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19-098

ADOPT FINDINGS - GRANT AN EXEMPTION FROM
COMPETITIVE BIDDING - AUTHORIZE USE OF THE
DESIGN BUILD ALTERNATIVE CONTRACTING
METHOD FOR THE SYLVANIA AM RENOVATION
PROJECT

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REPORT: The Sylvania Automotive Metals (AM) building contains aging Mechanical, Electrical & Plumbing (MEP) equipment that has exceeded its expected life cycle. In addition the comprehensive assessment of building roofs that was carried out in 2017 identified this roof as a high priority for replacement. The building will have to remain open during the project as there are no suitable alternative locations for the classes taught in the building. This project is planned as part of the 2017 Bond Program maintenance projects. The College has several critical needs related to the work going forward for the project:

- The timeline is schedule certain due to the impact of the building use
- Work will need to be coordinated with building users and after hours work
- Imperative that the work happens during a summer timeframe

For this project Staff recommends that the alternative Design/Build competitive process be utilized, rather than the standard competitive Invitation to Bid process. The Oregon Public Contracting Code (ORS 279C.300) requires that all public improvement projects be procured through a competitive bid process. The PCC Board,

acting as the Local Contract Review Board, may exempt the project from competitive bidding as long as certain findings required by ORS 279C.330 and 279C.335 are made and an authorized alternative contracting method is used (OAR 137-049-0600 to 137-049-0690). A design/build alternative contracting process is authorized under OAR 137-049-0670. A Design/Builder is selected through a competitive request for proposals ("RFP") process where factors such as experience, expertise, team of designer and contractor, and a demonstrated record of performance can be considered. The other benefit of a Design/Build process is that the contractor is the lead and partners with an architectural firm as part of the team during the design phase, assisting in design development, constructability review, value engineering, scheduling, and estimating. Through this process a guaranteed maximum price is developed. The Design/Builder is the general contractor during the construction phase and will manage the project from the start to finish.

Staff will come back to the Board for approval of the contract when a Design/Build team is selected through a competitive RFP process with a Guaranteed Maximum price or not to exceed amount.

Findings:

- a. The Board finds that the AM Renovation Project is well suited to the Design/Build contracting procedure, because the AM Renovation Project is complex and will require careful planning and coordination of work happening on an occupied campus on an occupied building, including managing site access and utilities and logistics. There is a tight timeframe to achieve all of this work. Further, the project is envisioned as a team effort between PCC, the Design/Build Contractor and Designer-Builder's Architectural team.
- b. The Board finds that PCC is knowledgeable and has a demonstrated capacity to manage the Design/Build process in all disciplines. PCC has previous experience utilizing design-build for the Willow Creek Center, Columbia County Center, and the Rock Creek DTSB project.

- c. The Board finds that this scope and magnitude of work requires careful planning and scheduling around the college's academic calendar, and that the public interest will be best served by establishing a construction methodology that encompasses that capability over the duration of the work.
- d. Pursuant to ORS 279.335(2)(a), the Board finds that utilizing the Design/Build process is unlikely to encourage favoritism in the awarding of public contracts or substantially diminish competition because a competitive RFP process will be utilized to solicit the Design/Builder, the procurement will be formally advertised, competition will be obtained through competitive proposals, and evaluation and award will be based on identified selection criteria reviewed and ranked by a PCC evaluation committee.
- e. Pursuant to ORS 279C.335(2)(b), the Board finds that utilizing the Design/Build process will result in substantial cost savings to PCC because:
 - i. The proposed team approach will improve communication and continuity, which the Board expects will expedite decision making and reduce costly project delays;
 - ii. Detailed constructability studies, evaluations of construction phasing, and developing options for procurement of materials more efficient using under a Design/Build contract and will result in cost and time savings. The contractor involvement at the inception of the project and leading the design will allow the project to stay within budget. As well, involvement in the design and constructability issues is also more efficient, and should enable thorough knowledge of the project and reduce the need for change orders or added costs during construction.

- iii. The complexity of the project requires the skills of an experienced general contractor; and the use of the Design/Build procurement process will enable PCC to consider experience as part of the selection criteria;
 - iv. PCC expects to be able to take advantage of reduced architectural service costs as a result of the more streamlined Design/Build approach;
 - v. It is common practice in the industry to renovate buildings of this nature on a Design/Build basis where detailed planning, scheduling, and sequencing is required by the owner, and
 - vi. Historically, the Design/Build process helps reduce the number of change orders because the contractor is the lead during the design and planning phases.
- f. Pursuant to ORS 279C.335 (2) (b) (A-N), the Board makes the following specific findings in support of the above-noted findings:

(A) How many persons are available to bid; *Based on previous PCC Bond construction contracts it is reasonable to anticipate between five to seven of those firms would propose on the Sylvania Campus project.*

(B) The construction budget and the projected operating costs for the completed public improvement; *We anticipate this form of contracting will provide a more competitive project and cost less. There will be operational savings once the project is complete because there will not be continued maintenance issues with the MEP systems and roof.*

(C) Public benefits that may result from granting the exemption; *Bringing the Design/Builder on as the lead of the project and at the beginning of the design*

phase promotes an early team approach that leads to continuous value engineering and improved constructability review, resulting in an improved final design. This will reduce change orders and limit delays during the construction phase. This benefits the public through cost savings, provides "guaranteed" costs, and is more likely to result in timely delivery of the project.

(D) Whether value engineering techniques may decrease the cost of the public improvement:

Value engineering is a routine practice in public improvement projects regardless of procurement method. The Design/Build delivery method allows for the general contractor and subcontractors with specialized expertise and common project goals to lead the value engineering process during the design phase, resulting in a more effective and efficient process as compared to value engineering by change order to a completed design. The inherent flexibility and openness of the Design/Build process allows the College to more easily change the design and scope of work as necessary to meet the project budget before the final design is fixed. This is not something that the traditional bid process offers.

(E) The cost and availability of specialized expertise that is necessary for the public improvement:

The RFP process allows for review of contractor expertise not afforded in traditional procurement.

(F) Any likely increases in public safety:

The Design/Build process will enhance public safety because PCC will be able to consider the safety record of the contractors selected. This will be important due to the compacted schedule and multiple things happening on the site at one time. Use of design-build will also help ensure that the AM Renovation Project will be largely completed in the summer when fewer persons are on campus and accessing the AM.

(G) Whether granting the exemption may reduce risks to the contracting agency, the

state agency or the public that are related to the public improvement;
Design/Build contract allows for the District to engage in early work agreements that give more insight and site verification of unforeseen conditions to the Architects, Contractors and District, as well as expediting the construction schedule by starting early work during the design phase.

(H) Whether granting the exemption will affect the sources of funding for the public improvement:

There will be no impact on the funding of this project due to utilization of the Design/Build process. The Source of funding will be the 2017 Bond.

(I) Whether granting the exemption will better enable the contracting agency to control the impact that market conditions may have on the cost of and time necessary to complete the public improvement:

Because the Design/Build process appoints the general contractor at the beginning of the design, we are able to take advantage of market prices by facilitating early purchase of certain project elements, if needed. The essential added value of the Design/Build process is the real time market job costing from projects around the Portland market and the West Coast. This knowledge allows the GC and architect time to discuss the approach to less costly complementary or alternative items.

For example, the GC may provide early input that it is less expensive but equally advantageous. If the College bid this contract traditionally, after design completion, the College may not receive this timely cost saving input and would have to make an adjustment in the field, which would cost time and maybe only save a percentage of funds.

(J) Whether granting the exemption will better enable the contracting agency to address the size and technical complexity of the public improvement;

The Design/Build process will help deliver a successful Sylvania project. One of the biggest advantages of the Design/Build method is the ability to coordinate all technical work before construction. Being able to apply best practices with the Design team, College and the Contractor will make for a better product within the budget constraints.

As already described above, the areas of technical complexity include:

- 1. Multiple components of the project happening at one time*
- 2. Aggressive schedule to meet academic needs*
- 3. Budget constraints*
- 4. Ability to meet Board goals for MWESB contracting*

(K) Whether the public improvement involves new construction or renovates or remodels an existing structure;

This project comprise MEP and roof replacement on an existing occupied building.

(L) Whether the public improvement will be occupied or unoccupied during construction;

The building has to remain occupied during the project and will require a high level of logistics and communication.

(M) Whether the public improvement will require a single phase of construction work or multiple phases of construction work to address specific project conditions; and
We anticipate the work being complete in one phase.

(N) Whether the contracting agency or state agency has, or has retained under contract, and will use contracting agency or state agency personnel, consultants and legal counsel that have necessary expertise and

substantial experience in alternative contracting methods to assist in developing the alternative contracting method that the contracting agency or state agency will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract.

The College's Procurement Department and the Office of Planning and Capital Construction has department staff that have the necessary expertise with Design/Build to develop and utilize the proposed contracting method. The College's outside legal counsel, Miller Nash Graham & Dunn LLP has extensive experience with the Design/Build alternative contracting method.

For these reasons, use of the Design/Build Alternative Contracting Method for the AM Renovation Project is likely to result in substantial cost savings as compared to use of the standard/bid/build process within the meaning of ORS 279C.335(2)(b).

RECOMMENDATION: That the Board of Directors, acting as the Local Contract Review Board for the College, adopt the findings presented and grant an exemption from competitive bidding for the Sylvania AM Renovation project to authorize the use of a Design/Build alternative contracting method for the project. Funding for this project will be from the 2017 Bond Program.