

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: BOARD OF TRUSTEES

FROM: DOUGLAS TREADWAY

DATE: FEBRUARY 28, 2007

RE: APPROVAL OF BUDGET INCREASE TO THE STUDENT SUPPORT SERVICES BUILDING PROJECT

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| Regular Agenda |
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The Board of Trustees will be asked to award two contracts later this evening related to the Student Support Services Building Project: one contract is for the construction of the building and the other contract is for asbestos removal in Building 7. Although there are sufficient funds in the overall project budget to award these two contracts, these contract amounts must be covered by reducing the existing project contingency. Remaining in the project contingency after these transactions is only \$852,844. This is approximately a 3.6% contingency reserve based on the main construction contract award of \$23,597,000. Staff does not believe this is a prudent contingency level.

The Student Support Services Building Project requires extensive civil engineering that may at a later date increase construction costs. Therefore, staff believes we should be initiating the construction phase with a full 7% contingency. Currently in our overall bond budget there is \$802,730 in unallocated contingency. Staff recommends that \$800,000 of this unallocated contingency be allocated to the Student Support Services Building Project to the line item – contingency. This allocation will bring the project contingency to \$1,652,844, after adjusting for the awards of the two contracts. This remaining amount in contingency represents 7% of the main construction contract award. The revised budget for the Student Support Services Building project will be \$32,800,000.

Attached are pro forma project budget reports that illustrate the result of this allocation to the Student Support Services Project Budget.

RECOMMENDATION:

The President/Superintendent recommends that the Board of Trustees allocate \$800,000 of the Bond Unallocated Contingency to the Student Support Services Building Project – line item “contingency”.