

HOUSE BILL REPORT

SHB 3124

As Passed House:
February 16, 2004

Title: An act relating to allowing a general contractor/construction manager to perform more than thirty percent of a project when it involves tunneling.

Brief Description: Allowing a general contractor/construction manager to perform more than thirty percent of a project when it involves tunneling.

Sponsors: By House Committee on State Government (originally sponsored by Representatives Miloscia and Jarrett).

Brief History:

Committee Activity:

State Government: 2/5/04, 2/6/04 [DPS].

Floor Activity:

Passed House: 2/16/04, 94-3.

Brief Summary of Substitute Bill

- Allows the value of subcontract work performed by the general contractor/construction manager firm on a public project to exceed 30 percent of the negotiated maximum allowable construction cost. This is allowed only if the subcontract is for constructing tunnels with a contract value greater than \$75 million and the public body is a city or county with a population greater than one million.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Tom and Wallace.

Minority Report: Do not pass. Signed by 1 member: Representative Nixon.

Staff: Marsha Reilly (786-7135).

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. These procedures include: 1) the design-build procedure; 2) the general contractor/construction manager (GCCM) procedure; and 3) the job order contracting procedure. Authority to use these alternative procedures terminates on July 1, 2007.

The GCCM procedure is limited to public works projects valued over \$10 million where: 1) implementation of the project involves complex scheduling requirements; 2) the project involves construction at an existing facility which must continue to operate during construction; or 3) the involvement of the GCCM during the design stage is critical to the success of the project.

Awarding a GCCM contract is a multi-step competitive process. A contract is awarded to a single firm to provide services during the design and construction phases of a project, and the selected firm acts as both the construction manager and general contractor for the project. Under this procedure, the contractor guarantees the project budget.

All subcontract work under the GCCM procedure is competitively bid. Subcontract bid packages are awarded to the responsible bidder submitting the low responsive bid. The GCCM contractor or its subsidiaries may only bid on subcontract work under the following provisions:

- The work under the subcontract is work customarily performed by the GCCM firm;
- The bid opening is managed by the public body; and
- Notification of the GCCM firm's intention to bid is included in the public solicitation of bids for the bid package.

The value of subcontract work performed by the GCCM firm may not exceed 30 percent of the negotiated maximum allowable construction cost.

Summary of Substitute Bill:

The value of subcontract work performed by the GCCM contractor may not exceed 30 percent of the negotiated maximum allowable construction cost unless the subcontract is for constructing tunnels with a contract value greater than \$75 million and the public body is a city or county with a population greater than one million.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The GCCM process is used in many other states and in the private sector. It is very useful for certain projects. The GCCM method is a great opportunity to use innovative methods to deliver projects on time and on budget. There are 16 miles of tunnel for a

wastewater facility to be built, mostly within King County. Because of the nature of the contract, it cannot be broken up into several subcontracts.

Testimony Against: None.

Persons Testifying: Representative Miloscia, prime sponsor; and Christie True, King County.

Persons Signed In To Testify But Not Testifying: None.