



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD  
GENERAL MANAGER'S DIVISION

*Rely on us.*

TO: Commissioners Bishop, Menegat, Simpson, Lanning, and Farmer  
FROM: Ken Beeson  
DATE: June 14, 2006  
SUBJECT: Roosevelt Building Project – Construction Manager/General Contractor

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### ***Issue Statement.***

On Tuesday, June 20, 2006, staff will request Board approval of an exemption for the Roosevelt Building Project (the “Roosevelt Project”) from ORS279C.300 competitive bidding requirements and authorization to use an alternative bidding method (a Request for Proposal) to select a Construction Manager/General Contractor (CM/GC) for provision of services necessary for design and construction of the Roosevelt Project. The request for approval will be preceded by a public hearing.

### ***Background.***

The Board decided in February that EWEB electric and water operations functions will move to the new Roosevelt site in west Eugene, and administrative and customer service functions will remain at the existing downtown location. At the same time, the Board authorized staff to break the Project financing into two phases: Phase I for design, and Phase II for construction. On May 2, the Board authorized issuance of \$8 million in revenue bonds via the URBA process to fund the Phase I design work. City approval was obtained on May 8 and completion of the URBA process is expected by July 12 at which point, subject to Board approval, EWEB could begin work on the final design.

At the June 6 Board Meeting, staff reviewed possible use of a Construction Manager/General Contractor (“CM/GC”) for the Roosevelt Project and provided a summary of process and schedule for selection of a CM/GC.<sup>1</sup> As noted in the discussion, selection of a CM/GC requires Board approval to use an Alternative Contracting Method under the terms of EWEB’s Public Contracting Rules.

On June 20, staff will request Board authorization of an exemption from competitive bidding requirements for the Project and also for authorization to proceed with an RFP process for selection of a CMGC. A public hearing on EWEB’s draft findings related to this proposed exemption will be conducted in advance of the Board’s formal consideration of the request for exemption and related authorization to proceed with the RFP process.

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<sup>1</sup> The May 31, 2006 memorandum to the Board from Ken Beeson, titled “*Roosevelt Building Project*”, included a review of staff’s preliminary recommendation to use a CM/GC process to support design and construction of the Roosevelt Project. The memo describes “design-bid-build”, the traditional system for project delivery, and CM/GC and provides a review of the advantages and disadvantages of each approach.

***Discussion.***

As noted in the May 31 memo to the Board, the CM/GC approach to project delivery is normally used when an owner is planning a complex project and does not have in-house resources for detailed management of all phases of work. The owner contracts separately with an architect and a CM/GC. The CM/GC participates in the final design development (from a construction perspective), provides construction management services, acts as the general contractor, and hires the various sub-contractors. Under the CM/GC approach, the general contractor services are usually provided to the owner under terms of a Guaranteed Maximum Price (GMP).

Under the terms of EWEB's Public Contracting Rules and ORS 279C.335, selection of a CM/GC will require Board approval of an alternative contracting method whereby the Board can exempt the Roosevelt Project from the standard bid process and allow staff to solicit based on qualifications and submission of a proposal (RFP process). In addition, EWEB is required to give notice of and hold a public hearing to receive comments on EWEB's draft findings (see below) for an exemption from the public bidding requirements.

Staff has followed (and in some cases exceeded) all legal requirements for advertising the public notice, providing a public hearing, and in preparing the proper findings needed for the Board to take action in the matter.

*Recommendation to Use CM/GC.* Following substantial review of the CM/GC approach (particularly in contrast to the traditional "Design-Bid-Build" approach), including consultation with the architect and discussion with contractors, it is staff's recommendation that EWEB should contract with an experienced CM/GC for completion of the Roosevelt Building project. This recommendation is supported by the following findings:

- a. This exemption is unlikely to encourage favoritism in the awarding of public contracts or substantially diminish competition for public improvement contracts.
  - 1. EWEB will utilize a RFP process for consideration and selection of the CM/GC for the Project.
  - 2. The RFP will be advertised statewide in Oregon.
  - 3. Criteria for final selection will include, but not be limited to, price, CM/GC firm experience (including experience of proposed project team, similar project experience, firm capacity), plan for project completion (with focus on, but not limited to, plans for completion within budget and on schedule), and safety plans.
  - 4. EWEB will also encourage the CM/GC to competitively bid sub-contractors in compliance with all applicable state and federal laws.
- b. Awarding of public improvement contracts under the exemption will result in substantial cost savings to EWEB.
  - 1. It is EWEB's expectation that use of the CM/GC project delivery process (as opposed to "design – bid – build") will result in savings based on (1) possible early completion of the project or components of the project, (2) obtaining CM/GC input during the "design development" phase of the project, and (3) having the CM/GC involved in a technically complex project beginning in the design phase.

2. Use of the CM/GC process, compared to design – bid – build, provides EWEB with protection against loss of time and cost of redesign and re-bidding if construction bids exceed the budget.
3. Use of the CM/GC process will result in substantial cost savings to EWEB in that there will be more efficient utilization of utility staff, reductions in labor and associated resource costs.

*RFP Process and Selection of a CM/GC.* Board approval on June 20 of the attached Resolution will exempt the Roosevelt Project from ORS279C.300 competitive bidding requirements and authorize staff to proceed with an RFP process for selection of a CM/GC.

As discussed with the Board on June 6, staff expects (with Board approval on June 20) to proceed with an RFP process with the goal of selecting and hiring a CM/GC by mid-September. It is currently contemplated that the agreement between EWEB and the CM/GC will have two phases (both of which will require Board authorization prior to execution) that comprise particular project services:

- Pre-Construction Services which will include, but not be limited to the following: providing EWEB and the architect during design development with expertise and recommendations on value engineering, constructability, and material availability; development of comprehensive construction plans and schedules including construction staging plans; review of all final design documents prior to bidding; development of a comprehensive contracting plan for all construction; development of construction costs estimates at completion of the Design Development phase of design; completion of a safety plan; completion of plans for erosion control, wetland protection, environmental protection, etc.; and development of a Guaranteed Maximum Price (GMP) proposal.
- Construction Services which will include, but not be limited to the following: CM/GC solicitation of all subcontractor work associated with the Project in accordance with acceptable industry standards; compliance with all regulatory agencies; maintain qualified staff on-site to coordinate and manage work; maintain all schedules; establish and maintain necessary cost reporting systems; establish effective quality control plan for all construction; review and process all applications for contractor payments; process shop drawings; provide and coordinate all necessary close-out services.

It is important to note the following:

- Board authorization on June 20 will allow staff to proceed with the RFP process.
- Board approval will be required for final selection of the CM/GC and execution of an initial agreement for the “Pre-Construction Services” as described above (currently estimated in mid-September).
- Board approval will be required for approval of a GMP and execution of an amendment to the EWEB-CM/GC agreement allowing for the “Construction Services” described above (currently estimated for January or February 2007).
- If EWEB does not find an acceptable CM/GC or cannot negotiate an acceptable GMP, we will be able to employ alternate means to complete the Project, which may include the use of the traditional “Design-Bid-Build” approach.

***Recommendation/Requested Action.***

Staff recommends Eugene Water & Electric Board Contract Review Board approval of Resolution No. 0618 (attached) authorizing exemption for the Roosevelt Building Project from the ORS competitive bidding requirements of ORS279C.300 and authorization to use a Request for Proposal process to advertise for and select a Construction Manager/General Contractor for provision of services necessary for design and construction of the Roosevelt Project.

Attachment

C: Randy Berggren  
Debra Smith  
Dick Varner  
Ed Case

RESOLUTION NO. 0618

EUGENE WATER & ELECTRIC BOARD  
CONTRACT REVIEW BOARD

RESOLUTION GRANTING EXEMPTION OF THE ROOSEVELT BUILDING PROJECT FROM  
COMPETITIVE BIDDING REQUIREMENTS OF ORS 279C.300; ALLOWING USE OF A  
REQUEST FOR PROPOSAL PROCESS FOR SELECTION OF A CONSTRUCTION MANAGER/  
GENERAL CONTRACTOR FOR COMPLETION OF THE PROJECT; AND APPROVING  
FINDINGS THERETO

WHEREAS, the Eugene Water & Electric Board (“EWEB”) is proceeding with planning and development of a new electric and water utility operations center (“Roosevelt Project”); and

WHEREAS, in order to realize certain efficiencies and cost savings, EWEB wishes to exempt the Roosevelt Project from competitive bidding requirements of Oregon Revised Statutes Chapter 279C to utilize a Request for Proposal process to select a Construction Manager/General Contractor (“CM/GC”) to provide certain civil, structural, electrical and mechanical services associated with design and construction of the Roosevelt Project; and

WHEREAS, pursuant to applicable provisions of ORS Chapter 279C and EWEB Public Contracting Rules, Division 5, the Eugene Water & Electric Board Contract Review Board (“EWEB Contract Review Board”) may exempt a public improvement contract from competitive bidding upon approval of the following findings:

- a. It is unlikely that such exemption will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts; and
- b. The awarding of public contracts pursuant to the exemption will result in substantial cost savings to the public contracting agency; and

WHEREAS notice of a public hearing with respect to said exemption was published in the Daily Journal of Commerce, considered to be a trade newspaper of general statewide circulation in Oregon, on June 5, 2006 and, draft findings have been made available to the public on that date and thereafter; and

WHEREAS said public hearing was held on June 20, 2006.

NOW, THEREFORE, BE IT RESOLVED by the EWEB Contract Review Board as follows:

Section 1. The EWEB Contract Review Board hereby makes the following Findings:

- a. It is unlikely that EWEB’s Contract Review Board’s authorization of an exemption from the public bidding requirements of ORS 279C.300 and selecting a CM/GC utilizing a Request for Proposal (“RFP”) process will encourage favoritism in the awarding of public contracts or substantially diminish competition for public improvement contracts. EWEB will utilize a RFP process for consideration and selection of the CM/GC for the Project. The RFP will be advertised statewide in Oregon. Criteria for final selection will include, but not be limited to, price, CM/GC firm experience (including experience of proposed project team, similar

project experience, firm capacity), plan for project completion (with focus on, but not limited to, plans for completion within budget and on schedule), and safety plans.

EWEB will also encourage the CM/GC to competitively bid subcontractors in compliance with all applicable state and federal laws.

- b. Awarding of this public improvement contract under the exemption will result in substantial cost savings to EWEB. It is the EWEB Contract Review Board expectation that use of the CM/GC project delivery process (as opposed to “design – bid – build”) will result in savings based on (1) possible early completion of the project or components of the project, (2) obtaining CM/GC input during the “design development” phase of the project, and (3) having the CM/GC involved in a technically complex project beginning in the design phase. Use of the CM/GC process, compared to design – bid – build, provides EWEB with protection against loss of time and cost of redesign and re-bidding if construction bids exceed the budget. Use of the CM/GC process will result in substantial cost savings to EWEB in that there will be more efficient utilization of utility staff, reductions in labor and associated resource costs.

Section 2. The Findings conclude that exemption of the Roosevelt Project from competitive bidding is unlikely to encourage favoritism or substantially diminish competition for public contracts and that awarding of the contract pursuant to the exemption will result in substantial cost savings to EWEB.

Section 3. After due consideration, the EWEB Contract Review Board hereby approves and adopts the aforementioned Findings.

Section 4. Based on the Findings adopted herein, and pursuant to EWEB Public Contracting Rules and ORS Chapter 279C.335(2), the EWEB Contract Review Board hereby exempts the Roosevelt Project from competitive bidding and authorizes utilization of a RFP Process to advertise for and select a CM/GC.

ADOPTED at a meeting of the EWEB Contract Review Board held on June 20, 2006.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
EUGENE WATER & ELECTRIC BOARD  
CONTRACT REVIEW BOARD

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President

I, KRISTA K. HINCE, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the EWEB Contract Review Board at its June 20, 2006 Special Meeting.

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Assistant Secretary