Elements of a Successful Negotiated Procurement

Leverage 110 ILCS 805 Art. V in order to generate funds for facilities improvements

→ without referendum
→ without raising tax rates
→ without increasing tuition rates
“The severe economic crisis and loss of jobs drive people to our doors, emphasizing the need to keep IL Community Colleges well-equipped to handle the demands the public expects of them,”

Guy Alongi
Chairman of ICCB 1/2011
“The demand is from those who need to enhance their skills to maintain employability or retrain to re-enter the workforce, & from traditional students who are finding accessibility & affordability make community colleges an attractive option,”

Geoffrey S. Obrzut
President and CEO ICCB 1/2011
WORKFORCE TRENDS

Over 2/3 Career & Technical Ed degrees/certificates

+ 17% past 4 years
CRITICAL TRENDS

- Demand for scientists & engineers 4x faster (next 10 yrs)
- “iGeneration” learn/communicate differently (Dr. Larry Rosen, Cal State Univ.)
IMPLICATIONS

- We need the learning environment to change in order to be efficient and effective at preparing students for job competition
- May create a capacity issue
- Tuition increases and cutbacks rob students of the full benefits of a Community College education
POSSIBILITIES

- Referendum or tuition rate increases
- Do nothing
  - Learning environment doesn’t improve
  - Expenses remain higher than necessary
- Piecemeal approach
  - Wait until 2020 and beyond
  - Increasingly costly
  - OR...
COMMON COLLEGE
FINANCIAL & FACILITIES CHALLENGES

Challenges

- Rising Operations Cost
- Aging Facilities
- Deferred Maintenance
- Lack of Capital
- Difficulty passing referenda
- Code & Regulation
- Comfort Issues
- Inadequate in-house staffing or training
- Changing/rising “demand”
- Programmatic changes

Ways to Address

1. Traditional Low Bid
2. In-House
3. NEGOTIATED PROCUREMENT
ADVANTAGES OF NEGOTIATED PROCUREMENT

Traditional project

- Big District funds at risk/spent
- Accountability
- Total cost unknown until end
- Quality and timing risk
- Who do you hire and when?
- Message to taxpayers = spending
- Requires tax increase, tuition increase, referenda etc

110 ILCS 805 Art. V

- Nothing spent/risked because Feasibility is conducted at no cost and no obligation
- Qualified Provider is accountable for entire project (start to finish)
- No change orders (price is guaranteed upfront)
- YOU can select local and preferred workers
- One agreement vs multiple
- CONSERVATION/GREEN and SAVINGS message
- Tap into financial resources (e.g. grants, rebates, savings and non-referendum debt authority)
HOW TO UNLOCK 3 COST CENTERS IN YOUR EXISTING BUDGET

A. Utility expenditure
   i. Electric
   ii. Gas
   iii. Water

B. Repair & maintenance

C. Long term operational
   i. Planned future needs
   ii. Unplanned future needs
MODEL YOUR FUTURE REPLACEMENT COST/RISK

BUILDING ENVELOPE

FLOORING

HVAC

SECURITY

PLUMBING

OTHER

Un-Budgeted Without Guaranteed Savings Project

Budgeted Without Guaranteed Savings Project

Budgeted with Guaranteed Savings Project

$
## Long Term Operational Cost

**Mean Expected Useful Life**

<table>
<thead>
<tr>
<th>Item</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Temperature Controls / EMS</td>
<td>20</td>
</tr>
<tr>
<td>B. Boilers</td>
<td>25</td>
</tr>
<tr>
<td>C. Lighting</td>
<td>15</td>
</tr>
<tr>
<td>D. Windows</td>
<td>20</td>
</tr>
<tr>
<td>E. Unit Vents / ppg</td>
<td>20</td>
</tr>
<tr>
<td>F. Bathrooms</td>
<td>18</td>
</tr>
<tr>
<td>G. Electrical</td>
<td>15</td>
</tr>
<tr>
<td>H. Roofing</td>
<td>20</td>
</tr>
<tr>
<td>I. Plumbing</td>
<td>20</td>
</tr>
<tr>
<td>J. Other</td>
<td>TBD</td>
</tr>
</tbody>
</table>

* Source: ASHRAE
SHOULD YOU EXPLORE 110 ILCS 805 ART. 5?

- Another “tool” in your tool belt
- Qualified Provider will usually do Feasibility Study at no cost
- No negative impact to taxpayers
- No negative impact to students
- No referendum
- Guaranteed savings up to 20 years
- Maximize grants & rebates
- Removes your accountability and risk
- Pro-active vs piecemeal approach
- No proprietary systems
- Local and/or preferred vendors selected
ELEMENTS OF A SUCCESSFUL NEGOTIATED PROCUREMENT

- You gain control
- Community favorable
- Fiscally advantageous
- Shifts accountability and risk
- Serve an ever changing student body
END RESULTS

- Serve an ever changing student body
  - iGeneration
  - Workforce Development
- Maximize effectiveness & longevity of existing resources & spaces
- Improve learning environment so graduates can compete for jobs

“Healthy schools improve student focus, retention, & test scores; enhance teacher performance; & lower absenteeism”

“Bringing Sustainable Approaches to the Forefront of the Learning Environment
Michael Lopez, 11/2010
Questions?

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