



Where Tradition Meets Innovation™

Independent Citizens Oversight Committee

Attn: Construction / Implementation Subcommittee
San Diego Unified School District

Subcommittee Members:

Over the past two months and a series of meetings I have had the opportunity to review the labor plan for the execution of the Proposition S construction plan during the three to five fiscal years. During the course of these meetings we reviewed the labor models for both District Staff positions and Contracted Staff positions. Facilities Planning and Construction ("FPC") is currently planning to reduce their workforce as a result of the economic impact of falling property values in San Diego and the resultant effect on the amount of projects now forecasted for implementation in 2011/2012 and beyond. The acceleration of the i-21 technology projects in the next five years has been the one limiting factor to further reductions due to the number of site specific small projects associated to this projects field implementation.

The FPC labor model has been developed based on the following criteria:

- (a) The annual budgets for the period between 01 Jan 2010 and 01 Jan 2015
- (b) Projects listed on the Facilities Planning and Construction Proposition S Contracts Awards Schedule for 2009-2010 and 2010- 2011.
- (c) Contract Support functions (Post Award Contract support, Finance Support and Legal Support).
- (d) Statutory requirements such as executing the PSA Labor Compliance program.
- (e) Other staffing requirements associated with external communications, small business outreach, PSA support and oversight.
- (f) The mix of contract support staff and district staff.

I reviewed proposed staffing plans for each division and additions or reductions to the work force for the next two years. Finally, I reviewed the overall Prop S labor budget in relationship to the amount of work being completed over the same period.

In my opinion, the current labor force is slightly higher than normal in relationship to typical construction industry standards but this is based on the percentage of overhead in relationship to yearly expenditures. However, there are two factors creating the appearance of being overstaffed at this time. First, the i-21 implementation project and second, the ramp up of support staff associated to both PSA and Labor Compliance programs.

The push to complete the i-21 project created a higher management oversight demand during this period than would be typical for the dollars being spent. Typically the cumulative project management, construction management and inspection services labor may be in the range of 8% to 11% for the dollar volume of work being completed.

Currently the district overhead is approximately 10.1% and ranges during the course of construction from 10.1% to 14.9% based on the projected annual expenditures in any single year. This is due primarily to the number of sites being completed concurrently and the oversight required to ensure the work is completed according to standards of care and safety. The i-21 integrated classroom project requires staff to coordinate work at approximately 195 school sites and has created extraordinary coordination requirements. FPC staff has realized efficiencies during the first year and is planning to execute \$20 million dollars in e-Rate technology work with the same workforce that has managed the first year i-21 program.

Overall the proposed net reductions in labor forces over the next 12 months are in line with the reduced dollar volume of work, but the labor budget to construction dollars spent ratio will remain on the higher side due to the i-21 project. As this project is completed the ratio should fall again. As the demand falls the FDC will benefit from the use of third party construction management services as they will be able to quickly reduce the labor force.

The committee is advised that there are few accurate labor models/metrics against which to measure for capital improvement programs run by urban school districts. School districts use a mix of different contracting methods, the volume of work and type of work undertaken by school districts is not consistent, and the organizational models are not similar making benchmarking difficult.

Overall the staffing models look to be sufficient to accomplish the needs of the SDUSD and the overall staffing plan is being proactively managed to ensure that the work is completed with the appropriate amount of project oversight. Caution must be exercised in reducing the Facilities Planning and Construction staff levels to a point that projects do not have adequate oversight.

The result of FPC's proposed organizational changes will result in a reduction of 26 full time equivalent employees and an estimated reduction in labor costs of \$4.413 million dollars per year.

I would be happy to address questions regarding my participation in this oversight process.

Sincerely,


James M. Frager
ICOC Committee Member