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**APPROVAL OF CONSTRUCTION MANAGER / GENERAL CONTRACTOR (CM/GC)  
CONSTRUCTION CONTRACTING PROCEDURE FOR NEW HIGH SCHOOL AND MIDDLE  
SCHOOL**

**POLICY ISSUE / SITUATION:**

OAR 137-49-0620 and ORS 279C.335 permits the Beaverton School District Board of Directors to exempt specific projects from the competitive bidding requirements of ORS 279. District staff is proposing to use the CM/GC procurement method for the high school and middle school construction contracts. Proposals from prospective CM/GC firms would include a competitive quote for their fee for the Project. The selected CM/GC will provide the District with a Guaranteed Maximum Price (GMP) and a 100% Performance and Payment Bond for the work. Subcontract work will be competitively bid by the CM/GC with oversight from District staff.

**BACKGROUND INFORMATION:**

The 2014 bond includes \$109,000,000 for the construction of a new high school. It is the District's intent to occupy the high school in the fall of 2017. The 2014 bond also includes \$51,600,000 for the construction of a new middle school. It is the District's intent to occupy the middle school in the fall of 2016. The sites have been acquired and architectural firms have been selected to begin design work.

The time available to construct these new schools requires use of an alternate procurement process for the construction to allow overlap of the final design effort with the commencement of site construction work. The School District utilized the CM/GC process successfully for several 2006 bond projects. Under the CM/GC process, the School District would request proposals from general contractors and enter into a negotiated contract with the contractors selected to build the schools. When the designs have progressed to a sufficient stage, the District and contractors will then negotiate a guaranteed maximum price for the construction of the schools rather than using the traditional low-bid procedure. The advantage of this process is that it allows a simultaneous design/construction phasing procedure that permits construction to begin before all of the design documents have been completed. This process would support achieving the desired completion dates.

The School Board, acting as the Local Contract Review Board, must adopt a set of facts supporting the use of the CM/GC method (Attachment A).

**RECOMMENDATION:**

It is recommended that the School Board approve the following resolution:

**(14-451)** BE IT RESOLVED that the Beaverton School Board of Directors adopts the findings of fact and grants a specific exemption from competitive bidding requirements for use of a Construction Management / General Contractor (CM/GC) process for construction of the new high school and new middle school and further authorizes the Superintendent or designee to execute contracts with the selected CM/GC firms.

**District Goal:** All students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents, and will be prepared for post-secondary education and career success.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs, activities or employment.

**FINDINGS OF FACT**  
**CONSTRUCTION MANAGER / GENERAL CONTRACTOR (CM/GC)**  
**CONSTRUCTION CONTRACTING PROCEDURE**

1. **Finding related to Operational, Budget, Financial Data:** The CM/GC method is expected to alleviate financial risk to the School District. Reduced risks provide a significant value and potential savings.
  - A. The CM/GC will be able to obtain a complete understanding of the District's needs, the architect's design intent, the structural peculiarities of the building, the scope of the project, and the operational needs of the students, teachers, and administration of the new High School and the new Middle School by participating in the design development phase. With the CM/GC participating in this phase they will be able to offer suggestions for improvement and make suggestions that will reduce costs. With the benefit of this knowledge, the CM/GC will also be able to guarantee a maximum price the District will pay to construct the project.
  - B. Staff finds that the ability to screen firms and the firm's performance history in this area will significantly affect the project outcome as it relates to schedule and cost. Timing is critical for completion of this project. The District's history in utilizing the CM/GC method has shown that it alleviates financial risk due to minimizing delay and requests for additional work. Staff therefore finds that reduced risks provide a significant value and cost savings to the District.
  
2. **Finding related to Public Benefit & Cost Savings:** Early selection of the CM/GC creates more informed, better quality decision making by the project construction team. A more efficient construction team saves the District money.
  - A. **ADVANTAGES THE CM/GC BRINGS TO THE TEAM:** The CM/GC clarifies several critical variables valuable to the project design. The CM/GC: guarantees the maximum price to complete the project; determines the construction schedule; establishes the sequence of work; is contractually bound to implement the final project design within the GMP (Guaranteed Maximum Price); and participates as an essential member of the project design and construction team. Several benefits of early participation by the CM/GC on this project will be realized. Developing the design documents to reflect the best work plan that accommodates both the District and Contractor; the best grouping of the bid packages that will help insure better trade coverage; the most efficient construction staging area on the school campus; the most cost effective route through the campus and buildings for the various utilities; and to help in adjusting the work plan when the needs change along the way are just a few of the benefits.
  - B. **FEWER CHANGE ORDERS:** When the CM/GC participates in the design process, fewer change orders occur during project construction. This is due to the CM/GC's better understanding of the Owner's needs and the Architect's design intent. As a result, the project is more likely to be completed on time and within budget. In addition, fewer change orders reduces the administrative costs of project management for both the District and the Contractor.
  - C. **SAVINGS:** Under the CM/GC method the District will receive the full savings, if actual costs are below the GMP. When the CM/GC completes the project, any savings between the GMP and the actual costs accrue to the District.
  - D. **CONTRACTOR'S FEE IS LESS:** Contracts with CM/GC's are designed to create a better working relationship with the Contractor. As a consequence, the overhead and profit fee is generally in the 3-5% range, and the contractors indicate this is slightly lower than the fee anticipated on similar design-bid-build contracts.

3. **Finding related to Value Engineering:** The CM/GC process offers a unique opportunity for value engineering that is not possible through the design-bid-build process. An essential part of each construction project is the value engineering evaluation. Value engineering is the means used to determine the best project design that meets the needs and priorities of the Owner, within the Owner's budget. Value engineering is done most effectively by a team consisting of the Owner, Architect, Consultants, and the Contractor. When the Contractor participates, the team can render the most comprehensive evaluation of all factors that affect the cost, quality, and schedule of the project.
4. **Finding related to Specialized Expertise & Technical Complexity Required:** It has been the District's past experience that new ground up construction includes a multiplicity of technical issues including grading, erosion control, storm water detention, as well as, specialized building systems including electrical, piping, HVAC, security, fire protection, and fire alarm to name a few. It is important to have a general contractor who understands the complexity, has the ability to manage these types of complex projects, and develop bid instructions to attract the appropriate subcontractors to perform the work.
5. **Finding related to Favoritism and Competition:** The CM/GC will be selected through a process prescribed by Beaverton School District's Public Contract Rules. The "subcontractable" work (approximately 90% of the project) will be placed out to competitive bid by the CM/GC, who, in turn, will contract with the lowest responsible bidders. It is unlikely the exemption will encourage favoritism or substantially diminish competition.
6. **Finding related to Market Conditions:** With the multitude of construction market factors that exist today in Oregon (e.g. completion of other projects, environmental issues that limit construction materials, shortage of qualified craftsman, etc.), the difficulty in establishing the best work sequence makes it difficult to accurately estimate the cost of this project. Staff therefore finds that selecting a firm through the CM/GC process allows the District the advantage of having a CM/GC who has knowledge of market conditions and experience in finding the best qualified for this work, and to provide accurate estimates for subcontracts.
7. **Finding related to Funding Sources:** These projects are a part of the 2014 Bond. It is important to maximize the value of projects performed as a part of the Bond. Staff therefore finds by past experience that utilizing the CM/GC process allows the District to maximize its effectiveness.