

Overview of Options for School Facilities Construction Delivery

Rancho Santiago Community College District
Board of Trustees Meeting, April 15, 2013

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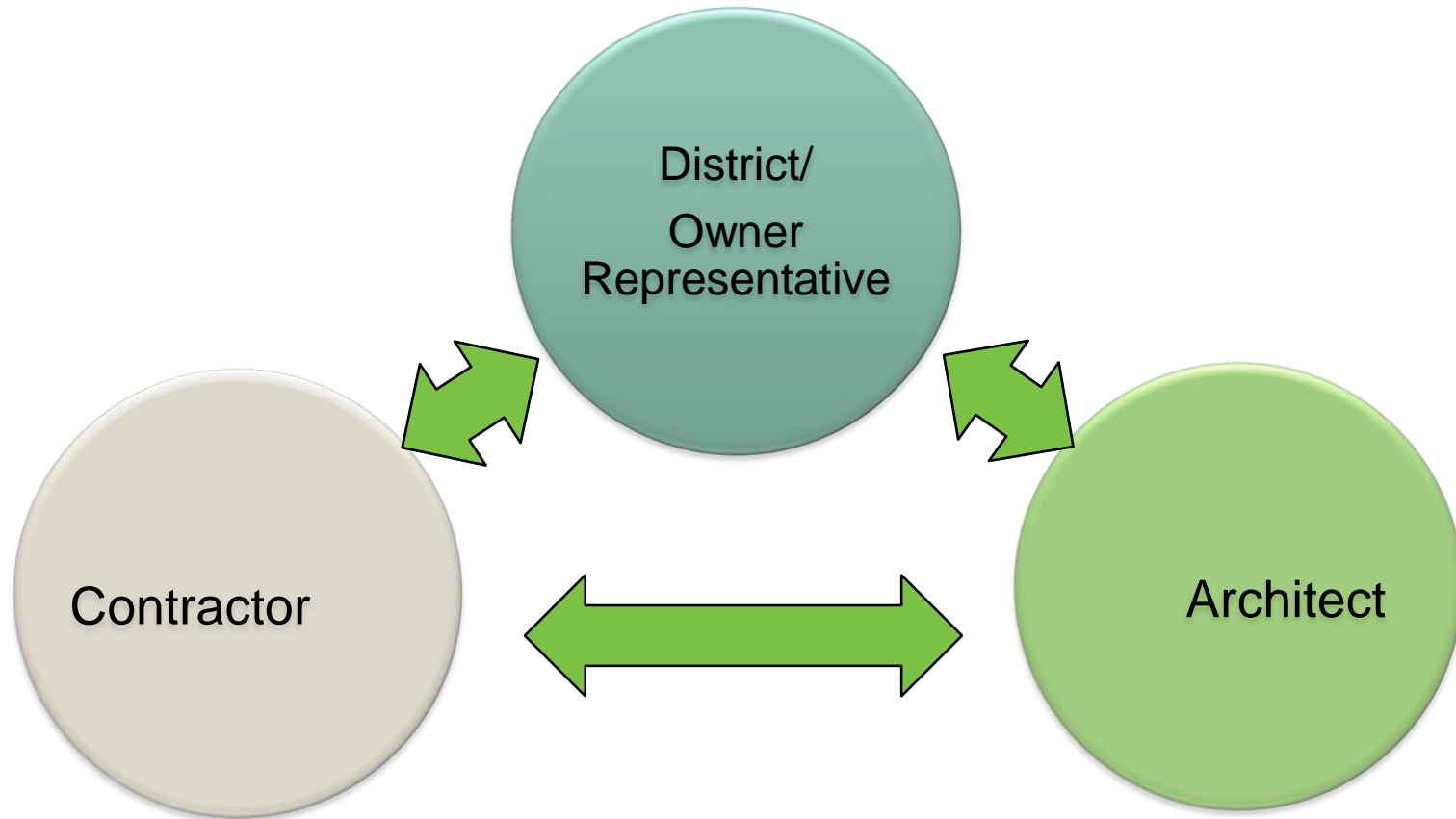


Agenda

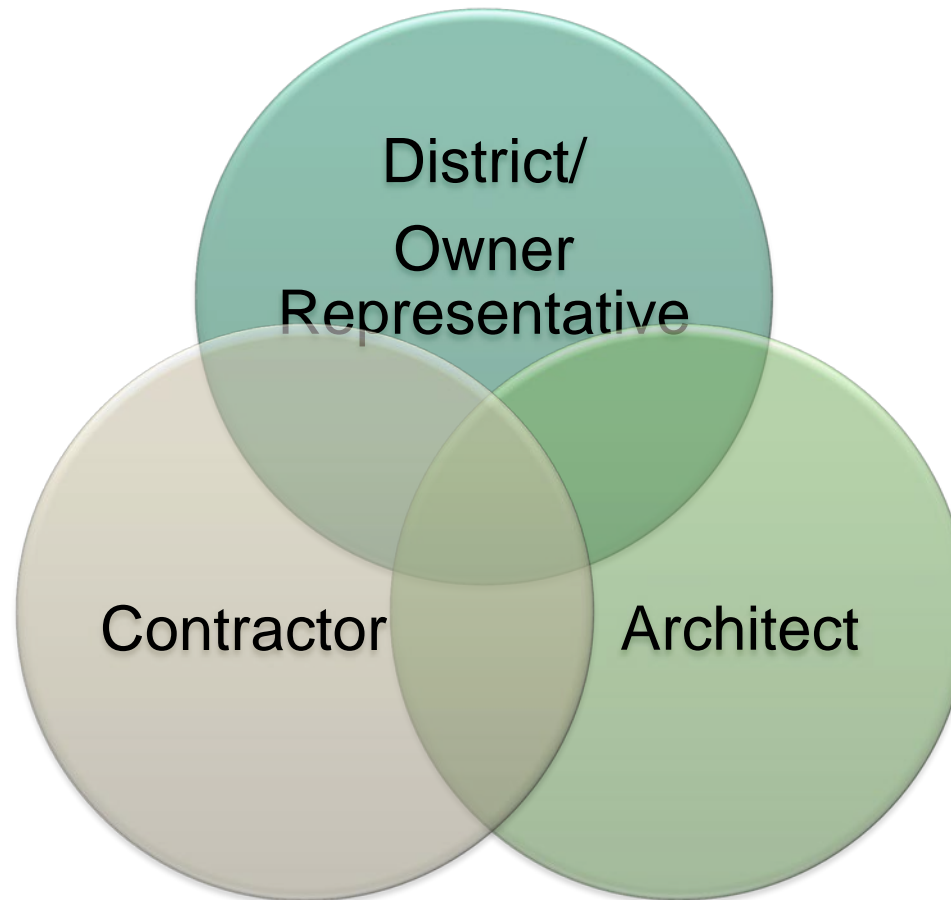
- Key Factors That Shape a Project.
- Design – Bid – Build (Traditional)
- Design-Build (DB)
- Lease/Leaseback (LLB)



Design-Bid-Build Relationships



Integrated Project Delivery Relationships (Team Approach)



Factors that shape a project Delivery Methods *

- Design – Bid – Build (Traditional)
- Design-Build
- Lease-Leaseback (LLB)
- Construction Management (CM), Multiple Prime or At-Risk
- Government Code 4217

* *Any of these methods can be coordinated with a Project Labor Agreement or similar structure.*

Concerns With “Traditional” Design-Bid-Build

- It is an adversarial system – not a team-based system.
- The lowest bidding contractor is usually not the best contractor for the job.
- The adversarial system yields a high volume of change orders and bid protests.
- Change orders increase the cost directly, also cost staff resources, consultant fees, legal fees and project delays.
- Bid protests cost project time, staff time, consultant fees and legal fees.

Design Build

- Single Point Responsibility—only one contract for both Design and Construction
 - Reduced exposure to gap in plans and spec perfection
 - Eliminate division between Builder and Designers
- Best Value Option – may choose the Design Build entity that presents the best balance of quality and cost

Advantages and Disadvantages of Design Build

Advantages

- Single-point Responsibility
 - Designer and Builder Function as a Single Entity
- Guaranteed Maximum Price
- Quality Control Techniques
 - Building Information Modeling
- Timing

- Limited Design Input
 - Designer Affiliated with Contractor
 - Design Elements Set by Proposal/Contract
- No Owner Advocate
- Cost Escalation During Design Development
- Cumbersome Selection Requirements

Disadvantages

Typical Process

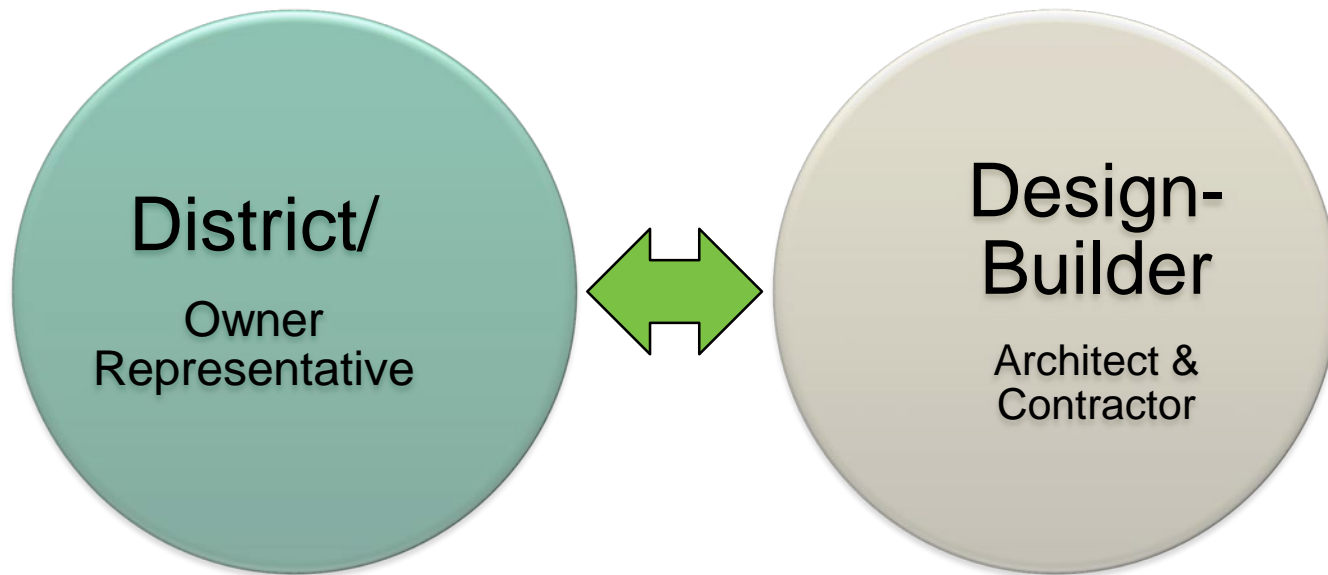
1. Select an Independent Architect to Develop Design Criteria
2. Develop a Scope and Design Criteria Document (Bridge Document)
3. Solicit Requests for Proposals with Qualifications Criteria
 - Design firm teamed with builder
 - Builder can be General Contractor or Construction Manager
4. Select Proposal on Best Value or Best Price
5. Develop Construction Drawings
6. Division of the State Architect (DSA) Plan approval
7. Issue Notice to Proceed
8. Complete construction and project close-out

Method Specific Constraints and Requirements: DB

- Not allowed to use state bond funds – Local funding only
- Available for projects (contracts) of \$2,500,000 or more
- Must follow very specific requirements for Board action in order to:
 - » Determine that this method will provide greater value than Traditional Design-Bid-Build
 - » Award a contract based on a best value selection process according to specific criteria contained in the code along with any additional criteria developed by the District



Design-Build Relationships (Potential Imbalance)



- **Limited Design Input**
- **Cost Escalation During Design Development**

Lease Leaseback

- Control of the process provides owner flexibility through:
 - Maximum control of team selection
 - Maximum control of design development
 - Maximum control of construction quality



Advantages and Disadvantages

Advantages

- Select Each Team Member Specifically
 - Even Subcontractors
- Guaranteed Maximum Price
- Collaborative Approach
- Quality Control Techniques
 - Integrated Project Delivery
 - Building Information Modeling
- Timing

- Education Code section 81335 does not mirror “without advertising for bids” language in Education Code section 17406
- Process has detractors
- Potential for Challenge

Disadvantages

Lease Leaseback Statutory Authority

The governing board of a community college district may let, at a minimum rental of one dollar (\$1) a year, to any person, firm, or corporation any real property which belongs to the district if the instrument by which such property is let requires the lessee therein to construct on the demised premises, or provide for the construction thereon of, a building or buildings for the use of the community college district during the term thereof, and provides that title to such building shall vest in the community college district at the expiration of such term...

Application to Any Kind of Project

**“Building”
defined in
Education
Code
Section
81330**

- **one or more buildings located or to be located on one or more sites owned by the District**
- **“the remodeling of any building located on a site to be leased”**
- **“improvements...necessary for the proper operation...of the school facilities”**
- **“the permanent improvement of school grounds”**

Typical Process:

1. Select an Architect for full design services
2. Select the Builder
 - Request for Qualifications - best quality (best practice)
 - Can be General Contractor or Construction Manager
3. Develop construction plans with integrated team
 - Preconstruction services from the Builder
4. Plan approval (Division of State Architect)
5. Final Guaranteed Maximum Price
6. Validation action (not required, best practice)
7. Issue Notice to Proceed
8. Complete construction and project close-out



Recommended Delivery Methods for Upcoming Projects

- Building D Elevator Addition and Railing Replacement

Lease-Leaseback

- Design is Complete – No need to duplicate that work and process
- Coordination with occupied classrooms – Greater control over Builder
 - Limited schedule
 - Eliminate the need for swing space.

- Central Plant and Utility Upgrades

Lease-Leaseback

- Design Development is in progress – No need to duplicate that work and process
- Bring Contractor in during design – Constructability and project coordinated
 - Complex project scheduling
 - Complex specialty coordination
 - Complex design integration

Question & Answer

