OFFICE OF THE CHIEF PROCUREMENT OFFICER

NOTICE OF HEARING

__X__ Emergency Extension

The Office of the Chief Procurement Officer will hold a public hearing to hear testimony and receive comments on the proposed contract(s) as described below.

Details of the proposed contract, justification for the Agency to contract in this way and the hearing procedure can be found at www.purchase.state.il.us/. Click "Illinois Bid" and enter Procurement Bulletin Reference # in the search box.

HEARING DETAILS

DATE:	March 25, 2014
TIME:	10:00 A.M.
LOCATIONS:	401 S. Spring St. Room 349C Stratton Building Springfield, IL 62706
AUDIOCONFERENCE:	Call-in (888) 494-4032 Access Code 1079279306

HEARING OFFICER

NAME:	Ken Morris
TITLE:	State Purchasing Officer, Illinois Capital Development Board
ADDRESS:	401 S. Spring St., Springfield, IL 62706
PHONE:	217-558-2185
FAX:	217-782-2164
E-MAIL:	Ken.Morris@Illinois.gov

TESTIMONY

Anyone wishing to testify—please notify the HEARING CONTACT PERSON of desire to testify in advance if possible.

PROPOSED CONTRACT(S) SUBJECT OF THIS HEARING

Agency:	Illinois Capital Development Board ("CDB")
Vendor:	Hellmuth, Obata & Kassbaum, Inc. Walsh Construction Company II LLC
Brief Descriptions:	The Office of the Chief Procurement Officer for the Capital Development Board will hold a public hearing to hear testimony and receive comments on the proposed extension of the emergency procurement for design and construction services from Hellmuth, Obata & Kassbaum, Inc. ("HOK") and Walsh Construction Company II LLC ("Walsh"), respectively, which are providing emergency expansion of tl Rushville Treatment and Detention Center.
Procurement Bulletin Reference:	22029324

HEARING DISPOSITION

A Public Hearing was held on March 25, 2014, to hear testimony and receive comments on extending the procurements for emergency expansion at the Rushville Treatment and Detention Center overseen by the Department of Human Services ("DHS"). A recording of the hearing is available, and will be published online.

Gregg Scott, from DHS, explained that the current population of the facility is 540. The current admission rate is three residents per month. Additional temporary measures have been made to accommodate the increased population since the last extension hearing. Unfortunately, these temporary measures require double-bunking residents that DHS clinical staff does not believe should be housed with a roommate, along with other temporary measures that DHS would not recommend clinically and which DHS desires to cure as quickly as possible through this emergency purchase (e.g. handicap accessible rooms will be double-bunked, group rooms may be temporarily used for housing). As a result, DHS has received an increase in grievances and several lawsuits have been filed due to the effects these temporary measures have had on residents and staff.

Construction is about 98% complete at this time. The remaining tasks inside the building are reliant upon proper curing of cement sub-flooring and having an adequate load demand on chiller mechanical systems for commissioning. It is unclear as to when these conditions will be met, but all parties felt that extending the contract end dates to September 30, 2014 would provide ample time to allow these tasks to be completed, including the outside tasks that are dependent on favorable weather conditions.

It is clear, based on the written comments submitted by both Walsh and CDB, that there are disagreements on contractual responsibilities that have impacted the construction schedule. These disagreements are outside of the scope of this hearing's purpose; however it would be prudent to note that contract administration efforts, by all parties (CDB, Walsh, HOK), have certainly impacted the overall procurement – unfortunately not in a positive manner.

CDB was asked to discuss their perspective on the possibility of allowing the emergency procurement to expire and transition the project to competitive bid procurement. As they state in their Justification, given the reasonable small amount of remaining work, it does not seem prudent. The time and effort that it would take for the remaining tasks to be completed by other means would ultimately prove more costly and detrimental to the State.

All attendees were asked if they had any comments. No other persons offered testimony or comments on this project.

Despite the challenges being experienced on this project, the underlying risks cited at the onset of this emergency procurement remain and continue to grow. Hearing Officer Ken Morris recommends extending contracts with both HOK and Walsh until September 30, 2014 in order to complete the work on this project.

I concur with the recommendation to extend this emergency procurement.

Fredrick Hahn, Chief Procurement Officer
Executive Ethics Commission

Walsh Construction Company II
A Member of the Walsh Construction Group

Mr. Ken Morris
State Purchasing Officer
Capital Development Board
State of Illinois
401 S. Spring Street
Springfield, Illinois 62706

March 14, 2014

RE: Comments on Emergency Extension Justification
CDB Project No. 321-210-002; CDB Contract No. 13-EM11-41
TDF Rushville, New Housing Building G
Walsh Construction Company II, LLC
Walsh Project #213029

Dear Mr. Morris,

Following a review of the emergency extension justification, Walsh has a few comments we officially request are included in the justification. In your e-mail, you stated that this hearing is not intended as an arbitration of causation of the delays. However, delays are discussed in the justification document, and in Walsh's opinion they do not comprise all of the delays.

In general, we agree with the majority of the discussion in the justification, including the fact that the weather has been a substantial detriment to the project. However, there are some additional delays we would like to note. The most substantial is the increased scope of this project from the concept (which our executed contract and initial schedule were based on) to the current state. It was already discussed at the October 2013 Emergency Hearing that the soil conditions at the site caused a substantial impact. An item that has not been included as a delay, is the impacts associated with the increased masonry scope. Walsh's budget and schedule for this project was based on the conceptual drawings produced by HOK. When comparing the conceptual drawings and our clarifications to the current design, the masonry wall heights have increased by over 26%, and the masonry reinforcing has increased by over 1000%. This had a tremendous impact on the schedule.

There is also a comment in the justification (3rd section), "During this process, both firms engaged in 'design-assist' meetings in order to verify that the $13 million budget established would be met and not exceeded. Once this was achieved for each package, Walsh began the process of selecting the required subcontractors for the project." These sentences would indicate that the $13 million budget was achieved. That is not the case. As Walsh has stated on numerous occasions, this project is over the $13 million budget figure. This is due to a multitude of reasons: soil conditions/seismic impacts, increased wall heights, increased reinforcing, oversized generator, custom generator enclosure, sole-sourced temperature controls, enhanced security level , etc. Many of these issues were not possible to know at the time of the initial concept, such as wall heights and reinforcing, as the structural design had not yet begun, and it was not possible for any parties to know what ultimately the soil conditions would dictate.

Another comment that needs clarification is also in the 3rd section, "The implementation consisted of developing four design phase packages and the resulting associated Addenda's for each package." Walsh never expected to have the quantity or scope of addenda that were received over the course of the project. It was originally discussed that HOK would take the drawings to 35-40% complete, and Walsh's subcontractors would finish the remainder of the drawings through the submittal process.

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Walsh Construction Company II
A MEMBER OF THE WALSH CONSTRUCTION GROUP

Walsh would also like to comment on the work activities that will be outstanding on March 31, 2014. The only work that is not projected to be finished by March 31, 2014 is: final grade/topsoil, interior fencing, sidewalks, sidewalk joint sealants, Chiller Start-Up/Commissioning, flooring, floor-mounted bunks, and floor mounted plumbing fixtures. We project that the roofing, brick work, and all other MEP Commissioning/Start-up will be complete by that date.

As was stated in your e-mail, we understand that the purpose of this hearing is not to adjudicate the reasons for the delay; however, Walsh believes there are more reasons for the delay than are indicated in the emergency extension justification, and Walsh believes that it is important that these delays be made known.

If you have any questions, please let me know.

Respectfully,

Walsh Construction Company II, LLC

Jason Sparks

Jason Sparks
Sr. Project Manager
JRS: aww

CC: Mr. Ron Wright, Construction Administrator – CDB, State of Illinois
Mr. Kirk Fernandes, Regional Manager – CDB, State of Illinois
Mr. Eddie Frazier, Sr. Project Manager – CDB, State of Illinois
Mr. Fredrick Hahn, Chief Procurement Officer, State of Illinois
Mr. Jeffrey Pezza, Vice President – Walsh Construction
Mr. Andrew Wozniak, Assistant Project Manager – Walsh Construction

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March 20, 2014

Via email
Ken Morris
State Purchasing Officer
Capital Development Board
401 S Spring Street
3rd Floor, Wm G. Stratton Building
Springfield IL 62706

Re: CDB Project No. 321-210-002
CDB Contract 13-EM11-41
Rushville Treatment and Detention Facility
Emergency Extension Meeting: Comments on Nature of Delays

Mr. Morris:

In response to your March 10, 2014 email, the Capital Development Board ("CDB") would like to provide its perspective on the cause of the delay. Walsh Construction Company II ("Walsh")'s letter dated March 14, 2014 discussed items that Walsh believes contributed to the delays. CDB agrees that there has been some additional scope added to the project, but CDB and Walsh do not agree on the extent of the increase. As noted in your email, this meeting is not to resolve disputes regarding the causes for delay, but CDB wishes to note its disagreement for the record. Additional factors that have contributed to the delay include weather, the contractor's unfamiliarity with business partners in the area, and the contractor's failure to execute a plan to ensure the project could be completed in a timely fashion. Furthermore, in retrospect, CDB questions whether the schedule was attainable despite the assurances of the A/E and contractor at the onset of the project.

Again, we understand and agree that these disagreements are beyond the scope of the emergency extension meeting. This letter is merely to provide a record of CDB's perspective on the cause of the delays.

Sincerely,
CAPITAL DEVELOPMENT BOARD

Ron Wright
Construction Administrator

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