
**State Government Operations &
Accountability Committee**

HB 1830

Brief Description: Regarding alternative public works contracting procedures.

Sponsors: Representatives Hunt, Jarrett, Morrell, McDonald, Pettigrew, Hasegawa, Eickmeyer, Clibborn, Simpson and Ericks.

Brief Summary of Bill

- Authorizes a city with a population of less than 70,000 whose combined general fund, special revenue, debt service, capital projects, and enterprise funds revenues exceeds \$60 million to use alternative public works contracting procedures.

Hearing Date: 3/1/05

Staff: Marsha Reilly (786-7135).

Background:

Most public works projects are completed using the design-bid-build procedure, in which the architectural design phase of a project is separate from the construction phase. Under this process, an architectural firm is retained to design the facility and prepare construction documents. After the detailed design and construction documents are complete, the construction phase of the project is put out for competitive bid. A construction contract is then awarded to the lowest responsible bidder.

Alternative forms of public works were first used on a very limited basis and then adopted in statute in 1994 for certain pilot projects. These alternative procedures included a design-build process and a general contractor/construction manager (GC/CM) process and may be used on projects costing in excess of \$10 million.

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.

The GC/CM method employs the services of a project management firm that bears significant responsibility and risk in the contracting process. The government agency contracts with an

architectural and engineering firm to design the facility and, early in the project, also contracts with a GC/CM firm to assist in the design of the facility, manage the construction of the facility, act as the general contractor, and guarantee that the facility will be built within budget. When the plans and specifications for a project phase are complete, the GC/CM firm subcontracts with construction firms to construct that phase. Initial selection of GC/CM finalists is based on the qualifications and experience of the firm.

Under the 1994 legislation a temporary independent oversight committee was created to review the utilization of design-build and GC/CM. The committee was composed of representatives from state and local agencies, the construction and design industries, labor organizations, and four members of the Legislature, one from each caucus. The committee report, issued on January 21, 1997, recommended that the authorization to use the alternative methods on a pilot basis be extended to June 30, 2001, and that certain modifications be made to the alternative contracting procedures to increase the efficiency and effectiveness of the methods. Those recommendations were adopted in 1997 and, also that year, the board was eliminated. In 2001, the authorization to use alternative public works procedures again was extended to June 30, 2007.

Since 1994, the agencies authorized to use these alternative procedures has been expanded and at this time includes:

- 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;
- port districts with total revenues over \$15 million per year;
- public hospital districts;
- public utility districts with revenues greater than \$23 million per year;
- school districts whose projects are approved by the School District Project Review Board;
- and
- the state ferry system.

The 2003-05 Capital Budget directed the Joint Legislative Audit and Review Committee (JLARC) to study the use of GC/CM contracting procedures in major public works projects. The study consists of a review of past and current projects constructed using GC/CM contracting procedures to determine the feasibility of assessing the public benefits and costs. The final report will be presented in June 2005.

Summary of Bill:

Authorization to use alternative public works contracting procedures is expanded to include a city with a population of less than 70,000 whose combined general fund, special revenue, debt service, capital projects, and enterprise funds revenues exceeds \$60 million.

Appropriation: None.

Fiscal Note: Not requested.

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