

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
GC/CM Committee**

Meeting Summary August 20, 2020 (Meeting #18)

- 1. Chair Middleton called the meeting to order at 9:30 a.m. A quorum was established.**
- 2. Administrative**
 - a. Introductions
 - i. Committee members in attendance, including by phone: Nick Datz (Owners), Scott Middleton (Specialty Contractors), Penny Koal (DES), Shannon Gustine (General Contractors), Rebecca Keith (Cities), Janice Zahn (Ports), John Palewicz (Private Industry), Sam Miller (Architects), Todd Mitchell (Construction Trades Labor); Santosh Kuruvulla (Engineers), Olivia Yang (Higher Ed)
 - ii. Stakeholders in attendance, including by phone: Andy Thompson (General Contractors), Keith Michel (General Contractors), Bill Dobyms (General Contractors), Curt Gimmestad (General Contractors), Ed Peters (Education), Melissa Van Gorkom (Legislative Staff), Doug Dickinson, Brian Carter (Architects), Mike Pelliteri (General Contractors)
 - b. Approval of April 28, 2020 and June 30, 2020 meeting summary – M/S/P to approve both meeting summaries with no changes.
- 3. Update on Statutory Recommendations Process**
 - a. Reauthorization Committee and CPARB
 - i. Chair Middleton---The Reauthorization Committee approved all of the recommendations that we made and they will go into the reauthorization bill. Next, the Reauthorization Committee is making additional non-GCCM changes which will be presented to CPARB soon and analyzed in September.
 - ii. Action will likely be taken at the October meeting. We may get some questions as a committee on the draft presented to CPARB.
 - b. E&MCCM Issue - Proposal 7(a)
 - i. Chair Middleton---As I was looking back through the various iterations, the languages used in the reauthorization draft does give PRC the authority to review and approve the use of 39.10.385 for those public bodies that are certified. What is missing is the requirement to go to PRC to get the approval whether it's with their project approval application or at a later date. That key language didn't make it in. What we had been working on was using language right at the beginning that if you aren't certified you need to seek PRC approval. The proposed language doesn't reach the intent we were meaning to.
- 4. Best Practices Phase – Goals & Structure**
 - a. Goals
 - i. Chair Middleton---Our goal is to come up with best practices. Together as a committee let's run through the statutes and identify areas where we can address best practices. Then we will form sub committees to draft content describing each best practice.
 - b. Target Audience
 - i. Chair Middleton---Who is our target audience for the best practices document?
 - ii. Higher Ed---If you look at the design build best practices and the training, there should be a strong focus on public owners who are doing GCCM for the first time to get those public owners educated. That way if you have certified owners, or more practiced owners, they could contribute to the case study innovation portion of the trainings.
 - iii. General Contractors---I agree, and I think we need to be cognizant of groups that are doing things incorrectly and continue to do so because they don't know. I think reeducation and retraining is important.

[LR] indicates a comment about RCW guidance.

[BP] indicates a comment to inform our best practices.

[AI] indicates an action item for follow up.

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- iv. General Contractors---Most of the people attending those trainings are first time users or first time involved in GCCM; by and large it's first time users and public owners that are part of that class.
 - v. Private Industry---A balance between discussions and questions between owners and architects really come up with the best practices from everybody.
 - vi. Cities---Part of the value of this is just the process of going through it.
 - vii. Chair Middleton---I think a big part of this is educating folks. When this document is final we need to make sure people know it's there, but also as we work through this process we need to make sure we are reaching out to all of the right stakeholders.
 - viii. General Contractors---A very high proportion of GC/CM applications to the PRC are from school districts and a number of school districts have agency approval for GC/CM. I encourage you to solicit best practices from school districts and their legal counsel and project management consultants and contractors. The Washington State Chapter of the Association for Learning Environments (A4LE) is a good forum for soliciting such input. I am happy to assist.
- c. Timing
- i. Chair Middleton---We don't have a time constraint with best practices, so we need to identify what frequency of meetings is necessary and how long we think this will take.
 - ii. Ports---Should we proceed given the legislative changes haven't been approved yet?
 - iii. Chair Middleton---We have had unanimous approval and I'm confident those statutory changes will make it into the final document. Please speak up if you feel differently and we should proceed with the ability to be flexible. Is it too aggressive to think we can have a final document to CPARB by September of next year?
 - iv. General Contractors---Let's proceed assuming they all go through.
 - v. General Contractors---I would suggest moving forward with the thought that the work you have done is approved. Approved or not in some of the detail there are still best practices to garner from the information.
 - vi. Education---Maybe we create the bulleted lists and groups to assess how big the task is for each group and then determine timelines.
- d. Approach/Topics
- i. Higher Ed---As the practice changes, it would be good to allow the best practice document to make those changes.
 - ii. Architects---I agree, maybe this is best practices and for lack of a better words innovation or opportunities to innovate. We can point out areas where there have been atypical applications or uses of it that have been successful that others might not be aware of.
 - iii. General Contractors---The AGC Education Foundation expects to continue offering the GC/CM Certification class and will continue to update the presentation with best practices including what comes out of the CPARB Document.
- e. Format of End Document
- i. Chair Middleton---We're thinking we want to make this look like the design build best practices.
 - ii. Architects---I think consistency in these documents is important. The table of contents could parallel with design build.
 - iii. Chair Middleton---I think what I'm hearing is that we need to pull out the list that Chair Datz has and break down the structure of the document

5. Assignment of Subcommittees/Topics

- a. Chair Datz---I looked at the design build best practices to make it consistent with GCCM, though there will be differences. This isn't final but a way we can get down our ideas.

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- i. General Contractors---Maybe going through section by section will help us organize our thoughts.
- ii. Chair Middleton---I went back through the meeting summaries and flagged areas where we noted for best practices. Before we get to start assigning subcommittees, folks might need to look through the meeting summaries, and then form subcommittees to go into the issues. Private Industry suggested we have another meeting to make sure there is general consensus on each of the areas that we want to include in the outline and let the subcommittees think about those areas.
- b. Chair Datz---Going through to the very beginning of 39.10 we have two definitions: risk contingencies and budget contingencies.
 - i. General Contractors---We flagged design completion contingencies
 - ii. Cities---I'm wondering if the topic is management of risk?
 - iii. Chair Datz---I think that's good. I'm including it in construction services for now.
 - iv. General Contractors---We could have a risk management bullet for everything.
- c. Chair Datz---We had talked about PRC approval. This is something we definitely want to include in the best practices especially since this has changed.
 - i. Chair Middleton---Will the best practices be arranged by the criteria? It seems like PRC is going to have to come up with policy and change the application.
 - ii. Higher Ed---I'm wondering if we can change the name to Owner Readiness because that's what we called it in the design build best practices?
 - iii. Chair Datz---Yes.
- d. Cities---I noticed you have heavy civil. Will heavy civil things be woven into every section or will there be its own heavy civil section.
 - i. Architects--- Maybe there's a separate section instead of weaving it in and out.
 - ii. Cities---The challenge is that heavy civil can lead to a different result in several of the other areas.
 - iii. Chair Datz---We may have enough content for heavy civil to have its own section.
 - iv. Higher Ed---Didn't you rewrite the legislation so that they are separate sections? So maybe we have the best practices follow that.
 - v. Chair Datz---Why don't we make one section on Heavy Civil and see if that works? Otherwise, we can break it into other sections.
 - vi. Higher Ed---That is good for now.
- e. Chair Datz---The 39.10.340 section is discussed a lot in setting up the GCCM types. Any other thoughts or just keep it at that high level?
 - i. Higher Ed---Walter reminded us that GCCM has no bottom dollar now. Given the process and the fact there is no bottom dollar at some point it's a self-correcting thing, but maybe we want to consider what a small dollar amount looks like, maybe 10 or more, because the transactional costs need to balance out the benefits.
 - ii. Chair Datz---I'll include that in the parking lot of ideas.
- f. Chair Datz---We have spent a lot of time talking about project management contractor requirements.
 - i. Chair Middleton---The other thing we need to talk about is the 5 percent contingency. That's the minimum, but I think we want to talk about whether or not that needs to be more in certain circumstances.
 - ii. Chair Datz---That's a great point to discuss when we talk about contingencies. We want it to be more of a dialog and not peg it at a certain percentage.
- g. Chair Datz---I was thinking about calling the next section Disputes.
 - i. Cities---I like avoiding disputes. Consider calling the section changes.
 - ii. Chair Middleton---Do we want to call it equitable adjustments?
 - iii. Ports---Isn't this really due process? Clarity of due process.
 - iv. Higher Ed---I don't really know what that means. What about Contract Change (Process)?

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- v. Cities---Remembering discussions about this one makes me wonder if there might be value higher up in the outline to having a special section on relationship of owner to GCCM.
- vi. Ports---It really goes under Owner Readiness.
- vii. Cities---I agree with that.
- viii. Higher Ed---If there is a way that you could say something about alternative procurement. You almost want an alternative attitude that sometime occurs in low bids.
- ix. General Contractors---We had talked about the concept of shared savings.
- x. Architects---I think there should be something about the value proposition that owners want from GCCM.
- xi. General Contractors--- I agree with that. We keep talking about owners reading this to figure out what they're doing. We need to think about contractors and trade partners.
- xii. Chair Datz---Does this go under owner needs and goals?
- xiii. Architects---Yes.
- h. Chair Datz---We also flagged the contract award process for best practices.
 - i. Chair Datz---Timing of procurement is important.
 - ii. General Contractors---We talked a lot about what you're evaluating through that procurement process, and what you're asking for the financial and other components. We talked a lot about whether on GCCM it was appropriate to ask for a fixed amount for commission.
 - iii. Ports---On the timing we also talked about the fact that there may be projects where we can bring on a GCCM even later. That actually prompted discussion on early versus late and what that means.
 - iv. Chair Middleton--- It's fee plus price related factor. There needs to be discussion on when to include certain price related factors and what those might be.
 - v. General Contractors---This is also where we were going to have our sample and pros and cons scope allocation matrix.
 - vi. Chair Middleton---We made changes to the evaluation criteria. To encourage more competition we will look at what is a good track record and what does that look like within what is allowable by law.
 - vii. General Contractors---We talked about the pros and cons of cumulative scoring and individual scoring.
 - viii. Cities---I think we should be explicit about diverse business inclusion.
 - ix. Chair Middleton---I added diverse business inclusion under evaluation criteria and packaging under subcontracting.
 - x. Ports---I think one procurement best practice is having pre-informational meetings which are helpful even though they aren't an RCW requirement.
 - xi. Chair Middleton---I think we should call out interviews. Maybe that fits under process.
 - xii. Chair Datz---Interviews would be makeup, questions, and disclosure. Advertisement should be included, and under subcontracting. Selection is good to talk about, also debriefs.
- i. Chair Datz---Before coming into the MACC section. We need a section for preconstruction services. What are the topics we want to talk about? Hearing none.
- j. Chair Datz---Do you think it would be worthwhile to put MACC under a heading or have its own?
 - i. General Contractors---I think we should include a section on the type of costs for the MACC.
 - ii. Architects---Related to that would be contingencies or allowances.
 - iii. Cities---I think we had timing and risk management as well.

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- iv. Chair Datz---Just a topic for risk?
- v. Cities---And maybe timing?
- vi. General Contractors---There would be the opportunity to talk about multiple packages.
- vii. Chair Datz---Multiple MACCs?
- viii. Ports---Maybe we want to talk about subcontracting planning under preconstruction services. There's a lot more in pre-construction services in best practices because that's where we are setting everything up in future phases.
- ix. Architects---This is a team approach, going back to collaboration.
- x. Chair Datz---Maybe it's the relationship between the three parties: owner, GCCM, and designer.
- xi. Architects---Cost predictability? It's not just estimating but trying to give reliable cost information. It's not risk transfer until the MACC, but there is some hope this process yields something that you can be more confident in.
- xii. Ports---I also think construction sequencing.
- xiii. General Contractors---Can we add third party estimating reconciliation back in that section?
- xiv. Chair Datz---Yes. Part of it is talking about the offramp. Has anyone ever taken that? Negotiating with the second firm?
- xv. General Contractors---As in the best practice of how to do it?
- xvi. Chair Datz---Yes, or being prepared for it.
- xvii. Architects---The other aspect of the offramp is leverage. For the owner's value that is a lever. It's important to recognize that is a lever.
- xviii. Chair Datz---I'll leave it at offramp and we'll see what the subcommittee comes up with for talking points. Renegotiation of the fee should be in here as a topic.
- k. Chair Datz---What about subcontracting?
 - i. General Contractors---We have the modifications we made about packaging and self-performance of work. We had modified that language to talk about what is typically performed and we talked about elaborating in the best practices.
 - ii. Chair Datz---That's a good point. Bundling is something we talked about—lumping together things that don't necessarily belong. We definitely want to talk about process.
 - iii. General Contractors---We had a lot of discussion about engineer estimates, I can't remember if we talked about adding that into best practices.
 - iv. Chair Datz---That leads into negotiations, right?
 - v. General Contractors---We were talking about it in a context that it's not always done. There were tradeoffs that we were talking about with that.
 - vi. Chair Datz---I'll throw that under advertisement.
 - vii. Chair Middleton---Under alternative subcontractor selection we should also consider addressing interviews. The other thing is talking about audits and lump sum under heavy civil and under alternative subcontractor selection.
 - viii. General Contractors---Under encouraging competition we talked about how people do this for the first time.
 - ix. Chair Datz---I think this alternative subcontractor selection section should be its own topic.
 - x. General Contractors---I agree. Is that where we talk about appropriateness now that it has its own section?
 - xi. Cities---That whole section could be moved up between pre-construction and MACC due to timing if we want people to think about it in that stage.
 - xii. Chair Datz---Anything else for the alternative section? We want to make sure we talk about public hearings. We probably want to talk about how the contract is structured, right?

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- I. Chair Datz---Any comments for 39.10.390? These are exceptions for the GCCM.
 - i. General Contractors---Is there a section on process if GCCM is bidding a scope of work? We had a lot of discussion about that.
 - ii. Chair Datz---We have self-performance of the work, so we can add that to it.
 - iii. General Contractors---Even bidding and award process. We also talked about the packaging being driven by the inability of the GCCM to have certain things to address. It seems like there is some amount of process that should be addressed.
 - iv. Architects---I'm wondering if there should be something around the timing of the subcontracting. Is there something to speak to the possibility of earlier packages based on project needs?
 - v. Chair Datz---Yes, that's good. Would it be worthwhile to put something about evaluating the bids and the owner involvement in that?
 - vi. General Contractors---Yes.
 - vii. Chair Datz---This is getting into lack of interest or lack of bids.
 - viii. General Contractors---The term you might want to throw in is responsiveness. In that owner involvement in evaluating bids is the responsiveness of those bids.
 - ix. Chair Datz---Another would be best practices for awarding a contract.
 - m. Chair Middleton---This is a great start. Moving forward, Chair Datz and I will clean up the outcome and distribute it to everyone. What do you think about coming back to the next meeting to fine tune the outline and then we can start discussing subcommittees. Chair Middleton suggested meeting the third Thursday of every month from 1-3 p.m.
- 6. Follow-up items**
- a. Next meeting is scheduled for September 17, 2020.
 - b. The following action item was identified:
 - i. Committee Chairs to revise the outline and distribute to the meeting attendees in advance of the Sept. 17 meeting.
- 7. Meeting adjourned at 12:00 p.m.**

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