

# HOUSE BILL REPORT

## HB 2536

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### As Passed Legislature

**Title:** An act relating to general contractor/construction manager self-performance.

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

**Sponsors:** Representatives Miloscia, D. Schmidt and Haigh.

**Brief History:**

**Committee Activity:**

State Government: 1/25/00, 2/4/00 [DP].

**Floor Activity:**

Passed House: 2/10/00, 96-0.

Passed Senate: 3/2/00, 45-2.

Passed Legislature.

<h3>Brief Summary of Bill</h3>
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| <ul style="list-style-type: none"><li>· Expands the ability of the general contractor/contract manager to perform subcontract work on projects awarded using the general contractor/contract manager procedure.</li></ul> |
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### 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:**

Legislation was enacted in 1994 authorizing several state agencies and local governments to use different contracting procedures to award contracts on certain public works contracts, generally of very large dollar values. These alternative procedures are called the alternative public works contracting procedures. 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.

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: (a) soliciting for proposals; (b) using of an evaluation committee to review proposals; (c) 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; (d) scoring the final proposals by measuring quality and technical merits on a unit price basis; (e) 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 (f) 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 general contractor/construction manager process on any project with an estimated cost of \$10 million or more. In addition, these entities may also use the GCCM procedure on several demonstration projects of between \$3 million and \$10 million in estimated cost.

The GCCM, or its subsidiaries, may bid on subcontract work on projects valued over \$20 million if the work in the subcontract is customarily performed by the GCCM, a public bid opening is used to award the subcontract, and notices of the intention of the GCCM to bid is included in bid solicitations for the bid package. In no event may the GCCM's subcontract work exceed 20 percent of the negotiated maximum allowed construction cost.

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**Summary of Bill:**

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

Restrictions on the GCCM, or its subsidiaries, to perform subsidiary work are eased as follows: (1) the GCCM 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 GCCM 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 contractors are expanded to include the scope of work that the GCCM proposes to self-perform and its ability to perform the work.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This will help in managing large projects by lowering the risk and increasing the likelihood of a successful project. This gives the general contractor a greater stake in the project. Projects will run more smoothly.

**Testimony Against:** None.

**Testified:** John Lynch, Department of General Administration; Larry Stevens, Mechanical Contractors Association, National Electrical Contractors Association; and Duke Schaub, Associated General Contractors.