



## ALEDO ISD BOARD MEETING TEMPLATE

**MEETING DATE:** March 18, 2013

**AGENDA ITEM:** Report Regarding Construction Procurement Options

**PRESENTER:** Dan Manning

**ALIGNS TO BOARD PRIORITY(S): FINANCIAL/FACILITIES-** the District shall exhibit excellence in financial and facility planning, management, and stewardship.

### **Background Information:**

- Chapter 2267 of the Texas Government Code lists six authorized competitive methods of construction procurement for school districts to choose from when doing a construction project.
- The two most common methods utilized by districts are competitive sealed proposals or construction manager at risk. Here's a quick overview of the two including advantages and disadvantages:
- 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.
  - Disadvantages:
    - Any savings generated are returned to contractor.
    - Provides less flexibility for potential savings.
    - 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.

### Process:

- District selects an architect who then prepares construction documents for the project.
- Architect then prepares a request for competitive sealed proposals that includes such items as the construction documents, selection criteria and the weighted value for each criterion, estimated budget, estimated project completion date, and any other information that may be required for a contractor to respond.
- The District receives and publically opens the competitive sealed proposals received.

- The District will then evaluate and rank each proposal related to the published selection criteria.
  - The District will then select the contractor that submits the proposal with the best value based on the selection criteria.
  - The District then attempts to negotiate a satisfactory contract with this contractor.
- Construction Manager at Risk
    - Advantages:
      - Any risks are held by contractor, not the District.
      - Any savings at completion are returned to the District.
      - Can utilize contractor in pre-construction services for cost and constructability issues.
      - Contractor will often have a “following” of quality subcontractors.
      - Helps create a long-term relationship with contractor based upon their desire to serve the District long-term.
      - Qualifications based selection process.
      - The District may interview contractors to determine qualifications and good fit prior to selection.
      - Changes to contract are carried through contractor contingency and owners betterment and do not require change order to contract.
      - Contractor fees may be negotiated.
    - 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.

Process:

- The District and Architect prepares a Request for Qualifications (RFQ) that includes general information on the project site, project scope, schedule, selection criteria, estimated budget, and any other information to assist the District with its selection.
- The District receives and publically opens the RFQs received.
- From the RFQs received, the District will evaluate and rank each submission in relation to the selection criteria set forth in the RFQ.
- The District will then request a short list of offerors/construction managers to submit a Request for Proposal (RFP), including their proposed fee and price for general conditions.
- The District will then evaluate and rank the RFPs received to determine the best value to the District based upon the published criteria.
- The District makes final selection of Construction Manager At-Risk (CMAR).
- When the construction drawings and specifications are totally complete, the CMAR will propose a Guaranteed Maximum Price for the project.

**Administrative Considerations:**

- Based on the smaller scope of these two projects, we believe Construction Manager At-Risk would be the best procurement method because it gives us the most freedom to select the appropriate contractor and protects us from cost overrun risks.
- If the Board approves the architect for these potential projects, we will recommend a procurement method at the April Board meeting.

**FISCAL NOTE: None- Report Only**

**Administrative Recommendation: Report Only**