

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF PROVIDING AN ) RESOLUTION NO 99-2872  
EXEMPTION FROM COMPETITIVE BIDDING )  
REQUIREMENTS FOR A REQUEST FOR ) Introduced by Mike Burton, Executive  
PROPOSALS FOR CONSTRUCTION ) Officer  
MANAGEMENT/GENERAL CONTRACTOR )  
SERVICES FOR THE OREGON CONVENTION )  
CENTER EXPANSION PROJECT )

WHEREAS, Metropolitan Exposition-Recreation Commission (MERC) and Metro staff have prepared the Request for Proposals (RFP) for Construction Manager/General Contracting (CM/GC) Services for the Oregon Convention Center Expansion Construction Project, which RFP is attached as Exhibit 1; and

WHEREAS, Metro Code requires that the procedures for competitive public bidding of Metro contracts shall comply with all requirements that are generally applicable to local governments; and

WHEREAS, ORS 279.015 requires that public contracts shall be based upon competitive bids or proposal except when exempted upon approval of certain findings; and

WHEREAS, Metro Code Section 2.04.054 provides that all Metro and MERC public contracts shall be based upon competitive bid with the exception that specific contracts may be exempted by resolution of the Metro Contract Review Board, subject to the requirements of ORS 279.015, including certain findings; and

WHEREAS, the RFP is designed to select the most qualified contractor to perform the required pre-construction and construction services for the project; and

WHEREAS, for the justifications set forth in the attached Exhibit 2, the Metro Contract Review Board finds that exempting the award of a contract resulting from the RFP for CM/GC Services for the Oregon Convention Center Expansion Construction Project from the

competitive bidding requirements of ORS 279.015 and Metro Code Section 2.04.052 is unlikely to encourage favoritism in the award of such contract or substantially diminish competition for such contract; and

WHEREAS, for the reasons set forth in Exhibit 2, exempting the award of the contract resulting from the RFP for CM/GC Services for the Oregon Convention Center Expansion Construction Project pursuant from competitive bidding will result in substantial cost savings to Metro; and

WHEREAS, ORS 279.015(6)(a) and Metro Code Section 2.04.054 require Metro to direct the use of alternative contracting and purchasing practices that take account of market realities and modern innovative contracting and purchasing methods, which are consistent with the public policy of encouraging competition; and

WHEREAS, the RFP for CM/GC Services contemplates utilizing an alternative contracting method and selecting a qualified contractor based upon certain qualifications; and


WHEREAS, the CM/GC method is recognized as a modern and innovative contracting method which has been successfully utilized by Metro and by numerous public agencies including the State of Oregon, the Port of Portland, the Tri-County Metropolitan Mass Transit District (Tri-Met), Washington County and the City of Portland; and

WHEREAS, the criteria which will be evaluated during the selection process include review of proposers' project approach and management plan; the qualifications of proposers' key personnel; organization of project staff and resources; fixed fee/guaranteed maximum price proposal; proposed project management related to methods of project cost, schedule and quality control; and the proposers' past utilization of minority and women-owned business enterprise subcontractors; now, therefore,


BE IT RESOLVED:

1. That the Metro Contract Review Board adopts as its findings the justifications, information and reasoning set forth in Exhibit 2 and incorporated by reference into this Resolution as if set forth in full; and
2. That based upon such findings, the Metro Contract Review Board exempts from competitive bidding requirements the contracts to be solicited through the attached Request for Proposals; and
3. That the Metro Contract Review Board authorizes and directs the Metropolitan Exposition-Recreation Commission to use Construction Manager/General Contractor services contracting methods for the Oregon Convention Center Expansion Construction Project; and
4. That the Metro Council authorizes the Metropolitan Exposition-Recreation Commission by majority vote of the current membership, to issue a Request for Proposals and enter into contracts for Construction Manager/General Contractor services for the Oregon Convention Center Expansion Construction Project.

ADOPTED by the Metro Council this 16<sup>th</sup> day of December 1999.

  
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Rod Monroe, Presiding Officer

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Daniel B. Cooper, General Counsel

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**EXHIBIT " 1 "**

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ext.1722 for a copy

Draft

**REQUEST FOR PROPOSALS**

For

**CONSTRUCTION MANAGER/GENERAL CONTRACTOR  
SERVICES**

For The

**OREGON CONVENTION CENTER EXPANSION PROJECT**

Metropolitan Exposition Recreation Commission and Metro

600 Northeast Grand Avenue  
Portland, Oregon 97232

Issued January 10, 2000

## **EXHIBIT " 2 "**

### **FINDINGS SUPPORTING AN EXEMPTION FROM COMPETITIVE BIDDING PROCESS FOR A REQUEST FOR PROPOSALS AND SUPPORTING THE DIRECTION TO USE THE CONSTRUCTION MANAGER/GENERAL CONTRACTOR CONTRACTING METHOD FOR THE OREGON CONVENTION CENTER EXPANSION CONSTRUCTION PROJECT**

#### **I. BACKGROUND**

Metro owns and operates the Oregon Convention Center located in northeast Portland. The original plan for the Oregon Convention Center ("OCC") called for utilization of the entire site. Phase I of the OCC was built on approximately one-half of the site and has approximately 500,000 square feet of total building space. Phase II was planned to occupy the other one-half of the site that is currently used for parking would add approximately 330,000 square feet of exhibit, ballroom, meeting and related space and approximately 1,200 below-grade parking space. Phase I was completed in September 1990 and has exceeded projections for attendance and the generation of regional revenue and employment. The facility has been operating at practical capacity for four years and is turning away potential business and losing existing business.

A financing package was been developed by several private and public regional partners, including Metro, the City of Portland, Multnomah County, and the lodging and the auto-rental industries. In general, the funding package relies on revenue bonds issued by the City of Portland and secured by lodging and auto-rental taxes. The total cost of Phase II expansion is estimated at approximately \$106,000,000 with approximately \$86,000,000 of that amount for construction of the facility.

The OCC operation must continue within the current building during the construction period, which will occur adjacent to, and joining the existing building. The connection to the existing building and the displacement and disruption of the parking lot will require complex phasing and coordination with the OCC staff. It will be necessary to relocate parking operations for an undetermined amount of time during construction. The revenue loss from parking is estimated at approximately \$700,000 per year. Close coordination of on-going parking requirements will be required between OCC staff and the general contractor during construction. It will also be paramount to OCC operations and revenue generation that construction of the underground parking garage be completed as soon as possible. The CM/GC method of construction allows for a "fast track" construction of the garage for turnover to operations approximately one year earlier than the traditional design-bid-build method.

## II. FINDINGS

### A. FINDINGS SUPPORTING EXEMPTION FROM COMPETITIVE BID PROCESS REGARDING FAVORITISM AND COMPETITION

The Metro Contract Review Board finds that exempting the Oregon Convention Center expansion construction contract RFP from competitive bidding requirements and selecting the Construction Manager/General Contractor through a competitive selection process in accordance with the qualifications-based selection process is unlikely to encourage favoritism in the award of such construction contract or to substantially diminish competition for such construction contract. This finding is supported by the following:

- A) Solicitation Advertisement: Pursuant to ORS 279.025, the solicitation will be advertised at least twice in the Daily Journal of Commerce. In addition, solicitation documents will be available both through Metro's website page highlighted contracting opportunities, as well as at Plan and Procurement Centers throughout the State. Accordingly, this solicitation process is designed to encourage competition and to discourage favoritism.
  
- B) Full Disclosure: To avoid favoritism, and ensure full disclosure of all project requirements, the Request for Proposals (RFP) solicitation package will include:
  - 1) Detailed Description of the Project
  - 2) Contractual Terms and Conditions
  - 3) Selection Process Description
  - 4) Evaluation Criteria
  - 5) Complaint Process and Remedies
  
- C) Selection Process: To avoid favoritism the Selection Process will include the following elements:
  - 1) A pre-proposal conference, open to all interested parties, will be held at least ten days prior to the close of the solicitation and will offer the opportunity for potential proposers to ask questions, request clarifications, and suggest changes to the solicitation documents.
  
  - 2) The evaluation process will include the following steps:
    - a) Proposals will be evaluated for completeness and compliance with the requirements listed in the RFP.
    - b) Proposals considered complete and responsive will be evaluated under the criteria of the RFP.
    - c) Proposals will be independently scored by the voting members of the Selection Committee.

- d) A group of the highest scoring proposers will be selected as finalists.
  - e) The Selection Committee will conduct interviews of the finalists.
  - f) Upon completion of the interviews, the Selection Committee will rank the finalists and make an award recommendation to Metro and MERC staff.
  - g) Final selection will be made by the Metropolitan Exposition Recreation Commission.
  - h) Metro and MERC staff will attempt to negotiate a contract with the selected firm. If negotiations are not successful, MERC may direct that negotiations will be conducted with the next ranked firm.
- 3) Competing proposers will be notified in writing of the selection and be given an evaluation report of the selection process.
  - 4) The contract achieved through this process will require the CM/GC to use an open competitive selection process to bid the majority of the components of the job.
- D) Subcontractor Selection Process: To avoid favoritism, Metro and MERC staff will monitor the competitive bid process which the CM/GC uses to award subcontracts and shall require the CM/GC to follow Metro's Public Contract rules. The following specific minimum requirements shall apply:
- 1) Solicitations will be advertised at least ten (10) days prior to opening in the Daily Journal of Commerce and at least one other newspaper specifically targeted to reach the minority, women and emerging small business audiences.
  - 2) All bids will be written and submitted to a specific location at a specific time unless specific other prior arrangements have been made with Metro and MERC project management staff. Bidders must be registered with the Construction Contractors Board.
  - 3) Bids will be publicly read and the subcontract awarded to the lowest responsive and responsible bidder (unless this requirement is specifically waived by Metro/MERC project management staff for a specific contract).
  - 4) All bids in excess of \$75,000 shall be approved by Metro/MERC project management.
  - 5) Prevailing wage rates and all other standard terms and conditions of Oregon Public Work Contracts apply.
  - 6) The CM/GC may provide normal layout, clean-up, and other "pick-up" work required to complete the project with its own forces, without needing to employ bidding/quoting.

- 7) For those items for which the CM/GC or any of its subsidiaries, other affiliates or businesses in which it has a financial interest intends to bid, such intention must be publicly announced in an approved manner at least 21 days prior to bid. Sealed bids will be delivered to the Metro/MERC project management staff and opened at an announced time, date, and place.
- E) Growing Pool of Contractors: Exemption of the construction contract from competitive bidding requirements is unlikely to substantially diminish competition for the contracts because of the growing pool of CM/GC contracts. While a limited number of contractors were initially successful in procuring CM/GC contracts, a growing group of contractors have now been successful in obtaining contract awards. In past Metro projects, five to nine proposers responded to the Oregon Zoo and Expo Additions CM/GC RFPs.
- F) Competition: In the projects Metro has administered, an equal or greater number of contractors have participated than with traditional design-bid-build projects. These projects have had between five and nine proposers, which is well recognized to be more than adequate competition.

## **B: FINDINGS SUPPORTING EXEMPTION FROM COMPETITIVE BID PROCESS REGARDING COST SAVINGS**

The Metro Contract Review Board finds that exempting the Oregon Convention Center expansion construction contract RFP from competitive bidding requirements and selecting the Construction Manager/General Contractor through a competitive selection process in accordance with the qualifications-based selection will result in substantial cost savings to Metro. This finding is supported by the following:

- A) Fewer Changes at Less Cost: Exemption from competitive bid requirements to employ the CM/GC process will result in fewer changes at less cost. This is so because when the CM/GC participates in the design process, fewer change orders occur during construction that affect the Guaranteed Maximum Price, because there is better understanding of the owner's needs and the architect's design intent. Those changes also typically cost less. Additionally, use of the CM/GC methods should reduce the mark up of costs. In reviewing the files of past projects completed by Metro, most low-bid contractors charged the maximum 20% mark-up allowed under the General Conditions for change order work. With CM/GC contracts, this amount has been the fee stipulated in the contract, which has generally been within the 3%-5% range. Staff anticipates cost savings of \$600,000 which will accrue to the project.



- B) Better Informed Decisions: Early selection of the CM/GC allow the project construction team to make more informed and better quality decision making by the project construction team. Cost options for materials, construction sequences, and packaging of bids, bid timing, and other factors affecting the production of bid documents can be viewed with greater certainty and knowledge.
- C) Value Engineering: Exemption from competitive bid requirements to employ the CM/GC process will allow a unique opportunity for value engineering. Under the CM/GC contract, the contractor is required to develop value engineering proposals and a report for review by the owner. As a result of this process, individual components are reviewed to assure that the project incorporates the best life cycle cost options, resulting in significant long-term savings. Additionally, this review often results in initial savings as well. For each of the CM/GC projects Metro has administered, several hundred thousand dollars of savings have been identified. Consequently, the project final design was uniquely different than if the contractor had not been involved during the design process. Staff anticipates cost savings of \$1,000,000 based on the \$86,000,000 construction budget. These savings will accrue to the project.
- D) Matching Budget and Scope: Exemption from competitive bid requirements to employ the CM/GC process will assure Metro as the owner that the project scope and budget will be congruent thereby increasing the efficiency of completing the documents and assuring that time and money is not wasted on revising documents that produced an over-budgeted bid.
- E) Full Savings: Exemption from competitive bid requirements to employ the CM/GC process allows the Project to enjoy the full savings if actual costs are below the GMP. When the CM/GC completes bidding all the subcontracts and has performed the work, at the conclusion of the job, any savings between the GMP and actual project costs will accrue to Metro.
- F) Unique Project: Exemption from competitive bid requirements to employ the CM/GC process allows early contractor involvement and value engineering to examine the life-cycle cost of components creates a unique project, different from a project developed using the traditional design-bid-build approach. Through this input and analysis, better value is obtained.
- G) Agency Capacity: Exemption from competitive bid requirements to employ the CM/GC process allows Metro/MERC staff to take advantage of experience with this contracting method. Metro/MERC staff are experienced in the use of this contracting method. Their experience will ensure that the contract is administered appropriately, and that the potential savings and benefits possible through use of this process will accrue to Metro

- H) Accelerated Schedule: Due to the efficiencies of over lapping design and construction activities, staff expect to reduce the project schedule (both design/construction) by 6 months. This reduction will result in cost savings related to project management of both Owner and Contractor of approximately \$400,000.

**ADDITIONAL INFORMATION JUSTIFYING EXEMPTION FROM COMPETITIVE BIDDING REQUIREMENTS AND SUPPORTING USE OF CM/CG CONTRACTING METHOD**

The Metro Contract Review Board finds the following justifications support an exemption from competitive bidding and the conclusion of using the CM/GC contracting method:

- A) Operational, Budget and Financial Data: Continued operation of the Oregon Convention Center during the course of construction of the expansion project will require extensive coordination with the contractor and advanced planning during design that can best be achieved through early involvement of the contractor. Metro budgets do not permit temporary cessation of the Convention Center operations. An accelerated construction schedule has been established in order to minimize loss of revenues which will occur during the course of construction. The great majority of the work under the contract, which represents 85% to 90% of the cost, will be executed by sub-contractors who are selected by the low bid method. Project staff expect that additional revenue (parking, room rental, food and various other concessions) earned due to use of CM/GC is in excess of \$3,000,000
- B) Public Benefits: Maintaining on-going operations of the Convention Center during the project and minimizing disruptions and costs will benefit the general public.
- C) Value Engineering: The unique process and involvement of the contractor under the CM/GC process will result in better reliability and quality due to value engineering proposals produced for the project.
- D) Specialized Expertise Required: The Convention Center expansion project involves the need for skills at conceptual estimating, detailed scheduling, working around users of an occupied facility, and skill and knowledge of working on long-span or column free structures.
- E) Public Safety: The CM/GC contractor will be required to make arrangements and take special precautions to ensure public safety during the execution of the work on a site that will continue to be open for public access. Additionally, the competitive selection process will allow consideration of safety records and other factors that would not be possible as a part of a competitive bid process.

- F) Market Conditions: The strong economy in Oregon and numerous construction projects of various sizes has placed a high demand on subcontractors and skilled trades people. As a consequence, contractor knowledge of local conditions is especially important in creating appropriate bid packages and in timing the release of bid packages in the current volatile construction market.
- G) Technical Complexity: The major technical complexity of the project is coordination and scheduling to allow on-going Convention Center functions to continue during construction that involves a major expansion to the facility which will eliminate parking and cause significant disruption to the existing exhibit halls located immediately north of the expansion site.
- H) Funding Sources: The project is being funded primarily from Revenue Bonds. The funding has no impact on the choice of contracting methods.
- I) Post-contract Evaluation: Upon completion of the project, Metro will perform a post-contract evaluation and will summarize the evaluation in a report.

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## Staff Report

### CONSIDERATION OF RESOLUTION NO. 99-2872 FOR THE PURPOSE OF PROVIDING AN EXEMPTION FROM THE COMPETITIVE BIDDING REQUIREMENT FOR A REQUEST FOR PROPOSALS FOR THE CONSTRUCTION MANAGER/GENERAL CONTRACTOR FOR THE OREGON CONVENTION CENTER EXPANSION PROJECT

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Meeting Date: December 8, 1999

Presented by Scott Moss  
Berit Stevenson

#### **PROPOSED ACTION**

Resolution No. 99-2872 seeks authorization to issue an RFP for Construction Manager/General Contractor Services for the Oregon Convention Center Expansion Project. Metro Council, acting as the Metro Contract Review Board, is required to approve the use of the alternative contracting procedures such as the CM/GC process which is being proposed for the project.

#### **BACKGROUND**

Metro and MERC have worked towards a major expansion of the Oregon Convention Center for several years. The expansion generally provides an additional 320,000 to 330,000 square feet of new exhibit hall, ballroom, meeting room and related support space. In 1998, the project was the subject of a Bond Measure which was placed on the November ballot. This measure, which was unsuccessful, provided valuable public insight. They supported the project but were not supportive of the proposed financing mechanism i.e. property taxes.

Since the failed 1998 bond measure, representatives from Metro, MERC, Multnomah County and the City of Portland have worked together to prepare a financing package for the project which does not rely upon property taxes. In the Spring of 1999, a plan was put forth by these agencies and private industry which depends upon an increase in the Multnomah County lodging tax and car-rental tax. This financing package, once finalized will provide \$106 million for the project.

Metro and MERC staff have prepared a draft RFP for CM/GC services for the project which is attached hereto. The proposed CM/GC process is an alternative approach to the standard design-bid-build approach (sometimes referred to as "low-bid") which is utilized for construction contracts. This alternative requires an exemption from the sealed bidding process inherent in the design-bid-build approach. This exemption must be supported by findings which indicate that use of the CM/GC method will not encourage favoritism or substantially diminish competition and will result in substantial cost savings.

## **Analysis – CM/GC Services**

The CM/GC method results in two separate contracts with the CM/GC- one for pre-construction services and one for the construction services. The pre-construction services include project planning and scheduling, cost estimating, value engineering, constructability review and other related services. These services occur in a collaborative fashion with both the Architect and the Owner participating fully. The construction services contract follows the pre-construction phase and is characterized by a Guaranteed Maximum Price (GMP) which is developed by the CM/GC and approved by the Owner usually during the design development phase of project. The GMP phase is a critical milestone when the project's construction costs are established. The GMP is typically negotiated between the CM/GC and the Owner. Upon project completion, project savings (actual project costs are less than GMP) benefit the Owner. The subject RFP meets the standards and practices described above.

The procurement process used to select the CM/GC is a competitive RFP process. This process is qualifications based whereby evaluators consider pre-established criteria to rank the proposers. Criteria typically include cost, experience with similar types of projects, proposed team members and past successes related to utilization of MBE, WBE and ESB firms. The selection committee, which will be utilized for this RFP process, is made up of non-Metro experts with extensive knowledge of complex construction projects.

Construction projects with certain characteristics are generally known as good candidates for the CM/GC process. These characteristics are:

- Accelerated schedule – critical deadlines or significant schedule ramifications require concurrent design and construction phasing
- Technical program complexity – operational, public safety, and complex project phasing that require a cooperative team approach particularly during the pre-construction phase
- Construction complexity – difficult remodel, historic preservation or unique and complex construction components require a cooperative team approach

A group known as the Public Contracting Coalition (government agencies, contractors and industry groups such as the Associated General Contractors of Oregon) formed a task force and issued a CM/GC White Paper which includes recommendations for use of the CM/GC process. The White Paper recognizes the advantages of the CM/GC process for certain projects and lists a set of criteria which should be used to judge the appropriateness of the CM/GC process for proposed projects. In addition to the above listed criteria, the White Paper includes cost savings and the lack of diminished competition or encouraging favoritism which mirror the findings required by ORS.

Metro and MERC staff feel that the Oregon Convention Center Expansion project is well suited for the CM/GC process given the above listed evaluation criteria. Specifically,

project success is dependent on meeting an **accelerated schedule** whereby design and construction activities are completed within a two year period. This compressed project schedule is due to the significant disruption the expansion project will have on the Center's ongoing operations and the desire to complete the expansion in the shortest possible time in order to minimize disruption.

The project is also burdened with **technical program complexity**. Operational issues such as "connecting" original and new building systems, early turn-over of the sub-surface parking garage and scheduling construction activities during non-event times will provide the entire project team, including the CM/GC, with significant challenges which are best addressed cooperatively.

The project includes **construction complexity** due to the long span or column free space requirements of the building's exhibit space. Bringing the construction contractor on board in the early phases of the project's design will provide valuable and practical advice regarding these long-span requirements as well as a myriad of other construction-related details.

**Cost savings** will accrue to the project in a number of ways. The accelerated schedule, which cuts approximately six (6) months from the project schedule, will result in approximately \$180,000 – 200,000 in direct project management savings. The contractor will experience similar savings for their project management, which will accrue to the Owner. In addition the CM/GC process is generally known to result in less claims and change order activity. Project staff have estimated that savings related to these two items would be \$500,000 and \$600,000 respectively, based on a construction cost of \$86,000,000. Lastly, significant cost savings are expected to result from a rigorous value engineering phase, which is a key element of the process. Project staff expect that cost savings due to value engineering will be \$1,000,000. This estimate is based on experience of the Expo project. The total of these cost savings, which are estimated at \$2,500,000, will be spent within the project based on the project goal of building "the best building for the set budget".

In addition these cost savings, the CM/GC method is expected to result in additional revenue earned by the newly expanded OCC. This revenue is derived from the accelerated schedule and result in two manners. First, the accelerated schedule has been designed to deliver the sub-surface parking area prior to completion of the building. It is anticipated that use of CM/CG process will result in turnover of the parking garage in approximately one year from commencement of construction. This early turn over will result in additional revenue of approximately \$100,000<sup>1</sup>. It is highly unlikely that early turn over of the parking garage could occur with a low bid contractor. In addition to the parking revenue the turn over of the building 6 months earlier than under the design-bid-build scenario is expected to add \$2,000,000 in revenue from room rental and various concessions (food, and utilities).

**Competition** is expected to be keen among qualified general contractors interested in the CM/GC contract. Metro and MERC staff have received inquiries regarding the project

from several firms, including some from out-of-state. In prior CM/GC proposal processes (Expo additions and the zoo's Great Northwest), five to nine proposals were received thereby providing ample competition. In addition, the CM/GC contract continues to maintain competition at the subcontract level where virtually 70-80% of the construction work is competitively bid.

As noted by the White Paper, a critically important aspect of alternative contracting is a fair and open selection process that allows all qualified firms to compete on a level playing field. To ensure such a process and to **avoid favoritism**, Metro and MERC staff have prepared an RFP which conforms to guidelines contained in the White Paper. This process includes advertising in major trade newspapers, an interview phase with a selected short list of proposers and a selection committee made up of outside experts in the field of construction.

A final comment in the White Paper relates to the ability of the Owner to manage the CM/GC effectively. In addition to justifying the appropriateness of a particular project utilizing the above listed criteria, the White Paper stresses that a public agency considering CM/GC should have either in-house or contracted expertise to administer the project. A project manager with extensive CM/GC experience is expected to be employed for this project. In addition to this new employee, several current key staff members with extensive CM/GC expertise will be included on the project team.

The CM/GC method has been widely used by several state and local governments in the past several years. Its use appears to be increasing as government agencies and contractors alike gain experience with the method. Metro has successfully utilized the CM/GC method in one past project, the Expo building completed in 1996, and is currently employing the method for the Great Northwest Project which is being built at the Oregon Zoo and the Expo's Hall "D" project. Metro's CM/GC experience related to these projects has been positive to date. The Expo project, in particular, is an example of a CM/GC success. The building was delivered within an accelerated project schedule of 14 months (design and construction) and within the project's GMP of \$12.1 million. Actual construction costs were \$11.8 million. It is unlikely that a traditional contracting approach could have been successful given the extremely tight schedule.

Metro and MERC staff have met with Associated General Contractor (AGC) representatives and selected members to discuss potential project delivery methods. At this meeting, the proposed project's unique schedule, operational and construction challenges were discussed at length. At the conclusion of the meeting, the group agreed that given these issues, the CM/GC method was best suited for the project.

There are two items which are currently being considered as additions to the RFP. They are 1) the City of Portland's Workforce Training Program and 2) Owner Controlled Insurance Program (OCIP). The Workforce Training Program, which is a requirement on major City of Portland construction contracts, encourages the use of woman and minority apprentices among the various construction trades. The program does involve a

significant level of effort on the Owners part in order to monitor and encourage participation by subcontractors. Metro and MERC staff are currently evaluating the best method of performing these Owner responsibilities and the costs associated with them prior to inclusion in the RFP.

The OCIP would require MERC to purchase and manage a comprehensive insurance program which would include worker's compensation, general liability and property insurance (builder's risk) for the project. This approach can result in significant cost savings and a better safety program on large construction contracts. A consultant will be retained shortly to determine if such an approach is feasible. If feasibility is established, the RFP would be modified appropriately. Both of these issues are expected to be finalized prior to the MERC meeting in January at which time the final RFP will be considered.

### **FISCAL IMPACT**

Funding for the project will be from several sources that are detailed below. The bonds will be issued by the City of Portland. They will be backed by revenues generated from the increases in the Multnomah County lodging and car-rental taxes.

Bond Proceeds	\$96,000,000
OCC Fund Balance	\$5,000,000
PDC	<u>\$5,000,000</u>
Total Sources	\$106,000,000

### **RECOMMENDATION**

The Executive Officer recommends adoption of Resolution No. 99-2872.