

SENATE BILL REPORT

HB 1070

As Reported By Senate Committee On:
State & Local Government, February 21, 2000

Title: An act relating to the general contractor/construction manager procedure for school districts.

Brief Description: Authorizing the general contractor/construction manager contracting procedure for school district capital projects.

Sponsors: Representatives Romero and D. Schmidt; by request of Alternative Public Works Methods Oversight Committee.

Brief History:

Committee Activity: State & Local Government: 3/18/99; 2/16/00, 2/21/00 [DPA].

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: Do pass as amended.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Hale, Haugen, Horn, Kline and McCaslin.

Staff: Eugene Green (786-7405)

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. One alternative procedure is the design-build procedure. Another alternative procedure is the general contractor/construction manager procedure. Authority to use these alternative procedures terminates on July 1, 2001. A temporary independent oversight committee is created to review these alternative bidding procedures and recommend changes in contracting laws to the Legislature.

The general contractor/construction manager procedure involves the following steps:

- Publishing a notice announcing that the procedure will be used with opportunity for public comments.
- Publishing a notice calling for bids that includes a description of the process and relative weight of factors that will be used to evaluate proposals.
- Creation of a committee to evaluate bid proposals that uses this process to select between three and five finalists to submit best and final proposals.
- Scoring the final and best proposals that are submitted that measures quality and technical merits on a unit price basis and selecting the finalist on the basis of responsiveness and

lowest price from among those finalists who are able to produce plans and specifications meeting project requirements.

- Directly negotiating with the selected contractor to establish a satisfactory maximum allowable construction cost. Negotiations may be terminated with the selected contractor if an agreement is not reached and opened with the next highest scored firm until an agreement is reached or the process terminated.
- Contracts for subcontractors are awarded to the responsible bidder submitting the lowest responsive bid.

The Department of General Administration, University of Washington, Washington State University, every county with a population of greater than 450,000 (King, Pierce, and Snohomish counties), every city with a population in excess of 150,000 (Seattle, Tacoma, and Spokane), port districts with a population in excess of 500,000 (Port of Seattle, and Port of Tacoma), and a public facilities district constructing a baseball stadium may use the general contractor/construction manager process on any project with an estimated cost of \$10 million or more. In addition, those entities may also use the "general contractor/construction manager" process on several demonstration projects of between \$3 million and \$10 million in estimated cost.

Summary of Amended Bill: The school district project review board may allow contracts to be awarded by school districts using the general contractor/construction manager process on two projects in excess of \$10 million and two projects with an estimated cost of between \$5 million and \$10 million. A school district may not use this process unless a variety of factors are met, including consideration of the overall demand for the demonstration projects. There may not be more than one project by a school district.

The School District Project Review Board is established to approve school district use of the general contractor/construction manager process in awarding contracts for public works projects. The board consists of ten persons selected by the Independent Oversight Committee and consists of one representative from each of the following groups: the Office of the Superintendent of Public Instruction; the Office of Financial Management; the construction industry; the specialty contracting industry; organized labor; the design industry; a public body that has used the alternative contracting procedures; school districts with 10,000 or more annual average full-time equivalent students; school districts with less than 10,000 or more annual average full-time equivalent students; and two representatives from the construction industry, one of whom works for a construction company with gross annual revenues of \$20 million or less.

A variety of factors is established for the School District Project Review Board to authorize school districts to use the general contractor/construction manager process, including past construction activity and an explanation of why the use of this process is in the public interest. The School District Project Review Board must prepare a report reviewing school district use of this process. Any member of the School District Project Review Board who is directly affiliated with any applicant must not consider the application.

A school district may not use as an evaluation factor whether a contractor submitting a bid for the approved project has had prior AC/CM experience.

Amended Bill Compared to Original Bill: The School District Project Review Board is limited to approving four demonstration projects: two in excess of \$10 million; and two between \$5 million and \$10 million.

There may not be more than one project in a school district.

The School District Project Review Board is expanded to include a representative of a construction company with gross annual revenues of less than \$20 million and a representative of organized labor. Conflict of interest language is added.

A school district may not use as an evaluation factor whether a contractor submitting a bid for the approved project has had prior AC/CM experience.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This amendment greatly improves the bill. The Alternative Public Works Methods Oversight Committee voted unanimously for this amendment.

Testimony Against: None.

Testified: PRO: Charlie Brown, King County Schools Coalition; Duke Schaub, AGC-Washington.