

PLANNING 101

C.A.S.H. CONFERENCE 2006

GATHER THE INFORMATION

The first step to good planning is to have the information you need to construct a great plan. For a facilities plan there are two main categories of information: the students and the facilities.

- Demographics
 - Students
 - Status of Facilities
- Analyze the need
 - Existing/new/expansion
 - Political objectives
 - Community realities

STUDENT DEMOGRAPHIC INFORMATION

The planner needs to know how many students the district has today and how many to anticipate in the future. Where do they live now and which areas will grow or decline?

Demographic studies can range from overall district numbers and trends to very specific data based on study areas of the district. The right level of study for your district will depend on the type and pace of growth or decline in your district.

In a district that is growing from new development, it is critical to be aware of development trends. A change in the pace of new home sales or the size of phases for developers can affect the pace at which you can anticipate seeing students in the district. Different target markets for the homes will often yield different numbers of students. For instance, high end homes may tend to yield more older students, while first time buyer homes impact the elementary grades more.

The type of housing that is being constructed will have an effect on the grade level and number of students that can be anticipated from each home, the student yield. The student yield factor is calculated by dividing the number of students in an area by the number of dwelling units. The result is a factor indicating how many students can be anticipated from each dwelling unit.

In a district where the neighborhoods are already established, the demographic challenge is different. As neighborhoods age, the student yield of the area will change. An area that was built for young families may continuously turn over with young families, or it may age with a population bubble that moves through the school grades so that twenty years after needing a neighborhood school, the area is mostly populated by empty nesters and the elementary school is under-

populated. But then in about five years the houses resell and a new population boom begins. Just after you have downsized the school – you need it again.

Some areas experience very unusual growth patterns. For instance, due to housing shortages and low dollar employment opportunities, some areas in Orange County experienced extreme levels of growth with no new housing development as areas of the community became low income rentals typically housing a family per bedroom.

Declines can also be difficult to predict and a challenge to manage in the facility plan. A district can remove all the relocatable classrooms and downsize a campus, but then may not be able to afford to continue to bear the administrative cost of maintaining a small campus. As popular as small campuses are with parents and politicians, they are very difficult to make a reality under the current funding process.

Of course, it is easy to talk about these possibilities in the abstract, but it is an entirely different matter to stand in front of your community and defend the predictions that will make significant changes for their schools. The ideal is to anticipate the trends as soon as possible so that you can work toward solutions with multi-year plans.

To anticipate requires that the planners of the district are in touch with the housing trends, the real estate market, occupancy rates, birth rates, and changes in the student yield factors. Staying in touch with the City/County planners for the area can also help. The utility providers in an area have the best handle on occupancy rates and they can be very helpful in determining trends; but you may need to keep the information confidential and unofficial.

The demographic information will help you determine how many students are coming in the next few years, but be aware that this type of information is not of much benefit beyond five years, unless the district is incredibly stable. If the district is experiencing high growth or decline, predicting beyond two years is difficult.

Once the demographic information is available, it is very important to understand that the worst case for budget is very different than the worst case for facilities. In facilities the plan needs to assume that everyone will show up. You don't want to have lots of students with no place to sit when school starts. The worst case for the fiscal budget is if the students that were anticipated don't show up. There is no faster road to financial difficulties than hiring more permanent teachers than are needed.

To plan conservatively, the facilities department and the fiscal department need to look at the demographics differently. For this reason some planners issue a

projection range: for instance a particular school will increase from 45-60 students. The fiscal folks can use the smaller number and the facilities folks plan for the higher.

STATUS OF FACILITIES

When constructing a plan, it is important to know what facilities are available in the district. The number of students and even the grade level configuration at a particular school site may change over time. The planner needs to be able to know how many students the school can accommodate in its current configuration and what the options are for other configurations. Could relocatable classrooms be added? If there is land, are there sufficient electrical and other systems that the facilities might need? These questions and many more affect the potential number of students that could be accommodated.

Most planners keep a record for each site, including

- 1A drawings of each building
- DSA numbers for each construction project
- the year each building was built or remodeled
- OLA/OPSC numbers that apply to any project
- the changing uses of each building as the years go by
- any relocatable buildings and the same type of info for them: including where they came from if they aren't new, and where they go when they are moved out
- serial numbers for each relocatable building section and any related financing information
- an aerial photo for each year
- the map from Back to School Night (typically the most reliable source for what grade level is using each room)

From this information the baseline capacity for each school is calculated, providing they are accommodating the ideal breakdown by grade level for the student population. The district's real loading standards should be used. That baseline is then modified based on actual current usage. Another calculation should be done using the OPSC loading standards and kept for reference.

The schedule for Special Education classes affects the capacity of the school because a classroom may have been built as a regular education room for 25 pupils, but as a special education classroom it may have a significantly reduced class load. Most planners remove the special education classes and students from the capacities and the projections, do the regular education plan, and then add the special education numbers back in.

The facility information and the student projections are used annually to plan for the immediate next year, but they are also the basis of the longer range plan.

ANALYZE THE NEED

EXISTING, NEW, AND EXPANSION PLANNING

When you begin to look at the capacity and the demand for capacity at each site, a pattern will develop revealing which areas of the district will have too much space and which will be short. Planning then begins to identify potential solutions. Boundary changes and scheduling, such as multi-track year round, can accommodate some flux in enrollment. But if the numbers are significant enough, then an addition to an existing school or a new school is planned.

As the plan begins to form, a tentative budget will need to be established for each project. An assessment should be made as to any funding source that could contribute to the project. The amount of the shortfall and or required match to obtain state or federal funds will give an indication of how much must come from local sources.

POLITICAL OBJECTIVES

The local funds are most typically contributed from Developer Fees (which developers call School Fees) or from local general obligation bond funds – and that means that you need to have an election.

Every school district is always in a public relations campaign. We deal with people's children and their tax dollars and those are two things they care about – often vocally. Districts are watched by the public and the media, and a bond campaign will be one of the biggest items of interest to come along in years.

A school bond election is often a vote of confidence/no confidence in the board and administration of a school district. So the political realities of whether the school district works with the city and county government, whether the headlines have all been negative, or whether the school board has been stable are things that need to be understood as public relations issues. At least two years before a bond campaign goes public, the behind the scenes work of lining up the political backing can begin.

COMMUNITY REALITIES

Some communities are very supportive of school bonds, many are not. It is imperative that you understand the community when crafting a school bond campaign or managing a boundary change. It is helpful to be connected to the community, to know what the conversation is in the soccer bleachers or among the band boosters. If you don't live in the community, make a practice of listening to those who do.

Assemble the Team

STRATEGIZE THE PROCESS

Strong effective teams are no accident. They require leadership. The leader of the team has the opportunity to bring the right people to the task. Deciding what expertise will be needed and determining the capability of the various players to communicate their expertise is a key element in the compiling of a great team.

- Strategize the process
 - District staff
 - Committees
 - State players
 - Consultants

One of the first decisions is often how much of the team will be in-house personnel and which components need to come from outside expertise.

DISTRICT STAFF

When you have the luxury of building a facilities staff, you can look for individuals with complementary areas of expertise. Or when you have intelligent staff with good attitudes, you can train them in the various areas so that you have a demographic expert, a land acquisition person, and a logistical planner. Typically when the staff is small, there is more need for consultants to assist with specific expertise.

In addition to the facilities staff, the planning team will need the expertise of someone from Maintenance & Operations. The current condition of facilities, the problems with various building systems, and a current knowledge of materials standardization are all important to the planning process.

A good rule for every planner is never to surprise the superintendent! The plan will eventually become the superintendent's plan, so the process needs representation at the cabinet level. If the facility department head does not attend cabinet meetings, there needs to be very close communication with the assistant superintendent and superintendent.

COMMITTEES

As projects are discussed and planned, and eventually as project components are identified, prioritized, and cost estimated, the planners will need contact with district staff at the school sites.

It is much easier to plan without input, but the plan won't be real. The challenge is to include input at the appropriate time and in ways that won't raise unrealistic expectations. Rather than establish an additional set of committees for facilities planning, there are often standing committees that can be of assistance. Grade level curriculum committees can work on grade level furniture and equipment standards. Site level parent committees are great for discussing parking lot plans and neighborhood traffic issues. For larger scope planning, committees of

principals can assist without the danger of only one principal's input. It is much more efficient to work with existing committees as their meetings are already on calendar; you just need to get on the agenda. Using standing committees also removes a layer of complaint regarding who was selected to contribute to the planning effort.

STATE PLAYERS

During early planning the state is not directly involved, but the representatives from the various state agencies can be a resource for information that will apply later. Knowing the eventual requirements and constraints will allow you to build a realistic and workable plan.

If you don't know what OPSC, DTSC, CDE-SFPD, and DSA are, you need to do some studying as they will all be involved in funding projects, approving school sites, and/or approving the plans for the projects.

<http://www.opsc.dgs.ca.gov/>

<http://www.dtsc.ca.gov/>

<http://www.cde.ca.gov/ls/fa/sf/fieldstaff.asp>

<http://www.dsa.dgs.ca.gov/>

CONSULTANTS

The facilities planning team is a combination of players from within the district and supporting consulting firms. My father used to say that a consultant was someone who borrowed your watch to tell you what time it was. Well that analogy is often true. But a smart leader knows which areas have become so complex that a second set of eyes are needed to tell the time, and those areas should be targeted for some assistance.

DIRECT THE PROCESS

The team leader compiles the team, gives clearly defined direction, facilitates effective communication, manages the timelines, and holds people accountable for their contribution to the effort. The leader is also the one who makes decisions. Someone needs to decide when there is enough information gathered for an informed decision so that the team can move forward.

Direct the Process

- The facilities team
 - Who makes what move and how
 - Delegation

WHO MAKES WHAT MOVE AND HOW

It is important that the team each have clearly defined roles. They need to know what you expect them to do – what the work product should be. And they need to know how and when you will expect them to communicate with the team.

Many planners find it useful to use a Gant chart, listing each task and assigning a team member to be responsible for that task. The timeframe for that task can be entered in the timeline. This will allow the leader to look at a particular time and see which components are being worked. It also provides a format for analyzing in what order the tasks need to be managed. Particularly with land acquisition and funding components, some tasks cannot precede others.

Action plans are familiar in many districts and can also be used to make sure everyone on the team knows their assignments and reporting dates.

DELEGATION ALLOWS MOVEMENT

When a team does not seem to be making progress, there are several things the leader needs to analyze. Has the work been adequately delegated? If all the work is centered in very few individuals, they quickly become over tasked and create a bottleneck that slows the process down. The bottleneck is often the leader, so include the leader in this assessment – especially if you are the leader.

If there is sufficient delegation and still the process is not moving forward, then one needs to analyze whether the team members are being held accountable for completing their tasks and reporting back to the team.

If they are and yet the timeline is not being met, there may be a need to add more members to the team – or create a more realistic timeline.

REFINE THE PLAN

- Refine the plan
 - Idea sharing
 - Research
 - What have others done?

Plans should change! As the team is assembled and more information becomes available, the plan can be filled in with more detailed information, better ideas may arise, or plan assumptions may not prove true. The plan should be reviewed and revised on

a regular basis. Radical shifts should be kept to a minimum, but refinement should be expected.

IDEA SHARING

The leader of the team has the opportunity to foster a team climate that encourages the sharing of ideas. If people feel shot-down whenever they speak up – they quit speaking up. Hearing folks out, valuing their opinions, and encouraging collaboration brings all the best ideas to the table. Often the

primary role of the district person is to make sure the right minds are at the table, and that they all stay there until a good solution is reached.

RESEARCH

Keeping up with new ideas, products, and information can be a daunting task. However, paying attention to new information can keep the flow of ideas fresh and effective. Without them designs and solutions can become stale and less than optimum. But always following the newest trend can lead to chaos and some non-sustainable innovations. Finding balance between the two extremes can be a challenge.

Watch for ideas that meet a need. Then watch them awhile. Run your own tests and monitor performance before buying into something new in a big way. Standardization saves money on the maintenance side, so be cautious about varying a standard unless there is a good reason.

WHAT HAVE OTHERS DONE?

Listen to your peers. Participate in CASH and CASBO and learn from how others are addressing the challenges. Go on field trips to other districts and see what they are doing. One great advantage to being in a business that is not profit driven is the open sharing of ideas. Go for it – learn from the people who are doing a great job.

Communicate the Plan

MEDIA MATERIALS

Prior to communicating your plan, you need to prepare materials that will assist you in conveying the plan. Consider the cost and keep it reasonable. If the presentation materials are costly or too commercial that can add a layer of criticism that taxpayer funds being are wasting. But they need to be classy enough to engender some confidence in your ability and in the plan.

- Media Materials
 - Concise & readable plan
 - Sites + work + \$\$\$
 - Report
 - Power point
 - Overhead
 - Boards

CONCISE & READABLE

If the plan can't summarized in two pages – you probably can't communicate it. Which sites are affected, what will happen at those sites, and the budget are the three main components that need to be communicated.

Since it is impossible to know at the planning stage exactly how far money will go, give yourself some flexibility. For the site level back up detail, a list format can be helpful with an indication of how far down the list the money is estimated to go. Any additional funds that come in will be applied to the list. Assure them

that every possible funding source is being actively pursued. This communicates that you heard their requests and noted them and also conveys which components are highest priority.

THE REPORT

A printed report with the two page maximum executive summary is important for the district leadership team and the board. It is also helpful for addressing the more detail oriented questioners. But most people want the short version – with pictures.

POWER POINT

Prepare a presentation that incorporates the executive summary material. Include aerials of the sites so that they can be discussed; site maps that convey which buildings are involved or phasing are also helpful. A picture of the façade changes or building elevations can convey more than a discussion of them can. Keep it short and concise. Use the bullets in the power point as your outline for presentation and practice it without using notes other than the presentation itself. This helps you do a better presentation and assures that everything is contained in the power point that should be there.

Though it is typically prepared for the board, it can be used again and again at site level meetings, community meetings, city council, etc. If you can get a projector and laptop to use, it is always best to bring your own equipment and be familiar with it. If that level of technology is not available to you, then have your presentation printed onto overhead projector sheets as that technology is more readily available in the school community.

If you have architectural boards showing the plans for new schools or modernizations, take them with you to presentations. Set them up around the room before hand and make them available after the presentation as you talk with people. If you are running a bond campaign and will be using them a lot, invest in a carrying case so that they stay in good shape. Be sure they will fit in your vehicle.

Take it on the Road

TELL THE STORY

Now you are ready for the road. The plan will affect many people, and they will want to know the plan. Rumors proliferate in a vacuum of information.

It is to your advantage to control the message, and that requires a plan for telling the story.

- Tell your story
 - Public relations
 - Bond campaign
 - Legislative advocacy

PUBLIC RELATIONS

This is the meat of public relations for your district. All of your materials and your presentations are public relations. If you are fortunate enough to have a Public Relations Officer, make yourself available to be coached. There are effective, and less effective, ways to answer the press, the foremost rule being to stay on topic and not answer leading no-win questions. How often have you heard a reporter ask a leading question and then heard a politician avoid the trap by staying on the same topic yet answering with their own message? You may need to become a bit of a politician if you have a sophisticated media market.

BOND CAMPAIGN

How you present yourself and the plan reflect on the district. Remember, people don't vote to give their money to people they don't think are competent. Work with your consultant to craft your presentation, but nothing sells it like the district folks getting out into the community with pictures, good information, and enthusiasm.

LEGISLATIVE ADVOCACY

Once the plan is ready and the district knows its mission, that knowledge can assist the people who help you in Sacramento and DC to do a better job for you. The road blocks to progress, the insufficiencies in programs, those are the areas for a legislative agenda. Participate in the process and you can have an effect. Real world examples are the most effective communication.

Budget the Project

Each project should begin with a budget, even before the full project definition is known the process of budgeting can begin. An analysis of the numbers is an integral part of the decision making process when the project concept is being developed and continues to be significant information throughout the project.

INITIAL BUDGET

The initial budget begins with the project concept:

- ? How many students will be served, in how many classrooms?
- ? How much funding would that student level generate from the SFP?
- ? What would the local match be?
- ? What funding sources would be available for the match?

These questions serve as the basis for beginning the funding component of the initial budget. Once you know the available funding you can begin to form the expenditure budget.

To begin the expenditure budget, first allocate a reasonable amount for the land. Then target 70% of the remaining funds for hard costs; that is the construction components of the budget. The remaining 30% is for the architect, consultants, inspections, testing, and furniture & equipment.

Be sure to have some contingency. Remember that any construction change will probably also result in some soft cost changes too. Be sure to budget more than just 10% of the construction number for contingency.

SCHEMATIC BUDGET

As the project proceeds, more will be known about the project. When the site is selected and approved, that cost will be refined to a more accurate number. As the balance between the funding available and the students to be served becomes specific, then the architect can be given direction to design for that number on a specific site.

At that point the project enters a new phase of budgeting. The architect will typically be supplying tentative budget numbers and will refine them as the project gets further defined and design elements become known. The district can then use the architect numbers for the basis of adjustments to the budget, adding the appropriate contingency amounts.

As the plans are finalized, an estimate of the project will be formalized. Those numbers can further inform the budget amounts.

CONSTRUCTION BUDGET

Once the bids are received, the budget enters the Construction Budget phase. At this point the contractor's numbers are identified in the bid components and delineated in the schedule of values that is provided as a back up to each monthly billing. The district can refine the testing budget based on the inspector's estimate of routine and specialized inspections that will be required. The inspector cost estimate can be more precise as the amount per month becomes known and can be multiplied by the length of the construction contract.

Manage the Funds

It is important to know the budget, but that is not the whole funding picture. It is essential to know if the funding will be there at the correct pace to cover the rate the expenses will be occurring. To know this a Cash Flow is required.

AGE THE PROJECT – BOTH FUNDING AND EXPENSES

The first step to managing the cash flow is to age the project. Beginning with the funding, determine when each type of funding will be available to the project by fiscal year.

Then determine the pace of expenditures by allocating the costs to the fiscal year when they are most likely to occur. As the project proceeds the actual costs of each fiscal year can replace the estimates and the remaining years' estimates can be reviewed and updated.

DO THE CASH FLOW

By comparing the funding timeline with the expenditure timeline it is possible to determine the amount of funding that will be available each year for the project. If there is insufficient funding in any year, the anticipated shortfall should be addressed before the project starts.

If the building program has more than one project and more than one funding source, the demand on each fund should be analyzed by preparing a cash flow for each fund. An analysis of the projected deposits to the fund and the draw for anticipated projects results in a fund cash flow.

Options for managing cash flow funding gaps fall into two main categories – funding adjustments and expenditure adjustments:

- △ Bridge finance – by providing funding from another source within the district or from an outside source. It is paid back when the rest of the project funding becomes available. In-house sources are preferred as they are generally interest and cost free.
- △ Adjust the pace of funding - make funds available to the project in smaller increments. Rather allocating all funding from a source at once, allocate on an annualized basis. This is a tool that is used when the cash flow for projects is fine but the cash flow for a given fund has problems.
- △ Phase the project – allowing the expenditures to be rolled out in phases. This slows the pace of expenses down thus affecting the pace at which the cash is required, and yet allows some progress to be made.
- △ Phasing can also take the form of splitting the project into work that can be managed with the current funding level and other work that will be funded from a future source that may or may not be known at this time.

Monitor the Costs

Once the budget is in place costs can be monitored against the budget.

CONTRACTS ARE WITHIN BUDGET

If each contract for the job is allocated to a particular budget line, then the costs can be monitored against the budget. For California school districts this is accomplished through use of the SACS objects codes for both the budgets and expenditures.

The cumulative amount of the contracts within a particular object code category should be monitored to assure that the funding allocated to that code is adequate for the contracts. All purchase orders applied to the coding should be considered also.

PAYMENTS ARE PER CONTRACT

If the contracts are within the budget, and the payments are per the contracts, then the payments will be within budget. Each payment should be monitored to assure that it is appropriate based on the contract; a timely payment, for services within the contract language, billed per the agreement, for work completed to the appropriate level.

BALANCE AVAILABLE ON CONTRACT

The remaining balance available on each contract should be known so that the payment can be verified to be within that amount. Many districts use the purchase order as the control for the remaining balance amount.

APPROVED WITH KNOWLEDGE OF THE JOB

Unlike payment for goods that is typically verified by the existence of a packing slip, facilities payments are often for services rendered. The person approving the payment should have direct knowledge of the job to assure that the district is paying for services that have been performed per the contract. If the person with knowledge of the job does not have payment authorization authority, the person who is authorized should require the person with the job knowledge to verify prior to the authorization to pay. It is good practice to have a double authorization required for contracts of significant amount.

Maintain the Audit Record

Each district maintains two audit controls for their regular fiscal audit:

- ± Numerical Control – every purchase order and contract should be numbered. The system should control that no unauthorized PO's can be issued and no voided PO's can be used to order from outside the authorization chain. This control is typically monitored by the purchasing department.
- ± Alpha Control – an auditor should be able to go to the alpha control of the district and determine every payment made to a specific vendor. This control is typically monitored by the accounting department and is one reason their files are alphabetical by vendor.

When a district accepts funds from OPSC they accept another audit control requirement:

- ± Project Control – this is the record of each expenditure for the project. This is typically monitored by the facilities department, but is sometimes a sub-set of the fiscal alpha control. The project control is reported on SAB 50-06 for SFP projects or on SAB 184a for LPP projects.

CONTRACTS

In addition to the expenditure documents the OPSC auditors will typically want to see all of the significant contracts for the project in order to verify that the payments were made per the contract requirements. The dates of the contracts are also sometimes significant for funding from the SFP program.

CORRESPONDENCE

Maintain a record of all the funding approvals and project correspondence. Following any meeting or discussion with government agency staff, such as OPSC, it is good practice to follow up with a letter or email detailing the results of the discussion. Place that correspondence and any response in the project record. The OPSC funding is timed for approval after many of the project decisions have been made and any OPSC discussions for unusual project components may need to be documented at the funding review.

End Well – Final Audit Clearance

Maintain the expenditure records so that any item requested during the final audit is easily accessible to on-site auditors or can quickly be retrieved and sent to Sacramento based auditors. The project record is best kept as a separate set of expenditure documents from the Alpha Control record since it needs to be multi-year and multi-fund. If the record is not separately maintained, searches for project documents will un-do the alpha record. Also, for most projects the accounting documents will be purged and archived before timing for a facilities audit is reached.

Assembling the Team

- Who will we need?
 - Construction Director / Program Manager
 - School Facility Planners
 - Financial consultant, Bond counsel
 - Attorney (experienced in public construction)
 - Real estate consultants
 - Financial Management, SFP consultants
 - Designers
 - Environmental or Hazmat consultants
 - Project Manager / Construction Manager

Assembling the Team

- Who will we need (cont.)?
 - Geotechnical Consultant
 - Technology consultant
 - Construction inspector
 - Material Testing Labs
 - Move manager
 - Labor Compliance consultant
 - Construction contractors

Assembling the Team

- Considerations for selecting the Team
 - Legal Considerations
 - Professional Services
 - » Qualifications based (Education Code §17070.50; Government Code §§4525-28, 4529.12; Public Contract Code §§ 6100-6615)
 - Construction
 - Cost based (Public Contract Code §§20110-20118.4)
 - Competitive bidding

Assembling the Team

- Considerations for selecting consultants
 - Practical Considerations
 - How do we find qualified consultants?
 - When to hire?
 - Large firm or small firm?
 - Cost of professional services?

Assembling the Team

- Considerations for selecting consultants
 - Political Considerations
 - Be able to justify selections to community
 - Keep a level playing field among consultants

Assembling the Team

- The Most Important Consideration!
 - Get the most experienced, qualified people and everything else takes care of itself
 - Avoid the bait and switch (Ensure contracts name specific people, right to veto staffing changes)
