

SENATE BILL REPORT

SB 6163

As Passed Senate, February 11, 2004

Title: An act relating to construction of school buildings in second class school districts.

Brief Description: Authorizing school building construction demonstration projects by second class school districts.

Sponsors: Senators Johnson, Doumit, Pflug and Schmidt.

Brief History:

Committee Activity: Education: 1/27/04, 2/3/04 [DP].

Passed Senate: 2/11/04, 49-0.

SENATE COMMITTEE ON EDUCATION

Majority Report: Do pass.

Signed by Senators Johnson, Chair; Finkbeiner, Vice Chair; Carlson, Eide, McAuliffe, Pflug, Rasmussen and Schmidt.

Staff: Heather Lewis-Lechner (786-7448)

Background: Different procedures are established for state agencies and local governments to award contracts for public works construction projects. In the traditional process, the government body retains a firm to design the facility, puts the construction phase of the project out for competitive bid, and awards the contract to the lowest responsible bidder.

School districts and other government entities have been authorized to use alternative public works contracting procedures on certain public works projects. One alternative procedure 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. The contractor guarantees the project budget, or the maximum allowable construction cost. Authority to use this alternative public works contracting procedure terminates July 1, 2007. School districts are authorized to use the GCCM procedure for the construction of school district capital demonstration projects. The school district must receive approval from the School District Project Review Board.

A second type of alternative procedure is a design/build procedure. Design/build is also a multi-step competitive process to award a contract to a single firm. The firm will design and construct the public facility or portion of the public facility that meets certain criteria. In design/build the contractor does not guarantee the budget. School districts do not have the authority to use the design/build procedure.

School districts in Washington are classified as first or second class. Second class school districts are defined in statute as those districts with less than 2,000 students. There are approximately 144 second class high school districts.

Summary of Bill: Three second class school districts are allowed to use the design/build procedure for constructing an integrated K-12 single structure school building. The projects must be valued between \$5 million and \$12 million and projects must be approved by the School District Project Review Board.

The Office of the Superintendent of Public Instruction must notify all second class school districts when the contracts for the three projects have been awarded. Authority to use this alternative contracting procedure terminates July 1, 2007.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Small rural districts want to use the design/build procedure because it will allow them to cut through the red tape and lower their costs. Rural districts need an alternative way to build or they will not be able to construct new schools that are needed. The bonding capacity in some small rural districts cannot support the costs associated with constructing a new building under current construction processes. The ability to use design/build would allow rural districts the possibility of constructing a new school building.

Testimony Against: Design/build does not really save nearly as much money as is claimed because there are other costs that have to be considered with this method. This type of construction method should only be used for large, functionally simple projects. The economies of scale are best affected at those high cost levels. This process is not appropriate for school construction where you need to be responsive to the needs and values of the community, students, district administrators and staff. The design/bid/build process assures that the taxpayers money is protected and is the best way to do public works projects. An oversight committee is needed for this process and should be included in the bill.

Testified: PRO: Senator Doumit, sponsor; Michael Sullivan, Superintendent Willapa Valley School Dist.; CON: Gary Chandler, American Institute of Architects; Larry Stevens, United Subcontractors Assoc.; Dave Ducharme, Utility Contractors Assoc. Of WA.