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23-061

ACKNOWLEDGE FINAL EVALUATION OF USE OF
ALTERNATIVE CONTRACTING METHOD FOR THE
OREGON MANUFACTURING INNOVATION TRAINING
CENTER (OMIC) 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 its August 18, 2016 meeting, the Board, through BA
17-021, approved the use of the Design/Build (DB)
contracting method for the OMIC project in Scappoose.

At the May 17, 2018 board meeting, through BA 18-
112, the board approved the award of a contract to
Mortenson 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;

The actual project cost was \$30,849,704 compared to an initial project estimate of \$9,000,000. Very early in the design process it became clear that the original conceptual design for the building was undersized. The Design/Build team and the College worked together to resize the design to meet the College's needs.

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

The GMP was \$19,711,658.

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

Twenty-one change orders affecting the contract amount were issued totaling \$2,491,767. The bulk of these were owner requested changes, including a change from owner supplied/contractor installed equipment to contractor supplied and installed equipment. There was one change order for \$145,378 to cover increased costs due to the impact of COVID and wildfires on the project.

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

The Building design was inspired by the University of Sheffield Advanced Manufacturing Research Center, which was a partnership with Boeing in Sheffield, England. Beginning in 2018 PCC selected to proceed with its first Progressive Design Build (PDB) project and solicited services via a robust RFP process, selecting Mortenson Construction and Hennebery Eddy Architects as design team partners. Design moved quickly as expected with a PDB. The team explored a number of options and even visited several similar institutions including Chemeketa Community College and Clark College, as well as a 2-day tour of the Gateway Center in Racine, MI. Additionally the team worked with local

industry partners to gain insight and maintain the key building features and stay within budget. One of these key features was the ability to highlight or “showcase” the exciting programs in the building. PCC wanted students and visitors to see the activity in adjoining rooms so the design included lots of glass walls for transparency and to garner interest in the programs of those who entered the building. Other key needs focused on adjacency of programs. Spaces such as the Programmable Logic Controllers (PLC) Studio and Mechatronics labs were placed next to one another because of their inherent connections and similarities in study. Construction began in December of 2019 and finished on time, receiving Certificate of Occupancy exactly 364 days from the start of construction. This is a huge achievement in light of several adversities including COVID and statewide wildfires. Through it all, the schedule was maintained with minimal cost impacts.

Once the building was complete and faculty and staff began moving in, it was realized that some of the areas, primarily the machine bay and welding area, needed modifications to better align with the updated curriculum. Due to staffing turn-over, this new information was not available to the project team during design and preconstruction.

The building, with modifications, opened on time and now accommodates the college’s current needs as well as flexibility built-in for OMIC to expand and accommodate future expansion.

(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. Six 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 six 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. 14% of the contract value was awarded to MWESB firms.

(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, and 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 both the November 2008 and 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 and the Design/Build team looked at a number of similar projects across the US and UK in designing the building to meet the needs of both the College and our industry partners.

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

Comment: This was new construction on a greenfield site.

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

Comment: This was originally a single-phase project but as noted above some work was completed after classes started.

(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 Oregon Manufacturing Innovation Training Center.