

# SENATE BILL REPORT

## ESHB 2112

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As of March 31, 2003

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

**Brief Description:** Reviewing public works projects that use the general contractor/construction manager procedure authorized in chapter 39.10 RCW.

**Sponsors:** House Committee on State Government (originally sponsored by Representatives Haigh, Miloscia, Eickmeyer and Edwards).

**Brief History:**

**Committee Activity:** Government Operations & Elections: 4/1/03.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Staff:** Diane Smith (786-7410)

**Background:** Some state and local governmental bodies are authorized to use alternative public works contracting procedures for projects valued over \$10 million. One alternative procedure is the "design-build" procedure and the other is the "general contractor/construction manager" (GC/CM) procedure. The following governmental entities are eligible to use either procedure: the Department of General Administration; the University of Washington; Washington State University; cities with over 70,000 people and public authorities chartered by those cities; counties with over 450,000 people; public utility districts with revenues from energy sales over \$23 million per year; and port districts with total revenues over \$15 million per year.

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 for 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 GC/CM 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. Following an extensive evaluation process, the governmental 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 GC/CM is negotiated between the parties after the scope of the project is adequately determined.

In addition to the governmental bodies listed above, school districts may use the GC/CM procedure for the construction of school capital projects valued over \$5 million if the project is approved by the School District Project Review Board. The School District Project Review

Board may authorize up to 10 projects, of which at least two must be valued between \$5 million and \$10 million.

The alternative public works contracting procedures were authorized by the Legislature in 1994, and will expire in 2007.

**Summary of Bill:** The Joint Legislative Audit and Review Committee (JLARC) must study public works projects built under the GC/CM procedure. The study must include an analysis of the costs and benefits of using GC/CM as opposed to other public works contracting procedures; an examination of the jurisdictions that used the GC/CM procedure; and an examination of the number, size, and cost of projects built using the GC/CM procedure.

JLARC must submit a preliminary report by December 31, 2003, and a final report by December 31, 2004.

An 11-member independent oversight committee is established to examine the practices and use of GC/CM procedures for public works projects. The oversight committee must consider any findings and recommendations of JLARC, and must consider its own recommendations for changes to the procedures.

The oversight committee must report its findings and recommendations to the appropriate standing committees of the Legislature by December 10 of each year.

The minimum population requirement for counties to be eligible to use the alternative public works contracting procedures is lowered from 450,000 people to 200,000 people. This change increases the number of counties eligible to use design-build and GC/CM from three counties to eight.

The number of projects the School District Project Review Board may approve is increased from 10 projects to 20 projects. No more than two projects, instead of at least two projects, may be valued between \$5 million and \$10 million.

Public hospital districts (PHDs) are added to the list of governmental bodies eligible to use the alternative public works contracting procedures. PHDs with total revenues over \$15 million a year may use the design-build procedure. All PHDs may use the GC/CM procedure as long as the project is approved by the PHD Project Review Board. A seven-member PHD project review board is created to approve qualified projects based upon an evaluation of information submitted by the hospital districts.

The PHD project review board may authorize an unlimited number of projects over \$10 million, and up to 10 demonstration projects valued between \$5 million and \$10 million.

**Appropriation:** None.

**Fiscal Note:** Available.

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