Introductions

• Don Rankin, Board Vice Chair
• Jason Middleton, Board Member
• Ginny Holthus, Board Member
• Wade Smith, Assistant Superintendent
• Dave Fishel, Fishel Consulting, Bond Project Manager

Learning Outcome & Agenda

Learning Outcome:
School districts consider alternative construction delivery methods as an option when implementing capital construction projects.

Agenda:
• Review Established Board Goals for Bond Program
• Look at Primary Construction Delivery Methods for Public School Construction Projects in Oregon
• Review Hermiston’s Basis & Process to Select the CM/GC (Construction Manager/General Contractor) Method
• Evaluation Preliminary Results & Observations
  Questions?
Hermiston School District Bond Levy History

- Recent Bond Measures
  - 1992 Bond ($4.99 Million)
  - 1994 Bond ($9.39 Million)
  - 1999 Bond ($39.9 Million)
  - 2008 Bond ($69.9 Million)

Board Programming Direction

- Collaborative involvement of staff and stakeholders in the design and construction process
- Ensure safety of staff & students throughout the construction phase
- Closely monitor construction budget through the design process
- Deliver on the promise to the community to ensure proper stewardship of taxpayer’s dollars
- Maximize the opportunity for regional subcontractor involvement

Two Primary Construction Mechanisms for School Construction in Oregon

Prescribed by ORS 279C.300 & 279C.335

- Design-Bid-Build (common method)
- Construction Manager/General Contractor (CM/GC) (alternative method)
Design-Bid-Build Process (common method)
ORS 279C.300
• District establishes budget and building programming
• District selects the design team
• Construction documents and bid specifications are completed
• Design is advertised for bid to open market
• Project is awarded to the lowest responsible bidder for construction

Design-Bid-Build
Hermiston’s Analysis
Pros
• Start construction process with established “initial” cost
• More familiar process for Hermiston community (3 most recent bond programs had been Design-Bid-Build)

Cons
• Can lead to an adversarial relationship in the construction process between architect and contractor
• May not be the lowest final cost (due to change orders)
• Only allowable criteria for primary contractor selection is “lowest responsible bidder”
• Higher likelihood of disputes
• Owner has less input and control of construction process

CM/GC Process (alternative method est.1980's)
ORS 279C.335
• Owner establishes budget and building programming
• Owner selects the design team
• During the preliminary design phase, owner advertises for and selects a construction firm based on District-established criteria to join the owner/design team
• Firm assists architect and owner in providing input and estimates throughout the design phase
• CM/GC establishes a guaranteed maximum price (GMP)
• All sub contractor work is bid competitively by the CM/GC
**CM/GC Hermiston’s Analysis**

**Pros**
- Contractor selected based on cost and district-established qualifications
- Early contractor involvement allows them to assist in design (takes ownership, assists in constructability review, etc)
- Ability to pre-plan safety, project phasing, and other critical aspects
- Fewer change orders
- Fewer claims/decreased risk
- Time savings (work can start prior to design completion if GMP is established early)
- Collaborative process in keeping with District values
- Any Project savings returned to the District

**Cons**
- Requires a higher level of owner expertise & involvement
- Requires an architectural firm willing to collaborate with the CM/GC
- Requires public education of the alternative delivery process
- Ability to pre-plan safety, project phasing, and other critical aspects
- Fewer change orders
- Fewer claims/decreased risk
- Time savings (work can start prior to design completion if GMP is established early)
- Collaborative process in keeping with District values
- Any Project savings returned to the District

**Hermiston CM/GC Selection Process**

1. Developed Findings & Public Comment Period
2. Created & Issued RFP for CM/GC
3. Screen / Score Applicants
4. Interviewed Finalists
5. Selected Firm

**Findings of Fact Developed**

In order to exempt a project from the use of competitive bidding (Design-Bid-Build method), the School Board must adopt findings and hold a public comment meeting that support their desire to exempt the project per ORS 279C.335.

The following is a list of the “Findings” that must be addressed:
1. The exemption will not encourage favoritism
2. The exemption will result in substantial savings to the Agency
3. The effect on the Operational Budget
4. The effect on Public Safety
5. Is there a Public Benefit
6. Will Value Engineering be done
7. What effect do Market Conditions have
8. The effect on Public Safety
9. The Technical Complexity
10. What is the Funding Source and what effect will the exemption have
RFP Development & Selection

- Created an RFP for the CM/GC
- Used a scoring criteria to rate contractor applicants based on:
  - Firm’s Background
  - CM/GC Experience
  - Educational Experience
  - Knowledge & Experience With the Local Sub-contracting Pool
  - Key Personnel Assigned to the Projects
  - Project Approach (estimating, management, cost & quality control)
  - Safety & Communication Plan
  - Fees and General Condition Costs
- Selected 3 Finalists for Interview
- Selected Firm

Guaranteed Maximum Price (GMP)

What is a GMP?
- The GMP is a binding not-to-exceed estimate provided by the CM/GC to complete the projects which include the following 3 items:
  1. Contractor’s Pre-established Fee
     - aka: contractor’s overhead and profit
     - Ex: Hermiston’s is 2.13%
  2. General Conditions
     - Ex: negotiated set amounts for pre-established incidentals related to the project. Such examples include temporary facilities, temp. power, insurances, jobsite security, project supervision, etc.
  3. Estimated cost to perform all subcontract work

Upon project completion, all savings encountered are returned to owner.

Preliminary Results

- Collaborative involvement of staff and stakeholders in the design and construction process
  - Accomplished / In Progress
    - Staff
    - Administration
    - Community
    - Local Municipalities
    - CM/GC
Preliminary Results

• Ensure safety of staff & students throughout the construction process
  √ Accomplished
  • CM/GC selection criteria allowed for thorough review and scrutiny of contractor’s safety plan
  • Early involvement of CM/GC allowed collaborative work with building staff on preliminary safety planning
  • District was involved in the general conditions to ensure sufficient allowances to deliver on Board safety parameters

Preliminary Results

• Closely monitor construction budget through the design process
  √ Accomplished
  • CM/GC provided multiple estimates from prospective sub pool
  • CM/GC worked with architects and owner to offer considerable constructability and value engineering input throughout the design process

Preliminary Results

• Deliver on the promise to the community to ensure proper stewardship of taxpayer’s dollars
  √ In Progress
  • CM/GC process continues to be well received by the community as the District highlights their involvement and accomplishments throughout the design and preliminary construction phase.
  • “Open-book” process where Board and community are appraised of actual costs. Overhead and profit are pre-established. All sub work is competitively bid. Savings are clearly identified.
Preliminary Results

• Maximize the opportunity for regional sub-contractor involvement

✓ In Progress
• To date, 81% of the accomplished work thus far has been provided by local contractors and vendors (a total of 38 local contractors/vendors).
• Through the CM/GC process the District has been able to work with the CM/GC on phasing of construction projects and removing potential barriers to allow the opportunity for regional contractors to provide bids on available work.

*Umatilla County based firm

Questions?

• For more information or contacts, visit our website at www.hermiston.k12.or.us