

HOUSE BILL REPORT

SSB 6597

As Reported by House Committee On:

State Government

Title: An act relating to alternative public works contracting procedures.

Brief Description: Authorizing additional school district capital demonstration projects.

Sponsors: Senate Committee on State & Local Government (originally sponsored by Senators Winsley, Gardner, Kohl-Welles, B. Sheldon and Keiser).

Brief History:

Committee Activity:

State Government: 2/26/02, 2/28/02 [DP].

Brief Summary of Substitute Bill

- The threshold amount for using either of the alternative public works procedures is lowered from \$12 million to \$10 million.
- The school district project review board may authorize 10 demonstration projects over \$5 million, of which at least two must be between \$5 million and \$10 million, and is no longer restricted to approving only one demonstration project for each school district.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Romero, Chair; Miloscia, Vice Chair; McMorris, Ranking Minority Member; McDermott, Schindler and Schmidt.

Staff: Catherine Blinn (786-7114).

Background:

Public works projects include construction, building, renovation, remodeling, alteration, repair or improvement of real property. The method by which contracts for public works projects are awarded is based on the estimated cost of the project and the size of the public entity. Several state agencies and local governments are authorized to use alternative public works contracting procedures to award contracts that are over \$12

million. One procedure is the "design-build" procedure and the other is the "general contractor/construction manager" (GCCM) procedure. The following government entities are eligible to use either of the alternative public works procedures:

- Department of General Administration;
- University of Washington;
- Washington State University;
- cities with over 70,000 people and, with approval, public authorities chartered by cities with over 70,000 people;
- counties with over 450,000;
- port districts with total revenues over \$15 million per year; and
- public utility districts with revenues from energy sales over \$23 million per year.

The government entity must include a number of details in the request for proposals, such as a detailed description of the project, the reasons for using the design-build or GCCM procedure, a description of the qualifications required of the bidder firm, a description of the process the government entity will use to evaluate the proposals, and the form of the contract.

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.

Under the GCCM procedure, a contract is awarded to a single firm for a guaranteed construction cost after competitive selection. The contract is to provide services during the design phase, and to act as both the construction manager and the general contractor during the construction phase. Use of the GCCM procedure requires that the project meet specified criteria, such as the success of the project necessitates involvement of the GCCM during the design stage. Following an extensive evaluation process, the government entity must award the contract to the firm that submits the final proposal scoring the highest based on outlined evaluation factors. The maximum construction cost guaranteed by the GCCM is negotiated between the parties after the scope of the project is adequately determined.

Government entities may use the GCCM procedure for the construction of school district capital demonstration projects if:

- the project is approved by the school district project review board;
- the school district project review board does not authorize more than two demonstration projects valued over \$10 million and two demonstration projects valued between \$5 million and \$10 million; and
- the school district project review board does not approve more than one demonstration project for each school district.

Summary of Substitute Bill:

The threshold amount for using either the design-build procedure or the GCCM procedure is lowered from \$12 million to \$10 million for all government entities eligible to use an alternative public works procedure.

The school district project review board may authorize 10 demonstration projects over \$5 million, of which at least two must be between \$5 million and \$10 million. The school district project review board is no longer restricted to approving only one project for each school district.

The bill contains an emergency clause.

Appropriation: None.**Fiscal Note:** Not Requested.**Effective Date:** The bill contains an emergency clause and takes effect immediately.**Testimony For:** Schools are building very large projects these days, costing many millions of dollars. Schools should be able to use the tools, the building procedures, that are available to other government entities. The bill is a clean bill and does not need any amendments.**Testimony Against:** None.**Testified:** (In support) Senator Winsley, prime sponsor; Charlie Brown, King County School Coalition, Seattle and Tacoma Public Schools; and Duke Schaub, Association of Washington Business.

(With concerns) Ron Forest, Carpenters Union; and David Johnson, Ironworkers Union.