

ACCM Insider

C.A.S.H. School Bond Survey Positive for 2012 School Bond

The Coalition for Adequate School Housing (C.A.S.H.) and the California Building Industry Association (CBIA) jointly commissioned polling on voter attitudes for a 2012 statewide school bond. The poll results are very positive. The polling was conducted in June with a +/- 3.5% confidence level. Unlike 2010, when barely a majority of the voters appeared to be willing to support a school bond, the most recent polling shows more than 60% of the voters would be willing to support

a statewide school bond for K-12 school districts and community college districts.

Voters are concerned about cuts to California's public schools. They want to support schools in maintaining facilities, repairing facilities, providing job training, as well as protecting the taxpayers investment in public school buildings. There is also strong support for Career Technical Education facilities and energy efficiency programs.

Voters are concerned about debt and the cost of repaying a school bond; however, even after hearing negative arguments, more than 60% of the voters still would support a school bond on the 2012 ballot.

ACCM will be working with C.A.S.H., CBIA and other organizations to urge the Governor and Legislature to place a statewide school bond on the November 2012 ballot.

Sell School Bonds Now

ACCM has joined with C.A.S.H., organized labor and other organizations to advocate for a large sale of already authorized state school bonds as part of a Fall state bond sale.

Currently, more than \$1.5 billion in school facility projects have indicated that they could go to contract within 90 days of an apportionment. These projects; however, need funding from the state school bond before they can start.

Last year, ACCM organized the Sell School Bonds Now campaign and was successful in the sale of school bonds in the Fall of 2010. ACCM is continuing to work on this issue.

Until school districts are provided funding, it will be difficult for them to begin new projects or initiate new projects with state reimbursement. Without an influx of state funds, there will be fewer school projects resulting in fewer jobs with fewer people employed.



Inside the Insider...

Legislative Update.....	p. 2
Expert Work Group Report.....	p. 3
ACCM Goals.....	p. 4
ACCM Membership App.....	p. 5

Legislative Update

AB 551 (Campos): Public Contracts: Prevailing Wage Requirements (amended June 29, 2011)

ACCM supports this bill and agrees that penalties should be increased for willful and intentional prevailing wage violations. ACCM believes the amendments ensure that penalties for good faith errors are not increased.

Status: Senate Appropriations

AB 1354 (Huber): Public Works: Retention

AB 1354 prohibits the retention of any amount with respect to all contracts entered into on or after January 1, 2012, between a public entity and an original contractor, between an original contractor and a subcontractor, and between all subcontractors. ACCM opposes elimination of retention.

Status: Two-Year Bill

SB 293 (Padilla) Payment Bonds: Laborers

SB 293 prohibits a public agency from requiring more than 5% retention on public projects unless the agency declares that the project is "complex" and requires a higher retention. The bill does not define complex which will lead to more contention and litigation between owners and project contractors and subcontractors. ACCM is opposed to SB 293 because it increases school project risks and costs if surety and bonding have to be accessed more often.

Status: Assembly Appropriations

SB 438 (Cannella) Prevailing Wages: Off-Site Fabrication

SB 438 provides that workers working in a yard, shop, or plant off the site of construction shall only be deemed to be employed upon public works if that yard, shop, or plant is specifically established for that public works project. ACCM supports SB 438 because it clarifies when prevailing wage must be paid, or does not need to be paid, for off-site fabrication work.

Status: Two-Year Bill

SB 474 (Evans) Commercial Construction Contracts: Indemnity

SB 474 would define the indemnification and first dollar defense requirements among owners, contractors, and subcontractors. As amended June 21, 2011, the bill includes construction managers as if the CM is providing direct services as a contractor or subcontractor. ACCM opposes SB 474, as amended June 21, 2011, because CMs are

not in a direct line of responsibility between owners, contractors and subcontractors and should not have liability for contractors or subcontractors passive or active liability.

Status: Assembly Floor

SB 600 (Rubio): Public Contracts: School Districts: Bid Requirements

SB 600, as amended July 13, 2011, mandates that state School Facility Program funded projects must use prequalification of project contractors and subcontractors. ACCM opposes SB 600 because it will increase school district project costs and increase litigation from firms not selected to be prequalified.

Status: Assembly Appropriations

ACCM Calendar

July 2011

21 General Membership Call-1 p.m.

August 2011

4 Officers' Conference Call-1 p.m.

18 General Membership Call-1 p.m.

September 2011

1 Officers' Conference Call-1 p.m.

15 General Membership Call-1 p.m.

Meeting dates and times subject to change.



(Sell School Bonds Now - Continued from Page 1)

The coalition consists of contractors, labor unions, school districts, C.A.S.H., CBIA, School Facility Manufacturers Association and others. We will be advocating for at least \$1.5 billion in bond sales this September or October. These funds can be rapidly spent as indicated by the prior rapid spending and obligation of state bond funds in the priority funding mechanism adopted by the State Allocation Board (SAB).

The Sell Bonds Now campaign will work in conjunction with two other campaigns in which ACCM will participate. The two other campaigns are to place a school bond on the November 2012 ballot and to en-

courage school districts to move projects to the SAB for unfunded approvals. If school districts do not move projects to the SAB, the Legislature will believe there is not a need. Additionally, school districts will not be in line for future state bond sales in order to initiate their needed projects. Too often school districts have been heard to say that they are not applying for state funds because they believe the state is out of money or they believe the state program will not continue. If school districts do not apply for project funding then the statements will become a self-fulfilling prophecy. The Legislature will believe there is not a need and will not put a bond on the ballot;

consequently, there will not be future state funding.

ACCM believes, however, that if school districts continue to apply, the need will be demonstrated, the pressure will be applied to the Legislature and we will be able to continue to place state bonds on the ballot to assist in matching local district bond funds.

ACCM will be working on all three campaign components starting in July and continuing until the currently authorized bonds are sold and a new bond is on the November 2012 ballot.

Expert Work Group Report

By Dick Cowan, Davis Reed Construction, Inc.

ACCM has been asked to join an initiative by the Department of General Services (DGS) to develop a consistent approach to capturing and understanding the costs of building California schools.

Last year, DGS and the California Department of Education (CDE) jointly created an Expert Work Group to see if there couldn't be ways to simplify and streamline the processes for planning, designing, approving, and building California schools. ACCM's officer at-large, Dick Cowan, was named to the Expert Work Group.

The cost of building schools is a hot topic. What costs are allowed for granting state funds is debated. The high costs are always of concern to the Legislature and school boards.

The team which ACCM Board members Ed Mierau and Paul Bonaccorsi will join will try to find a neutral organization that is collecting or will collect total project costs in a format that is useable for any future purpose. Where data collection is already mandated for some purpose, the team will not duplicate that, but use it. The team will recommend standard categories of costs deserve some care information: planning, design, agency approval, land, management, environmental, etc. so that total project costs are viewed.

Developing Construction Cost Data

By Dick Cowan, Davis Reed Construction, Inc.

We don't routinely collect the costs – all the costs – of building schools in California. We cannot drive down these costs or carefully manage grant programs without trusted cost information. Great confusion exists over the definition of construction cost and broader costs –soft costs–that make up the entire project cost.

ACCM members are working as a Committee of the DGS Expert Work Group to develop a trusted, accurate, and policy-neutral school project cost database useful for managing grant program and indexing costs.

The OPSC Audit and Bond Oversight Committee project cost data will be the source of our input. The cost fields are under development–input is welcome from ACCM members. But basically, the old forms 184, PIW, 5006, 506A and B fields can be adapted by expanding the soft cost categories and expanding the general conditions categories. The ACCM report, in response to the Macias Report, used that approach to present costs for Complete Schools. That format can be checked against the CSI MasterFormat for construction cost collection. In California, the Colbi Technologies software used to track school project costs may become a basis for collecting prototype cost information

Source projects need to be categorized in ways that correspond to California funding sources—Modernization, Career Technical Education, etc. Although modernization projects merely prioritize scope until funding is consumed, it is useful to track proportions of costs spent on ADA work and infrastructure elements which may not be visible to educators planning educational needs. In addition, general conditions costs, standardization and fees, along with overhead and profit history would be useful to districts planning projects.

Database elements should be described in a neutral way that makes the different titles used in alternate delivery not confusing. For example design, if conducted by a design-build subcontractor, should be collected as a design cost. The costs of GC Site Superintendent duties should be collected even if performed by a CM Multi-Prime Superintendent. This distinction should not confuse the data collection if elements are carefully defined.

Who should collect and maintain the database is an open question. ACCM members' ideas are welcome on this issue, too. Please send your ideas to dcowan@davisreedinc.com.

ACCM General Membership Meetings Reserve the Dates

ACCM will have its Fall General Membership meetings in conjunction with the C.A.S.H. Delivery Methods Workshops that are scheduled for September 27th in Sacramento and September 30th in Ontario. ACCM will meet after the C.A.S.H. Workshops in each location to save transportation costs for members. We will discuss new legislation, new legal issues and state program issues affecting school facility projects and Construction Management. We will provide more information and a registration form as a separate e-mail.

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ACCM Activities and 2011 Goals

The Association of California Construction Managers represents Construction Management firms working with California's K-14 school and community college districts.

ACCM:

- Provides direct legislative lobbying on new proposed legislation that affects CMs on school facility projects;
- Provides direct administrative lobbying with the State Allocation Board, Department of Finance, Department of Education, and the Division of the State Architect, as well as many other state agencies. Our administrative lobbying is on regulations and policies that affect school construction and CM services;
- Organizes short-term coalitions to pressure for adequate pipeline funds for school facilities;
- Develops information for state agency and school district use regarding construction costs and construction methods; and
- Provides member firms information about school bonds placed on local ballots, demographic trends in enrollment by county and other information useful for working with potential K-14 clients.

2011

- This year ACCM will be working with the Superintendent of Public Instruction's School Facility Task Force for energy conservation, streamlining the school facility application process, along with a 2012 state school bond for the 2012 state ballot.
- ACCM will be active in legislation affecting school facility funding, as well as legislation affecting schools and CMs in bidding requirements, prequalification requirements and numerous other topics.
- ACCM will continue to work with the State Allocation Board as they consider developing new policies for the current School Facility Program.
- 2011 is expected to be an active year for school facility related legislation and policy. ACCM will be involved with all of the players acting in the school facility arena.

ACCM Membership Application

Membership in the Association of California Construction Managers is open to firms and individuals sharing a common interest in the promotion of construction management as a professional service. The Association's membership represents a broad spectrum of the construction industry.

Name: _____

Title: _____

Company: _____

Address: _____

City/State/Zip: _____

Phone: _____

Fax: _____

Email: _____

Annual CM Revenue/Annual FEE

Less than \$2 million=\$2,000

Over \$2 million=\$4,000