

1. **Chair Datz called the Teams meeting to order at 1:05 p.m. A quorum was established.**
2. **Administrative**
 - a. Introductions
 - i. Committee members in attendance: Nick Datz (Owners), Sam Miller (Architects), Scott Middleton (Specialty Contractors), Shelly Henderson (K-12 Schools), Mark Nakagawara (Cities), Penny Koal (DES), Louise Sweeney, in for Alexis Blue (Higher Ed), Angela Peterson, in for Janice Zahn (Ports), Keith Michel, in for Shannon Gustine (General Contractors)
 - ii. Stakeholders in attendance: Mike Rice, Mitch Romero
 - b. The committee approved both the June 29 and September 28 meeting summaries.
3. **Review the combined manual**
 - a. Review updated Alternative Subcontracting Chapter 7
 - i. Chair Datz introduced the topic and asked members to focus on substantive edits in this meeting.
 - ii. Specialty Contractors: Most comments have been addressed in this section, but some sections have been highlighted for committee feedback. It would be good to include some examples of types of projects that benefited from early alternative subcontractor selection. The RCW does describe some benefits, but some example projects could make this stronger.
 - iii. Architects: It seems like the paragraph before is more helpful in describing the types of conditions where early alternative subcontractor selection would be beneficial. I would recommend using “preconstruction input” rather than “design input”, as it’s a broader term that encompasses more than just design. Projects can be all over the map, so I think you could make a case for almost any project type.
 - iv. Chair Datz: This change in statute is pretty new, right? We don’t as an agency have a lot of experience using this method.
 - v. Specialty Contractors: Maybe we just avoid focusing on that first part. Embedded in Chapter 7, we put forth a lot of pros and cons about this process, so we’re already covering a lot of the benefits. Listing out specific projects may not be a value add.
 - vi. Chair Datz: Are we ok to strike that sentence then?
 - vii. Scott: I am, I’d say if we were going to share an example there, it would be helpful to talk about when mechanical or MCC is brought on late, and the issues that caused. But I’m okay to just take it out.
 - viii. Chair Datz: I agree. Why don’t we take it out and make a note here in the first paragraph that maybe you bring them early in for cost benefits, or to your point, later on to address sequencing issues not identified earlier in the process.
 - ix. DES: Have folks used anything other than MCCM and ECCM?
 - x. Ports: We have used other things, but I can’t give a lot of detail. We used the alternative subcontractor method for a \$5M bid, I think due to the long lead of this item. So, I don’t know if that’s a beneficial add to this guidance.
 - xi. Mitch: Another example is a transit project that used highly specialized equipment, and the long lead in the current market was the justification they used for early selection.
 - xii. Chair Datz: Is that something we should add into the first paragraph here?
 - xiii. Ports: It sounds like the benefit of purchasing materials needed for long-lead items is becoming a scheduling strategy.
 - xiv. General Contractors: We should start by articulating the RCW guidance of promoting the best interest of the public.
 - xv. Chair Datz: Okay, I’ve made a note of that.
 - xvi. Specialty Contractors: I drew some highlights from a detailed worksheet of stakeholder feedback into this pros and cons table. We could reference the full worksheet of feedback, perhaps in an appendix, but this table includes the key points.
 - xvii. Architects: Should cost be a con to the public owner? In theory, you’re getting value for the cost of preconstruction services. There are pros and cons to doing early procurement. In theory, the value is outweighing the cost, but in some instances, it may also be a risk.

- xviii. Chair Datz: Maybe we focus on increased preconstruction costs.
- xix. DES: You'd need to budget for it ahead of time.
- xx. Sam: It's not necessarily a con unless the cost outweighs the value you get from it.
- xxi. Ports: Is there a pro and con table for GCCM in general? Isn't that true for the overall method, to make that cost assessment?
- xxii. Chair Datz: We do talk about that earlier in the manual.
- xxiii. Architects: Another way to approach it would be to describe in an introductory paragraph how ideally the value achieved in early procurement offsets the additional cost during preconstruction.
- xxiv. Chair Datz: If anyone thinks of any other pros and cons, feel free to edit the document directly. Okay, we'll keep moving on.
- xxv. Specialty Contractors: Here under subcontracting options, we are referring back to our Subcontracting chapter to save some space. We need to make the point here that it's either self-performed or bid out, but we don't need to be redundant.
- xxvi. Chair Datz: I like deleting it. We have a whole other chapter on that process.
- xxvii. Specialty Contractors: It also keeps us from saying anything inconsistent.
- xxviii. Chair Datz: Any objections to deleting this section? Do we need to refer back in this section on alternative subcontracting?
- xxix. Specialty Contractors: We get asked by MCCMs about second and third-tier subcontracting. Maybe that's the only point we need to make, that .385 requires that work is either self-performed or competitively bid.
- xxx. Chair Datz: It sounds like the intent here was really to talk about awarding the sub-sub-contract work.
- xxxi. DES: I think you can make that point just like that. The alternative subcontractors who are subcontracting have to follow the Subcontracting section.
- xxxii. Specialty Contractors: I think there are two points, the one Penny just made and to capture briefly what alternative subcontracting is. I think those two points can be very brief and reference back to the Subcontracting chapter.
- xxxiii. Chair Datz: We talk about that a little bit here, under Appropriateness. That sets up why this section is different. I think you bring up an excellent point that we talk about the sub either self-performing or through a low-bid process. Does that belong a bit further down?
- xxxiv. Specialty Contractors: I think that works, as long as you make the point.
- xxxv. Ports: I thought I saw that mentioned in here already, so you might just do a search later.
- xxxvi. General Contractors: It's in some of the struck out green text. I think there was some intent that the reference to traditional subcontracting was in the context of comparing to alternative. It's important to understand that if you choose alternative subcontracting, there's a process that requires bidding for work not self-performed by that alternative subcontractor. This section does need to have that touch.
- xxxvii. Chair Datz: [Specialty Contractors] and I will make sure those two concepts are clear.
- xxxviii. General Contractors: This section also highlights that alternative subcontracting is audited cost-plus-fee. Traditional subcontracting is lump sum. So that's worth putting that in the pro/con evaluation of this section.
- xxxix. Chair Datz: What you're saying seems more appropriate, maybe it is another table at a high level comparing alternative and traditional subcontracting. Okay, let's keep going.
- xl. Specialty Contractors: In this section, the intent of the highlighted wording is to leave enough flexibility for circumstances where GCCM still might be beneficial later on in the project.
- xli. Architects: Maybe we change the wording to "typically."
- xlii. Chair Datz: Sounds good. Okay, moving on.
- xliii. Specialty Contractors: Here, we're talking about making sure the evaluation and scoring criteria matches up with the scope and complexity of the project and is clearly described when solicitation begins. There's nothing prescriptive in there, just a best practice to think through how you structure the criteria for each solicitation.

- xliv. Chair Datz: That seems fine to me. I think we also talk about that at a higher level for GCCM.
- xlv. Specialty Contractors: The point we're trying to make in this next section is just because you have the low final proposal score, that's a piece of the pie and doesn't necessarily reflect that you're going to get the best cost.
- xlvi. General Contractors: I think the highlighted portion is good as written. I wonder about the next sentence—I think the right guidance there is to pay particular attention to how you weight each portion of the scoring. Prioritizing cost vs. qualifications doesn't equate to going back to lump sum. You can pick your scoring.
- xlvii. Specialty Contractors: That's good feedback. To play devil's advocate, this is qualification-based selection. If you're going weight cost as 30% of the scoring or higher, doesn't that take away from qualification-based selection?
- xlviii. General Contractors: It would, but that's a choice the team has to make. In your prioritization of what you're going to get from your alternative subcontractor, you get to influence how you're scoring the applicants. It's not accurate to say you shouldn't use alternative subcontracting if you're prioritizing price.
- xliv. Specialty Contractors: That makes sense.
 - I. Ports: I wonder if you make a comment about testing your weighting process to ensure that it doesn't detract from the benefits of this kind of procurement.
 - ii. DES: Maybe that should happen when you first consider what procurement process you want to use.
 - lii. General Contractors: Whatever candidates apply, that's a part of the selection process. If you don't get qualified bids, you can stop the process, so we should also give some guidance on where your off-ramp might be. I don't know if we should say that you "should" go with low-bid.
 - liii. Ports: Yes, maybe we should instead write "consider" low-bid.
 - liv. Specialty Contractors: You need to give special consideration into how much you'll weight the final proposal. Because if you're putting a significant percentage into the final proposal, you might want to consider going a different procurement route, because this is qualification-based.
 - lv. Chair Datz: I agree with what you're saying. Instead of saying low-bid is the only option if you value cost, ask what is the value you're trying to get from this contracting method. There could be cost savings in other places to balance out the cost of this procurement method; considering your evaluation criteria and how it impacts the firm you'll be working with is the key point.
 - lvi. General Contractors: What do we think about providing an example scoring process? The original GCCM evaluation criteria from the same project could be a good reference.
 - lvii. Specialty Contractors: That's a good reference point but remember it may not tell the whole story.
 - lviii. Chair Datz: Agreed. Okay, moving on.
 - lix. Specialty Contractors: Language and intent in this section on interviews is to spell out how you're going to do this in the RFP and then stick to it.
 - lx. Chair Datz: This looks good.
 - lxi. Architects: It seems like we should have similar content in this section on interviews as in the GCCM selection process.
 - lxii. Chair Datz: We don't yet; the Procurement section is one of the last chapters we need to get through.
 - lxiii. Specialty Contractors: In this second part, we talk about transparency around who is included in the evaluation committee.
 - lxiv. Ports: Speaking for ports, we prefer not to commit to names for who's on the selection committee, as things can shift over time. I agree it's a good best practice but not always practical.

- lxv. K-12 Schools: When participants come in and I share that with contractors, knowing who's involved helps them know how to direct their questions better. You can share positions included without sharing names.
- lxvi. DES: That's what we do as well. Maybe a better way to say that is to identify the project team composition.
- lxvii. General Contractors: I think the best practices are to identify committee roles and allow the proposer the opportunity to tailor their presentation to the people they expect in attendance. We shouldn't go so far as to say it's a requirement.
- lxviii. Specialty Contractors: With some of the amendments we've talked about, this is flexible enough language that it's not prescriptive.
- lxix. Chair Datz: I like that idea of speaking to what it means to put together an evaluation committee. That's a fundamental question.
- lxx. Ports: You might comment on how to make changes to the committee composition in an addendum to the RFP.
- lxxi. Specialty Contractors: In this next section, I know the language was changed in the statute to maximize the number of small and minority- and women-owned businesses involved.
- lxxii. Ports: The language we use is that notice of public solicitation should be provided by OMWBE.
- lxxiii. Specialty Contractors: I think that's a good way to cover OMWBE. There are some other stakeholders we can also check in with to see if there are other publications we should include as a best practice for sharing solicitations.
- lxxiv. Ports: I think eventually the MRSC could be another good one; a lot of people are going there, and it's under consideration to create a single portal for all contracting agencies to use.
- lxxv. Chair Datz: Okay, I've added that.
- lxxvi. Specialty Contractors: In this next section, in line with the statutory requirement to make scoring weights and criteria publicly available seven days prior to the hearing, we are putting forward the best practice to release them as early in the procurement process as possible; this increases interest in the project and allows you to get feedback on the scoring process.
- lxxvii. Architects: Yes, I think that's good.
- lxxviii. Specialty Contractors: In this next section, we understand there are varying viewpoints on whether you can modify your scoring criteria after going through the public hearing process. I hope this language reflects the intent of this group that it's a best practice to avoid modifying your scoring criteria whenever possible.
- lxxix. Chair Datz: I agree it's not ideal to modify after going through the public hearing. It's also not malicious when you do need to make a modification. I'm trying to balance those two points. Maybe we can add some language that if you do have to change the criteria after the public hearing, you should also share your reasoning with the public.
- lxxx. Specialty Contractors: Those points are well-taken. My thought is we give the best practice to stick with what is initially issued and material changes should not be encouraged. Perhaps we just remove the editorial explaining why.
- lxxxi. Chair Datz: That works.
- lxxxii. Specialty Contractors: I've flagged this section as needing a graphic.
- lxxxiii. Chair Datz: That sounds good, my plan is to go through and compile a list of needed graphics.
- lxxxiv. Specialty Contractors: Edits to this section on contract payment options reflects conversations we had as a group in the context of audits. Because questions were raised about what thresholds would make converting to lump sum allowable, we backed off from telling people what they can and can't do at the statutory level. Instead, we could recommend that you consider the risks of converting to lump sum, but maybe we don't even want to mention lump sum.

- lxxxv. Ports: We typically don't do lump sum. I would like to see some language around reasons why you wouldn't convert to lump sum to help people think through it.
- lxxxvi. Chair Datz: Part of me likes mentioning it, because sometimes a subcontractor will do all that sub work without having to bid out any of the sub-sub work. If you feel confident enough to negotiate a lump sum or convert to lump sum, you can do that. I think we just mention it without diving into the mechanics. It makes auditing easier too.
- lxxxvii. Specialty Contractors: That's a good point. Theoretically, the audit should look very different for lump sum than for cost reimbursable.
- lxxxviii. Ports: I'm happy to work with others to put some language on contract structure together.
- lxxxix. Specialty Contractors: I can take whatever language we put together and bring that to the subcommittee. Did we want to discuss risk management here since it is discussed in the Construction Services section?
 - xc. Chair Datz: Why don't we hold off on discussing risk management here until we see what's covered in the Construction chapter.
 - xci. Architects: We have quite a bit in Preconstruction Services; I wonder if we want to reference that. More broadly, instead of saying "additional cost must be weighed against preventing future construction-related issues," we could say the additional cost must be compared to the value of all these different issues around schedule and procurement. It's similar to the summary statement we put at the beginning.
 - xcii. Specialty Contractors: That sounds good. My only other suggestion for where we need some help is some examples around incentives.
 - xciii. Chair Datz: I'm of a mind to not even talk about it.
 - xciv. Specialty Contractors: I'm fine with that. That's all I have on this chapter.

b. Other items

- i. Chair Datz: We've got two to three chapters remaining. I've got to add some narrative to the Heavy Civil section. We need to do similar cleanup on the Construction Services section. Two sections we need to start drafting are Procurement and Total Contract Cost. [DES], have you started a group meeting on the Procurement chapter? Could a draft be ready by December?
- ii. DES: I should meet with the subcommittee; I don't know if I'm going to have the capacity to lead it. Maybe within our subcommittee we can figure out some alternatives.
- iii. Chair Datz: That's a good approach, if you can kick off your first meeting with your subcommittee that would be great. If you hit a roadblock just reach out to me.
- iv. DES: I'll try to get that started next week.
- v. Chair Datz: John Palewicz was going to lead the other remaining chapter on Total Contract Cost. It looks like he's not going to be able to lead that chapter, so I'm looking for another volunteer to organize that one.
- vi. Ports: I might be able to drum somebody up from the ports to help. You can put me down for now and I'll see if I can find somebody else to help.
- vii. Chair Datz: Sounds good, folks can give me a call if they decide they want to help with either of those. Next month is probably too soon for either of the new chapters, but we can probably go through the cleaned-up chapters. We're getting close.
- viii. General Contractors: I'll raise my hand to lead the chapter on Total Project Cost. Please reach out to me if you can contribute some experience and input to that section.

4. Action Items and Next Steps:

- a. Penny Koal will set up a meeting with the subcommittee on Procurement.
- b. Chair Datz will redistribute the link to the OneDrive to the group.
- c. Committee members are encouraged to work directly on the OneDrive document.

5. Meeting adjourned at 2:33 p.m.