



ACCM Insider

A Better Construction Cost Index

ACCM is working with the Coalition for Adequate School Housing (C.A.S.H.) and others to develop a better Construction Cost Index (CCI) for determining the annual adjustment for the State School Facility Program (SFP) grant amounts. ACCM developed and reported to the State Allocation Board (SAB) data that the current grants underfund school construction projects. C.A.S.H. and others have made similar reports. The question continued to be “Why are school facility grants so low compared to costs when the grants receive annual cost adjustments?”

There are many parts to this question: the original grants were too

low, new state law requirements have not been reflected in the construction cost index and the index did not reflect exclusively school project costs. All of these are contributing factors.

ACCM has proposed that part of the problem is that the CCI used for the annual adjustment includes private projects that do not have prevailing wage requirements. The mixing of prevailing wage and non-prevailing wage data could result in an ongoing deflation of the real cost increases facing schools that must pay prevailing wage.

If the current CCI methodology has a persistent deflation effect,

then that would help explain the 6.74% reduction in grants caused by the index. Schools will face increasing construction costs as construction improves but the projects could be frozen at the reduced grant amounts.

ACCM is working to restore the 2010 grants to the 2009 grant level. ACCM is working to develop a better CCI for future grant increases. ACCM will work to include more than just labor and materials as costs to be included in a school specific index.

State Bond Funds for School Apportionments

In January, ACCM convened a meeting of builders, labor, the Coalition for Adequate School Housing (C.A.S.H.) and ACCM to coordinate efforts for having the state include school bonds in the next bond sales and to make new bond sales. All participants met with state officials (Department of Finance, State Treasurer, State Controller, Legislators) and worked to expand the number of organizations participating in the effort. C.A.S.H. stated a strong membership grassroots campaign of letter writing from school districts and businesses. With ACCM, data was developed to show how many

jobs would be created by each project and the total of new jobs in each Assembly and State Senate district.

The effort has been successful with school bonds sold in the last state bond sale and the expectation of additional school bonds being sold in future state bond sales.

The State Allocation Board will schedule projects for apportionment during their April board meeting.

While selling school bonds will help create jobs by funding school facility projects, there continues to be a

need for more school bond authority. ACCM will be working to have a new school bond for 2010. The bond probably will be a lease-revenue bond that would not require a 2/3 vote in the legislature nor state-wide voter approval on the November ballot.

Inside the Insider...

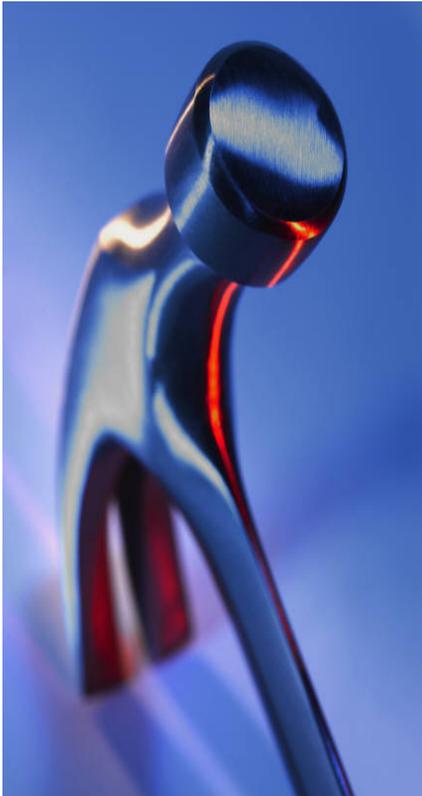
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Construction Management Recognized in AB 220

Construction management is specifically identified as a contract cost in Assembly Bill 220. The ACCM supported bill includes CM costs as costs school districts can count toward making substantial progress for a state fund release. Current SAB regulations only allow construction contracts to count toward contracts costs for a fund release. AB 220 continues ACCM's progress toward increasing recognition of CM services.

The AB 220 provisions are important and came even though some legislative staff still question whether CM services should be an allowable expenditure for state bond funds.

ACCM will continue to educate Legislators, legislative staff and state agency staff on the importance of CM services and alternative delivery methods.



ACCM Calendar

May 2010

6 Officers' Conference Call-4 p.m.

June 2010

3 Officers' Conference Call-4 p.m.

July 2010

1 Officers' Conference Call-4 p.m.

August 2010

5 Officers' Conference Call-4 p.m.

September 2010

2 Officers' Conference Call-4 p.m.

October 2010

12 ACCM Membership Meeting
Westin South Coast Plaza, Costa Mesa

Meeting dates and times subject to change.



Working with DSA

During the Coalition for Adequate School Housing (C.A.S.H.) Annual Conference, State Architect David Thorman and Deputy Kathy Hicks asked for recommendations on how the Division of the State Architect (DSA) can better serve the construction and architectural community. They specifically asked for points DSA Field Engineers should consider before they request a change to the approved plans and specification in the field. ACCM is working with DSA to provide our suggestions on this issue.

ACCM Members Receive One-On-One with DOF

ACCM held its General Membership Meeting on February 24, 2010 at the Sacramento Convention Center. Items on the agenda included discussion of the ACCM workshop at the CASBO Conference, recent letters submitted to the Department of Industrial Relations (DIR) and the Division of the State Architect (DSA), information on the state bond sale campaign and a legislative update.

with the process of how the DOF distributes funding throughout the State. Members were able to ask questions and address concerns in the industry.

ACCM will be presenting a workshop on Best Practices for Project Delivery during the CASBO Conference on April 17. Information on the conference can be found on CASBO's website at www.casbo.org.

The highlight of the meeting was guest speaker, Jeannie Oropeza of the Department of Finance (DOF). Ms. Oropeza addressed the group and discussed the bond sale along

Recent letters that ACCM has submitted on various legislation and to state agencies can be found on our website, www.accm.com.

ACCM 2010 Legislation Update

New Legislation of Interest

Senate Bill 1227 (Runner)

ACCM has adopted an oppose position on Senate Bill 1227. This legislation would transfer the responsibility for approving school facility plans from the Division of the State Architect (DSA) to local planning departments.

ACCM opposes for three reasons:

1. Local planning departments would not provide consistent statewide or region wide reviews of school projects. Because SB 1227 would spread the review and approval to more than 100 local planning agencies, the effect would be schools meeting different requirements depending on the local agency reviewing the plans. Contractors working in different planning areas would not have consistency. The lack of consistency would increase costs for both the school district client as well as for the contractor.
2. Local planning departments would not be familiar with school facility requirements; therefore, the review and approval process could be delayed. The delay would also result in increased costs for the school district owner and the contractor.
3. Local planning departments will be more susceptible to local pressures to require more off-site improvements and California Environmental Quality Act (CEQA) mitigation even if the CEQA lead agency determines

the mitigation and improvements are not necessary. This would also increase costs for the school district owner and the contractor.

State funding is limited to the state per-pupil grant amount. The annual Construction Cost Index (CCI) does not address increased plan review costs, off-site costs or the costs associated with delay. All of these costs would have to be covered by increased local bonding with property tax increases or reducing project scope to be less than a complete school.

Other Bills of Interest

Assembly Bill 1693 (Ma)

Building Standards: Code Adoption Cycle

Relates to the Building Standards Law. Modifies the code adoption cycle and extends it. Requires the Building Standards Commission to publish the supplements in the intervening period instead of each intervening year.

Assembly Bill 2036 (Berryhill)

Public Works: Stop Notices

Requires a public entity to promptly tender its defense to the original contractor in any litigation to enforce the stop notice, and, if the contractor accepts that tender, requires the public entity to reduce the amount withheld to the amount necessary to answer the claim stated in the stop notice.

Assembly Bill 2096 (Miller)

Public Contracts: Claims: Arbitration of Disputes

Allows a public agency and a contractor to mutually agree to resolve a claim through independent arbitration.

Senate Bill 1249 (Ducheny)

Contracting by State Agencies: Best Value

Requires competitive bid contracts for construction projects, including projects of the California State University, contracts for goods and services, and contracts for information technology acquisition.

ACCM Officers

President
Kris Meyer

Ledesma & Meyer Const. Co.
(909) 476-0590

Vice President
Terry Street

Roebbelen Const. Mgmt. Srvcs.
(916) 939-4000

Secretary/Treasurer

Paul Bonaccorsi
WLC Construction Services
(909) 476-6005

Officer At-Large

Dick Cowan
Davis Reed
(916) 504-4070

Officer At-Large

Ed Mierau
Neff Construction Inc.
(909) 947-3768



Cowan's Corner

News from DSA

by Dick Cowan, Davis Reed



ACCM has written a letter to the Division of the State Architect (DSA) in opposition to a DSA planned policy which would take away the flexibility of districts to use deferred approvals for fire sprinkler systems. Draft Policy 10B and the ACCM letter opposing it are available on the ACCM website.

The Building Standards Commission had approved all DSA recommended code changes so they will be published in July 2010 and take effect January 2011. ACCM members reviewed all code submissions and worked with DSA staff for adjustments where CM input was appropriate—mostly in the Testing and Inspection areas. Portions of the Green Code are in effect now—some are voluntary, some mandatory—within the published code document, look at the Application Matrix to see which are which. Some groups are pressuring DSA to adopt regulations more stringent in ADA requirements than the Code adopted by the Building Standards Commission—so far legal opinion has held; DSA cannot do this.

With furloughs and restrictions on overtime, bin time for plan check has crept up to 12 weeks. (Almost a quarter of a year!) ACCM has, in the past, written the Governor to explain the folly of desiring jobs and construction in place while throttling the DSA's ability to get plans out the door.

DSA has developed Statewide Teams made up of members from each DSA office working to attain consistency and improve processes Statewide. A few topics being discussed are:

Project Services Statewide Team—Desk manual for Intake Architects, cell tower approval and supervision issues.

Business Services Statewide Team—Policy and process for scanning and archiving project files.

Fire & Life Safety Team—Eliminating deferred fire sprinkler approvals, consistency in review, working so the Office of Public School Construction (OPSC) can see design and therefore cost eligibility of fire flow improvements or design elements.

Field Engineer Statewide Team—What to do if scope is omitted, ADA work for budget reasons leaves a project that would not have been approved.

Green Statewide Team—Improvements to high-performance incentive in cooperation with OPSC.

Access Statewide Team—Published construction tolerance bulletin, considering open book CASp exam.

If ACCM members would like to engage in helping on these issues, many DSA Advisory Board Committees align with the teams and welcome volunteers and participants. Contact Dick Cowan at Davis Reed at dcowan@davisreedinc.com to discuss.

The Advisory Boards Testing and Inspection Committee found that unresolved DSA Field engineer trip notes issues could hold up certification. But the distribution of these notes and what items remain unresolved is very limited. Be sure your CM's in the field seek out these notes and ensure all issues are closed before completion of the project.

Heads up—Department of Water Resources is developing amendments to Title 24 which may require structures improved in a flood plain to have exits and safe havens above the flood elevation. Schools on stilts? Or on big mounds? Maybe that's what the pyramids of Mexico were. Also, new construction or major modernizations submitted for approval from the California Department of Education after July 1 must be supported by Education Code specs.