

MEMORANDUM

MEMORANDUM DATE: 13 September 2005
AGENDA DATE: 27 September 2005

TO: Board of HACSA Commissioners
AGENCY: Housing and Community Services Agency of Lane County
PRESENTED BY: James R. McCoy, Development Director
AGENDA ITEM TITLE: ORDER/In the Matter of Approving Contract 05-C-0048 for Construction Management / General Contractor (CM/GC) Services for the New Winds Apartments in Florence.

I. MOTION:

IT IS MOVED THAT ESSEX CONSTRUCTION BE AWARDED CONTRACT 05-C-0048 FOR CONSTRUCTION MANAGEMENT / GENERAL CONTRACTOR (CM/GC) SERVICES FOR THE NEW WINDS APARTMENTS.

II. AGENDA ITEM SUMMARY:

Board approval is required to enter into an Agreement with Essex Construction for Construction Management / General Contractor services for the New Winds Apartments, a proposed 18-unit apartment building in Florence.

III. BACKGROUND:

A. Introduction:

In May 2005, the Oregon Housing and Community Services Department (OHCS) issued a special Request for Applications (RFA) to develop an 18-unit apartment in Florence for adults with chronic mental illness. In this solicitation, OHCS offered a site, a preliminary design, and grants from its housing subsidy programs. HACSA responded to the State's RFA and was notified in late July that its proposal had been received favorably. Project development may now proceed and it is necessary to obtain construction management / general contractor services.

In July, HACSA issued a Request for Proposals (RFP) to select a construction manager/general contractor for New Winds. Four firms responded, and in August, a committee evaluated the proposals. The committee recommended Essex Construction as the top choice. This board order requests Board authorization to enter into a contract agreement with Essex Construction as the CM/GC for New Winds.

B. Analysis

The CM/GC Construction Method and LIHTC Development

HACSA's prior experience indicates that using a CM/GC approach is the best method of obtaining construction services for LIHTC financed projects because of the need to determine construction costs as early as possible. The use of the traditional sealed bidding approach to obtain construction services significantly increases risk in project development.

The primary distinction between the CM/GC approach and the more traditional General Contractor approach is that in the more traditional approach the project architect designs the project or facility first, usually without input from the construction or building trades. The project is then placed out for bid to general contractors, who bid on the entire project, and an award is made on the basis of the most reasonable low bid.

Under the CM/GC method, the CM/GC firm is selected in the early stages of a project to assist with design considerations, administrative coordination, scheduling, budget estimating, constructability review, and value engineering. The CM/GC provides these services, as well as management of the construction, for a negotiated fee. In addition, the CM/GC provides, during the design process, a guaranteed maximum price (GMP) for the full value of the construction, backed up by a full performance and payment bond.

The advantage of the CM/GC approach is that it ensures that what is designed can be constructed within a specific budget. It also offers the benefit of obtaining General Contractor expertise during Design Development process. This is especially useful with regard to the "green" and sustainable construction practices and techniques encouraged by the State.

Adopting the CM/GC approach does not circumvent the public bidding process and state law specifically allows this type of contract selection process. All "sub-contractable" work is competitively bid by the CM/GC firm, with the oversight of HACSA. Should the CM/GC firm choose to bid on any of the sub-contract work, those bids will be managed by HACSA. Provisions for the procurement of the subcontracts are specified in the contract documents.

CM/GC Contract

The proposed Agreement will be similar to prior CM/GC contracts at Richardson Bridge, Willakenzie Townhouses, Laurel Gardens, Jacob's Lane, Sheldon Village (I & II) and will:

- * Require a "Guaranteed Maximum Price" for the construction program.
- * Provide for a fixed fee for the CM/GC (5.00% of the Guaranteed Maximum Price).
- * Spell out the bidding process that must be followed in the selection of the sub-contractors.

C. Recommendation.

Approve the proposed Motion.

E. Timing.

Upon approval of the Order, the Executive Director will execute an CM/GC Professional Services Contract.

IV. IMPLEMENTATION/FOLLOW-UP:

Same as Item III. E. above.

V. ATTACHMENTS:

None.

**IN THE BOARD OF COMMISSIONERS OF THE
HOUSING AND COMMUNITY SERVICES AGENCY
OF LANE COUNTY, OREGON**

ORDER

In the Matter of Approving Contract XX-P-00xx for Construction
Management / General Contractor Services for the New Winds
Apartments in Florence.

WHEREAS, HACSA carried out a Request for Proposals for CM/GC Services for the affordable housing project called "New Winds Apartments" in Florence;

WHEREAS, Essex Construction submitted a response to a Request for Proposals that is reasonable and acceptable;

WHEREAS, HACSA wishes to obtain CM/GC services in order to proceed with the development of the New Winds Apartments housing development in a timely and efficient manner;

NOW IT IS HEREBY ORDERED:

That the Order Be approved Authorizing the Executive Director or Deputy Director to Enter into an Agreement with Essex Construction, Inc. for Construction Manager/General Contractor Services for the New Winds Housing Development Project Where the Basis of Payment Is the Cost of the Work plus a Maximum Fee (5.00%) with a Guaranteed Maximum Price.

DATED this _____ day of _____, 2005

Chair, HACSA Board of Commissioners

APPROVED AS TO FORM
date 9/20/05 lane county
Heidlaw
OFFICE OF LEGAL COUNSEL

In the Matter of Awarding Contract 05-C-0048 for CM/GC Services for
The New Winds Apartments in Florence