

**FINDINGS OF FACT FOR THE USE OF
THE CONSTRUCTION MANAGER/GENERAL CONTRACTOR (CM/GC)**

Before the Jefferson County School District 509J Board of Directors

For the new roof, insulation and parapet cap replacement, CTE Program space improvements,
new soccer concession / restroom building and field lights, new DDC controls,
and new gas-fired high efficiency roof top HVAC units.

SITUATION

On November 3, 2021, the voters of Jefferson County School District 509J approved a \$24,000,000 bond levy which was to improve health, safety and security, repair and update aging school buildings and expand vocational opportunities and early learning. Due to the schedule and complexity of construction, and the timing of construction to meet the delivery schedule, the Operations Office is recommending that the School District use the Construction Manager/General Contractor (CM/GC) with a Guaranteed Maximum Price (GMP) construction delivery method. The use of this delivery method requires a specific exemption from the standard competitive bid process for a general contractor that allows the use of this alternative contracting method be granted by the Board.

The guiding applicable statutes are: ORS 279C.300 which requires, with certain exceptions, that all public improvement contracts be based on competitive bidding and, under ORS 279C.375, be awarded to the lowest responsive and responsible bidder. ORS 279A.050 and ORS 279A.060 permit the Board of Directors of the School District to act as the public contract review authority and to grant, under certain conditions, specific exemptions from the requirement for competitive bidding pursuant to ORS 279C.335(2) and ORS 279C.330. The Jefferson County District Model Procurement Rules, adopted June 26th, 2019, allow for alternative contracting methods, DJC-AR.

FINDINGS OF FACT

The School District makes the following findings regarding use of the CM/GC alternative contracting method for the above-referenced public improvement contract:

FINDING #1 – CM/GC WILL NOT DIMINISH COMPETITION NOR ENCOURAGE FAVORITISM

Finding: It is unlikely that the use of the CM/GC alternative contracting method will encourage favoritism, or substantially diminish competition, in the awarding of this public improvement contract.

FINDING #2 – CM/GC WILL RESULT IN SUBSTANTIAL COST SAVINGS

Finding: Use of the CM/GC alternative contracting method will most likely result in substantial cost savings to the School District.

FINDING #3 – CM/GC WILL ALLOW THE PROJECT TO BE CONSTRUCTED IN A SHORT TIME FRAME

Finding: Use of the CM/GC alternative contracting method will result in the project to be completed on time.

Information regarding the following was considered in justification of the School District’s conclusion in reaching these findings:

1. Operational, Budget and Financial Data

Operational Data:

The CM/GC will be selected through a competitive process in accordance with a Request For Proposals

(RFP) process authorized by the Board of Directors. Competition will not be inhibited nor will favoritism be encouraged.

- A. SOLICITATION PROCESS: Pursuant to ORS 279C.360, the CM/GC solicitation will be advertised at least twice in the Daily Journal of Commerce.
- B. FULL DISCLOSURE: To ensure full disclosure of all information, the RFP solicitation package will include:
 - 1. Detailed Description of the Project
 - 2. Contractual Terms & Conditions
 - 3. Selection Process
 - 4. Evaluation Criteria
 - 5. Role of Evaluation Committee
 - 6. Provisions for Comments
 - 7. Complaint Process and Remedies Available
- C. SELECTION PROCESS: Other highlights of the selection process will include:
 - 1. A pre-proposal vendor conference will be announced and held. This conference will be open to all interested parties. During this pre-proposal conference, as well as any time prior to ten (10) days before the close of the solicitation, interested parties will be able to ask questions, request clarifications and suggest changes in the solicitation documents if such parties believe that the terms and conditions of the solicitation are unclear, inconsistent with industry standards, or unfair and unnecessarily restrictive of competition.
 - 2. Proposals will be submitted online, attention to the Project Manager for the Jefferson County School District at the time specified in the advertisements.
 - 3. The evaluation process will determine whether a proposal meets the screening requirements of the RFP, and to what extent. The following process will be used:
 - a. Proposals will be evaluated for completeness and compliance with the screening requirements of the RFP. Those proposals that are materially incomplete or non-responsive will be rejected.
 - b. Proposals considered complete and responsive will be evaluated to determine if they meet and comply with the qualifying criteria of the RFP. If a proposal is unclear, the proposer may be asked to provide written clarification. Those proposals that do not meet all requirements will be rejected.
 - c. Proposals will be independently scored by the voting members of the Selection Committee. Scores will then be tabulated and assigned to the proposals. Then a determination will be made by the committee to proceed with a Notice of Intent to Award to the highest-ranking proposer or if needed will proceed with an interview process.
 - d. If the Selection Committee chooses to move forward with interviews they will convene to select from the highest-scoring proposers, a group of at least two finalists for formal interviews.
 - e. The Selection Committee will conduct the interviews.
 - f. The Selection Committee will use the interview to confirm the scoring of the proposal and to clarify any questions. Based upon the revised scoring, the Selection Committee will rank the proposers, and provide an award recommendation to the Project Manager who will seek acceptance from the Superintendent or his designee to proceed with the contract negotiation with the highest-ranked proposer.
 - g. The Project Manager will negotiate a contract with the top-ranked firm. If an agreement cannot be reached, the School District will have the option to enter into an agreement with the second-ranked firm, and so forth.
 - 4. Competing proposers will be notified in writing of the selection of the apparent successful proposal and will be given seven (7) calendar days after receipt of the notice to review the RFP file and evaluation report at the Superintendent's Office. Any questions or concerns about the selection

process will be subject to the requirements of the School District's Model Procurement Rules, DJC-AR, must be in writing, and must be delivered to the School Districts' Superintendent within seven (7) calendar days after receipt of the selection notice. No protest of the award selection shall be considered after this time period.

Budget and Financial Data:

The contract achieved through the CM/GC process will require the CM/GC to use an open competitive selection process to bid all components of the job. The CM/GC's overhead and fee makes up 10-15% of the total cost and will be evaluated as one of the scoring criteria. Overhead, which includes supervision, bonding, insurance, and mobilization, must be within the industry standard range of approximately 10%. The CM/GC's fee must be within the industry standard range of 3-5%. Since these amounts will be scored as part of the competitive RFP process, the entire dollar value of the project will be awarded through open competitive processes, at either the general contractor or subcontractor level. The CM/GC process also provides the following benefits:

(a) FEWER CHANGE ORDERS: When the CM/GC participates in the design process, fewer change orders occur during project construction. This is due to the CM/GC's better understanding of the owner's needs and the architect's design intent. As a result, the project is more likely to be completed on time and within budget. In addition, fewer change orders reduce the administrative costs of project management for both the School District and the contractor. This project will involve a complex remodel to the existing school. The use of a CM/GC will reduce the amount of change orders due to unforeseen circumstances. Prior to construction the CM/GC will assist the design team in determining locations of existing utilities.

(b) GMP CHANGE ORDERS COST LESS: The reduced number of CM/GC change orders discussed above are processed at a lower cost under the GMP. The design-bid-build method typically results in the contractor charging 15% markup on construction change orders. The GMP method applies a lower predetermined markup. An acceptable markup is in the range of 3-5%.

(c) SAVINGS: Under the GMP method the School District will enjoy the full savings if actual costs are below the GMP. When the CM/GC completes the project, any savings between the GMP and the actual cost accrue to the School District.

(d) CONTRACTOR'S FEE IS LESS: Contracts with CM/GC's are designed to create a better working relationship with the contractor. As a consequence, the overhead and profit fee is generally in the 3-5% range, and contractors indicate this is slightly lower than the fee anticipated on similar design-bid-build contracts.

2. Public Benefits

Early selection of the CM/GC creates more informed, better-quality decision making by the project construction team. A more efficient construction team saves the District money and provides other public benefits. The CM/GC method will reduce financial risk to the School District. Reduced risk provides a significant value and potential savings.

THE CM/GC CONTRACTING METHOD ESTABLISHES A MAXIMUM PRICE PRIOR TO COMPLETION OF DOCUMENTS: The CM/GC will be able to obtain a complete understanding of the School District's needs, the architect's design intent, the scope of the project, and the operational needs of the students, teachers, and administration of the school by participating in the design development phase. With the CM/GC participating in this phase they will be able to offer suggestions for improvements and make suggestions that will reduce costs. With the benefit of this knowledge, the CM/GC will also be able to guarantee a maximum price to be paid by the School District for constructing the project.

3. Value Engineering

The CM/GC process offers a unique opportunity for value engineering that is not possible through the design-bid-build process.

- A. **VALUE ENGINEERING AND CM/GC PARTICIPATION IN THE DESIGN PROCESS:** An essential part of each construction project is the value engineering evaluation. Value engineering is the means used to determine the best project design that meets the needs and priorities of the owner, within the owner's budget. Value engineering is done most effectively by a team consisting of the owner, architect, consultants, and the contractor. When the contractor participates, the team can render the most comprehensive evaluation of all factors that affect the cost, quality, and schedule of the project.
- B. **VALUE ENGINEERING WITH THE DESIGN-BID-BUILD PROCESS:** If the School District were to utilize the design-bid-build method the contractor would not participate in this evaluation, hence, value engineering would be conducted without the benefit of:
- The ability to set the schedule
 - Early procurement of long lead items
 - The ability to sequence work more effectively
 - Commitment from the contractor to implement the design within the schedule and budget.

This process creates greater value for the owner and is less likely to create conflict compared to the design-bid-build method.

4. Specialized Expertise Required

Use of a CM/GC in conjunction with the team approach will result in a better coordinated project, speed completion, and minimize disruption to operations. The CM/GC: guarantees the maximum price to complete the project; determines the construction schedule; establishes the sequence of work; is contractually bound to implement the final project design within the GMP; and participates as an essential member of the project design and construction team. Several benefits of participation by the CM/GC on this project will be realized: design documents that reflect the best work plan; efficient grouping of bid packages; efficient construction staging; effective campus safety plans; and the ability to adjust the work plan as needed.

5. Public Safety

Safety is of critical importance. By being involved in all phases of the project, including the design and construction, understanding the peculiarities of the existing building, and knowing the scope and technical complexity of the project, the CM/GC will be able to provide a safe environment for the students and staff throughout the entire project.

6. Market Conditions

The School District's ability to accurately estimate the cost of this project is complicated by the multitude of construction market conditions that exist today in Oregon (e.g., competition of other projects, supply chain issues, shortage of qualified craftsman, etc.), as well as the difficulty in establishing the best work sequence. Because the project has a limited budget, it is essential to reduce the risk of cost overruns and secure a contractor who is committed to the project and schedule.

7. Technical Complexity

A CM/GC is necessary to manage the complex design and construction of this project and the critical timing of construction to meet delivery schedules. The construction of the Madras High school improvements is anticipated to commence in June of 2023 and will need to be complete by the end of August 2023. In working with a CM/GC and staff the schedule for the remodel work can be determined to minimize the impact to the operation of the school and still meet the anticipated completion date of August 2023.

8. Funding Sources

The School District's voters approved a \$24,000,000 bond levy of which \$8,146,000.00 was set aside for the construction of this project.

CONCLUSIONS OF LAW

Use of the CM/GC process for the Jefferson County District's Bond Project complies with the criteria outlined in ORS 279C.335(2), including the factors in ORS 279C.330:

1. It is unlikely the exemption will encourage favoritism or substantially diminish competition. The selection process will be fair and open to all interested proposers as established within the above findings.
2. The exemption will result in substantial cost savings to the School District. Also, value will be added to the project that could not otherwise be obtained.
3. The CM/GC contracting method will allow the district to secure a qualified contractor committed to the project and schedule.

PROPOSED RESOLUTION

RESOLUTION 22-18 GRANTING BIDDING EXEMPTION, AUTHORIZING CONSTRUCTION OF A

new roof, insulation and parapet cap replacement, CTE Program space improvements, new soccer/restroom building and field lights, new DDC controls and new high efficiency gas fired HVAC units.

BY MEANS OF A CONSTRUCTION MANAGER/GENERAL CONTRACTOR AND AUTHORIZING SELECTION BY REQUEST FOR PROPOSALS

WHEREAS, ORS Chapter 279A authorizes the School District's Board of Directors to designate itself as the public contract review boards for the School District, and

WHEREAS, the Board of Directors of Jefferson County School District 509J, has designated itself as the public contract review board for the School District, and in that capacity has authority to exempt certain contracts from the competitive bidding requirements of ORS Chapter 279C, and

WHEREAS, ORS 279C.335(2) provides for a process for exempting certain public improvement contracts from competitive bidding and the School District's Model Procurement Rules authorize the selection of a contractor through the CM/CG process as set forth in DJC-AR, and

WHEREAS, the School District Board of Directors determines that the Jefferson County School District 509J Madras High School construction bid package should be constructed using the CM/GC contracting method.

The School District Board of Directors finds as follows:

1. The School District Board of Directors adopts the specific findings of fact set forth above.
2. The exemption of the CM/GC contract from competitive bidding will promote competition and will not encourage favoritism because the CM/GC will be chosen by the request for proposals process, and the major portion of the construction work will be performed by subcontractors chosen by competitive bidding.
3. The exemption of the CM/GC contract from competitive bidding will result in substantial cost savings to the School District, for the reasons set forth in the findings above.
4. The exemption of the CM/GC contract also appears to be in the best interest of the School District in that the use of the CM/GC process will permit the School District to complete the construction within a GMP and within a reasonable time with minimum redesign effort.

NOW, THEREFORE, the School District Board of Directors resolves as follows:

The contract for construction of a new roof, insulation and parapet cap replacement, CTE Program space improvements, new soccer/restroom building and field lights, new DDC controls and new high efficiency gas fired hvac units by a Construction Manager/General Contractor for a Guaranteed Maximum Price is exempted from competitive bidding, and the Construction Manager/General Contractor shall be selected by the Request for Proposal method in accordance with the School District's Model Procurement Rules, DJC-AR, and the process described in the above findings.

RECOMMENDATION

Board members are asked to review these Findings, Conclusions, and Proposed Resolution, ask questions, take public comments, and provide input at the School District Board's March 14th, 2022 meeting. Board action on this proposal is recommended.