

Williamson County –Emergency Services Operations Center

CONSTRUCTION MANAGER AT RISK SELECTION

Objective

Select CM at Risk using two-step process (Qualifications followed by Proposal) and identifying the **best value** (balance or combination of firm capabilities, similar work experience, quality of team, price and schedule).

The two-step Qualifications-based CM at Risk process was advantageously used because WC can select the **most qualified** CM with similar experience without basing selection on cost or “low-bid”.

Summary of Process

WC’s first true CM at Risk process utilizing two-step selection process. The process was well managed and there were no procurement discrepancies.

16 submittals for Qualifications phase (9 major regional CM’s and 7 small/medium/local CM’s). This was considered an excellent turn-out (both quantity and quality).

Shortlisted 5 (WC was not required to shortlist but did so to remain impartial) of the 17 for the Proposal phase. CM’s responded in writing to further project specific questions and provided an estimated cost for Preconstruction Services, fees and general conditions and schedule.

All 5 CM’s were interviewed (WC was not required to interview but did so to remain impartial).

All submittals were evaluated, scored and ranked separately. The evaluation team was consistent in its rankings and unanimous in its final selection.

Summary of Selection

Vaughn Construction was selected as the **best value** after the interview process and in concert with the Qualifications and Proposal submittals. The team was unanimous about its selection of Vaughn based on the credentials of the firm, proposed team, similar projects, understanding of the project and schedule.

All firms are qualified and had good project examples. Each could complete the project. The team’s unanimous selection was based on the qualifications, pricing and interview.

Bartlett Cocke – ranked highest in Qualifications phase and had the lowest cost but the Proposal phase and interview revealed that they had only one similar project (completed 2001). Two of the interview team worked on the project – both as junior-level positions. Aggressively short schedule.

Byrne – last (5 of 16) in the qualifications phase and were added because they had relative experience. Good interview but superintendant wasn’t available. Acceptable team and experience but came in middle on all of the scoring. Longest schedule.

Spaw Glass – ranked high through all phases of selection process. Excellent interview – did great job of explaining the project requirements and how the selection of SG would benefit WC. Good team, experience and project understanding. Had the highest cost and moderate schedule.

Sundt – ranked 3rd in Qualifications phase. Good interview with good BIM (building information management) capabilities. Crux of team currently on other project and probably not available for several months. Sundt is from AZ but have a San Antonio office. Most aggressive schedule.

Vaughn – ranked high in Qualifications phase. Excellent experience (including constructing the Harris County Emergency Services Center which was toured and used as an example for the WC ESOC). Local presence with Project Engineer and other recent work in area (Biomedical Engineering Building at UT).

Pricing (Preconstruction, Fee and General Conditions)

Parsons estimated the cost of preconstruction phase services (the fee paid for the CM's services prior to the execution of the Guaranteed Maximum Price or GMP), fee and general conditions at the programming phase. Prior to the start of the project, these amounts were adjusted downward based on WC's project budget and market conditions.

In all cases, the CM's preconstruction phase fee, fee and general conditions were under the amount estimated by Parsons. Although the selection process is not based on cost (it is based on value) – cost is certainly a consideration so it is gratifying that WC received the benefit of a good selection process and a stressed construction market to save significant dollars in the CM-related costs. The fees from each CM are historic lows.

Parsons estimated \$50,000 for preconstruction phase services. In all instances, each CM came in less than that amount. Vaughn's preconstruction phase fee is \$17,000 (\$34,000 less than projected).

Parsons estimated a fee percentage of 5%. In all instances, each CM proposed less than that amount. Vaughn's fee was 2.6% (the 2.4% difference represents \$320,000, significantly under Parsons' estimate). This fee is below expectations which is an indication of the depressed construction market.

For recent comparison purposes with a known builder on a Williamson County project, Chasco's GMP Document (dated 4/14/2009) for the \$6.8M Williamson County Precinct 1 Annex project had an approved fee percentage of 3.5%. All of the ESOC's CM were lower than this amount.

Parsons estimated a general conditions percentage of 10%. In all instances, each CM proposed less than that amount. Vaughn's proposed general conditions were 4.8% (the 5.2% difference represents over \$700,000, significantly under Parsons' estimate).

For recent comparison purposes with a known builder on a Williamson County project, Chasco's GMP Document (dated 4/14/2009) for the \$6.8M Williamson County Precinct 1 Annex project had a general conditions amount of 4.9%, which is consistent with the amounts submitted on WC ESOC.

Schedule Considerations

Parsons estimated a 16 month construction process. This amount of time is appropriate given the unstable soils, amount of technology and the complexity of the project.

In all instances, each CM proposed less time than 16 months. It is possible to build a significant technology-oriented building in less time, but the team was intensely concerned about the quality it would receive and the process to get there. In some cases, it felt like the schedule was used for marketing and since WC is not adamant about a delivery date, the schedule was not a priority. Ultimately, the team was convinced that a faster schedule could potentially affect quality.

Vaughn recommended 13.5 months (second longest) and during discussions, they were convincing that they knew the schedule was achievable without reduction of quality and having a harmonious construction process. The 2.5 month difference does not create a cost reduction from Parsons' estimate.

Local Capabilities

All of the shortlisted CM's are adept at working with governing jurisdictions and school districts where there is a strong desire to keep the tax dollars local.

All of the shortlisted CM's have a reasonable history with the local subcontractor base. Depending on the size of the CM and their project portfolio, the subcontractor base is from small (and not bondable) to large subcontractors with significant resources and strong financial condition.

Vaughn has a strong history with both large and small subcontractors and works to ensure that all subs are given a fair chance at the work. Vaughn has a subcontract base of approximately 150 local subcontractors in all areas of work.

Vaughn has stated that they will use job fairs and advertising to engage the local subcontracting community to attempt to ensure a higher percentage of work goes to local subs. All bid meetings will be done locally to WC.

Vaughn has stated that the project staff will all be local (Doug, Stuart and administrative aide).

Parsons estimated that approximately 75% of this project would remain local. Vaughn has been asked to evaluate this amount. When originally discussed, they concurred – but Vaughn will confirm.

Best Value

Each of the firms that made the shortlist was qualified to be interviewed and WC should be satisfied in the quality of the responses.

The team had no concerns about each CM's capabilities and experience that could benefit the project. When evaluating five, the selection process becomes so narrowly focused on nuance and subjectivity in the way questions were answered.

The selection of a CM at Risk is a serious decision. WC has done an admirable job of creating and managing the process that determined the **best value** to WC. For the next 18 months, the CM will be a trusted advisor and builder of a project that WC has committed significant tax payer dollars to.

The selection of Vaughn was based on the objective review of all of the submitted criteria and the interview and follow-up questions as well as constant discussion between the team. This was not a capricious decision.

Vaughn was selected for several reasons:

- Similar project (Harris County used as a model for WC)
- References and accolades for the completion of Harris County
- Very knowledgeable of the local contracting community
- Commitment to enhance bid selection in local community
- Ability to divide and parcel parts of the project to be advantageous to the Owner
- Capability to self perform (although this is unlikely due to low sub pricing)
- Quality of the team and local living (Doug, Stuart and administrative aide)
- Pricing competitiveness (not "low-bid" but pricing well within estimates)
- Thorough understanding of the schedule