



May 7, 2009

**To:** Executive Committee  
**From:** Bob Swank  
**Subject:** Park Place Building CM/GC Findings Evaluation

Oregon purchasing rules require that the LCOG Executive Committee, in its role as the LCOG Contract Review Board, receive an evaluation of public improvement projects not contracted by public bidding. Prior to the construction of the improvements in the Park Place Building the LCOG Executive Committee adopted findings that supported the exemption to public bidding by approving a Contract Manager/General Contractor contract. State statute states that the following must be included in the evaluation:

1. The actual project cost as compared with original estimates;  
The preliminary price estimate was \$2,049,481.00 dated 6/6/2008. The price was modified by changes with the final cost of \$1,804,294.
2. The amount of any guaranteed maximum price;  
The original guaranteed maximum price was \$1,778,144 dated 7/11/2008. The price was modified by change orders with the final cost of \$1,804,294.
3. The number of project change orders issued;  
Four Change Orders: 1. Demolition, 2. Construction, 3. Small Changes in scope. 4. Final price adjustments.
4. A narrative description of successes and failures during the design, engineering and construction of the project;  
A narrative description of the successes of the project is included in the attached comparison of the construction experience. There were no significant failures to report. The CM/GC process allowed construction design to follow discovery of existing conditions and requirements. Building codes and restrictions did add to the cost of construction and some limitations on design.

The amount of electrical upgrade required was underestimated when design was started in Feb '08. The construction team was successful in preserving the main cooling and fan system in the building, and successful in preordering the HVAC reheat boxes, saving at least two months. The team was successful in preordering the doors, frames and relites, saving at least 4 weeks. The team also managed to preserve existing tenants on the third

floor by starting early and having enough weekend time in the schedule to avoid shutdowns during the hottest periods of summer.

Quality workmanship in a cooperative manner was also accomplished, rather than adversarial, as is typical in design, low bid, build projects.

5. An objective assessment of the use of the alternative contracting process as compared to the findings required by ORS 279C.335.  
A review of the construction experience compared to the original findings is attached.

**Review of the Findings to Document the Need for the Exemption of a Public Improvement Contract by Using a Contract Management/General Contractor Contract for LCOG Office Improvements in the LCOG Owned Park Place Building.  
May 7, 2009**

The purpose of this document is to review the findings that stated the need for an exemption to the Competitive Bidding process per O.R.S. Section 279C.335. LCOG defined the method of procurement procedure for the new office construction project at the Park Place Building as exempt from the competitive bid process in favor of a Construction Manager/General Contractor (CM/GC) process. This document includes the original findings followed by the evaluation comments in *italics*.

The Findings stated: At center of this decision is the necessity to achieve the projected substantial completion date of the project by August 15, 2008. This date allows a termination of lease with Wells Fargo, and the simultaneous commencement of lease between the City of Eugene and Wells Fargo on September 1, 2008. This date meets City timing for relocation of its Public Works Engineering and Administration Department, thereby relieving LCOG of its \$25,000 monthly lease obligation.

The specific arguments are defined under each of the required categories listed below as per Section 279C.330. These are provided for consideration of the Lane Council of Governments Executive Board acting in its capacity of the LCOG Contract Review Board. These factual statements, in the aggregate, provide a compelling basis for adopting findings in favor of the CM/GC process.

1) Operational, budget and financial data:

The CM/GC process will allow more control of the ambitious timeline necessary to achieve substantial completion by August 15<sup>th</sup>. Elements of this operational control will have positive effect on the budget, beginning with the simultaneous occurrence of events saving six weeks in the schedule. Award of competitive bid contract would occur mid-June, award of CM/GC contract would be May 1<sup>st</sup>. Award of CM/GC would allow immediate progress of the following concurrent actions:

1. Completion of architectural and engineering specifications for submission for building permits;
2. Application for demolition permit and commencement of demolition;
3. Order of long-lead items such as doors, lights and HVAC components.

*The project actually started on June 15 with completion by November 1, allowing LCOG to move into the offices on November 10. The CM/CG process saved at least one month of time by starting demolition and bidding sooner than waiting for contractors to collect all the bids prior to submitting their proposed project expense and prior to the completion of the architectural and engineering documents. Completion date was scheduled to coordinate with the City of Eugene occupancy date of the vacated Wells Fargo building allowing LCOG early termination of the lease.*

2) Public benefits: Savings of public funds. Savings will be realized from the value engineering and ongoing design modifications as well as \$25,000 a month starting September 1 from the expedited process. In addition, the guaranteed maximum price that is a component of the CM/GC process limits the actual cost of the project.

*LCOG saved several months of double rent payments through the expedited construction process. The total cost also reflected savings from discovery that occurred during construction, and fewer change orders during construction. The final cost of \$1,804,294 was \$300,000 less than the estimated project cost in the contractor's RFP response.*

3) Value Engineering:

Working under the CM/GC process the construction manager, architect and engineers will work together as a team to determine the most effective time/cost method to provide the product. Consultants in areas such as electrical, HVAC and plumbing will examine existing systems to discover true "as-built" conditions. This allows the engineers to design based on true conditions rather than relying on historical and incomplete observational data. In short, this greatly decreases the number of

change orders normally experienced in the competitive bid process. This flexibility of CM/GC process provides the best combination of cost control while reacting to scheduling necessities.

*Discovery of actual conditions post demolition allowed the engineer/CM/GC to alter the scope of specifications to address the changes from presumed conditions. Pre-bid specifications would have resulted in significant and costly change orders to the project – the CM/GC process allowed bids and coordination based on the actual conditions. The cooperation between the Engineer, Architect, CM and the sub-contractors allowed for on-site coordination of value-based solutions on an individual level for each condition. These alterations were as simple as conserving the brick base around the perimeter to the revamp of the HVAC control system.*

4) Specialized expertise required:

Selection under the RFP process for CM/GC allows for review of the specialized expertise of the proposer rather than selection based solely on lowest bid. The RFP process will qualify applicants relative to their knowledge and ability in similar projects, as well as working with the special requirements of public agencies.

*The RFP process for selection of the CM/GC provided a field of qualified responders. Sub-contractors were chosen on their proven abilities to perform their respective work within the time frame demanded as well as their bid price. Prequalification of the sub's was instrumental in the ability for the GM to complete the job within the timeframe and budget.*

5) Public safety: Public safety is not a component of this project.

6) Market conditions:

Market conditions are favorable in construction, but will not significantly affect a decision of Competitive Bid over CM/GC process. Advertisement of the RFP in a statewide publication combined with the direct mailing of the invitation to respond to the RFP to known regional contractors will ensure that the CM/GC contract does not diminish competition or encourage favoritism. The period of construction is the busiest of the year, so the flexibility of the CM/GC process will save time and money in such tasks as the scheduling of subcontractors and the delivery of materials.

7) Technical complexity:

Additional benefits of the CM/GC process are enhanced control of each aspect of the project. The contractor's participation and early input to the project improves each part of the project, including phasing, complicated scheduling, tenant occupancy and budget issues. These factors result in better control of the timing, design and costs resulting in a higher quality product delivered to LCOG.

*Orders were placed for the long lead items within a few days of the completion of the construction documents rather than 45 – 60 days, which is the normal course of events. (45 – 60 days on a Design – Bid – Build type project includes the Bid Period, the post bid evaluation period as well as the one – two week contractor staging*

8) Funding Sources: Sources of funding do not impact this choice.

The eight areas described in these Findings also address all the findings required in Section 7 of the LCOG Public Contracting Regulations.