

QUESTIONS AND ANSWERS

PROJECT # 11-39

CONSTRUCTION MANAGER-AT-RISK SAN JACINTO MEMORIAL BUILDING, CENTRAL COLLEGE

Date: October 3, 2011
To: All Prospective Respondents
From: Houston Community College, Procurement Operations
Subject: Informational Letter # 1 – Request for Qualifications (RFQ) for
Construction Manager-at-Risk, Project #11-39

The following written questions regarding subject RFQ were received in the Procurement Operations Office prior to the deadline for submitting written inquiries of September 29, 2011 at 3:00 p.m. (local time).

Question # 1:

What SB certifications will be accepted on the project? Federal? State? City of Houston? Metro? Port of Houston? Please elaborate.

HCC Answer:

Please refer to Exhibit 1, HCC Policy on Utilization of Small Business (SB) Program incorporated herein and made part of this Informational Letter #1.

Question # 2:

Is it necessary to name SBs at this step of the process? A small business plan is typically developed after a comprehensive review of the scope of work. It is not practical to solicit and name small businesses at this step in the process without knowledge of how we expect to utilize them on the project and to what extent. CMARs typically submit small business plans with the cost proposal after a detailed review of the scope of work.

HCC Answer:

Please submit a plan detailing how you intend to accomplish the SB requirements in this RFQ.

Question # 3:

What are the proposed start and completion dates for the project?

HCC Answer:

The tentative project start date is March 1, 2012. Tentative project completion date is July 31, 2013.

Question # 4:

Reference to the Owner Agreement:

Article 17.7 of the Owner agreement reads as follows:

17.7 The cost of premiums for any additional insurance coverage desired by the Construction Manager in excess of that required by this Agreement, the Uniform General and Supplementary Conditions, or the Contract Documents shall be included as cost of the work in the GMP Proposal as a Direct Construction Cost, and not borne by the Construction Manager out of fees, provided the insurance coverage is normal and customary in the industry and the Construction Manager's operations directly attributable to the project.

Article 17.8.3 of the Owner Agreement reads as follows:

17.8.3 The cost of premiums for any additional insurance coverage desired by the Construction Manager in excess of that required by this Agreement, the Uniform General and Supplementary Conditions, or the Contract Documents shall be borne solely by the Construction Manager out of its fees and not included in the GMP Proposal as a Direct Construction Cost.

In article 17.7 the additional insurance can be included in the GMP. However, in article 17.8.3 the insurance cannot be included in the GMP. Please clarify which article is correct.

HCC Answer:

Article 17.7 is correct. 17.8.3 is in reference to Owner Controlled Insurance Program (OCIP) and in this case, HCC will not be using OCIP. Therefore, Article 17.8.3 does not apply.



EXHIBIT 1

POLICY ON UTILIZATION OF SMALL BUSINESS (SB) PROGRAM

A. SMALL BUSINESS DEVELOPMENT

The Houston Community College Small Business Development Program the "Program" will provide better value in procurement efforts because it will foster competition and help avoid discrimination. It will increase procurement opportunities for small businesses, underutilized businesses and disadvantaged businesses. A "small business concern" (Small Business) under this Program is defined to be one that is independently owned and operated and which is not dominant in its field of operation and which meets size standard set forth in 13 CFR, Part 121. The definition shall vary from industry to industry to the extent necessary to properly reflect industry differences. The Program will:

1. Provide a small business outreach program that will strive to increase procurement opportunities with small, disadvantaged and underutilized businesses;
2. Require that contractors make good faith efforts to utilize small business subcontractors;
3. Subcontract requirements will vary per contract based on the type of industry and will not exceed 35%;
4. Provide technical assistance and design procurements that encourage the participation of small, underutilized and disadvantaged businesses; and
5. Achieve an average small business participation goal of thirty-five percent (35%). The goal may vary from year to year and vary from industry to industry based on the type of goods and services procured;
6. Include effectiveness measurements and a semi-annual report to the Board of Trustees regarding small business participation, outreach activities and related key measurements of effectiveness.

HCC shall not discriminate on the basis of race, color, national origin, religion, gender and disability in the selection of vendors and shall prohibit vendors from such discrimination in the selection of subcontractors and vendor's employees. HCC may immediately terminate or disqualify from future contracts a contractor who engages in such discriminatory practices.

B. PRIMARY OBJECTIVES

HCC will initiate outreach events to inform small business vendors of upcoming procurement opportunities. HCC will seek out networks representing Small Businesses. HCC procurement outreach efforts will not exclude businesses that are not included in the definition listed above.

HCC will recognize certifications issued by the State of Texas, Metropolitan Transit Authority of Harris County, City of Houston and any other entity authorized to issue such certifications that indicate the vendor as a Small Business. HCC will establish an annual goal for small business participation in each designated industry or trade group based on anticipated procurements and vendor participation. Such firms will be referenced as SBDP firms.

HCC will sponsor informational and technical assistance workshops and continuing education programs to ensure that SBDP firms can compete as prime contractors/consultants, subcontractors/subconsultants. HCC will provide advance information consistent with effective contracting practices so that small business vendors understand the general and technical requirement of upcoming procurements.

HCC will review and design procurements to encourage the participation of Small Businesses by requiring when reasonable that contractors, professional and general services firms, and suppliers make good faith efforts to subcontract work to small businesses. Subcontract goals set by HCC will not exceed 35% on any subcontract for any designated industry or trade group. Contractors may exceed the goal provided they maintain management control of the contract. HCC will establish incentives for contractors or consultants who meet the subcontract requirement such as accelerated initial payments, and prompt processing of payments.

HCC will, when appropriate to achieve best value for the System, size and aggregate contracts to allow Small Businesses to take an opportunity to compete for prime contracts.

HCC will develop and implement a mentor program and to the extent possible make protégé opportunities available to Small Businesses enrolled in its e-Center grant funded program.

HCC Small Business Development program staff will provide a semi-annual report on the participation of Small Businesses, outreach activities and related key measures of effect of the Program.

The Program will be managed by Procurement Operations.

C. GOALS

The goals of the Small Business Development Program are based on providing opportunities for Small Businesses to learn new skills and technology and access adequate resources, to enable them to grow and compete effectively as prime contractors and consultants. Additionally, HCC will set subcontract/subconsultant goals for the participation of Small Businesses on contracts of \$100,000 or more, when reasonable as determined by HCC.

Through marketing and outreach efforts, HCC will attempt to include and encourage all segments of the business community to compete and participate in procurement activities. The educational and technical assistance efforts will ensure that vendors, contractors, and consultants in the SBDP will provide effective and quality delivery of commodities, projects, and services.

HCC has established the following goals for Small Business participation by industry category:

1. Construction 35%
2. Professional Services 35%
3. Commodities 25%

The construction projections are derived from actual experience of other governmental entities with small business participation in construction. For other industries the goal is derived from the availability of DBE and HUB firms and factors in other small businesses.

D. RESPONSIBILITY

HCC will rely principally on the Chancellor, the College Presidents, Vice Chancellors, Directors and Managers to ensure that HCC makes good faith efforts to include Small Businesses in all procurements and contracting opportunities. This will be accomplished by ensuring that all staff that has purchasing responsibilities are properly trained and consistently follow HCC procedures.

Procurement Operations will assume responsibility for administering the Program. This includes outreach, internal and external training, goal setting, review and comment of procurement design, monitoring of procedures, performance and contractual obligations to Small Business, monitoring of selection process, validation of certification, capacity building and development of reports.

Procurement Operations will maintain the vendor database, develop and issue the Request for Proposals (RFP), Invitation for Bids (IFB) and/or Request for Qualifications (RFQ). Procurement Operations will administer the committee appointments and selection procedures applicable to RFP's and RFQ's on purchases of over \$100,000. Selection committees will represent various levels of expertise, i.e. users, management, field experts, and if necessary external sources. Procurement Operations will ensure that all HCC employees are informed of the best practices in regard to procurement and the utilization of small businesses.

E. Selection Methods

1. Construction and Competitively Bid Services

Selection of construction contractors and other competitive bids will be based on the state prescribed methods as referenced in subchapter B of the Texas Education Code and HCC's Board Policies and Administrative Procedures, and other applicable laws. To ensure that Small Businesses can participate in HCC contracts and other procurement opportunities the SBDP will implement the following actions:

Prime Contracts:

- Prepare and distribute information and target SBDP networks;
- Divide or batch proposed work into reasonable lots;
- Assess insurance, bonding and financing requirements and establish such requirements when reasonable to allow more small businesses to compete on the IFB;
- Ensure specifications, terms and conditions reflect actual requirements and do not impose unreasonable requirements;
- Require that a prime contractor must perform a minimum of 30% of the contract with its own labor force and or demonstrate management control of the contract to the satisfaction of HCC;
- For purchase of commodities, HCC will work with manufacturers to identify SBDP eligible distributors, and servicing providers.

Subcontracts:

- Require that awards equal to or greater than \$100,000 shall include Small Business Subcontracting goals when reasonable;
- Require contractors to make good faith efforts to secure SBDP firms as subcontractor;
- Provide incentives to encourage the use of subcontractors;
- Two-week turn around on invoices submitted for payment;
- No subcontractor will perform a higher percentage of work than a prime.

Required Documentation:

- IFB, Instruction to Bidders on SBDP indicating subcontract goal;
- Determination of good faith efforts;
- Assurance of SBDP goal;
- Nondiscrimination Statement;
- Small Business Unavailability;
- Contractor and first tier subcontractor participation
- Subcontractor/subconsultant/supplier payment certification

Administrative Strategies:

To ensure that SBDP firms can participate in the Program as prime contractors and as subcontractors HCC will implement the following procedures:

- a) Allow sufficient advance notice, 30 days (except in emergency cases) on IFB's and other solicitation methods to ensure adequate response time and encourage responsive proposals, bids;
- b) Specify reasonable and realistic delivery schedules consistent with HCC actual requirements;
- c) Provide proposers and bidders with a vendor directory;
- d) Encourage the formation of teams, mentor protégé relationships, and sponsor networking events between established large firms and SBDP firms to allow SBDP firms to gain experience;
- e) Assist prime consultants in identifying subcontractors and micro- businesses;
- f) Provide information to SBDP's on upcoming procurements, specifications, procurement policies, procedures and general proposal, bid requirements;
- g) Establish prorated billing, prompt payment and accelerated payment for mobilization/start up costs, when feasible to minimize cash flow payments;
- h) Use the least complicated and very clear IFB's; RFP's on each solicitation, including the contact persons, how to obtain plans, specifications, contract expectations and implementation procedures;
- i) Allow for debriefing sessions for non-successful proposers;
- j) Conduct informational and technical assistance workshops to SBDP firms;
- k) Provide information to SBDP firms on how to access bids and specifications on line and where to access on line resources;
- l) Process and validate certifications as expeditiously as possible on proposed subcontractors so as not to delay selection method;
- m) Encourage SBDP firms to participate in pre-bid conferences.

2. Professional and General Services

Selection of professional services and general services will rely primarily on the Request For Qualifications (RFQ), Request for Proposals (RFP's), to be evaluated by HCC teams and will follow the state prescribed methods as referenced in Subchapter B of the Texas Education Code, Texas Government Code Sections 2254.001 and HCC's Policies and Procedures, and other applicable law.

To ensure that Small Businesses can participate in HCC contracts and other procurement opportunities as prime consultants and subconsultants the SBDP will implement the following actions:

Prime Contracts:

- Prepare and distribute information and target SBDP networks;
- Divide or batch proposed work into reasonable lots;
- Assess insurance, bonding and financing requirements and establish such requirements when reasonable to allow more small businesses to perform the work;
- Ensure specifications, terms and conditions reflect actual requirements and do not impose unreasonable requirements;
- Require that a prime contractor must perform a minimum of 30% of the contract with its own labor force and or demonstrate management control of the contract to the satisfaction of HCC.

Subcontracts:

- Require that awards equal to or greater than \$100,000 shall include small business subcontracting goals when reasonable (as determined by HCC);
- Require consultants to make good faith efforts to secure SBDP firms as subcontractors;
- Provide incentives to encourage the use of subcontractors;
- Two-week turn around on invoices submitted for payment;
- No subcontractor will perform a higher percentage of work than a prime;
- Recognize and negotiate fees associated with using sub-consultants under the SBDP.

Required Documentation

- RFP/RFQ, Instruction to Proposers on SBDP (indicates subcontract goal);
- Determination of good faith efforts;
- Assurance of SBDP goal;
- Nondiscrimination Statement;
- Small Business Unavailability.

F. CERTIFICATIONS AND ELIGIBILITY

To be eligible to participate in the HCC Small Business Development Program firms must have valid and current certifications as a Small Business Administration (8a) Firm; Historically Underutilized Businesses, Minority and Disadvantaged Business Enterprises issued by:

- U.S. Small Business Administration;
- The State of Texas;
- City Of Houston;
- Metropolitan Transit Authority of Harris County;
- Texas Department of Transportation;
- Any other entity authorized to issue such certifications, such as, North Central Texas Regional Certification Agency and state agencies.

NOTE: Certifications must be updated every three years.

G. Implementation of HCC SBDP Goal

HCC will make efforts to use SBDP businesses as prime contractors/consultants, and subcontractors/subconsultants in accordance with the Program. HCC will actively seek and encourage eligible SBDP firms to register in the HCC Vendor Directory and encourage prime contractors and consultants to use firms listed in the directory as subcontractors/subconsultants.

HCC will continuously update, recruit and maintain current the Vendor Database to ensure that Small Businesses are represented and that they have access to resources to compete effectively.

HCC staff will work closely with prime contractors and consultants to ensure that SBDP firms can perform effectively as subcontractors/subconsultants, including accessing resources, technical assistance and mediating.

1. Good Faith Efforts

The contractor/consultant states whether it is a certified SBDP and/or whether they will use subcontractors, subconsultants to perform the contract. The contractor/consultant will submit a completed form indicating work to be performed by SBDP firms, prime and subs.

A firm that fails to meet the subcontract goal must demonstrate good faith efforts by taking the following actions:

- a) To the extent consistent with industry practices divide the contract into reasonable lots;
- b) Notify SBDP and SBDP eligible firms of subcontract/subconsultant opportunities or post notices of such opportunities in newspapers and other circulars;
- c) Use the HCC Vendor Directory and send notices to a minimum of five (5) relevant SBDP sources.

The prime contractor/consultant who is awarded a contract shall maintain records and submit a report to HCC at the end of the contract and as requested by HCC.

The prime contractor/consultant will document reasons for rejecting a firm that proposes or bids on sub work.

If necessary, HCC staff will make final determination whether or not a contractor, consultant met the good faith effort criteria to include SBDP firms as part of a contract.

All contractor/consultants awarded a contract must comply with all contract requirements, representations and assurances submitted as part of their bid, proposal or qualifications statements. Bidders who repeatedly breach public contracts and who fail to meet the contract goals, or who misrepresent their commitments, may be terminated from a contract or disqualified from bidding or soliciting future contracts as determined by the Board of Trustees.

2. Non-Discrimination

In implementing the SBDP, HCC will not discriminate against any individual, company or group of companies in its contracting and procurement activities on the basis of race, color, age, religion, sex, national origin, and disability.

Contractors and consultants shall be prohibited from discrimination in the selection of subcontractors/subconsultants and employees on the basis of race, color, age, religion, sex, national origin, disability or veteran status. Firms determined to have violated this guideline may be terminated from their contract or disqualified from future procurements as determined by the Board of Trustees. Firm's awarded contracts shall submit a statement of non-discrimination.

HCC's SBDP does not propose participation goals by minority or women owned businesses, nor will it use minority or women owned status as selection criteria. For purposes of reporting to public agencies or other entities, HCC may request such information from a contractor. Such requests are not to be construed as a condition of performance or criteria for selection.

HCC contract awards are based upon fair and open competitive bidding, proposal and qualifications selections methods. Contracts are awarded to the responsible bidder submitting the most responsive bid, proposal or relevant qualifications at the best value to HCC. Purchases are made in strict compliance with all applicable laws and rules.

H. Capacity Building

HCC wants to ensure that SBDP firms are not competitively disadvantaged because of size, lack of resources and information. Through the SBDP, HCC will effectively engage qualified vendors who can deliver a quality product. HCC will implement capacity building strategies to realize the following objectives:

- Identify, educate and assist Small Businesses in order to increase their successful participation in procurement opportunities with HCC;
- Provide opportunities to increase the number and value of contracts and purchases awarded to Small Businesses and, thereby, provide the best value for HCC, support economic growth and new business opportunity in our area;
- Through outreach, technical assistance, and educational seminars, the Program will provide information and assistance to SBDP firms to enable them to participate with HCC and with other public and private entities;
- HCC SBDP will identify procurement and mentor opportunities for micro-businesses (very small, self-employed and/or home-based) recruited through the e-Center grant funded program.

I. Technical Assistance and Educational Workshops

In addition to outreach efforts, HCC will offer technical assistance workshops by contracting for specific training or partnering with other organizations that offer similar training such as the University of Houston Small Business Development Center, professional societies, trade associations, and other organizations in our area.

If specific training is not available for program participants, our Contract Training Continuing Education programs will develop such training and education as necessary through customized seminars, Continuing Education Unit courses, other certifications, workshops and debriefing.

J. Mentor Program

A networking and mentorship program specifically for micro-businesses will be developed and implemented. Firms will be recruited through specific outreach events, and by collaborating with other local and national small business programs

K. Micro-Business

Emerging businesses enrolled in HCC e-Center grant funded program will benefit from special efforts made to ensure they will have opportunities to enroll in the SBDP and are included in the Vendor Directory. Specific training and mentoring program will be made available to those businesses enrolled in this project.

L. Promotion and Outreach

SBDP staff will publicize, promote and market opportunities to all firms. Through the SBDP particular emphasis will be made in marketing procurement information and opportunities to Small Businesses.

HCC will develop and implement marketing strategies that support and expand the Programs through:

- Conferences
- Trade shows
- Seminars and workshops, as well as all corresponding marketing materials and collateral products.

HCC will organize or participate in special events to inform, receive input and interact with small businesses, underutilized and disadvantaged business concerns regarding specific HCC projects and procurement opportunities. HCC will make efforts to identify and support programs that will assist them in their expansion and profitability.

In order to recruit firms to register as vendors in HCC Vendor Directory, HCC will:

- Develop materials to inform Houston's vendor community about current and upcoming business opportunities;
- Develop and promote Quarterly Vendor Forums;
- Participate in local special events;
- Participate in local business organizations and trade associations events and training workshops and seminars;
- Sponsor, co-sponsor, host special events and appropriate training workshops and seminars;
- Develop and maintain an appropriate interactive website;
- Assist businesses with, and promote, the use of technology to improve and increase business profitability.

M. Incentives for using Subcontractors/Subconsultants

To encourage vendors to utilize subcontractors HCC may (depending on the circumstance) initiate the following incentives:

- Accelerated payments for mobilization or start-costs
- Negotiated administrative fees for professional services contracts
- Establish a working relationship with banks, surety companies and other finance institutions interested in participating in the program
- Prompt payment provisions for contractors who subcontract with SBDP firms
- Business incentive included but not limited to a negotiated fee for participating in mentorship-protégé, micro-business program
- Reduced or waiver of fees for participating in Continuing Education Programs

Once a firm is no longer eligible for certification by the certifying entities, then the incentives will no longer be applicable.

N. Accountability Measures

The effectiveness of the Program will be measured by a review and of data indicating prime and subcontract awards to Small Businesses. Program effectiveness measurements will also include efforts (capacity building) by HCC staff to provide prime contract opportunities for Small Businesses and procurement and contract opportunities for micro-businesses. The SBDP staff will prepare a report on the utilization of small business firms. Procurement Operations will maintain contract information files relating to the use of Small Businesses including information regarding subcontractors/subconsultants and attainment of subcontract goal.

At the end of each contract a prime contractor/consultant will submit a report on the use and payment to subcontractors/subconsultants and other vendors. Contractors, consultants who request incentives for using subcontractors/subconsultants, will document that payments meet the prompt payment conditions. Failure to meet the conditions for the incentives will be cause for termination of the incentive provisions.

HCC will maintain records indicating the following:

- Awards to small businesses including names of contractors, subcontractors or consultants, subconsultants, the nature of the work performed and participation rate of SBDP firms per contract.
- Specific efforts to identify and solicit participation of Small Businesses, in workshops, training programs, technical assistance, pre-proposal, pre-bid conference, and other procurement activity.
- Requests for assistance from Small Businesses interested in doing business with HCC (i.e. acquiring insurance, bonding, financing, and from businesses actively participating in contracts or other purchasing activity).