

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Central Services	(2) MEETING DATE 4/12/2016	(3) CONTACT/PHONE Dave Flynn, Public Works, 781-4463 Cody Van Dorn, Central Services 781-5059	
(4) SUBJECT Request to approve pilot design build project delivery method for the new Animal Services Facility and Co-located Dispatch Facility at the County Operations Center. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board 1) Adopt an Organizational Conflict of Interest Policy, 2) Authorize a pilot design build project delivery method for the new Animal Services Facility at the County Operations Center, and 3) Authorize a pilot design build project delivery method for the Co-located Dispatch Facility at the County Operations Center. All Districts.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 min</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 07/22/08, 08/05/08, 10/07/08, 12/14/10, 01/07/14, 04/07/15 _____	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Central Services / Cody Van Dorn, Department Administrator / 781-5059
Public Works / Dave Flynn, Deputy Director / 781-4463

VIA: Will Clemens, Director of Central Services
Wade Horton, Director of Public Works

DATE: 4/12/2016

SUBJECT: Request to approve pilot design build project delivery method for the new Animal Services Facility and Co-located Dispatch Facility at the County Operations Center. All Districts.

RECOMMENDATION

It is recommended that the Board 1) Adopt an Organizational Conflict of Interest Policy, 2) Authorize a pilot design build project delivery method for the new Animal Services Facility at the County Operations Center, and 3) Authorize a pilot design build project delivery method for the Co-located Dispatch Facility at the County Operations Center. All Districts.

DISCUSSION

Historically the County has used the Design-Bid-Build project delivery method when awarding public works construction contracts (Public Contract Code §20100, et seq.). Under this method of project delivery, complete design and final construction documents are prepared by in-house design staff or consultants, and a contractor is hired for construction through a formal or informal bid process. As a result, the County may assume a substantial portion of the risk associated with the quality and completeness of the design and construction documents and with corresponding responsibility to resolve issues as they arise during construction. The nature of roles and responsibilities of a consultant designer, the County and the Contractor for delivery of a construction contract under Design-Bid-Build can, at times, be contentious which may lead to delays, cost overruns and quality acceptance issues. As an alternative, County staff has explored using alternative project delivery methods, such as Design-Build for certain upcoming capital projects which may be a good fit for this project delivery method.

Alternative project delivery methods, such as Design-Build, have been used successfully in California in the private sector, and have had increased use in public sector since the approval of a 2014 legislature update of the design-build authority for public agencies. (SB 785, Public Contract Code 22160-22169). This legislation created a single statute applicable to "local agencies," making implementation of the Design-Build project delivery method more practical. Under the legislation, projects valued over \$ 1 million may be pursued as Design-Build.

A summary of both delivery methods is included in the attachment.

Agencies such as San Diego, Placer, Sacramento and Solano Counties have completed recent design build projects, achieving successful project outcomes, and describe a variety of benefits and some disadvantages over the traditional Design-Bid-Build approach. Typically, these are for projects valued over \$5 million. The benefits of using Design-Build for projects which are suited for such method of project delivery include:

- Greater flexibility in the contract award process.
- A single point of accountability (eliminates contentious issues between designer and contractor).

- Higher quality construction work.
- Fewer change orders or claims.
- Faster project completion.
- Lower project cost.
- More opportunity for innovation

Potential disadvantages include:

- Reduced control over content of final construction plans and specification
- Requires the agency to have well defined prequalification process and requirements in order to ensure expectations of final facility are met
- Compliance with subcontracting requirements. Since plans are less developed, subcontractor arrangements under selection process require additional definition.

Under Design-Build, the owner contracts with a single entity to both design and construct a project. Before inviting Design-Bid firms to propose on a project, the owner prepares “bridging documents” that describe the basic concept of the project, as opposed to preparing a complete set of final drawings and specifications for the project as would be required under Design-Bid-Build. Prior to requesting proposals, a request for qualifications (RFQ) process is conducted to pre-qualify or shortlist Design-Bid firms. In the proposal phase, the owner solicits proposals from short-listed firms (typically the three highest ranking firms) and then evaluates the proposals on a best-value basis, incorporating which may include such factors as design quality and project completion schedule, in addition to price. The successful "Design-Build entity," which can be a single firm, a consortium, or a joint venture, is responsible for completing the design and all construction at the contract's fixed price

The County must follow a six-step design-build method:

Tasks/Element	Work Performed By
Adopt guidelines for a standard organizational conflict-of-interest policy	Staff/Board
Prepare documents describing the project and its specifications.	Master Architect
Prepare a detailed request for qualifications	Staff
Prepare a detailed request for proposals, inviting competitive bids from prequalified firms.	Construction Manager (CM)
Establish a detailed procedure to pre-qualify design-build entities.	Staff/CM
Establish the procedures to select the design-build entity.	Staff/CM

As the County would be engaging firms or contractors to assist in the planning and development of the Design-Build documents listed above, it is necessary to bar these firms and contractors from competing on the subsequent contracts as they would have a competitive advantage. An adoption of an organizational conflict of interest policy clarifies a Consultant's or Contractor's existing or past activities, business or financial interests, familial relationships, contractual relationships, or organizational structure (e.g., parent, entities, subsidiaries, affiliates). The attached conflict of interest policy would be utilized by staff in contract requirements to pursue Design-Build in a fair and manageable process. When awarding contracts, the county must select the design-build entity by using either a competitive bidding process in which the award goes to the lowest responsible bidder, or a "best value competition" in which the officials set the criteria. If officials choose to evaluate bids based on “best-value,” they must minimally include the following three factors:

- Price.
- Technical design and construction expertise.
- Life cycle costs over 15 years or more.

We would recommend that a “best value” approach be utilized in selecting a final firm. Under SB 785, a requirement for utilization of skilled labor on design build project was established. By the year January 2017, a minimum of 40% of the work must be done by skilled labor. “Skilled labor” would provide for the bidder having an agreement with all sub-contractors, at every tier, to meet apprenticeship program standards or sufficient on the job training, as approved by the Division of Apprenticeship Standards. As part of the proposals, firms will need to submit evidence of such compliance

with the skilled labor requirement applicable at the time of submittal of bids. While there may be a significant share of labor drawn from local resources, there is no legal policy or requirement which can be mandated to establish a minimum level of local labor.

The County must rank the top three responsive bidders and award the contract to the bidder whose proposal was ranked "most advantageous.", while providing a basis for the award. Further, the design-build best value provides the option of using stipends. The use of stipends partially off-sets the costs for the two pre-qualified firms who are not awarded the contract and allows the County to retain ownership of the proposed design. Stipends would typically range in cost from \$25,000- \$75,000 depending on the magnitude of the proposal effort. Use of stipends in the Design-Build proposal process is also recommended.

It is staff's recommendation that the County pursue pilot projects using the design-build project delivery method for both the Animal Services Facility and Co-Located Dispatch Facility. Since both projects are in the early design phase and are expected to run above \$10 million, staff has determined that the use of Design-Build will result in a quality facility and provide for a more expedited project delivery, and that the use of a Design-Build approach for these projects should result in reduced staff time, consultant costs and County risk. It is expected that the County can provide well defined requirements, through working with the requesting Departments for each facility which will support the delivery through a Design-Build approach.

In order to advance the development of Design-Build packages for the Animal Services Facility and co-located Dispatch Facility, it is recommended that Construction Management (CM) firms be engaged for each project. The CM firms would then be tasked with oversight of the Design-Build process from beginning to end. Selection of these CM firms would be based on previous experience on Design-Build and would provide the County with the proper resource in moving forward with these pilot projects.

The attached schedule provides a generic overview on the tasks and timeline expected in implementing the Animal Shelter and Co-Located projects under Design-Build.

OTHER AGENCY INVOLVEMENT/IMPACT

The Central Services Department is bringing this item to the Board on behalf of both the Central Services and Public Works Departments. County Counsel has reviewed the attached Conflict of Interest policy and will be engaged in subsequent actions for Design-Build contracting.

FINANCIAL CONSIDERATIONS

There is no direct cost in adoption of the Conflict of Interest Policy. Initiation of Design-Build for the Animal Shelter is budgeted under WBS 320021 which was initially set up for remodeling of the existing facility. The project has funding balance of \$640,077 remaining which will support costs related to Construction Management contract and initiation of documents under a Master Architect. It is anticipated that the budget will be supplemented mid-year in FY 2016-17 to address expected costs of project development and construction activities. The preliminary estimated project cost range for the Animal Services Facility is \$12 to \$15 million.

The Co-Located Dispatch Facility is budgeted under 320061 which was established for preliminary project planning. The project fund balance of \$147,257 will be insufficient to cover Design-Build development. It is anticipated that the budget will be supplemented mid-year in FY 2016-17 to address expected costs of project development and construction activities. The preliminary estimated project cost range for the Co-located Dispatch Facility is \$11 to \$14 million.

RESULTS

Establishment of this policy and direction will lead to the development of two key public facilities which will result in a safe, healthy and well-governed community.

ATTACHMENTS

1. Organizational Conflict of Interest
2. Design-Build vs. Design-Bid-Build Workflow
3. Tentative Schedule for Animal Shelter Project Delivery
4. Site Map – Animal Services Facility
5. Site Map – Co-Located Dispatch Facility