

HOUSE BILL REPORT

HB 1070

As Amended by the Senate

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.

Passed House: 1/31/00, 96-0.

Senate Amended.

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

Brief Summary of Bill

- Allows school districts to award contracts for public works projects using the general contractor/construction manager process for very large projects and a few demonstration projects, if the projects are approved by a newly created review board.

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:

Differing procedures are established for state agencies and various local governments to award contracts for public works projects. Frequently, contracts for public works projects of a relatively small estimated cost are awarded in any manner, contracts for public works of a medium estimated cost may be awarded to the lowest responsible bidder using a small works roster process, and contracts for public works of a higher estimated cost are awarded to the lowest responsible bidder using a formal competitive bidding process with sealed bids.

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 involves the following steps:

- Publishing a notice announcing that the procedure will be used with opportunity for public comments.
- Publishing a notice calling for bids, that includes a description of the process and relative weight of factors that will be used to evaluate proposals.
- Creation of a committee to evaluate bid proposals that uses this process to select between three and five finalists to submit best and final proposals.
- Scoring the final and best proposals that are submitted that measures quality and technical merits on a unit price basis and selecting the finalist on the basis of responsiveness and lowest price from among those finalists who are able to produce plans and specifications meeting project requirements.
- Directly negotiating with the selected contractor to establish a satisfactory maximum allowable construction cost. Negotiations may be terminated with the selected contractor if an agreement is not reached and opened with the next highest scored firm until an agreement is reached or the process terminated.
- Contracts for subcontractors are awarded to the responsible bidder submitting the lowest responsive bid.

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 general contractor/construction manager process on any project with an estimated cost of \$10 million or more. In addition, those entities may also use the "general contractor/construction manager" process on several demonstration projects of between \$3 million and \$10 million in estimated cost.

Summary of Bill:

School districts are allowed to use the general contractor/construction manager process to award contracts for public works projects in excess of \$10 million that are approved by the School District Project Review Board. In addition, the school district project review board may allow contracts to be awarded by school districts using the general contractor/construction manager process on up to five demonstration projects with an estimated cost of between \$5 million and \$10 million. A single school district may not use this process on more than one demonstration project unless a variety of factors are met, including consideration of the overall demand for the demonstration projects.

The School District Project Review Board is established to approve school district use of the general contractor/construction manager process in awarding contracts for public works projects. The board consists of eight persons selected by the Independent Oversight Committee and consists of one representative from each of the following groups: (1) The Office of the Superintendent of Public Instruction; (2) the Office of Financial Management; (3) the construction industry; (4) the specialty contracting industry; (5) the design industry; (6) a public body that has used the alternative contracting procedures; (7) school districts with 10,000 or more annual average full-time equivalent students; and (8) school districts with 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.

EFFECT OF SENATE AMENDMENT(S): (1) Only four school district demonstration projects may be approved for school districts to award contracts using the general contractor/contract manager process, two of which are in excess of \$10 million and two of which have values of between \$5 million and \$10 million. (2) A school district may not receive approval for more than one demonstration project. (3) Membership on the school district project review board is expanded from eight to ten

members, by adding one member who is a representative of organized labor and adding a second representative of the construction industry. One of the two construction industry members must work for a construction company with gross annual revenues of no more than \$20 million. (4) A school district may not evaluate bid proposals on the basis of whether contractors have had prior general contractor/contact manager procedure experience.

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.