

Findings in Support of Alternative Contracting Method

FOR THE PROCUREMENT, INSTALLATION, AND INTEGRATION OF THE WATER TREATMENT PLANT GENERATOR. PROJECT

Introduction

Use of Alternative Contracting methods, such as Best Value is made possible under ORS Chapter 279C, which permits certain contracts or classes of contracts to be exempt from competitive public bidding under strict procedural safeguards. Like other alternative contracting methods, best value has significantly different legal requirements than a typical design-bid-build project delivery method.

Pursuant to ORS 279C.335, a local contract review board may exempt specific contracts from traditional, competitive bidding by showing that an alternative contracting process is unlikely to encourage favoritism or diminish competition and will result in cost savings to the public agency. The Oregon Attorney General's Model Public Contract Rules provide for public notice and opportunity for the public to comment on draft findings in favor of an exemption before their final adoption.

ORS 279C.330 provides that: "findings" means the justification for a contracting agency conclusion that includes, but is not limited to, information regarding:

- Operational, budget and financial data;
- Public benefits;
- Value engineering;
- Specialized expertise required;
- Public safety;
- Market conditions;
- Technical complexity
- Funding sources
- Findings

Background

This project will replace Water Treatment Plant's existing 400 KW generator with a 800 KW generator, including integrating the generator into the numerous controls The scope of work includes constructing a new building, installing the

generator, and programming the generator to interface with the plant's control systems.

Operational, Budget, and Financial Data

The project cost estimate is \$400,000.00. The project is budgeted in the City's Fiscal Year 2020/2021 approved budget.

Public Benefit

Best Value provides opportunities for cost savings by asking project teams to propose on installing and programming the new generator to interface with the Plant. The proposers will need to submit a not to exceed cost for the entirety of the project. This greatly limits the opportunity for cost overruns and change orders. The City will not develop plans and specification to the degree of detail required to use the design-bid-build delivery method. Developing plans and specifications for the level of detail and electrical/computer work needed would be difficult, especially to the degree to avoid change orders.

Value Engineering

The best value process essentially is value engineering. Rather than the City designing the installation and integration of the generator, this process requires proposers to visit the plant and assess the needs and determine the lowest cost for their approach.

Specialized Expertise Require

Specialized expertise required is to understand the Plant's computer and mechanical control systems and program the new generator to function in the system.

Market Conditions

The Design-Build contracting process is a modern construction delivery method used by both public and private organizations. The team is tasked with knowing the latest programming techniques and generator types and availability. The team will inform the City of current market conditions, labor and materials availability, and methodologies that can reduce costs..

Technical Complexity

The Project has significant technical complexities which will be best addressed by a full team approach, and before proposing will be required to visit the site and fully understand the existing conditions.

Competition and Cost Savings

The Best Value method of contracting provides the greatest cost controls for limited budgets and therefore benefits the City.

Unlikely to Encourage Favoritism or Diminish Competition

It is unlikely that the process of selecting a contractor and programming team will encourage favoritism in the awarding of the public contract or substantially diminish competition for the public contract. Competition will not diminish because the contract will be awarded based on a competitive process.

Cost Savings

The low-bid process offers a level of certainty to the owner that the initial bid price of the project is the lowest cost; however, if changed conditions are encountered during construction, resulting change orders can have significant cost impacts.

With the Best Value method, the contractor is required to submit the team's qualifications, approach to the work, project understanding, and not to exceed cost. The Best Value process will eliminate change orders and progress delays to help meet the timeline. These savings are not realized under a low bid process.

Summary

Substantial cost savings are anticipated from the Best Value approach because the construction and programming team develop the lowest, do not exceed cost and best approach.