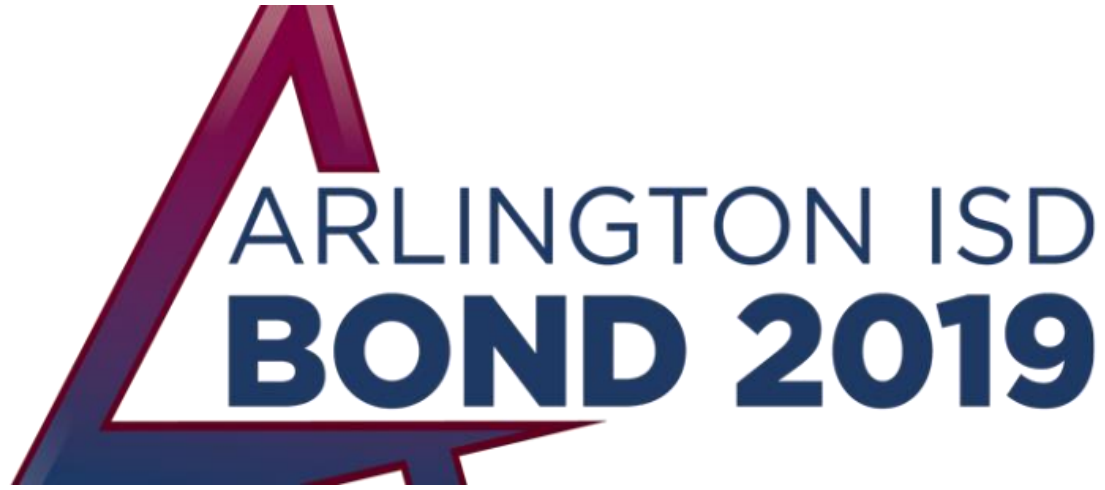




Arlington
INDEPENDENT SCHOOL DISTRICT
More Than a Remarkable Education

**Citizens Bond Oversight
Committee October 26, 2021
Crow Leadership Academy
1201 Coke Drive
Arlington, Texas 76010
5:00 PM – 7:30 PM**

1. Facility Tour
(Liznel Gonzalez – Principal, Wm. Kelly Horn – Asst. Supt. of Facility Services)
2. CBOC Chairperson
(Charles Finicum – CBOC Chairman)
3. Presentations
 - a. Review of Bond Budget and Financial Position
(Sheena Joslyn – Director of Budgeting, Wm. Kelly Horn)
 - b. Review of Professional Solicitation Process
(Tammy Craig - Sr. Business Manager, Wm. Kelly Horn)
 - c. Review of HUB Utilization
(Mike Parkos – Director of FP&C, Wm. Kelly Horn)
 - d. Review of Internal and External Project Audit Process
(Wm. Kelly Horn)
4. CBOC Next Steps/Closing
(Charles Finicum)



2019 Citizens Bond Oversight Committee

October 26, 2021

PURPOSE

CITIZENS BOND OVERSIGHT COMMITTEE (CBOC)

The committee is established to provide transparency and enhance public confidence in the use of proceeds from the sale of bonds authorized by Arlington ISD voters on November 5, 2019.

The purpose of the committee is to provide findings and recommendations to the Board of Trustees relating to the expenditure of bond proceeds authorized in the 2019 Bond election, the progress of the 2019 Bond program and ways the district can maximize the potential of the 2019 Bond program.

CBOC Meeting Schedule

Date	Time	Topics
May 18, 2021	5:30 – 7:00 pm	Orientation CBOC Charge
August 12, 2021	5:00 – 7:30 pm	Food & Nutrition Service Center Tour Committee Responsibilities Review Capital Needs Steering Committee Report Presented June 2019
October 26, 2021	5:00 – 7:30 pm	Crow Leadership Academy Tour Budget and Financial Position Professional Solicitation Process HUB Utilization Internal and External Audits
January 27, 2022	5:00 – 7:30 pm	Administration Building Tour Provide Input on AISD Communications to the Public Assess Stakeholder Satisfaction
April 5, 2022	5:00 – 7:30 pm	Gunn Junior High Tour Work Session for Board Report
June 2, 2022	TBD	Report to Board of Trustees

Project Budgeting

- Establishment of Project Budgets
 - Capital Needs Assessment by Facility
 - Project Estimation by District
 - Project Estimation by Architect
 - Project Estimate Confirmation by Third Party Estimator
- Presentation to Board of Trustees for Approval
- Packaged as a Bond Referendum

2019 Bond Program Project Budgets

Category	Phase I	Phase II	Phase III	Phase IV	Phase V	Total
Facilities	\$ 283,061,922	\$ 168,469,609	\$ 175,241,953	\$ 126,506,495	\$ 99,446,356	\$ 852,726,335
Fine Arts	\$ 1,318,948	\$ 1,290,497	\$ 1,371,770	\$ 1,498,863	\$ 1,475,674	\$ 6,955,752
Technology	\$ 23,173,967	\$ 22,571,317	\$ 18,131,867	\$ 12,067,990	\$ 14,883,859	\$ 90,829,000
Transportation	\$ 3,549,174	\$ 2,082,738	\$ 2,197,538	\$ 3,209,007	\$ 4,450,456	\$ 15,488,913
Total Bond Sale Proceeds	\$ 311,104,011	\$ 194,414,161	\$ 196,943,128	\$ 143,282,355	\$ 120,256,345	\$ 966,000,000

Bond Budget Management

Design Phase

- Project Scope to Budget Process
- Schematic Design Estimate
- Design Development Estimate
- Construction Document Estimates

Construction Phase

- Bidding and Award
- Monthly Pay Application Reconciliation
- Substantial Completion
- Final Completion

Annual Bond Budgeting

- Entry of Approved Project Budgets
- Board Approval of Annual Construction Budget
 - Unspent bond funds plus funds you expect to spend = next fiscal year budget
- Annual Financial Audit
 - Bond budget reconciliation from prior year by external auditor

Budget Monitoring

- Purchase Orders
- Monthly Reporting
 - Summary level to Chief Financial Officer
 - By Project Detail to Assistant Superintendent of Facility Services
- Bi-Monthly Review Meetings
 - Finance
 - Facility Services

Project Solicitation Process

- The Texas Government Code, Chapter 2269 defines what methods of procurement may be utilized by schools districts
- There are seven methods authorized for construction services
 - Competitive Bidding
 - Competitive Sealed Proposals
 - Construction Manager-Agent
 - Construction Manager-at-Risk
 - Design-Build Contracts
 - Job Order Contracting
 - Reverse Auction Procedure

Project Solicitation Process – cont'd.

- Typically, school districts do not utilize the **Reverse Auction Procedure** as it is most effective when bidding on commodity products. Construction projects are very diverse and complex in nature, such that a reverse auction generally creates higher pricing.
- **Job Order Contracting** is most effective for performing very minor maintenance, repair, alteration, renovation, or remediation construction projects. The work is of a recurring nature with delivery times, type, and the quantity of work required being quite variable.



Construction Delivery Methods for Texas school districts

Construction Procurement Options:

- A. Design-Build Contracts
- B. Construction Manager – At-Risk
- C. Construction Manager – Agent
- D. Competitive Bidding
- E. Competitive Sealed Proposals

A. Design-Build Contracts

Under the design-build method of contracting, the public owner awards a single contract to the design-builder to design and construct the public work. Thus, the design-builder undertakes responsibility for both the design and construction of the project.

Design Build Contracts (continued)

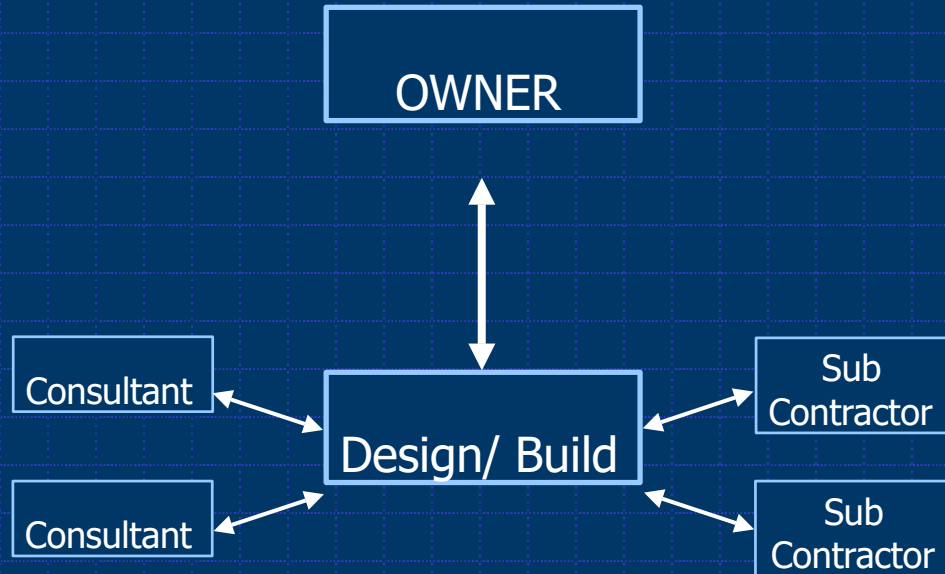
Advantages:

- Selection flexibility.
- Team Concept.
- Single point of accountability for design and construction.
- Enables fast-track delivery (construction begins before design is complete), saving time.
- Early GMP facilitates alternative financing methods.
- GMP eliminates Owner concern with cost overruns.

Disadvantages:

- No check and balance between architect and builder.
- Owner must select a team rather than the best architect and best builder.
- Design is completed after GMP is given.
- Difficult to control quality because design/build team must only meet minimum criteria standards.

Design Build Contracts (continued)



B. Construction Manager-At-Risk

A construction manager-at-risk is intended to assume the risk for construction at the contracted price in the same manner as a general contractor; but also provides consultation to the school district regarding construction during and after the design of the facility. In selecting the construction manager-at-risk, the school district is required to utilize the competitive sealed proposal process.

Construction Manager-At-Risk (continued)

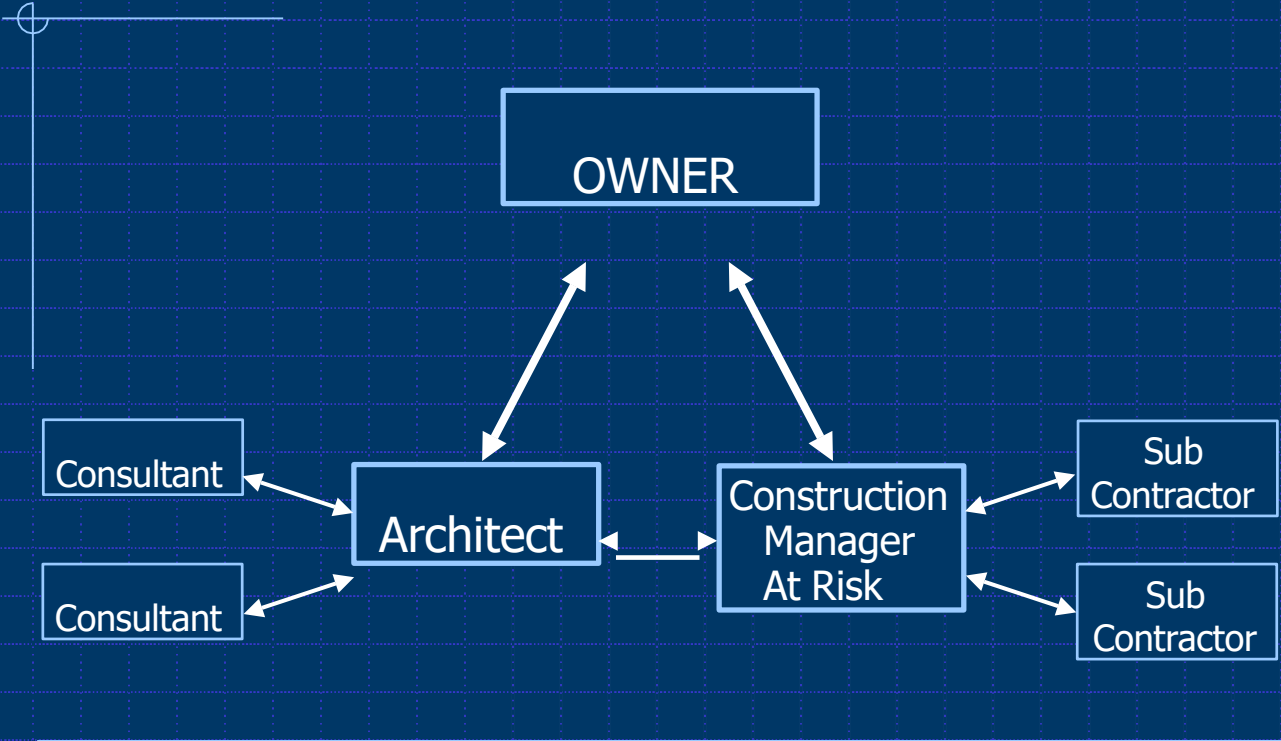
Advantages:

- Team Concept
- Construction firm selected by interview based on quality rather than low cost.
- Early CM involvement in estimating and constructability
- Owner selects architect and CM separately and may be involved in selection of subcontractors
- Competitive pricing for subcontractor work
- Single point of accountability: CM at-Risk signs contracts with all subcontractors.
- Guaranteed maximum price.
- Enables fast-track delivery – time savings
- Good for large, complex projects and multi phase projects that are time critical

Disadvantages:

- Difficult for district to evaluate validity of GMP and value of contract
- District typically pays a premium, due to less competition in bidding
- Potential adversarial relationship when design intent is challenged by price cutting

Construction Manager-At-Risk (continued)



C. Construction Manager–Agent

A construction manager-agent is intended to represent the school district in a fiduciary capacity and may not self-perform any portion of the actual design or construction of the project, including the general conditions, as provided by the contract. The general conditions are defined to be on-site management, administrative personnel, insurance, bonds, equipment, utilities, and incidental work, including minor field labor and materials.

Construction Manager–Agent (continued)

If a school district chooses the construction manager-agent method for construction of a school project, then the school district must also obtain a general contractor, trade contractor(s), or subcontractor(s), to serve as the prime contractor(s) for their specific portion(s) of the work on the project. These contractors must be obtained through contracting methods that are in accordance with applicable law.

Construction Manager–Agent (continued)

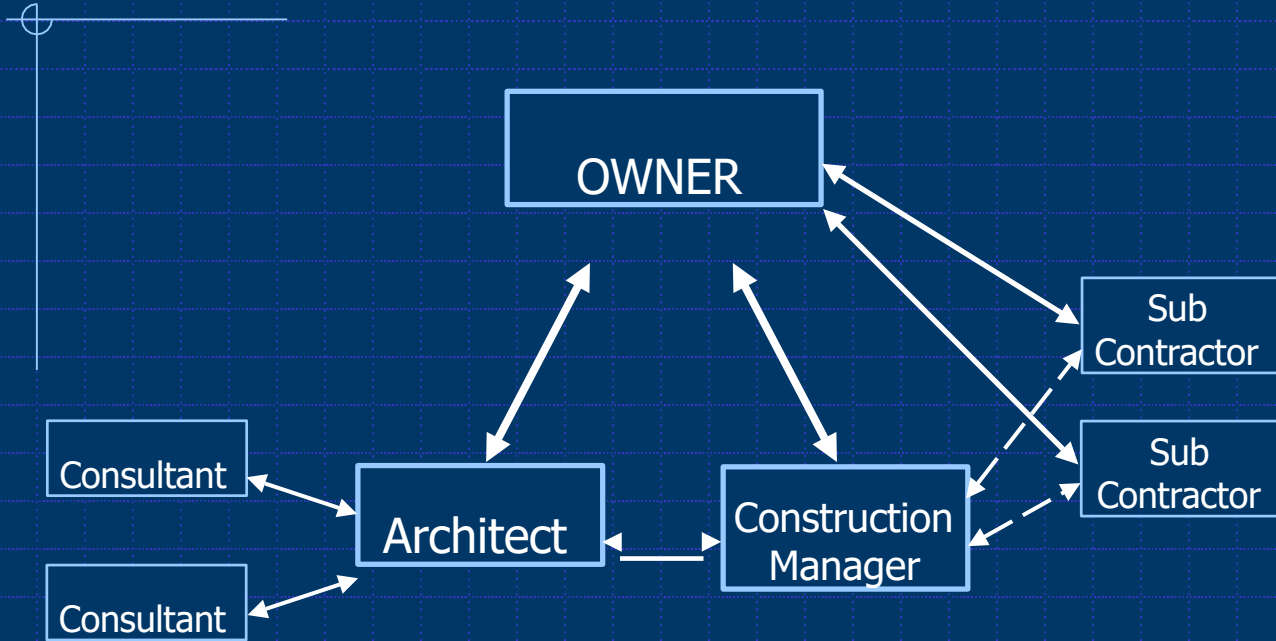
Advantages:

- CM Agent selected on qualifications rather than low bid.
- Early CM involvement in estimating and constructability.
- Owner selects architect, CM and subcontractors.
- Enables fast-track delivery (construction begins before design is complete), saving time.
- Flexibility in packaging and increased opportunities for local participation

Disadvantages:

- CM has no contractual responsibility with subcontractors.
- Final price is not established until all packages are bid.
- No guaranteed maximum price.
- Owner manages multiple contracts.
- Cost may be higher with multiple prime contractors.
- Higher owner administration costs to manage project.
- No single point of responsibility.

Construction Manager-Agent (continued)



D. Competitive Bidding

Senate Bill No. 583 retained the traditional concept of selecting a contractor through competitive bidding, but makes some changes in competitive bidding procedures.

Competitive Bidding (continued)

Foremost, it provides that the school district should award to the bidder offering the “best value” according to the selection criteria established by the school district. This is a fundamental change from the concept of being required to award to the lowest bid. The lowest price alone may not necessarily offer the “best value”, depending on the criteria the school district adopts (typically time and money).

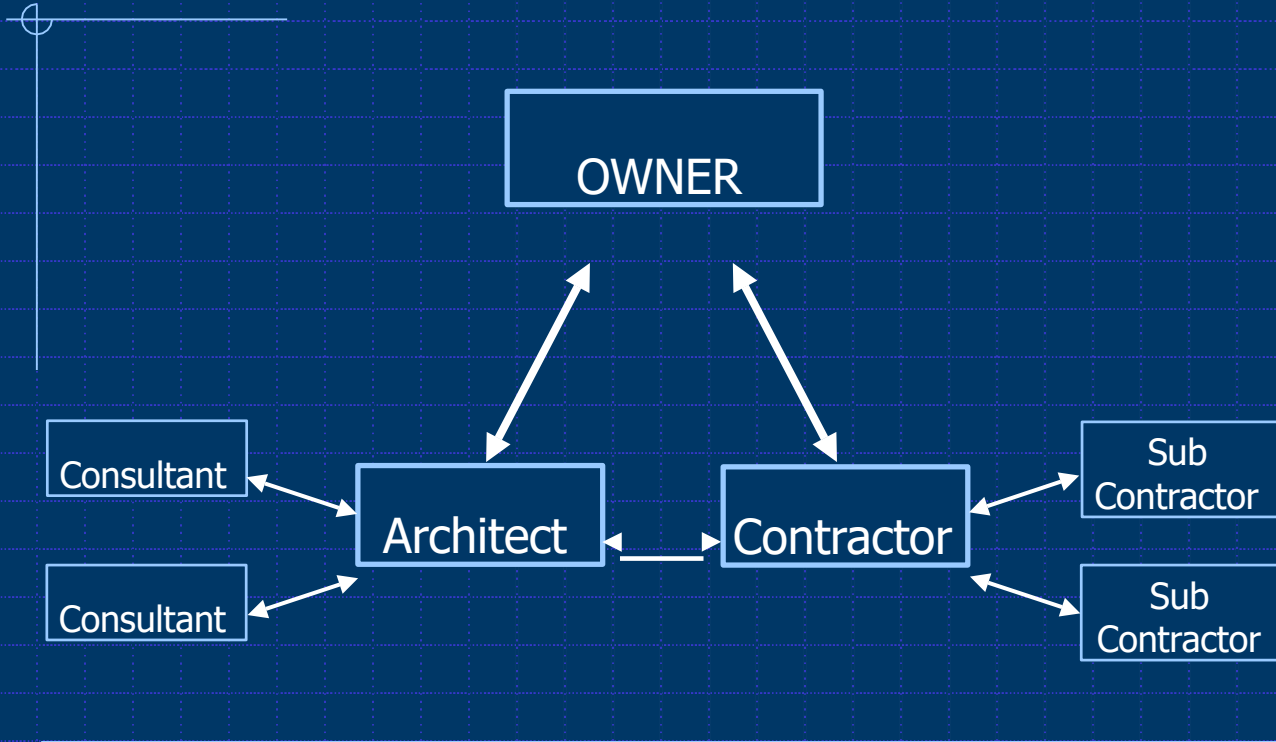
Competitive Bidding (continued)

A school district may choose to make price the primary or even the sole criteria if it determines that price will provide the “best value”; but it is not compelled to do so, as was the case under the traditional Texas competitive bidding procedures.

Competitive Bidding (continued)

Additionally, there is a requirement to award the contract at the bid amount, to the bidder offering the “best value” in relation to the school district selection criteria (i.e. not a negotiated contract amount). The school district is not allowed to discuss the bids with bidders for purposes of securing clarifications and changes or to negotiate with the selected bidder for cost reductions in the price of the contract to be awarded by the school district.

Competitive Bidding (continued)



E. Competitive Sealed Proposals

Under the competitive sealed proposals procurement method, the school district selects an Architect/Engineer to prepare construction documents for the project. The school district then issues a Request for Proposals for construction of the project based on contractor selection criteria as established by the school district to be the “best value” to the district for the project.

Competitive Sealed Proposals (continued)

The process involves basically four steps:

- Select an architect or engineer to prepare construction documents for the project
- Prepare an RFP that will include: construction documents, selection criteria, estimated budget, project scope, schedule, and other information required to respond
- Advertise the time by when and place where proposals will be received at least once a week for at least two weeks before the deadline for receiving the proposals
- The final step is for the district to select the offeror that offers the best value based on its published selection criteria and its ranking of the proposals

Competitive Sealed Proposals (continued)

Selection Criteria may include:

- Price
- Experience
- Past Performance
- Safety Record
- Proposed Personnel
- Methodology
- Other factors demonstrating the capability of the offeror

Competitive Sealed Proposals (continued)

The school district is required to: (1) receive and publicly open the proposals and (2) read aloud the names of the offerors and the monetary proposals, if any, stated in each proposal. The school district may discuss proposals with offerors after the opening, to allow for clarification and changes.

Competitive Sealed Proposals (continued)

Thus, the major difference between the competitive sealed proposal method and traditional competitive bidding is that post-bid negotiations may take place and a contract may be awarded at a price or on terms other than those originally submitted. In a traditional competitive bidding situation, the school district must award, if at all, to one of the bidders on the exact same basis as was originally bid.

Competitive Sealed Proposals (continued)

The school district has forty-five days after the proposal opening to evaluate and rank each proposal submitted in relation to its published selection criteria. Once the “best value” offeror is determined, the school district may discuss options with the selected offeror for cost reduction. If the district is unable to come to terms with the first ranked offeror, discussions are to terminate and the district must proceed to the next ranked offeror and repeat the process until a contract agreement is reached or all proposals are rejected.

Competitive Sealed Proposals (continued)

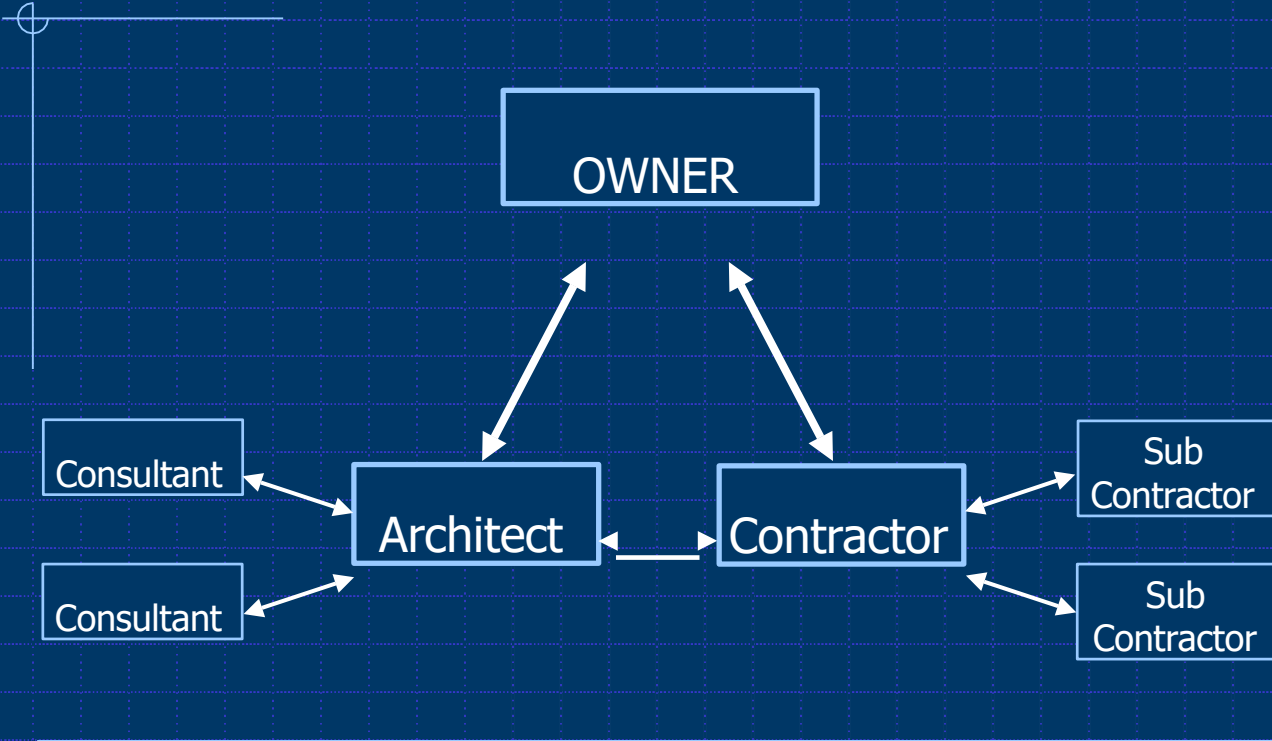
Advantages:

- Defined project scope @ time of proposal.
- Flexibility in contractor selection.
- Enables the scope to be redefined to fit the budget without having to re-propose.
- Single point of accountability.
- Allows award based on value rather than price alone through evaluation process.

Disadvantages:

- Linear process requires more time.
- No design or budget input from contractor prior to proposal.
- Not suited for projects that are sequence or schedule sensitive.
- Price not established until design is complete.

Competitive Sealed Proposals (continued)



Project Procurement and Approval Process

- **Steps for project procurement and approval**

- 1) Select and present a method of procurement that provides “Best Value for the District” to the Board of Trustees for approval
- 2) Develop project proposal package containing project procurement documents, specifications and drawings
- 3) Advertise the project for at least two full weeks or greater
- 4) Conduct a public preproposal meeting to review the project and bidding requirements
- 5) Receive and open bids at the advertised time, date, and public location
- 6) Evaluate all proposals according to State of Texas prescribed criteria
- 7) Notify short-listed proposers of interview, if applicable
- 8) Verify references for bidders, if applicable
- 9) Finalize evaluation and prepare a recommendation to the Board of Trustees based on “Best Value for the District”

Project Procurement and Approval Process - cont'd.

- What are the primary construction delivery methods used by the District? And, why?
 - Competitive Sealed Proposal (CSP) –
Most commonly used method for projects that are straight-forward in nature with routine construction methodology, phasing, and scheduling
 - Construction Manager-at-Risk (CMAR) –
A very commonly used method for projects that require a contractor to be brought into the process before bidding to assist with very complex construction projects that require them to provide consulting to the design team to construction methodology, phasing, and scheduling in advance to control pricing. The CMAR will assume the risk for construction, rehabilitation, alteration, or repair of a facility at the contracted price. The contracted price may be a guaranteed maximum prices (GMP).

HUB Utilization Process

- What does HUB mean?
 - Historically Underutilized Businesses
 - HUB is defined by the State of Texas
- What is the HUB program?
 - In accordance with Chapter 2161 of the Texas Government Code, State agencies, including institutions of higher education, shall make a good faith effort to utilize HUBs in state contracts, including contracts for construction, services, and commodities.

HUB Utilization Process – cont'd.

Mission: To encourage and effectively promote the utilization of HUBs by all state agencies, and to promote full and equal business opportunities for all businesses in state contracting in accordance with the goals based on the State of Texas Disparity Study.

Administration: The State of Texas HUB Program is administered and maintained by the Comptroller of Public Accounts (CPA). The CPA is responsible for the following:

- Reporting state agencies' HUB initiatives to the State legislature;
- Certifying eligible businesses that apply for HUB certification;
- Maintaining a current list of HUBs available for state contracts;
- Provide consulting services to state agencies and HUB coordinators;
- Assisting state agencies with good faith effort requirements and analysis.

HUB Utilization Process – cont'd.

- What groups are in the HUB category?
 - Economically disadvantaged businesses
 - Minority-owned business enterprises (MWBE) that are at least 51% owned and controlled by one or more citizens or lawful permanent residents of the United States who are either African American, Hispanic American, Asian American, or Native American.
 - Women-owned businesses that are at least 51% owned and controlled by one or more citizens or lawful permanent residents of the United States who are non-minority females.
 - Veteran-owned businesses who have suffered at least a 20% service-connected disability; and has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.

HUB Utilization Guidelines

- The District goal is 20% or greater HUB participation on all projects
- Project HUB requirements
 - Contractors must submit a HUB commitment with project bid
 - Contractors are awarded 0 to 10 points for HUB participation based on their commitment
 - Contractors must present their list of HUB subcontractors for the project to be included in their contract with the District prior to award and approval by the Board of Trustees

HUB Utilization Guidelines – cont'd.

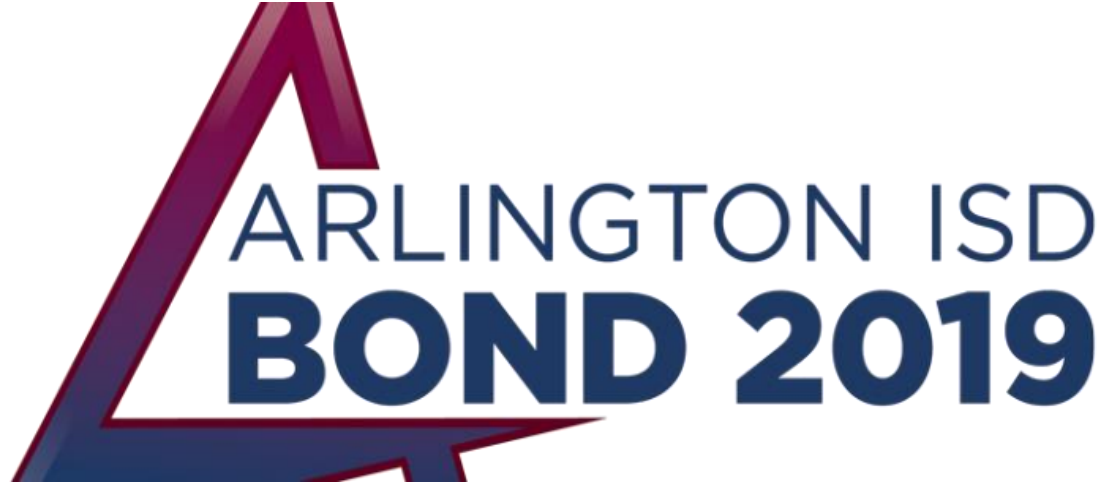
- HUB Tier Tracking Structure
 - Tier I – First level tracking (Architects, Engineers, Contractors)
 - Tier II – Second level tracking (Sub-consultants and Subcontractors)
 - Tier III – Third level tracking (Subcontractor's subcontractors)
- Arlington ISD Tracking
 - Tier II tracking only as it has the larger effect on the ability to bring an economic impact to HUB and local businesses
- What is the current HUB participation percentage for the Arlington ISD
 - 33.87% Tier II HUB participation

Project Auditing Process

- AISD Facility Planning and Construction project auditing
 - Monthly project payment application reconciliation performed by District project management
 - Project “Close-out” reconciliation process performed by District Budget Control Specialist
- External project auditing
 - Performed by a contracted 3rd party construction project auditor
 - Performed on all CMAR projects
 - Performed on CSP projects where a “Change Order” to the contract was approved
- Internal project auditing
 - Performed by the AISD Internal Auditing Department, who reports directly to the Board of Trustees
 - Performed on a random sample of construction projects or any project which may involve possible litigation
 - All projects involving a 3rd party construction project auditor are directed and overseen by the Internal Auditing Department

Project Auditing Process – cont'd.

- What is the objective of construction project auditing?
 - To ensure that all project funding is properly reconciled
 - To ensure that any unspent or unsubstantiated funds are returned to the District
 - To ensure that the District is not taxed for products and services
 - To ensure that the District did not over-pay for goods and services
 - And, to ensure that the project was completed according to the contract requirements



ARLINGTON ISD
BOND 2019