**Findings in Support of Alternative Contracting Method**

**FOR THE CONSTRUCTION OF THE HOLMES ROAD SEWER PUMP STATION UPGRADE**

## 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 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.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; and
- Funding sources
- Findings

## Background

This project will upgrade the Holmes Road Sanitary Sewer Pump Station located at Holmes Road Park. The current pump station capacity is 210 gallons per minute. The Wastewater Master Plan projects build-out peak flow at 450 gallons per minute. The current pump station consists of a dry pit with the pumps, controls, and generator located in an existing building. The pump station upgrade consists of lining collection pipeline, replacing the dry pit pumps with submersible pumps in a wet well, upgrading

the electrical gear, instrumentation and controls, and installing a valve and flow meter vault.

**Operational, Budget, and Financial Data**
The Holmes Road Pump Station is an essential station serving an estimated population of 250 with an additional 115 projected at full build-out. The project cost was developed by an engineering consulting firm and was based on design to 90% completion. The estimated construction cost is $1,300,000.00

**Public Benefit**
Design-Build provides opportunities for cost saving in a variety of ways. The inherent flexibility and openness of the process allows the City to more easily make appropriate changes as necessary to meet the project budget.

The selected engineer and contractor team develop final construction plans together, using their collective knowledge and experience, and remain a team through construction. This approach also allows the City to make changes to meet the project budget, or increase the budget.

**Value Engineering**
The Best Value Contracting Method is essentially value engineering. The plans are 90% 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**
The proximity of the existing wet well to the existing building is creates a condition for only experienced contractors with the ability to use engineered shoring techniques.

**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 team will inform the City of current market conditions, labor and materials availability, and construction methodologies that can reduce design and construction time and costs.

**Technical Complexity**
The Project has significant technical complexities, which will be best addressed by a full team approach, with the team working with the City to solve specific challenges identified during the pre-construction phase.

**Competition and Cost Savings**
The Best Value method of contracting provides the greatest cost controls for limited budgets and therefore benefits the City. The team approach, the schedule, the value analysis, and constructability reviews provides the ultimate in effective cost analysis. It is critical, and also consistent with the spirit of collaboration encouraged throughout the process that everyone on the Project Team works towards a budget of which they can take ownership.

**Unlikely to Encourage Favoritism or Diminish Competition**
It is unlikely that the process of selecting a Best Value 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 Best Value 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 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.

The Best Value engineering will diminish change orders and progress delays to help meet the tight time schedule for the Project. These savings are not realized under a low bid process.

**Summary**
Substantial cost savings are anticipated from the Best Value team approach because decision-making is based on cost effective and informed solutions.