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September 24, 2019

The Honorable Mr. Alex Padilla
California Secretary of State
1500 11th Street
Sacramento, CA 95814

DRAFT

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

Dear Honorable Mr. 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 the recently completed Rourk Vocational Training Center in Fairfield, California. A one-page summary of the report's contents precedes the full report.

PCC 20155.7 requires before January 1, 2020, 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,

ERIN HANNIGAN, Chairwoman
Solano County Board of Supervisors

c: Senator Jim Beall, District 15
Assemblymember Jim Frazier, District 11
Assemblymember Cecilia Aguiar-Curry, District 4
Chief Clerk of the Assembly, E. Dotson Wilson
Tam Ma, Senior Advisor to the Governor
Board of State and Community Corrections

Senator Bill Dodd, District 3
Senator Mike McGuire, District 2
Assemblymember Tim Grayson, District 14
Joint Legislative Budget Committee
State Legislative Counsel
Clerk of the Board of Supervisors

Enclosure

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Executive Summary of Report Contents:

Solano County delivered the new 46,000 s.f. Rourk Vocational Training Center in Fairfield using best value selection procedures. The construction contract amount, awarded to Hensel Phelps Construction Company, was \$18,500,000. No written protests were received concerning the solicitation, bid, or award for the project.

A two-part prequalification process was used 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 condition, labor compliance, relevant experience and safety record. The SOQ score was combined with the subsequent bid proposal score to arrive at a total best value score for each pre-qualified General Contractor.

Criteria used to evaluate the subsequent bid proposals included: Project team qualifications, project approach/management, schedule plan, local labor and business participation plan and additional enhancements to the project. 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 – 75
- Local Participation – 75
- Enhancements, Owner- and Contractor-proposed – 280 (price component)

Total Quality Points – 1,080

The bid evaluation methodology proved effective, evidenced by the high quality of General Contracting firms attracted to propose, compliance of the contractors with requirements, low number of requests for clarification, consistent scoring of proposals, added value from Owner-identified and Contractor-proposed project enhancements included with the bid proposals, and absence of protest from proposing Contractors regarding the overall bid and award process.

Best value procedures proved effective overall, demonstrated by the high qualifications of the selected project construction personnel, their proactive recruitment of local labor and business, compliance with Project Labor Agreement requirements, attention to jobsite safety and overall high quality of completed work.

The original construction contract was for \$18,500,000. The final amount was \$20,173,466 - a 9% cost increase required to remedy errors and omissions (E&O) in the construction documents, compensate the General Contractor for schedule delay and for additional owner-requested items. The increases in construction costs were not a direct consequence of having used best value procedures. 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 project costs and delays while providing a quality product.

Introduction

During the pilot program reporting period, Solano County successfully delivered the new 46,000 s.f. Rourk Vocational Training Center project in Fairfield, California, using best value procurement as authorized by Public Contract Code (PCC) 20155 et seq. Major financing for this project was provided by the Board of State and Community Corrections under SB1022, with a matching contribution from Solano County.

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The County received the Certificate of Occupancy for the project from the State Fire Marshal and from the Local Building Official on December 27, 2018. The County began instruction in the new facility on March 20, 2019. Final construction close-out paperwork was completed over spring 2019, with the final Notice of Completion approved by the Solano County Board of Supervisors on June 25, 2019.

A description of the new Rourk Vocational Training Center project and associated best value delivery procedure conducted by Solano County, as required by Section 20155.7 of the Public Contract Code, follows.

Description of project awarded using the best value procedures:

The Rourk Vocational Training Center (RVTC) project houses programs that establish and/or expand rehabilitation programs for adult offenders, equips offenders with effective life skills and prepares offenders for productive employment in order to reduce the recidivism rate among Solano County's incarcerated population.

RVTC was 90% funded by the State of California under the supervision of the Board of State and Community Corrections per authorizing Senate Bill 1022, with a corresponding 10% match from Solano County. Solano County's Board of Supervisors approved the final Notice of Completion for the project on June 25, 2019.

The project was constructed on 3.83 acres of County-owned land near Clay Bank Road in Fairfield, CA. The scope of the SB1022-financed RVTC project consists of approximately 46,000 square-feet of new construction for two buildings – a four-classroom and administration building of approximately 10,000 square feet of Type IIA construction, a high-bay vocational training building of approximately 36,000 square feet of Type IIB construction with eight separate shops and shared instructional rooms, and associated site improvements including new water, sewer, storm drain, electricity, telephone/data and natural gas connections serving the new training center.

Both buildings have a rigid steel-frame primary structure over slab on grade with deep concrete footings. Exteriors have metal roofing and wall cladding with aluminum window systems. Polished concrete masonry block wainscots to 36" above grade around the exterior of the building and provides durable protection from equipment and operations damage. Interior wall construction is of steel studs faced with standard wall board in the classroom and administration areas, while the vocational shop walls and ceilings are faced in exposed insulated metal panel or protective plywood, giving the shops a "light industrial" feel.

Heating and cooling is provided via Variable Refrigerant Flow technology offering targeted zone control in the classrooms and administration areas, while space heaters are used in the larger vocational shops. PG&E electrical power is augmented by on-site rooftop solar. The buildings are fully fire-sprinklered and alarmed. Facility security is monitored from a central control booth in the classroom building by Sheriff's staff via security cameras and operable security door controls throughout the facility.

Classrooms and shops are furnished with corresponding equipment and tools; large flat screen instructional wall monitors, individual instructional computers in the computer classroom, laboratory-grade countertops and fume hood in the life science classroom, vocational equipment for plumbing, electrical/green technology, carpentry, sheet metal working, welding and automotive and diesel engine repair in the shops. An exterior tarmac area allows for commercial truck driver education and training. A new security fence was erected along the perimeter of the site.

The project utilizes energy-efficient design approaches and is expected to achieve LEED™ Silver certification, with final certification from the US Green Building Council (USGBC) now pending.

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Contract award amount:

On January 10, 2017, the Solano County Board of Supervisors authorized the Department of General Services to request bid proposals from pre-qualified contractors for the construction of the SB1022-financed RVTC Project ("Project") under Best Value procurement consistent with PCC Section 20155-20155.9, based on project documents prepared by Kitchell Engineering and Architectural Services. The process was administered by County staff, with support from consulting construction management firm Gilbane Building Company. Of six firms submitting Statements of Qualifications, four met the prequalification criteria. Subsequently, these four firms submitted bid proposals that were duly evaluated. On April 11, 2017, the Board adopted a resolution to make necessary findings under Best Value procurement and conditionally awarded a contract to Hensel Phelps Construction Co. to construct the Project (conditioned upon subsequent approval by Board of State and Community Corrections, which was obtained).

The original construction contract award amount to Hensel Phelps Construction Company was \$18,500,000.

Best value contractor awarded the project:

The best value General Contractor awarded the project was Hensel Phelps Construction Company of Greeley, Colorado – Northern California District, San Jose.

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 RVTC project.

Description of the prequalification process:

On October 4, 2016, the Solano County Board of Supervisors authorized the "best value" method of procurement for the ("SB1022") RVTC project.

Solicitation – RFQ

Thereafter, on October 17, 2016, 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 October 20, 2016, a mandatory meeting attended by eight firms potentially interested in submitting a Statement of Qualifications (SOQ) for the RVTC 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.

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 October 17, 2016, with six SOQs received by November 17, 2016. Each part of the SOQ was evaluated by a commensurately qualified multi-disciplinary team of County staff, County consultants and volunteers, including a retired California State Department of General Services Director, using pre-established evaluation criteria published in the RFQ notice, including:

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

A total of six SOQs were received and evaluated by a sub-committee comprised of members of the SB1022 Project Steering Committee. Firms submitting SOQs included:

- DPR Construction
- Flint Builders, Inc.
- Hensel Phelps Construction Company
- Otto Construction
- Overaa Construction
- Thompson Builders Corp.

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 RVTG Project identified:

- Firm Profile
- Location of the office that will be responsible for the implementation of the Project

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- 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/Vocational 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
- Special systems that have similarities to this project such as advanced security systems, vocational shops, classrooms and jail aspects
- Initial contract amount and the final contract value
- Client reference and contact information for each project submitted

Safety Record:

- Current Safety record for the General Contractor (EMR)
- Industry recognition received for Safety excellence
- Alliance agreements with CalOSHA and describe the relationship and how it has improved safety on the projects
- CalOSHA citations at the level of willful, serious and/or repeat within the last 7 years
- CalOSHA citations received at any level and provide the specifics
- Standard Safety Plan elements that exceed CalOSHA requirements, if any please describe
- Corporate programs designed to enhance safety on the project and how they are resulting in increased safety results

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 \$50,000
- Detailed information describing the loss or damages being alleged

Evaluation outcome

The evaluation process resulted in a determination that four of six responding firms – DPR Construction, Hensel Phelps Construction Co., Otto Construction and Overaa Construction – 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

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On January 27, 2017, Solano County issued a Request for Proposals (RFP) to the four previously identified pre-qualified General Contractors, with proposals due March 9, 2017. The RFP included detailed information on the project scope, construction budget (a stipulated sum of \$18,500,000), Project Labor Agreement requirements, other County project delivery requirements including attending pre-proposal conference and local sub-contractor vendor outreach goals, 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

Enhancements to the Project - (price component of best value)

- Completed Enhancement Form

Evaluation process, weighting

The County performed a preliminary review of proposals received to identify any obviously defective proposals. All proposals from General Contractors which remained were then forwarded to the Evaluation Committee, comprised of qualified individuals selected by the County. In evaluating proposals, the Committee considered the information provided in each General Contractor's proposal, including compliance with the prescribed requirements and such other data as requested in the RFP. The Committee evaluated each Contractor's entire proposal response, considering each of the main criteria, except that Enhancements to the project were submitted to, evaluated and scored by a separate sub-committee so that any Contractor-proposed Enhancements beyond those identified for inclusion by the Owner would not unduly sway the Evaluation

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Committee's scoring of the other qualitative criteria. The Evaluation Committee then assigned the total quality point value, including the separately determined points for Enhancements, to each item up to a maximum:

- Statement of Qualifications Score – 350
- Project Team Qualifications – 150
- Project Approach/Management – 150
- Schedule Plan – 75
- Local Participation – 75
- Enhancements (both Owner- and Contractor-proposed) – 280

Total Quality Points – 1,080

Enhancements to the project

To demonstrate best value for the Project and the County, Proposers were encouraged to include enhancements to the project in their proposal, within the stipulated sum maximum price. The County had identified twenty-six potential enhancements to the base project scope and ranked them per County stakeholder priorities.

These Owner-Identified Enhancements were listed on the project drawings in four priority groups with corresponding points available: Outstanding, Significant, Moderate and Exceptional.

Examples of County-identified enhancements included additional infrastructure for future internet connectivity, additional intercoms, door card readers and CCTV cameras, vocational training equipment, roll-up door security grilles at the vocational shops, main entrance canopy, ballistic-grade glazing, metal detectors and additional shop storage mezzanines.

The County also encouraged proposers to develop their own enhancement suggestions for consideration as General Contractor's Additional Proposed Enhancements. A maximum of five additional enhancements were considered. Proposing Contractors were required to submit a narrative description of each enhancement, its benefits to the County, estimated value of the enhancement and a cost/benefit analysis if applicable.

Evaluation outcome

Of the four proposals evaluated, Hensel Phelps Construction Company's received the highest overall best value score based on the strength of the proposal, inclusion of all owner-identified enhancements and additional value-added Contractor-proposed enhancements to the project. The winning proposal included all twenty-six County-identified enhancements and five additional enhancements provided by the Contractor including reel-mounted LED shop lights and heavy-duty storage shelving in the vocational instruction bays, higher-grade casework in classrooms and shops, durable epoxy floor coatings and enhanced warranty period tracking and response. The Evaluation Committee recommended award of the construction contract to Hensel Phelps Construction Company, approved by the Solano County Board of Supervisors on April 11, 2017.

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

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- Consistent scoring of Contractor submittals among the Evaluators
- Best value provided to County (and State) in the form of Owner-Identified Enhancements to the project and additional Contractor-Proposed Enhancements
- 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

For the completed RVTC, the best value procedure has proven to be an effective project delivery method for Solano County, evidenced by:

- PCC Section 20155 allowing construction documents to be fully 100% complete before bidding, which was desired for this specialized, more complex project over which the County wished to retain a higher level of design control, as compare with e.g. a Design-Build best value delivery approach in which the responsibility for project design is assigned to the design-build contractor's team based on concept-level documents provided by the County
- 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
 - Proactive recruitment by Hensel Phelps of local labor and business participation
 - Willing compliance of Hensel Phelps with Project Labor Agreement requirements and dispute resolution protocol
 - Diligent attention to jobsite safety
 - Overall high quality of completed work

Notably, the more collaborative attitude with which Hensel Phelps approached the project and County stakeholders via the best value methodology contrasted with the too-often more adversarial relationship between owner and contractor encountered in a low-bid project delivery scenario. With the Rourk Vocational Training Center project, Hensel Phelps' proactive identification of errors and omissions in the design documents allowed resolution of issues in advance of the point at which schedule impacts would have occurred, instances of which might otherwise have been targeted for exploitation in a low-bid project delivery scenario.

Additionally, General Contractor Hensel Phelps' proactive re-sequencing of work efforts mitigated delay damages to the project from two significant unforeseeable circumstances – a significant civil engineering design error discovered early in the construction phase that resulted in a delay of seven weeks in the summer of 2017, and a subsequent eleven week delay in obtaining critical deferred submittal approval from the State Fire Marshal during active construction in the fall and winter of 2017-18.

As a result of the demonstrated collaborative, proactive team approach engendered by Solano County's experience with best value project delivery methodology for the RVTC, Solano County would consider best value procurement for delivery of appropriate future projects.

Project budget and final cost

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The original project budget was \$26.25M. This amount included the estimated construction cost as well as allowances for all other "soft costs" associated with the project's delivery and outfitting (e.g., professional architectural and engineering fees, environmental review, insurance, construction permit fees, professional construction management fees, County project administration, Sheriff's transition team staff time, testing and special inspections, utility hook-up fees, equipment and furnishings, and final audit). It also included a non-cash value of \$1.08M for the County land upon which the facility is constructed. The final project cost was \$25,720,099 (or \$26,800,099 including non-cash land value) representing increases via approved change orders to remedy errors or omissions in the construction documents, compensate for unanticipated construction schedule delays, or to add owner-requested items to the project.

Of the overall project budget, the line-item construction budget was \$19,400,000. At the time of bidding, \$900,000 was reserved as contingency and the best value bid solicitation issued with \$18,500,000 stipulated as the total sum for all project construction including any enhancements.

Construction delays, cost increases

The original construction contract amount at the time of award was \$18,500,000. The final contract amount at project completion was \$20,173,466, an increase of 9% over the original amount. This increased amount included costs for remedying errors and omissions in the architect-produced construction documents as well as for owner-requested additional scope items paid out of contingency. Cost increases due to errors and omissions in the construction documents for the project totaled \$1,336,264 – 7.2% over the original contract amount. Of this, \$803,550, or 4.3%, was for rework and delay costs associated with a single civil engineering design error discovered early in construction that resulted in a delay of seven weeks in the summer of 2017. Owner-requested items totaled \$337,202, or 1.8% of the total 9% beyond the original contract amount.

A further \$500,000 in construction cost to the project (2.7% over original contract amount), and settled separately with the General Contractor, resulted from longer review and approval times than originally represented by the State Fire Marshal (SFM) of critical structural documents submitted during active construction. Total additional project cost related to the longer review time, including direct construction delay cost and additional construction management/project administration was \$803,000. A post-construction debrief was held in early 2019 by County project staff with SFM management representatives, conclusions from which may allow the SFM to improve approval processes for future projects supported by State financing.

The increases in construction costs were not a direct 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.