



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

Report Number:	253 – 09/10
Date:	February 16, 2010
Subject:	Facilities Services Division Contracts Report
Responsible Staff:	
Name	Gregory A. Garcia, Director
Office/Division	Facilities Contracts, Facilities Services Division
Telephone No.	(213) 241-5131

B. BOARD REPORT

- Action Proposed:** The Board of Education (Board) approve the contract actions taken by the Facilities Services Division within delegated authority as listed in Attachment “A,” and approve the Professional Services Contract actions presented in Attachment “B.”
- Background:** Facilities staff prepares monthly reports of Facilities Division contract actions necessary for the execution of the projects approved by the Board and contained in the New Construction Strategic Execution Plan (SEP), the Existing Facilities SEP, and the Planning and Development SEP in accordance with Board delegated authority.
- Expected Outcomes:** Approval of this item will allow services provided by these contracts to proceed in support of the New Construction, Existing Facilities, and Planning and Development programs developed to support Board policies and goals.
- Board Options and Consequences:** The Board can approve all actions presented, or postpone selected actions pending receipt of additional information. Postponement of actions presented for approval in Attachment “B” will delay contract award and contractor performance, and may impact project completion schedules.
- Policy Implications:** This action does not change District policy and conforms to Education Code §17604 that permits the Board to delegate authority, which the Board exercised on June 26, 2007.
- Budget Impact:** The contract actions presented are within the budget authority previously approved by the Board.
Approval of Contracts Awarded under Delegation of Authority and within Board approved budget (Attachment “A”):



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

- Professional Services Contract Amendments under the Terms of December 12, 2006, Board Approval – 12 totaling \$65,000,000.00

Request for Approval of Contracts (Attachment “B”):

- Authority to award Professional Service Contracts to provide Construction Management services to firms selected via RFQ #10020.

Issues and Analysis:

Additional information is provided in the attached informatives.

Attachments:

Informative

**Desegregation
Impact Statement**

Respectfully submitted,

APPROVED BY:

RAMON C. CORTINES
Superintendent of Schools

JAMES MORRIS
Chief Operating Officer

APPROVED & PRESENTED BY:

REVIEWED BY:

GREGORY A. GARCIA

DAVID HOLMQUIST
General Counsel

Director,
Facilities Contracts

No Legal Issues

Legal Informative

REVIEWED BY:

YUMI TAKAHASHI
Budget Director

No Budget Issues

Budget Informative

BOARD OF EDUCATION REPORT NO. 253 – 09/10
ATTACHMENT A
APPROVAL OF CONTRACTS AWARDED UNDER DELEGATED AUTHORITY

A. AWARD OF PROFESSIONAL SERVICE CONTRACTS

**AMENDMENTS UNDER THE TERMS OF DECEMBER 12, 2006,
BOARD APPROVAL**

\$65,000,000.00

Exercise option years for Construction Management contracts to adjust for projected firm use and merger of New Construction and Existing Facilities. These actions are accomplished within the Board approval of December 12, 2006. in the aggregate amount of \$400,000,000.00 and are consistent with set budget constraints approved by the Board in the SEP. A balance of \$119,000,000.00 remains from the original December 12, 2006 Board authorization.

An Informative on this item has been provided.

0790036, 0790037, 0790038, 0790039, 0790040, 0790041, 0790042, 0790043, 0790044, 0790045, 0790046, and 0790047

BOARD OF EDUCATION REPORT NO. 253 – 09/10
ATTACHMENT B
REQUEST FOR APPROVAL OF CONTRACTS

A. APPROVAL OF PROFESSIONAL SERVICE CONTRACTS

Authority to award to qualified firms that were selected via RFQ 10020 in the aggregate not to exceed amount of \$65 million dollars for an initial two year term with 3 one year options to renew. The amount awarded per firm will be based on needs of Bond Program. Prior to award, due diligence will be completed for each firm.

Informatives on these items have been provided.

<u>CONTRACTOR</u>	<u>SERVICES</u>	<u>NOT TO EXCEED AMOUNT</u>
AECOM Technical Services, Inc.	Construction Management Services	\$65,000,000.00 Aggregate for all Contracts
APSI Construction Management		
ARCADIS US, Inc.		
Beezley Management, LLC		
BORJ Construction Management, Inc.		
Bovis Lend Lease		
Citadel CPM, Inc.		
CMTS, Inc.		
Cordoba-TELACU (Joint Venture)		
CUMMING Construction Management, Inc.		
DACM Project Management, dba Dugan & Associates Construction Management , Inc.		
Del Terra Real Estate Services, Inc. dba Del Terra Group		
ECM Group, Inc.		
Gafcon, Inc.		
Gateway Science & Engineering		
gkkworks		
Global Business Solutions, Inc.		
Harris & Associates		
Heery International, Inc.		
Integrated Engineering Management		
Jacobs Project Management Co		
JG Management Consultants, Inc.		

BOARD OF EDUCATION REPORT NO. 253 – 09/10
ATTACHMENT B
REQUEST FOR APPROVAL OF CONTRACTS

A. APPROVAL OF PROFESSIONAL SERVICE CONTRACTS (CONT.)

Authority to award to qualified firms that were selected via RFQ 10020 in the aggregate not to exceed amount of \$65 million dollars for an initial two year term with 3 one year options to renew. The amount awarded per firm will be based on needs of Bond Program. Prior to award, due diligence will be completed for each firm.

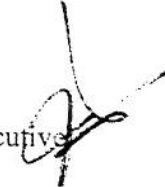
An Informative on this item has been provided.

<u>CONTRACTOR</u>	<u>SERVICES</u>	<u>NOT TO EXCEED AMOUNT</u>
K12CM Program Partners (Joint Venture)		
Kal Krishnan Consulting Services, Inc.		
Lundgren Management Corporation		
McKissack & McKissack Midwest, Inc.		
Orgel Construction Management		
Pacifica Services, Inc.		
Paragon-Simplex, Joint Venture		
Parsons Commercial Technology Group, Inc.		
Seville Construction Services, Inc.		
Simpson & Simpson Management Consulting, Inc.		
Swinerton Management & Consulting		
TBI & Associates, Inc		
The Seville Group, Inc. dba SGI Construction Management		
Tishman Construction Corporation of California		
Turner Construction Company		
URS Corporation		
Vanir/LiRo Group (Joint Venture)		
Yang Management, Inc./HNTB (Joint Venture)		

INTER-OFFICE CORRESPONDENCE
Los Angeles Unified School District

INFORMATIVE
JANUARY 21, 2010

TO: Members, Board of Education
Ramon C. Cortines, Superintendent

FROM: James Sohn, Interim Chief Facilities Executive 

SUBJECT: **UPDATE ON CONSTRUCTION MANAGEMENT CONTRACTS – RATE CHANGES AND NEW RFQ**

Background

As we have been discussing over the past several months, LAUSD's Bond Program is experiencing cash flow constraints as a result of the State's continued hold on the release of matching funds for school construction and modernization and the restrictions on the District's ability to issue local bonds due to a decrease in Assessed Valuation. In an effort to identify funds to ensure that our current Bond Program can be completed as planned, the Facilities Services Division began exploring ways to reduce costs associated with the use of professional services and construction management contracts.

After discussions with our construction management and professional services partners and much analysis, we determined that it would be equitable and appropriate to reduce the rates charged to the District by 20 percent and to also release a new RFQ for services. On January 5, 2010 a notification was sent to the construction management and professional services firms informing them of the 20 percent rate reduction in their current contracts. On January 7, 2010 the new RFQ was released and is due today by 3:00 p.m.

I have had the opportunity to speak with each of you regarding this topic, however given the closing of the RFQ, the Facilities specific discussion at the January 26 Special Board Meeting, and the anticipated Board action on the new RFQ in March, I wanted to provide you with detailed information on the changes to our construction management contracts.

Rate Change for Current Construction Management Contract

The entire District, including the Bond Program, is suffering unusually significant budget pressures. There is an open discussion regarding a possible Districtwide 12 percent salary reduction, furlough days and massive layoffs of certificated and classified LAUSD staff. Given the difficult budget environment and the need to identify alternative funding for improvements to our students' learning environments, it is reasonable to have contract professionals and their construction management firms share in cost saving measures.

We received feedback from a number of prime contractors and sub-consultants, when options for both retaining key staff and identifying cost savings were discussed. Many firms stated that no change would be best for their operations, which was not surprising given the negative response that most people likely have to rate reductions and a decrease in profits. Several firms did state that they could work with up to a 30 percent reduction. The average of the suggestions offered is 20 percent.

Small Businesses in Current Construction Management Contract and New RFQ

Current and new small firms have the option to partner with prime construction management firms with existing contracts. There is absolutely no change to this opportunity under our existing agreements. To further ensure the participation of small businesses in our Bond Program, mobility of sub construction management firms and individuals between prime firms is also being permitted. Additionally, to be even more inclusive, we are also permitting ultra small firms (fewer than ten) to apply for an exemption to the current minimum standards for experience and number of employees.

For the new RFQ, we have reached out to a large number of new and existing small firms to encourage participation. We anticipate that up to 40 new small firms will be approved as qualified prime contractors on our Program. This is an unprecedented opportunity for firms to become a prime contract partner. With the elimination of sub-consulting firms we are taking the middle man out of the equation, thus allowing each firm to profit only from of their direct services (i.e. prime consulting firms are able to take a portion of the rate paid for a sub construction management firm) and to prevent the penalization of small firms that have to pay a portion of their rates to their prime construction management firm.

New RFQ and Reduced Profits

The new RFQ will mandate a specific multiplier to determine a firm's profit and costs for overhead. Billing rates will be based upon the selected individuals unburdened direct hourly wage (that is within a range defined by the District that is appropriate for the position and individual's experience/education) multiplied by a factor of 1.8. This (1.8) is the average of the suggested rates that were provided over the last three months. Staff and many small local, diversely governed companies view this markup as a good balance between cost and revenue. Please note that LACCD is considering a similar rate reduction.

We are hopeful that all of our construction management partners will see this as an opportunity to continue to grow with LAUSD. Public agencies and businesses in all aspects of the US economy are looking for ways to be more efficient in their operations. Large private companies have many options available to reduce overhead and improve the efficiency of business operations during difficult economic times. However there is a possibility that with a decrease in profit, firms may infer they will remove or actually remove their staff from the Bond Program. Though this is a possibility, we need to do all we can to save precious bond dollars. We do not believe that is a serious concern as LAUSD's Bond Program continues to be the largest public works program in the region. Moreover, other agencies have reduced rates for consulting services.

I hope you find this information helpful. As always, if you have any questions or require additional information, please contact me or Greg Garcia, Director of Facilities Contracts.

cc: Dr. James Morris
David Holmquist
Jerry Thornton
Members, Bond Citizens' Oversight Committee
Greg Garcia