

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF PROVIDING AN) RESOLUTION NO. 96-2283
EXEMPTION FROM THE SEALED)
BIDDING REQUIREMENT FOR THE)
REQUEST FOR PROPOSALS FOR) Introduced by
CONSTRUCTION MANAGER/GENERAL) Regional Facilities Committee
CONTRACTOR SERVICES FOR THE EXPO)
EXPANSION PROJECT)

WHEREAS, Metro staff have prepared the Request for Proposals (RFP) for Construction Manager/General Contracting (CM/GC) Services for the EXPO Expansion Project which is attached as Exhibit A; and

WHEREAS, the RFP is designed to select a qualified contractor to perform the required pre-construction and construction services for the project under two separate contracts, both of which will be multi-year contracts; and

WHEREAS, the criteria which will be evaluated during the selection process include project approach and management plan, key personnel qualifications and organization of project staff and resources, fixed fee/guaranteed maximum price (FF/GMP) proposal and method of computation and project cost, schedule and quality controls; and

WHEREAS, the construction manager/general contractor approach is recognized as a modern and innovative contracting method which has been successfully utilized by numerous public agencies including the Port of Portland, the State of Oregon, Tri-Met, Washington County and the City of Portland; and

WHEREAS, the Metro Code and MERC's contracting procedures require that the sealed bid process be utilized for the procurement of such construction services unless exempted by the Metro Contract Review Board; and


WHEREAS, waiver of the sealed bid requirement is unlikely to encourage favoritism or substantially diminish competition and will result in substantial cost savings; and

WHEREAS, Metro and MERC staff shall take steps to ensure that the use of an RFP process shall further the spirit and objectives of Metro's Minority and Women-owned Business Program; now, therefore,

BE IT RESOLVED,

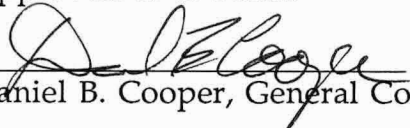
1. That the Metro Contract Review Board adopts the findings attached as Exhibit B.
2. That the Metro Contract Review Board exempts the EXPO expansion construction manager/general contractor contract from sealed bid process pursuant to Metro Code 2.04.041(c) and authorizes MERC to employ an RFP process that will meet the goal of encouraging competition through alternative contracting and purchasing practices.
3. That the Metro Contract Review Board authorizes Metro and MERC staff, in consultation with Metro's Office of General Counsel, to devise alternative methods to ensure that the spirit and objectives of Metro's Minority and Women-owned Businesses Program are furthered through the RFP process.

ADOPTED by the Metro Contract Review Board this 23rd day of February, 1996.



Jon Kvistad, Presiding Officer

Approved as to Form:



Daniel B. Cooper, General Counsel

Exhibit B

FINDINGS

CONSTRUCTION MANAGER/GENERAL CONTRACTOR RFP PROCESS

EXPO FACILITY EXPANSION

As required by ORS 279.015(2)(a), Metro Contract Review Board finds that exempting the Expo Facility Expansion Construction Manager/General Contractor (CM/GC) RFP process from sealed bidding process is unlikely to encourage favoritism or substantially diminish competition because:

1. It is anticipated that several general contracting firms from around the region will respond to the RFP which will be advertised in the same manner as if the usual bid process was utilized. Many of these firms have worked under the CM/GC contracting approach which has been used by many state and local jurisdictions in the past several years. Use of this contracting method is not expected to diminish competition among general contracting firms.
2. The criteria which will be utilized to select the contractor include performance-based criteria in addition to cost. The team which will select the contractor will include members from MERC and Metro's Property Services Division staff and outside experts in the construction field. The decision will be based on objective criteria cited in the RFP and will not result in favoritism.
3. The RFP will require the successful CM/GC to solicit and receive at least three bids for all elements of the work; to conduct bid openings with MERC and Metro representatives present; to award subcontracts to the bidder whose bid reflects the best value at the lowest cost, thus maintaining the usual competition for construction work. Because price will be a significant evaluation criteria, it is expected that each proposer will aggressively solicit and receive subbids from the local contracting community, thereby maintaining the usual degree of competition at the subcontractor level.

As required by ORS 279.015 (2)(a), Metro Contract Review Board finds that exempting the RFP for the Expo Facility Expansion Construction Manager/General Contractor from the sealed bidding process will result in substantial cost savings because:

1. The CM/GC process is a "fast track" method which will compress the project schedule by allowing the project team to issue initial an bid package for foundation and structural work while the design process for the remaining building elements is underway. This fast track approach is expected to result in a completed 122,000 square foot building within a 13 month period which is significantly faster than the more typical design/bid/build approach. Metro staff have determined that the more typical design/bid/build approach would add an additional six months to the project duration. The shortened project duration of the CM/GC will save Metro significant cost for project management.
2. The CM/GC approach will result in cost savings due to high quality value engineering and design and constructability review early on in the design phase and minimal fee layering on change orders. The amount of cost savings is difficult to quantify,

however, Metro staff have estimated that cost savings due to high quality value engineering and change order savings in a build such as the proposed EXPO expansion could be as high as \$250,000.

3. The CM/GC process typically results in far less change orders related to faulty design because the designer and the builder are on the same team and work together on creative solutions for completing the project within budget rather than the adversarial role which is typical in the design/bid approach. Cost savings will result when design driven change orders are reduced or eliminated.

Staff Report

CONSIDERATION OF RESOLUTION NO. 96-2283 FOR THE PURPOSE OF PROVIDING AN EXEMPTION FROM THE SEALED BIDDING REQUIREMENT FOR THE REQUEST FOR PROPOSALS FOR THE CONSTRUCTION MANAGER/GENERAL CONTRACTOR SERVICES FOR THE EXPO EXPANSION PROJECT

Meeting Date: February 12, 1996

Presented by: Berit Stevenson

Factual Background and Analysis

Metro and MERC staff are preparing a final draft of a Request for Proposals for Construction Manager/General Contractor (CM/GC) services for the EXPO expansion project. It is expected that this final draft will be available at the February 12, 1996 meeting date of the Regional Facilities Committee. The RFP contemplates the utilization of an alternative construction method known as CM/GC. Metro and MERC staff recommend that the CM/GC approach be utilized for this project. Metro Code requires that a construction project such as this utilize the more typical sealed bid process unless an exemption is authorized by the Metro Contract Review Board. To exempt a contract, the Review Board must find that allowing the proposal rather than the sealed bid process will not encourage favoritism or substantially diminish competition and will result in substantial cost savings.

The CM/GC method has been widely used by several state and local governments over the last five years. As an example, all current work done by the Port of Portland at the Portland International Airport (PDX) employs the CM/GC approach. The approach is recognized as an innovative and superior contracting method. The process is best suited for projects which combine one or more of the following attributes: accelerated schedule, technical program complexity, construction complexity, and the need for budget certainty and early commitment to construction costs.

Several reasons make it a better method than the more typical design/bid/build method for the EXPO project. The primary advantage is its ability to deliver the completed project on a "fast track" or accelerated schedule. The CM/GC project schedule has a 13 month duration, running from selection of the design team to the completed building in February 1997. This schedule is approximately 6 months shorter than if a design/bid/build methodology were employed. The CM/GC approach allows the project schedule to be compressed due to the issuance of a preliminary bid package for foundations and structure in advance of the entire building design being completed, thus overlapping the design phase with the subcontractor bidding phase. Building completion by February 1997 is necessary to accommodate the likely Smithsonian exhibit which is scheduled for March 1997. The accelerated project schedule will result in substantial cost savings due to the reduced amount of staff time required for project management.

While the technical building program for the EXPO expansion is not complex, there is a certain amount of construction complexity inherent in the proposed project. The building will be a long-span or column-free structure with dimensions of 360 feet by 340 feet. Bringing the building contractor on to the project team early in the design phase will provide valuable and practical experience. The building contractor is well suited to provide pre-construction value engineering and constructability review. His participation while the design is in preliminary phases typically results in a higher quality final product and the avoidance of additional costs due to faulty design.

Another advantage of the CM/GC approach is the early certainty the owner has regarding construction costs due to the guaranteed maximum price (GMP) which is committed to by the CM/GC typically during design development. The project budget is \$12,500,000 to \$13,000,000. Certainty as to the construction costs early on will enhance project management.

It is anticipated that several contracting firms with CM/GC experience will respond to the RFP providing adequate competition at the general contracting level. In addition, the RFP will provide that the CM/GC solicit and receive at least three bids for all elements of the work, thus maintaining the usual competition at the sub-contractor level.

The criteria which will be utilized to select the CM/GC will include performance-based criteria in addition to cost. One of the criteria which will be evaluated is the proposer's ability to successfully implement a minority and women-owned businesses program. Other factors which will be evaluated include past experience with CM/GC projects, specific long-span construction experience and value engineering experience. This criteria will be objective and will be included in the RFP. The selection committee will include representative from Metro, MERC and outside experts in the construction field.

Budget Impact

The Expo expansion project is being funded from a variety of sources. The primary funding source is Oregon Convention Center reserves. Other sources are EXPO reserves and a privately placed financing instrument. Resolution 96-2278 has been prepared which will forward a supplemental budget for the project through FY 1995-96 which provides for project expenses, including those related to the CM/GC contract. The proposed FY 1996-97 will also include additional funding appropriation for the project.

Executive Officer's Recommendation

The Executive Officer recommends adoption of Resolution 96-2283.