

Clatskanie School District Findings Statement
Approval of Alternate Construction Contracting Procedures
Design Build Contractor

Clatskanie School District has a clear vision for educational outcomes that incorporate facilities and culture within the district. In recognition that the physical education environment is crucial to achieving this vision, we commissioned a Facility Assessment (FCA), a Seismic Assessment, and a Long-Range Facility Plan (LRFP) through the Oregon Technical Assistance Program (TAP) grant. The assessment focused on the entire district campus to determine building and infrastructure needs and provide guidance on investments and activities from 2020 to 2030. Currently, the district's buildings need major repair and renovation work. Some critical systems require major upgrades, security is inadequate, and additional facilities/reconfiguration are needed to maintain the strong existing programs, support student growth and add new programs such as STEM courses and vocational training. The observed conditions through the assessments of existing buildings indicate there are substantial improvements necessary to meet educational adequacy requirements and from this work, a prioritized plan for improvements was developed. This is the next step in preparation for the bond election, which is slated to fund the reconfiguration of CMHS into two schools in the same building, as well as the items mentioned above.

Procurement

Design-Bid-Build procurement has historically been used by the District for past projects, and while it has the advantage of obtaining a validated lowest bid price in the market, at the same time it has also been proven that this method does not provide the greatest efficient or effective contracting method given the goals for our Bond program. The advantage of the Design-Build (DB) process is that it allows simultaneous design and construction. This will also allow the District to procure long lead items much earlier, which will help assure that the project will be completed as required. Design-Build is a nationally recognized procurement model that is used in approximately 40% of construction projects.

Considering the identified scope, phasing, project requirements, and desired performance outcomes CSD Staff have reviewed other alternative procurement options authorized by the State of Oregon, including DB and Energy Service Contracting (ESCO). After consideration, we have selected Design-Build as the best fit procurement model for our project, subject to compliance with Oregon Statutes 279C.335 and 137-49-0620 and approval by the school board acting as the Local Contract Review Board.

Holding a public meeting to review our Findings Statement and soliciting public comment is the first step in moving forward with the selection of a Design-Builder for this project.

Solicitation for a contractor would involve a single Request for Proposal (RFP) to select the Design-Build firm that best meets the District's needs with respect to this project. The RFP selection criteria will include Proposers' experience, capabilities, safety record, approach and other pertinent factors as determined during the RFP development process. This process will allow the District to review competitive evaluations while ensuring that we are contracting with a capable contractor.

Description of the Projects

All improvements identified within the bond program require an integration of design and construction with other proposed projects in order to ensure the systems are designed, engineered and built with the needs and priorities of the schools. Other proposed projects that will require integration with this program include updating the track, building a new maintenance building, and seismic upgrades. The FCA and LRFP addresses many building systems that are at or near the end of their useful life and have a direct impact on the classroom and other learning environments. System shutdowns must be both carefully planned and precisely executed to minimize disruption and impact. Work will need to take place in an expedited fashion over the summer, utilizing compressed timelines, and work completed when school is in session must be accomplished in a manner that does not impact learning. To accomplish this work and minimize impact to students and staff, as well as ensure their safety during the construction period, we will need a collaborative partner with strong project management and communication skills.

The identified \$10 million of needed improvements were segmented into three priorities. The primary focus of priority one is to build a physical separation between the high school and middle school spaces. Additional projects within priority one for the high school include replacing essential failing HVAC equipment, bringing the buildings up to code compliance for fire and life safety, replacing portions of leaking roofs, improving interior and exterior finishes, repairing parking lots, reconfigure traffic flow for bus drop off, and implementing security and access control upgrades. Clatskanie Elementary School priority one projects will focus on communication and security upgrades, replacement of failing HVAC systems, and interior and exterior cosmetic improvements.

Priority two projects include additional interior upgrades and fixed furnishings at the middle/high school, replacing kitchen equipment, electrical panel upgrades, repairing some interior finishes and roof/gutter repair at the elementary school. At the Transportation Building roof repair, enhancing interior and exterior finishes, and parking lot improvements are proposed. The third and final priority includes relocation of the District Office to a renovated/new facility at the upper campus, an upgraded fire alarm at the Transportation Building, and miscellaneous plumbing and HVAC projects in the education facilities.

It is imperative that as many of these priorities as possible get completed under the current bond and construction program to avoid the need for future District expenditures. To accomplish this, cost reduction on other project work and flexibility to phase in more priority project scope as funds become available (i.e. savings in other areas) are key. Maximizing any available grants, SB1149 dollars, and ETO incentives is vital to further stretch capital provided by the bond. We want to ensure that we maximize the acquisition of these “free” dollars and minimize our long-term operating costs. We can do this by designing and implementing efficient systems and equipment with the lowest life-cycle costs, and by requiring a guarantee of desired system performance outcomes.

Draft Findings of Fact Related to Design-Build Alternate Contracting Procedures

CSD Staff finds that this exemption is likely to result in substantial benefit to the District.

This Findings Statement summarizes the benefits of Design-Build in relation to key project criteria described in the “Description of the Project” section above.

1. Speed of delivery

- a. Once schematic design is complete, equipment ordering, demolition and other time-consuming activities can be accomplished in parallel to final design completion.
- b. Portions of the project can begin, once approved, without the entire design of the project completed, providing flexibility to get time-sensitive construction completed while thoughtfully finishing design on other longer-term project phases.
- c. Granting this exemption has the potential to increase value engineering opportunities. In contrast to the Design-Bid-Build (low bid) process, contractors will include a scope narrative in their proposals, which typically include alternative process strategies or cost savings opportunities. These alternative process improvement and cost saving strategies will be included in the contract award decision. In addition, Value engineering decisions are made during the design process with construction-grade cost estimates. Revisiting decisions and value engineering after-the-fact when bid costs exceed budgets in a Design-Bid-Build process is eliminated.
- d. Also, by integrating the design firm with the contractor the District is able to consider alternative means and methods earlier in the process.

2. Reduced Cost

- a. Inherent in the Design-Build process is the ability to review design alternatives and options with real-time construction-grade cost estimates to ensure that critical cost-effective decisions are made timely and accurately. Design can be focused on the lowest “Total Cost of Ownership” as opposed to lowest first cost which can drive significant savings over the life of the systems and buildings. In Design-Bid-Build, decisions on options are made based on rule of thumb estimates – final price validation is not achieved until total project bids are received well after design is complete.
- b. Design efforts in a Design-Build process are focused on constructability to provide more buildable alternatives and solutions, and to best meet permit requirements and available funds, thus reducing the cost of construction. Quality is ensured and the risk of costly change orders is greatly reduced.
- c. Efficient design and an energy savings focus can leverage “free money” such as grants, ETO utility incentives, and SB1149 dollars that can stretch bond dollars to further tackle a higher amount of our long-range facility plan needs. Additionally, in Design-Bid-Build, the acquisition of grants, ETO utility incentives, and SB1149 dollars are the responsibility of the owner. In Design-Build those become the responsibility of the Design-Builder and are maximized.
- d. Owner’s rep costs can be lower due to the reduced requirement to manage multiple teams and the potential adversarial relationship between the design team and contractors.

- e. The Design-Bid-Build process achieves “lowest bid cost” through a competitive bidding process in the market. Studies have shown, including those by the University of Pennsylvania Construction Management Department, that lowest bid cost does not equate to lowest total cost due to the factors described in “a” and “b” above. Design-Build savings from this study of hundreds of projects demonstrated and average 6% cost savings of Design-Build versus Design-Bid-Build.

3. Flexibility

- a. This project will be phased over multiple years. The selected Design-Builder must be flexible to manage work around school activities and schedules throughout the year.
- b. We desire to complete as many of the priorities identified in the long-range facility plan as possible, subject to available funds from cost reduction of other key components of the project and secured grants and efficiency incentives. We desire the ability to systematically add these long-range plan priorities as budgeted funds become available.
- c. Staff finds that because of the continuity of team members throughout the process and the improved timeline, there will be a public benefit by receiving potentially reduced construction costs.
- d. With the multitude of construction market factors that exist today in Oregon (e.g. COVID-19, completion of other projects, environmental issues that limit construction materials, shortage of qualified craftsman, inflation, etc.), staff finds that granting this exemption allows the School District to be more responsive to market conditions by structuring the project delivery method that typically offers the project owner the most opportunity to provide input and consultation prior to the project starting.

4. Risk

- a. In Design-Build procurement there is a Single Point of Accountability, which is ultimately responsible for delivery of guaranteed outcomes and a guaranteed maximum price. In Design-Bid-Build, the low-bid contractor must fight to increase profit margins by challenging the design documents, often placing the owner in the middle of the adversarial position of the design team and the contractor. In Design-Build, the architect works for the Design-Builder and there is no finger-pointing since the Design-Builder has ultimate responsibility for the entire project.
- b. In Design-Bid-Build, the acquisition of grants, ETO utility incentives, and SB1149 dollars are the responsibility of the owner. In Design-Build those become the responsibility of the Design-Builder and are maximized.
- c. In Design-Build with a guaranteed maximum price, no change orders are brought forth (except for unforeseen conditions) unless initiated by the District.
- d. Procurement will be through a publicly advertised process assuring a competitive environment
- e. Ability to bid to a shortlist of quality local and other subcontractors to ensure project quality is high and timelines are adhered to.

Next Steps

The School Board, acting as the Local Contract Review Board, must approve particular findings supporting the use of this construction contracting procedure, pursuant to ORS 279C.335. Following the public comment meeting, we will present our Findings Statement, along with public comments, to the School Board. Subject to approval, it is recommended that the School Board adopt the findings of fact, exempt the Clatskanie Bond program from the competitive bidding requirement of 279C.335(1), and approve the use of the proposed Design-Build contracting method. Board approval to award the contract will be requested after the RFP process is completed and a vendor has been selected.

BE IT RESOLVED that the Clatskanie School Board of Directors (i) adopts and approves the findings of this document, (ii) grants a specific exemption from competitive bidding requirements of ORS 279C.335(1), and approves and directs the use of the Design-Build contracting method, for the Clatskanie School District Bond Program, and (iii) requires that the procurement be in accordance with the Attorney General Model Rules applicable to Design-Build.