

FINAL BILL REPORT

HB 2536

C 194 L 00

Synopsis as Enacted

Brief Description: Concerning the general contractor/construction manager procedure of public works contracting.

Sponsors: Representatives Miloscia, D. Schmidt and Haigh.

House Committee on State Government
Senate Committee on State & Local Government

Background:

Legislation enacted in 1994 authorizes several state agencies and local governments to use contracting procedures to award contracts on certain public works contracts, generally of very large dollar values. Authority to use these alternative procedures terminates on July 1, 2001. A temporary Independent Oversight Committee reviews these alternative bidding procedures and recommends changes in contracting laws to the Legislature.

One of these alternative procedures is the general contractor/construction manager (GCCM) procedure. The GCCM procedure is a multi-step competitive process to award 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, for a specific facility of a relatively high cost. The contractor guarantees the project budget under this procedure.

This procedure involves: (1) soliciting proposals; (2) using an evaluation committee to review proposals; (3) selecting three to five finalists to submit final proposals; (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 populations in excess of 500,000

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

A general contractor, or its subsidiaries, may bid on subcontract work on projects awarded contracts using the GCCM procedure that are valued over \$20 million if the work in the subcontract is customarily performed by the general contractor, a public bid opening is used to award the subcontract, and notices of the intention of the general contractor to bid is included in bid solicitations for the bid package. The general contractor's subcontract work may not exceed 20 percent of the negotiated maximum allowed construction cost.

Summary of Bill:

The ability of a general contractor, or its subsidiaries, to perform subcontract work on a project awarded using the GCCM procedure is expanded.

Restrictions on the general contractor, or its subsidiaries, to perform subsidiary work are eased as follows: (1) the general contractor may perform subcontract work on project of any value, rather than only on projects with a value of over \$20 million; and (2) the maximum amount of subcontract work that the general contractor may perform is increased from 20 percent to 30 percent of the negotiated maximum allowable construction cost.

Factors that the evaluation committee may use to evaluate initial proposals submitted by general contractors under the GCCM procedure are expanded to include the scope of work that the GCCM proposes to self-perform and its ability to perform the work.

Votes on Final Passage:

House 96 0

Senate 45 2

Effective: June 8, 2000