



AGENDA COVER MEMO

Memorandum Date: May 22, 2024

Order Date: June 4, 2024

TO: Board of County Commissioners

DEPARTMENT: County Administration Operations

PRESENTED BY: David Ward, Capital Planning & Facilities Manager

AGENDA ITEM TITLE: WORK SESSION/ In the Matter of Reporting on Future Impacts of the Community Benefit Bidding Program per Board Assignment Dated 3/21/2023

I. MOTION

Not Applicable.

II. AGENDA ITEM SUMMARY

The purpose of this work session is to report back to the Board of County Commissioners staff findings regarding the County's Community Benefit Bidding Program and the impact of inflation on the projects that the program applies to.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The 2018-2021 Lane County Strategic Plan identifies the key initiative of a Community Benefits framework for Capital Projects with a goal to utilize a Community Benefits Agreement (CBA) for the Lane County Courthouse Project. Because the Courthouse bond did not pass, the project was placed on hold. In August 2020, staff began researching how to apply the CBA process to the list of Lane County capital building construction projects.

It was determined, at that time, that to achieve the Community Benefits on capital building construction projects for the County, applicable procurement policy and statute allowed an alternative to a CBA for delivering similar local impacts on smaller capital projects by using a prequalification procedure prior to project bidding, which staff has called the Community Benefits Bidding (CBB) program.

Staff compiled a proposed pilot program for County capital building construction projects that were \$1,000,000 and above would require prospective bidders to prequalify and certify that they met certain criteria specific to local impact requirements such as living wages, full family health coverage with no cost share,

and a State approved apprenticeship program.

The Board discussed the CBB program concept at the September 29, 2020 Board of County Commissioners' meeting and the Board approved program implementation on October 20, 2020 under Board Order 20-10-20-06.

The Board expanded the CBB program on April 12, 2022 under Board Order 22-04-12-04, which included lowering the threshold on capital building construction projects from \$1,000,000 to \$500,000, adding diversity goals, and establishing disqualification criteria for contractors that fail to comply with their obligations under the CBB program.

At the Board's request, staff reported back to the Board on March 21, 2023, the results of a cost feasibility study of the CBB program to gain an accurate understanding of continued viability and how it affects the best use of project dollars. The four elements that staff were to analyze include:

- Cost comparison of projects past and future
- Verification of apprenticeships and job training
- Verification of full insurance requirements
- Future impacts of the FY23-24 budget year, including inflationary models of overall costs.

At the March 21, 2023 Board of County Commissioners meeting the Board requested additional information at a forthcoming work session to review future impacts of the CBB program and the possibility of raising the minimum limit to a more realistic limit or one that would entail a smaller project purview to reflect the current inflationary standards.

B. Policy Issues

Lane Manual Chapter 20 and ORS 279 guide staff on procurement and contracting for Capital projects and permit the use of a CBB program with prequalification for bidding based, in part, on capacity for prospective bidders to meet County-identified local impact goals.

C. Board Goals

The Lane County 2022-2024 Strategic plan Strategic Priority #3: Robust Infrastructure:

- Maintain and invest in resilient infrastructure that creates the highest return for safety, community connectivity, enjoyment of life, and local economic success.

D. Financial and/or Resource Considerations

Informational item only.

E. Health Implications

Promoting living wage jobs and family health benefits on Capital projects have a

positive impact on local health-related concerns. Support for apprenticeship programs helps to develop the local construction trades workforce.

F. Analysis

The CBB program is currently in its fourth year. Over the last four years the County has averaged approximately 63 prequalified contractors, most of which resubmitted their qualifications to the program after their initial two-year terms expired. To date there have been 11 projects that qualified for the CBB program.

The Board elected to change the CBB program threshold from the original amount established in 2020 of \$1M to \$500k in April 2022. According to the Mortenson Cost Index (attached), inflationary pressure on construction costs in our area (Portland) increased 42% during the same time period and has leveled off since.

Staff Observations

Staff have observed that as projects become larger or more involved, who bids on the projects changes. As an example- large contractors often will not bid on smaller projects because they specialize in more complex projects that may take multiple years to complete or are of considerable cost (i.e. new Stabilization Center). As compared to medium sized contractors that tend to bid on less costly projects (\$400k-\$1.3M) that can be completed within months. Comparatively, some smaller contractors might be interested in projects \$200k to ~ \$700k that can be completed within a month and are less complex.

In addition, the CBB program currently requires certain First-Tier Subcontractors trades to meet CBB requirements to be considered an eligible subcontractor for CBB projects. A First-Tier Subcontractor is defined in Oregon Statute as a contractor that holds a sub-contract worth 5% of the overall bid or \$15,000, whichever is greater. For projects estimated at \$500k this equates to a sub-contract worth \$25k.

While lowering the CBB threshold has the potential to encourage contractors to take steps to become qualified, having too low of threshold can result in smaller contractors/subcontractors not being able to compete for projects that they are capable of performing, albeit not able to qualify for the CBB program based on a current lack of resources to meet the CBB requirements.

IV. RECOMMENDATION

Staff do not have any recommended changes to the policy.

V. TIMING/IMPLEMENTATION

Not Applicable.

VI. FOLLOW-UP

Not Applicable.

VII. ATTACHMENTS

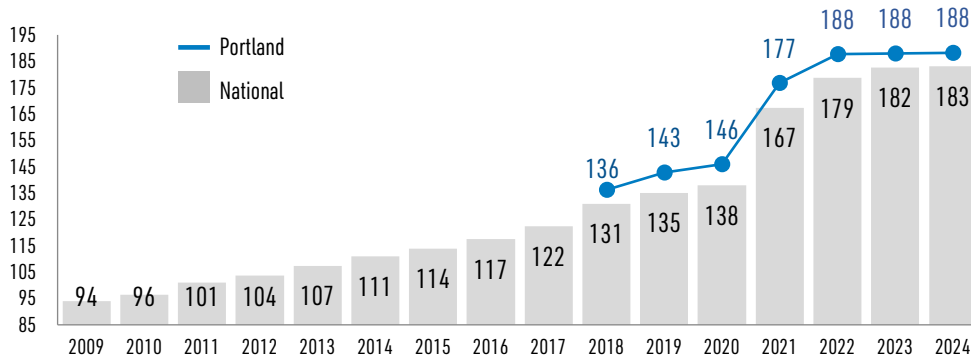
Mortenson Construction Cost Index for the Portland Area Q1 2024
County Capital Improvement Projects January 2020- April 2024

COST INDEX

PORTLAND Q1 2024

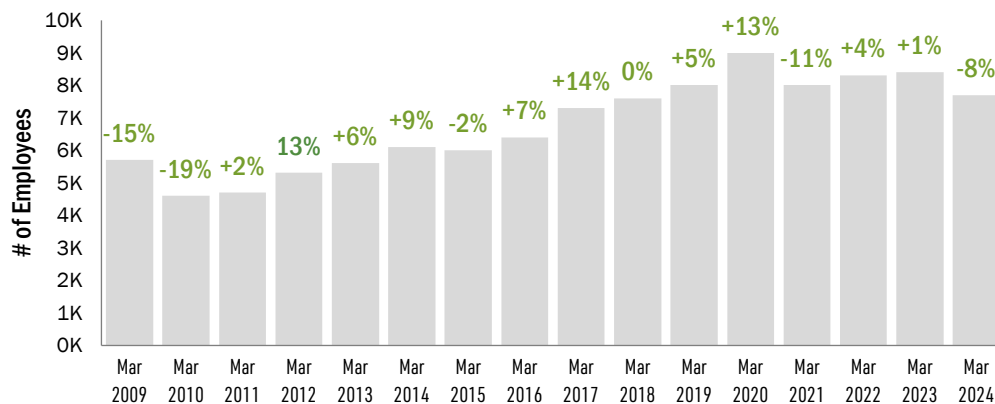


CONSTRUCTION COST INDEX (January 2009 = 100)



Nationally, the Mortenson Cost Index increased by 0.34% for the 1st quarter 2024, a 1.9% increase over the previous twelve months. Costs in Portland were flat in the most recent quarter and increased 0.3% over the last twelve months.

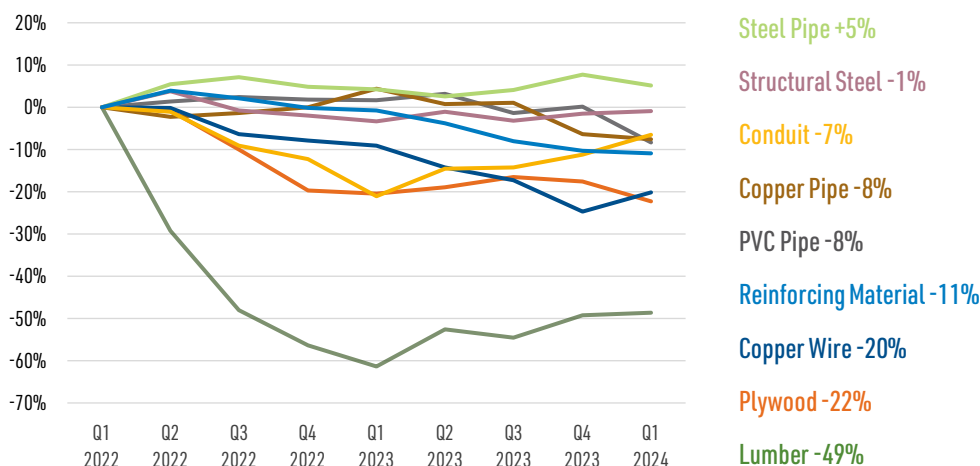
PORTLAND CONSTRUCTION EMPLOYMENT (Number of Employees and 12-Month Change)



Nonresidential construction employment in the Portland metro region totaled 7,700 in March 2024. This is a decline of 8% (700 workers) compared to March 2023. The cost and procurement of labor is a persistent industry challenge.

Source: Bureau of Labor Statistics
Portland-Vancouver-Hillsboro, OR-WA - Nonresidential Building Construction

MATERIAL PRICING CHANGES (Cumulative Q1 2022 to Q1 2024)



Prices for commodity-based materials are reported to be mostly stable, although MEP (mechanical, electrical, and plumbing) scopes continue to show material and equipment pricing volatility.

Public Improvement Projects CY2020-2024

Project	Bid Date	Construction Contract \$	CBB Applied	Contract/NTP Date	Comments
LCAC Re-Roof Phase 1	1/13/2020	\$889,333		3/11/2020	Project bid prior to CBB implementation
Public Works Building A Re-Roof	3/5/2020	\$46,000		4/24/2020	
Elections Security Upgrades	N/A	\$283,669		7/23/2020	Project completed under McKenzie Commercial On-call contract #54404, WA 2020.38 (Service Counter), and Ryan Thomas Construction On-call contract #54410 WA 2020.39
LCAC Elevator Modernization	4/23/2020	\$900,810		9/17/2020	CBB not applied due to threshold being \$1M at the time of soliciting offers
PSB Tech Services Remodel	9/24/2020	\$2,000,000		10/12/2020	Project bid prior to CBB implementation
Parole & Probation Renovation (includes Dental)	1/21/2021	\$5,025,634	Yes	2/2/2021	
Developmental Disabilities Office Building	2/11/2021	\$10,367,340	Yes	2/22/2021	Includes separate Armory demo contract
Courthouse Elevator Modernization	3/10/2021	\$977,489		5/20/2021	CBB not applied due to threshold being \$1M at the time of soliciting offers
Juvenile Justice Center Pod 2 Waterproofing	N/A	\$51,866		5/20/2021	Project completed under McKenzie Commercial On-call contract #54404, WA 2021.41
Harris Hall Ballistic Improvements	N/A	\$13,286		7/27/2021	Project completed under Ryan Thomas Construction On-call contract #54410, WA 2021.71
Harris Hall HVAC Upgrade	7/22/2021	\$1,078,800	Yes	8/10/2021	
Juvenile Justice Center Pod 2 Re-Paint	9/22/2021	\$192,841		10/13/2021	
PSB Parking Lot Security	9/14/2021	\$253,133		10/13/2021	
Navigation Center	10/19/2021	\$3,540,225	Yes	11/9/2021	
LCAC North Stair	5/17/2022	\$377,958		6/8/2022	
PSB 2nd Floor North Reconfiguration	11/1/2022	\$143,431		12/2/2022	
Behavioral Health Air Handling Unit Housings	N/A	\$159,439		1/24/2023	No competitive bids. Offered to three potential contractors and only FM Sheetmetal was interested
Behavioral Health Site Improvements	12/9/2022	\$239,700		1/26/2023	
Juvenile Justice Center Controls Upgrade	1/26/2023	\$1,448,800	Yes	3/17/2023	
Juvenile Justice Center Pod 3 Training Room	N/A	\$96,921		4/12/2023	Project completed under Bridgeway Contracting On-call contract #56859, WA(OC) 2023.04
Courthouse Law Library Renovation	N/A	\$98,937		4/18/2023	Project completed under Bridgeway Contracting On-call contract #56859, WA(OC) 2023.19
PSB CAO Ballistic Wall	N/A	\$29,664		4/20/2023	Project completed under Ryan Thomas Construction On-call contract #56868, WA(OC) 2023.06
Courthouse Main Entry Doors	N/A	\$79,586		8/30/2023	Project completed under McKenzie Commercial On-call contract #56864, WA(OC) 2023.16
Courtroom Digital Mod (ARPA)	5/16/2023	\$640,621	Yes	10/20/2023	
Behavioral Health Lobby Remodel	4/25/2023	\$728,137	Yes	10/23/2023	
PSB-CTH ADA Access (Chairlift)	6/27/2023	\$32,955		10/26/2023	No competitive bids. Offered to four potential vendors and only All-In-One Mobility was interested
LCAC Re-Roof Phase 2	9/14/2023	\$1,421,788	Yes	11/3/2023	
South Lane Clinic	8/22/2023	\$4,139,000	Yes	11/6/2023	
PSB Lot EV Charging Stations (Ameresco)	N/A	\$126,795		11/16/2023	Project to be completed under Ameresco contract #57900
LCAC Electronic Upgrades (ARPA)	9/12/2023	\$12,278,500	Yes	12/8/2023	
Courthouse DA Wall Demo	N/A	\$12,472		1/5/2024	Project completed under Chambers Construction On-call contract #56862, WA(OC) 2024.02
Pearl Street Lot Paving	5/7/2021	\$1,064,000	Yes	6/7/2024	
PSB Generator Replacement	N/A	Pending		Pending	