



## **ALEDO ISD BOARD MEETING TEMPLATE**

**MEETING DATE:** February 18, 2013

**AGENDA ITEM:** Report on Procurement Options for Construction Projects

**PRESENTER:** Earl Husfeld

**ALIGNS TO BOARD GOAL(S):** Financial/Facilities – The District shall exhibit excellence in financial and facility planning, management, and stewardship.

### **BACKGROUND INFORMATION:**

- Pursuant to Chapter 2267 of the Texas Government Code, the authorized methods of construction procurement are competitive bidding, competitive sealed proposals, construction manager/agent, construction manager at-risk, design build, and job order contracts.

### **ADMINISTRATIVE CONSIDERATIONS:**

- Each of these construction procurement methods has their place, but school districts most often use competitive sealed proposals or construction manager at-risk for the majority of their construction projects.
- The additions/renovations to the Aledo ISD Learning Center and Aledo High School Vestibule have the following characteristics that should be considered when evaluating procurement methods:
  - The scale of these projects is relatively small.
  - Construction will be occurring on a functioning, occupied campus.
  - The schedule/timeline is not a driving factor.
  - Existing infrastructure will be required to be relocated or extended.
- The advantages and disadvantages for the two (2) construction procurement methods under consideration are the following:
- Competitive Sealed Proposals:
  - Advantages:
    - Qualifications of construction firms may be considered.
    - Generates competitive bidding environment.
    - Will attract construction firms not familiar with construction manager at-risk method and/or smaller scale contractors.
    - May negotiate with the top ranked firm contract prices and conditions prior to award.
    - District determines selection criteria that align with district goals.



## **ALEDO ISD BOARD MEETING TEMPLATE**

- Disadvantages:
  - Any savings generated through improved schedule or negotiated subcontractor packages are returned to contractor.
  - Changes to contract must be routed through change order process.
  - May not attract some top tier school contractors that prefer doing construction manager at-risk construction.
  - No preconstruction services.
- Construction Manager At-Risk:
  - Advantages:
    - Can utilize contractor in pre-construction services for cost and constructability issues.
    - Contractor will often have a “following” of quality subcontractors.
    - May create a long-term relationship with contractor based upon their desire to serve the District long-term.
    - Qualifications based selection process.
    - May interview contractors to determine qualifications and good fit prior to selection.
    - Any savings are returned to the owner.
    - Changes to contract are carried through contractor contingency and owners betterment and do not require change order to contract.
    - Contractor fees may be negotiated.
    - Risk held by contractor if cost overrun.
  - Disadvantages:
    - Selection process must occur prior to bidding in a formal one step or two step process.
    - May exclude smaller, less experienced contractors.
    - Perceived additional cost due to guaranteed maximum price including contingencies in the contract.
- Given the scope of these projects, available time for completion, and current market conditions, either method could be recommended for this project.
- Leesa Vardeman, with VLK Architects, is available to answer any questions that may arise.

### **FISCAL NOTE:**

The cost of the additions/renovations to the Aledo ISD Learning Center and Aledo High School Vestibule will be paid from unspent, currently available, 2008 bonds proceeds. There will be no impact to the District's debt position or to the interest and sinking fund portion of the District's tax rate

### **ADMINISTRATIVE RECOMMENDATION:**

Consideration for action on this item will occur later in tonight's meeting.