

BOARD OF SUPERVISORS

December 5, 2023

Shirley N. Weber, Ph. D.
California Secretary of State
1500 11th Street
Sacramento, CA 95814

Re: Report to California State Legislature per Section 20155.7 of the Public Contract Code –
best value construction contract award pilot program

Dear Honorable Madame Secretary,

Accompanying this letter of transmittal, please find Solano County's report to the State Legislature as required by Section 20155.7 of the Public Contract Code. This report documents Solano County's experience using best value construction contract award procedures for two projects in Fairfield, California and one project currently under bid. A one-page summary of the report's contents precedes the full report.

PCC 20155.7 requires before March 1, 2024, that the board of supervisors of a participating county shall submit a report to the appropriate policy committees of the Legislature and the Joint Legislative Budget Committee. The report is submitted to your office in satisfaction of the requirements of PCC 20155.7, for further dissemination to the appropriate legislative bodies. We welcome any questions or comments from your office regarding this matter.

Respectfully Submitted,

JOHN M. VASQUEZ, Chairman
Solano County board of Supervisors

cc.:
Erika Contreras, Secretary of the Senate
Sue Parker, Chief Clerk of the Assembly (electronic)
Assemblymember Lori Wilson, District 11
Senator Bill Dodd, District 3
Senator Nancy Skinner, District 9, Chair,
Joint Legislative Budget Committee
Senator Anna Caballero, District 14, Chair,
Senate Governance and Finance Committee
Juan Carrillo, District 39, Chair,
Assembly Local Government Committee
State Legislative Analyst's Office
State Legislative Counsel

att.: Solano County's report to State Legislature per Section 20155.7 of Public Contract Code,
best value procedures, December 5, 2023

Executive Summary of Report Contents:

Solano County is one of eight authorized by P.C.C. 20155's pilot program to use best value construction delivery, whereby the bidder may be selected based on the best combination of price and qualifications. Most recently, Solano County delivered a comprehensive plumbing replacement and repair project at the Justice Center Detention Facility (JCDF) at 500 Union Ave in Fairfield, using best value procedures. The final contract amount for the replacement repair project was \$11,520,477. No written protests were received concerning the solicitation, bid, or award of the project. Separately, Solano County also attempted to use best value delivery for a security electronics upgrade project at the JCDF. The minimum of three bid proposals per P.C.C. 20155.5. was not met, whereby the basis of award reverted to low-bid selection.

A two-part prequalification process was used for the plumbing replacement and repair project consisting of 1) mandatory requirements and 2) relevant experience and past performance. Each Statement of Qualifications (SOQ) was evaluated against criteria including total overall firm qualifications, demonstrated management competency, financial fitness, labor compliance, relevant experience, and safety record. The SOQ score was combined with the subsequent bid proposal score for a total best value score for each General Contractor.

Criteria used to evaluate the bid proposals included project team qualifications, project approach/management, schedule, and local labor and business participation plan. Quality points assigned values to each category up to a weighted maximum:

- Statement of Qualifications Score – 350
- Project Team Qualifications – 150
- Project Approach/Management – 150
- Schedule Plan – 200
- Local Participation – 50
- Bid Proposal - 500
 - Total Quality Points – 1,400

The bid evaluation methodology proved effective, evidenced by the high quality of General Contracting firms attracted to propose, the compliance of the contractors with bid requirements, the low number of requests for clarification, consistent scoring of proposals across evaluators, and the absence of any protest from proposing Contractors regarding the overall best value bid and award process.

The original construction contract was for \$6,921,914. The final amount was \$11,520,477 – a cost increase attributed to addressing numerous unforeseen building conditions including failing sanitary sewer lines and plumbing fixture valves. Material cost escalation, supply chain issues, and site access delays associated with Covid-19 also impacted cost. The increases in construction costs were not a consequence of the best value procedure.

Best value procurement proved effective overall for project results, attracting a high-quality, well qualified General Contractor willing to work in a collaborative manner to resolve challenges and mitigate additional project cost or delay. The Contractor assumed a proactive approach to resolving difficult technical issues, adapting to unforeseen conditions inside the JCDF, with ongoing attention to jobsite safety requirements including Covid-19 protocols during

construction, adherence to schedule, flexibility in accommodating inmate relocations managed by Sherriff's staff and overall high quality of completed work.

Introduction

During the reporting period stipulated under Public Contract Code (PCC) 20155, Solano County successfully delivered a major Plumbing Replacement and Shower Repair Project at the Solano Justice Detention Facility (JCDF) located in Fairfield, California, using best value procurement as authorized by PCC 20155.

The project was substantially completed in May 2023, with document close-out and initial warranty work occurring over early summer 2023. The final Notice of Completion was approved by the Solano County Board of Supervisors on August 8, 2023.

A description of the Plumbing Replacement and Shower Repair Project and associated best value delivery procedures conducted by Solan County, as required by Section 20155.7 of the Public Contract Code, follows.

Description of project awarded using the best value procedures:

The Solano Justice Detention Facility is a five-story detention facility housing approximately 700 inmates over approximately 115,000 SF. The facility was completed in 1988 and has been in continuous, 24 hour/day use for 35 years. The continued use and occasional abuse of the facility by detainees had badly degraded plumbing systems and facilities throughout. Leaking plumbing, failing fixtures and badly degraded shower fixtures contributed to substantial increases in maintenance cost and significant energy inefficiency with excessive water use. Catastrophic failures to supply lines and drains contributed to extensive damage to interior finishes on multiple occasions, disrupting operations of Sheriff administrative functions and County Coroner services.

In 2017, Solano County General Services, Capital Project Management Division was authorized to investigate and scope plumbing repairs to the facility. Domestic hot water is supplied to the facility through heat exchangers located in a main mechanical room and served by a central campus Co-Generation plant. It was observed that these heat exchangers were failing with corresponding failure of the hot water delivery system necessitating a first phase of high priority of work focused exclusively on mechanical room repairs. This work was delivered under standard low-bid procurement in 2018. The resulting repair work illustrated the complexity of the overall problems and the critical need for phasing and a flexible, technical-problem-solving approach to address plumbing repairs in the remaining areas of this continuously occupied high-security facility while minimizing operational impact. Over the course of initial repair work, several unexpected water shutdowns resulted from the difficulty of isolating the building's plumbing sectors while delivering hot water with temporary systems during the initial repairs. The complexity of this work convinced Capital Project Management Division to utilize best value per PCC 20155 as an alternate delivery method to base contractor selection for subsequent repair work not just on cost but also contractor team qualifications, and the contractor's proposed approach to delivering the plumbing replacements and repairs while minimizing operational impacts – features that would not be achievable through awarding the contract on the basis of the lowest bid alone.

Bid documents were prepared that identified full-scale replacement of domestic hot water supply and return lines with accompanying repairs and accessible barrier removal work at showers located in housing cell block areas. Existing shower rooms in infirmary and isolation areas were modified to be fully ADA compliant.

Contract award amount:

On January 14, 2020, the Solano County Board of Supervisors authorized the Department of General Services to request bid proposals from pre-qualified contractors for the Plumbing Replacement and Shower Repair project under best value procurement consistent with PCC 20155-20155.9. The process was administered by County staff, with support from consulting construction management firm Gilbane Building Company. Of nine firms submitting Statements of Qualification, four met the prequalification criteria. Subsequently, these four firms submitted bid proposals for evaluation. On October 27, 2020, the Board adopted a resolution making necessary findings under best value procurement, and conditionally awarded a contract to Peterson Mechanical, Inc. for \$6,921,914.

Best value contractor awarded the project:

The best value General Contractor awarded the project was Peterson Mechanical Inc. of Sonoma.

Description of any written protests concerning any aspect of the solicitation, bid, or award of the best value contract, including the resolution of the protests:

No written protests were received concerning any aspect of the solicitation, bid, or award for the Plumbing Replacement and Shower Repair project.

Description of the prequalification process:

On January 14, 2020, the Solano County Board of Supervisors authorized the "best value" method of procurement for the Plumbing Replacement and Shower Repair project.

Solicitation – RFQ

Thereafter, on May 11, 2020, the Department of General Services released a Request for Qualifications (RFQ) from contractors interested in bidding on the project, with the intention to short-list the three to five most qualified firms.

On May 21, 2020, a mandatory meeting attended by firms potentially interested in submitting a Statement of Qualifications (SOQ) for the Plumbing Replacement and Shower Repair Project was held by Solano County, at which time the project scope was described, the best value procurement process explained, and SOQ criteria and evaluation process reviewed with all attendees. Two addenda were issued to clarify project scope and extend the deadline to submit SOQ at request of interested firms.

Evaluation process

The prequalification process was successfully accomplished using two-part responses from interested General Contractors, in accordance with the requirements of PCC 20155.3, consisting of 1) mandatory requirements and 2) relevant experience and past performance. The Request for Qualifications (RFQ) was openly posted on May 11, 2020, with nine SOQs received by June 9, 2020. Each part of the SOQ was evaluated by a commensurately qualified multi-disciplinary team of County staff and County consultants using pre-established evaluation criteria published in the RFQ notice, including:

- Firm & project type qualifications
- Demonstrated management competency
- Financial condition
- Labor compliance
- Relevant experience
- Safety record

RFQ evaluation criteria

The RFQ criteria consisted of two parts, Part A – Mandatory Requirements and Part B – Relevant Experience and Past Performance (PCC 20155.3 requirements).

Part A – Mandatory Requirements, firms were required to submit:

Declaration – A declaration stating that reasonable diligence has been used in its preparation of the submittal and that all information provided is true and complete to the best of the signer's knowledge.

Corporate Structure – Evidence demonstrating that those required to design and construct the project are in possession of all required licenses, registration, and credentials are in good standing.

Financial Information – Evidence, including financial statements, that establishes that the General Contractor has the capacity to perform the work under the project and obtain all required payment and performance bonding.

Insurance – Evidence that establishes that the General Contractor has liability insurance, Worker's Compensation, and errors and omissions insurance, and other insurance requirements as identified in a corresponding "Exhibit 1".

Termination/Failure to Complete, Violations, Claims, Arbitration and Litigation – Information concerning any claims, litigation, violations, or convictions and including agreement to comply with all provisions of law and code applicable to the project.

Part B – Relevant Experience and Past Performance, firms were required to submit specific project related experience in projects of relevance of size, scope, complexity and design character, including:

Firm Experience – Examples of relevant projects clearly and concisely presented with the relevance to the Plumbing Replacement and Shower Repair Project identified:

- Firm Profile
- Location of the office that will be responsible for the implementation of the Project
- Explanation of the firm's capabilities as they relate to the firm's current and projected workload
- Delivery Methods – description of past experience with fixed price construction projects and the methods of project delivery and cost control
- Management – indicating how the firm has directed or participated in projects on strong team organizations with clear lines of authority and hierarchy
- Other project related experience including energy efficiency and sustainable building design experience

Jail/Piping replacement Facility Experience – Experience with the major elements of the project which include metal buildings, classrooms and vocational shops:

- At least three, but no more than five, examples of projects completed, the description of each project, names of personnel involved and the role of each
- Identify Special systems that have similarities to this project such as major repair phasing in operational buildings.
- Provide initial contract amount and the final contract value
- Client reference and contact information for each project submitted

Safety Record:

- Provide current safety record for the Contractor (EMR)
- Provide any industry recognition received for Safety excellence
- List any CalOSHA citations at the level of willful, serious and/or repeat within the last 5 years, if any describe specifics.

Claims History:

- Listing of any claims, lawsuits or liquidated damages on a project within the State of California within the past 5 years alleging damages in excess of \$100,000
- Detailed information describing the loss or damages being alleged

Evaluation outcome

The evaluation process resulted in a determination that four of nine responding firms – Acco Engineered Systems, Bell Products, Inc., Peterson Mechanical, Inc. and Sea Pac Engineering– scored the highest and met the minimum requirements. The Evaluation Committee recommended to the project Steering Committee that these four firms be invited to submit best value bid proposals.

The criteria used to evaluate the bids, including the weighting of the criteria and an assessment of the effectiveness of the methodology:

Solicitation – RFP

On July 20, 2020, Solano County issued a Request for Proposals (RFP) to the four previously identified pre-qualified General Contractors, with proposals due August 13, 2020. The RFP included detailed information on the project scope and other County project delivery requirements including attending pre-proposal conference along with the terms, process and schedule for the submittal of General Contractor bid proposals and their corresponding evaluation.

RFP evaluation criteria

The published best value proposal score evaluation criteria included:

Project Team Qualifications

- Project Team
- Organization Chart
- Project Team Resumes

Project Approach/Management

- Communications
- Meetings and Conferences
- Coordination with Inspection Services
- QA/QC Plan
- Subcontractor Management
- Construction Logistics Plan
- Safety Plan
- Skilled Workforce Plan
- Post Occupancy Warranty Plan

Schedule Plan

- Schedule Approach
- Draft Schedule
- Schedule Duration Commitment

Local Participation Plan

- Local Labor Commitment
- Subcontracting Commitment

Bid Price

- Submitted Lump Sum price to complete work
(submitted in a sealed envelope)

Evaluation process, weighting

An evaluation committee comprised of qualified individuals was selected by the County to review proposals. The Committee evaluated each Contractor's entire proposal response, considering each of the main criteria, except that bid price information remained sealed to avoid influencing consideration of other criteria or to unduly sway the evaluation committee's scoring of other qualitative criteria. The Evaluation Committee then assigned the total quality point value to each item up to a maximum:

- A. Statement of Qualifications Score – 350
- B. Project Team Qualifications – 150
- C. Project Approach/Management – 150
- D. Schedule Plan – 200
- E. Local Participation – 50
- F. Bid Proposal - 500

Total Quality Points – 1,400

The total point score was then divided by the submitted cost to determine cost per point with the lowest cost per point equaling best value to the County.

Evaluation outcome

Of the four firms shortlisted, three firms submitted proposals with one firm (Bell Products, Inc.) dropping out. Out of the three proposals evaluated, Peterson Mechanical, Inc. received the highest overall best value point score based on the strength of both their SOQ and RFP proposals. Peterson Mechanical's submitted bid price was \$6,921,914. Sea Pac Engineering initially submitted the lowest bid price of \$2,695,000 but withdrew that bid price within 24 hours due to clerical error. Acco Engineering submitted a bid price of \$6,978,944. The resulting lowest cost per point score was awarded to Peterson Mechanical with Peterson's submitted cost also being lower than the nearest competitor's cost (Acco Engineering Systems). The Evaluation Committee recommended award of the construction contract to Peterson Mechanical; Inc. approved by the Solano County Board of Supervisors on October 27, 2020.

Effectiveness of the methodology

The evaluation methodology proved effective, as evidenced by the:

- High quality of General Contracting firms attracted to propose on the project
- Consistent compliance of all proposing Contractors with proposal instructions and requirements
- Low number of requests for clarification from proposing Contractors, indicating the methodology was clearly understood
- Consistent scoring of Contractor submittals among the Evaluators
- Best value provided to County in the form of resulting contract which included schedule and phasing plans designed to minimize operational impacts.
- Absence of dispute or protest from proposing Contractors regarding the overall evaluation process and final criteria-based determination.

If a project awarded under this article has been completed, an assessment of the project performance, to include a summary of any delays or cost increases:

Assessment of project performance

During construction at the Justice Center Detention facility, several significant challenges were encountered:

- Substantial deterioration of existing sanitary sewer lines was discovered. It was determined that above-ground lateral sewer lines should be replaced, with access made available during concurrent plumbing work facilitating their replacement at reduced cost and with lessened operational disruption.
- The Covid-19 pandemic resulted in facility access restrictions and several work stoppages for mandated isolation, resulting in schedule delays.
- Material supply chain issues and escalation impacted costs and availability of plumbing materials.
- Extensively deterioration of plumbing valves were discovered at combi (sink/toilet) units in each cell. Replacement of which presented an opportunity to install a water management system to further reduce JCDF maintenance costs and water usage, improving security control and reduce vandalism damage to the facility.

Peterson Mechanical, Inc. approached these project challenges in a collaborative manner that contrasted with the often-adversarial relationship between owner and contractor encountered in a low-bid project delivery scenario. Peterson assisted County stakeholders with changes to the phasing plan and critical path schedule to accommodate additional sanitary sewer work and valve replacements while adjusting work crew size and critical path sequence to accommodate access restrictions. Peterson provided valuable pre-construction support during design of a Water Management System prior to the County adding the work into the contract. Peterson also worked directly with vendors to reduce cost at the County's request. When extensive troubleshooting was needed during installation and testing of water management system components, Peterson took the lead to work with suppliers to develop technical problem-solving solutions.

The Best Value procedure has proven to be an effective project delivery method for Solano County, evidenced by:

- The overall high quality of the General Contractor and project-specific team selected to deliver the project, including the:
 - Demonstrated capacity to perform the work
 - High level of relevant experience and competence of the project-specific construction team personnel
 - Diligent attention to jobsite safety and worker health
 - Overall high quality of completed work
 - Collaborative approach to technical problem solving that mitigated potential operational impacts and schedule delay.

Project budget and final cost

The original overall project budget was \$9.8M. This amount included the estimated construction cost for the plumbing repairs along with earlier costs for initial mechanical room replacement work, and with allowances other 'soft costs' associated with the project's delivery and outfitting (e.g. architectural and construction management fees, permit fees, County project administration and, testing and special inspections). The final overall project budget was \$14.6M, representing increased costs attributed to inclusion of sanitary sewer replacement work, installation of a water management system, material cost escalation, additional overhead due to schedule extension, and re-design or corrections caused by concealed or unforeseen issues. Of the overall project budget, the line-item construction budget total was \$11,520,477.

Construction delays, cost increases

The original construction contract amount at the time of award was \$6,921,914. The final contract amount at project completion was \$11,520,477. This increased accounts for significant project scope additions needed to replace sanitary sewer lines, valves at each cell and installation of a water management system. Other factors contributing increased cost included schedule extension to accommodate the additional work, material cost escalation and re-design and repair work necessary to address unforeseen or concealed issues.

A post-construction debrief 'lessons learned' meeting was held February 2023, which emphasized the positive impact that team collaboration had on controlling costs while limiting schedule delays and operational disruption. Much of the collaborative effort could be attributed to best value procurement process and the quality of contractor it attracted. During the meeting debrief, Peterson Mechanical revealed that if the delivery method had not been via Best Value, they would not have bothered to bid the project.

The increases in construction costs were not a consequence of having used best value construction contract procurement. Indeed, best value procurement attracted a high-quality General Contractor to the project – one willing to work in a collaborative manner to resolve challenges and mitigate additional costs and delay while providing a quality product.