

FINDING: The awarding of the construction contract for the Project using the CM/GC method will likely result in substantial cost savings to the District. This finding is supported by the following information required by ORS 279C.335 (2) (b) and ORS 279C.330.

A. OPERATIONAL, BUDGET, FINANCIAL DATA

- a. **BUDGET:** The District has a fixed budget available for the Project that cannot be exceeded. The completion date cannot be exceeded. Early reliable pricing provided by the CM/GC or other alternatively contracted contractor during the design phase will reduce the potential for time delays due to later discovery of higher-than-anticipated costs and consequent changes of direction.
- b. **LONG TERM COSTS:** The Project will require expertise regarding the constructability and long-term cost/benefit analysis of innovative design. That knowledge is best obtained directly from the construction industry. Many decisions will be required during the design process that will encompass immediate feedback on constructability and pricing. Under the traditional design-bid-build process, there is a high risk of increased change orders and schedule impacts for a project of this size and complexity. Since there are significant cost associated with delay, time is of the essence. The CM/GC process will assist in providing a scope of work and constructible design that best meet the requirements of the Project with significantly lower risk to the project costs. Involving the CM/GC during design will allow project risks to be addressed early and teamwork between the District, the design consultant, and the construction contractor (CM/GC) to minimize those risks.
- c. **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 reduce the administrative costs of project management for both the District and the contractor.
- d. **GMP CHANGE ORDERS COST LESS:** The fewer CM/GC change orders discussed above will be processed at a lower cost under the GMP. The design• bid-build method typically results in the contractor charging 15% markup on construction change orders. The GMP method applies lower predetermined markups. The experience of the industry has been that the markup is in the range of 3-5%.
- e. **SAVINGS:** Under the GMP method the District will enjoy 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 cost accrue to the District.
- f. **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.

B. PUBLIC BENEFITS

- a. **TIME SAVINGS:** Use of CM/GC or other alternative contracting methods will allow construction work to commence relatively rapidly on some portions of the work while design continues on the remaining portions. This will shorten the overall duration of the construction and provide for completion of the project by the due date. It becomes critical to maintain both the schedule and budget of this project so that the coordination of construction work proceeds throughout with all necessary care given to the safety of the student and staff.
- b. **COST SAVINGS:** The Project will benefit from the active involvement of a CM/GC contractor or other alternative contracting method during the design process in the following ways:
 - The contractor's input regarding the constructability and cost-effectiveness of various alternatives will guide the design toward the most economic choices.
 - Consideration of the specific equipment available to the contractor will allow the designer to implement solutions that utilize the capacity of that equipment.
 - The contractor will be able to provide current and reliable information regarding the cost of materials that are experiencing price volatility and the availability of scarce materials.
 - The contractor will also be able to order materials while design is being completed in order to avoid inflationary price increases and provide the lead time that may be required for scarce materials.
- c. **GUARANTEED MAXIMUM PRICE (GMP) ESTABLISHES A MAXIMUM PRICE PRIOR TO COMPLETION OF DOCUMENTS:** 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 existing building, the scope of the project, and the operational needs of the District, teaching staff and administration by participating in the construction document 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 to be paid by the District for constructing the Project.

C. VALUE ENGINEERING

- a. **WITH THE DESIGN-BID-BUILD PROCESS:** If the District were to utilize the design-bid-build method, the contractor would not participate in this evaluation. In conducting value engineering under the design-bid-build approach, a value engineering consultant is hired to participate in the design and cost evaluation

process. This process adds extra costs and administrative complications without providing the same benefits of early contractor participation.

- b. WITH CM/GC: 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.

The CM/GC method has the benefit of:

- the ability to set the schedule;
- the ability to sequence work; and
- commitment from the contractor to implement the design within the schedule and budget.

Through integrated participation, a project scope and design evolve that has greater value for the owner, and is not likely to be the same project created by the design-bid-build method.

D. SPECIALIZED EXPERTISE

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.

The construction project is highly complex because it involves significant construction over a short mandated period of construction. Use of a CM/GC in conjunction with the team approach will result in a better coordinated project, speedy completion, and minimize disruption to operations. The CM/GC clarifies several critical variables valuable to the project design. The CM/GC: guarantees the maximum price (GMP) 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; and participates as an essential member of the project design and construction team.

Several benefits of participation by the CM/GC on this project will be realized: developing the design documents to reflect the best work plan that accommodates the District, the design team, and contractor; the best grouping of the bid packages that will help insure better trade coverage; the most efficient construction staging area on the new Grade School, renovated kitchen and high school; 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. This component cannot be addressed by the usual design/bid/build method of construction because the usual method is skewed towards the lowest bidder.

E. PUBLIC SAFETY

All work must be coordinated to avoid safety risks to the public, students and staff to ensure efficiency in construction. The coordination between the District, designer and the CM/GC will assure coordination of work and consideration for the safety of vehicular and pedestrian paths crossed by the Project. In addition, CM/GC contracting of the Project will ensure that public safety is being effectively managed in a "fast track" mode to minimize delays.

F. MARKET CONDITIONS

As well as the multitude of construction market factors that exist today in Oregon (e.g., competition of other projects, environmental issues that limit construction materials, variable bid market, high unemployment, etc.), the difficulty in establishing the best work sequence complicates our ability therefore, to accurately estimate the cost of this project. The economy today makes it necessary for many contractors to bid for jobs for which they might not be qualified. Alternative contracting methods will be more likely to result in a more experienced and better suited contractor for the particular project than the usual complete procurement. The complexities which need to be addressed to accomplish the tasks are not well served by the usual competitive procurement. The lowest bidder may not be the best suited for the particular project.

G. TECHNICAL COMPLEXITY

Technical expertise will be required for environmental management, quality management, scheduling, estimating, meeting sustainable facilities standards and guidelines, and ensuring energy efficiency. The complexity and scheduling issues will require special expertise. However, the Project will draw upon existing skills and capabilities available in the construction community, as the Project presents overall challenges similar to those faced on many public works projects. Specialized skills will be required of the CM/GC to negotiate and price multiple options and schedule complex tasks. A high level of coordination among the District and all the design and construction entities is required and facilitated by the CM/GC approach.