



Bond Accountability Committee

Meeting Packet July 17, 2013

- | | |
|---|---------------|
| 1. PowerPoint Presentation | July 17, 2013 |
| 2. Balanced Scorecard | July 2013 |
| 3. Project Management Cost Summary | July 15, 2013 |
| 4. Financial Report | July 17, 2013 |
| 5. CM/GC Findings; Roosevelt HS (DRAFT) | July 8, 2013 |
| 6. CM/GC Findings; Franklin HS (DRAFT) | July 8, 2013 |
| 7. Events Calendar | July 17, 2017 |

Narrative Comments:

- OSM & CFO are developing a financial reporting format. Expect staff will present during the August updates to the Board.
- OSM is currently reviewing options for allocating the \$45m "escalation contingency" to active and upcoming projects.
- The \$45m line of credit has been paid off.
- \$1.9m of "additional revenue" has been added to bond projects, bringing the total current bond program amount to approximately \$483.9m.
- Approximately \$22.8m remain in contingencies not allocated to projects (including the \$20m board reserve).

Color Key	
	Good
	Concerns
	Trouble



Strategic Obj.	Perform
A	
B	
C	
D	
Average	

2012 Bond Projects

Improvements 2013	Roosevelt HS	Faubion K8	Improvements 2014	Franklin HS	Improvements 2015	Grant HS	Improvements 2016	Improvements 2017	Improvements 2018	Improvements 2019	Program Contingency	Program Costs

Strategic Objectives	Performance Measures	Performance Targets
----------------------	----------------------	---------------------

Objective A Project Budget and Scope Aligned	1	Initial Cost Estimate of Approved Scope	≥ 15% Contingency Available
	2	Master Plan	Within Budgeted Amount

--	--	--	--	--	--	--	--	--	--	--	--	--

Objective B Planning & Design Costs within Budget	3	Projected Total P & D Costs	Within Budgeted Amount
--	---	-----------------------------	------------------------

--	--	--	--	--	--	--	--	--	--	--	--	--

Objective C Construction Costs within Budget	4	Construction Cost Award Price or GMP	< 90% of Construction Budget
	5	Construction Cost Current Estimate	Per Schedule

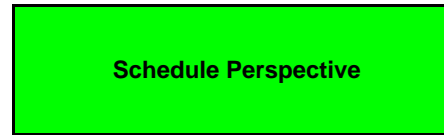
Objective D Project within Budget	6	Total Project Costs Within Budgeted Amount	Per Schedule
--------------------------------------	---	--	--------------

--	--	--	--	--	--	--	--	--	--	--	--	--

Narrative Comments:

1. Improvement Project 2013 construction phase has begun. All four general contractors have mobilized and commenced work.
2. Improvements 2014 proposals for design services have been received and are being reviewed. Recommendation for contract award is expected at the August 7 Board Meeting.
3. Design services proposal for FHS, RHS and Improvement Project 2014 have been received and are currently being reviewed. Recommendation for contract awards are expected at the July 24 Board Meeting (FHS and RHS) and the August 7 Board Meeting (IP 2014).
4. Site construction for the modular classroom building at Faubion has begun. The 2-classroom building will be placed in mid-July.
5. The program schedule has moved from 'draft baseline' to 'baseline'.

Color Key	
	Good
	Concerns
	Trouble



Strategic Obj.	Perform
A	
B	
C	
D	
Average	

2012 Bond Projects

Improvements 2013	Roosevelt HS	Faubion K8	Improvements 2014	Franklin HS	Improvements 2015	Grant HS	Improvements 2016	Improvements 2017	Improvements 2018	Improvements 2019
-------------------	--------------	------------	-------------------	-------------	-------------------	----------	-------------------	-------------------	-------------------	-------------------

--	--	--	--	--	--	--	--	--	--	--

Strategic Objectives	Performance Measures	Performance Targets
----------------------	----------------------	---------------------

Objective A Establish Schedule Target & Strategy	1	Occupancy Date Goal Established	
	2	Project Execution Strategy Developed	
	3	Overall Project Schedule Established	

--	--	--	--	--	--	--	--	--	--	--

Objective B Planning, Permitting & Design Phases on Schedule	4	Design Contract Award	Green = < 0 weeks impact on scheduled design completion date. Yellow = 0 - 4 weeks; Red > 4 weeks
	5	Schematic Design Completed	
	6	Design Development Completed	
	7	Land Use Permit Approved	
	8	Construction Contract Documents	
9	Building Permit Approved		

--	--	--	--	--	--	--	--	--	--	--

Objective C Construction on Schedule	10	Prime Contract Notice to Proceed	Green = < 0 weeks impact on scheduled construction completion date. Yellow = 0 - 4 weeks; Red > 4 weeks
	11	Construction Started	
	12	Substantial Completion Date	

--	--	--	--	--	--	--	--	--	--	--

Objective D Meet Occupancy / Completion Schedule Target	13	FF&E Ordered	Same as Objective C
	14	FF&E Delivered and Installed	
	15	Projected Occupancy Date	Green = < 0 weeks impact on scheduled date. Yellow = 0 - 4 weeks; Red > 4 weeks

Projected Occupancy Dates										
09/13	09/17	09/17	09/14	09/17	09/15	09/19	09/16	09/17	09/18	



Project Management Cost Report

Project Cost Summary Report for 2012 Capital Improvement Bond Program

Capital Program Start Date: Nov 2012

Report Run Date:

7/15/2013

Capital Program End Date: Nov 2020

Project Name	Original Project Budget	Project Budget Changes	Current Budget	Project Estimate At Completion	Forecasted Over/(Under)
Franklin HS Modernization	81,585,655	-	81,585,655	70,955,261	(10,630,394)
Grant HS Modernization	88,336,829	-	88,336,829	76,827,255	(11,509,574)
Roosevelt HS Modernization	68,418,695	-	68,418,695	59,552,244	(8,866,451)
Faubion Replacement	27,035,537	-	27,035,537	24,660,468	(2,375,069)
Improvement Project 2013 (Group 1)	9,467,471	3,981,344 a	13,448,815	11,937,030	(1,524,980)
Improvement Project 2014 (Group 2)	13,620,121	-	13,620,121	11,781,527	(1,838,594)
Improvement Project 2017 (Group 5)	6,796,707	-	6,796,707	5,848,503	(948,204)
Improvement Project 2015 (Group 3)	13,521,066	(115,278) b	13,521,066	11,634,751	(1,886,315)
Improvement Project 2016 (Group 4)	15,274,437	-	15,159,159	13,143,510	(2,015,649)
Improvement Project 2018 (Group 6)	9,062,119	-	9,062,119	7,797,869	(1,264,250)
Master Planning #1	191,667	-	191,667	191,667	-
Master Planning #2	191,667	-	191,667	191,667	-
Master Planning #3	191,667	-	191,667	191,667	-
Master Planning #4	191,667	-	191,667	191,667	-
Master Planning #5	191,667	-	191,667	191,667	-
Master Planning #6	191,667	-	191,667	191,667	-
Swing Sites & Transportation	9,550,000	(4,000,000) c	5,550,000	5,550,000	-
Marshall Swing Site - Bond 2012	-	4,000,000 d	4,000,000	4,000,000	-
Educational Specification	-	300,000 e	300,000	251,120	(48,880)
Debt Repayment	45,000,000	-	45,000,000	45,000,000	-
2012 Bond Program	93,181,361	(2,255,540) f	90,925,821	66,818,600	(24,107,221)
Grand Totals	482,000,000	1,910,526	483,910,526	416,908,139	(67,015,582)

	Budget Change Footnotes	Source	Amt
a	State Rehabilitation Grant Program (SRGP)	Fund 438	1,500,000
	SRGP PPS contribution	Fund 405	85,068
	Budget adjustment (Contingency - COO)	Bond Prog / Cont COO	2,223,190
	FAM Capital Funds	Fund 438	4,010
	FAM Capital Funds	Fund 438	448
	Increase scope (Ockley Green SL)	Bond Prog / Cont COO	115,278
	Energy Conservation (SB1149)	Fund 435	21,000
	Solar roof study	Bond Prog / Cont COO	32,350
	Total		3,981,344
b	Reduced scope (Ockley Green SL)		(115,278)
c	Allocate budget to project (Marshall)		(4,000,000)
d	Initial budget set-up	Swing & Trans	4,000,000
e	Educational Specification	Fund 405	300,000
f	Allocate budget to project (IP2013)		(2,223,190)
	Increase budget (Ockley Green SL)	IP2014	115,278
	Allocate budget to project (IP2013)		(115,278)
	Allocate budget to project (IP2013)		(32,350)
	Total		(2,255,540)

2012 Capital Improvement Program Funds

GO Bond	482,000,000
SRGP Funds	1,500,000
SRGP Contribution	85,068
Ed Specs	300,000
FAM Capital Funds	4,010
FAM Capital Funds	448
SB 1149	21,000
Total	483,910,526

2012 Bond Program Detail

	Project Name	Original Project Budget	Project Budget Changes	Current Budget	Project Estimate At Completion	Forecasted Over/(Under)
	2012 Bond Program	93,181,361	(2,255,540)	90,925,821	66,818,600	(24,107,221)
a	Program Admin	15,117,566		15,117,563	13,818,600	(1,298,963) ¹
b	Bond Issuance Costs	3,000,000	-	3,000,000	3,000,000	-
c	PBOT Allowance	5,000,000	-	5,000,000	5,000,000	-
d	Escalation	45,000,000	-	45,000,000	45,000,000	-
e	Contingency - COO	5,063,798	(2,255,540)	2,808,258	-	(2,808,258)
f	Contingency - BOE Reserves	2,000,000	-	20,000,000	-	(20,000,000)

¹ The total Estimate At Completion for all program administration costs for all projects (including project management, construction management, program management, equipment, technology, consultant fees, district staff, etc.) is \$25.7m. The budget for these expenses is embedded within numerous projects. Below is a breakdown of administration budget and forecast:

Project	Current Budget	Estimate At Completion	Forecasted Over/(Under)
2012 Bond Program	15,117,563	13,818,600	(1,298,963)
All Other Projects	11,951,848	11,951,848	-
Total	27,069,411	25,770,448	(1,298,963)

DATE: July 8, 2013

TO: Portland Public Schools
Board of Education

FROM: Jim Owens, PE
Executive Director – Office of School Modernization

SUBJECT: Alternative Contracting Methodology – Exemption from Public Contracting Rules
Use of the CM/GC Contract Method for the Franklin HS Modernization Project

REQUEST: The Board of Education (Board), acting as the Local Contract Review Board for the Portland Public School District (District), is requested to grant an exemption from the traditional Design-Bid-Build process and approve the Alternative Contracting Method of Construction Manager/General Contractor (CM/GC) for the remodel of the Franklin HS Modernization Project (Project). Further, that the District hold the requisite public hearing offering the opportunity for any interested party to appear and present comment at that hearing on the draft findings for this exemption. The foregoing being in accordance with PPS-49-0600 and related Oregon statutes.

SITUATION: The 2012 Capital Improvement Bond includes funding to renovate Franklin High School to allow for full modernization of the school's facilities. The building requires certain improvements to upgrade the building so it will be more conducive to the High School's operation and learning environment.

PROJECT SCOPE: The project includes, but is not limited to, hazardous material abatement, mechanical/electrical/plumbing upgrades, structural reinforcing and informational technology improvements as well as new interior partitions, architectural finishes and site/landscaping improvements to a facility which includes historically significant components originally constructed in 1915.

CONSTRUCTION PLAN: This project will address many challenges and require careful planning and coordination during the design and construction phases to complete it effectively and efficiently as well as robust budget and schedule controls being essential to the project's success. It will be important to utilize a construction firm with the following specific traits,

- the requisite expertise in renovating historically significant facilities
- an exemplary reputation for on-time delivery
- has innovative approaches to unique opportunities
- understands the importance of an integrated project team to a project's success
- experienced working closely with architects and engineers with emerging technology such as Building Information Modeling
- advise the District on the state of the current market and engage the local sub-contracting community in support of the District's Equity in Public Purchasing and Contracting and Student Engagement programs

The conventional design-bid-build contracting methodology that represents the basis of public contracting in the State of Oregon would expose the District to a significant amount of risk based on the parameters of this project. The inherent complexity of aligning new construction with existing facilities to remain, multiple and interdependent project phases, and staff and the limited financial resource of the general obligation bond funding

for the project are all critical issues which the project team, including the contractor, must address successfully. Traditional design-bid-build contracting approach, which only considers the lowest priced bid that conforms to the bidding requirements, does not allow the District to consider any of these issues when selecting the most appropriate contractor.

To appropriately manage these critical needs within this project, the recommendation of PPS staff is to utilize the CM/GC Alternative Contracting Methodology. Through this selection process, a request for proposal (RFP) will be issued for the project, utilizing critical project issues as qualitative criteria for selecting a contractor. It is important to have the firm on board by late February or early March to work closely with the Architect and the District to set the strategic plan to successfully execute the work within the budget and time constraints during the design process.

PPS-49-0620 and ORS 279C.335 permits the PPS Board of Education to exempt specific projects from the competitive bidding requirements of PPS Public Contracting Rules and Oregon Revised Statute (ORS) 279C. Proposals from prospective CM/GC firms will include a competitive quote for their Fee for the Project. The selected CM/GC will provide the District with a Guaranteed Maximum Price (GMP) and a 100% Performance and Payment Bond for the work. Subcontract work will be competitively bid by the CM/GC.

PPS's Public Contracting Rules and ORS 279C require that the District create findings for the Board to consider and accept to approve this exemption. The Board is required to hold a public hearing to take comments on the draft findings for the exemption, and the District is required to publish a notice of the hearing at least fourteen (14) calendar days in advance of the hearing. Following are the staff's findings for the Board's consideration.

FINDINGS OF FACT

- 1. Finding Related to Operational, Budget and Financial Data:** Due to the invasive nature of this project, careful coordination and scheduling will be essential so as not to affect the surrounding neighborhood due to the limit site space. Staff finds that the ability to carefully screen firms for this ability to work in and around others without undue interruption and the firm's successful performance history with this kind of project will significantly affect the project outcome as it relates to the schedule and cost of the project. History in utilizing the CM/GC method has shown that it alleviates financial risk by to minimizing delay and requests for additional work through engaging the CM/GC early in the design process and incorporating the CM/GC's comments and experience into the on-going design efforts. This results in the reduction of design conflicts and limits construction challenges through informed design.

Staff therefore finds that reduced risks provide a significant value and cost savings to the District.

- 2. Finding Related to Public Benefit:** Creating a project team at the start of the project comprised of the Architect, the District and the Contractor, through selection of the CM/GC, allows the contractor to participate in the early design process offering current and tested solutions that create more informed, and better quality decision making. This results in better utilization of voter approved funding which demonstrates good stewardship of public funds by PPS. Furthermore, due to the constrained nature of the project site and its location embedded in a neighborhood, the use of the CM/GC contracting strategy will allow the team to utilize the CM/GC to develop noise and traffic mitigation plans and incorporate those requirements into the design of the project.

Staff therefore finds that a better informed and more efficient construction team reduces the District financial exposure and enhances delivery of the project for its education mission which benefits the constituents of PPS.

3. **Finding Related to Value Engineering:** The CM/GC process offers a unique opportunity for value engineering that is not possible through the design-bid-build process where the contractor is not engaged until the project design is complete. Value engineering during the design process minimizes errors in contract drawings and specifications, develops more constructible solutions to complex building issues, enhances the overall value of the building through better system selection and allows for accurate scheduling and staff resourcing.

Staff therefore finds that value engineering helps minimize cost and coordinates construction to deliver a better project in a timelier manner at a lower overall cost.

4. **Finding Related to Specialized Expertise Required:** The challenge of performing this project in an occupied building while maintaining building operations is a significant task. Multiple phases, limited contractor layout yard space and close neighborhood proximity are all logistical challenges that must be successfully addressed to avoid delays to the project schedule and impacts to the budget. It is important to utilize a general contractor that has demonstrated expertise in managing, scheduling and performing in these types of conditions in a satisfactory manner.

Staff therefore finds that selecting a firm through the CM/GC process allows the District to contract with a firm with the appropriate expertise.

5. **Finding Related to Public Safety:** During the Bond development, Franklin High School construction was envisioned to start after students and staff had been relocated to Marshall High School, during the summer of 2015. Once the CM/GC is on board, and the Master Plan has been developed, there may be an opportunity to start construction prior to the completion of the academic school year.

Renovations in operational facilities place students, staff and the general public in close proximity to on-going construction operations such as open trenches, in-progress demolition or open building infrastructure such as electrical panels or mechanical units. Utilizing the proposed safety and security protocols as a selection criterion will enhance the District's ability to provide safe and secure buildings while completing major renovations to improve the learning environment for its students and staff which would not be considerations under the traditional design-bid-build contracting approach.

Staff therefore finds that the ability to select a firm that understands our security and safety needs reduces risk for the District during the construction phase.

6. **Finding Related to Technical Complexity:** This project includes a multiplicity of technical issues related to electrical systems, pipe routing, HVAC systems and fire alarm systems to name a few. Of critical importance is the interfacing of newly modernized facility space with existing systems or structure that are to remain as a part of the completed project. It is important to the project's success for both budget and schedule that the District have a general contractor that
 - understands the complexity of the existing and to be installed systems
 - has the ability/experience to manage these types of complex projects

- is afforded the opportunity to explore and uncover unforeseen issues during design
- can develop bid instructions to attract the appropriate subcontractors to perform the work.

Staff therefore finds that selecting a firm through the CM/GC process allows the District to contract with a firm early enough within the project to allow them time to appropriately investigate existing conditions and consider design alternatives in concert with the design team that will facility fully coordinated systems.

7. **Finding Related to Funding Sources:** This project is a part of the 2012 Bond Program. It is important to maximize the value of projects performed as a part of the Bond as critical factors in delivering the overall bond program successfully. Further, as a general obligation bond, the District is limited to a specific dollar amount for use to complete the bond projects. Once funding is depleted, any additional costs would have to be funded from the general fund, thus reducing operational funds for staff and other operational needs. By engaging the CM/GC during the design process, the CM/GC can assist the District in containing costs and aligning the project's on-going design with budgetary limits.

Staff therefore finds, by past experience, that utilizing the CM/GC process allows the District to maximize its financial control effectiveness.

8. **Finding Related to Favoritism and Competition:** It is unlikely the requested exemption will encourage favoritism or substantially diminish competition. The District utilizes a RFP process to select the CM/GC firm. That procurement is formally advertised with public notice and disclosure of the planned Alternative Contracting Method, competition will be encouraged. Furthermore, the CM/GC process is a widely utilized contracting methodology in the State of Oregon and has frequently been utilized by other school districts on many similar projects. The general contracting market is familiar with the RFP process and generally accepts the CM/GC process as a standard delivery process. Many general contractors prefer and seek out CM/GC opportunities. The award will be based upon an identified selection criteria and contractors are afforded an opportunity to protest the process and the award. Once selected, the CM/GC will select subcontractors via competitive bid process in accordance with PPS Contracting Rules.

Staff therefore finds that the CM/GC process does not create favoritism nor limit competition due to the open public process of engaging the CM/GC.

9. **Finding Related to Cost Savings:** It has been staff's past experience that the CM/GC Alternative Contracting Method has produced a timelier, better coordinated project thus saving the District cost when analyzing the overall cost of a major construction process.

Staff therefore finds that the District will experience overall project cost savings in utilizing the CM/GC method of contracting.

RECOMMENDATION:

Request that the Board of Education:

1. Adopt the findings as presented
2. Grant an exemption from the traditional Design-Bid-Build process as provided in PPS-49-0620 and ORS 279C
3. Approve the alternative contracting method of CM/GC for the Franklin HS Modernization Project.

This work will be funded from the 2012 Capital Improvement Bond as well as other funding sources. It is required that the Board hold the public hearing offering the opportunity for any interested party to appear and present comment at that hearing on these draft findings for this exemption prior to the Board's adoption.

DRAFT - V

DATE: July 8, 2013

TO: Portland Public Schools
Board of Education

FROM: Jim Owens, PE
Executive Director – Office of School Modernization

SUBJECT: Alternative Contracting Methodology – Exemption from Public Contracting Rules
Use of the CM/GC Contract Method for the Roosevelt HS Modernization Project

REQUEST: The Board of Education (Board), acting as the Local Contract Review Board for the Portland Public School District (District), is requested to grant an exemption from the traditional Design-Bid-Build process and approve the Alternative Contracting Method of Construction Manager/General Contractor (CM/GC) for the remodel of the Roosevelt HS Modernization Project (Project). Further, that the District hold the requisite public hearing offering the opportunity for any interested party to appear and present comment at that hearing on the draft findings for this exemption. The foregoing being in accordance with PPS-49-0600 and related Oregon statutes.

SITUATION: The 2012 Capital Improvement Bond includes funding to renovate Roosevelt High School to allow for full modernization of the school's facilities. The building requires certain improvements to upgrade the building so it will be more conducive to the High School's operation and learning environment.

PROJECT SCOPE: The project includes, but is not limited to, hazardous material abatement, mechanical/electrical/plumbing upgrades, structural reinforcing and informational technology improvements as well as new interior partitions, architectural finishes and site/landscaping improvements to a facility which includes historically significant components originally constructed in 1921.

CONSTRUCTION PLAN: This project will address many challenges and require careful planning and coordination during the design and construction phases to complete it effectively and efficiently as well as robust budget and schedule controls being essential to the project's success. It will be important to utilize a construction firm with the following specific traits:

- the requisite expertise in renovating historically significant facilities
- an exemplary reputation for on-time delivery
- experienced supervisory staff working in and around occupied facilities
- has innovative approaches to unique opportunities
- understands the importance of an integrated project team to a project's success
- experienced working closely with architects and engineers with emerging technology such as Building Information Modeling
- advise the District on the state of the current market and engage the local sub-contracting community in support of the District's Equity in Public Purchasing and Contracting and Student Engagement programs

The conventional design-bid-build contracting methodology that represents the basis of public contracting in the State of Oregon would expose the District to a significant amount of risk based on the parameters of this project. The inherent complexity of aligning new construction with existing facilities to remain, multiple and

interdependent project phases, close proximity of students and staff and the limited financial resource of the general obligation bond funding for the project are all critical issues which the project team, including the contractor, must address successfully. Traditional design-bid-build contracting approach, which only considers the lowest priced bid that conforms to the bidding requirements, does not allow the District to consider any of these issues when selecting the most appropriate contractor.

To appropriately manage these critical needs within this project, the recommendation of PPS staff is to utilize the CM/GC Alternative Contracting Methodology. Through this selection process, a request for proposal (RFP) will be issued for the project, utilizing critical project issues as qualitative criteria for selecting a contractor. It is important to have the firm on board by late February or early March to work closely with the Architect and the District to set the strategic plan to successfully execute the work within the budget and time constraints during the design process.

PPS-49-0620 and ORS 279C.335 permits the PPS Board of Education to exempt specific projects from the competitive bidding requirements of PPS Public Contracting Rules and Oregon Revised Statute (ORS) 279C. Proposals from prospective CM/GC firms will include a competitive quote for their Fee for the Project. The selected CM/GC will provide the District with a Guaranteed Maximum Price (GMP) and a 100% Performance and Payment Bond for the work. Subcontract work will be competitively bid by the CM/GC.

PPS's Public Contracting Rules and ORS 279C require that the District create findings for the Board to consider and accept to approve this exemption. The Board is required to hold a public hearing to take comments on the draft findings for the exemption, and the District is required to publish a notice of the hearing at least fourteen (14) calendar days in advance of the hearing. Following are the staff's findings for the Board's consideration.

FINDINGS OF FACT

- 1. Finding Related to Operational, Budget and Financial Data:** Due to the invasive nature of this project, careful coordination and scheduling will be essential so as not to affect the school and/or its tenant operations. Staff finds that the ability to carefully screen firms for this ability to work in and around others without undue interruption and the firm's successful performance history with this kind of project will significantly affect the project outcome as it relates to the schedule and cost of the project. History in utilizing the CM/GC method has shown that it alleviates financial risk by to minimizing delay and requests for additional work through engaging the CM/GC early in the design process and incorporating the CM/GC's comments and experience into the on-going design efforts. This results in the reduction of design conflicts and limits construction challenges through informed design
Staff therefore finds that reduced risks provide a significant value and cost savings to the District.
- 2. Finding Related to Public Benefit:** Creating a project team at the start of the project comprised of the Architect, the District and the Contractor, through selection of the CM/GC, allows the contractor to participate in the early design process offering current and tested solutions that create more informed, and better quality decision making. This results in better utilization of voter approved funding which demonstrates good stewardship of public funds by PPS.

Staff therefore finds that a better informed and more efficient construction team reduces the District financial exposure and enhances delivery of the project for its education mission which benefits the constituents of PPS.

3. **Finding Related to Value Engineering:** The CM/GC process offers a unique opportunity for value engineering that is not possible through the design-bid-build process where the contractor is not engaged until the project design is complete. Value engineering during the design process minimizes errors in contract drawings and specifications, develops more constructible solutions to complex building issues, enhances the overall value of the building through better system selection and allows for accurate scheduling and staff resourcing.

Staff therefore finds that value engineering helps minimize cost and coordinates construction to deliver a better project in a more timely manner at a lower overall cost.

4. **Finding Related to Specialized Expertise Required:** The challenge of performing this project in an occupied building while maintaining building operations is a significant task. Multiple phases, limited contractor layout yard space, and coordinating construction deliveries with school operations are all logistical challenges that must be successfully addressed to avoid delays to the project schedule and impacts to the budget. It is important to utilize a general contractor that has demonstrated expertise in managing, scheduling and performing in these types of conditions in a satisfactory manner.

Staff therefore finds that selecting a firm through the CM/GC process allows the District to contract with a firm with the appropriate expertise.

5. **Finding Related to Public Safety:** Renovations in operational facilities place students, staff and the general public in close proximity to on-going construction operations such as open trenches, in-progress demolition or open building infrastructure such as electrical panels or mechanical units. Utilizing the proposed safety and security protocols as a selection criterion will enhance the District's ability to provide safe and secure buildings while completing major renovations to improve the learning environment for its students and staff which would not be considerations under the traditional design-bid-build contracting approach.

Staff therefore finds that the ability to select a firm that understands our security and safety needs reduces risk for the District during the construction period.

6. **Finding Related to Technical Complexity:** This project includes a multiplicity of technical issues related to electrical systems, pipe routing, HVAC systems and fire alarm systems to name a few. Of critical importance is the interfacing of newly modernized facility space with existing systems or structure that are to remain as a part of the completed project. It is important to the project's success for both budget and schedule that the District have a general contractor that
 - understands the complexity of the existing and to be installed systems
 - has the ability/experience to manage these types of complex projects
 - is afforded the opportunity to explore and uncover unforeseen issues during design
 - can develop bid instructions to attract the appropriate subcontractors to perform the work.

Staff therefore finds that selecting a firm through the CM/GC process allows the District to contract with a firm early enough within the project to allow them time to appropriately investigate existing conditions and consider design alternatives in concert with the design team that will facilitate fully coordinated systems.

7. **Finding Related to Funding Sources:** This project is a part of the 2012 Bond Program. It is important to maximize the value of projects performed as a part of the Bond as critical factors in delivering the overall bond program successfully. Further, as a general obligation bond, the District is limited to a specific dollar amount for use to complete the bond projects. Once funding is depleted, any additional costs would have to be funded from the general fund, thus reducing operational funds for staff and other operational needs. By engaging the CM/GC during the design process, the CM/GC can assist the District in containing costs and aligning the project's on-going design with budgetary limits.

Staff therefore finds, by past experience, that utilizing the CM/GC process allows the District to maximize its financial control effectiveness.

8. **Finding Related to Favoritism and Competition:** It is unlikely the requested exemption will encourage favoritism or substantially diminish competition. The District utilizes a RFP process to select the CM/GC firm. That procurement is formally advertised with public notice and disclosure of the planned Alternative Contracting Method, competition will be encouraged. Furthermore, the CM/GC process is a widely utilized contracting methodology in the State of Oregon and has frequently been utilized by other school districts on many similar projects. The general contracting market is familiar with the RFP process and generally accepts the CM/GC process as a standard delivery process. Many general contractors prefer and seek out CM/GC opportunities. The award will be based upon an identified selection criteria and contractors are afforded an opportunity to protest the process and the award. Once selected, the CM/GC will select subcontractors via competitive bid process in accordance with PPS Contracting Rules.

Staff therefore finds that the CM/GC process does not create favoritism nor limit competition due to the open public process of engaging the CM/GC.

9. **Finding Related to Cost Savings:** It has been staff's past experience that the CM/GC Alternative Contracting Method has produced a timelier, better coordinated project thus saving the District cost when analyzing the overall cost of a major construction process.

Staff therefore finds that the District will experience overall project cost savings in utilizing the CM/GC method of contracting.

RECOMMENDATION:

Request that the Board of Education,

1. Adopt the findings as presented
2. Grant an exemption from the traditional Design-Bid-Build process as provided in PPS-49-0620 and ORS 279C.
3. Approve the alternative contracting method of CM/GC for the Roosevelt HS Modernization Project.

This work will be funded from the 2012 Capital Improvement Bond as well as other funding sources. It is required that the Board hold the public hearing offering the opportunity for any interested party to appear and present comment at that hearing on these draft findings for this exemption prior to the Board's adoption.

DRAFT - VI



July 17, 2013

Upcoming Events Calendar July – October

July

17 th	Board Meeting	OSM Bond Update
24 th	Board Meeting	Contract Award Recommendation for FHS & RHS A/E teams

August

7 th	Board Meeting	BAC Quarterly Update / Edspec facilities “vision” draft resolution / Contract Award Recommendation for IP2014
21 st	Board Meeting	OSM Bond Update / Faubion pre-DDA agreement resolution / Edspec facilities “vision” resolution / Alternative procurement (CMGC) resolution / Contract Award Recommendation for Faubion master planning A/E

September

11 th	Board Meeting	Edspec ‘phase 2’ document draft resolution
18 th	Board Meeting	Edspec ‘phase 2’ document resolution
24 th	Board Meeting	OSM Bond Update

October

9 th	Board Meeting	
16 th	Board Meeting	
23 rd	Board Meeting	OSM Bond Update

- DAG meetings for Franklin, Roosevelt and Faubion to be scheduled. It’s anticipated each DAG will meet 2-3 times per month.
- EdSpec phase 2 meeting are continuing through July.