

# ACCM Insider

## General Membership Meeting Minutes

Ed Mierau, Neff Construction, presented an update on the Project Information Worksheet (PIW) review. He gave the background on why the PIW was developed to create data for the grant adjustment authorized by AB 127, the 2006 Proposition 1D school bond legislation. He presented the ACCM recommendations for PIW restructuring to accomplish the AB 127 goal. The recommendations are contained in his November 18, 2011 letter to Bill Savidge, the State Allocation Board Assistant Executive Officer.

Dick Cowan, XL Construction, presented an update on the Expert Working Group activities. The goal is to have a better database for the state, school districts, and builders to use for understanding school facility costs.



There is private industry interest in managing a database built with the data from local school oversight committees and audits. To manage the data collection and maintenance, look to find funding through the new bond legislation.

Jeff Baratta discussed the municipal bond market and a prospective on the next six months. He expects continuing light volume with higher yields. Currently, there is a steep yield curve at the low end with a flattening at the long end (30-year). Muni yield rates are higher than Treasury with a big gap between bonds rated high grade compared to lower rated with up to 40-60 basis point spreads.

The current environment for school bond sales is limited by the tax rate controls and declining assessed valuation in many school districts. The effect is school districts have unissued bonds that cannot be issued until the economy and assessed valuations improve.

The members discussed the Labor Compliance Program (LCP) requirements for school projects receiving state funding. The discussion revolved around more locally funded projects will first use local funds and later ask for state reimbursement. The state LCP requirement would prohibit state

reimbursement if the district had not paid state LCP fees on the locally funded project.

Dave Walrath provided an update on the 2012 school bond efforts. The members discussed the state budget proposals that effectively would shut down the state School Facilities Program. ACCM will advocate for the 2012 school bond, sales of already approved state school facility bonds, and maintaining the School Facility Program.

The members voted to oppose AB 1565 (Fuentes) that would mandate all school districts use a restrictive pre-qualification process if the district was going to apply for state funding on that project.

Terry Street has retired from Roebelen and as ACCM Vice-President. ACCM staff will be soliciting nominations to replace Terry on the Board.

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## Legislation of Interest

ACCM is following five significant and seven other pieces of legislation that are of interest to ACCM members. The significant bills deal with prequalification, design-build, funding offsite school facilities, as well as the definition of contractor.

### PreQualification

AB 1565 (Fuentes) would mandate that school districts use a prequalification process for contractors and subcontractors if a school district receives funding from the state School Facilities Program. The bill is similar to last year's SB 600 (Rubio) which was opposed by ACCM. AB 1565, however, does include changes to provide: 1) more flexibility in the prequalification document used by the school district; and 2) limit the number of subcontractors who would have to be part of the prequalification process. The initial version, however, still continues the mandate to use prequalification and the fact that the mandate would apply to any project regardless of dollar size. The bill also has a significant number of prequalification requirements for school districts choosing to use the construction management multiple prime delivery process.

ACCM continues to have concerns with the legislation and will be working with the author's office and sponsors to attempt to remove our concerns. However, if those concerns cannot be sufficiently re-

moved, ACCM will continue its opposition to AB 1565.

### Design Build

Senate Bill 1509 (Simitian) and AB 1901 (Jones) both address Design Build projects. Senator Simitian's bill is specific to school facilities design build requirements. SB 1509 would reverse the current design build authority sunset date of January 1, 2014. This would extend the provisions indefinitely. AB 1901 addresses the county authority to use design build. AB 1901 would extend the current sunset date of July 1, 2014 to July 1, 2016 and also remove the current floor of \$2,500,000,000 before the project could be eligible for the design build process.

### Offsite Facilities

SB 1104 (Emmerson) is a spot bill for addressing the School Facility Program issues related to funding offsite facility requirements. Currently, cities, counties and other local government entities can require school districts to provide offsite facilities and improvements but the state does not necessarily recognize those costs as part of the state School Facility Program funding process. SB 1104 would be a vehicle for addressing funding for those types of offsite facilities or improvements.

### Definition of Contractor

AB 2237 (Monning) would change the definition of a contractor for the purposes of determining state

contractor's licensing board requirements. The bill adds to the definition of contractor: "a person other than a public agency or owner of privately owned real property, to be improved, who meets any of the following criteria:

- 1) Provides or oversees a bid for a construction project;
- 2) Arranges for and sets up work schedules for contractors and subcontractors; and
- 3) Maintains oversight of a construction project."

The AB 2237 language appears to require Construction Managers to be licensed contractors and, as such, may preclude other professionals from participating as Construction Managers in the Construction Management delivery process. ACCM is concerned with the implications of AB 2237 and will be working with the author and the author's office to address our concerns.



# ACCM Insider News

By Dick Cowan, XL Construction, Inc.

“Old Architects never die, they just change their plans.”...Chet Widom

The new state Architect, Chet Widom, gave his vision for the future of DSA February 16, 2012, making many points important to CM's. Chet says he brings baggage to the job—50 years of experience and dealing with DSA.

First, as a designer, he wanted from DSA:

- Clarity in the code and the process of designing to code
- Help from DSA in solving problems
- Help in making me a hero to my clients

Second, as a design firm owner, he wanted:

- Help in doing design efficiently and quickly, so he could keep design budgets and make payroll
- Understanding that every whim exercised cost designers and clients time and money
- Understanding that delayed closeout meant delayed payments to everybody

Third, as a Builder, he wanted:

- Coordinated documents with DSA stamps
- Quick decisions from DSA

Fourth, as a Consultant to LACCD, he wanted:

- Cooperation in designing sustainable, economic, educationally functional buildings under the code—stretching the boundaries
- A process to avoid having to put in “dummy” sets of plans in order to make the schedule

And fifth, as a member of the LAUSD Bond Oversight Committee, he wanted:

- DSA processes to be transparent and
- DSA people to be accountable for schedules and approvals

Now as the State Architect, he asks that designers study and know the related code before coming, that they not use DSA as the whipping boy for every project problem, and understand that DSA has to manage to its budgeted hours also.

Priority 1 must be raising the rate of Certification of current projects from 75% to near 100%. In the face of a request to reduce the DSA budget 10%, he will act on changing the culture at DSA to one of partnership, working together to produce safe, economic, long-lived, functional buildings. He will work to give a clear focus, clear expectations, to standardize processes statewide, and to simplify processes. He will try to move from measuring bin time, to measuring approval time.

He notes we are in an era of rapid change:

- State budget cuts
- Changing design technology such as BIOM
- New materials and techniques of construction not well understood and described in code
- Instantaneous communication and the expectation of instantaneous reply
- Changing project delivery—design-bid-build is going out of existence.

He specifically asked for a task force on Alternate delivery—how does it affect DSA, how does DSA affect Alternate Delivery. He knows there are impacts on project inspectors and CM's.

When the Governor asked him why he wanted this job, he replied to dive into the processes and make improvements fast. He feels DSA must adjust itself quickly in the next time period to remain relevant.

# ACCM Activities, Accomplishments and 2012 Goals

The Association of California Construction Managers (ACCM) represents Construction Management (CM) 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.

## 2012 Goals

- This year ACCM will continue working on 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 Accomplishments

- ACCM members participated in the Superintendent of Public Instruction's School Facility Task Force for energy conservation; the State Architect's Expert Working Group for streamlining the school facility application process; and advocated for a 2012 state school bond for the 2012 state ballot.
- ACCM again successfully opposed legislation to mandate a complex pre-qualification requirement.
- ACCM participated with the Coalition for Adequate School Housing, California Building Industry Association and organized labor for a state school bond sale to fund approved projects.

# 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

# ACCM Board of Directors

***President***

**Kris Meyer**

**Ledesma & Meyer Construction Co. Inc.**

9441 Haven Avenue

Rancho Cucamonga, CA 91730

Tel: (909) 476-0590

Email: [krism@lmcci.com](mailto:krism@lmcci.com)

Web: [www.lmcci.com](http://www.lmcci.com)

***Secretary/Treasurer***

**Paul Bonaccorsi**

**WLC Construction Services, Inc.**

10470 Foothill Blvd., Suite 107

Rancho Cucamonga, CA 91730

Tel: (909) 476-6005

Email: [paul@wlccs.com](mailto:paul@wlccs.com)

Web: [www.wlccs.com](http://www.wlccs.com)

***Officer At-Large***

**Dick Cowan**

**XL Construction Corporation**

9245 Laguna Springs Drive, Suite 135

Elk Grove, CA 95758

Tel: 916.282.2911

Email: [dcowan@xlconstruction.com](mailto:dcowan@xlconstruction.com)

Web: [www.xlconstruction.com](http://www.xlconstruction.com)

***Officer At-Large***

**Ed Mierau**

**Neff Construction**

P.O. Box 1488

Ontario, CA 91762

Tel: (909) 947-3768

Email: [ed@neffcon.com](mailto:ed@neffcon.com)

Web: [www.neffcon.com](http://www.neffcon.com)

***Executive Director***

**David Walrath**

**Association of California Construction Managers**

c/o Murdoch, Walrath & Holmes

1130 K Street, Suite 210

Sacramento, CA 95814

Tel: (916) 441-3300

Email: [dwalrath@m-w-h.com](mailto:dwalrath@m-w-h.com)

Web: [www.accm.com](http://www.accm.com)

