



Association of California Construction Managers

July 22, 2010

The Honorable Felipe Fuentes
Chair, Assembly Appropriations Committee
State Capitol, Room 5136
Sacramento, CA 95814

Senate Bill 258 (Oropeza)
Position: OPPOSE

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Dear Assembly Member Fuentes:

The Association of California Construction Managers (ACCM) has reviewed Senate Bill 258 (Oropeza), as amended June 10, 2010, and has adopted an OPPOSE position on the legislation. This bill is scheduled to be heard by the Assembly Appropriations Committee on August 4, 2010.

ACCM opposes for the following reasons:

1. Mandating a single prequalification tool, or something equivalent, is a one-size fits-all requirement. The Department of Industrial Relations (DIR) prequalification document usually is not used in K-12 school construction. Some of its questions or components may have been used in a given district's own prequalification document, but because of its intended generality, it fails to address the individual experiences and concerns of each school district. For example, some districts are more concerned with financial solvency and others with schedule or performance. Currently, a school district can choose to place emphasis where they feel it is needed—financial solvency, performance, quality, project relevant experience, etc.
2. Mandating prequalification for almost all significant school projects would create a great deal more expense for school districts with multiple-prime projects. With a typical middle school there are at least ten prime bids that would require prequalification. Currently, projects receive 7-8 bids per category so it is easy to do the math. For those districts requiring formal bids for all of their projects, requiring prequalification may prejudice the delivery choice toward hard bid general contractors where there is only one bid category and the district may be looking at a maximum of ten prequalification packages. We believe historically hard bid general contractors have not been as cost-effective for school districts as a well-operated multiple-prime delivery process.
3. The current bid market contains considerable price volatility. With regard to multiple-prime contracting, it is very difficult to predict final pricing in any given category. Consequently, given the current language of the bill at 20111.6(a) (says "expenditure" and not "estimated expenditure"), school districts will want to prequalify any category within 10 percent of this level. This will likely add another 25% or so to the number of categories needing prequalification on any given project. The final math could look like 13 categories times 8 bidders per category or around 104 prequalification packages to review prior to bid—per project or per quarter/year. The heart of the DIR prequalification package is 37 pages so the district could have 3,848 prequalification pages to review.

David Walrath, Legislative Advocate
Murdoch, Walrath & Holmes

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4. Our experience is that school districts receive far more appeals to prequalification determinations than any other process. Requiring prequalification will delay certain projects which will increase project costs. It will particularly impact planning of projects with a limited window, such as summer modernizations.

For these reasons, ACCM has adopted an OPPOSE position on Senate Bill 258 (Oropeza).

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "David Walrath". The signature is fluid and cursive, with a large initial "D" and "W".

David Walrath
Executive Director

cc: The Honorable Jeannie Oropeza
Kimberly Rodriguez, Assembly Appropriations Committee