

HOUSE BILL REPORT

HB 1070

As Passed Legislature

Title: An act relating to the general contractor/construction manager procedure for school districts.

Brief Description: Authorizing the general contractor/construction manager contracting procedure for school district capital projects.

Sponsors: Representatives Romero and D. Schmidt; by request of Alternative Public Works Methods Oversight Committee.

Brief History:

Committee Activity:

State Government: 1/26/99, 2/16/99 [DP];

State Government: 1/12/00, 1/25/00 [DP].

Floor Activity:

Passed House: 3/4/99, 95-0.

Senate Amended.

Passed Senate: 2/29/00, 39-5.

House Concurred.

Passed House: 3/5/00, 80-1.

Passed Legislature.

Brief Summary of Bill

- Authorizes four demonstration projects for school districts to award contracts for public works projects using the general contractor/construction manager process, two of which must be of over \$10 million in value and two of which must be from \$5 million to \$10 million in value.
- Creates a ten-member School District Project Review Board to authorize four separate school districts to participate in these demonstration projects.
- Precludes a school district from considering whether a contractor has had prior general contractor/construction manager procedure experience as part of its evaluation of bid proposals submitted by contractors.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives McMorris, Republican Co-Chair; Romero, Democratic Co-Chair; Campbell, Republican Vice Chair; Miloscia, Democratic Vice Chair; Dunshee; Haigh; Lambert and D. Schmidt.

Staff: Steve Lundin (786-7127).

Background:

Several different state agencies and local governments have been authorized to use alternative public works contracting procedures to award contracts on certain public works contracts of very large dollar values. One alternative procedure is the design-build procedure. Another alternative procedure is the general contractor/construction manager procedure. Authority to use these alternative procedures terminates on July 1, 2001.

A temporary Independent Oversight Committee is created to review these alternative bidding procedures and recommend changes in contracting laws to the Legislature.

The general contractor/construction manager procedure (GCCM) is a multi-step competitive process for awarding a contract for a single firm to provide services during the design phase, as well as acting as both the construction manager and general contractor during the construction phase, of a public works project with a relatively high cost. The contractor guarantees the project budget under this procedure.

The GCCM procedure involves: (1) Soliciting proposals; (2) using an evaluation committee to review proposals; (3) selecting three to five finalists to submit final proposals based upon various evaluation factors, including past performance, ability to meet time and budget requirements, work loads, and project concept; (4) scoring the final proposals by measuring quality and technical merits on a unit price basis; (5) selecting a finalist on the basis of responsiveness and lowest price from among the finalists who are able to produce plans and specifications meeting project requirements; and (6) directly negotiating a contract with the selected firm over the maximum allowable construction costs. Negotiations may be terminated with the selected firm if an agreement is not reached and opened with the next highest scored firm until an agreement is reached or the process terminated.

The Department of General Administration, University of Washington, Washington State University; every county with a population of greater than 450,000 (King, Pierce, and Snohomish counties), every city with a population in excess of 150,000 (Seattle, Tacoma, and Spokane), port districts with a population in excess of 500,000

(Port of Seattle, and Port of Tacoma), and a public facilities district constructing a baseball stadium may use the GCCM process on any project with an estimated cost of \$10 million or more. In addition, those entities may also use the GCCM process on several demonstration projects of between \$3 million and \$10 million in estimated cost.

Summary of Bill:

Four demonstration projects are authorized for school districts to award contracts for public works projects using the GCCM process. Two of these projects must be in excess of \$10 million. Two of these projects must be from \$5 million to \$10 million. Each project must be approved by the School District Project Review Board. A single school district may not be authorized to use this process on more than one project.

The School District Project Review Board is established to authorize four separate school districts for these demonstration projects to award contracts for public works projects using the GCCM process. The board consists of ten persons selected by the Independent Oversight Committee, including: (1) a representative from the Office of the Superintendent of Public Instruction; (2) a representative from the Office of Financial Management; (3) two representatives from the construction industry, one of whom works for a company with gross annual revenues of \$20 million or less; (4) a representative from the specialty contracting industry; (5) a representative from organized labor; (6) a representative from the design industry; (7) a representative from a public body that has used the alternative contracting procedures; and (8) two representatives from school districts, one of which has 10,000 or more annual average full-time equivalent students and the other which has less than 10,000 or more annual average full-time equivalent students.

A variety of factors are established for the School District Project Review Board to authorize school districts to use the general contractor/construction manager process, including past construction activity and an explanation of why the use of this process is in the public interest. The School District Project Review Board must prepare a report reviewing school district use of this process.

A school district using the GCCM process may not consider whether a contractor has had prior experience in the GCCM process as part of its evaluation of bid proposals submitted by contractors.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill passed unanimously last year. This provides another flexible tool for contracting on complex modernization projects. We can work with the contractor earlier. This is a good process. I like the review board. This allows a fast track on complicated projects.

Testimony Against: None.

Testified: (In support) Denise Stiffarm, Preston Gates and Ellis and King County School Coalition; Duke Schaub, Association of General Contractors; Charlie Brown, King County School Coalition; and Doug Holen, Alternative Public Works Methods Oversight Committee.