Fact Sheet

California School Boards Association

November 2007

Glossary of Construction Management Terms

Learning and understanding the terminology of public school construction can seem daunting at first, but a familiarity with this specialized vocabulary is crucial to fulfilling the role and responsibilities of school board members. A critical understanding of the field of construction management can enable school board members to be creative and collaborative with district/county office resources. There is a full continuum of activities school boards and district/county office staff can pursue to support efforts to plan for and provide high-quality facilities.

The purpose of describing these terms is to provide school leaders with a better context for understanding current projects in a district or county office. Included at the end of the glossary are acronyms, state agencies, court decisions and delivery methods relevant to school construction as an additional resource. Building on this context and using this reference tool, local leaders can consider which approaches or combination of approaches best meet their local needs.

Ad valorem tax: "According to value;" a tax based on the value of property.

Allowable area: The amount of space the district/county office can, could or should have based on Office of Public School Construction per-pupil standards.

Americans with Disabilities Act (ADA): Federal law that prohibits discrimination on the basis of disability; requires that all public facilities provide access for disabled individuals.

Architect: A licensed professional who designs plans for buildings, either new projects or renovations.

Asbestos Hazard Emergency Response Act (AHERA):

The federal AHERA, the law with particular impact on schools. The rules implementing AHERA are published in the Code of Federal Regulations, Chapter 40, Part 763, Subpart E.

Assessed value: The value of land, homes or businesses set by the county assessor for property tax purposes. Assessed value is either the market value of any newly built or purchased property (i.e., the price at which it was actually purchased) or the value on March 1, 1975, of continuously owned property, plus an annual increase. This increase is tied to the California Consumer Price Index but may not exceed 2 percent (Proposition 13).

At-risk construction manager: See construction manager at-risk.

Average daily attendance (ADA): The average number of students who attended school over the course of the year; the total approved days of attendance in the school district divided by the number of days the schools in the district are in session for at least the required minimum day.

Bid: An offer by a contactor or other group to perform work described in contract documents at a specified cost.

Bid documents: Documents prepared by the architect and used by the bidders to prepare the bid. A typical bid document might include construction drawings, specifications, instructions to bidders, a bid form and other information used by the bidder in the preparation of a bid.

Bond: A certificate containing a written promise to pay a specified sum of money (the "face value") at a fixed time in the future (the "date of maturity") and specifying interest at a fixed rate, usually payable periodically.

Bond elections: Bond elections may be called by a board of education, with the election conducted by the county, and with the school board's proclamation for an election stating the amount of bonds to be voted upon and the purposes for which such bonds would be issued.

Bonding capacity: The maximum amount of credit coverage the lender will extend to the company (school district or county office of education).

Bridge financing: Temporary debt financing to provide a "bridge" to a company (school district or county office of education) that will eventually be replaced with permanent capital.

California Basic Educational Data System (CBEDS):

Enrollment taken in all schools in California in October and used by the Office of Public School Construction in determining funding eligibility.

California Environmental Quality Act (CEQA): The state law that requires an environmental review of all projects (Public Resources Code 21000-21178).

Capital outlay: Funds spent for the physical structure of a school, such as new buildings, renovations, reconstruction or certain new equipment.

Certificate of Participation (COP): A mechanism for providing capital for construction projects, equipment purchases or refinancing of existing leases; provides long-term financing through a lease with an option to purchase or a conditional sales agreement.

Change orders: Process for modifying a construction contract when unforeseen changes occur during the planning and construction of a project which may drive the cost of a project upward.

Citizens' oversight committee (COC): An independent committee appointed by the school board to inform the public concerning the expenditure of Proposition 39 local bond proceeds pursuant to Education Code 15278-15282.

Class-Size Reduction (CSR) program: Provides incentives for school districts to reduce K-3 classes to a student-teacher ratio of no more than 20 to 1. Established in 1996, the program also provided a one-time allocation of \$25,000 per added classroom for full-day classes to improve facilities or acquire portable classrooms.

Cohort survival: A statistical method of projecting enrollment increases that is the basis for the state's enrollment projection (State Allocation Board Form 411).

Condemnation: Legal process by which government invokes its powers of eminent domain and acquires private property for public use. The owner is compensated by the government at a fair price determined by the condemnation process. Also see eminent domain.

Construction cost index: The monthly percentage increase or decrease in construction costs that is applied to a base number to determine construction allowances in the state program.

Construction management: A professional service that uses management techniques during the planning, design and construction phases of a project for the purpose of controlling time, cost and quality. Used interchangeably with project management. *Also see owner construction management.*

Construction manager: A Construction manager manages the entire project with pre-planning, design, construction, engineering and management expertise.

Construction manager at-risk: A delivery method in which the construction manager makes a commitment to the school district to deliver a project within a guaranteed maximum price. The construction manager acts as consultant to the district in the development and design phases, but as the equivalent of a general contractor during the construction phase.

Critically Overcrowded Schools (COS) program: Allows school districts with qualifying critically overcrowded school facilities to apply for a preliminary apportionment for new construction projects to relieve overcrowding. The preliminary apportionment serves as a reservation of funds and must be converted within a four-year period to a final apportionment that meets all the School Facility Program's New Construction program laws and regulations for such an apportionment.

Debt limit: The maximum amount that a municipality can borrow.

Deferred maintenance: Major repairs or replacement of buildings and equipment; preventative maintenance expenses delayed due to lack of funding. When state funding is available, the state provides some money to match school districts' funds for deferred maintenance, up to one-half of one percent of the districts' general fund.

Demographic study: Shows population changes and trends in student enrollment by study area.

Design-Bid-Build (DBB): When a school district uses DBB as a project delivery method, an architect is hired to create design documents from which general contractors will bid.

Design-Build (DB): With one contract agreement, this delivery method combines construction performance with architectural and engineering design. Design build includes a maximum price guarantee.

Developer fee: The fee districts can collect from developers of new construction and property owners who remodel, in order to build or renovate schools or add portable classrooms, based on the premise that new construction will lead to additional students. The law requires districts to substantiate the financial impact of new development and sets a maximum fee per square foot that may be charged for residential and commercial construction.

Drawings: See plans.

Education program analysis: Specified program requirements and changes in organizational structure that have an impact on facilities needs.

Eligibility: Amount of square footage a district qualifies to build after using the state formula considering unhoused students and existing buildings.

Eminent Domain: The right of the government to acquire private property for public use through a court action called condemnation.

Environmental Impact Report (EIR): A report of the environmental impact of a proposed construction project, required by the California Environmental Quality Act. State or local projects that may have significant environmental impacts must complete an EIR.

Facilities master plan: A process in which the board of education and district staff collect and analyze data regarding the current and future needs of district facilities. The data collected is used to inform future district facilities planning.

Facilities survey: Delineates the capacity of existing facilities to house projected student populations and to meet program requirements.

Field Act: California state law which requires earthquakeresistant design and construction for all public schools and is built on four major principles: seismic design standards, plan review, construction inspections and special tests.

Financing plan: Plan to determine how the facility construction or modernization costs and operating costs will be met.

General obligation bond (GO bond): A bond for renovating, reconstructing and building new facilities or for acquiring certain new equipment. Local bonds are financed by an increase in property taxes; they must be approved by two-thirds of voters, or 55 percent if additional accountability requirements are met.

General plan: Outlines the general policies regarding the long-term development of a local jurisdiction (either a city or a county).

Good repair: As defined in SB 550 (Ch. 900, Statues of 2004) to implement the settlement of the Williams v. State of California lawsuit, means that a school facility is maintained in a manner that assures it is clean, safe and functional as determined pursuant to a state evaluation instrument.

Guaranteed maximum price (GMP): A contract where the construction manager sets a maximum price for the cost of the work.

Hardship funding: If a district has reached sixty percent or higher of their bonding capacity, they can be considered fully bonded and are eligible to become a financial hardship district. Financial hardship districts may qualify for up to 100 percent funding from the state.

Implementation plan: Provides a detailed plan to house the district's future student population.

Increment financing: See redevelopment.

Inspector of record (IOR): Required for all projects regulated by the Division of the State Architect. For school facility projects, the Inspector of Record is the building inspector. They work as an independent entity contracted with the school district and are managed by the architect of record.

Interest income: The dollar amount of the interest earned from investments such as bonds, savings accounts, and government and corporate debt obligations.

Joint-use facility: A facility that is operated by a school district in cooperation with another public agency or company. For example, the city or county in which the district is located.

Labor Compliance Program: The Labor Compliance Program requires contractors on public works projects to pay their workers based on the prevailing wage rates. This program is outlined in California Labor Code section 1770 et seq. and Education Code section 17323. Labor Code sections 1720 through 1861 details the prevailing wage system.

Land banking: The practice of acquiring land for a future use. A school district may wish to acquire sites at the most favorable terms if they expect a potential increase in student enrollment.

Lease-Lease Back (LLB): This delivery method establishes a contract by which a district owns a piece of property and leases it for a nominal amount to an entity (typically a contractor) that will build a school on the sight and pay employees the prevailing wage. That entity then leases the finished school and site back to the district for a specified period of time at a specified rental price. At the end of the lease, the school and site become property of the district. This delivery method does not require the selection of the lowest responsible bidder (Education Code 17406).

Lease-purchase agreement: The lease of equipment or facilities with the option to purchase.

Lease-Purchase Program: The state school building program established by the Leroy F. Greene Lease-Purchase Act of 1976.

Lease-revenue bond (LR bond): Revenue bonds (or enterprise revenue bonds) are a form of long-term borrowing in which the debt obligation is secured by a revenue stream produced by the project. Because revenue bonds are self-liquidating and not backed by the full faith and credit of the state, they may be enacted in statute and therefore do not require voter approval.

Local Agency Formation Committee (LAFCO):

Committee comprised of county, city, special district and public members responsible for orderly growth including boundary decisions, annexations and incorporations within a countywide area.

Local education agency (LEA): A public board of education or other public authority within a state which maintains administrative control of public elementary or secondary schools in a city, county, township, school district or other political subdivision of a state.

Lowest responsible bidder: A bidder that is trustworthy as well as demonstrates quality and fitness. The bidder is responsible for the division of work described in the bid document or contract. The lowest responsible bidder does not have to be the lowest bidder. A public agency cannot reject a bidder as not responsible without conducting a hearing.

Matching funds (legislative): A program of financial support in which the federal or state government creates an incentive for the development of needed programs on the state or local level by offering to "match" state or local funds allocated for the same purpose.

Maximum price guarantee: See guaranteed maximum price.

Mello-Roos bonds: To sell bonds for school construction projects, school districts may form special districts. (A special district generally does not encompass the entire school district.) The bonds, which require two-thirds voter approval, are paid off by property owners located within the special district.

Mello-Roos community facilities district: A portion of the district, often a new housing development, whose property owners pay a special tax that is not based directly on the value of the property.

Modernization: If students are housed in permanent buildings 25 years or older and relocatable classrooms 20 years or older, they are eligible to receive grant funds from the State Allocation Board to modernize school facilities. These grants typically require a forty percent local contribution although greater funding may be eligible for supplemental grants based on the type and location of the project.

The modernization grant can be used to fund a large variety of work at an eligible school site. Air conditioning, insulation, roof replacement, as well as the purchase of new furniture and equipment are just a few of the eligible expenditures of modernization grants. A district may even use the grants to demolish and replace existing facilities of like kind. However, modernization funding may not be spent for construction of a new facility, except in very limited cases generally related to universal design compliance issues, or for site development. ^I

Multiple prime contracts: Separate trade contractors deal/contract directly with the district for specific and designated elements of the project.

Naylor Act: Requires that school districts offer up to 30 percent of unused, surplus school sites to other local government agencies for park and recreation purposes at up to 25 percent of fair market value.

Needs assessment: See facilities needs assessment.

New construction: A construction project of a new school facility. The funding for new construction projects is provided in the form of grants. The new construction grant provides state funds on a 50/50 state and local sharing basis for public school capital facility projects. The grants are made up of a new construction grant (pupil grant) and a number of supplemental grants. The new construction grant is intended to fund design, construction, testing, inspection, furniture and equipment and other costs closely related to the actual construction of the school buildings. This amount is specified in law, based on the grade level of the pupils served. A district must first establish eligibility for a project by demonstrating that existing seating capacity is insufficient to house the pupils existing and anticipated in the district using a five-year projection of enrollment.²

Owner construction management: The district uses an in-house staff person to perform construction management services. Also see construction management.

Performance bond: A bond that binds a surety company to complete a construction contract in the event of a default in performance of contractual obligations.

Planning grant: A grant awarded to a school district to aid in facilitating site or district level facility planning.

Plans: Construction drawings show where to build the project, sizes, shapes and which products to use where.3 Also known as Drawings.

Pre-bid conference: A meeting held by the district and attended by potential bidders to describe project details and answer questions.

Prevailing wage: Establishes labor rates on government-financed construction projects.

Program management: The use of a construction manager on multiple sites/projects within a single district or county office of education. Program managers integrate the various phases of design and construction and provide consistency throughout the process.

Project management: See construction management.

Project stabilization agreements (PSA): A contractual agreement between the district, a consortium of trade unions and sometimes a construction firm. PSAs typically govern work rules, and dispute resolution processes for every worker on the project.

Property checks: Field checks of existing facilities against site plans, conducted by the Office of Public School Construction.

Proposition 39: Passed by the California electorate in 2000, this proposition permits school districts the passage of general obligation bonds upon the approval of 55 percent of the votes cast on the measure. Certain conditions must be satisfied including: a mandatory list of school facilities projects to be funded certified by a school board evaluation of existing conditions. If a school district is authorized to issue general obligation bonds under Proposition 39, the school board will be required to establish a Citizens' oversight committee. Proposition 39 also changed the types of projects that are authorized to be financed by general obligation bonds.⁴

Redevelopment: Also known as "increment financing." Redevelopment plans provide for a division of property-tax revenues within a redevelopment project area, with a prescribed portion of those tax revenues to be allocated to the redevelopment agency to repay the indebtedness incurred by the agency to finance or refinance the redevelopment project.

Renovation: See modernization.

Request for Quotation (RFQ): A request for a quote to perform work.

Revenue: All monies coming into an agency that are reflected in a local agency budget.

School Facilities Improvement District (SFID):

Established by a school district to tax a portion of the district through a general obligation bond based on the value of the property. The voter approval threshold is two-thirds, or 55 percent if additional accountability requirements are met.

School Facility Program (SFP): Funds for the School Facility Program may be from any funding source made available to the State Allocation Board, including proceeds from the sale of state general obligation bonds or funding from the state general fund. In addition, districts are required to provide a portion of the cost of a project from funds available to the school district. This may include, among other sources, local general obligation bonds, developer fees, general fund, etc.

School Site Council (SSC): Teachers, classified staff, parents, community members and students (high school only) are selected by their peers and work with the principal to prepare and review the school improvement plan. This council is required when a school receives funding through a School Improvement Program (SIP) or through Title I.

Secured property: Property which cannot be moved, such as homes and factories.

Secured roll: Assessed value of real property, such as land, buildings, secured personal property, or anything permanently attached to land as determined by each county assessor.

Specifications: The written descriptions of materials, equipment, construction systems, standards and workmanship and other qualitative information pertaining to a construction project.

Subcontractor: A contractor that has a contract with the prime contractor, not directly with the district.

Subdivision Map Act: Defines the specific use of the division of land.

Teaching station: The room or space "loaded" with students for teaching purposes.

Title 5: Standards for School Facilities Construction set in the California Code of Regulations (Division 1, Chapter 13, Subchapter 1).

Acronym List

ADA: Average daily attendance or Americans with Disabilities Act

AHERA: Asbestos Hazard Emergency Response Act

CBEDS: California Basic Educational Data System

CEQA: California Environmental Quality Act

COC: Citizens' oversight committee

COP: Certificate of Participation

COS: Critically Overcrowded Schools program

CSR: Class-Size Reduction program

DB: Design-Build

DBB: Design-Bid-Build

DSA: Division of the State Architect

DTSC: Department of Toxic Substances Control

DVBE: Disabled Veteran Business Enterprises

EIR: Environmental Impact Report

GMP: Guaranteed maximum price

GO bond: General obligation bond

IOR: Inspector of record

LAFCO: Local Agency Formation Committee

LEA: Local education agency

LLB: Lease-Lease Back

LR bond: Lease-revenue bond

OPSC: Office of Public School Construction

PLA: Project labor agreement

PSA: Project stabilization agreements

RFQ: Request for Quotation

SAB: State Allocation Board

SFID: School Facilities Improvement District

SFP: School Facility Program

SFPD: School Facilities Planning Division

SSC: School Site Council

YRE: Year-round enrollment

YRS: Year-round school

State Agencies

Agencies school districts will most likely have direct involvement with:

Department of Toxic Substances Control (DTSC): The DTSC is the sole agency responsible for evaluating hazardous substance releases and overseeing investigations and cleanups of school sites, including naturally occurring hazardous materials, if the district seeks to obtain California Department of Education approval and state funding. http://www.dtsc.ca.gov/.

Division of the State Architect (DSA): The DSA is involved in three phases of school construction projects: plan review and approval, construction oversight, and project closing and certification. http://www.dsa.ca.gov/.

Office of Public School Construction (OPSC): Processes state school building applications and serves as staff to the State Allocation Board. http://www.opsc.dgs.ca.gov/.

School Facilities Planning Division (SFPD): This division of the California Department of Education reviews public school sites and plans to determine if they meet Title 5 standards (e.g., standards for school site selection and design). Approval from the SFPD is required if state funding is sought. http://www.cde.ca.gov/re/di/or/division.asp?id=sfpd.

State Allocation Board (SAB): State agency responsible for apportioning school building and deferred maintenance funds. The SAB is also charged with the responsibility for the administration of the State School Facility Program, the State Relocatable Classroom Program and the Deferred Maintenance Program. http://www.opsc.dgs.ca.gov/SAB/.

State Agencies school districts may have involvement with:

California Energy Commission: The state's primary energy policy and planning agency. www.energy.ca.gov.

Bright School Program: A program through the California Energy Commission offers specific services and technical assistance for school districts building new schools, and renovating existing sites. They also can help districts save costs on energy bills. http://www.energy.ca.gov/efficiency/brightschools/.

Department of Health Services: The California Department of Health Services administers a broad range of public and clinical health programs that provide health care services to Californians. www.dhs.ca.gov.

California Indoor Air Quality Program: Provides assistance and training to school districts that have airquality problems. http://www.cal-iaq.org/.

Department of Transportation: CalTrans manages California's highways and freeways, provides inter-city rail services, permits public-use airports and special-use hospital heliports and works with local agencies. http://www.dot.ca.gov/.

District Transportation Planning Division: Determines whether a school is likely to have an impact on the state transportation system or any of its facilities. http://www.dot.ca.gov/hq/LocalPrograms/.

Office of Emergency Services Hazard Mitigation:

Provides funds for school construction projects that reduce or eliminate future damage from disasters (e.g. seismic retrofit, modernization, flood control). Administer both federal and state funding for repair and replacement of eligible facilities damaged by a disaster event. http://www.oes.ca.gov.

Office of Planning and Research: Distributes state required environmental documentation to various governmental agencies for review and comment as part of the CEQA process. http://www.opr.ca.gov.

Office of Small Business Certification and Resources:

This office is a division of the Department of General Services and provides a listing of certified California Small Businesses, Microbusinesses, and/or Disabled Veteran Business Enterprises (DVBE) and has a tool to check the certification status of a firm or application. www.pd.dgs.ca.gov/smbus.

Court Decisions

Hart decision (William S. Hart Union High School District and Saugus Union School District v. Regional Planning Commission of the County of Los Angeles): Appellate Court decision that reconfirmed the Mira decision by ruling that a developer application involving a zone change has the right to be denied, in part, on the grounds of the inadequacy of school facilities. 1991. *Please see note below.*

Mira decision (*Mira Development Corporation v. City of San Diego*): Appellate Court decision that a city or county may deny a general plan amendment or zone change based on the lack of school facilities needed to accommodate the growth from the new changes. 1998. *Please see note below.*

Murrieta decision (*Murrieta Valley Unified School District v. County of Riverside*): Appellate Court decision that ruled an environmental impact report concerning a general plan should address mitigation of the need for adequate school facilities. 1991. *Please see note below.*

Williams v. State of California: Lawsuit filed by the American Civil Liberties Union in 2000 claiming that the State of California had failed to provide students in the lowest performing schools with equal educational opportunity. The settlement of the case in 2004 established requirements related to inspection of facilities, complaints regarding emergency or urgent facilities conditions, classroom notices, information in school accountability report cards, monitoring of facilities by the county superintendent of schools for schools ranked in deciles 1-3 of the Academic Performance Index, and funds for needs assessment and emergency repairs in the lowest achieving schools.

Note: Developer fees are one method of financing facilities available to the district. As amended by SB 50 (Ch. 407, Statutes of 1998), Government Code 65995 prohibit cities and counties from requiring development fees in excess of the maximum amounts set forth in Education Code 17620 to help fund school facilities. Government Code 65995 essentially repeals, until 2006, the Mira/Hart/Murrieta line of case law which had granted cities or counties the authority to deny development projects based on a determination as to whether the schools were adequate to meet the demands created by the development. Districts with current Mira agreements should consult legal counsel in order to determine whether that agreement can be "grandfathered," and therefore exempted from the SB 50 requirements.

Delivery methods

Construction manager at-risk: A delivery method in which the construction manager makes a commitment to the school district to deliver a project within a guaranteed maximum price. The construction manager acts as consultant to the district in the development and design phases, but as the equivalent of a general contractor during the construction phase.

Design-Bid-Build (DBB): When a school district uses DBB as a project delivery method, an architect is hired to create design documents from which general contractors will bid.

Design-Build (DB): A procurement process in which both the design and construction of a project are procured from a single entity [contract].⁵ The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing by the school district, to be the best value to the school district.⁶

Lease-Lease Back (LLB): This delivery method establishes a contract by which a district owns a piece of property and leases it for a nominal amount to an entity (typically a contractor) that will build a school on the sight. That entity then leases the finished school and site back to the district for a specified period of time at a specified rental price. At the end of the lease, the school and site become property of the district. This delivery method does not require the selection of the lowest responsible bidder⁷ but does require that general prevailing rates will be paid.⁸

Multiple prime contracts: Separate trade contractors deal/contract directly with the district for specific and designated elements of the project.

The California School Boards Association's Construction Management Task Force provides districts with policy briefs and fact sheets on construction related issues. District staff and Governing Boards should use this information as a resource when making local decisions. These documents are provided for informational purposes only and are not a substitute for legal advice from school districts legal counsel. Districts should obtain independent legal advice and review when necessary.

If you have any questions, please contact CSBA Policy Services at (800) 266-3382 or via e-mail policy@csba.org

- ¹ School Facility Program Handbook. Prepared on behalf of the State Allocation Board by the Office of Public School Construction. February 2006. http://www.documents.dgs.ca.gov/opsc/ Publications/Handbooks/SFP_Hdbk.pdf#page=59
- ² School Facility Program Handbook. Prepared on behalf of the State Allocation Board by the Office of Public School Construction. February 2006. http://www.documents.dgs.ca.gov/opsc/ Publications/Handbooks/SFP_Hdbk.pdf#page=59
- ³ Construction Industry Glossary Page of Construction Specifiers' Library. http://bsdsoftlink.com/library/speclibrary_glossary.htm
- ⁴ The XYZs of California School District Debt Financing. Third Edition.
- ⁵ As defined in Education Code Section 17250.15. See Education Code Section 17250.10-17250.50 for more information.
- ⁶ Education Code Section 17250.25 c2B
- ⁷ Education Code Section 17406
- ⁸ Education Code Section 17424

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