

August 18, 2016

17-021

ADOPT FINDINGS - GRANT AN EXEMPTION FROM  
COMPETITIVE BIDDING - AUTHORIZE USE OF THE  
DESIGN BUILD ALTERNATIVE CONTRACTING METHOD  
FOR THE COLUMBIA COUNTY BUILDING

PREPARED BY: Linda Degman, Director, Bond Program

FINANCIAL  
RESPONSIBILITY: Linda Degman, Director, Bond Program

APPROVED BY: Jim Langstraat, Vice President, Finance and Administration  
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REPORT: The 2008 Bond Program includes plans for capital improvements, renovations, and selected maintenance projects throughout the college service area. Due to constraints in overall funding Columbia County project was not included in the original plans of this Bond Program. Issuing of our two bonds brought in higher than anticipated premiums, therefore, the program has had the resources to add additional projects. The Columbia County project is one of the added projects. This project is estimated at approximately \$11 million, which includes \$5 million from the State.

Projects planned for Columbia County under this resolution include construction of a new center that will house advanced manufacturing training and general classrooms and site development.

The College has several critical needs related to the work going forward at the Columbia County center:

- The new center will be located in an undeveloped area that was just brought into the Urban Growth Boundary (UGB);
- The property purchase timeline has been extremely extended due to the requirements that the land be transferred from Columbia County to the City of Scappoose and that there be a master plan and subdivision plan for the whole area brought into the UGB;
- The project is schedule certain as we are receiving partial funding (\$5M) for this building from the State;

- Site utilities and new road extension will have to be done at the same time as the project is under construction;
- This site will be a new Advanced Manufacturing apprenticeship training center with programming beginning at another site and then moved to this site, which will have the project is complete. The interim site does will not have the all the amenities to meet the needs of the program/training;

There are also numerous goals for inclusivity for various College and community stakeholders. It is desired that this program include internship opportunities for students, and incorporate 'learning labs' in the design and construction process. Pre-apprenticeship participation, mentorship programs for small general contractors and MWESB participation are desired outcomes.

For this project it is desired that the Design/Build process be utilized, rather than the standard competitive Invitation to Bid process. The Oregon Public Contracting Code (ORS 279C.300) requires that all public improvement projects be procured through a competitive bid process. The PCC Board, acting as the Local Contract Review Board, may exempt the project from competitive bidding as long as certain findings required by ORS 279C.330 and 279C.335 are made and an authorized alternative contracting method is used (OAR 137-049-0600 to 137-049-0690). A design/build alternative contracting process is authorized under OAR 137-049-0670. A Design/Builder is selected through a competitive request for proposals ("RFP") process where factors such as experience, expertise, team of designer and contractor, and a demonstrated record of performance can be considered. The other benefit of a Design/Build process is that the contractor is the lead and partners with an architectural firm as part of the team during the design phase, assisting in design development, constructability review, value engineering, scheduling, and estimating. Through this process a guaranteed maximum price is developed. The Design/Builder is the general contractor during the construction phase and will manage the project from the start to finish.

Staff will come back to the Board for approval of the contract when a Design/Build team is selected through a

competitive RFP process with a Guaranteed Maximum price or not to exceed amount.

Findings:

- a. The Board finds that the Bond Program is well suited to the Design/Build contracting procedure, because the Columbia County Bond Program is complex and will require careful planning and coordination of multiple projects happening simultaneously, including managing site access and utilities, on site development, and construction of a new building. There is a tight timeframe to achieve all of this work. Further, the Program is envisioned as a team effort between PCC, the Design/Build Contractor and the Architectural team.
- b. The Board finds that PCC is knowledgeable and has a demonstrated capacity to manage the Design/Build process in all disciplines. PCC has previous experience utilizing design-build for the Willow Creek Center.
- c. The Board finds that this scope and magnitude of work requires careful planning and scheduling around the college's academic calendar, and that the public interest will be best served by establishing a construction methodology that encompasses that capability over the duration of the work.
- d. Pursuant to ORS 279.335(2)(a), the Board finds that utilizing the Design/Build process is unlikely to encourage favoritism in the awarding of public contracts or substantially diminish competition because a competitive RFP process will be utilized to solicit the Design/Builder, the procurement will be formally advertised, competition will be obtained through competitive proposals, and evaluation and award will be based on identified selection criteria reviewed and ranked by a PCC team.
- e. Pursuant to ORS 279C.335(2)(b), the Board finds that utilizing the Design/Build process will result in substantial cost savings to PCC because:
  - i. The proposed team approach will improve communication and continuity, which the

Board expects will expedite decision making and reduce costly project delays;

- ii. Detailed constructability studies, evaluations of construction phasing, and developing options for procurement of materials is an efficient use of Design/Build resources and will result in cost and time savings. The contractor involvement at the inception of the project and leading the design will allow the project to stay within budget. As well, involvement in the design and constructability issues is also very efficient, and should enable thorough knowledge of the project and reduce the need for change orders or added costs during construction.
  - iii. The complexity of the project requires the skills of an experienced general contractor; and the use of the Design/Build procurement process will enable PCC to consider experience as part of the selection criteria;
  - iv. PCC expects to be able to take advantage of reduced architectural service fees as a result of the more streamlined Design/Build approach;
  - v. It is common practice in the industry to construct projects of this nature on a Design/Build basis where detailed planning, scheduling, and sequencing is required by the owner, and
  - vi. Historically, the Design/Build process helps reduce the number of change orders because the contractor is the lead during the design and planning phases.
- f. Pursuant to ORS 279C.335 (2) (b) (A-N), the Board makes the following specific findings in support of the above-noted findings:
- (A) How many persons are available to bid;  
**Based on previous PCC Bond construction contracts it is reasonable to anticipate between five to seven of those firms would**

## **propose on the Columbia County project**

(B) The construction budget and the projected operating costs for the completed public improvement;

**The construction budget is set forth above in the project description. The operating budget is outlined in the business plan for the OMIC. Our buildings are designed to LEED standards and should substantially reduce long-term operating cost. This is one of the design goals of the project and having the contractor on board during at the beginning of the design phase will be a benefit to the development and constructability of the project.**

(C) Public benefits that may result from granting the exemption;

**Bringing the Design/Builder on as the lead of the project and at the beginning of the design phase promotes an early team approach that leads to continuous value engineering and improved constructability review, resulting in an improved final design. This will reduce change orders and limit delays during the construction phase. This benefits the public through cost savings, provides "guaranteed" costs, and is more likely to result in timely delivery of the project.**

(D) Whether value engineering techniques may decrease the cost of the public improvement:

**Value engineering is a routine practice in public improvement projects regardless of procurement method. The Design/Build delivery method allows for the general contractor and subcontractors with specialized expertise and common project goals to lead the value engineering process during the design phase, resulting in a more effective and efficient process as compared to value engineering by change order to a completed design. The inherent**

**flexibility and openness of the Design/Build process allows the College to more easily change the design and scope of work as necessary to meet the project budget before the final design is fixed. This is not something that the traditional bid process offers.**

(E) The cost and availability of specialized expertise that is necessary for the public improvement:

**The RFP process allows for review of contractor expertise not afforded in traditional procurement.**

(F) Any likely increases in public safety:

**The Design/Build process will enhance public safety because PCC will be able to consider the safety record of the contractors selected. This will be important due to the compacted schedule and multiple things happening on the site at one time.**

(G) Whether granting the exemption may reduce risks to the contracting agency, the state agency or the public that are related to the public improvement;

**Design/Build contract allows for the District to engage in early work agreements that give more insight and site verification of unforeseen conditions to the Architects, Contractors and District, as well as expediting the construction schedule by starting early work during the design phase.**

(H) Whether granting the exemption will affect the sources of funding for the public improvement:

**There will be no impact on the funding of this project due to utilization of the Design/Build process.**

(I) Whether granting the exemption will better enable the contracting agency to control the impact that market conditions may have on the cost of and time necessary to complete the public improvement:

**Because the Design/Build process appoints the contractor at the beginning of the design, we are able to take advantage of market prices by facilitating early purchase of certain project elements, if needed. The essential added value of the Design/Build process is the real time market job costing from projects around the Portland market and the West Coast. This knowledge allows the contractor and architect time to discuss the approach to less costly complementary or alternative items.**

**For example, the contractor may provide early input that it is less expensive but equally advantageous. If the College bid this contract traditionally, after design completion, the College may not receive this timely cost saving input and would have to make an adjustment in the field, which would cost time and maybe only save a percentage of funds.**

(J) Whether granting the exemption will better enable the contracting agency to address the size and technical complexity of the public improvement;

**The Design/Build process will help deliver a successful Columbia County project. One of the biggest advantages of the Design/Build method is the ability to coordinate all technical work before construction. Being able to apply best practices with the Design team, College and the Contractor will make for a better product within the budget constraints.**

**As already described above, the areas of technical complexity include:**

- 1. Multiple components of the project happening at one time**
- 2. Aggressive schedule to meet academic needs**
- 3. Budget constraints**
- 4. Ability to meet Board goals for MWESB contracting**

(K) Whether the public improvement involves new construction or renovates or remodels an existing structure;

**This project is a new building on an unimproved site, with limited access, in a new area of the College District.**

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

**The improvement is a new building so it will be unoccupied during the construction.**

(M) Whether the public improvement will require a single phase of construction work or multiple phases of construction work to address specific project conditions; and

**At this time, we are planning on a single phase of construction work.**

(N) Whether the contracting agency or state agency has, or has retained under contract, and will use contracting agency or state agency personnel, consultants and legal counsel that have necessary expertise and substantial experience in alternative contracting methods to assist in developing the alternative contracting method that the contracting agency or state agency will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract.

**The College's Procurement Department and Bond Program has department staff that have the necessary expertise with Design/Build to develop and utilize the**



**proposed contracting method. The College's outside legal counsel, Miller Nash Graham & Dunn LLP has extensive experience with the Design/Build alternative contracting method.**

For these reasons, use of the Design/Build Alternative Contracting Method for the Columbia County Project is likely to result in substantial cost savings as compared to use of the standard/bid/build process within the meaning of ORS 279C.335(2)(b).

RECOMMENDATION: That the Board of Directors, acting as the Local Contract Review Board for the College, adopt the findings presented and grant an exemption from competitive bidding for the Columbia County project. Also, that the use of a Design/Build process be authorized as the alternative contracting method for the project. Funding for this project will be from the 2008 Bond Program.