

SUPPORTING AN EXEMPTION FROM COMPETITIVE BIDDING REQUIREMENTS FOR THE REMODEL OF THE LA PINE EVENT CENTER

Hearing: September 13, 2010, 7:00 p.m., 16405 First St., La Pine, OR 97739

Requirements for Exemption: Oregon law requires all public improvement projects to be procured by competitive low bid, unless the La Pine Park & Recreation District Board acting as the public contract review board grants an exemption. This project meets the conditions for exemption from competitive bidding as shown by the findings (below). ORS 279C.335 (2)(a) allows exemptions if, "It is unlikely that the exemption will encourage favoritism in awarding of public improvement contracts or substantially diminish competition for public improvement contracts." (b) "The awarding of the public contracts under the exemption will likely result in substantial cost savings to the contracting agency,"

Preliminary Analysis: The La Pine Park & Recreation District applies the factors listed in the Oregon Statute as key criteria in the selection of a design and construction contracting method. These criteria create an analytical framework within which each criterion's relative importance is evaluated for a particular project element. The completed analysis assist the District in determining whether there is justification for exploring a contracting method other than the traditional one of designing, openly advertising for low bids (considering only the initial cost of construction), and then contracting for the construction of the public work.

The preliminary analysis is applied as follows (See chart on page 3):

- Each criterion is assumed to be "Important" for a traditional low bid project.
- For a particular project or major project element, the listed criteria are evaluated.
- Criteria evaluated as "Very Important" or "Extremely Important," because they require a greater level of attention or certainty of performance than that obtained in a typical low bid project, influence the decision toward a non-traditional approach such as "Design/Build" or "Construction Manager/General Contractor" (CM/GC).

Summary Description of the project: La Pine Event Center Remodel

The project includes the design and remodel of the La Pine Event Center a roughly 12,000 sqft prefabricated metal building. The current building has inadequate insulation, HVAC and lighting to meet the demands of the buildings intended use (community center). Funding for the facility is by way of a full faith credit line from the Special District Association of Oregon and a variety of regional Foundations. The budget for the project is approximately \$500,000.

The main components of the scope of work include:

- a. Insulation Repair and install
- b. Design and install HVAC
- c. Upgrade existing restroom facilities to ADA standards
- d. Improve the lighting efficiency of the building
- e. Improve the floor surface of the main gathering area
- f. Design and construct wall partitions for offices, classrooms and media room.

The existing building was constructed in 1994. Because of the complex nature of remodeling a facility and the unknown factors of existing conditions it is critical to have the contractor working closely with the architect during the design and construction process.

Findings:

(1) Operational, budget and financial data:

Due to the restrictive nature of the line of credit and the grant funding the budget cannot be exceeded. The District does not have any additional general fund dollars that can be committed to this project.

Finding: Having construction contractor involvement early in the planning for the construction will allow the District to work with the contractor to develop a construction plan that will minimize impacts to operations, produce construction efficiencies, select more cost effective materials and procedures, and lock in prices early on in the process.

(2) Public Benefit:

For this project, the public will benefit directly from a shorter construction schedule and the ability to take advantage of favorable construction pricing. The earlier start/completion reduces the District's costs for construction. The public also benefits from the shorter design to construction schedule, allowing for an earlier date of occupying the facilities.

This facility will require substantial operation and maintenance funding over its entire life as a community center, offices and other community uses. The lowest total "life cycle cost" rather than merely the lowest initial cost will provide the greatest overall benefit to the public taxpayer. Life Cycle Costing considers the present value of the annual operation and maintenance budget as well as the initial construction cost.

Finding: A negotiated procurement such as CM/GC is the best method to identify a qualified team who has met critical deadlines in the past and who is able to work collaboratively together to meet our project needs.

(3) Value Engineering:

The CM/GC request for proposal specifications require the building team to perform "Value Engineering" analysis on the expensive portions of the project with a goal of increasing overall value for the District. Value is increased when, for instance, essentially the same function is achieved at lower cost or when a material change results in reduced operational and/or maintenance (life cycle) cost. "Competitive Bidding" in the traditional approach lacks incentive for contractors to offer cost-saving options.

Finding: Construction contractor input during final design enhances the value engineering process that begins during preliminary design. Options can be considered while the design is being finalized without issuance of a change order during construction and without the typical resistance from the designer to accept changes suggested by the builder. The CM/GC procurement method allows the construction contractor to work with the design team and to incorporate value-engineering ideas in the timeliest manner to maximize savings.

(4) Specialized Expertise required:

The unique requirements of this project demand specialized expertise. The design team needs to address technical complexities that come with a remodel of an existing building. The District must assure a finished product that will serve patrons well for the life of the facility.

Finding: A negotiated procurement is the best method to evaluate the contractor in these areas and will allow the District to work with the contractor early in the process to successfully address these issues.

(5) Technical Complexity:

The remodel will be taking place in a defined space. The design and construction techniques need to be coordinated to ensure proper placement of HVAC, Lighting and insulation.

Finding: The CM/GC procurement method will assist in meeting these objectives.

Conclusion: Preferred Contracting Method – Design Build

The CM/GC is the option that best allows for consideration of the critical factors during design and construction. With a general contractor as part of the owner and designer team, the likelihood of successful construction implementation is enhanced. Having the contractor involved early will allow for a quick start of construction once permits are issued. Fast tracking the design and construction allows for early occupancy, thereby meeting the public’s expectations.

Based on the above findings, the La Pine Park & Recreation District, respectfully requests a special exemption from the traditional “competitive bidding requirements” for use of CM/GC as an alternative contracting method for the planning, designing, and building of the subject project.

CRITERIA FOR SELECTION OF CONSTRUCTION CONTRACTING METHOD
La Pine Event Center Remodel

KEY CRITERIA	Extremely Important	Very Important	Important	Legal Finding Required
<i>COST SAVINGS/CONTROL</i>		X		<i>Yes</i>
Lowest Bid			X	
Lowest Life Cycle Cost	X			
Technical Complexity Risks		X		<i>Yes</i>
Funding Source Impact on Costs			X	<i>Yes</i>
Scope Certainty/Scope Clearly Defined			X	
Must meet tight budget	X			
No follow-on Delay/Impacts			X	
Shortest Duration to Avoid Market Increases		X		<i>Yes</i>
Maximum VE Savings		X		<i>Yes</i>
<i>SPECIAL EXPERTISE REQUIRED</i>		X		<i>Yes</i>
Hazardous Materials/Environmental Impacts			X	
Utility Conflicts/Relocation		X		
Access/Site/ Constraints		X		
Engineering/technology knowledge	X			
<i>QUALITY ASSURANCE</i>		X		
Minimal Defective Work	X			
Effective Contractor QC/Minimal Owner QA		X		
Owner Control of Final Design			X	
Need for Checks & Balances		X		
Existing system compatibility		X		
<i>SCHEDULE</i>	X			
Contractor Proven Performance	X			
Contractor Work Plan Vital	X			
Duration/Milestone Certainty/Meet Critical Path		X		
Shortest Design-Construct Duration	X			