

Los Angeles Unified School District
Construction Cost Analysis Final Drfat Report
Attachment A - Recommendation Matrix

Recommendation	Criticality*	Driven By**	Category of Focus					
			Cost/Time Savings	Organizational Structure	Process Changes	Peer Data-Driven Changes	External & Exogenous Factors	Previous Reviews
Macroeconomic Data Analysis								
1. Prepare for Labor Shortages: Develop strategies to mitigate the impact of a declining labor force, such as investing in training programs or exploring automation to control rising labor costs	Plan	MDA	X	X	X		X	
2. Monitor Commodity Prices: Develop a standard review of commodity prices, as they significantly impact construction costs. Plan budgets accordingly to accommodate potential increases through the use of adjusted cost escalation factors.	Plan	MDA	X		X		X	
Contractor Participation								
1. Increase Contractor Participation: Encourage more contractors to enter the market to boost competition and potentially lower costs. Currently, LAUSD has a lower percentage of contractors compared to surrounding areas, leading to reduced competition and higher construction costs. While LAUSD's Procurement Services Division hosts vendor drop-in sessions, an evaluation of the efficacy of current outreach and implementation of a more targeted approach could increase participation in specific trades.	Urgent	CP	X		X		X	
2. Diversify Contractor Base: Promote the inclusion of smaller firms to reduce the pricing power of larger corporations and partnerships, leading to more competitive pricing. MGT determined that corporations and partnerships are over-represented in Los Angeles County, whereas joint ventures and sole proprietorships are evenly distributed across different contractor categories. Additionally, limited liability corporations are infrequent within each contractor category. While the Facilities Services Division has a 25% Small Business Enterprise (SBE) participation goal and offers SBE Boot Camp, LAUSD should evaluate its performance to goal and identify ways to increase SBE participation.	Urgent	CP	X		X	X	X	X

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Staff Interviews								
1. Expand Contractor Pool: Increase outreach efforts to attract a diverse range of contractors, including medium-sized firms, to support various project sizes and complexities	Urgent	SI	X		X		X	X
2. Implement Checkpoints: Establish additional project checkpoints to reassess scope and budget, especially for long-term projects, to adapt to changing conditions and needs.	Urgent	SI			X			
3. Update Guidelines: Regularly review and update educational specifications, design standards, and product requirements to align with current needs and best practices. LAUSD is currently implementing this recommendation through an update to its contract specifications.	In Progress	SI			X			
4. Enhance Collaboration: Strengthen communication and collaboration across departments to ensure all participants are informed and involved in decision-making processes. This recommendation is a strength to expand on – one potential idea to enhance themes identified during the interview phase of the project is to survey staff after goals are shared to assess understanding across teams.	Priority	SI			X			
5. Address Community Needs: Continue to ensure community engagement and feedback are integral parts of the project planning and execution phases when possible. While this recommendation was grounded in what is going well at LAUSD, it is important to note that community engagement is challenging and costly to scale. LAUSD's Facilities Service Division has a Community Relations office that leads this work.	In Progress	SI			X		X	

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LAUSD Construction Project Review								
1. Proactive Abatement Testing: To secure competitive pricing and ensure timely completion of work before construction begins, it is recommended to issue a Request for Qualifications (RFQ) early for hazardous materials assessment and abatement plans. Additionally, mandate detailed job walks to uncover risk before bidding.	Priority	LCPR	X		X		X	
2. Extended Pre-Construction Schedule: Build in more time for walkthroughs and facility condition assessment. By allowing more time in the schedule for pre-construction activities, the district can reduce the likelihood of unexpected changes and associated costs, leading to more efficient and cost-effective construction projects. Furthermore, the walkthroughs should include the Construction/General Contractor and the Architect/Engineer teams to catch “unforeseen” issues early.	Priority	LCPR	X		X			
3. Re-Evaluate Aged Projects: Reassess scope and cost prior to bid. Based on project review, some projects were identified more than five years prior to funding being identified and proceeding with design and ultimately bidding the project. While the specific delays on these projects may have been influenced by the pandemic, many alterations to the program and the cost environment can change during any period spanning more than six months. Re-evaluation of the project should be accomplished prior to entering the bid environment to avoid cost and schedule overruns.	Urgent	LCPR	X		X		X	
4. Prioritize Site Investigations: Conduct early structural reviews and explore alternative design options pre-DSA submission. Allowing more time to investigate facility conditions and considerations while renovating a historic site may have avoided the need to add scope after Glassel Park’s seismic retrofit began at Glassel Park STEAM Magnet. The elevator shaft extended into the attic necessitating reframing the walls, reconfiguring the attic and roof structure, correcting footings to accommodate existing footings, new structural anchors to connect it to the existing structure. This may have been avoided if the issue were revealed in the pre-construction phase while different options could have been considered and incorporated into the plans submitted to DSA.	Plan	LCPR	X		X		X	

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5. Strengthen Document Review Process: Conduct detailed constructability reviews and assess As-Builts and historical documents before bidding. To avoid costly delays and budget increases, it is crucial to review construction documents thoroughly before the project is bid and/or begins. Missed scope and plan changes after construction starts can lead to significant budget modifications.	Priority	LCPR	X		X			
6. Enable Value Engineering: Allow time for cost-saving assessments and explore alternate solutions during design. Allowing more time for value engineering might reveal some cost and time-saving measures. A comprehensive facility condition assessment and investigation of the site and historical documents might reveal issues prior to planning and construction.	Plan	LCPR	X		X		X	
7. Document and Review Lessons Learned: Capture and share recurring issues and resolutions and conduct team reviews of past projects to establish best practices. Reflect on what went well and what could be improved. Understanding successes and challenges will streamline processes and establish best practices moving forward.	Urgent	LCPR			X			
8. Enhance Change Order Reporting Process: More detailed and easily accessible data will allow the Board to monitor developments and identify/address potential issues before they arise or become major. This will enhance the district's ability to respond to cost and schedule changes.	Plan	LCPR			X			
Peer Analysis								
1. Develop strategic plan to address root cause of program management challenges across the Construction Program: Many of the issues identified in the OIG Audit Report conducted in 2020 related to change orders seemed to surface in the LAUSD construction outcome projects that were reviewed. While documentation may exist to address the implementation of issues identified in the audit, the recurring themes create a need for the development of a strategic plan that strengthens oversight, enforces compliance, and improves processes through the development of key performance indicators and continuous performance monitoring. A strategic plan would identify changes to organizational structure, process, and technology that could decrease costs while increasing operational efficiency	Urgent	PA			X	X		X

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2. Consider a sub-contractor management study to increase participation: Encourage more diverse contractors to enter the market to boost competition and potentially lower costs. This is an expansion to the recommendation based on contractor participation analysis, where the focus is on the identification of systemic barriers that could be addressed thereby leveling the playing field and creating cost savings through greater local participation.	Urgent	PA				X	X	
3. Change order procedures, process, and training review: The District should establish a stringent review process for project change orders once they meet a certain threshold. This threshold could be set at a specific number of change orders (i.e. more than 15) or at a percentage of the overall project budget (i.e. more than 10%).	Urgent	PA	X		X			X
4. Evaluate feasibility of competitive and fair compensation clauses that have been effective for peers: by leveraging performance and payment, the District can accelerate delivery and better manage costs.	Priority	PA				X	X	
5. Assess delivery method approach: Continue identifying delivery methods based on project scope, complexity, and size. Selecting the delivery method that aligns best with the project type can be a way to control cost, timeline, and risk management.	Plan	PA	X		X			

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