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23-055

ACCEPT FINAL EVALUATION OF USE OF ALTERNATIVE  
CONTRACTING METHOD FOR THE ROCK CREEK  
CAMPUS PROJECTS

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STRATEGIC THEME: Enterprise: Cultivate a long-term sustainable college enterprise

REPORT: ORS 297C.335 requires the College to obtain Board approval prior to using an alternative contracting method. At its October 24, 2019 meeting, the Board, through BA 20-060, approved the use of the Construction Manager/General Contractor (CM/GC) contracting method for upgrades to Rock Creek Campus Buildings 2,3, and 7.

At the April 16, 2020 board meeting, through BA 20-131, approved the award of a contract to Pence Construction for this project.

ORS 297C.355 requires an evaluation at completion of the project that covers the following topics;

- (1)The actual project cost as compared with original project estimates;
- (2)The amount of any guaranteed maximum price;
- (3)The number of project change orders issued by the contracting agency;
- (4)A narrative description of successes and failures during the design, engineering and construction of the project; and
- (5)An objective assessment of the use of the alternative contracting process as compared to the findings required by ORS 279C.335 (Competitive bidding).

The evaluation is presented below;

**(1) The actual project cost as compared with original project estimates;**

Actual project cost was \$9,576,019 compared to initial project estimate of \$6,320,000. In Building 3 (B3) in particular the design and preconstruction phases identified the need for a larger deferred maintenance project than first planned.

**(2) The amount of any guaranteed maximum price (GMP);**

The GMP was \$8,309,738.

**(3) The number of project change orders issued by the contracting agency;**

Eight change orders affecting the contract amount were issued totalling \$174,025. In addition three zero-dollar change orders were issued to extend contract dates and replace the owners designated representative.

**(4) A narrative description of successes and failures during the design, engineering and construction of the project;**

In Building 2 (B2) the weld shop area was completely renovated and 57 new weld booths and three new cutting tables were installed. The overhead exhaust system was upgraded to point-of-use exhaust snorkels, preventing weld fumes from reaching the welder.

Overhead lighting was upgraded to brighter more energy efficient LED. Each weld booth now has LED lighting on the exhaust snorkel that allows for point-of-weld illumination.

Circulation was improved enabling ease of interaction between students and instructors.

The mechanical system upgrades to the weld shop save the college an average of 262,950 kilowatt hours and 28,214 therms of gas annually, or \$54,500 in utility costs per year.

The project received a one time incentive payment from the Energy Trust of Oregon, of \$142,491. Overall the project

went smoothly and experienced only minor equipment delays due to COVID.

In B3 the scope of work included a complete replacement of the mechanical system at the west end of B3. The college elected to replace the outdated circuit breakers in one of the main electric panels. The breakers had long lead times arriving several months after the project was essentially complete but had no effect on the outcome.

In Building 7 (B7), the remodel chemistry lab was completely remodeled. This was necessitated by replacement of the original fume hoods. The project was completed on schedule for Winter 2022 in-person classes.

**(5) An objective assessment of the use of the alternative contracting process as compared to the findings required by ORS 279C.335 (Competitive bidding);**

*(a) The exemption is unlikely to encourage favoritism in awarding public improvement contracts or substantially diminish competition for public improvement contracts.*

**Comment:** Competitive RFP processes enabled PCC to solicit qualifications-based proposals for this project. The CM/GC solicitation process was formally advertised in local trade and business publications. Two proposals were received with responses required on specific criteria. Proposal evaluations were conducted and interviews were held with the highest-ranking proposers.

*b) Awarding a public improvement contract under the exemption will likely result in substantial cost savings and other substantial benefits to the contracting agency or the state agency that seeks the exemption to the contracting agency or the public. In approving a finding under this paragraph, the local contract review board shall consider the type, cost and amount of the contract and, to the extent applicable to the particular public improvement contract or class of public improvement contracts, the following:*

*(A) How many persons are available to bid;*

**Comment:** PCC posted the Request for Proposals on numerous state and commercial websites and in local trade and business newspapers and conducted outreach to

COBID registered firms. The College received two proposals. Each proposal was evaluated, graded and interviews were held with the highest-ranking teams.

The successful general contractor advertised in local trade and business publications including those targeting minority and disadvantaged subcontractors for work not performed by the CM/GC. Multiple bids for the various scopes of work were received with the contracts awarded to the lowest responsive and responsible bidders. Many of the subcontracts were awarded to state-certified minority, woman-owned and emerging small businesses (MWESB) contractors. 44% of the contract value was awarded to MWESB firms, exceeding college goals.

*(B) Operational, Budget and Financial Data;*

**Comment:** The final project costs were noted in the findings above. The final construction costs included Owner-accepted Value Engineered items, Owner-directed and design-related changes, allowances, alternates added back into the project scopes and other factors for final GMP costs.

*(C) Public benefits;*

**Comment:** There were significant benefits to the public, including:

I. Qualifications-based RFP selection process allowed PCC to award the contracts to the firm it believed was the most responsive and technically capable to manage the scope of work.

II. The CM/GC completed the Owner/Architect/Contractor team and was actively involved in design and constructability issues.

III. Competitively bid trade work ensured the College received the best value.

IV. 1st tier trade partners were secured early and provided valuable preconstruction services to the team. Their involvement led to a more comprehensive and beneficial value engineering process and provided sound advice and technical expertise to the design and Owner teams.

V. Focus on PCC's outreach and diversity in the workplace goals resulted in the CM/GC selection, emphasis on minority participation and mentoring and monitoring of actual contracting achievements.

VI. Open book transparency of the projects' costs enabled

the College to maximize the use of bond funds while keeping costs in check. The project budget was reconciled with deductive change orders as unused project funds or contractor contingency funds were returned to the College. VII. Comprehensive construction scheduling ensured that the work was completed in sequences that supported phased relocations of programs and staff and ensured continuous campus operations with minimum disruptions.

*(D) Value engineering techniques;*

**Comment:** The design and construction teams worked together to help control costs and maintain the overall construction budget. Rigorous value engineering efforts conducted during the Design Development phase identified potential savings and provided opportunities to reduce costs across the project.

*(E) Specialized expertise;*

**Comment:** The CM/GC was required to have proven expertise managing multiple construction schedules on several simultaneous projects in order to accommodate the College's ongoing educational and administrative activities at the Campus.

*(F) Any likely increases in public safety;*

**Comment:** PCC was able to review the safety history of the proposing firms as a result of the selection process.

*(G) Reduce risks to the contracting agency;*

**Comment:** The CM/GC process fostered an open environment whereby risks were addressed by the owner/architect/contractor stakeholder teams before adverse consequences revealed themselves.

*(H) Whether granting the exemption will affect the sources of funding;*

**Comment:** The exemption from competitively bidding the general contracting services did not affect the projects' funding sources. Funding came from the general obligation bond passed by voters in the November 2017 election.

*(I) Market conditions;*

**Comment:** Construction market conditions were very challenging at the time the Board adopted the Findings and approved the alternative contracting delivery. COVID-19 affected the capacity of firms to take on work and caused

significant price and schedule impacts for some materials. Given this, it is unlikely a traditional contracting process would have increased competition.

*(J) Technical complexity;*

**Comment:** As the project covered multiple buildings, the RFP for CM/GC services noted multiple scopes of work were anticipated to take place at the same time, which would require a coordinated campus plan by an experienced contractor to ensure campus services were not impacted. A benefit of the COVID-19 related campus closures was the ability for the contractor to work without disrupting onsite activities for most of the project's timeline.

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

**Comment:** Existing buildings were either occupied during construction or vacated prior to starting renovations depending on the individual scope of work. COVID-19 closures meant that buildings were unoccupied while the original plan had been for them to remain occupied during construction.

*(M) Whether the public improvement will require single or multiple phases of construction work;*

**Comment:** The original plan was for multiple phases but due to COVID-19 closures much of the work was carried simultaneously.

*(N) Whether the contracting agency has retained under contract, and will use contracting agency or state agency personnel, consultants and legal counsel;*

**Comment:** No contracting agency or state agency personnel, consultants or legal counsel retained under contract, were used in the completion of this project.

**RECOMMENDATION:** That the Board of Directors accept the final evaluation of the use of the alternative contracting method for the Rock Creek Campus Buildings 2, 3, and 7 projects.