

# Stuart & Associates

## Governmental Consultants

TO: Superintendents and Facilities Directors

FROM: Susan Stuart

DATE: August 17, 2010

RE: July 8, 2010 SAB Implementation Committee

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### **SAB Implementation Committee** **August 12, 2010**

#### **Meeting Schedule**

The following is a schedule of the Implementation Committee meetings through the end of the year:

- September 9, 2010 – Sacramento
- October 14, 2010 – Sacramento
- November 10, 2010 – Sacramento
- December 2010 – TBD

Meetings may be moved to the second Thursday of the month – depending on Furlough decisions.

#### **Remote Interaction**

The items of discussion will be made available prior to the meeting on the OPSC homepage. Stakeholders will be able to submit email questions up to 5 pm the day prior to the meeting and their questions would be presented during the meeting. Email comments on Implementation Committee discussion items need to be sent to:

[SAB-Imp@dgs.ca.gov](mailto:SAB-Imp@dgs.ca.gov)

#### **Construction Cost Index**

The SAB directed the Implementation Committee to consider whether they should continue to use the Marshall Swift (M&S) index or change to the Lee Saylor index (LSI) or Engineering News Record (ENR) index.

#### **Eight California Cities**

Alan Burch of M&S identified the eight metropolitan areas used for the Eight California Cities. They included:

- Bakersfield

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- Eureka
- Fresno
- Los Angeles
- Sacramento
- San Bernardino/Riverside
- San Diego
- San Francisco

### **Marshall and Swift (M&S) Index**

The M&S index takes into account building materials and prevailing labor rates. However, stakeholders claimed the index formula has not changed in years – that it may not include changes in building materials and what is now considered standard - such as double paned windows. In addition, it was not clear whether the raw materials needed to build facilities included mark-up costs related to the material handled by a middle-man, i.e., lumber may be sent to a manufacturer to create glu-lam beams – which may or not be reflected in the index.

Other discussion items of interest:

- The M&S index considers overhead and profit as soft costs.
- The M&S does not currently forecast the index for possible economic changes in material and labor rates.
- The SFP uses the M&S index, but the plan verification unit at OPSC uses the Lee Saylor Index (LSI). Stakeholders believe the LSI more accurately reflect school projects..
- Prevailing Wage requirements must be incorporated into all calculations.
- A separate index could be created for elementary, middle and high schools and also for financial hardship districts

The chair requested a customization of the index to better reflect the actual costs of building a school. M&S indicated they could create an index to meet the needs of the SAB relating to school construction in California. The committee's tone was such that if such a model was developed, the LSI should also be allowed to respond to some form of RFP.

### **Grant Adequacy**

The discussion on the CCI relationship to grant adequacy was deemed to be a separate issue by the Chair. There will be a future discussion relating to the 6 percent augmentation provided by AB 127 to address the inadequacy of the per-pupil grant provided by the SFP.

## **Future Items**

### **Future Discussion Items**

The Chair identified the following additional issues to be discussed at future Implementation Committee meetings:

- AB127 – discretionary 6 percent per pupil grant augmentation
- SB X2 9 – Labor Compliance