

October 20, 2022

23-060

ACKNOWLEDGE FINAL EVALUATION OF USE OF
ALTERNATIVE CONTRACTING METHOD FOR THE
ROCK CREEK CAMPUS DEALER SERVICES
TECHNOLOGY BUILDING (DSTB) PROJECT

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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 the October 18, 2018 meeting, the Board, through BA
19-039, approved the use of the Design/Build (DB)
contracting method for the DSTB project at the Rock
Creek campus.

At the January 17, 2019 meeting the Board, through BA
19-066, approved the award of a contract to the Robert
Evans Company 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;

The actual project cost was \$8,606,214 compared to the initial project estimate of \$5,300,000. The initial project budget was based on a high-level, feasibility study. When more detailed programming was completed, it was clear that the initial budget was too low. Funds were added to the project budget rather than reducing the scope of work.

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

The GMP was \$6,473,299.

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

Thirteen change orders affecting the contract amount were issued totaling \$1,425,983. The bulk of these were owner requested changes, including increases in scope identified after the design phase was completed.

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

The Dealer Services Technology Building (DSTB) project delivered on a unique industry partnership and custom program needs despite a number of setbacks due to the pandemic and associated issues with global supply lines and labor shortages. The project experienced delays due to shortages and extended lead times for all materials and equipment. Some additional costs were incurred due to owner changes to the program. This resulted in additional costs to the project as not all program needs were identified in a timely manner. The contractor maintained open communication regarding these delays and allowed for open dialogue on how best to mitigate these issues.

(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 Design/Build 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 Design/Builder. Multiple bids for the various scopes of work were received with the contracts awarded to the lowest responsive and responsible bidders. A number of the subcontracts were awarded to state-certified minority, woman-owned and emerging

small businesses (MWESB) contractors. 25% of the contract value was awarded to MWESB firms which exceeded the project 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 Design/Builder completed the 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 Design/Builder placing an emphasis on minority participation and mentoring and monitoring of actual contracting achievements.

VI. Open book transparency of the project's 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 Design/Builder was required to have proven expertise in complex construction projects in order to accommodate the creation of a new building of this type.

(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 Design/Build 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 bonds passed by voters in the November 2017 elections.

(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 sub-contractors 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: The project was new development for the College however the Design/Build team had built similar buildings for industry partners. This knowledge proved beneficial in developing the design for the building.

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

Comment: This was new construction at the Rock Creek Campus. A large part of the work was completed while the College was closed for COVID but the final stages were done as students began to return to campus.

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

Comment: This was a single phase project.

(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 acknowledge the final evaluation of the use of the alternative contracting method for the Rock Creek Dealer Services Technology Building.