

HOUSE BILL REPORT

SB 6163

As Reported by House Committee On:
Education

Title: An act relating to construction of school buildings in second class school districts.

Brief Description: Authorizing school building construction demonstration projects by second class school districts.

Sponsors: Senators Johnson, Doumit, Pflug and Schmidt.

Brief History:

Committee Activity:

Education: 2/23/04, 2/26/04 [DP].

Brief Summary of Bill

- As a demonstration project, permits three second class school districts to use a design/build contracting approach to construct an integrated K-12 school building.
- Expires on July 1, 2007.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass. Signed by 6 members: Representatives Quall, Chair; McDermott, Vice Chair; Anderson, Cox, McMahan and Santos.

Minority Report: Do not pass. Signed by 5 members: Representatives Talcott, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Haigh, Hunter and Rockefeller.

Staff: Susan Morrissey (786-7111).

Background:

By law, state agencies and local governments have certain contracting requirements that must be met for public works construction projects. In the traditional contracting process, the government body retains a firm to design the facility, puts the construction phase of the project out for competitive bid, and awards the contract to the lowest responsible bidder.

School districts and other government entities have been authorized to use alternative public works contracting procedures for certain projects. One alternative procedure is the "general contractor/construction manager" (GC/CM) procedure. The GC/CM procedure is a multi-step

competitive process to award a contract to a single firm for the entire process. The contractor provides services during the design phase and acts as both the construction manager and general contractor during the construction phase. The contractor guarantees the project budget or the maximum allowable construction cost. According to a program description, the process is designed to improve cost containment, construction quality and overall success of school building projects.

School districts are authorized to use the GC/CM procedure for the construction of school district capital demonstration projects. The school district must receive approval from the School District Project Review Board (Board). The membership of the Board is determined by law. Authority to use this alternative public works contracting procedure terminates July 1, 2007.

A second type of alternative procedure is a design/build procedure. Design/build is also a multi-step competitive process to award a contract to a single firm. The firm will design and construct the public facility or portion of the public facility that meets certain criteria. In the design/build approach, the contractor does not guarantee the budget. Under current law, school districts do not have the authority to use the design/build procedure.

School districts in Washington are classified as first or second class. Second class school districts are defined in statute as those districts with less than 2,000 students. There are approximately 192 second class districts.

Summary of Bill:

As a demonstration project, three second class school districts are allowed to use the design/build procedure to each construct an integrated K-12 single structure school building. Each project must be valued between \$5 million and \$12 million and must be approved by the Board. When each participating district selects a design-build firm for its project, it must consider the firm's experience working on projects of that magnitude.

The Office of the Superintendent of Public Instruction must notify all second class school districts when the contracts for the three projects have been awarded. The contracts must be signed before July 1, 2007. Authority to use this alternative contracting procedure terminates July 1, 2007.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This legislation provides an opportunity for one to three school districts that wish to use a creative design and contracting approach to construct one school building. The

approach has been used successfully to construct state buildings and college facilities. The bonding capacity in some small rural districts cannot support the costs associated with constructing new buildings under current construction processes. Giving them access to the more flexible design/build concept will allow them to cut through red tape and lower their costs. Willapa Valley School District would like to be one of the three projects. The district is small, with 421 students in kindergarten through grade twelve. The current school has had a number of maintenance challenges recently, lacks classroom space, and is not easily adapted to meet the technology needs of a 21st century education. The assessed valuation for the entire district is \$9.9 million. An architect estimated the district's cost to build a new K-12 building would be over \$16 million. Using design/build, the district can save enough money, through improvements such as speed of construction and smaller architectural fees, to build the school for about two-thirds of the original estimate.

Testimony Against: The design/build construction method should only be used for large expensive projects. Design/build does not really save nearly as much money as is claimed because there are other costs that have to be considered with this method. This process is not appropriate for school construction where you need to be responsive to the needs and values of the community, students, district administrators and staff.

Persons Testifying: (In support) Senator Johnson, prime sponsor; Senator Doumit, sponsor; Mike Sullivan, Willapa Valley School District Superintendent; and Josh Peterson, Garrett Foster, and Katie Southwick, Willapa Valley High School students.

(Opposed) Mel Sorensen, Contractors Bonding and Insurance Company.

Persons Signed In To Testify But Not Testifying: (Opposed) Larry Stevens, Mechanical Contractors Association and Electrical Contractors Association; Dave Ducharme, Utility Contractors Association of Washington; and Cliff Webster, Architects and Engineers Legislative Council.