

CAPITAL FACILITIES CONTRACTING

Board of Trustees Retreat
July 2010



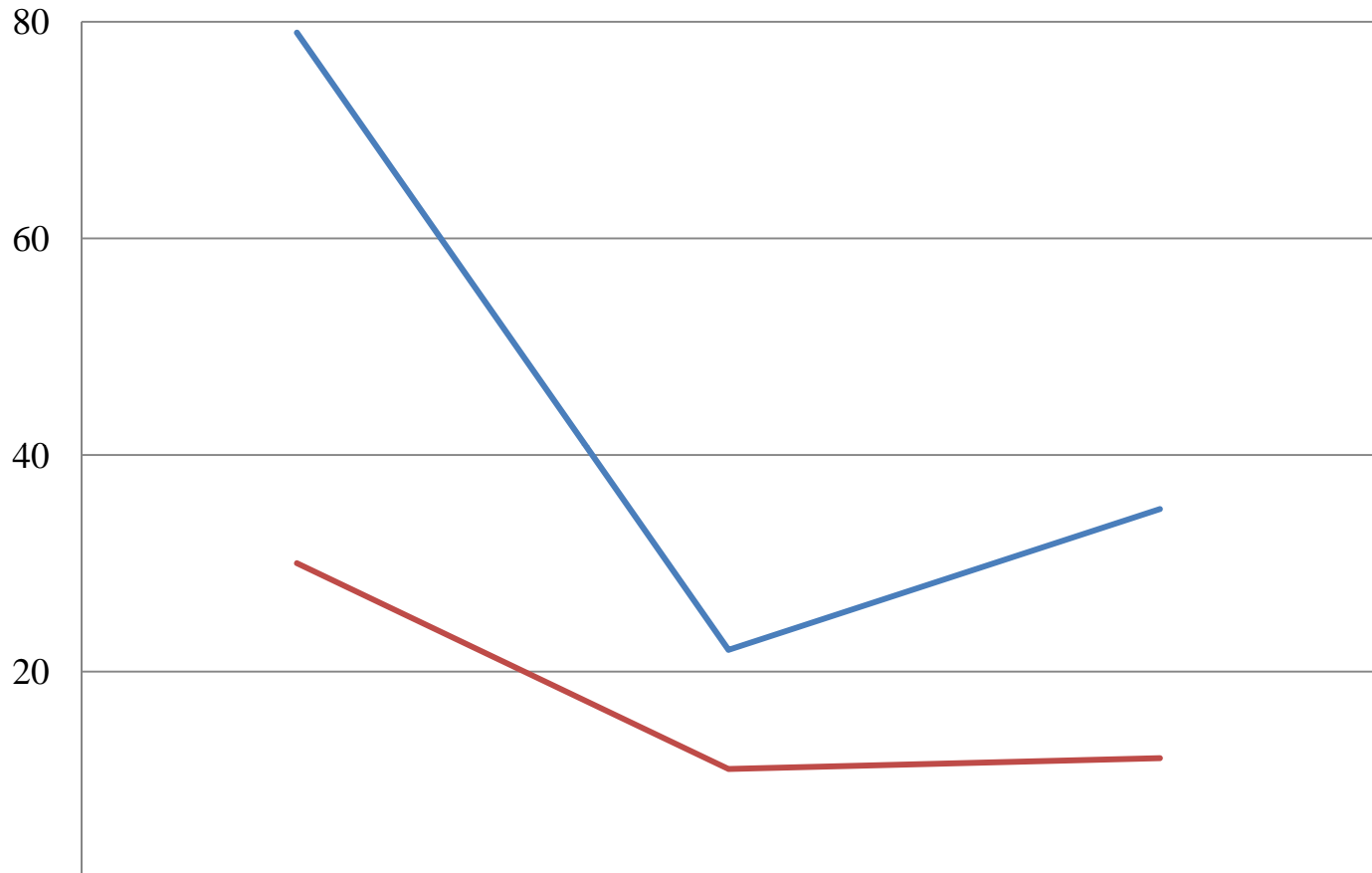
UNIVERSITY OF WYOMING

Major Maintenance (MM)

- Between FY05 through FY10 (through May 2010):
 - 72% of MM contracts (136) were awarded to resident contractors
 - 28% (53) were awarded to non-resident contractors
 - 57% of the funding (\$8.8 million) was associated with resident contractors
 - 43% (\$6.7 million) was associated with non-resident contractors
- Therefore, resident contractors historically benefit from the strong majority of MM contracts, but those contracts tend to be lower dollar value:
 - \$65k average for resident contractors and \$126k for non-resident contractors
- Note: a sizeable amount of funding for major maintenance projects was conducted internally for the purchase of materials and supplies - \$8.9 million over the period reviewed.



Biennial Major Maintenance Contracts



	2005-06	2007-08	2009-10
Resident Contractors	79	22	35
Non-resident Contractors	30	11	12



Major Maintenance (MM) - Explanation

- MM expenditures during this time period only include external contracts.
- Numerous categories of expenditures are not included:
 - Funds allocated to larger capital construction projects (~\$9M)
 - Internal charges for UW physical plant labor and equipment
 - Contract administration and overhead
 - Materials purchased directly by UW
 - Incidentals



UW Capital Construction

- In the past 4 – 5 years, UW has initiated 17 major capital facilities projects on campus:
 - So far, 336 construction contracts or subcontracts have been awarded through these projects, totaling \$171 million
 - 42% (140) were awarded to resident contractors as defined by the Dept. of Employment
 - 58% (196) were awarded to non-resident contractors
- In terms of the magnitude of the contracts and subcontracts:
 - 44% (\$75 million) were awarded to resident contractors
 - 56% (\$96 million) were awarded to non-resident contractors



UW Capital Construction – Additional Notes

- In contrast with major maintenance contracts, the average award for resident contractors is higher (\$538,000) as compared to the average non-resident contract (\$490,000). But, non-residents received a majority of the recent contracts.
- During the same time period, \$12.9 million was awarded to private design firms. All design firms had some connection to a Wyoming office or firm, but may have relied on non-resident expertise as well.
- A review of the 196 contracts or subcontracts awarded to non-resident contractors, demonstrates that 31 of those related to products or systems that were not available from Wyoming sources.
- Since large project cross multiple fiscal years, annual assessment offers little insight.





GOING FORWARD



Challenges to Resident Contracting

- The inclusion of federal funding, including ARRA and AML funds prohibits resident contractor preferences from being applied:
 - \$27 million in 2011-12 major maintenance funding
 - WY-CUSP, HPG-ATC, and other buildings on campus which benefit from federal funds
- NCAR-Wyoming Supercomputing Center (NWSC)
 - This facility is being constructed by NCAR, not the State of Wyoming
- Projects that require resident contractors to successfully compete against larger companies (bonding) or firms with deeper expertise in a very competitive economic environment:
 - BSL-3 Lab
 - NWSC



Challenges for UW Contracting

- Must comply with all federal and state requirements
- Ensuring selection of proposal that fully meets the functional and programmatic specifications
- Balancing items #1 and #2 with efforts to cultivate resident design and construction expertise and build human resource depth that advances Wyoming firms



Strategies Going Forward

- Project sizing and use of alternative delivery methods such as CMAR
 - Use of CMAR on large projects can actually increase the likelihood of resident subcontractors
- Strategic advertising
 - Make resident contractors aware
- Implementing contractor pre-bid meetings on large projects to ensure a robust knowledge of the project expectations
- Encouraging competitive bidding of resident contractors
- Employing preferences in facilities constructed with state or private funding, e.g., SER building, Visual Arts Center, Downey Hall renovation, Berry Center, Joint UW-Casper College facility
- Legislative options, as discussed in the Jt. Minerals Committee: (a) increasing (or removing) the resident contractor preference; (b) tightening resident contractor qualifications; and (c) increased enforcement of resident labor, taxation, and licensing requirements.

