
Capital Budget Committee

SSB 5760

Brief Description: Regarding the University of Washington's and Washington State University's public works contracting procedures.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Brandland, Zarelli, Shin, Kilmer and Kohl-Welles; by request of University of Washington and Washington State University).

Brief Summary of Substitute Bill

- Grants the University of Washington and Washington State University specific statutory authority to enter into public works contracts following procedures as established by their respective boards of regents whenever the revenue source for the projects does not include state-appropriated funds.

Hearing Date: 3/31/09

Staff: Steve Masse (786-7115)

Background:

Competitive Bid Requirements.

By law, the University of Washington (UW) and Washington State University (WSU) must competitively bid public works projects that are estimated to cost in excess of \$35,000 if the work involves one trade or craft area, or \$55,000 if multiple trades or craft areas are involved. Projects estimated under these dollar amounts may be contracted without a competitive bid or may be performed by employees. Generally, the procedures for competitive bid require that complete plans and specifications be drawn, the project be advertised, and sealed bids be submitted and opened in public.

One method of competitive bidding that may be used for projects estimated at \$200,000 or less is the small works roster process. Under that procedure, a single roster of potential contractors may be created or different rosters for contractors of different specialties or categories of anticipated

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work. Distinctions may be made between contractors based on geographic areas. The agency or local government may solicit bids from all appropriate contractors on the roster, but at a minimum five bids must be solicited. The contract, if awarded, is awarded to the lowest responsible bidder. An effort must be made to equitably distribute the opportunity among contractors on the appropriate roster if bids are solicited from less than all contractors on the roster.

Contracting Methodologies.

The traditional contracting method of awarding a public works contract to the lowest responsible bidder is typically referred to as the design-bid-build (DBB) contracting method. Under the DBB procedure, the architectural design phase of a project is separate from the construction process. After the detailed design and construction documents are completed by an architectural firm, the construction phase of the project is put out for competitive bid. A construction contract is awarded to the lowest responsible bidder. The design-build (DB) method 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 DB 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. Public owners must be approved to use the DB method by the Capital Projects Advisory Review Board (CPARB). The method may only be used for projects in which the design and construction activities, technologies, or schedule used are highly specialized, the project design is repetitive in nature, or regular interaction with and feedback from facilities users and operators during design is not critical to an effective design. With few exceptions, the DB process is limited to projects costing in excess of \$10 million.

The general contractor-construction manager (GCCM) method is one in which the public entity employs the services of a project management firm that bears significant responsibility and risk in the contracting process. The public entity first contracts with an architectural and engineering firm to design the facility and, early in the project, also contracts with a GCCM 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. Public owners must also be approved to use the GCCM method by the CPARB. General contractor-construction manager projects are limited to projects that involve complex scheduling, phasing, or coordination; involve construction at occupied facilities; encompass a complex or technical work environment; or require specialized work on a building that has historic significance. The GCCM method is generally authorized for use on projects estimated to cost in excess of \$10 million; however, with the permission of the CPARB, the method may be used for projects costing less than \$10 million.

The UW is certified by the CPARB to use both the DB and the GCCM methods, and WSU is certified to use only the GCCM method.

Summary of Bill:

The boards of regents (Boards) for the UW and WSU are granted specific authority for public works projects whenever the revenue source for the projects does not include state appropriated funds.

The authority granted allows the universities to award public works projects using a small works roster process for projects with an estimated cost of up to \$1 million, and using the DBB, DB, or GCCM construction methods for projects with an estimated cost in excess of \$1 million. Contracts must be awarded after public notice and following requirements and procedures established by the Boards to the person or persons able to perform on the most advantageous terms. Requirements and procedures established by the Boards may include, but are not limited to, the following:

- setting the dollar amount for self performance of work by the general contractor;
- setting the schedule for establishing the maximum allowable construction cost; and
- establishing the process for selection of subcontractors.

The Boards may not enter into contracts in excess of the amount provided for a specific project and, if the Boards choose to exercise this authority, the statutory bidding or procurement requirements regarding the small works roster process and the alternative public works contracting methods do not apply. However, the statutory requirements regulating a contractor's bond, prevailing wages, and liens for labor, materials, and taxes do apply.

The UW and WSU may require prequalification of potential bidders. Persons interested in bidding must submit a questionnaire that requires information about their financial ability and experience as well as the financial ability and experience of any proposed subcontractors. The questionnaire must be sworn to before a notary public, or other authorized person, and submitted at the time required. Based on the information provided, the UW and WSU may disqualify any person from bidding. To be qualified to bid, the potential bidder must have:

- adequate financial resources or the ability to secure those resources;
- the necessary experience, organization, and technical qualifications to perform the work;
- the ability to comply with the required performance schedule;
- a satisfactory record of performance, integrity, judgment, and skills; and
- otherwise been qualified and eligible to receive an award under applicable laws and rules.

The UW and WSU may limit the number of entities submitting proposals or bids to a number that ensures competition without creating marketing costs for those otherwise qualified to bid.

The list of bidders shall be selected on a project-by-project basis following the prequalification process.

Appropriation: None.

Fiscal Note: Available.

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