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CALIFORNIA'S *THOUGHT LEADERS*
IN EDUCATION LAW

Planning a Successful Construction Program

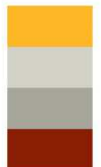
ACBO Spring Conference 2015

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Agenda

- Introductions
- GO Bonds
 - Before the Election
 - After the Election
- Setting up the Program
- Project Delivery Options
- Questions

GENERAL OBLIGATION BONDS

GO Bonds

- Local GO Bonds
 - Proposition 39
 - Taxable vs Non-taxable
- Before the Election
 - Community Support
 - Community Capacity
 - Timing of Sale
 - Project List and Bond Language

SETTING UP THE PROGRAM

Governance

- Board of Trustees
 - Contracts
 - Annual Audits (March)
- CBOC (required by Prop 39)
- Shared Governance Committee
 - Master Planning
 - Standards and Guidelines
- Project Specific Committee
 - Department “Champions”

Structuring the Team

- District Staff as Point Person
 - Create an in-house bond management team?
 - Hire a program and construction management consulting team?
 - Create a blended team?

- Advantages and Disadvantages

Site & Building Assessments

- Site Assessment
 - ADA
 - Walkways, landscape and parking
- Building Assessments
 - ADA
 - Roof and Waterproofing
 - Mechanical, Electrical, Plumbing
 - IT infrastructure
 - Sustainability

Educational & Facilities Master Plan

- Educational Master Plan
 - Strategic blueprint for the bond
 - Program review and growth
 - Demographics, opportunities & priorities
- Facilities Master Plan
 - New buildings vs Modernization
 - Infrastructure development and repair
 - Underground Utilities
 - Energy and ESCO
 - Information Technology (IT)

District Standards

- District Standards
 - Living document (will change over time)
 - Design standards
 - Style, Colors, Materials, Maintenance
 - Landscape
 - FFE, AV, IT and Signage
 - Room Size Consistency
- Contract Templates
 - Standardized professional service templates
 - Standardized construction contracts

Bond Spending Plan & Schedule

- Project Costs vs. Construction Cost
 - JCAF 31 and 32
- Districtwide categories include:
 - Professional service & management fees
 - Salaries for in-house staff
 - Underground infrastructure projects
 - Swing space and Move Management
- Program schedule
 - Bond sale & cash flow = Project Timing

Consider a Sustainability Strategy

- The "President's Climate Commitment"
 - Climate neutrality "as soon as possible"
 - Action plan due within two years
 - Measurement of CO2 within one year
 - Initiate actions while the plan is developed
 - Report findings and actions
- LEED certification or LEED standards?
- Campus-wide Sustainability Committee

Develop a Finance Plan

- Timing the bond sale(s)
- Working with Bankers
- Other Considerations

Bond Fiscal Control

- Bond expenditure approval – District
- Separation of duties
 - Purchase Requisition
 - Purchase Order
 - Accounts Payable
- Reports
 - CBOC
 - Board
 - Audits

Communication

- Public Forums – Invite Feedback
 - Neighborhood Groups
 - City Agencies
 - School Boards
 - Community Groups and Organizations
- Internal Constituents
- Additional Tools
 - Newsletter, Website, Social Media

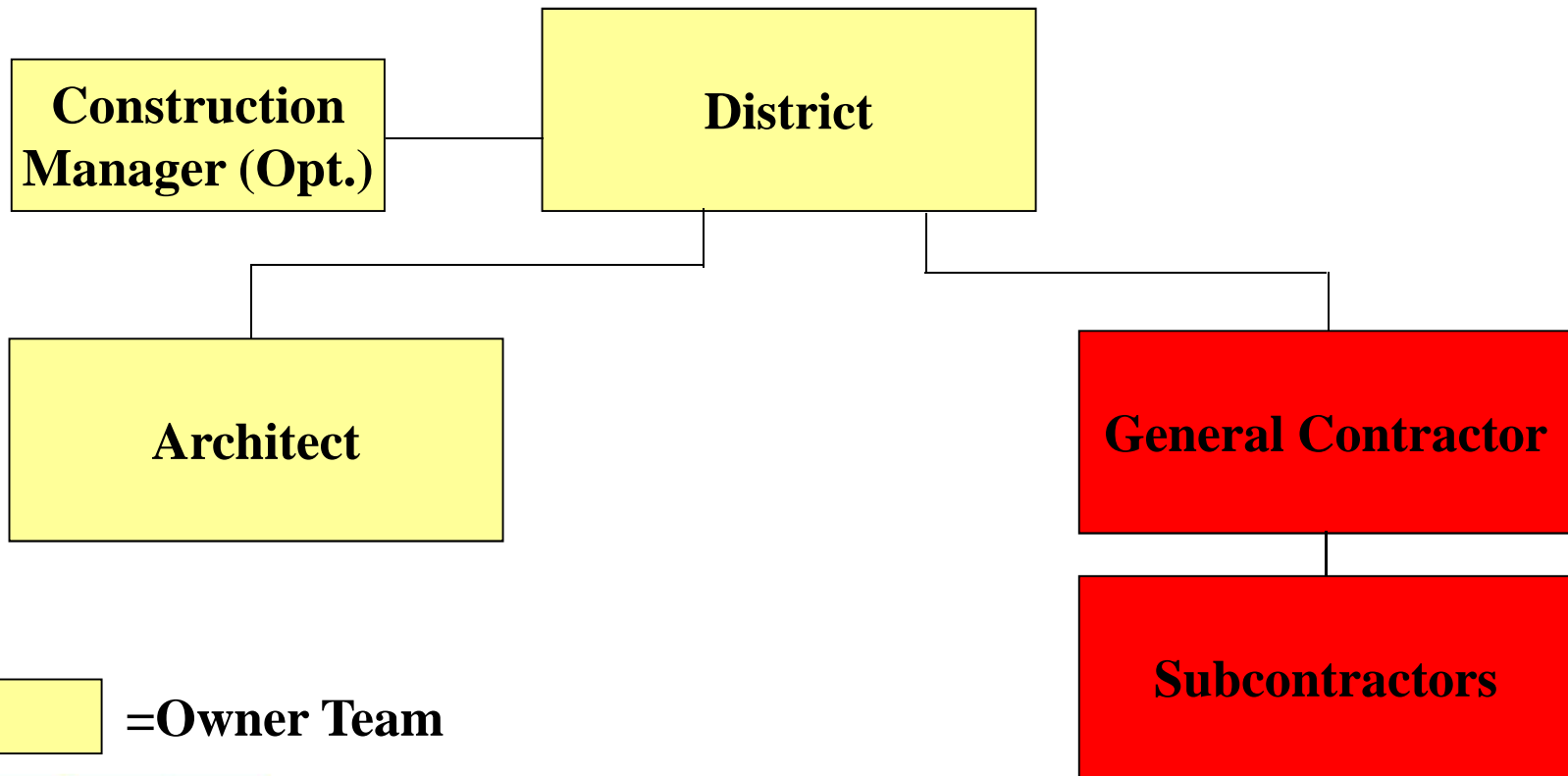
PROJECT DELIVERY OPTIONS

Key Project Delivery Options

- Publicly Bid:
 - Design-Bid-Build
 - Multiple Prime
- Negotiated, Non-Bid:
 - Lease-leaseback
 - Design-Build

A) Bid Contracts

Design-Bid-Build



Advantages

- Always accepted as legal, fair, economical.
- The lowest price on bid day.
- Familiarity in building and design community.

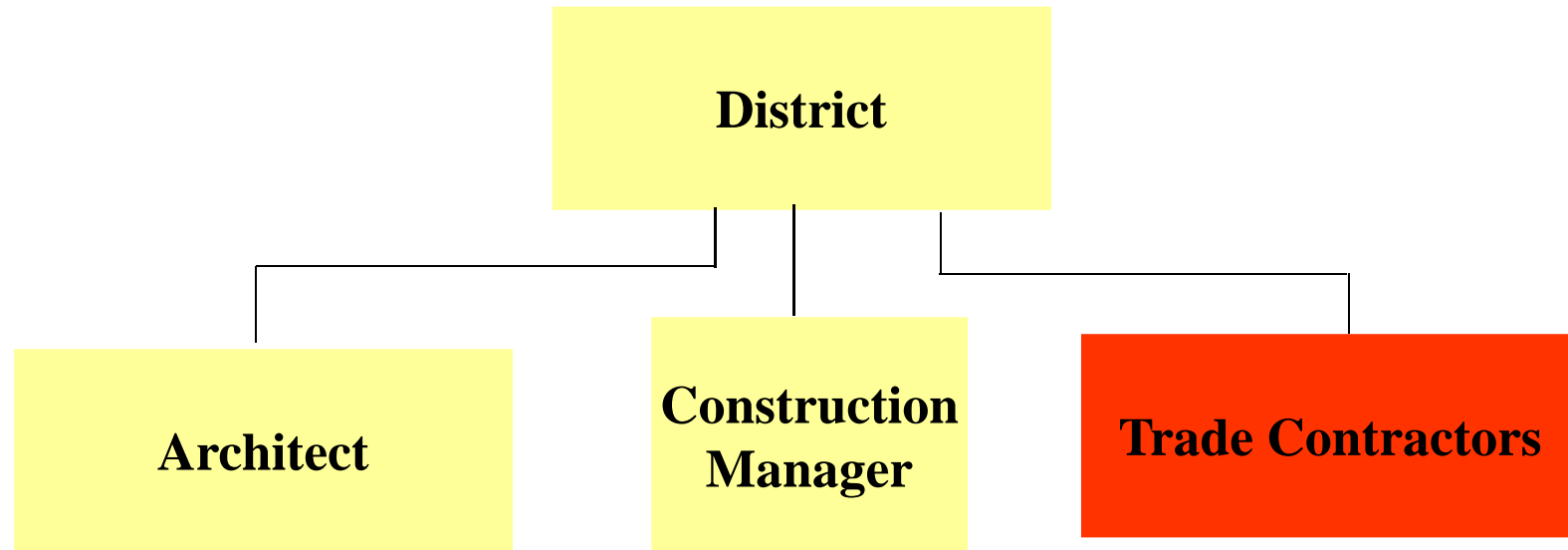
Risks

- Source of more construction claims than non-bid methods.
- Owner has oppositional relationship with builder.
- Least control over time and cost overruns.
 - Builder's first involvement with design is when it sees the bidding documents.

To Reduce Risk:

- Good construction documents: pre-bid reviews.
- Better contractor bidding pool: prequalification.
- Strong owner team.

Multiple Prime Contracting



 = Owner Team



Advantages

- Saves general contractor markups: means could be absolute lowest construction cost.
- More control over trade contractors.
- Possibly less risk of claims.

Risks

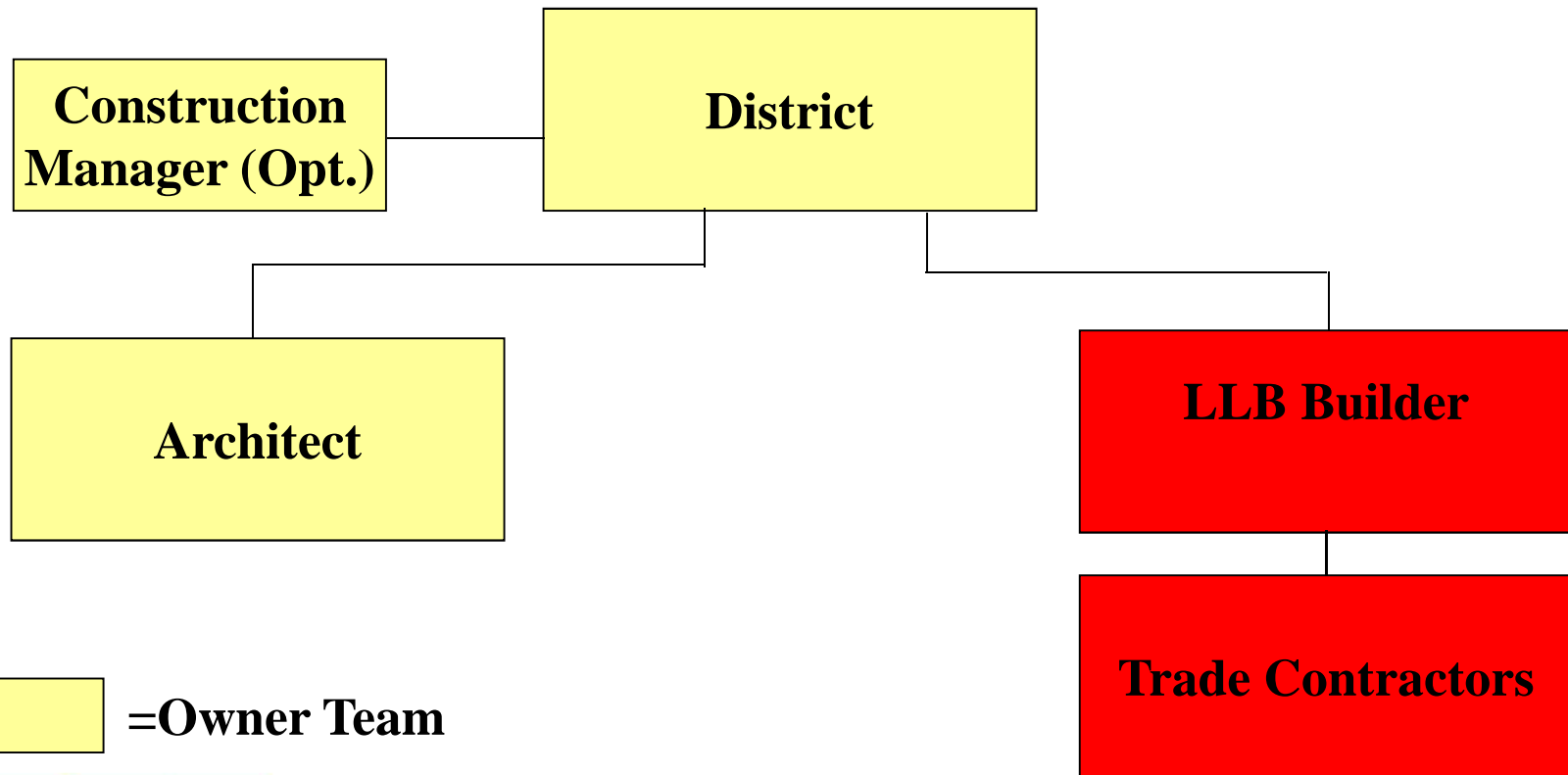
- No general contractor means that all coordination, trade contractor interference issues, gaps in bidding scopes, etc., are on the owner.
- Very few owners can or should manage without outside construction management, cutting into cost advantage.
- And someone will need to cover general contractor expenses (“general conditions”), further cutting into cost savings.

To Reduce Risk:

- Obtain pre-bid reviews of bid documents to eliminate gaps in coverage/double coverage, etc.
- Strong owner team; select strong construction management.
- Prequalify at least key trades.

B) Negotiated Contracts

Lease-Leaseback



Advantages

- Select the builder.
- More certainty on time and budget.
- Builder gets involved during design process.
- Fewer claims, generally.
- If repeating use of same design on different sites, familiarity for builder.

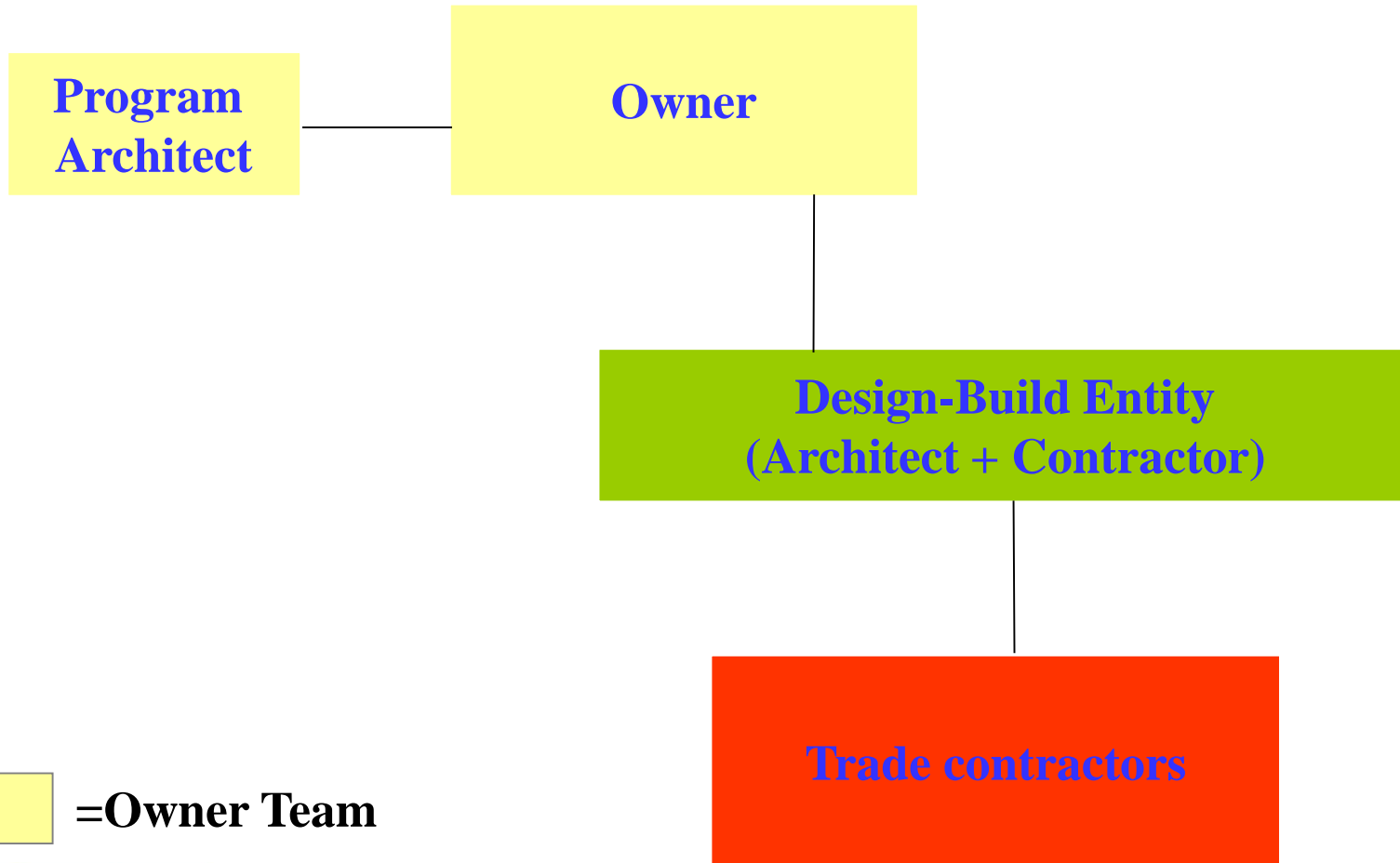
Risks

- Costs higher than bid contracts.
- Some challenges re legality (now a settled issue for K-12).
- Watch for potential statutory changes down the road.

To Reduce Risk:

- Competitive selection process to get best builder.
- Require transparency of Guaranteed Maximum Price; bid key trades to prequalified sub-bidders to reduce costs.
- Validation action filed after Board approves contract.

Design-Build



Advantages

- Select builder.
- Reputation for on time, on budget delivery.
- Fewer claims.

Risks

- Costs higher than bid contracts.
- Generally accepted as suitable for experienced owners, larger contracts.
 - Statutory minimum: \$2,500,000
- Owner loses control over design early in the process.
- Architect is not tied to owner.
- Time advantage and design flexibility reduced by statutory requirements.

To Reduce Risk:

- Evaluate suitability for District and its projects.
- Strong “bridging architect” and early planning efforts.
- Select builders with experience on similar projects, check results.

QUESTIONS

Questions and Answers

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