The Dangers of Overlooking "Tiny" Details

Overlooking seemingly insignificant details can derail a construction project.

By Ty Taylor

Business officials and superintendents responsible for construction programs across their school districts are always thinking ahead about how to achieve a successful referendum or budget request.

Presenting support for such initiatives requires a big-picture vision along with many "tiny" details. Those details can be overlooked or lost in the whirlwind of the planning process. And that is a concern: If the district overlooks those details, the project promised to the voters and community might be unachievable. Degrading trust in a district's ability to fulfill promises or to manage taxpayer money makes future referenda and budgets harder to pass.

Let's look at how that can happen and then consider five "tiny" details that end up being especially important in developing master plans and capital budgets.

Failure to Notice

"Tiny" details are overlooked for three reasons:

First, the day-to-day focus of business officers and superintendents is on overall district operations, which require professional skills that differ from those of architects and planners. Attempting to plan a program without professional expertise to inform the detail of a program can increase the chances of tiny details slipping through the cracks.

Second, the lack of transparent and regular engagement with all stakeholders during the planning process can derail a program. Always trust in the benefits of a healthy stakeholder engagement process.

Third, overlooking the opportunity to partner with other public agencies can result in duplication and waste of taxpayer funds. For instance, consider the benefits of a school and city sharing facilities. The efficiency of the overlapping constituency need may be modest, but the opportunity provides taxpayers with more bang for their buck—a win-win for all.

Five Tiny Details

Arguably, innumerable details must be considered when planning a construction program, but five have significant implications and effects—effects that often increase over time.

1. Projecting for escalation. "Have you projected for escalation?" The response is usually yes, but quite often escalation has been projected *incorrectly*—meaning it was not projected to the correct future date. That oversight becomes problematic when the district runs out of funding and falls short of fulfilling its promises because of poorly planned escalation.

The most common mistake is applying incorrect durations to each program phase. So how *should* escalation be projected? The midpoint of construction is the most stable point in a project to assume cost, typically eight to

nine months into construction for an average-size school construction project. Therefore, escalation should be projected that far out. Oftentimes, districts underestimate or overlook the time needed to set up a successful bond team, resulting in an underestimated midpoint of construction, the wrong escalation value, and inadequate funding.

Finally, talk to the market. What are other owners experiencing? What competing projects will require labor during the same period? Gathering intelligence will go a long way toward accurately projecting for escalation.

PROJECT PLANNING

Considering the durations of the phases that lead up to a school construction project can help avoid poorly planned escalation:

- 12–18 months to perform a districtwide master plan
- 6–9 months to pass a referendum
- 3–6 months to start the program after funding
- 12–18 months of programming and architectural design

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2. Coordinating population assumptions. Much of planning a new or retrofitted school is based on population growth rates. Consequently, problems can arise when different agencies within the same jurisdiction use different rates or assumptions.

City and urban developers might use one metric (e.g., student generation rate by building type), whereas schools might use another (e.g., live birth rates, cohort survival methodology). Which assumptions are correct and should be used to inform the project? Will the differing opinions on assumptions affect project approvals?

Consider this not-farfetched example of mismatched information:

- A city's population is projected to increase steadily over the next 10 years based on permitted residential projects in the pipeline.
- The district's demographer assumes a specific capture rate of new students resulting from those housing developments and anticipates an ample capacity impact to one neighborhood school near the development. With a large enough impact, expanded or even additional facilities will be needed.
- However, the city feels that the type of housing units will not deliver that rate of *school-age children*. Further, the city presumes that if an increase occurs, the district can assume the additional children without changing the affected neighborhood school.

So why is that a concern? The district is trying to validate the need for a new school but has conflicting data. The inability to secure funding to purchase land for a new school could impede the district's ability to perform in the future—all because coordinated population data may not have been communicated.

Early and ongoing communication and coordination are crucial so that all parties can move ahead confident in their understanding of each party's needs, objectives, funding, and approval of the projects in question.

3. Coordinating intermediate phases with the master plan. A district-wide facilities master plan is typically a 10- to 15-year or longer "road map" of a school district's future facilities requirements. These plans are ambitious and comprehensive, so it is no surprise that the cost to bring the entire plan to fruition is far greater than a district can afford in one bond or capital budget cycle.

Simply put, you can't buy 20 years' worth of construction in one election cycle. Work must be phased and prioritized over time, whether from campus to campus or across an individual campus. Consequently, several levels of information are necessary to provide a balance between master planning an entire district and detailing master plans for individual school sites.

Exactly how can a district implement a meaningful 20-year master plan and divide it into cost-efficient shorter phases? First, the district-wide master plan should provide consistent adequate detail for each campus to communicate a comprehensive picture of relative need. Doing so will allow all constituents to relate their school's needs to the whole.

Second, consider individual school site-level master plans only for those sites directly affected in the plan's first cycle of construction (i.e., five to six years) or for individual campuses that may span multiple bonds or referenda. This approach will help ensure that future phases do not contradict and demolish work completed in earlier phases.

Why focus on the first cycle? Master-planning sites that will not be affected during that time can change significantly before they are revisited to assess their needs at a future date.

4. Prioritizing the use of contingency funds. Although districts build contingency funds into comprehensive program planning, those funds are often not prioritized. Inevitably, questions will arise about what should be incorporated into project scopes of work, and unanticipated needs will be identified.

Each project budget should have an assigned level of design and owner contingency. Because planning preceding bond programs and capital budget requests may not include feasibility studies, the budget and scope assumptions will still have some gray areas.

With a healthy *program* contingency fund of 10% to 15%, it would be wise to set aside 5% for unforeseen issues (e.g., the excavation crew uncovers an old ship and you need to pay for an archeological study). The remainder should be set aside for predetermined priorities.

Should technology have a higher priority than new furniture? Which is more important now, furniture or a new fence? How about fencing or outdoor learning centers? Those questions are easier to answer when the district is not being pressured in the moment by funding requests. When a district doesn't have documented priorities and all decision makers aren't in agreement, the squeaky wheel often wins, resulting in an imbalance in equity.

With an established set of priorities for contingency funds, a district ensures that its board can protect all students and that the money is used equitably. Objectivity and data-driven decisions communicated to the community build the most trust.

5. Accelerating a program's timeline to *save* money. Finally, some good news. There is no risk in overlooking this "tiny" detail. However, considering it may provide an opportunity.

Imagine you have an agreed-upon program. If you proceed as planned, you'll spend money at the expected rate. But according to the Haas Institute for a Fair and Inclusive Society at UC Berkeley and the ReFund America Project, if you can accelerate the time line, you can reduce the costs associated with bond fees—consultant fees, underwriting fees, legal fees, disclosure counsel fees, insurance premiums, and so on—including the escalation savings previously discussed.

The longer a program runs, the more those fees cost; therefore, a compressed time line saves money. Depending on the scale of a program, that could amount to tens of millions of dollars. With that money, a district could potentially finance another project, providing more value to the community.

Small but Significant

Implementing a master plan and developing programs are intensive efforts. Although focusing on the big picture is critical to their success, "tiny" details are just as important. After all, those tiny details can make or break a program.

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