

HOUSE OF REPRESENTATIVES

Olympia, Washington

Bill Analysis

Bill No. HB 1070

Authorizing general contractor/construction manager contracting procedures for school district capital projects  
Brief title

Hearing Date 1/26/99

Reps Romer and D. Schmidt  
Sponsor(s)

Staff Steve Lundin  
State Government Committee  
Phone 786-7127

**BACKGROUND:**

1) Standard procedures award contracts for public works projects.

Different procedures are established at agencies and various governmental award contracts for public works projects.

Frequently different sets of procedure requirements have been established at agencies and local governmental award public works contracts depending on the estimates of the project with varying requirements follows:

- o An agency or local government may award contracts for public works projects of a relationship estimated in any manner it chooses.
- o An agency or local government may award contracts using small works cost bidding process award contracts for projects up to a medium estimate. Under this process a limited number of contractors are contacted and asked to submit bids. The contract is awarded to the lowest responsible bidder.
- o An agency or local government may award contracts using formal competitive bidding process formally award contracts for highest estimate value where a notice published requesting sealed bids and the sealed bids are opened at a designated time and place. The contract is awarded to the lowest responsible bidder.

## 2. Alternative contracting procedure.

Several different state and local governments have been authorized to use alternative contracting procedures for awarding contracts for public works contracts of a very large value. One alternative procedure is the design-build procedure. Another alternative procedure is the general contractor/contractor management procedure. Authority for these alternative procedures terminated July 1, 2001. A temporary independent oversight committee created to review the alternative bidding procedures and recommend changes to contracting laws to the legislature.

The general contractor/contractor management procedure involves the following steps:

- o Publishing and announcing the procedure with opportunity for public comments.
- o Publishing all bids that include a description of the process and relative weight factors to be used to evaluate proposals.
- o Creation of a committee to evaluate proposals that uses this process to select between three and five final proposals and final proposals that include a bid for: (1) The percentage of the project that the general contractor/contractor will take over and (2) the fixed amount for the detailed specified work.
- o Scoring of final bids submitted that measure quality and technical merit on a unit price basis and selecting final bid on the basis of responsiveness and lowest price from among those final bids that are able to produce and specifications meeting project requirements.
- o Directly negotiating with the selected contractor to establish a satisfactory maximum allowable construction. Negotiations may be terminated with the selected contractor if an agreement is not reached or opened with the next highest stored amount if an agreement is reached the process is terminated.
- o Contracts subcontract awarded to the responsible bidder submitting the lowest responsive.

The Department of General Administration, University of Washington, Washington State University, county with a population of more than 450,000 (King, Pierce and

Snohomish County, with a population in excess of 150,000 (Seattle, Tacoma and Spokane) and other districts with a population in excess of 500,000 (Port of Seattle and Port of Tacoma) and public facilities districts, a base bid may use the general contractor/contract management process on any project with an estimated cost of \$10 million or more. In addition, it may also use the general contractor/contract management process on several demonstration projects between \$3 million and \$10 million estimated.

**SUMMARY:**

School districts are allowed to use the general contractor/contract management process to award contracts for public work projects in excess of \$10 million. These are approved by the school district review board. In addition, the school district review board may allow contracts to be awarded by school districts using the general contractor/contract management process up to five demonstration projects with an estimated cost of between \$5 million and \$10 million. A single school district may not use this process more than one demonstration project. A variety of factors must be considered including consideration of the overall handling of the demonstration projects.

The school district review board established by the school district is the general contractor/contract management awarding contractor for public work projects. The board consists of eight persons selected by independent oversight committees and consists of one representative from each of the following groups: (1) The Office of the Superintendent of Public Instruction, (2) the Office of Financial Management, (3) the construction industry, (4) the specialty contracting industry, (5) the design industry, (6) a public body that has used the alternative contracting procedure, (7) school districts with 10,000 or more annual average full-time equivalent students and (8) school districts with less than 10,000 or more annual average full-time equivalent students.

A variety of factors established by the school district review board authorize school districts to use the general contractor/contract management process including construction and an explanation of why the use of this process is in the public interest. The school district review board must prepare a report reviewing the school district's use of this process.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of session which bill passed.