

EXECUTIVE SUMMARY

In August 2015, the District negotiated and entered into a contract with Heery International, Inc. (Heery) to provide Program Manager - Owner’s Representative Services (OR). At that time, the District was contemplating having two firms who would provide OR services to oversee the District’s SMART program and a separate cost/schedule controls consultant. However, the second OR firm the District was negotiating with at that time was not able to agree to contract terms, therefore, the District did not enter into a contract with that firm. Instead, the District asked Heery to manage the additional scope in order to continue to move the SMART Program forward.

Heery’s original proposal was based on certain assumptions at the time of RFP, including managing a volume of work that would represent about half of the SMART program. Since that time, Heery has been acting as the sole OR overseeing the entire SMART program with a volume of work that is approximately \$900 million. In addition, Heery has provided additional support services/staff augmentation to other areas/departments that were not specifically identified at the time the original contract was negotiated. Staff is recommending that Heery’s not-to-exceed fee be modified to capture the additional volume of work they are managing and the additional services that they have been asked to provide.

When the original agreement was initially discussed with the Board on August 18, 2015, staff at that time anticipated that the cost of the Heery contract (for the first 3 years), the Atkins contract (for the first 3 years) and a second OR contract (for the first 3 years) would be approximately \$39 million. The combined cost of the proposed amended OR agreement (\$27,498,000) and the Atkins contract (\$6,456,073) would be \$33,954,073 or \$5,045,927, below the original projected costs for these contracts. This also includes the costs for additional services of \$4,980,354 not specified when the OR agreement was first negotiated. This can be summarized as:

<u>Originally Anticipated Total Cost of Services (Years 1-3)</u>	<u>\$39,000,000</u>
<u>Heery Base Contract</u>	<u>\$16,200,000</u>
<u>Heery Amendment</u>	<u>\$11,298,000 (includes \$4,980,354 Supplemental Services - Value Added)</u>
<u>Atkins Base Contract</u>	<u>\$ 6,456,073</u>
<u>Subtotal</u>	<u>\$33,456,073</u>
<u>Total Below Budget</u>	<u>\$ 5,045,927</u>
<u>Total Value Added Services</u>	<u>\$ 4,980,354</u>
<u>TOTAL SAVINGS/ADDED VALUE</u>	<u>\$10,026,281</u>

Since coming on board in late August 2015, the Heery team has progressed the program as follows:

1. Assumed management as OR of DEFP and SMART projects with total value of approximately \$900 million.
2. Developed work plans and schedules for all projects in the program.
3. Progressed projects with combined value of over \$500 million into the design procurement and design phases. These projects are now beginning to emerge into the

- construction procurement phase.
4. Started and progressed over 140 School Choice Enhancement projects, several of which are now complete or nearing completion.
 5. Expedited delivery of Single Point of Entry projects which will begin this summer.
 6. Assumed management of projects started by previous OR.

At this stage in the SMART Program and based on current performance, it is recommended that Heery continue to provide OR services for the entire program. This will maintain clear accountability and provide certain cost and delivery efficiencies by having a single OR continue to oversee the entire program, at this stage. Heery is submitting this proposal for additional fees to formally incorporate and fund management of the entire program. This proposal is also based on the following elements that have added to or impacted their original scope of work:

1. Complete Program Scope

As previously stated, Heery's original not-to-exceed only addressed half of the SMART Program. The revised fee proposal includes additional staffing for Heery to manage the entire program for the first three years.

2. School Choice Enhancement Projects

Heery's team was also assigned School Choice Enhancements projects for the entire program, allowing for consistent and efficient management of these projects. Again, Heery's fees were never adjusted to reflect this added scope.

3. Procurement Support - M/WBE Outreach Support

The SMART Program has created an extra workload on the Procurement team. Heery has been asked to provide augmentation to assist the Procurement department with this increase in workload. Heery's proposal includes staff that has been requested by the Procurement team in support of the procurement efforts for the SMART Program.

4. Communications Support

When Heery's scope of work was first negotiated, bond communications was not part of its scope. With the volume of information being generated on the program and the increased demand and expectations for reporting and communications, the need for communications support was identified. The current fee proposal includes this additional support.

5. Additional Support for Non-SMART Program Projects/PPO Support

Heery's initial staffing plan and fee development was based on information related to the SMART Program. As the District has continued to utilize external resources for its construction project management function, Heery's also been asked to support non-SMART projects that arise from time to time.

6. Small Projects Team

To expedite the delivery of Single Point of Entry projects and other small projects, Heery added a Small Projects Team to its OR team. The size of projects managed by this team is small relative to the effort required. The current fee proposal includes the marginal increase in costs related to the addition of this team.

7. Single Point of Entry Surveys and Other Special Studies/Supports

Heery was asked to conduct site surveys at all schools to assess the status and need for Single Point of Entry modifications. The current fee proposal includes this additional support. Heery

has also included funding for future studies that may arise.

8. Roofing Consultant

Due to the large number of roofing projects and the need to make sure design consultants and design/build roofing firms are developing designs that are appropriate at each school, Heery has added a roofing consultant to the team. This firm will evaluate roofing designs from both a project level and programmatic level and will also perform site reviews and inspections, as required. This scope was not included in the original scope of work.

In addition, the OR committed to 32% M/WBE participation in its original proposal and has committed to continue this commitment of 32% M/WBE participation for the work covered under the Amendment. As of the end of March 2017, ~~has~~ the OR has reported achieving overall M/WBE participation of 34.2%.

The Funding for this request for additional Program Manager – Owner’s Representative Services Agreement is included in the individual SMART Program construction project budgets and is included in the Adopted District Educational Facilities Plan (September 7, 2016).