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Questions raised about CSI/builder relationship

College's selection process called 'very suspect'

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On June 15, College of Southern Idaho trustees approved a recommendation from the school's administration to hire builder Starr Corp. and architect/engineer CTA to oversee design and construction of a major new campus building.

Nine other firms or partnerships also submitted proposals for the \$6.5 million wind energy instruction building and a remodel of the Desert Building.

But memos, plans and other documents obtained by the Times-News show that Starr Corp. and CTA were involved in the wind energy building project as early as January, and were being called CSI's "design-build team" well before the college opened the competition to any others.

That involvement included drawing up eight pages of preliminary plans that are dated Feb. 16 and bear the logos of Starr, CTA and CSI. Starr Corp. also worked up a construction budget for the job it would later win, while CTA produced a study of the project's environmental impact.

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Those documents formed the basis of CSI's application for federal Economic Development Administration project funding.

In early June, Byrd Golay, a retired Twin Falls masonry contractor, started hearing from friends that Starr/CTA had been selected to continue the design-build to completion. While not questioning the quality of the Starr/CTA proposal, he contacted CSI officials to ask why Starr Corp. had once again landed a major campus project.

Golay also wanted to know if Starr Corp. had an edge because its retired president, Glenn Arrington, is a member of the board of the CSI Foundation, the college's fundraising arm.

At a June 15 public meeting, CSI's elected trustees rejected Golay's concerns and awarded the energy building to Starr/CTA. No one revealed then that Starr/CTA had been working on it for months.

"CSI is a great college," Golay said last week. "We're concerned about keeping it a great college and making it better, and the college can be no better than the administration or the board of directors that run it. And transparency, that has to go along with all that. Personally, I don't believe we're getting transparency."

Many of the passed-over contractors now say they would not have applied at all if they had known of Starr/CTA's involvement.

"When the college made the call to both of those companies, they had already made the selection, whether they knew that or not," said Aaron Metcalfe, of Utah-based Hogan and Associates Construction. He said the application process cost his firm about \$5,000.

"This was really, really poorly managed, as far as I'm concerned," Metcalfe said. "Construction has this kind of dubious reputation just because of these kind of things. This is, quite frankly in my opinion, very suspect."

Response

CSI and Starr Corp. officials declined interview requests but responded in writing to written questions. CSI President Jerry Beck, in a related letter, chastised the Times-News.

"We are deeply disappointed with the tone and direction of the questions asked by the Times-News concerning this EDA project," Beck wrote. "We are disturbed and in a way insulted that the newspaper suggests that CSI would award a contract to an unqualified contractor or that any separate donation to the CSI Foundation during a major capital campaign somehow influenced the choice of contractor."

Beck said the college acted with integrity.

"Rather than supporting a great project or recognizing the positive impact for the Magic Valley, the newspaper has cast suspicion and doubt on the college and its commitment to serve the community," he wrote.

Yet CSI also acknowledges "error" and "a poor choice of words" in explaining why some documents indicate Starr/CTA was CSI's choice well before the official award.

"Error"

In March, the U.S. Department of Commerce Economic Development Administration received the first of a two-part CSI grant application. It included an engineering report that states: "The Starr/CTA-CSI design-build team has a successful track record in delivering cost effective structures on time, within budget, and in compliance with all state and federal regulations. This previous success has clearly reinforced our preference for design build with these partners."

At that point CSI was still a month away from soliciting proposals from firms wanting the work, and nearly two months away from a May 6 submission deadline.

CSI officials say they just wanted to assure the EDA that design-build works, and the reference to Starr/CTA was an "error" by Mike Mason, CSI vice president of administration.

"Mr. Mason should not have put 'The Starr/CTA-CSI team' in the grant and should have limited the discussion to the success of design build on campus. He has been advised of his error," the college wrote. "The wording in the grant was not intended to undermine the fairness of the selection process for a design builder."

Carleen Herring, economic development manager for Region IV Development, also took responsibility for the error in a separate statement provided by CSI. Her agency, housed at and closely associated with CSI, helped craft the grant application.

"The last sentence was intended to identify the team of professionals - architectural-construction management-college -as the partners," Herring wrote. "It was unfortunate that I was not more clear. EDA requires that professional services be procured with a formal process. Once it appeared that the project had the potential to be funded, the College moved forward with the formal selection process."

On June 4 - still before trustee approval of Starr/CTA, Mason e-mailed Beck and Starr/CTA officials, saying "All of the design build team - Starr, CTA and CSI - are willing to mobilize immediately..."

"Again, a poor choice of words by Mr. Mason," CSI said. "... Mr. Mason should have limited his comments to the design build process."

White-out

Government construction projects often are awarded to the firm that submits the lowest bid to do the work. In recent years, CSI has used an alternative approach, design-build, to pick firms for major projects.

Under design-build, companies compete on the basis of their qualifications, not price. The college selects a firm and later negotiates a price. The college in its grant application says it prefers this approach because two prior design-build projects - both with Starr Corp. - were on time and under budget.

Both methods fall under state law and are supposed to be transparent to ensure fairness in the award of government contracts.

For the energy building, CSI received proposals from 10 firms or partnerships that were then evaluated by a team - later identified as Mason; Darrell Buffaloe, chairman of the CSI department of trade and industrial education; Randy Dill, CSI physical plant director; and Allen Scherbinske, assistant physical plant director. The team scored each firm in categories such as quality of references, pricing and operational practices, and other attributes.

CSI officials gave Starr/CTA top scores in each of four rankings.

"In each analysis, Starr Corporation came out as the top selection," Mason wrote in a May 27 e-mail to the competitors. "Based upon this, we will not be conducting interviews."

In response to a June 8 public records request, CSI released copies of the evaluation forms. When asked to explain why none of the forms were signed by evaluators, CSI officials said the names were removed.

"The evaluation forms provided to Mike Mason were signed by each evaluator," CSI wrote. "The names were whited out on copies provided to the Times-News so that evaluators would not be cross examined concerning their evaluations. It is a common practice to destroy evaluation forms after the selection process is complete for this exact reason."

CSI by law must disclose any redaction of a document and state the legal authority for doing so. CSI did not respond to requests for a legal citation. There's no legal exemption for wanting to avoid questions.

The Idaho Division of Public Works oversees state-financed construction at CSI and other campuses, and is covered by the same public records law. It uses a similar evaluation form - and never destroys them. The agency released evaluation forms for past CSI projects with no redactions.

"We keep them all and the evaluation sheets become part of the project file," said Tim Mason, the agency's administrator. "They are considered public records - about the only things that are excluded are attorney-client privilege info."

"Our relationship"

CSI officials say Starr/CTA was asked to help prepare the federal grant application because CSI does not have staff architects or engineers and had to move fast on the grant application.

"... Mike Mason contacted them concerning the project and requested their services in filling out the grant application," CSI officials wrote in response to Times-News inquiries.

CSI and Starr Corp. have a long relationship, dating to a 1995 gym addition. Starr/CTA also did a \$4 million CSI Recreation Center addition in 2006, and is now doing CSI's \$21 million health sciences and human services building.

In a May 6 letter with his energy building proposal, Michael Arrington wrote that Starr and CTA appreciate CSI's trust.

"Please understand that our relationship is not one that we take lightly," Arrington wrote. "We realize that the way to end a long relationship of repeat projects is to get comfortable with you as an owner and relax our standard of care. We know that each day, we earn our position as a preferred design/build team. As the college prepares to add this new building to your campus, our team asks for the opportunity to continue our time-tested relationship as your design/builder of choice."

Arrington, president of Starr Corp. since his father's retirement in January 2008, said in a written statement that his firm was working for free as a public service.

"Starr did not gain an advantage in the design/build contest by aiding CSI with the grant application," Arrington wrote. "The questions posed in the design/build services solicitation have nothing to do with the work we did to help prepare the grant application. To infer or state that CSI selected Starr Corp. because of our help with the grant application is untrue and unfounded."

Glenn Arrington said he no longer has a financial interest in Starr Corp., and CSI trustees haven't favored the company because of his foundation involvement.

"They wouldn't let friendship or any kind of financial arrangement interfere with what they thought was absolutely best for the college," Arrington said.

Arrington said he's been on the CSI Foundation board for about two years. About a decade ago he endowed the Starr Corporation Scholarship for students in construction-related programs.

"It's modest, but it has helped," he said.

CTA, meanwhile, is to be paid \$25,000 for its pre-application work.

On March 12, CTA completed an environmental impact study for the grant application sent in April - shortly before the college advertised for proposals.

Asked if that work helped Starr/CTA, Herring responded, "I do not think that the two are linked."

CSI officials also said the "environmental impact statement is such a small part of an overall project that we do not believe anyone would make a selection based upon this area."

CTA, a Montana firm with offices in Boise, described its involvement as routine.

"CSI selected the Starr/CTA design/build team on the basis of qualifications and demonstrated competence," CTA principal Dave Turner said in an e-mail. "Prior involvement with the grant application process was not a part of CSI's seven components of evaluation."

Firms left out

Caroline Pavlinik, business development director of Engineered Structures Inc. of Boise, said her company believed its proposal would be competitive because of the firm's experience in university construction.

"We understood that Starr Corp. had done work at CSI before, but the project administrator assured us that they were not going in as the 'preferred contractor,'" she said in an email. "We understand that all decisions tend to be somewhat political and there are typically a few favorites going in, but it is unfortunate to hear that in this case the RFP seemed to be mere formality."

Mark van Gulik, of Meridian-based Petra, Inc., said Starr/CTA did nothing wrong and his firm would have done the same thing if given the opportunity.

But he said CSI should have been more open with the applicants because Starr/CTA "definitely had a leg up... we never would have approached it."

"You don't expend finances to put a proposal together knowing that you're fighting an uphill battle," Gulik said.

Mike Clements, of Idaho Falls-based Bateman-Hall Inc., echoed Gulik.

"We probably would have utilized our time and efforts put into this project for something else if I knew beforehand," he said in an e-mail. "We knew upfront that our chances of getting this project would be slim due to the level of the competition. We believed that a slight chance was better than no chance so we decided to give it a try. We did not realize that they already had a pre-selected team chosen."

Other contractors took it in stride.

Cade Lawrence, of Portland-based Hoffman Construction, said the process was fair, and that it was a "long shot" for his out-of-state firm.

"People hire people they know and they're comfortable with," he said, adding he likely would have taken Starr/CTA if he were in the college's position.

Matt Newton, president of Meridian-based Beniton Construction, said "the process was very professionally done" and he has no complaints.

Beniton's partner in the competition was LCA Architects of Boise. LCA's Nate Turner said companies doing early, conceptual work do gain an edge in landing the final contract.

"It does give somebody an advantage in the later stages of the project, but they don't always get that, either," he said. "I'm not upset. We win some. We lose some."

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