

Board of Trustees Agenda Item

Meeting Date: March 1, 2010

Title of Item:

Measure C Project/Construction Management Review

Background and Analysis:

MGT of America, Inc / WLC Architects and Construction Services was tasked to conduct a review of Measure C Project/Construction Management practices. MGT / WLC representatives have completed their review.

Attached is an initial response from the District staff that includes a summary of the key issues that were identified in the report and the District's initial response to each item. The initial response was prepared by District and College staffs in conjunction with our Program Management/Construction Management Consultant team.

After additional review, a response to each item that is identified in the report will be prepared. Regular updates will be provided for the Audit and finance committee and the Board in the future on progress made to implement process improvements needed to enhance operational efficiency.

Recommendation: Information Only.

Submitted by:	Charles Allen, Executive Director of Facilities, Operations & Construction Management, ext 6150
Is backup provided?	Yes

District Response

Bond Management and Construction Management Process Review

We found that the District had some areas where it was performing strongly in comparison to best practices. A number of these areas fell within the project planning and delivery methods functional areas. Specific areas that the team reviewed that showed examples of strong practices were as follows.

Item Number	Functional Area	Best Practice Description	Team’s Evaluation of District Performance
14	Project Planning	Complete feasibility studies prior to defining budget and scope.	●
15	Project Planning	Utilize a project prioritization process.	●
17	Project Planning	Complete environmental assessment and permitting process timely.	●
18	Project Planning	Adapt successful designs to project sites when possible.	●
21	Delivery Methods	Perform a value engineering study for projects larger than \$1 million.	●
23	Delivery Methods	Include a formal dispute resolution procedure in all contract documents.	●
25	Delivery Methods	Assign a client or user representative to every project.	●
27	Project Packaging	Bundle small projects together whenever possible.	●
37	Financial Management— Integration with Project Management and Reporting	Present summary bid reports in presenting the results of formal bidding.	●

The District concurs with the MGT/WLC evaluation regarding these items.

District Response

Bond Management and Construction Management Process Review

In the majority of functional areas, the team found that there were areas where the District was not performing as strongly as it could, or where it had opportunities to make improvements to the effectiveness or efficiency of how it delivers projects. These areas were not so weak as to prevent the District from delivering any projects timely or within user's expectations. Rather, these are areas where, for the most part, the District can "fine tune" existing processes or better use existing systems to remove obstacles to project delivery and management. The areas that fell within this category were as follows.

Item Number	Functional Area	Best Practice Description	Team's Evaluation of District Performance		Issue Affecting Operational Efficiency	District Response	District Plan of Action
1	Project Cost Control	Create and update a clear, precise scope, schedule, and budget.	●		The District has procedures to help control costs...the District's ability to effectively and efficiently control project costs is hampered by reporting and tracking mechanisms for projects that do not currently meet staff's needs.	Agree (Action Needed)	In preparation
2	Project Cost Control	Establish and track contingency line items by major phase.	●		Contingencies for project budgets should be set up and tracked by major phase (design and construction)	Agree in Part	tbd
3	Project Cost Control	Create accurate, independent, and complete cost estimates and bid documents.	●		District had to cancel two pre-qualifications due to issues with pre-qualification requirements	Already implemented	No additional action required
4	Project Cost Control	Review and fine tune cost estimates with key staff and/or trade contractors.	●		District has opportunities to improve its review and reconciliation of construction estimates to ensure the estimates are complete	Agree in Part	tbd
5	Project Cost Control	Clearly communicate project vision and expectations to users.	●		District has experienced increased costs near the end of construction when user groups request changes because users did not fully understand information/drawings provided to them early in the project lifecycle.	Agree (Action Needed)	In preparation
6	Project Cost Control	Modify procedures for small-dollar projects on a cost-benefit basis.	●		District generally uses the same procedures, including project management, administration, documentation, and reporting	Agree in Part	tbd

District Response

Bond Management and Construction Management Process Review

Item Number	Functional Area	Best Practice Description	Team's Evaluation of District Performance		Issue Affecting Operational Efficiency	District Response	District Plan of Action
					for all projects regardless of size. District has opportunities to reduce some of the administrative work for small projects with more streamlined small projects procedures.		
8	Reporting	Monitor and track consultant and contractor performance.	●		District's performance evaluation process for Program/Project Management consultant is qualitative and does not have specific performance metrics. Creating and using performance metrics that include quantitative metrics would benefit the District by allowing quantification of value received for services rendered.	Agree (Action Needed)	Action plan to be developed
9	Reporting	Establish performance metrics tied to bond and project goals and objectives.	●		The District has not established formal performance metrics. Performance metrics would allow easy identification of overall performance in a given timeframe. The metrics could be tied to the District's strategic goals and facilities master plan objectives.	Agree (Action Needed)	Action plan to be developed
10	Reporting	Track and report costs by project phase or category.	●		Costs are tracked and reported by category. Sometimes the data is found to be outdated or inaccurate. District should ensure that data is updated and accurate.	Do not agree	No additional action required.
11	General Project Management, Governance, and Oversight	Set approval authorizations at an appropriate level.	●		The process for obtaining approvals on various types of documents is not clear and causes inefficiencies	Agree (Action Needed)	Action plan to be developed
12	General Project Management, Governance, and Oversight	Coordinate information and data requests.	●		The District lacks consistency and well defined communication channels which increases costs related to program/project administration.	Agree in Part	tbd
16	Project Planning	Identify project resource (funding) needs in a Capital	●		The District has a facilities master plan but does not have a Capital Improvement Plan	Do not agree	None required at

District Response

Bond Management and Construction Management Process Review

Item Number	Functional Area	Best Practice Description	Team's Evaluation of District Performance		Issue Affecting Operational Efficiency	District Response	District Plan of Action
		Improvement Plan.			which provides the needed project specific actions needed to implement the master plan.		this time.
20	Delivery Methods	Develop and use a standardized project delivery manual.	●		The District project procedures manual is not up to date.	Agree (Action Needed)	Action plan to be developed
22	Delivery Methods	Perform and use post-project reviews and document lessons learned.	●		The District does not have a lessons learned policy that clearly defines what is required in a lessons learned document. Once prepared, lessons learned should be maintained and stored on the web based information management system so that it is readily accessible.	Agree (Action Needed)	Action plan to be developed
24	Delivery Methods	Use a contractor prequalification process on large or complex projects.	●		Steps should be taken to avoid any other "cancelled pre-qualifications". The District should periodically evaluate the effectiveness of the Project Stabilization Agreement to ensure its benefit to the District.	Agree	No action required. Actions / plans are in place to accomplish this item.
28	Change Order Management and Controls	Submit requests for changes to scope, schedule, or budget to the Board.	●		Maintenance of Board approvals on contracts and change orders in records contained in the program/project documentation control system is poor and needs to be better maintained.	Agree in part	Action Plan to be Developed
29	Change Order Management and Controls	Maintain a potential change order log tracked by change order category.	●		The District has opportunities to improve its use of available information in Prolog and Prompt to better forecast and track "estimates at completion". The District should evaluate options to improve the reporting of project cost forecast compared to the current data being provided / tracked by combining data from Prolog and Prompt.	Agree in part (Action Needed)	Action plan to be developed

District Response

Bond Management and Construction Management Process Review

Item Number	Functional Area	Best Practice Description	Team's Evaluation of District Performance		Issue Affecting Operational Efficiency	District Response	District Plan of Action
30	Constructability Reviews	Use a formal quality management system.	●		Constructability reviews are not being done effectively. Typical problems with the reviews include lack of adequate evaluation of conflicts between disciplines, lack of addressing of all comments by the design team, and lack of adherence to industry best practices by conducting constructability reviews during early stages of design on selected projects.	Agree (Action Needed)	Action plan to be developed
34	Financial Management—Integration with District's Accounting and Purchasing System	Implement an electronic progress payment system.	●		Implement electronic workflows for purchase orders and payment requests.	Agree (Action Needed)	Action plan to be developed
35	Financial Management—Integration with Project Management and Reporting	Implement a work breakdown structure to measure project deliverable progress.	●		Difficulties have been encountered when trying to use Project Approval Documents or Prolog systems to obtain current Work Breakdown Structure budgets and costs. Information is often out of date.	Agree in part	Action plan to be developed
36	Financial Management—Integration with Project Management and Reporting	Adhere to the established and Board-approved budget.	●		Difficulties with obtaining updated financial information in Prompt.	Agree in part	Action plan to be developed

District Response

Bond Management and Construction Management Process Review

Finally, in some areas, the team found that the District had areas of weakness that were creating obstacles to successful, efficient, or effective project delivery. Resolving these issues first should be a priority based on the team's assessment. These areas were as follows.

Item Number	Functional Area	Best Practice Description	Team's Evaluation of District Performance	Issue Affecting Operational Efficiency	District Response	District Plan of Action
7	Technology Exploitation	Provide bond oversight and managers with timely, accurate, and detailed reports.	●	Accurate and updated reports are not available to managers because available systems (Prompt and Prolog) are not being used to the fullest extent possible.	Agree (Action Needed)	Action plan to be developed
13	General Project Management, Governance, and Oversight	Create and update a resource-loaded master schedule.	●	Multiple issues identified: 1) The District lacks a means of tracking consultant staff assigned to projects. 2) Tracking systems do not allow measurement of value added by consultant staff nor is there a metric regarding staffing workloads. 3) Although a master schedule is maintained, resources assigned to the master schedule are not kept current 4) There is lack of clarity regarding project sponsors. The organization chart which describes the role of the project sponsors is not on the web site or in the policy and procedures documents.	Agree on Items #1, #2, #3. (Action Needed) Agree in part on Item #4	Action plan to be developed
19	Delivery Methods	Define construction requirements and project roles prior to project initiation.	●	The Project Approval Document (PAD), that is currently used by the District to define project objectives at initiation of the project, has the potential to represent a good and strong practice. However, in its current form, it tries to incorporate too much information and requires too many sign-offs to be an effective document.	Agree (Action Needed)	Action plan to be developed
31	Financial Management—Technology Exploitation	Make bid documents available online.	●	The District currently uses the Bay Area Purchasing System to publish bid documents. This system is online, however, the system publishes only the announcement of the bid and not the bid	Agree (Action Needed)	Action plan to be developed

District Response

Bond Management and Construction Management Process Review

Item Number	Functional Area	Best Practice Description	Team's Evaluation of District Performance	Issue Affecting Operational Efficiency	District Response	District Plan of Action
				documents. Commercial software is available to facilitate publishing bid documents online to reduce the administrative burden and cost of copying hard copy documents to mail to prospective bidders.		
32	Financial Management—Technology Exploitation	Board and Committee should monitor all direct and indirect costs.	●	<p>Tracking indirect and soft costs, including overhead and staff allocations has been hampered while implementing the new banner accounting system. Until an electronic link is established between banner and prompt, delays in reporting and tracking direct and indirect costs have been experienced.</p> <p>Additionally, plant services “charge backs” for direct labor performed by craft personnel has been delayed due to recording and reporting difficulties.</p>	Agree (Action Needed)	Action plan to be developed
33	Financial Management—Technology Exploitation	Adopt and use a project control system on all projects.	●	Two systems are used to track project related information, Prompt and Prolog. The systems are not always current and up to date and sometimes have conflicting information. Improvements are needed in the consistency and reliability of the data in the two systems and in the effectiveness of reports provided to managers from the systems.	Agree (Action Needed)	Action plan to be developed