May 8, 2024 | Galleon II | 12:45pm

Building Tomorrow: Strategic Construction Coordination in Southern Region Texas School Districts

Katy Independent School District

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

VLK | ARCHITECTS

2024 A4LE | SOUTHERN REGION CONFERENCE

Learning Objective

- Cost Optimization through Strategic Planning: Understanding strategic planning in construction coordination focuses on cost optimization. By efficiently managing timelines and resource allocation, school districts can maximize the value derived from tax dollars, demonstrating responsible financial stewardship.

Learning Objective

- Collaborative Efforts: The collaborative efforts highlighted in the presentation extend to community impact. By fostering collaboration among school districts and stakeholders, there can be a positive ripple effect on the broader community, sharing resources, knowledge, and potentially reducing overall construction costs.

Learning Objective

- Navigating Regulatory Frameworks: Bid scheduling involves navigating regulatory frameworks efficiently. Compliance with bidding regulations ensures fair competition, transparency, and accountability in the allocation of construction projects, aligning with fiscal responsibility and community trust.

Learning Objective

- Lessons Learned and Best Practices: Exploring best practices and lessons learned contributes to fiscal responsibility. By identifying areas for improvement and efficiency gains, school districts can minimize financial waste and enhance the overall cost-effectiveness of construction projects.

WHO WE ARE

Katy ISD

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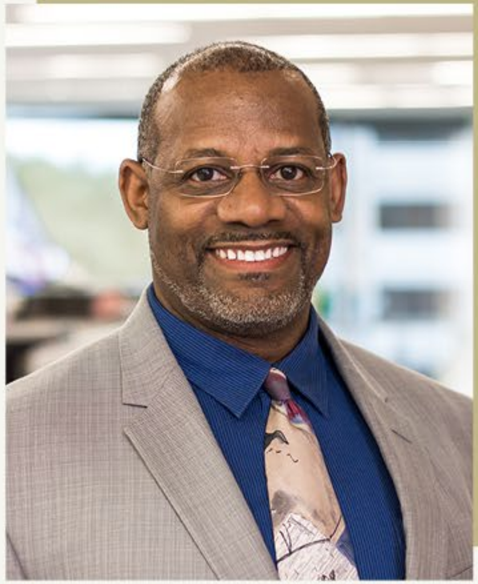

VLK Architects

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AGENDA

AUDIENCE SURVEY

HOW DID WE GET HERE?

PLAN AHEAD

NAVIGATING REGULATORY FRAMEWORKS

COST OPTIMIZATION & RESOURCE ALLOCATION

AGC QUARTERLY MEETINGS

DISCUSSION

Audience Survey

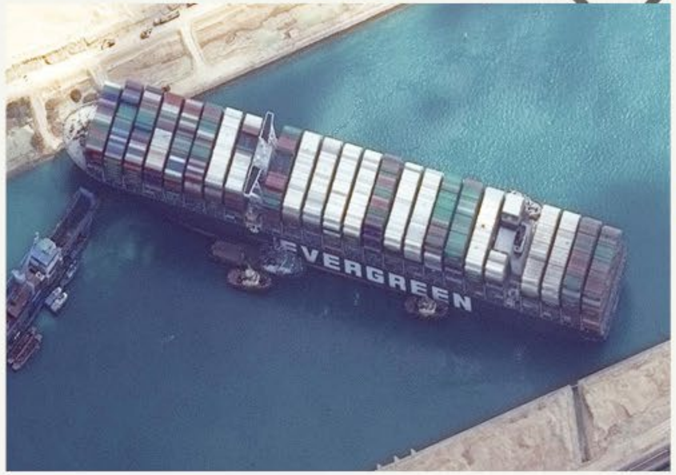
AUDIENCE SURVEY

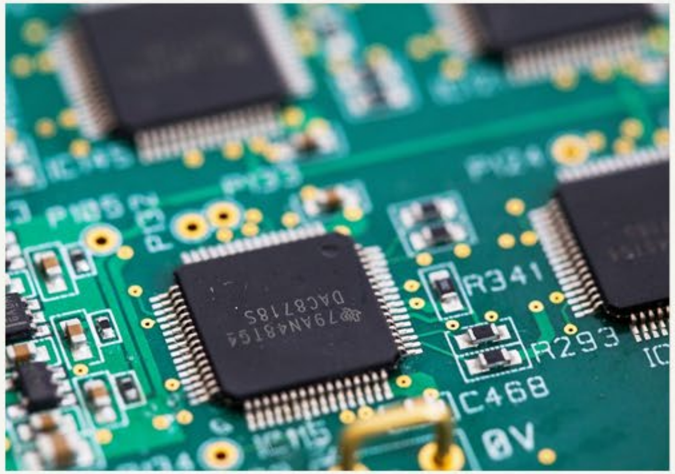
- **How many ISD's?**
  - In-house staff
  - Program Managers
- **How many design professionals?**
- **How many program managers?**
- **How many contractors?**

How did we get here?

HOW DID WE GET HERE?

SUPPLY CHAIN SHORTAGES, STAFFING SHORTAGES, & INFLATION





Plan Ahead

PLAN AHEAD
BOND PLANNING

- Facility Assessments
- Long Range Planning
  - Scheduling
    - Allow adequate time for contractors
    - Consider flexible schedules for long lead items
    - Consider alternates regarding schedule
    - Consider flexible bid dates to work with other projects bidding
  - Finance 101
- Staggered Bidding

Steps to Consider

- FACILITIES CONDITION ASSESSMENT & LONG-RANGE FACILITIES PLANNING
- IN-HOUSE ASSESSMENT/ DOCUMENTATION
- PROJECT BUDGETING

Navigating Regulatory Frameworks

NAVIGATING REGULATORY FRAMEWORKS

Working with Authorities Having Jurisdiction (AHJ)

- Verify review times with AHJ
- Inquire about preliminary review prior to submitting documents
- Verify other reviews as required ie: Health, TDLR, etc
- Submit projects in enough time to allow reviews
- TEA Guidelines

NAVIGATING REGULATORY FRAMEWORKS

Board Approvals

- Construction Delivery Methods
- Procurement of Professional Services
- Safety & Security Mandates

Cost Optimization & Resource Allocation

COST OPTIMIZATION & RESOURCE ALLOCATION
ADDRESSING THE CURRENT CONSTRUCTION MARKET

Metals	Steel prices are in the early stage of a price rise. Iron and steel should rise 4%+. Fabricated metals are escalating faster in price and could soon extend delivery lead times
Drywall/Ceilings	Expect a 15 % increase on ceiling tile and grid spread over the year.
Glass	Inventories are falling. Price increases at this time are slight for glass.
HVAC Equipment	Rising fast due to demand. Deliveries slowing. See our annual report for details on why. Critical materials in this trade area and their extended lead times are negatively impacting schedules and will continue to do so. Examples: chillers 42 weeks delivery and growing; AHU's 24 weeks; air cooled condensers 25 weeks
Plumbing fixtures and materials	Stable for materials. Locally we are seeing an increasing shortage of qualified plumbers. Some companies are turning down work. This will affect schedules and costs.
Electrical	Extended delivery times and rising prices for same reasons as HVAC. Critical materials in this trade area and their extended lead times are negatively impacting schedules and will continue to do so. Examples: Transformers 55+weeks from order. Switchboards stretching 70-80 weeks. Distribution panels 40+ weeks. Generators 52+ weeks. The delivery problem list for key materials in this trade area is long.
Other	There is far more overall local and national construction activity than generally realized. While projects are not apparent at every street corner, this is driving cost bumps, lengthening delivery times, and contributing to manpower supply shortfalls.

COST OPTIMIZATION & RESOURCE ALLOCATION

ADDRESSING THE CURRENT CONSTRUCTION MARKET

Subcontractors and field forces	Subcontractors report post-Covid productivity has not returned to prior levels and worker productivity is dropping. We should expect to see local mid-year wage increases for a number of trades. Durotech's annual 2023 cost report and forecast will discuss this issue in detail and numerically demonstrate how stressed - and why - the situation could become in 2025 and beyond. Some subcontractors have so much work they are bidding very selectively and for increased profit margins. This narrows the pool of bidders and raises project prices.
Schedules	Issues abound in MEP and other select trades (including elevators beginning to become problematic) with delivery lead times as noted elsewhere in this quarterly report. Utility providers now have difficulty securing transformers (1 year+), meters (14 weeks+), and work crews. One electrical supply firm is reputed to be auctioning gear lead time slots. It will be necessary for schedules to change due to key material availability dates and lower labor field productivity. Schedules are no longer square footage rule of thumb driven: schedules must now be seen as driven by material delivery times and available manpower for staffing, and adjustments need to be made in schedules by Owners for these reasons.
Implications for Owners and Projects	Owners must be realistic about opening dates and schedules in light of extended materials availability and lower labor productivity, and less available labor forces. Inserting penalty clauses into contracts has always been a failed formula and will become more so going forward. Schedule durations will have to extend. This will result in higher soft costs for Owners (i.e., interest carry, etc.). Utility services and permits must be secured earlier by Owners. Securing permits must conform with provider and jurisdictional often contradictory and idiosyncratic process. The traditional paradigm of Owners presetting a proposed schedule based on normal building size construction durations is out the window. Owners must be faster to market from their side with building programs, utility, infrastructure, and governmental approvals and permits to recapture or ameliorate the current material and labor project construction delivery issues which will extend for a few years.

COST OPTIMIZATION & RESOURCE ALLOCATION

DELIVERY METHOD

COMPETITIVE SEALED PROPOSALS (CSP)

CONSTRUCTION MANAGER AT RISK (CMAR)

OTHER DELIVERY METHODS

AGC Quarterly Meetings

AGC QUARTERLY MEETINGS
ROUNDTABLE

Discussion

Thank you!

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