



**DATE:** September 13, 2013  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 13-37  
Authorizing an Increase to the Executive Director's Authority to Execute a Best Value Guaranteed Maximum Price Contract Not To Exceed \$2,225,000 for Construction of the Dawson Park Improvements in the Interstate Corridor Urban Renewal Area

#### **BOARD ACTION REQUESTED**

Adopt Resolution No. 7025

#### **ACTION DESCRIPTION**

This action will authorize an increase in the Portland Development Commission (PDC) Executive Director's authority to execute a Best Value Guaranteed Maximum Price (BV-GMP) contract for construction of the Dawson Park Improvements (Project) in the Interstate Corridor Urban Renewal Area (ICURA) from \$1,775,000 to a not-to-exceed amount of \$2,225,000. This amount includes a construction base bid, bid alternates and contingency.

If this action is approved, a BV-GMP contract for the Project will be awarded to the most responsible and responsive firm selected through a Request for Proposal (RFP) solicitation process. Project construction is slated to begin in October 2013 and be substantially complete by June 2014, prior to the start of the park's popular Summer Concert series.

PDC received authorization from the PDC Board of Commissioners (Board) on May 8, 2013, to enter into a contract for a not-to-exceed cost of \$1,775,000. PDC issued an RFP for the Project and opened proposals on July 10. Three proposals were submitted and all were determined to be responsive; however the preliminary bids ranged from \$1,906,000 to \$2,490,813, exceeding the Board's initial authorization.

The three submitters were asked to submit best and final offers, which included responding to evaluation panel questions and providing updated pricing. The reduced bids ranged from \$1,906,000 to \$2,016,000, still exceeding initial Board authorization even without the inclusion of a construction contingency.

A number of factors may have contributed to higher costs, including an improving construction market, busier primes and subcontractors, and the form of contracting employed on this project. While traditional low-bid contracting allows for a contractor to quote a lower price at the outset, and then raise this through change orders, a BV-GMP contract requires the contractor to set a maximum price at the start of the project.

## **BACKGROUND AND CONTEXT**

Dawson Park is a 2.02-acre neighborhood park located in Northeast Portland in the heart of Portland's historic African-American community between North Williams and North Vancouver Avenues, and North Morris and North Stanton Streets. Renovation of the park was called out as a priority in the 2009 ICURA Parks Implementation Strategy, created collaboratively by PDC, the Portland Bureau of Parks and Recreation (PP&R), and the Interstate Corridor Urban Renewal Advisory Committee (ICURAC) Parks Subcommittee. It is also on the ICURAC "Gem List" of important projects to complete during the life of the district.

Landscape architecture firm Zink studios completed the final design for the park, which contains all of the elements that the community established as priorities. When complete, the park will include a larger playground, new picnic tables, barbeques, better lighting and improved pathways through and around the park as well as a water-play fountain at the park's center (See Dawson Site Design, Attachment A).

Because Dawson Park holds such a significant place in the community, PDC chose to use an alternative contract process to select the construction contractor. This alternative method allows award of a contract on the basis of best value versus low-bid and takes into consideration a number of no-price factors such as past performance, prime and subcontractor qualifications, capability, and Minority, Women, and Emerging Small Business (MWESB)/Disadvantaged Business Enterprise (DBE) utilization.

The RFP proposal was scored in two separate sections. The first section included a series of questions to determine qualitative non-price criteria including proposer experience and staff capacity, which accounted for 40 percent of total points. This was evaluated by a selection committee composed of community members and staff who scored the proposer RFPs, conducted interviews, and asked follow-up questions. The pricing evaluation, which accounted for 60 percent of total points, was performed by PDC procurement staff in consultation with the PDC Construction Services Manager and consisted of a numerical weighted score based on the bid price submitted. All three proposers were shortlisted to the final round of evaluations, and best and final offers were solicited from them.

The most qualified, responsible, and responsive submitter was determined by weighting and combining the total scores from both sections. Staff has initiated serial negotiations with this firm with the goal to lock in a BV-GMP contract that is fair and minimizes risk to PDC to the greatest extent possible, including any changes in work to the contract. The use of a GMP contract enables staff to have a higher level of confidence in the contract dollar figures. As a result, construction contingency has been reduced to 10 percent.

Upon Project completion, staff will perform a review of the BV-GMP process and, pursuant to Oregon Revised Statutes §279C.355, provide a post-project evaluation to the Board acting as the Local Contracting Review Board within 30 days of final project acceptance. The evaluation will consist of an objective assessment of the pilot project in terms of cost savings and other factors to determine if it was in the best public interest to use this alternative contract method.

## **COMMUNITY AND PUBLIC BENEFIT**

Implementation of this Project will make Dawson Park a more welcoming, vibrant, and safer space for the community to enjoy. In addition, use of the RFP contract approach has allowed the project to meet a broader range of goals than a traditional construction contract, including social equity. PDC cited an aspirational goal of having 30 percent of the trade work performed by certified firms on this project. All three proposals submitted exceeded this goal; the proposal from the apparent most qualified firm had a utilization rate of more than 80 percent.

### **PUBLIC PARTICIPATION AND FEEDBACK**

There has been extensive public participation during the design phase of this Project. Members of the public have also been involved in selecting both the external construction project manager and the general contractor. Community members serving on the selection committee included an expert in contracting diversity and the owner of a certified contracting firm.

Staff did not directly solicit any public feedback on this proposed Board action because it is a budget issue specifically related to the submitters' bids.

### **BUDGET AND FINANCIAL INFORMATION**

The revised Dawson Park construction budget not-to-exceed authorization requested is \$2,225,000. This includes a \$1,950,000 base bid, \$75,000 alternates and a \$200,000 contingency.

In addition to the construction contract, the total estimated Dawson budget of \$2,693,040 includes \$346,140 in construction soft costs and \$121,900 in project management expenses (see Dawson Total Project Budget, Attachment B).

There is adequate funding of \$2,800,000 for the Project from a combination of tax increment funds and outside leverage. The adopted ICURA budget contains a total of \$2,300,000 in fiscal year (FY) 2013-14 and FY 2014-15 (see URA Financial Summary, Attachment C) to be supplemented with a carry-forward of \$200,000 in unspent funds from FY 2012-13. PP&R has also secured \$300,000 to fund a water feature, combining a donation of \$200,000 from Legacy Emanuel Hospital with an additional \$100,000 in System Development Charges.

### **RISK ASSESSMENT**

Staff has minimized the risks associated with the construction work through the BV-GMP process, culminating in a negotiated contract that minimizes risk and change orders. There is sufficient contingency to cover any other unforeseen site risks, additional permit requirements, or other risks unknown at this time.

### **ALTERNATIVE ACTIONS**

The Board may choose to not approve the increase in authorization and direct staff to rebid the Project. There is risk that the cost will not be substantially reduced and the rebid time will cause a significant delay in the construction which will then extend through summer 2014 and restrict public access to Dawson Park during its most popular season.

### **ATTACHMENTS**

- A. Dawson Site Design
- B. Updated Dawson Construction Budget
- C. Interstate Corridor URA Financial Summary

### Dawson Site Design



**Dawson Park Project Budget**

<b>BUDGET - RESOURCES</b>	
PDC FY2013/14 (Inc carryforward)	\$ 2,500,000.00
PPR Fountain Contribution	\$ 300,000.00
<b>Total Budget</b>	<b>\$ 2,800,000.00</b>
<b>EXPENDITURES - COSTS</b>	
<b>Construction Hard Costs</b>	
Base Bid Est Cost	\$ 1,950,000.00
Bid Alternates 1-4	\$ 75,000.00
Sub Total Construction	\$ 2,025,000.00
Construction Contingency @10% (rounded)	\$ 200,000.00
<b>Total Est Hard Cost</b>	<b>\$ 2,225,000.00</b>
<b>Construction Soft Costs</b>	
PP&R IGA #2 (Incl A/E & Proj Mgmt Staff)	\$ 236,640.00
RACC (2% for Arts)	\$ 44,500.00
PDC Soft Costs (Spec Insp, BOLI Fee, Etc)	\$ 45,000.00
Sub Total Soft Costs	\$ 326,140.00
Soft Contingency @ 5% (rounded)	\$ 20,000.00
<b>Total Est Soft Cost</b>	<b>\$ 346,140.00</b>
<b>Project Mgmt &amp; Administration</b>	
PDC CPM Field Rep. Inici PS Contract	\$ 81,900.00
CPM Field Rep Inici PS Amendment (hold)	\$ 10,000.00
Public/Contractor Outreach	\$ 30,000.00
<b>Total Est Project Mgmt Cost</b>	<b>\$ 121,900.00</b>
<b>Grand Total Estimated Project Cost</b>	<b>\$ 2,693,040.00</b>
Unexpended Reserve	\$ 106,960.00

**URA Financial Summary**

**Five-Year Forecast Program Requirements Detail**

	Revised-3 FY 2012-13	Adopted FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
<b>Interstate Corridor URA</b>						
<b>Resources</b>						
Beginning Fund Balance	7,316,861	6,753,143	711,523	1,358,624	307,242	483,904
Interest on Investments	30,000	30,000	30,000	30,000	30,000	30,000
Loan Collections	6,000,000	303,678	256,423	365,747	261,150	971,574
Long Term Debt	0	3,500,000	1,750,000	0	0	0
Property Income	211,580	574,998	210,000	210,000	210,000	210,000
Reimbursements	61,573	0	0	0	0	0
Short Term Debt	10,936,644	10,242,243	10,739,568	11,488,500	11,488,500	11,488,500
<b>Total Resources</b>	<b>24,556,658</b>	<b>21,404,062</b>	<b>13,697,514</b>	<b>13,452,871</b>	<b>12,296,892</b>	<b>13,183,978</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Administration</b>						
<b>Financial Administration</b>						
A45101370 Debt Management-ISC	50,000	22,532	22,532	22,532	22,532	22,532
<b>Total Administration</b>	<b>50,000</b>	<b>22,532</b>	<b>22,532</b>	<b>22,532</b>	<b>22,532</b>	<b>22,532</b>
<b>Business Dev</b>						
<b>Business Lending</b>						
L02100370 BIF-General-ISC	250,000	500,000	500,000	500,000	500,000	500,000
L02110370 BIF-Cluster Group-Budget-ISC	0	300,000	200,000	200,000	200,000	200,000
L02119370 BIF-Nbrhood Ec Dev-Budget-ISC	0	300,000	300,000	300,000	300,000	300,000
<b>Small Business &amp; Community Dev</b>						
B55800370 Business Development-ISC	75,000	1,000	1,000	1,000	1,000	1,000
B55900370 Community Development-ISC	200,000	80,000	80,000	80,000	80,000	80,000
G07100370 MAIN-General-ISC	0	74,000	74,000	74,000	74,000	74,000
<b>Traded Sector Business Dev</b>						
B15102370 Site Recruitment-ISC	1,118,805	2,000,000	2,000,000	2,075,000	2,075,000	75,000
T01069370 Lean Manufacturing-ISC	70,000	70,000	70,000	70,000	70,000	70,000
<b>Total Business Dev</b>	<b>1,713,805</b>	<b>3,325,000</b>	<b>3,225,000</b>	<b>3,300,000</b>	<b>3,300,000</b>	<b>1,300,000</b>
<b>Infrastructure</b>						
<b>Parks</b>						
N37017415 Dawson Park-ISC-Adm	598,000	1,700,000	600,000	0	0	0
N37017515 Small Scale Improv-ISC-Adm	0	50,000	0	0	0	0
N37017315 Bridgeton-ISC-Adm	262,000	1,500,000	0	0	0	0
<b>Transportation</b>						
N37032115 Interstate Trans-ISC-Adm	200,000	0	0	0	0	0
N37037615 Denver Streetscape-ISC-Adm	15,000	0	0	0	0	0
N37037715 Killingsworth Stscape-ISC-Adm	0	2,000,000	1,000,000	900,000	0	0
N37037815 Lombard Investment-ISC-Adm	0	670,000	1,000,000	1,000,000	1,000,000	0
<b>Total Infrastructure</b>	<b>1,075,000</b>	<b>5,920,000</b>	<b>2,600,000</b>	<b>1,900,000</b>	<b>1,000,000</b>	<b>0</b>
<b>Portland Hsg Bureau</b>						
<b>PHB Housing</b>						
H15906370 Killingsworth Station-ISC	400,000	246,000	0	0	0	0
H15410370 Home Repair Projects-ISC	555,685	500,000	500,000	500,000	500,000	500,000
H15420370 Home Buyer Assistance-ISC	530,416	500,000	500,000	500,000	500,000	500,000
H15430370 Affordable Rental Hsg-ISC	3,840,991	1,000,000	400,000	400,000	650,000	2,600,000
H15712370 Habitat for Humanity HO-ISC	19,250	1,000,000	0	0	0	0
H15900370 PHB Staff & Admin-ISC	599,946	865,334	818,505	793,527	925,055	1,045,092
H15908370 McCoy Apts-ISC	126,891	0	0	0	0	0
H15926370 PCRI Scat Sites 2 (NOFA)-ISC	193,533	0	0	0	0	0