



Staff Report

File #: 20-477

Version: 1

Date: 12/7/2020

Item #: 4.a.

TO: Chair and Housing Authority Commissioners
THROUGH: Steve Powers, Executive Director
FROM: Nicole Utz, Administrator

SUBJECT:

Public Hearing - Exemption from the Competitive Bidding Process and Authorization of an Alternative Contracting Method for the Sequoia Crossings affordable housing project.

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

Result Area(s): Safe Community; Welcoming and Livable Community

ISSUE:

Shall the Commission, acting as the Local Contract Review Board, adopt Resolution No. 2269 in support of an exemption from the competitive bidding process and use of Construction Manager/General Contractor contracting method for the Sequoia Crossings affordable housing project?

RECOMMENDATION:

Adopt Resolution No. 2269 in support of an exemption from the competitive bidding process and use of Construction Manager/General Contractor contracting method for the Sequoia Crossings affordable housing project.

SUMMARY:

The Sequoia Crossings project, located at 3120 Broadway, will provide affordable housing and support to our most vulnerable and chronically homeless neighbors in Marion and Polk counties. The project will consist of approximately 77 units and will serve single adults, couples, and small families with a mix of studio, one bedroom, and two-bedroom apartment homes.

The Construction Manager/General Contracting (CM/GC) delivery method is preferred for the Sequoia Crossings project. CM/GC is a collaborative delivery method that brings the owner, designer, and CM/GC contractor together in a shared risk environment during the design phase of a project to significantly increase the likelihood for project success as measured by cost and schedule. CM/GC will ensure the Salem Housing Authority receives maximum return for the Sequoia Crossing project,

critical given the limited state and federal funding sources for supportive affordable housing.

Oregon Revised Statutes (ORS) Chapter 279C and the Commission's Public Contracting Rules (PCR) 9.7, allow the Commission, acting as the Local Contract Review Board, to exempt a public improvement contract from the competitive bidding requirements if, after a public hearing, they find that such an exemption is unlikely to encourage favoritism in awarding a public improvement contract or substantially diminish competition for the contract. The Board must also find the exemption will likely result in substantial cost savings and other substantial benefits to SHA or the public.

FACTS AND FINDINGS:

The full findings for exempting the project from competitive bidding are attached to Resolution No. 2269 as Exhibit A. (Attachments 1 and 2).

The CM/GC form of contracting utilizes an open and competitive RFP process to select a contractor. The competition will be open to all qualifying proposers. SHA staff will communicate with the construction contracting community about the CM/GC contracting method for the Project and the proposal evaluation process will be open and impartial. Selection will be made based on final proposal scores derived from price, experience, quality, innovation, and other factors. The process used to award subcontracts for all competitively bid construction work will be specified in the CM/GC contract and will be monitored by the SHA staff.

Awarding the Project contract under the exemption will likely result in substantial cost savings and other substantial benefits. CM/GC uses a guaranteed maximum price (GMP). A GMP allows the SHA to obtain the full savings if the actual completed costs are below the GMP.

Integrating the CM/GC contractor into the design process allows for early identification of risks and facilitates teamwork between the SHA, designers, and the CM/GC contractor. The Sequoia Crossings project requires expertise regarding constructability and the long-term cost/benefit analysis of innovative design, knowledge best obtained directly from the construction industry. Many decisions arising during the design process will require immediate feedback on constructability and pricing. Under the traditional design-bid-build contracting method, there is a higher risk of increased change orders and schedule impacts for a project of this size and complexity. Since there are significant costs associated with delay, timely project completion is critical.

When the CM/GC contractor leads and participates in the design process, fewer change orders occur during project construction than in the traditional design-bid-build contracting method. This is due to the CM/GC contractor's better understanding of the SHA's needs and the entire team's opportunity to design to the budget rather than budgeting for the design. As a result, the Sequoia Crossings project is more likely to be completed on time and within budget. Fewer change orders reduce the administrative costs of project management for both the SHA and the CM/GC contractor.

As required by ORS 279C.335(5) and PCR 9.7(c), notification of the public hearing for this exemption

was published in at least one trade newspaper of general statewide circulation a minimum of fourteen (14) days before the public hearing. At the time notice was published, copies of the draft findings were available to the public.

Upon approval of this exemption, the SHA will issue an RFP for CM/GC for the project. The resulting contract will be reviewed and approved by the SHA's Executive Director, legal counsel, and the Housing Administrator. The estimated value of the work to be performed by the selected CM/GC will be dependent upon the project and will be part of a financial package prepared by SHA staff and contractors.

BACKGROUND:

Affordable housing in Salem has been a desired goal for the past several years. The project site, located at 3120 Broadway Street NE, Salem, Oregon 97303, is ideally situated for affordable housing with a grocery store, bank, and bus line all within walking distance. In addition, several public services offices are located nearby.

Nichole Utz
Housing Administrator

Attachments:

1. Resolution No. 2269
2. Exhibit A - Findings of Fact