax pledge

Debt Service Scenarios*

Annual Debt Service

Should the Board opt to issue bonds

	\$ 58* Million Bond	\$75 Million Bond
6% Interest Rate, 30-Year Term	\$ 4.2	\$5.4
7% Interest Rate , 30 Year Terms	\$ 4.6	\$ 6.0

The debt service for a bond deal to fund the Daley Project will add \$4-\$6M on additional debt service to the CCC budget, at a time of fiscal uncertainty due to the State budget crisis

*Assume a \$17M cash contribution to the project [Not currently in the Capital Plan]

Tentative Bond Financing Timeline – Bond issue could negatively affect CCC’s fiscal standing; credit downgrade a possibility

	June			Jul		Aug		Sep	Oct			Nov		Dec
Meetings	B	F	A	B	B				B	F	B		B	
Select Financial Advisors	X	X	X	X	X	X	X	X						
Select legal counsel				X										
Determine asset pledge, cash flow modeling						X	X							
Select Underwriters						X	X	X	X	X	X	X	X	
1st Draft Resolution										X				
Document Drafting Session										X				
Issue 2016 Financial Statements											X			
First Draft of POS											X			
2nd Draft Resolution											X			
Second Document Drafting Session											X			
Select Trustee and Printer												X		
Draft Rating Agency Presentation										X	X	X		
Review/Approval Rating Agency Presentation												X		
POS and Other Documents to Rating Agencies													X	
Rating Agency Meetings													X	
Receive Credit Ratings														X
Prepare Investor Presentation													X	X
Board Approval														X
Print POS														X
Investor Presentations/Investor Calls														X
Pricing														X
Close														X
<u>Meetings</u>														
A - Ad Hoc Construction Committee														
B - Board														
F - Finance and Administrative Services committee														

New Daley College Manufacturing Campus – Budget Detail

Office of Facilities and Plant Management			
Daley College Campus Manufacturing Center		Total Project Cost	
		\$ 75,000,000	per SF
square footage proposed	120,000		
base construction	\$ 58,000,000.00		
furniture/fixtures/equipment	\$ 5,800,000.00	.1 of construction	
owner's rep/construction management	\$ 2,320,000.00	.04 of construction	
TOTAL CONSTRUCTION COST	\$ 66,120,000.00	\$483	per SF
architect/engineer basic fees	\$ 4,640,000.00	.08 of base construction	
programming	\$ 46,400.00	.04 of basic fee	
conceptual cost estimating	\$ 9,280.00	.002 of basic fees	
renderings and detailed presentation models	\$ 18,560.00	.004 of basic fees	
alternate bids	\$ 13,920.00	.003 of basic fees	
multiple bid phase packages	\$ -	.05 of basic fees	
exterior signage / message boards	\$ 290,000.00	.005 of base construction	
environmental impact statements	\$ -	.01 of basic fees	
site observation	\$ 92,800.00	.02 of basic fees	
reimbursables	\$ 69,600.00	.015 of basic fees	
permitting	\$ 92,800.00	.01 of basic fees	
LEED design	\$ 60,320.00	.013 of basic fees	
FF&E Design	\$ 46,400.00	.1 of basic fees	
public art requirement	\$ 116,000.00	.015 of base construction	
consultant specialties	\$ 116,000.00	.003 of base construction	
TOTAL A/E FEES	\$ 5,612,080.00		
Demolition of Existing Structures	\$ 1,200,000.00		
Commissioning	\$ 198,360.00	.003 of total construction	
subsoil investigations	\$ 66,120.00	.001 of total construction	
environmental testing	\$ 66,120.00	.001 of total construction	
environmental project design	\$ 66,120.00	.001 of total construction	
on-site environmental management	\$ 13,224.00	.002 of total construction	
remediation	\$ 661,200.00	.01 of total construction	
TOTAL OTHER COSTS	\$ 2,271,144.00		
TOTAL CONSTRUCTION, A/E & OTHER COSTS	\$ 74,003,224.00		
property acquisition		Street Vacation	
realtors	\$ -	.04 of property acquisition	
attorneys	\$ -	.03 of property acquisition	
TOTAL LAND COST	\$ -		
TOTAL PROJECT COST	\$ 74,003,224.00		
Project Contingency			
GRAND TOTAL	\$ 74,003,224.00		

OLIVE-HARVEY TRANSPORTATION, DISTRIBUTION AND LOGISTICS CENTER PROJECT UPDATE

Olive-Harvey

Transportation, Distribution and Logistics Academic Facility

Project Budget: \$ 44,861,500

- New 104,000 gross square foot building
- Three primary program components: large instructional rooms; academic department office space; and student services / student affairs functions
- Expected completion for Spring Semester 2017

Exterior View from Southeast



Exterior View from Southwest

TDL CENTER SCHEDULE

REVISED PROJECT SCHEDULE

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	
Approvals	Program Justification Documentation																			
								Furniture and room data approval									Obtain Required Inspections and Approval			
			Plan review with the City Department	Obtain required Permits From City																
Financing																				
Procurement Processes	Architect RFP & Eval		Construction Manager RFP & Eval			General Contractor RFP & Eval			Furniture and IT-Data Review and Approval											
	Building Evaluation and Assessment		Board Approval			Board Approval				Board Approval				Board Approval						
				Contract Executed							Contract Executed					Contracts Executed				
Design Review and Construction Administration				Programming review and Define Scope Work																
				Building Evaluation and Assessment	Prepare Bid Package															
								Public Bid and Evaluation												
										Construction Administration, Quality Control and Site Review						Site reviews, Inspections and commissioning				
Construction										Construction 8 months to Substantial Completion and 2 months of Punch list corrections						Punch list and Completion				
																				Furniture install and IT Data and Training

Facility Open For Classes Spring Semester 2018

Building Construction assessment and construction will be managed from start to finish by the City Colleges of Chicago and will provide programming justification, design, input, and work hand-in-hand with CCC administration throughout the entire process. The project will take an estimated 20 months to complete.



TDL CENTER PROJECT UPDATE

CURRENT CONDITIONS OF THE TDL CENTER – CONSTRUCTION ACTIVITIES



Olive Harvey Transportation, Distribution and Logistics College Campus Development – Architect of Record RFQ

Remaining Architectural Scope:

Currently the TDL Building construction is approximately 65% complete. City Colleges of Chicago is intent upon hiring an Architect of Record who will:

- Assume role and responsibilities of Architect of Record
- Compile all previously issued drawings, specifications and addendums into a single comprehensive construction package.
- Document existing construction systems, materials and assemblies to ensure condition, completeness and extent.
- Clearly Package the remaining work to be completed and issue for construction, permit and bid.
- Perform associated tasks and responsibilities related to Bidding, Construction Administration and Project Close-Out procedures.

Olive Harvey Transportation, Distribution and Logistics College Campus Development – Construction Resumption

Remaining Construction Tasks:

- Identify and document specific materials, areas causes and extent of deterioration, oxidation or growth during cessation of contraction activities.
- Document Progress on a trade by trade basis and provide quantifiable percentage complete of each
- Inventory materials on site, assess condition of each and document
- Locate and mark site utilities, confirm condition and provide/updated as-built drawings
- Identify, scope, package and facilitate FF&E packages and coordinate associated infrastructure including:
 - Furniture
 - Academic Equipment/Tools-Vehicles
 - Café Equipment
 - IT/AV
 - Cameras/Security/ Access Control
 - Signage

TDL – Budget Detail

Olive Harvey Transportation Center		Total Project Cost
		\$ 20,000,000
square footage proposed	113,000	
base construction	\$ 16,000,000.00	
furniture/fixtures/equipment	\$ 1,600,000.00	.1 of construction
owner's rep/construction management	\$ 640,000.00	.04 of construction
TOTAL CONSTRUCTION COST	\$ 18,240,000.00	per SF
architect/engineer basic fees	\$ 1,280,000.00	.08 of base construction
programming	\$ 12,800.00	.04 of basic fee
conceptual cost estimating	\$ 2,560.00	.002 of basic fees
renderings and detailed presentation models	\$ 5,120.00	.004 of basic fees
alternate bids	\$ 3,840.00	.003 of basic fees
multiple bid phase packages	\$ -	.05 of basic fees
exterior signage / message boards	\$ 80,000.00	.005 of base construction
environmental impact statements	\$ -	.01 of basic fees
site observation	\$ 25,600.00	.02 of basic fees
reimbursables	\$ 19,200.00	.015 of basic fees
permitting	\$ 25,600.00	.01 of basic fees
LEED design	\$ 16,640.00	.013 of basic fees
FF&E Design	\$ 12,800.00	.1 of basic fees
public art requirement	\$ 32,000.00	.015 of base construction
consultant specialties	\$ 32,000.00	.003 of base construction
TOTAL A/E FEES	\$ 1,548,160.00	
Commissioning	\$ 54,720.00	.003 of total construction
subsoil investigations	\$ 18,240.00	.001 of total construction
environmental testing	\$ 18,240.00	.001 of total construction
environmental project design	\$ 18,240.00	.001 of total construction
on-site environmental management	\$ 36,480.00	.002 of total construction
remediation	\$ 18,240.00	.02 of total construction
TOTAL OTHER COSTS	\$ 164,160.00	
TOTAL CONSTRUCTION, A/E & OTHER COSTS	\$ 19,952,320.00	
property acquisition		Street Vacation
realtors	\$ -	.04 of property acquisition
attorneys	\$ -	.03 of property acquisition
TOTAL LAND COST	\$ -	
TOTAL PROJECT COST	\$ 19,952,320.00	
Project Contingency		
GRAND TOTAL	\$ 19,952,320.00	LM 01/28/2016