

# **DRAFT FINDINGS FOR EXEMPTION FROM COMPETITIVE BIDDING**

City of Lebanon Oregon

For Proposed

## **Wastewater Treatment Plant Biosolids Improvements Project No. 26704**

Linn County

May 2026



## **INTRODUCTION**

Oregon Revised Statute (ORS) 279C.300 requires public improvement contracts to be procured through competitive bidding unless an exception or exemption applies pursuant to ORS 279C.335. Under ORS 279C.335, the City of Lebanon Local Contract Review Board may exempt a public improvement contract from competitive bidding upon approval of the following findings:

1. The exemption is unlikely to encourage favoritism in the award of public improvement contracts or to substantially diminish competition; and
2. Awarding the contract pursuant to the exemption is likely to result in substantial cost savings and other substantial benefits to the City.

In making the determination required under ORS 279C.335(2)(b), the Local Contract Review Board must consider the type, cost, and size of the contract and, to the extent applicable, the factors identified in ORS 279C.335(2)(b)(A) through (N).

This document presents the findings and supporting information for the Local Contract Review Board's consideration in evaluating the exemption of the Wastewater Treatment Plant Biosolids Improvements Project from competitive bidding and authorizing use of the Construction Manager/General Contractor (CM/GC) project delivery method.

## **BACKGROUND**

The City of Lebanon's existing solids stream treatment process is outdated and lacks sufficient capacity to accommodate future regulatory requirements, operational demands, and projected population growth. Consistent with the City's 2025 Wastewater Facilities Plan, the City is proceeding with the Wastewater Treatment Plant Biosolids Improvements Project to modernize and expand the facility's biosolids treatment capabilities.

The project includes substantial upgrades to the solids thickening process, including installation of a new rotary drum thickener, polymer feed system, sludge feed pumping, and thickened sludge pumping systems. Improvements will also be made to the existing thickening building, including heating, ventilation, and air conditioning upgrades.

The project further includes development of new Class A biosolids facilities consisting of a belt-type thermal dryer housed within a new pre-engineered metal building, together with associated odor control, conveyance, and bagging systems. The existing digester will remain in service to provide partial stabilization of wastewater solids prior to drying. As part of the digester improvements, new blowers and a coarse bubble aeration system will replace the existing mechanical mixing and aeration system.

Additional project components include construction of new control and electrical buildings necessary to support the upgraded treatment processes and associated facility operations.

Due to the technical complexity of the work, the need to maintain ongoing wastewater treatment plant operations during construction, and the specialized nature of biosolids processing systems, the City has determined that the CM/GC project delivery method is in the City's best interest.

## **SUMMARY OF FINDINGS**

In accordance with ORS 279C.335, the City of Lebanon Local Contract Review Board must consider the following findings in determining whether to exempt the Wastewater Treatment Plant Biosolids Improvements Project from competitive bidding:

1. *The exemption is unlikely to encourage favoritism in the award of the public improvement contract or substantially diminish competition.*

**Analysis:** The City will procure the CM/GC through a competitive Request for Proposals (RFP) process publicly advertised in the *Daily Journal of Commerce* and on the City's website. The procurement is expected to attract multiple qualified firms with substantial experience in wastewater treatment plant construction and biosolids processing facilities.

The RFP will include clearly defined evaluation criteria, addressing qualifications, relevant project experience, staffing, project approach, safety performance, financial capacity, value engineering capabilities, constructability expertise, and proposed pricing. Proposals will be evaluated by City staff with assistance from the design engineer in accordance with the published criteria.

In addition, the CM/GC contract will require competitive procurement of subcontracted work in compliance with ORS 279C.337.

**Finding:** Based on the availability of qualified firms and the competitive procurement process proposed by the City, use of the CM/GC delivery method is unlikely to encourage favoritism or substantially diminish competition.

2. *Awarding a public improvement contract under the exemption will likely result in substantial cost savings and other substantial benefits to the City of Lebanon.*

**Analysis:** The project involves specialized wastewater treatment and biosolids processing improvements requiring a contractor with significant technical expertise and experience. The CM/GC delivery method will allow early contractor involvement during design and preconstruction, enabling the City to benefit from contractor-led value engineering, constructability analysis, cost estimating, scheduling input, and risk identification.

The collaborative CM/GC approach will allow the City, design engineer, and contractor to evaluate alternatives, optimize construction sequencing, minimize operational disruptions, and proactively address market conditions affecting materials, labor, and equipment procurement.

The City has successfully utilized the CM/GC delivery method on prior projects, including the New Water Treatment Plant, the Westside Interceptor Project, and currently the Cheadle Lake Park Improvements Project. These projects demonstrated the advantages of early collaboration, improved constructability, reduced project risk, and effective cost management.

**Finding:** The CM/GC delivery method is likely to result in substantial cost savings and other substantial benefits, including enhanced project coordination, improved risk management, reduced likelihood of claims and change orders, and more efficient project delivery.

#### **RESPONSE TO FACTORS IDENTIFIED IN ORS 279C.335(2)(b)**

In approving the findings under ORS 279C.335(2)(b), the Local Contract Review Board is required to consider the type, cost, and amount of the contract and, to the extent applicable, the factors identified in ORS 279C.335(2)(b)(A) through (N). The following information has been provided for the Board's consideration with respect to each applicable factor:

(A) *How many persons are available to bid:*

**Information considered by the Local Contract Review Board:** The City will conduct a competitive CM/GC procurement process through a publicly advertised Request for Proposals. Based on current market conditions and prior procurement experience, the City anticipates receiving proposals from multiple qualified firms with specialized wastewater treatment and biosolids facility experience.

Examples of firms that may be capable of performing the work include, but are not limited to:

- Slayden Constructors
- ORR Inc
- MWH Constructors
- Sundt Construction
- Mortenson Company
- IMCO Construction
- Hoffman Construction

(B) *The construction budget and the projected operating costs for the completed public improvement:*

**Information considered by the Local Contract Review Board:** The Engineer's Estimate places the total project cost between \$35,000,000 and \$45,000,000. Project funding is anticipated to include a \$2,000,000 State Lottery Grant, approximately \$22,000,000 from Wastewater Utility revenues and System Development Charge funds, and financing through the Clean Water State Revolving Fund (CWSRF) loan program.

Annual operation and maintenance costs associated with the completed improvements are projected to be approximately \$250,000 and will be incorporated into the City's annual wastewater utility budget.

The City has evaluated the anticipated project costs, long-term operational obligations, and available funding sources and has determined that the proposed improvements are financially supportable and consistent with the City's long-term wastewater infrastructure planning objectives.

(C) *Public Benefits that may result from granting the exemption:*

**Information considered by the Local Contract Review Board:** The CM/GC delivery method will provide substantial public benefit by allowing early collaboration between the City, design engineer, and contractor to evaluate constructability, material procurement, project sequencing, operational constraints, and cost-saving opportunities before construction begins.

(D) *Whether value engineering techniques may decrease the cost of the public improvement:*

**Information considered by the Local Contract Review Board:** The CM/GC delivery method will enable contractor-led value engineering during design and preconstruction phases using real-time market pricing and constructability analysis. Early contractor participation will assist the City in evaluating alternative materials, construction methods, sequencing, and equipment procurement strategies to optimize project value while maintaining project quality and performance objectives.

(E) *The cost and availability of specialized expertise that is necessary for the public improvement:*

**Information considered by the Local Contract Review Board:** The project requires specialized expertise in wastewater treatment plant construction and Class A biosolids processing systems. The CM/GC procurement process will allow the City to select a contractor with demonstrated technical qualifications, operational knowledge, and experience necessary to successfully complete the work.

(F) *Any likely increases in public safety:*

**Information considered by the Local Contract Review Board:** Construction activities will occur within an active wastewater treatment facility and will require careful coordination to protect both contractors and City staff. The CM/GC procurement process allows safety performance and experience on similar projects to be evaluated as part of contractor selection.

The collaborative nature of the CM/GC process also allows safety considerations to be incorporated early into project planning, construction sequencing, and operational coordination.

(G) *Whether granting the exemption may reduce risks to the contracting agency or the public that are related to the public improvement:*

**Information considered by the Local Contract Review Board:** The CM/GC delivery method promotes early collaboration among the City, design engineer, and contractor, allowing construction risks, operational impacts, and constructability issues to be identified and addressed during design. This approach is expected to reduce the likelihood of significant change orders, claims, schedule delays, and operational disruptions.

(H) *Whether granting the exemption will affect the sources of funding for the public improvement:*

**Information considered by the Local Contract Review Board:** The CM/GC project delivery method is authorized under Oregon law and is permitted by all identified funding sources, including State Lottery Grant funds, Wastewater Utility revenues, System Development Charges, and CWSRF financing.

(I) *Whether Granting the exemption will better enable the City to control the impact that market conditions may have of the cost of and the time necessary to complete the public improvements:*

**Information considered by the Local Contract Review Board:** The CM/GC method allows

early procurement planning and competitive solicitation of subcontractors, materials, and equipment, helping mitigate risks associated with market volatility, supply chain disruptions, and cost escalation.

- (J) *Whether granting the exemption will better enable the contracting agency to address the size and technical complexity of the public improvements:*

**Information considered by the Local Contract Review Board:** The project involves technically complex wastewater treatment and biosolids processing improvements requiring specialized construction expertise and significant coordination. The CM/GC procurement method enables the City to select a contractor with appropriate staffing, supervision, and technical capabilities necessary to successfully manage the project's complexity and operational constraints.

- (K) *Whether the public improvement involves new construction or renovates or remodels an existing structure:*

**Information considered by the Local Contract Review Board:** The project includes both renovation of existing wastewater treatment infrastructure and construction of new facilities and support systems.

- (L) *Whether the public improvement will be occupied or unoccupied during construction:*

**Information considered by the Local Contract Review Board:** Construction will occur within an active wastewater treatment plant that must remain operational throughout the project. Careful coordination and sequencing will therefore be required to maintain uninterrupted treatment operations during construction.

- (M) *Whether the public improvement will require a single phase of construction work or multiple phases of construction work to address specific project conditions:*

**Information considered by the Local Contract Review Board:** The project is anticipated to be constructed as a single coordinated phase; however, due to the complexity of the work and operational requirements of the facility, substantial sequencing and coordination will be necessary. The overall project duration, including predesign through closeout, is expected to be approximately four years.

- (N) *Whether the City has, or has retained under contract, and will use city personnel, consultants and legal counsel that have necessary expertise and substantial experience in alternative contracting methods to assist in developing the alternative contracting method that the City will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract.*

**Information considered by the Local Contract Review Board:** The City has substantial recent experience utilizing the CM/GC delivery method on complex infrastructure projects, including the New Water Treatment Plant, the Westside Interceptor Project, and currently the Cheadle Lake Park Improvements Project. These projects were successfully completed within established budgets and schedules and demonstrated the benefits of early contractor involvement, value engineering, and proactive risk management.

The City has retained Kennedy Jenks Consultants to provide design and technical support services for the project and will utilize experienced staff, consultants, and legal counsel familiar with alternative contracting methods to assist with procurement, negotiation, administration, and enforcement of the CM/GC contract.

## **CONCLUSION**

Based upon the findings herein, the City of Lebanon Local Contract Review Board may reasonably conclude the requirements of ORS 279C.335(2) have been satisfied and that exemption of the Wastewater Treatment Plant Biosolids Improvements Project from competitive bidding is appropriate.

Use of the CM/GC project delivery method is expected to provide substantial benefits to the City, including:

- Early contractor involvement and contractor-led value engineering;
- Improved constructability review and project coordination;
- Real-time construction cost estimating and procurement planning;
- Enhanced collaboration among the City, design engineer, and contractor;
- Establishment of a Guaranteed Maximum Price (GMP);
- Improved management of project schedule, cost, safety, and operational risks;
- Competitive procurement of subcontractors, suppliers, and materials; and
- Reduced likelihood of claims, change orders, and construction delays.

Accordingly, the City finds that use of the CM/GC delivery method is in the best interest of the City and the public for delivery of the Wastewater Treatment Plant Biosolids Improvements Project.