8.0  Funding Master Budget and Project Budgets
8.0 FUNDING MASTER BUDGET AND PROJECT PHASING

8.1 FUNDING

A. INTRODUCTION

The current budget for the Facilities Master Plan is $108 Million. Additional funds will be sought from the State in order to supplement this budget. District staff and consultants will meet with the Finance and Facilities Planning Division of the Chancellor’s Office to determine and agree on the various funding sources that can best be utilized for District projects over the life of this program.

B. MEASURE E

On March 2, 2004, voters approved Measure E, a $108 Million bond to improve safety and accessibility, to renovate and modernize nearly 40 year old facilities, to expand local access to educational opportunities and to restructure some existing debt. Approximately $64 Million of the $108 Million is earmarked to repair and upgrade the Gavilan College Campus. The Measure E Bond is subject to State Proposition 39 requirements for accountability.

C. STATE CAPITAL OUTLAY

The District has and will apply for State funding, submitting initial project Proposals (IPP) and Final Project Proposals (FPP), as required in order to obtain State funding. The District currently has completed IPP’s for the modernization of the Physical Education Building as well as the modernization of the Occupational Education Building. Bond funds will be budgeted to use as the District’s required supplement in order to maximize State funding.

D. OTHER

Funding from outside sources including State energy conservation and Federal grants will be identified and coordinated with specific projects.

8.2 MASTER BUDGET

A. INTRODUCTION

Establishing an appropriate budget for each project and controlling costs during the design and construction phases is critical in ensuring adequate funds are in place all the way through the last phase of construction. The District has emphasized all projects are budget-driven. The Bond measure commitments to the voters will be included and reports will be distributed to the Citizens Oversight Committee on a regular basis.

B. ESTABLISHING BUDGETS

The initial project budgets were determined based on the bond language. All projected escalation is included in the individual project budgets.
C. MASTER BUDGET/PROJECT BUDGETS

The Facilities Master Plan establishes the total budget at $108 Million. This Master Budget consists of project specific budgets, which will be formatted to match the State Chancellor’s Office JCAF 32 form. The project specific budgets roll-up into two Master Budget summary sheets. The first summary sheet lists all the projects and totals each of the subcategories (Site Acquisition, Preliminary Plans, Working Drawings, Construction and Furniture and Group II Equipment). The second summary sheet indicates the program totals for the individual budget items.

The Project Budgets are set up based on State guidelines and industry standards. If a specific budget item is adjusted then a footnote will be inserted to track the source of the adjustment.

D. BUDGET MODIFICATION

The Board of Trustees must approve any material changes to project budgets. A request to increase a project budget should only be granted if there is an offsetting reduction/savings in another project’s budget. If the circumstance is severe, scope may need to be reduced or additional funding may be needed to increase the project budget.

E. ALLOCATION OF PROJECT SAVINGS

There may be savings realized at the project level if bids come in lower than expected, change orders are not as high as anticipated, etc. Any such savings will be retained in the budget as an overall contingency until the last phase of construction and used only to fund cost overruns for projects that may legitimately exceed their budget, based upon Board approval.

Premature allocation of these funds to accomplish additional scope could leave the District without adequate resources in the event of severe cost overruns or future escalation. Retaining any project savings until the end of the plan will protect the scope/budget of projects in the last phases of the program.

F. COST CONTROL

Individual Project Budgets are maintained for each project and an overall Master Budget is a summary of all project budgets. Cost estimates prepared during the design phase will be used to modify the individual Project Budgets to reflect anticipated actual costs. During construction, actual costs incurred, including all contract professional services, bids, materials costs, change orders, and related costs, will be tracked on a Project Budget report. Throughout the length of the program, actual cost will be updated to the Master Budget. Any project cost savings will be moved to a Project and/or Program Contingency Budget.
Cost controls will be used throughout the planning, design, and construction phases. The earlier in the process that actions are taken to control cost, the more effective the cost control. The further along in the design process that changes are requested, the more costly it is to implement the changes. Close attention to the cost impact of decisions in the planning and design phases is imperative.

In addition, on-going constructability procedures will be put in place to ensure working drawings are complete and coordinated in an attempt to reduce the number of Change Orders. It is understood, however, there will be unanticipated changes as construction occurs.

G. INITIAL BUDGETING

Project budgets in the Facility Master Plan are being developed to quantify the Bond-scope language. The condition of buildings, actual remodeling needs, and gross square feet will need to be assessed and more accurate budgets established for each project as the design process evolves. Escalation costs will also be incorporated for all projects.

A contingency will be allocated for each project for Change Orders during construction. Once bid, any changes to the construction contracts must be enacted through a formal Change Order process. The Change Order contingency serves as a reserve to cover changes resulting from unforeseen conditions during construction. With building renovations, many areas are concealed by finishes. As the contractors open a wall or dig below the ground, it is more probable that unforeseen conditions may be discovered that will require additional, unanticipated work to remedy.

H. MASTER BUDGET MAINTENANCE

The Master Budget will provide a summary of each Project Budget and overall budget totals. The CM will reconcile Project Budgets with the District’s financial accounting system and provide reports to the Governing Board at its monthly meetings, as well as periodic reports to the Citizens Oversight Committee.

I. DESIGN BUDGET/PRIORITY REEVALUATION

As design documents are prepared and the nature and extent of the work and materials is defined in detail, the actual cost of the work can be more accurately estimated. During each design phase (IPP, FPP, preliminary and working drawings), cost estimates will be prepared from the information contained in the documents. If the cost estimate exceeds the original budget, three (3) alternatives can be explored:

1. Value Engineering.

2. Reduction in scope, based on program priorities.
3. Additional funding.

It is important that budget issues be identified and resolved at the earliest possible stages of design.

J. PARTIAL/EARLY CONSTRUCTION

It may be desirable to complete certain portions of a specific project (roofs, bathrooms, etc.) or install equipment (boilers, classroom furniture, technology, etc.) before undertaking the entire building project. Where this is done, the cost of any such partial work will be deducted from the specific project budget.

8.3 PROJECT BUDGETS

For each project, a Project Budget and final (As-Built) tracking report will be maintained. This report will include the following:

- Design
- Construction
- Tests
- Inspections
- Contingency
- Construction Management
- Furniture, Fixtures and Equipment

Individual Project Budgets will supplement this Report and be presented for approval at the March-2006 regular Board of Trustees meeting.

Project Budgets will be updated continuously during the project and will be submitted for monthly review. The Construction Manager (CM) will advise whenever actual or projected costs exceed budgets or estimates. In the case of budget overruns, the CM will identify the factors causing or contributing to the overrun and make recommendations for mitigating or eliminating the budget impact of such factors.