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24-063

ACCEPT FINAL EVALUATION OF USE OF ALTERNATIVE
CONTRACTING METHOD FOR THE OPPORTUNITY
CENTER @ 42ND AVENUE 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 October 24, 2019 meeting, the Board, through BA 20-061 approved the use of the Construction Manager/General Contractor (CM/GC) contracting method to address the renovation of the east side of the Health Technologies Building in addition to any associated campus deferred maintenance needs.

At its February 27, 2020 meeting, the Board, through BA 20-105, approved the award of a contract to Andersen Construction LLC 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 \$35,135,000 compared to initial project estimate of \$32,500,000.

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

The GMP was \$26,348,405.

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

Eighteen change orders were issued totaling \$1,421,707.

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

The success of the Opportunity Center at 42nd Avenue can be measured by the support of Workforce Programs through new classrooms, computer labs, office space, meeting and event spaces, and parking. Along with the PCC's Workforce Development staff, Small Business Development Center (SBDC), the Oregon Department of Human Services, and NAYA occupy the building. A number of new construction development practices have been implemented including PCC's first Mass Timber Structure, Critical Race Theory, Design Justice and Trauma Informed Design. It is also an all-electric building, included the 1.5% Green Energy Trust, and fostered the development of a Tree Impact and Preservation Reporting process. The building is LEED Gold Certified. In addition, Home Forward is on track to develop 84 units of community affordable housing in a four-story building that will include an Early Learning Child Care Center managed by NAYA. PCC maintains property ownership while Home Forward is responsible for development, operation, and maintenance of the housing facility.

Change Orders issued totaling \$2,207,500 resulted from material escalation and supply chain costs, material lead time considerations, environmental responsibilities exceeding DEQ requirements through exploration, excavation and safe disposal of unsuitable soils to ensure occupant safety and ensure property value and clear land title.

Change Orders also addressed improved building efficiencies that reduce operational costs consisting of lighting controls, IT upgrades, photovoltaic (solar) systems monitoring and net metering, irrigation and landscape upgrades, leased parking for construction vehicles and personnel to eliminate traffic and parking in surrounding neighborhoods, additional security during construction to mitigate theft and vandalism as well as security enhancements to accommodate additional building tenants.

Change Order costs were paid from a combination of Owner and Contractor Contingencies, maintaining the budget.

While the project came in under budget, the schedule for this work saw delays due to the ongoing pandemic and the resulting college limitation of working hours for contractors on-site. These schedule impacts did not adversely affect the Center's staff and their programs as they continued to occupy the old building during construction of the new building.

(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/CG solicitation process was formally advertised in local trade and business publications. Four 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 four 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. 35% 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 contract to the firm it believed was the most responsive and technically capable to manage the scope of work.

II. The CM/GC firm 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 selections, 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.

VIII. The CM/GC contractor worked to meet the College's goals on workforce achieving 28% Apprentice, 31% BIPOC workers, and 15% women workers

(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 constructing a mass-timber building.

(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 contracting method 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 project's 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 favorable at the time this project was bid resulting in multiple proposals and significant costs savings in the project.

(J) Technical complexity;

Comment: The project was a large and complex project that addressed the needs of multiple different building users.

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

Comment: This was a new construction project, however the adjacent existing buildings remained operational during construction.

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

Comment: The project consisted of three phases:

- Construction of the new building
- Demolition of the existing buildings to allow Home Forward to build affordable housing
- A Multnomah County-funded TI project to add a health clinic to the building.

(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 Opportunity Center @ 42nd Avenue Building project.