

Board Presentation

Construction Delivery Methods
October 27, 2020



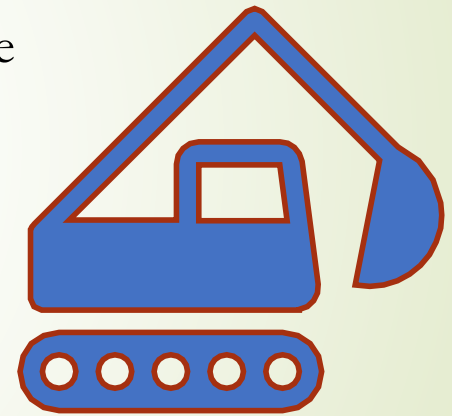
What are “Project Delivery Methods?”

- Process by which the procedures and components of designing and building a project are organized and put together in an agreement that results in a completed project.
- The District’s approach to organizing the project team that will manage the entire design and construction process.
- The contractual relationships between the district, architect/engineer (A/E), contractor(s), and the management services utilized to design and construct a project.



Project Delivery Methods

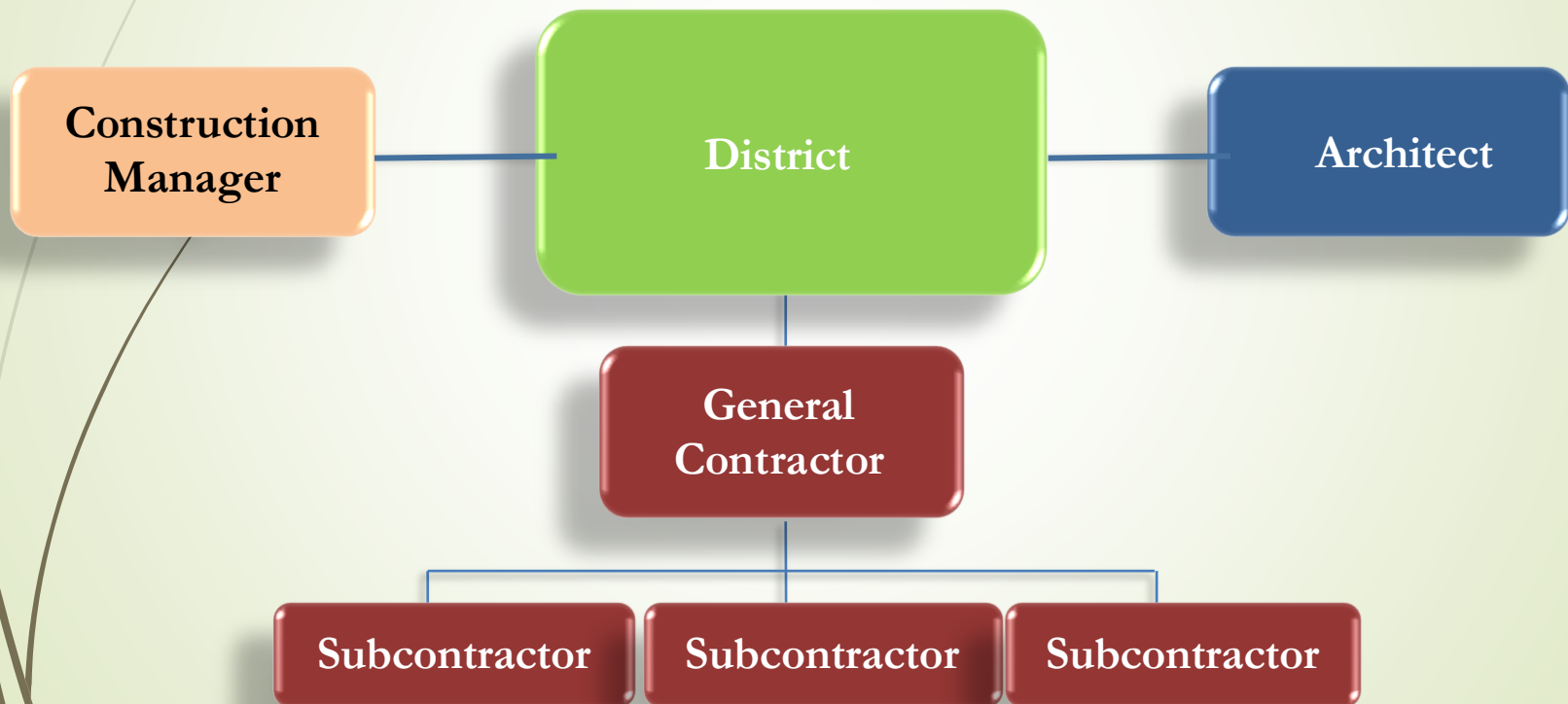
- Traditional “Design-Bid-Build”
- Construction Management/ Multiple Prime Contractors (CM/Multi-Prime)
- Lease Leaseback
- Design-Build



Design-Bid-Build

- This is the project delivery method used by LCUSD
 - District's hired Architect completes plans and specifications
 - Project is competitively bid
 - Requires award of contract solely based upon price to the lowest "responsive, responsible" bidder
- **Pros + Cons**
 - Most common delivery method. Lots of experience in this method by all parties
 - Well defined relationships, procedures and rules of conduct have been worked out and understood
 - Fully coordinated drawings are critical. The risk of cost increases depends to a large extent on the accuracy and completeness of the work scope and contract documents.
 - If the documents are poor or scope of work is undefined then the potential for change orders is high. This can lead to contract problems and litigation.
 - Lowest price going into the job
 - No collaboration from contractor prior to bid. Relationship could be adversarial.

Design-Bid-Build



CM/Multi-Prime

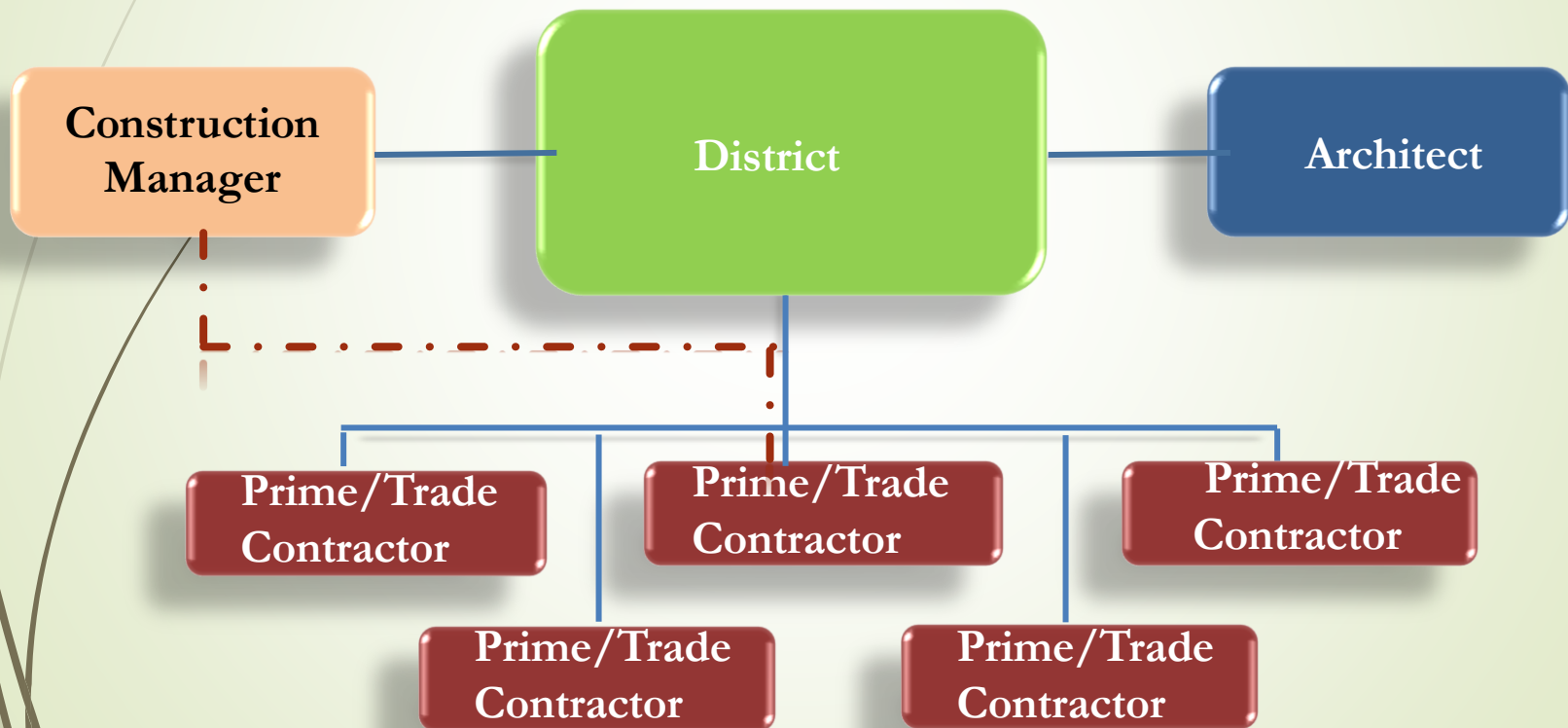
➤ This project delivery is common with school districts. Has not been used by LCUSD.

- District selects the Architect who prepares the plans and specifications
- District selects CM firm based on qualification & expertise prior to design being completed or possibly started
- The CM prepares bid package for all trades (sub-contractors)
- The trade bid packages are publicly bid. District contracts directly with each sub-contractor (low-bid selection)

➤ **Pros + Cons**

- CM Responsible to deliver the project on budget and on schedule
- CM has no contractual responsibility/control with sub-contractors
- District must manage multiple contracts
- High level of District involvement
- Higher District risk since the District holds contracts with sub-contractors
- District thru the CM has greater control over the construction schedule and change orders
- Each trade contractor provides performance & payment bonds

CM/Multi-Prime



Lease-Leaseback

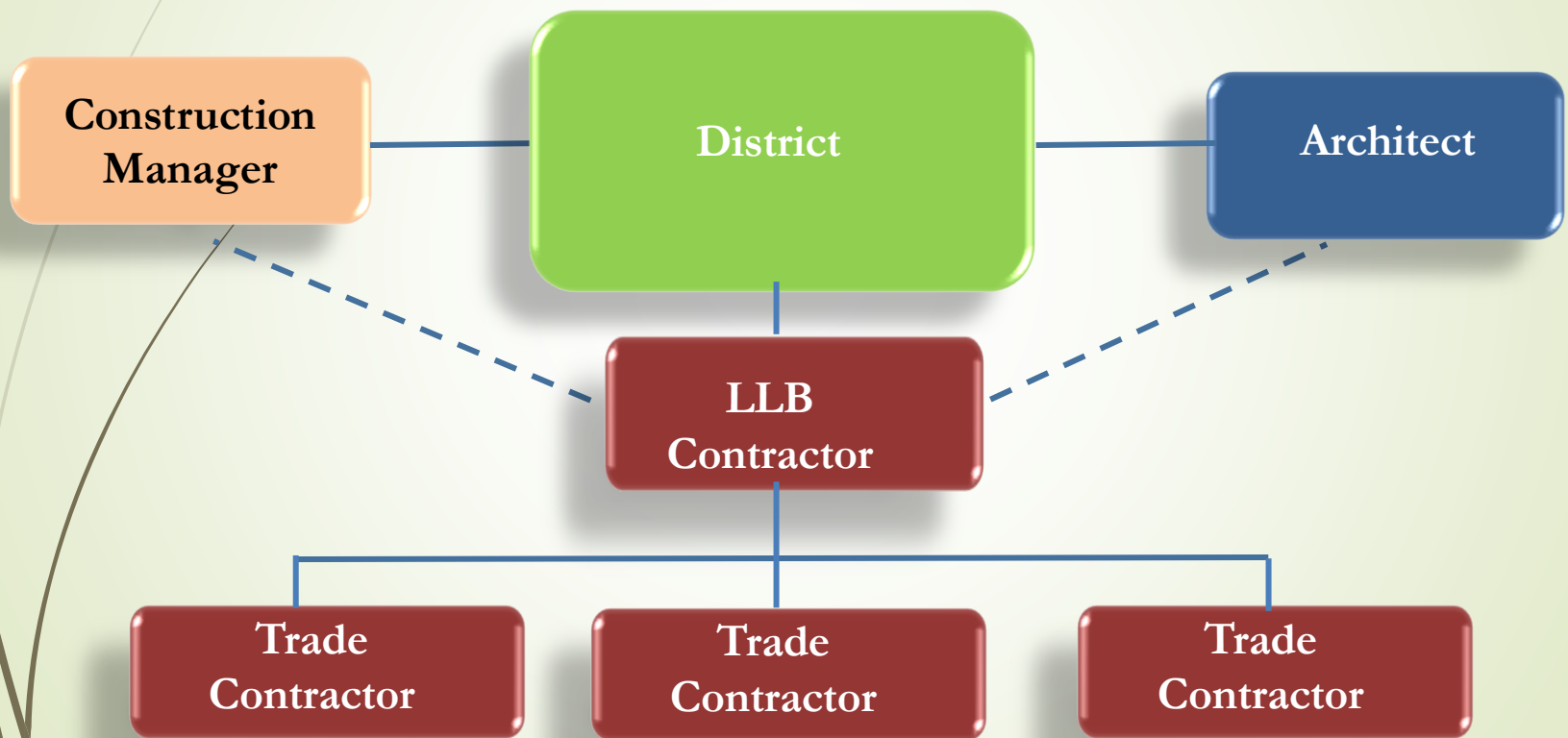
- **Education Code 17406** allows District to lease property to a developer who will build project and leaseback to the District
 - Has become very popular with school districts. Has not been used by LCUSD on Measure LCF.
 - General contractor is selected through a competitive process (“Best Value” - not one based on price alone)
 - District leases property to the lease-leaseback contractor (Site Lease)
 - Lease-leaseback contractor leases the facilities and subleases the property back to the District (Sublease)
 - Lease-leaseback contractor constructs the facilities in accordance with the construction services agreement
 - District owns the facilities after the construction and after the end of the lease term

Lease-Leaseback

➤ Pros + Cons

- Prequalification required in accordance with Public Contract Code 20111.6
- Competitive RFP process for selection of LLB Contractor (Best Value)
- Greater involvement of legal counsel. Perhaps more than any other delivery method
- Additional Labor Requirements - Compliance with Skilled and Trained Workforce Requirements
- LLB Contractor may be involved early in design phase – Allows for team approach in delivering the Project
- Flexibility to address project complexities up front
- District's control of change orders thru contingency in contract
- Reduces risk of change orders, claims and other construction issues
- Modestly more expensive than design-bid-build
- Still some possibility for claims and disputes

Lease-Leaseback





Design-Build

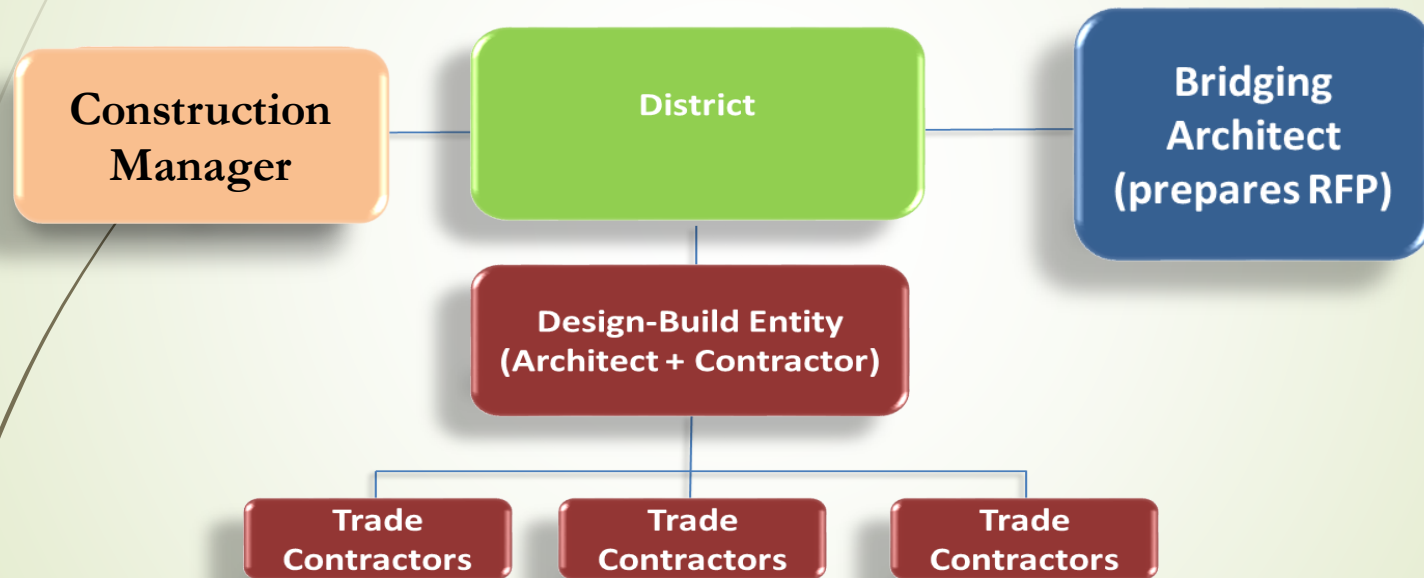
- This delivery method is unique whereby there is a single contract with one entity to both design and construct the project. Ultimate in integrated project delivery process
 - Not widely used by K-12 Districts
 - Best Value or Lowest Bid is authorized by statute. May be used on projects of \$1 million or greater (Ed Code 17250)

Design-Build

- **Pros + Cons**

- Prequalification required of all contractors and subcontractors of all tiers and dollar amounts
- Competitive RFP process for selection of Design-Build Entity (DBE)
- Additional Labor Requirements - Compliance with Skilled and Trained Workforce Requirements
- A “Bridging Architect” is needed to create performance standards before contracting with DBE
- Strong collaboration with Contractor/Architect team (On Same Team)
- Single point of responsibility for the District with fewer changes
- District can ask for a guaranteed cost during design
- The design risk shifts to the DBE
- Potential for less control by District of design and design details
- Insurance and bonding details could be complex
- Strong assurances needed to maintain quality
- Upfront legal costs can be significant

Design-Build



Traditional or Alternative Delivery Method?

In deciding whether to use an Alternative Delivery Method instead of the traditional Design-Bid-Build, it is worthwhile to ask the question, “Why and when would you not use a traditional delivery method selection (Lowest Bid)?”

➤ Here are some questions we should answer:

- Do we have the confidence in the market to price the project appropriately? Do we think using Lowest Bid would likely lead to the price being driven so low that the winning contractor would be tempted to sacrifice project quality in order to avoid financial harm?
- Have our projects been typically successful with Lowest Bid? And do we want to try something different—do things a different way?
- Do we have the resources to manage an Alternative Delivery Method?
- Can we pre-qualify on our low bid projects? “Best Value” allows us to consider other qualitative factors such as experience, schedule, safety and past performance.
- Do we think we can execute and maintain a fair selection process that can withstand any protest?