

# HOUSE BILL REPORT

## HB 1567

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**As Reported by House Committee On:**  
State Government

**Title:** An act relating to authorizing alternative public works contracting procedures for counties with a population greater than two hundred thousand.

**Brief Description:** Allowing counties with a population greater than two hundred thousand to use alternate public works contracting.

**Sponsors:** Representatives Alexander, Romero, Clements, DeBolt, Skinner, Hunt, Rockefeller, Eickmeyer, Woods, Haigh, Chandler, Newhouse and McMahan.

**Brief History:**

**Committee Activity:**

State Government: 2/11/03, 3/4/03 [DP].

**Brief Summary of Bill**

- Lowers the minimum population requirement for counties to use the alternative public works contracting procedures from 450,000 people to 200,000 people.

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### HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Nixon, Tom and Wallace.

**Staff:** Katie 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 the alternative public works contracting procedures to award contracts over \$10 million. One procedure is the

"design-build" procedure and the other is the "general contractor/construction manager" (GC/CM) procedure. The following government entities are eligible to use either procedure:

- 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; and
- port districts with total revenues over \$15 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 GC/CM 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 GC/CM 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 GC/CM procedure requires that the project meet specified criteria, such as the success of the project necessitates involvement of the GC/CM 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 GC/CM is negotiated between the parties after the scope of the project is adequately determined.

The alternative public works contracting procedures expire July 1, 2007.

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**Summary of Bill:**

The minimum population requirement for counties to be eligible to use the alternative public works contracting procedures is lowered from 450,000 people to 200,000 people.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

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

**Testimony For:** This bill is part of the joint legislative package proposed by the counties and cities. This contracting procedure will help counties save money. The cities asked to be part of the bill but the title is too narrow.

**Testimony Against:** Mechanical and electrical sub-contractors support design-build and GC/CM, but don't support expansion of the procedures to new jurisdictions until existing problems are cleared up. Sub-contractor eligibility is a problem because the GC/CMs are using additional criteria over and above what is required by law, which limits the number of sub-contractors eligible to bid on a project. Too many requirements, costs, and inconveniences are being imposed by GC/CMs on sub-contractors. On the other hand, the ongoing disputes between general contractors and sub-contractors are probably occurring in other public works contracting arenas, not just the design-build and GC/CM arenas. GC/CMs are not doing enough of the work themselves so they do not have a sufficient stake or interest in the progress or quality of the projects. Requiring self-performance by a GC/CM will improve the ultimate product. Sub-contractors suggest bringing back the Alternative Public Works Oversight Committee.

GC/CM and design-build are complex methods of building public works projects. Many smaller agencies and jurisdictions can easily get in over their heads. The minimum project value should be raised from \$10 million to \$20 million.

**Testified:** (In support) Scott Merriman, Association of Counties.

(Opposed) Larry Stevens, National Electrical Contractors Association and Mechanical Contractors Association.