

**SENATE BILL REPORT**

**SHB 2239**

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS,  
FEBRUARY 25, 1994**

**Brief Description:** Providing procedures for innovative prison construction.

**SPONSORS:** House Committee on Capital Budget (originally sponsored by Representatives Wang, Ogden, Sehlin, Silver, Jones, King, Karahalios, Eide and Springer; by request of Department of Corrections and Department of General Administration)

**HOUSE COMMITTEE ON CAPITAL BUDGET**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** That it be referred to Committee on Government Operations without recommendation.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bauer, Gaspard, Hargrove, Ludwig, McDonald, Moyer, Pelz, Spanel, Sutherland, West and Williams.

**Staff:** Linda Brownell (786-7913)

**Hearing Dates:** February 21, 1994

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** Do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Oke, Owen and Winsley.

**Staff:** Diane Smith (786-7410)

**Hearing Dates:** February 24, 1994; February 25, 1994

**BACKGROUND:**

During the 1991 legislative session, the Department of Corrections (DOC) and the Department of General Administration (GA) were authorized to use an alternative form of public works contracting, known as the "General Contractor/Construction Manager" (GC/CM) method, to construct new prison facilities to accommodate the rapidly growing inmate population. Authority to use the GC/CM process was limited to projects over \$10 million that were authorized during the 1991-93 biennium, and to contracts signed before July 1, 1996.

GC/CM differs from the traditional public works contracting process used by state and local governments in two major respects. First, the GC/CM process melds the architectural design and construction phases of a project into one, allowing

design and construction to occur simultaneously. Under GC/CM, an agency enters into two contracts, one with an architectural firm to design the facility, and one with a GC/CM firm to assist in developing and evaluating the facility design and to manage the construction. The actual construction work under GC/CM is broken into parts and competitively bid to subcontractors using the public bid process. Second, the GC/CM firm is required to guarantee that the project will be constructed within a maximum allowable construction cost (MACC). If the total cost at completion of the project is greater than the guaranteed MACC, the additional cost is the responsibility of the GC/CM.

The GC/CM firm must be selected through a two-step competitive process that includes in the second step, consideration of the potential bidders based on their demonstrated professional, technical, and financial abilities, and selection based on the lowest bid for GC/CM services. Each bid package for subcontractor work must meet or exceed specific goals for minority and women business enterprise participation. The GC/CM is prohibited from performing subcontract work. Subcontractors who bid work over \$100,000 are required to post a bid bond. The GC/CM may also require performance and payment bonds on subcontract work over \$100,000. GA is required to establish an independent oversight advisory committee to review GC/CM selection and contracting procedures.

**SUMMARY:**

The authority for the GA and DOC to use the GC/CM process for prison construction projects is extended to July 1, 1997. In addition to the current authority to use GC/CM for projects valued over \$10 million, DOC and GA are also authorized to use GC/CM for two demonstration projects that aggregate small capital projects at a single site to total at least \$3 million.

The responsibilities of the existing Independent Oversight Advisory Committee are expanded. In addition to its previous responsibilities, the committee must also review contracting documents and the two demonstration projects.

Instead of specifying minority and women business enterprise participation goals for each subcontract bid package, GA must specify minority and women enterprise requirements for large subcontract bid packages exceeding 10 percent of the project cost.

The threshold for subcontractor posting of bid, payment, and performance bonds is raised to \$200,000 from \$100,000.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**TESTIMONY FOR:**

The GC/CM method is more efficient, faster and cheaper as has been demonstrated by the two projects already completed under budget and ahead of schedule without litigation. Integrity is maintained by safeguards that ensure appropriate competition. The demonstration projects may draw in-state contract awards.

**TESTIMONY AGAINST:**

Procurement of public works is not the place for social and political engineering.

**TESTIFIED:** Grant Fredericks, GA (pro); Duke Schaub, AGC (pro); Margaret Vonheeder, DOC (pro)