November 16, 2023

24-064 ACCEPT FINAL EVALUATION OF USE OF ALTERNATIVE CONTRACTING METHOD FOR THE SYLVANIA CAMPUS HEALTH TECHNOLOGIES EAST BUILDING RENOVATIONS

PREPARED BY: John MacLean, Finance & Procurement Manager, Planning and Capital Construction

FINANCIAL RESPONSIBILITY: Rebecca Ocken, Director, Planning & Capital Construction

APPROVED BY: Eric Blumenthal, Executive Vice President, Administration and Finance
Dr. Adrien L. Bennings, President

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 January 18, 2018 meeting, the Board, through BA 18-080 approved the use of the Construction Manager/General Contractor (CM/GC) contracting method to address renovation of the east side of the Health Technologies Building along with any associated campus deferred maintenance needs.

At its September 20, 2018 meeting, the Board, through BA 19-028, approved the award of a contract to Lease Crutcher Lewis 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 $76,600,000 compared to initial project estimate of $40,000,000. During design development the scope of the original project was significantly increased including the permanent move of the Biology program to the ST building and addressing code required improvements to the campus.

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

The GMP was $57,078,305.53

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

Twenty change orders were issued totalling $5,598,470.

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

The success of the HT Eastside Renovation can be measured by the series of obstacles outside of the project that were overcome, thus allowing the College to meet the original goal of being finished with the renovation for Fall instruction in 2023.

During design, the global pandemic forced all user engagement and design sessions to be held virtually, which resulted in users having less of an understanding of what was being developed for their new spaces. In addition to the pandemic and remote working, the College was also actively reorganizing the College's internal structure, which inadvertently affected the participation from users during design sessions. This restructuring of the College also led to late design changes for several departments that were now under new leadership. These issues coupled with political unrest, the 2021 forest fires, and the significant rise in crime, appears to have reduced engagement in the project during this time.

During design it became apparent that the permanent relocation of the Biology department to the Science Technology Building was the optimal solution to space needs in the HT. The required remodels and renovations in the ST to support this added $10M to the project budget.

Construction for the HT Eastside Renovation was further impacted by breakdowns in global supply lines, due to ongoing issues related to the global pandemic. Materials and equipment went from being delayed to discontinued, which resulted in more expensive substitutions in order to stay on schedule. During the initial stages of the pandemic, construction on site was also significantly limited by PCC with regards to allowable working hours onsite, as well as limits on the number of workers, and the proximity between them resulting in significant impacts to the schedule. Once these issues subsided and the college resumed typical construction hours, there began to be labor shortages in several key trades that further exacerbated the schedule delays.

Construction also experienced several setbacks, due to issues with the existing infrastructure on the Sylvania Campus. It was not until the newly renovated building was going to be integrated into the larger campus-wide systems, that it was discovered several systems were either in disrepair or needing full replacement for the newly renovated HT to be brought on-line. While the contractor, design team, and PCC's FMS staff worked extremely well together to overcome these obstacles, these problems were further worsened by continued issues with delayed supply lines and escalation.

While most of the issues experienced on this project were outside of the College's control, a deeper investigation into the campus' existing systems outside of the scope of this project may have resulted in less impacts to the overall schedule. While the cost for these repairs/replacements would have still been covered by the project, the impacts to the schedule would have been less if this unanticipated scope was understood/accounted for earlier into the overall project schedule.

Considering the obstacles that this project overcame, the College views this as a successful project. Occupants of the newly renovated building are pleased with their new space and are excited for the renovation of the west side of the HT 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 o*r *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. 30% 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 24% Apprentices, 23% BIPOC workers, and 14% 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 managing complex projects in an occupied 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 both deferred maintenance issues and programmatic needs.

(L) Whether the public improvement will be occupied or unoccupied during construction;
Comment: The building was emptied during construction.

(M) Whether the public improvement will require single or multiple phases of construction work;
Comment: The work was a single phased project that addressed the east side of the building. Design is underway on renovation of the west side.

(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 Sylvania Health Technologies East Side Building project.