

HOUSE BILL REPORT

HB 2551

As Reported by House Committee On:
State Government

Title: An act relating to alternative public works contracting procedures.

Brief Description: Authorizing additional school district capital demonstration projects.

Sponsors: Representatives Romero, Schmidt, Miloscia and Haigh.

Brief History:

Committee Activity:

State Government: 1/31/02, 2/1/02 [DP].

Brief Summary of Bill

- The threshold amount for using either of the alternative public works procedures is lowered from \$12 million to \$10 million.
- The School district project review board may authorize 10 demonstration projects over \$5 million, of which at least two must be between \$5 million and \$10 million, and is no longer restricted to approving only one demonstration project for each school district.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Romero, Chair; Miloscia, Vice Chair; McMorris, Ranking Minority Member; McDermott, Schmidt and Upthegrove.

Staff: Catherine Blinn (786-7114).

Background:

Public works projects include construction, building, renovation, remodeling, alteration, repair or improvement of real property. The method by which contracts for public works projects are awarded is based on the estimated cost of the project and the size of the public entity. Several state agencies and local governments are authorized to use alternative public works contracting procedures to award contracts that are over \$12 million. One procedure is the "design-build" procedure and the other is the "general

contractor/construction manager" (GCCM) procedure. The following government entities are eligible to use either of the alternative public works procedures:

- the Department of General Administration;
- the University of Washington;
- Washington State University;
- cities with over 70,000 people and, with approval, public authorities chartered by cities with over 70,000 people;
- counties with over 450,000;
- port districts with total revenues over \$15 million per year; and
- public utility districts with revenues from energy sales over \$23 million per year.

The government entity must include a number of details in the request for proposals, such as a detailed description of the project, the reasons for using the design-build or GCCM procedure, a description of the qualifications required of the bidder firm, a description of the process the government entity will use to evaluate the proposals, and the form of the contract.

The design-build procedure is a multi-step competitive process to award a contract to a single firm that agrees to both design and build a public facility that meets specific criteria. The contract is awarded following a public request of proposals for design-build services. Following extensive evaluation of the proposals, the contract is awarded to the firm that submits the best and final proposal with the lowest price.

Under the GCCM procedure, a contract is awarded to a single firm for a guaranteed construction cost after competitive selection. The contract is to provide services during the design phase, and to act as both the construction manager and the general contractor during the construction phase. Use of the GCCM procedure requires that the project meet specified criteria, such as the success of the project necessitates involvement of the GCCM during the design stage. Following an extensive evaluation process, the government entity must award the contract to the firm that submits the final proposal scoring the highest based on outlined evaluation factors. The maximum construction cost guaranteed by the GCCM is negotiated between the parties after the scope of the project is adequately determined.

Government entities may use the GCCM procedure for the construction of school district capital demonstration projects if:

- the project is approved by the school district project review board;
- the school district project review board does not authorize more than two demonstration projects valued over \$10 million and two demonstration projects valued between \$5 million and \$10 million; and
- the school district project review board does not approve more than one demonstration project for each school district.

Summary of Bill:

The threshold amount for using either the design-build procedure or the GCCM procedure is lowered from \$12 million to \$10 million for all government entities eligible to use an alternative public works procedure.

The school district project review board may authorize 10 demonstration projects over \$5 million, of which at least two must be between \$5 million and \$10 million. The school district project review board is no longer restricted to approving only one project for each school district.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The school districts support this bill because it authorizes 10 demonstration projects. Some projects that are currently being rejected could be eligible under the bill. The school district project review board takes its responsibilities very seriously. School districts have special needs because children are frequently on the campus, moving around the construction site during the project, and because the transfer of students to other campuses demands that the project be completed on time. Many schools, such as Stadium High School in Tacoma, are historical. Very old buildings often demand specialized construction skills to address their structural needs. Projects have better success, better quality and fewer interruptions if they begin correctly at the design stages and are carried through to their completion with the same firm. It is very important that the options available in the law meet the complexities of school construction projects. The bill relieves the board of the restriction that they can authorize only one project for school district. The \$5,000 threshold would apply to most major renovations for schools over 6,000 square feet. The fact that there is no requirement that a contractor have GCCM experience allows those contractors who want to gain GCCM experience learn on smaller projects. The Legislature may want to bring back the independent oversight committee.

Testimony Against: None.

Testified: Peter Wall, Tacoma School District; Charlie Brown, King County School Coalition, Seattle and Tacoma School Districts; John Vacchiery, Seattle School District; Steve Cole, Lake Washington School District; Jim Cooper, the Office of the Superintendent of Public Instruction; Duke Schaub, Associated General Contractors of Washington; and Dan Sexton, Washington State Association of Plumbers & Pipefitters.