EXECUTIVE SUMMARY

California’s number one market sector, the design and construction industry, lacks an advocate within the administration to coordinate and manage policy decisions regarding the State’s infrastructure investment, as well as identify issues and concerns of the industry in general. As a consequence, the State’s infrastructure needs, and the impacts on the general public and other state and local public agencies, are not comprehensively considered. Further, infrastructure-related decisions do not benefit from critical policy deliberations and the collaborative input of an architectural perspective.

Over time, multiple State agencies have been delegated design and construction authority, allowing them to operate independently of other authorities. Such autonomy has often resulted in fragmentation and duplication of services, causing waste, inefficiencies and the promulgation of poorly vetted and frequently conflicting policies, procedures, and regulations. This proliferation of design and construction authorities encourages non-productive competition, the development of disparate policies and procedures particular to an individual authority, and increases the development of bureaucratic barriers that complicate the entitlement and building processes – with little or no public benefit. The resulting project delivery process is expensive, time consuming, short-sighted, and ripe for conflict and litigation.

There has been a gradual abdication of leadership within the agencies with design and construction authority that has resulted in fragmentation, poor coordination, and missed opportunities.

To respond to these inefficiencies, the AIACC believes there is clearly a need for a single entity – within the administration – responsible for coordinating policy, and aligning the design and construction authorities of the various state agencies.
LEADERSHIP FOR CALIFORNIA’S DESIGN AND CONSTRUCTION INDUSTRY AND ITS ROLE IN CALIFORNIA’S ECONOMIC RECOVERY

For both the state and the design and construction industry and those whom they serve, there are efficiencies to be gained in the coordination and standardization of these agencies. State agencies with design and construction services should be audited to determine where there are duplications of service and where these duplications exist, they should be combined, eliminated, or relocated to the most appropriate location to maximize efficiency.

A single authority charged to represent the design and construction industry can

• Bring a unifying voice to agencies with design and construction authority
• Serve as a trusted advisor to the Governor and a resource to the Legislature
• Advocate for the built environment in policy discussions
• Provide program accountability
• Mitigate adverse impacts on business and local communities
• Reduce duplication and waste within government
• Maximize opportunities for the State’s capital investments

The Division of the State Architect (DSA) is the obvious and best choice to address the complex problems facing California. An enhanced DSA can consolidate, coordinate, standardize and streamline the plan review process, the policies, and the regulatory actions of state agencies to ensure the construction of safe, accessible, and sustainable public buildings – not by placing them under one roof, but rather, on the same page. If the mission of the DSA is to assure the construction of safe, accessible, and sustainable public buildings, the review of all design related disciplines must be included in their review of construction documents.

Housing design and construction services under RESD does not allow for leadership and supervision by a licensed design professional and returning those services to DSA can be beneficial to both agencies. Building upon its existing knowledge and ability, a reinvigorated DSA could be charged with the coordination of activities of the state with those of the industry, facilitating a cooperative response to the critical issues affecting California.

This is a tremendous opportunity for California to focus efforts on leadership, collaboration, and leveraging the value of design in creating healthy and sustainable buildings which its citizens live, work, and play.
According to the California Department of Labor, in 2011, design and construction combined accounted for more than 19% of California’s employment, and contributed more than $42.0 billion to its economy (source: McGraw-Hill Construction). And it should be noted that in 2006, design and construction demonstrated its true potential by contributing a record $68.0 billion to California’s economy.

To further underscore the importance of this market to California’s economic health, when the economy began to slow, there was a resultant loss in employment not only among the design and construction industry, but also to secondary and supportive sectors. From product and material manufactures and suppliers, to the construction site food vendors, the decline took its collective toll.

As construction declined so too did tax revenues for the state, counties, and cities. The loss of billions in operating revenue derived from design and construction in the form of both sales and personal income tax resulted in the loss of public services and public jobs.

A healthy and active design and construction industry is vital to the State’s economic well-being.
CHALLENGES FACING CALIFORNIA AND THE DESIGN AND CONSTRUCTION INDUSTRY

Increased Population
Despite a slowdown in growth caused by the recent protracted economic recession, the California Department of Finance estimates that the population of California will increase by more than five million people in the next eight years and projects a State population of about 40.8 million by 2020.

Crumbling Infrastructure
Meeting the physical needs of this projected population growth will require an enormous investment in construction by government and the private sector in housing, commercial buildings, educational facilities, health care institutions, transportation infrastructure, and utilities including water treatment, power generation and distribution. In addition, the State is faced with the necessity to spend billions replacing worn out buildings and infrastructure constructed in the state’s growth boom of the 1950’s that have or will shortly reach functional obsolescence. Combined, these two demands constitute a significant challenge to the State’s design and construction industry.

Regulatory Inefficiency
In addition to market forces, the State itself is creating its own set of additional challenges. Delayed decisions due to conflicting or outdated regulations and policies can lead to impediments, lost opportunities for employment, and missed opportunities for technological innovation.

Nowhere is the effect of delay more readily visible than in the plan approval and permitting process. Typically, a common obstacle toward development is a delay in construction funding. These interruptions are difficult enough to contend with, but they become even more frustrating—and costly—once construction funds are in hand, only to be delayed from making their way into the economy by regulatory bureaucracies. For a public school project alone, the project must navigate its way through approvals from the Division of the State Architect (DSA), the Office of Public School Construction, the California Department of Education, the Department of Toxic Substance Controls, and a division of the Department of Conservation known as the “California Geological Survey.”
The Little Hoover Commission recently researched how state agencies develop regulations and issued ‘Better Regulation: Improving California’s Rulemaking Process’. In this report, the Commission noted “California has been reluctant to adopt and use analytical tools employed in other states and at the federal level. This has produced a regulatory approach that can focus intensely on solving problems in a single arena without taking into consideration the broader context or consequences of the solution it imposes or developing regulations that maximize benefits in a systematic way.” It also noted:

“In order to better protect its citizens and encourage economic development, California must improve its regulatory process.” -California’s Little Hoover Commission

Clearly, as validated by the testimony to and findings of the Little Hoover Commission, the concerns of the AIACC—that the bureaucracy is having an adverse effect on design and construction—are shared by others. Unfortunately, while representatives of the industry were present at the Commission’s hearings, there was no representative from the Administration to address matters specific to the State’s role—or lack thereof—in design and construction.

Impact of Delay

One such example of this type of construction approval delay occurs as a result of the imperfect science of the California Geological Survey (CGS). On a modernization project to a school that had been through the Tehachapi, Sylmar, Whittier Narrows, and Northridge earthquakes CGS, using newer seismic maps, raised concerns of a “possible” fault running through the school-site based on “projected” fault lines. CGS required trenching and additional research to identify exactly where the fault extension occurs. After the school district spent tens of thousands of dollars to meet the requirements of CGS, CGS could not readily determine that the fault existed. However, because they could not determine that the fault did not exist, this ultimately terminated the project after the district had already spent tens of thousands on improvement plans and received plan review approvals from the DSA and the California Department of Education. Ironically, having performed as it was designed to during the four previous seismic events the school remains open and occupied.
OPPORTUNITIES

There exists a lack of coordination between the various state agencies which possess design and construction approval authority. For example, in order to design and construct public education facilities in California, school districts and their design and construction teams must simultaneously coordinate their efforts with a large number of disparate State agencies, which do not internally communicate. The agencies each possess their own design and construction approval authority, which must be obtained for each project agency by agency, and if conflicts occur between the varying requirements of the agencies, the school district is responsible for the communication and documentation of the negotiations and resolutions toward overall project approval from all agencies.

This current approach is time-consuming, expensive, and confusing, especially considering that a project must receive approval from a number of agencies before the State Office of Public School Construction will consider the project for funding.

Another example of disparate State agencies having their own separate design and construction authorities can be found between the Department of Corrections and CalTrans. Although each has a distinctly different mission where design and construction is concerned, there are similar needs for procurement of design services and construction services, delivery methods, planning and programming; yet each department takes a different approach to how they obtain those services.

The AIACC believes for both the State and the design and construction industry there are efficiencies to be gained in coordinating the services provided by these agencies with each other and those who have influence on the design and construction industry.
OPPORTUNITIES FOR CALIFORNIA AND THE DESIGN AND CONSTRUCTION INDUSTRY

As we prepare for a post-recession economy, this is an excellent opportunity to reflect on current practices and their applicability to a new economy, to perform a self-assessment, and review what is important. Through California’s current economic environment there exists an opportunity to perform a self-assessment—to learn where and how to increase efficiency, reduce waste and better position the State.

The AIACC believes this is the time to reflect internally about the aspects that are important to the State’s identity, to ensure ongoing prosperity and opportunity for its citizens.

Learn from Industry Best Practices

The State’s failure to take advantage of industry best practices regarding project delivery, emerging technologies, and industry standards found in the private sector will have a detrimental impact on the future. This failure has significantly increased the burdens on building owners and made it increasingly difficult for the design and construction industry to remain competitive in the market.

Re-organization of State Agencies

Recognizing that currently no state agency is charged with ensuring the cross-coordination of its efforts with its collaterals within State government, it would be wholly unfair to lay fault for this disconnect at the door of the well-intended agencies fulfilling their obligations to California’s citizens. In fact these same agencies are to be viewed not as adversaries but rather as partners, both wanted and necessary to achieve the solutions to the problems we are all facing.

The AIACC believes there has been a gradual abdication of leadership within the agencies with design and construction authority and that has resulted in:

- Fragmentation
- Poor coordination
- Promulgation of conflicting and confusing regulations
- Poorly defined policies
- Missed opportunities
- Inefficiencies

Self Assessment

A recent example of this self-assessment type of behavior can be found in the DSA’s efforts to streamline and improve its services. Recent and minor changes to the DSA’s construction change documentation process have proven to be a significant improvement over previous change procedures. Following a review of their existing change order process DSA discovered that under an antiquated building standards law they were required to review all changes to approved construction documents, regardless of their impact on DSA’s core areas of responsibilities. DSA determined it was a significant burden to both itself and the design community and proposed regulations that were approved by the California Building Standards Commission. These new regulations require DSA to only review construction changes that affect alterations to the structural, fire/life safety or accessibility. It is estimated that this change will allow the DSA to redirect approximately eight staff personnel years previously assigned to the nonessential functions of the change order process to areas within the DSA where there is an immediate and unmet need.

Furthermore, this change will also save the design community untold time and money as it reduces the previously required but unessential burden to submit change orders which were irrelevant to the role of DSA, and did not increase the structural, fire/life safety or accessibility of the building’s occupants.
THE NEED FOR COORDINATION
AND STANDARDIZATION

There is a need for consolidation, coordination, and standardization amongst service bureaus like the DSA and the Office of Statewide Health Planning and Development (OSHPD). Both organizations provide plan check and inspections services, and although they both serve different project types and their approaches are similar, each has a very different process to providing those services. There are savings and efficiencies to be gained from coordinating how each authority performs their similar functions. Standardization would be beneficial to both the state and the design and construction industry.

The AIACC believes that for both the State and the design and construction industry and those whom they serve there are efficiencies to be gained in the coordination and standardization of the services of these agencies.

CONFLICTING REQUIREMENTS
AMONGST STATE AGENCIES

One of the challenges facing the design and construction industry is the variety of regulatory agencies in California who have the ability to produce and promulgate regulatory actions, but have no design and construction authority.

The DSA, the Office of Statewide Health Planning and Development, Housing and Community Development, State Allocation Board, Department of Education, Office of Public School Construction, Office of the State Fire Marshal, Public Utility Commission, Energy Commission, Department of Toxic Substance Controls, Seismic Safety Commission, and the Geological Survey, all have the ability to create policy and regulations affecting the design and construction industry – frequently without regard for the possible incompatibility. This situation has led to the creation of conflicting requirements creating uncertainty throughout the public and private design and construction industry. As a consequence, we have witnessed innumerable examples of wasted time, money, and missed opportunities for the state and the industry.
DUPLICATION OF SERVICES

Duplicative functions within the State are a poor use of staff, and waste limited, precious resources.

As part of the State’s “self assessment” it is also time to examine how its existing organizational structure could be enhanced.

Currently, the Real Estate Services Division (RESD) is responsible to fulfill the State’s real estate and property needs, charged with five different functions, ranging from asset and property management to project management, and professional services. The AIACC believes that while related, the housing of these services under one roof has not been effective and that the design and construction services currently housed in this agency could benefit from the leadership and supervision of a licensed design professional. As a real estate professional brings specific skills and experience to managing the State’s assets, a design professional brings training and knowledge that can maximize the State’s activities in regard to the built environment.

The AIACC believes that returning those design and construction activities currently housed in RESD to DSA can be beneficial to both agencies.

The current organizational model limits professional real estate staff to manage a disjointed and convoluted process and does not allow for true leadership in the real estate arena. By enabling RESD to focus on areas requiring real estate expertise and returning activities related to design and construction, space planning, and professional services to DSA, the State will benefit from increases in efficiencies, occupant satisfaction, and building performance. In doing so, this would also return the State Architect, as the State’s highest appointed design professional, to a leadership position.

The AIACC believes that state agencies with design and construction services should be audited to determine where there are duplications of service, and that where duplication of services exist, they should either be combined, eliminated, or relocated to the most appropriate location to maximize efficiency.
DESIGN LEADERSHIP

Design leadership cultivates a culture of innovation and creativity, and fosters a built environment that enhances the human experience. Once the leader in design innovation, California’s preoccupation with expanding bureaucracies, duplication of services, and excessive fragmentation of design and construction authorities, has dangerously eroded our opportunities to engage the future and find new solutions for a planet in environmental danger. We must again focus our efforts on leadership, collaboration, and leveraging the value of design in creating healthy and sustainable buildings in which we live, work, and play.

For example, the simple fact that there are 13 state entities who have the individual ability to affect the design and construction industry, requires leadership to coordinate activities. One solution is the creation of an authority charged with coordination of the design and construction-related policies and regulations of these entities. Besides addressing the immediate problem of resolving conflicts, a secondary benefit would be the ability of this individual to serve as a trusted advisor to the Governor and a resource to the Legislature.

A single authority charged to represent the design and construction industry can:

- Re-establish a culture of innovation and design leadership in California
- BRING a unifying voice to agencies with design and construction authority
- SERVE as a trusted advisor the Governor and a resource to the Legislature
- ADVOCATE for the built environment in policy discussions
- PROVIDE program accountability
- MITIGATE adverse impacts on business and local communities
- REDUCE duplication and waste within government
- MAXIMIZE opportunities of the State’s capital investments
The AIACC believes...

An enhanced DSA can streamline the plan review process and ensure the construction of safe, accessible, and sustainable public buildings. While DSA trained technical staff reviews and approves projects in the areas of structural safety, fire and life safety, and access compliance, three additional disciplines critical to the building—plumbing, mechanical, and electrical—are not part of the plan review process. Although these three areas are critical to occupant health and safety, the current review system relies solely on the design professional of record and the inspector of record to ensure conformance with the plans of improvement.

If the mission of the DSA is to assure the construction of safe, accessible, and sustainable public buildings, the review of all design related disciplines must be included in their review of construction documents.

AN ENHANCED DSA

Currently, the DSA is the only multi-project-type oriented agency in state government. DSA’s existing knowledge and understanding of the industry makes it the obvious choice to begin establishing a single design and construction authority for the State. Additionally, the DSA enjoys an ongoing working relationship with both public and private representatives of the design and construction industry, making it a comfortable choice to serve as its advocate.

The DSA is the only State agency deeply interested in the issues related to disabled access, building code development, project delivery, construction inspection, procurement, planning and programming. This familiarity would facilitate the traversing of all the other State agencies with design and construction authority to place them not under one roof, but rather, on the same page.

A DSA restored to its former coherence and authority can facilitate progressive, cost-effective change. Through the effective leadership of the State Architect the DSA can once again become a trusted advisor to the Governor, a resource for the Legislature, and a leader of the profession, bringing an architects’ knowledge and skills to bear on the complex challenges facing the state.
The American Institute of Architects, California Council (AIACC) is the voice of the architecture profession, dedicated to serving its members, advancing their value, and improving the quality of the built environment. The AIACC is an association of individuals in California, with nearly 11,000 members, including licensed architects, emerging professionals, and allied partners in design. All share their commitment to excellence and livability in California’s buildings and communities.

The AIACC would like to thank the following people for their participation in issue identification and preparation of this report:

**Editorial Advisory Committee**
- David Cartnal, FAIA
- Brian Dougherty, FAIA
- Charles Higueras, FAIA
- Mark Hornberger, FAIA
- Scott Gaudineer, AIA
- Robert Newsom, FAIA
- William Roger, AIA
- Michael Stanton, FAIA
- Pamela Touschner, FAIA
- Brian Wiese, AIA

**AIACC 2013 Executive Committee**
- Frank Bostrom, AIA | President
- Brian Dougherty, FAIA | First Vice President/President-elect
- Kim Anderson | Vice President of CA CACE
- Greg Izor, AIA | Vice President of Regulatory Affairs
- Bruce Monighan, AIA | Secretary/Treasurer
- Don Rudy, AIA | Vice President of Professional Practice
- Lee Salin, AIA | Vice President of Legislative Affairs
- Jason Silva, AIA | Vice President of Communications/Public Affairs
- Alex Tsai, Assoc. AIA | Vice President of the Academy for Emerging Professionals
- Paul W. Welch Jr., Hon. AIA | Executive Vice President

**Editorial Direction by Michael Stanton, FAIA**
**Illustrations by Peter Hassleman, FAIA**

**AIACC**
1303 J Street, Suite 200
Sacramento, CA 95814
(916) 448-9082
www.aiacc.org | mail@aiacc.org