Findings in Support of Alternative Contracting Method

FOR THE CONSTRUCTION OF THE NE 14TH STREET SIDEWALK PROJECT

Introduction

Use of Alternative Contracting methods, such as Design-Build 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.

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.33O provides that: "findings" means the justification for a contradicting 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 add pedestrian improvements on the north side of NE 14th Street from Hwy 101 to NE Port Drive. The improvements will consists of new sidewalk, curb and gutter for about 1,000 linear feet, 700 feet of new stormwater pipe and a 500 foot extension of the sanitary sewer system.

NE 14th Street is a major collector street with primarily ditches for drainage and narrow shoulders making it very difficult for pedestrians. This project is a segment of the Head to Bay Trail and the plan is to eventually extend this sidewalk along West Devils Lake Road to meet with the trail on SE 22nd Street.

Operational, Budget, and Financial Data

The amount budgeted for the project was $600,000.00 and the Engineer's estimate, after the design was completed was $706,164.00

Public Benefit

Best Value Contracting Method provides opportunities for cost savings by
Allowing the contractor to make changes to meet the project budget.
A Best-Value proposal will additionally benefit the public by allowing the city to take contractor's proposed schedule and traffic control plan into consideration when awarding the bid. This will provide substantial benefit to both the residents & through traffic on NE 14th.

Value Engineering

The Best Value Contracting Method is essentially value engineering. The plans are complete, but this process allows cost saving design changes or substitutions to be identified through constructability reviews. This allow the contractor, at the city's discretion, to implement real-time cost saving strategies up to the construction phase of the project. These beneficial actions by the team will improve design, expedite construction and eliminate the potential for costly change orders.

Specialized Expertise Required

While sidewalks and storm water systems typically do not require expertise outside of ADA right-of-way development, in this case the sidewalk construction will impact 30 property owners with limited setbacks from NE 14th street.
Throughout design and public outreach, discussions with property owners revealed that many did not realize how much of their front yards were actually City right of way.
Property owners have signed temporary construction easements to accommodate the improvements and allow construction to temporarily disturb their properties. This project requires a contractor who can understand the anxiety that property owners experience when construction occurs close to their property. The work will require a contractor who possesses the ability to communicate respectfully and effectively with each resident. The best-value method will allow the city to consider the above criteria and additionally incorporate a contractor's proposed schedule into the contract documents, ensuring the chosen contractor diligently works to meet it.

The City has used the standard design-bid-build method for the last two sidewalk improvement projects

Market Conditions

The Best-value contracting process is a modern construction delivery method used by both public and private organizations. The team is tasked with knowing the latest construction techniques and products. The chose contractor is given the opportunity to incorporate their knowledge of current market conditions, labor and materials availability, and construction methodologies and reduce construction time and costs. The process also allows the construction timing and sequence to be considered.

Technical Complexity

The Project has technical complexities in the project conditions; the work consists of infrastructure construction on a high volume street, in close proximity to existing homes, businesses, and through-traffic.

Competition and Cost Savings

The Best Value method of contracting provides the greatest cost controls for limited budgets and therefore benefits the City. The approach requires the contractor to compete with other proposals and present the most affordable & efficient method of project implementation.

Unlikely to Encourage Favoritism or Diminish Competition

It is unlikely that the process of selecting a contractor through the Best-value method will encourage favoritism in the awarding of the public contract or substantially diminish competition for the public contract. Competition will not diminish because the Design-Build contract will be awarded based on a competitive process, with clearly identified criteria.

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 their mark-up percent. The percent mark-up includes the contractor's profit. This allows the contractor a level of certainty and eliminates the motivation for finding ways to increase his profit during construction.

With the Best-Value method, the contractor will be asked to review the plans for constructability & propose improvements where feasible. This allows the contractor a level of control over implementation of the project schedule, reduces change orders, and results in a more accurate project bid.

During proposal submittal, the contractors will provide a traffic control plan, project schedule, and any construction improvements according to the contract documents. This will allow the City to make decisions in the selection process, negotiate on project implementation, and assure that the costs fall within budget.

Additionally, the use of value engineering through cooperation among the contractor and City is essential to the Project delivery. Value engineering will help eliminate change orders and progress delays – benefitting both the city budget and residents affected by the construction. Cost savings will result from consideration of construction timing and sequence, public impact, and constructability are not realized under a low bid process.

Summary

Substantial cost savings and minimizing the are anticipated from the Best-Value approach because decision-making is based on cost effective and informed solutions proposed by contractors with proven project expertise.