

PRESENTATION ON LOCAL HIRE FOR CONSTRUCTION PROJECTS

San Bernardino Community College District

November 14, 2013

SBCCCD - LOCAL HIRE FOR CONSTRUCTION

AGENDA

- **Introduction** – Chancellor Baron
- **Current local workforce analysis** – Domingo Camarano
- **Formalize Board commitment in policy** – Attorneys Thierry Montoya/Ruben Smith
- **Bonding Assistance Program** – Thierry Montoya
- **Lease/leaseback** – Attorney John Dacey
- **Update on Construction Training Collaborative** – Alan Braggins/Matthew Isaac
- **Wrap-up** – Chancellor Baron

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Introduction

Chancellor Baron

SBCCD - LOCAL HIRE FOR CONSTRUCTION

- July, 2012 taking lead from Board and Citizen's Bond Oversight Committee, we began process to Increase local participation in construction.
- Added language to bid specifications
- Kitchell/BRJ monitored workforce
- Hired ADF Consulting (Frances Grice)
- Excellent results hiring local work force
- Take it to the next level
 - Increase local contractors and sub-contractors
 - Strengthen language for bid responsiveness
 - Develop policy to strengthen Board's commitment
 - Assist small, local contractors with bonding
 - Develop training to grow local workforce

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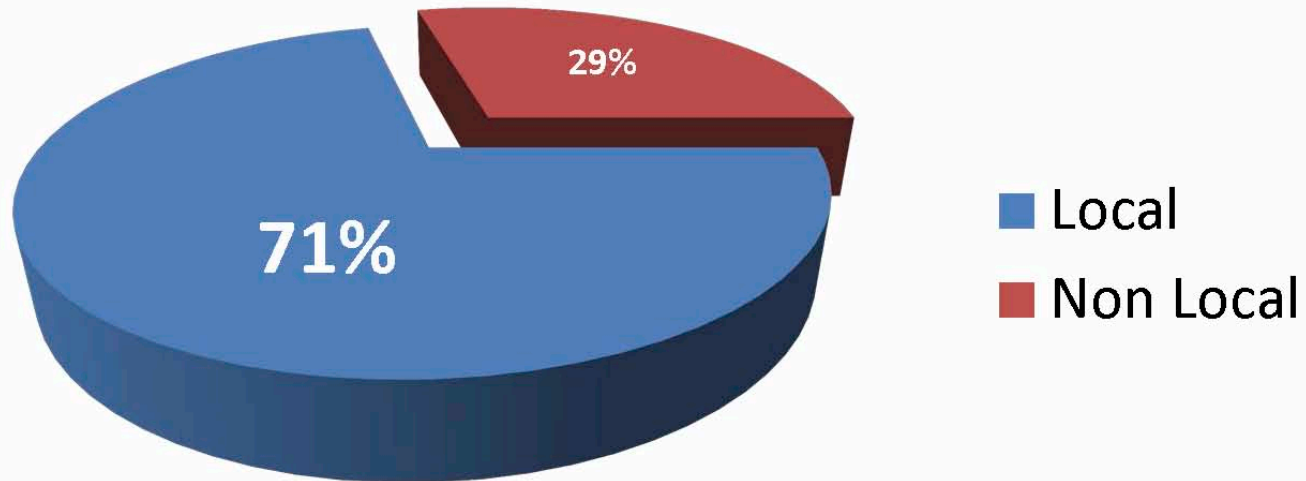
Current local workforce analysis

**Domingo Camarano
Kitchell**

CURRENT LOCAL WORKFORCE ANALYSIS

Labor Summary

Measure M Bond Program July 2012 – September 2013



Includes all active projects from July 2012 – September 2013
Central Plant, Sewer at Grant Street, Site Signage, Business Building & ADA Upgrades

CURRENT LOCAL WORKFORCE ANALYSIS

Detailed Labor By Project

Measure M Bond Program July 2012 – September 2013

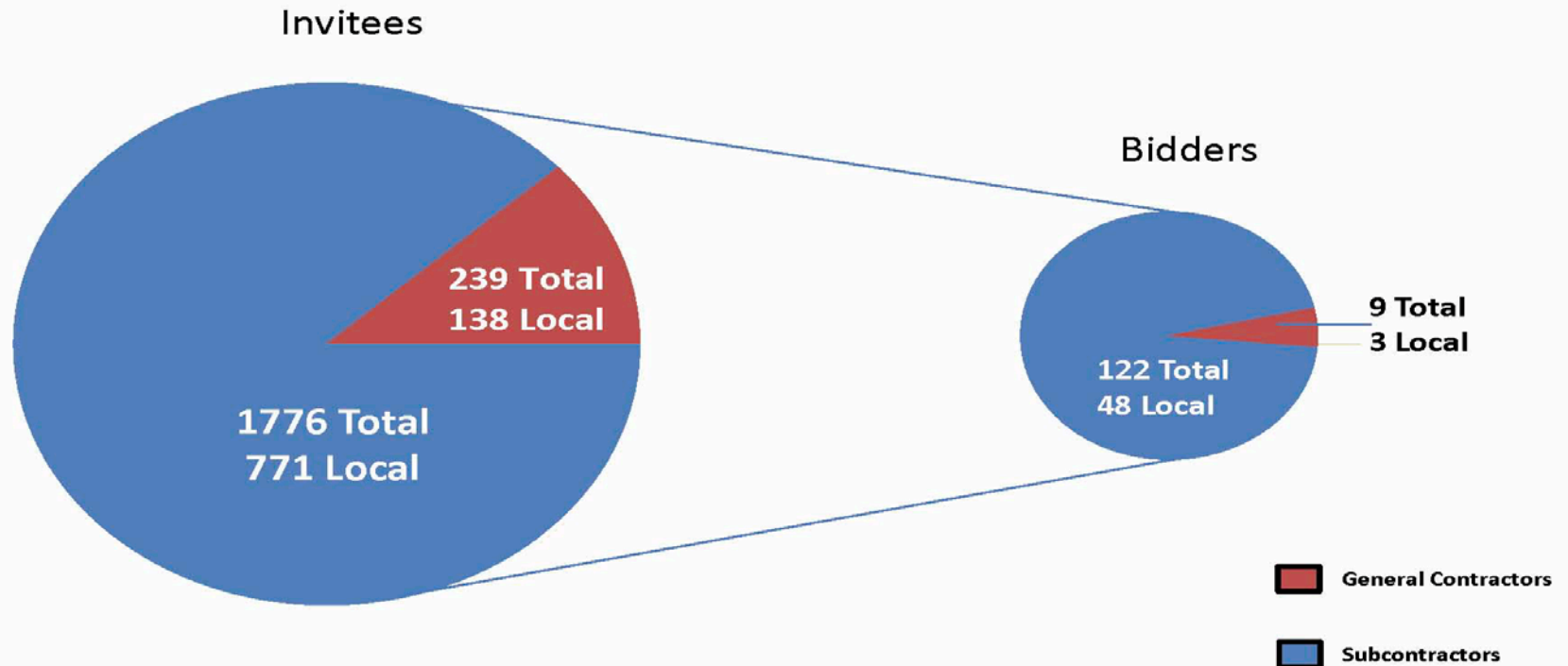
Project	Local	Non Local	% of Local Labor
Central Plant	459	336	50%
Business Building Renovation	517	98	84%
Site Signage	201	57	78%
ADA Upgrade	48	12	80%
Sewer at Grant Street	20	0	100%
TOTAL	1,245	503	71%

These numbers reflect the monthly average for employees over the course of construction.

CURRENT LOCAL WORKFORCE ANALYSIS

Bid Outreach Update

Science Building \$16.8 M, 36,000 SF



Taken from most recent apparent low bidder on October 16, 2013 bid date.

CURRENT LOCAL WORKFORCE ANALYSIS

Bid Results Update

Science Building \$16.8 M, 36,000 SF

Apparent Low Bidder

11 Local Firms out of 20 Subcontractors:

- Utilities – Mack Construction
- Precast Concrete – Pacific Concrete
- Roofing – R&R Roofing
- Glazing – E&R Glass
- Fire Sprinklers – Sunrise Fire
- Plumbing – MPMC
- HVAC– West-Tech
- Electrical – West Coast
- Concrete Slab Coating – Concrete Preparation Systems
- Flooring – Mike’s Flooring
- Painting – PA coatings

2015 Total Calls

79 Job Walk Attendees

11 Local Subcontractors

Totaling **55%** Local Subs

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Formalizing Board commitment in policy

**Thierry Montoya
Alvarado Smith**

FORMALIZE BOARD COMMITMENT IN POLICY

Setting Board Goals

- 50% Participation of Local Hires, and
- 25% Participation of Local Businesses in District Bid Projects
- “Local” means individuals/businesses residing/principal headquarters or permanently staffed regional office in Inland Empire

FORMALIZE BOARD COMMITMENT IN POLICY

Responsiveness on Project-by-Project Basis

- Crafton Hills (OE-2) Bid Documents

Amended To:

Advise all Bidder's of District's strong preference that contractors hire local residents, and,

Participate in Apprenticeship Programs

FORMALIZE BOARD COMMITMENT IN POLICY

Encouragement Through Demonstrated Contractor Effort

- Verification of Compliance through records documenting efforts to locate qualified Inland Empire residents for Project employment
- Default tied to failure to make good-faith effort
- Board will be asked to approve policy in today's action agenda.

Review of Policy

SAN BERNARDINO COMMUNITY COLLECT DISTRICT

BOARD POLICY

TO CREATE OPPORTUNITIES FOR LOCAL HIRES AND LOCAL BUSINESSES ON DISTRICT CAPITAL IMPROVEMENT AND CONSTRUCTION PROJECTS

1. **Definitions.**

- A. "Bid" shall mean all capital improvement and construction bids and proposals that are projected to be funded by the District that are first advertised after the effective date of this policy;
- B. "Local Hire" means individuals residing in the Inland Empire providing work on District Bid work sites.
- C. "Local Business" shall mean a business serving as a contractor or supplier that has its principal headquarters or permanently staffed regional office located within the Inland Empire, and that has held a business license with one of the cities within the Inland Empire for a minimum of 3 months;

2. **Goals.**

- A. The Board establishes goals of fifty percent, (50%), participation of Local Hires and twenty-five percent, (25%), participation of Local Businesses in its District Bid projects awarded each fiscal year. These goals are reflective of the demographics of the community. Bid documents will be amended to include these responsiveness requirements on a project-by-project Bid basis, but the goal will be evaluated based on an entire fiscal year assessment.

3. **Bidding.**

As a condition to be considered responsive, a Bid must include the following:

- A. Demonstrated participation of at least fifty percent, (50%), and twenty-five percent, (25%), of the total bid being performed by Local Hires and Local Businesses; or
- B. A demonstrated good faith effort to include Local Hires and Local Businesses, in accordance with regulations to be issued by the Chancellor; or,
- C. The bidder certifies that it intends to perform ninety-five percent (95%) of the work with its own employees.

Review of Policy

4. **Reporting.**

The Chancellor or his or her designee shall make a report to the Board at least quarterly regarding the District's performance towards these goals.

5. **Coordinating Committee.** The Chancellor or his or her designee shall work with the other public or private entities to promote the Local Hire and Local Business goals and report the progress of these meetings to the Board on at least a quarterly basis.

Approved: _____, 2013

Amended: _____

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Bonding Assistance Program

Thierry Montoya
Alvarado Smith

BONDING ASSISTANCE PROGRAM

- Reduce the Barrier of Bonding Capacity Which Has Historically Precluded Small and Emerging Contractors from Bidding Public Works Projects.
- More Small Local and Emerging Contractors Supports Broader Diversity in the Distribution of Economic Benefits

BONDING ASSISTANCE PROGRAM

Bonding - The Problem

- Surety Accepts Risk of Contractor Non-Payment, Non-Performance So it Must Analyze Contractor's Entire Business Operations.
 - Capacity to Perform
 - Tract Record and History of Company
 - Financial Strength

BONDING ASSISTANCE PROGRAM

How it Works

- District Provides Bid Performance, and Payment Bond Guarantees to Surety at a Discretionary Percentage of Total Bond Amount...
i.e., 40% of Bond Guarantees
- Participating Broker Provides Training/Workshops on Bonding, Financing, Business Management...

BONDING ASSISTANCE PROGRAM

The Benefits

District

- Expand Pool of Bonded Contractors-increasing competition and reducing costs
- Spread Economic benefit to More Diverse Communities

Contractor

- Establish First Bond or Increase Capacity
- Enhance Their Ability to Bid on Public Works
- Grow Their Business

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**Lease/Leaseback construction delivery
Method**

John Dacey

Bergman, Dacey, Goldsmith

LEASE/LEASEBACK DELIVERY METHOD

Authorized by Education Code section 81335

81335.

The governing board of a community college district may let, at a minimum rental of one dollar (\$1) a year, to any person, firm, or corporation any real property which belongs to the district if the instrument by which such property is let requires the lessee therein to construct on the demised premises, or provide for the construction thereon of, a building or buildings for the use of the community college district during the term thereof, and provides that title to such building shall vest in the community college district at the expiration of such term. Such instrument may provide for the means or methods by which such title shall vest in the community college district prior to the expiration of such term, and shall contain such other terms and conditions as the governing board may deem to be in the best interest of the community college district.

LEASE/LEASEBACK DELIVERY METHOD

- LLB is the most advantageous construction delivery method available to the community college district.
- Most Expedient and cost effective method for selecting a well qualified contractor who will provide a competitive price that is then guaranteed by the contractor and its performance bond surety.
- The agreed to cost will be the most the owner will have to pay to complete the project, provided the owner does not change the scope after it signs the contract.

LEASE/LEASEBACK DELIVERY METHOD

- A construction contract awarded by the lease lease-back method is subject to all laws applicable to a public works project in California.
 - Prevailing wage
 - Labor compliance
 - Apprenticeship
 - Subcontractor listings
 - Performance and payment bonds, etc.
 - The only difference is “the process” used to award the contract.

LEASE/LEASEBACK DELIVERY METHOD

- Unlike the competitive bid process, where an owner has little if any say in what subcontractors the general contractor uses, under LLB the owner can set criteria as part of the selection process to ensure more local subcontractor participation in a project.
- Additionally, where the owner requires that the contract price will be established based on “open book” bidding for the subcontractor trades, the process provides the owner with the right to veto a subcontractor selection made by the general in the owner’s discretion.

LEASE/LEASEBACK DELIVERY METHOD

- In summary, the Lease Lease-Back method is the most flexible delivery method available for community college district owners.
- As such, the process can be crafted to fit the owner's needs on a project by project basis, while producing the most qualified contractor at a truly competitive price.

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Construction Training Collaborative

Matthew Isaac

Alan Braggins

SBCCD EDCT

CONSTRUCTION TRAINING COLLABORATIVE

- Formed with direction from Chancellor Baron and assistance from Frances Grice; led by EDCT
- Membership includes:
 - District Staff
 - Three Board members
 - San Bernardino Employment Training Agency
 - County/City Workforce Investment Boards
 - Kitchell/BRJ

CONSTRUCTION TRAINING COLLABORATIVE

- Construction industry's recovery is well underway
- Construction workforce disappeared due to recession
- Goal: prepare the workforce needed for the recovering construction industry; many public projects
- Local hiring policy helps to ensure job opportunities for those we train
- EDCT is proposing to offer pre-apprenticeship training

CONSTRUCTION TRAINING COLLABORATIVE

Vision:

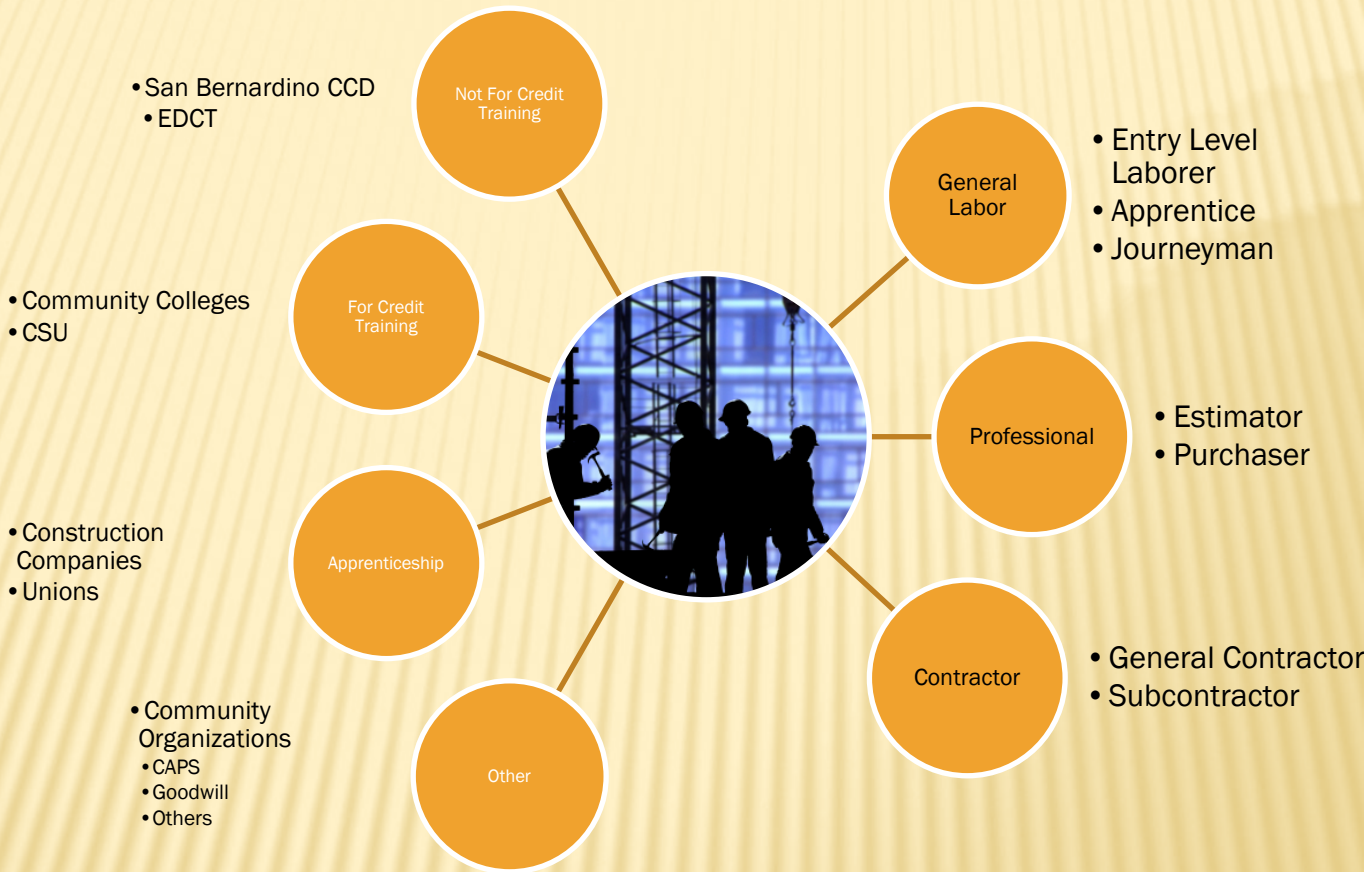
As a collaborative we want to help agencies promote scheduled projects so that we can ensure that the needed resources are available locally to provide maximum benefit to our community. Resources include the availability of bonding, low cost insurance and a trained local workforce.

CONSTRUCTION TRAINING COLLABORATIVE

CTC Projects

- ✘ Recommend local hiring policy adoption to drive demand for a trained local workforce
- ✘ Educate local contractors and project owners on benefits of local hiring policies, available bonding options, low cost insurance and an available trained local workforce
- ✘ Promote industry-standard training to supply

Construction Training Collaborative



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Wrap-Up and Questions