

GCCM Best Practices Manual Draft

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Chapter 1 – Introduction [SM1][SM2][N3][SM4]

What is GCCM Project Delivery? General Contractor/Construction Manager (GCCM) is a public works project delivery method available to all approved-certified public bodies in Washington or those approved to use GCCM on a particular project. It is an alternative to traditional design-bid-build [SM5][SM6][SM7] construction and other alternative project delivery methods like design-build. In GCCM, a firm is selected – typically early in the life of the project – based primarily on qualifications. The GCCM firm provides services during the design phase of a project and acts [SM8] as the general contractor and construction manager during the construction phase. This *General Contractor/Construction Manager Best Practices Manual* focuses on GCCM in Washington.

GCCM Types. [ND9][SM10]

There are two basic types of GCCM: traditional and heavy civil. The two variations for this project delivery method are very similar, with the key difference being how the project team establishes the cost of the work associated with subcontracting. Under the heavy civil variation, the GCCM firm can self-perform up to 50 percent of the subcontract work, subject to successful negotiations with the Owner. There are other solicitation and contractual requirements an owner and contractor must follow when using the heavy civil GCCM method and those will be discussed in more detail later in this *Manual*, under the Heavy Civil chapter.

Applicable Statutes.

RCW 39.10 regulates alternative public works contracting procedures, including GCCM. It is specifically authorized in RCW 39.10.340 through .410, and in RCW 39.10.905.

Administration and Authorization of Use.

The Capital Projects Advisory Review Board (CPARB) reviews the use of alternative project delivery methods defined in RCW 39.10 and advises our State Legislature on policy related to alternative public works delivery methods. CPARB appoints members to the Project Review Committee (PRC) which, in turn, reviews and approves applications from public bodies to use GCCM on individual projects. The PRC also reviews applications from public bodies to be certified to use GCCM. A certified public body may use the GCCM contracting procedure without seeking PRC approval for a period of three years. This certification can be renewed. Once a project is approved for GCCM or a public body is certified, there is no formal mechanism in place to ensure that a statute or best practices are followed thereafter.

Requirements in addition to state law may apply to general-contractor/construction manager GCCM projects. Funding sources, such as the federal government, may impose additional constraints.

Advantages and Disadvantages.

GCCM provides a number of advantages over design-bid-build project delivery other methods of project delivery [SM11][SM12]. For example, it gives public bodies more flexibility by allowing them to engage contractors during the design of a project, providing various services like cost estimating, value engineering, and constructability reviews to name a few. The GCCM also provides general contractor and construction management services during the construction phase. In some circumstances, GCCM project delivery allows for early engagement of subcontractors during the design phase.

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Also, GCCM tends to improve communications between the parties because the GCCM is integrated with the owner and the design team early on in the life of the project which allows the GCCM to provide input on the availability and cost of suggested materials and provide less-expensive alternatives. In addition, by assisting with design development, a GCCM can save the public body future costs by potentially avoiding costly changes.

However, GCCM is not without its challenges. Some public bodies are not accustomed to alternative delivery methods like GCCM and so there is great variation in how this project delivery method is used. These inconsistencies can have a negative impact on public bodies, contractors, and design professionals.

Goals of this Manual

Recognizing that GCCM project delivery varies across public bodies, this Manual attempts to establish common understandings and terms to bring about more harmony in the way this delivery method is used. The intent of this Manual is to provide options when the statutes are not clear. The Manual is not intended to dictate the way a party should proceed when a statute is unclear, but rather provide users with strategies and approaches that have worked well for other GCCM users.

Ideally, with this Manual, inconsistencies among GCCM users can be reduced or eliminated to ensure that this method is administered in a manner that is fair and transparent, and best serves the public interest and all members of the project team.^[SM13]

Chapter 2 – Evaluating the Use of GCCM

Project Evaluation

GCCM provides an opportunity to leverage the experience and insight of all project participants while engaging the contractor early to create greater value for the public owner and the overall project. This in its simplest form means more of the project budget goes into the project itself by eliminating duplicative soft costs while optimizing the schedule and marketplace input.

While some may view alternative procurement as a way of shifting risk or accelerating project schedule, a pure risk allocation or schedule approach does not optimize alternative procurement.

An Owner that is looking for a collaborative preconstruction phase with the goal of seeking input from critical design and construction partners as early as possible should seek to implement alternative delivery including, potentially GCCM. Collaboration of the public owner, design team and contractor, including subcontractor / trade partners, during design when design decisions and improvements to design can be made early saves time and money while frequently resulting in better design. By having the right stakeholders at the table to facilitate informed decision making, the project will optimize budget and schedule ultimately resulting in more project for the specified budget.

We know that our greatest ability to impact project outcomes is during preconstruction through effective design and planning. In the chapter on Preconstruction, you will find more detailed information on how this process can be optimized through the use of GCCM. ^[ND14]

The overall evaluation of the use of GCCM should have these goals as fundamental drivers in overall delivery method selection in addition to a project culture that supports these outcomes.

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Why Use GCCM for Your Project

The public owner should weigh each project against other delivery methods before determining if GCCM is the preferred delivery method for their project. Traditional design-bid-build allows for the design to be complete before the contractor is brought on board. There is no contribution to the project prior to bid by the contractor. Design-Build wraps design and construction into a single contract which can challenge a public owner not accustomed to Design-Build to adjust their thinking about how a project is delivered and the flow of communication specifically through the design process. GCCM is somewhere in the middle. GCCM is a collaborative project management and construction process involving early engagement of the contractor to work with the owner and design team in planning and executing a project to meet the cost, scheduling, and quality criteria established for that project.

RCW 39.10.340 identifies five primary conditions that may qualify a project for use of GC/CM:

- (1) Implementation of the project involves complex scheduling, phasing, or coordination;
- (2) The project involves construction at an occupied facility which must continue to operate during construction;
- (3) The involvement of the general contractor/construction manager during the design stage is critical to the success of the project;
- (4) The project encompasses a complex or technical work environment;
- (5) The project requires specialized work on a building that has historic significance

It is important to note that because GCCM requires [CPARB Project Review Committee](#) approval, [as detailed below](#), the evaluation of the above factors in addition to an early decision on delivery method is very important so valuable time is not lost in the process.

PRC Approval

The purpose of the Project Review Committee (PRC) is to ensure that for individual Project [Approvals](#), the project is appropriate for alternative procurement and that the public owner is ready to be successful. The goal is to ensure that when PRC approves an Owner for project approval, the Owner can demonstrate that it has the expertise to carry project to successful conclusion, i.e., Owner Readiness. Going before the PRC is a good opportunity for the public owner to discuss the preparation and assessments it has made to ensure that it will be successful in its' execution of alternative procurement project.

The Capital Projects Review Advisory Board website has links to the requirements, application and scoring information for PRC approval. [\[ND15\]\[N16\]](#)

Realizing the Benefits

The GCCM process allows the application of a contractor's experience and knowledge on the above challenges to achieve project milestone schedule goals by developing approaches to construction, including sequencing and phasing while the project is in early development. For instance, the GCCM process allows for the development of early bid packages and early start to accelerate critical aspects of the project schedule. This input can then be translated into the completed design and purchasing reducing duplicative effort and waste.

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Utilizing the collaboration of the GCCM process also closes the gap between designers and builders to support better success in meeting other project goals and objectives. Involvement of the GCCM early in the project, provides the A/E [SM17][SM18], GCCM and the Owner the opportunity to explore strategies and alternatives in selecting products and materials, to provide advice on availability and market conditions along with continuous cost opinions to meet budget constraints. The team works collectively to solve issues early before they can become problems. For example, changes in market conditions adversely affecting bid prices might be overcome with recommendations from the GCCM. While collaboration, input and advice are critical to the success of the GCCM delivery method, caution must be taken to not push the GCCM into the role of designer. That role remains with the A/E team.

As noted, there are great benefits to the use of GCCM if conducted effectively with a team that is embracing the delivery method. It does not however, alleviate all challenges associated with market conditions or design and construction. Like any design process, timely decision making, and good decision making will have a significant impact on the process. Unlike Design/Build, fundamentally, the delivery method results in the selection of the low bidder for all scopes of work with the exceptions of those specifically purchased through the alternative subcontractor selection process. This means that the project documents need to be complete and correct. Subcontractors who bid and are awarded the project will rely on the documents without design responsibility or input in the event of incomplete design. While the GCCM will provide cost input throughout the design process, cost certainty does not ultimately come until the fully MACC [SM19] is established which is at a minimum of 90% design completion. For all these reasons, it is important for an Owner to understand the process and benefits, in addition to the limitations, of GCCM.

When should a GCCM be Added to the Team?

Bringing the contractor on board as early as feasible to help the Owner and Design Team during the design phases of the project can build effective teamwork and greatly improve the success of cost, schedule, and quality outcomes for the project during construction.

RCW 39.10.360 (1) ~~advises (but does not mandate) early GCCM involvement noting states:~~ “Public bodies should select general contractor/construction managers at a time in the project when the general contractor/construction manager’s participation provides value.”

~~While not mandated, p~~Public bodies ~~should are encouraged to~~ select general contractor/construction managers early in the life of public works projects, and in most situations no later than the completion of schematic design [SM20][SM21].

The actual timing of when to bring the GCCM onboard for your project in large part depends on when your [SM22][SM23][N24] project will best be able to utilize the expertise of the GCCM. In recent years, GCCM selection has been moving to earlier in project life cycles. An increasing percentage of GCCM selections are now occurring shortly after designer selection on complex projects - particularly for occupied sites or phased construction - where the owner believes early design activities will benefit from a contractor’s input including cost, schedule and constructability considerations. Later selection can be an appropriate alternative if early involvement is not cost effective but is not appropriate if the selection is late in design and the GCCM has little opportunity to provide value during the design process. However, other considerations should still be made, for example, there could still be significant benefit later in the design process to facilitate optimized construction phasing, understand and address permitting risks or explore different means and methods.

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Selecting a GCCM

The GCCM selection process allows for a Best Value selection. This means that unlike Design-Bid-Build, the contractor is selected based on a set of criteria that vets their ability to contribute to the preconstruction process. To capitalize on the benefits provided herein, it is critical that a GCCM who is qualified and a good fit for the team be selected. See the chapter on GCCM Selection [SM25][SM26] for additional information on how to navigate the selection process to maximize value for the project.

What can you expect in Preconstruction?

The preconstruction phase is a critical time for the GCCM to integrate into the team and begin providing input to influence not only the design, but the overall approach to the project. This phase is primarily used to validate, refine, and finish the design while integrating construction components such as means and methods. Leveraging of the GCCM contribution during preconstruction is optimized when used to develop the schedule, phasing, and logistics for the project. The Contractor's team is selected based on qualifications for both preconstruction and construction, but roles and responsibilities at each of these phases look and feel different. During preconstruction, the GCCM will engage as a valued team member to bring construction into the planning and design process. It is important to note, the Contractor and their team will need to be considered a part of the overall team, and not a standalone entity. During this time, the lead designer [SM27][SM28] and Owner may be the key team members driving the process through design activities. At the end of preconstruction, the roles will shift and the GCCM will evolve to be the driver for all construction activities with support from the Owner, designer, and stakeholders.

Throughout preconstruction, the GCCM may engage in the following activities and provide input on the following aspects to prepare for construction: [SM29][SM30]

- Budget exercises and option trending
- Input into overall design
- Constructability reviews
- Phasing plan development
- Setting quality expectations and means of measurement
- Material availability
- Trade partner capability
- Logistics and haul route permitting
- Cost estimating
- Development of preliminary and baseline schedules
- Setup of project software and platforms
- Early trade partner bid packaging
- Bidding additions or alternates
- **MACC Maximum Allowable Construction Cost** negotiation and refinement
- Authorities Having Jurisdiction (AHJ) Integration

During the preconstruction phase, it will be necessary to communicate and level-set expectations for both the preconstruction process and overall project outcomes. This will set the stage not only for a successful preconstruction process but also prepare the project to successfully move into construction. Alignment of expectations and priorities will help facilitate the development of accurate budgets, schedules, and other elements that are critical to the

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construction phase. The Owner and ~~their~~ team should define and communicate to the GCCM, as applicable:

- Programmatic requirements
- How and whom will be making the key decisions on the project
- Roles and responsibilities of each team member, including lead team members (including all stakeholders)
- Safety
- Budget expectations
- Required phasing
- Sustainability expectations
- Quality expectations
- Administrative and/or additional funding requirements
- Schedule requirements
- Additional stakeholders (such as tenants or concessionaires)
- Other project constraints (i.e., haul routes, restricted working hours, supporting/adjacent projects or properties, etc.)
- Project risks (geotechnical, hazardous conditions, jurisdictional, unforeseen conditions, etc.)

As preconstruction proceeds, all the information and exercises mentioned above will need to be carefully managed and input into the project documents to capture the true path forward for construction. Many of the exercises may result comprehensive documents for bid in addition to a complete quality management/quality control plan, safety plan, tracking documents, and schedules. Throughout construction, the rationale behind decisions will need to be re-introduced as the project progresses, when new team members join, or if there are any unforeseen issues or challenges to mitigate. This will help the team recall the why behind the project decisions and direction, alleviating the need to revisit issues or direction unless there has been a fundamental change to the project. Understanding the GCCM's continuity plan and information tracking from the preconstruction phase into construction is an important consideration in the selection process to ensure this transfer of information and transition into construction is not lost.^[N31]

How does GCCM address project risk?

When evaluating the use of any delivery method, understanding the project risk profile and the allocation of risk is critical not only in determining the appropriate delivery method, but also determining the appropriate budgets to be considered for the contract structure. In any delivery method, allocation of the risk to the party most equipped to determine, manage or influence the risk is a critical factor. In addition, to obtain the best-value and avoid unnecessary contingencies, scope and risk allocation should also consider what is quantifiable and defined vs items that have little definition or information. This understanding of risk and the corresponding risk allocation remains true for GCCM and should be considered at all stages and implementation of the GCCM process.

Fundamentally, with the use of GCCM, the schedule and budget risk for the project remains with the Owner until the establishment of the Maximum Allowable Construction Cost (MACC)^[SM32]. At this point, the Contractor provides a commitment for the cost and completion of the project. As the MACC is developed, the specific understanding and allocation of risk should be evaluated

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for all project components and discussed, reviewed and allocated in a transparent process. This will ensure project budgets and contingencies are developed without overlap or gaps.

Leveraging Innovation

One of the key benefits of bringing a GCCM into the project early is to tap into innovative ideas and the construction expertise of the GCCM team members. Construction costs are very much tied to constructability of the design and shortening the time to construct the project equates to lower overall project cost in addition to the owner benefiting from earlier completion of the project. Innovations can come from many sources, whether it is in prefabrication of components and systems offsite, making design choices to better optimize construction means and methods or creativity in phasing and leveraging temporary facilities that accelerate construction.

It will be important for the owner to create and model a culture of teamwork and be willing to listen to new ideas. This can be difficult for owners whose staff have their design and product preferences. Owners need to critically examine their own organization and staff culture before making a decision to use GCCM to understand whether they are open to innovations that may differ from “the way we’ve always done it.” The careful selection of the [architect/designer](#) [\[SM33\]](#)[\[SM34\]](#)[\[SM35\]](#) is also critical, one who is open to exploring innovative ideas will help maximize value. Incorporating innovations is most advantageous during the preconstruction phase before key design and project sequencing decisions are locked down. For that reason, ensuring that the preconstruction scope allows for exploring innovations is highly recommended. This also applies to the expertise and knowledge from Trade Partners, including the MCCM and [ECCM](#) [\[SM36\]](#)[\[SM37\]](#)[\[N38\]](#), as these specialty areas can often yield time and cost saving innovations.

Chapter 3 - Owner Readiness for GCCM

While there is an excellent selection in the pool of construction management talent in State, the public owner must still understand its primary and nontransferable responsibility for the project. The public owner must be prepared to take on the role of the project leader and drive the project team to make the best decisions possible. The Public Owner must also be capable of developing and implementing a project management and procurement philosophy which guides its actions and decisions, whether performed by in-house staff or contracted staff. Owners set the tone for the project in collaboration, partnership, and solving challenges for the betterment of the project. If GCCM is a new delivery method for the team, training and understanding of the goals and logistics of the delivery are very important.

The ultimate goal of GCCM is that the Owner, GCCM, Designers and all stakeholders involved are acting in the best interest of the project. In addition, the Owner also acts in the context of all public owners and their projects because the future implementation and regulations around GCCM will be influenced by the successful implementation of the delivery method. The public owner should understand that decisions on its individual project may result in consequences to all public owners and to the procurement practice itself. All project stakeholders should endeavor to be fair and reasonable in all its project dealings, to on the one hand make the best cost and schedule decision for the project. The following traits are important for all parties pursuing the GCCM delivery method:

- fair and open competition
- ethical transactions
- equity and inclusion
- safety
- collaborative team member
- develop and maintain relationships

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- appropriate risk allocation
- realistic expectations of all parties
- timely decisions
- prompt payments
- reliable, trustworthy

How does a public owner assess its own readiness?

The public owner should look at its own procurement and contracting practices. Do these practices enable fair and open competition, ethical transactions, encourage the inclusion of diverse business and construction safety? Are your staff prepared to not only negotiate the project cost, but manage the various project cost elements? Is the infrastructure in place on the project team to track and administer the use of Negotiated Support Services, Allowances and Contingencies? Owners seeking to utilize the GCCM delivery method should not rely on established practices for Design-Bid-Build, but rather revise or create new practices that account for the unique characteristics and the changing roles and responsibilities under GCCM in addition to having the right people in place with the right approach and attitude.

After its own assessment, a public owner planning to enter into alternative procurement would do well to seek an assessment from another public owner who is experienced in alternative procurement. Reaching out to another experienced public owner will provide insights into the administrative and staffing commitment necessary to be successful in alternative procurement in addition to an outside evaluation of readiness.

Staffing (whether in house and contracted)

The public owner may have a full complement of in-house staff. Or it may choose to contract project management and procurement to an outside firm. An outside firm could have the ability to manage the process and act as an extension of staff for the public agency, bringing both expertise and capacity for the project administration. In any case, the project leader should be public owner staff and have the authority to make binding decisions on behalf of the project as well as remaining engaged in the project throughout. If a third party is engaged, it is critical to set expectations for the roles of all parties including authority to direct the project team and make binding decisions. An issue or approval escalation process also helps to ensure approvals or issues are do not take more time than necessary to bring to closure. The third party agent should not slow down the process, but rather make the team more efficient by resolving and making more simple approvals while elevating others for quick resolution of approval by the public owner.

Relationship between owner, GCCM and A/E

Integrated design is a collaborative process. Creating a collaborative environment that facilitates informed decision-making is one of the primary goals of the GCCM delivery method. This environment will leverage the collective knowledge and skills of the owner, contractor, design team, and trade partners; thereby increasing the opportunities for interdisciplinary coordination, efficiency, and innovation. Transparent use and communication of the cost model throughout the process will also ensure the team is making decisions that support the project goals while optimizing the available funds. The project team partnership that capitalizes on this approach is based on shared goals and trust. As such, every participant needs to be valued for what they bring to the process. The opportunity and the challenge in realizing the potential for collaboration lies in the differing orientations and internal processes of owners, contractors, and

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design professionals. Integrated design leading to enhanced outcomes is the goal of the GCCM delivery method.

Integrated design is most effectively achieved when the GCCM contractor is brought onto the project early in the design process. Once the GCCM contractor is on board, it is important to establish expectations, define roles and responsibilities, indicate how team members interface, invite everyone to contribute and provide a road map for information sharing and decision-making that coordinates with the design and construction schedule. As the project moves forward, the level of trust and confidence in information and reliable decision making on the part of all project participants will be a critical factor in the success of both the delivery method and the project.

Project Complexities

As noted, one of the goals of GCCM is early involvement of the GC and potentially Trade Partners in the process to help support informed decision making. Considerations and evaluation of the potential benefits of the use of GCCM can and should include an evaluation of the project complexities and how or if a GCCM or significant Trade Partner involvement would promote better outcomes through informed decision making. Many things can contribute to project complexity. When evaluating a project, some challenges that can be contributing factors to a need for early involvement through the use of GCCM or other alternative project delivery methods are as follows:

- Permitting challenges
- Phasing or multiple turnovers
- Work within an occupied facility
- Constructability challenges that can be associated with site conditions, specialty systems or new technologies.

The decision-making process with the use of GCCM leverages the Contractor and Trade Partners expertise and knowledge of market conditions to provide critical information that during the early planning stages and design development ultimately resulting in a project that is designed within budget and schedule constraints.

Project Budget and Contingencies^[SM39]^[SM40]

When establishing a project budget, an Owner has many things to take into consideration. What is the project to be built and how complex is it? What is the project schedule? What are the current market conditions? What is the risk profile? These and many more items must be evaluated and understood by the owner to ensure there are sufficient funds to cover the project. Under the GCCM delivery method, there are additional requirements and conditions an Owner must account for when planning the project budget.

Contingencies are best described for GCCM as funds established by the project team to cover unknown costs that may arise during a project. By statute, the owner is required to have a budget contingency and a risk contingency, but many owners have found it advantageous to establish other contingencies. This chapter will focus on contingencies the Owner should prepare for when establishing their project budget. It is important for an Owner to evaluate their project critically and establish appropriate contingencies depending on the risk profile of their project. Also be prepared to potentially change or create contingencies as the project evolves to best meet the needs of the project. This should be done in collaboration with the GCCM and Design Team.

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Owner Budget Contingencies

RCW 39.10.210(3), defines “Budget Contingencies” as:

...the contingency established by a public body outside of the total contract cost for payment of project costs that are not the responsibility of the general contractor/construction manager under the [contract](#)^[SM41].

Owner budget contingencies manage costs that may arise outside the GCCM contract. They are not included as part of the contract with the GCCM or the designer, but rather established to ensure the owner has enough funds to deal with cost increases that may arise during project development or buyout. The [RCW statute](#) does not specify the amount an owner must have to cover cost increases as that is best decided by each owner, the project risk profile, or funding requirements.

Owners should evaluate their project closely to ensure that they have not over budgeted or under budgeted this contingency. Too much money allocated means an owner cannot use those funds for other projects and not enough money means the owner may not have the funds necessary to pay for the full project if costs increase beyond the executed Total Contract Cost. There is no set percentage that can be applied to every project, but the owner should look at this contingency as a way to safeguard against various factors that bring cost increases to a project, like differing site conditions, labor, materials, owner-initiated changes, etc. In addition, some funding sources may have requirements on contingency amounts or percentages that should also be taken into account. It is important to understand that this money is completely controlled by the owner. The GCCM does not have access to these funds and they are kept separate from the contract costs.

Design Completion Contingency

Design completion contingencies are not required by [nor defined in statute](#), ~~but~~ [However](#), some owners have found it advantageous to establish funds necessary to complete the project design. The MACC may be negotiated between 90% and 100% potentially leading to design changes or development between these sets of documents. This contingency can be established outside the GCCM contract or within the contract depending on the agreed upon workflow and approval process for the use of these funds. Either way, making this budget and its use visible to all team members is another way to instill trust and collaboration between the Contractor, Designer, and the Owner. It has the added benefit of daylighting that the amount paid was fair and reasonable and allows the owner to communicate to the public how the money was utilized.

If the team intends on establishing this contingency, they must be clear in the contract how those funds will be used. The contract should be clear on use, approval, type of payment (lump sum, time and materials, etc.), and what happens to unspent funds. These funds can be managed by the any project party depending on which party is best able to manage them, make timely decisions, and establish sufficient oversight to control costs. Under every scenario, at minimum, the public owner should have an accounting of the use of the funds to verify they were used for their intended [purpose](#)^[SM42]. ^[N43]^[N44]

Quality

[On Alternative Delivery Projects, cost, schedule and quality management pose the greatest challenge to most Public Agency Owners. Generally speaking, in the project execution \(design](#)

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~~and construction) process there always seems to be greater emphasis placed on project cost and schedule and less on project quality. Project Quality can often become an abstract notion and takes different meanings for Designers, Builders and Owners; therefore, making the concept of Quality - planning, execution, monitoring, and acceptance more challenging. So, most GCCM projects simply require a documented overall Project Quality Program/Plan accepted by all parties to address the Owner's desire for Quality. Overall, the GCCM process allows for a focus in this area throughout the preconstruction process. The following best practices will significantly enhance any GCCM Project's Quality objective: On-Alternative-Delivery-Projects, cost, schedule and quality management pose the greatest challenge to most Public Agency Owners. Generally speaking, in the project execution (design and construction) process there always seems to be greater emphasis placed on project cost and schedule and less on project quality. Project Quality can often become an abstract notion and takes different meanings for Designers, Builders and Owners; therefore, making the concept of Quality—planning, execution, monitoring, and acceptance more challenging. So, most GCCM projects simply require a documented overall Project Quality Program/Plan accepted by all parties to address the Owner's desire for Quality. However, despite well-documented and well-intended Project Quality Programs/Plans, there have been significant design and construction quality issues on GCCM Projects. The following best practices will significantly enhance any GCCM Project's Quality objective:~~

- Strong and actively engaged Owner throughout the Project Life Cycle
- Greater emphasis on GCCM and Designer Qualifications & Experience; highest scoring/weightage during procurement
- GCCM & Designer's continuous improvement plans to address project quality issues/defects
- Consider including Quality in the Schedule of Values that is monitored qualitatively and quantitatively during the Design & Construction Phase
- Others?

Chapter 4 – GCCM Procurement (Under Development^[SM45]^[SM46])

Chapter 5 – Total Contract Cost (Under Development^[SM47])

Chapter 6 – Preconstruction Services^[SM48]

Intent

A successful preconstruction phase in a GCCM project benefits the project by effectively engaging the ~~General Contractor~~GCCM throughout the design process. As appropriate, subcontractors and trades can be engaged through the alternative delivery model to provide similar services and value at the sub-trade level. Together, the Contractor Team can provide cost, schedule, constructability, and execution planning in a timely manner to inform decision making by the Owner and Design Team thereby improving value and reducing risk. Ideally, this engagement facilitates continuous feedback and improvement rather than limiting the interaction to discrete efforts at project milestones.

Effective Contractor engagement in preconstruction is one of the most valuable aspects of the GCCM process. When grounded in the Owner's goals and objectives for the project, Contractor Team involvement can leverage and enhance the entire team's confidence in decision making.

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In preconstruction, the Contractor is an integral member of the team – completing the third leg of the Owner/Architect/Contractor relationship.

Relationships in GCCM

GCCM is not business as usual. One of the valuable aspects for GCCM is the early relationships and collaboration that adds breadth and depth to the design phase of a project that cannot be obtained in [what tends to be more siloed](#) a design-bid-build (DBB) delivery. With DBB the project is designed by the architect. The contractor is invited to provide a price and construct the project according to the documents they are given. It's difficult for a contractor, who may have ideas or methods to improve the project outcome, to execute on those ideas. GCCM delivery method breaks that cycle by developing a relationship between the owner, architect, and builder early in the project. This is not unlike design-build delivery, especially during preconstruction. The GCCM and Architects are hired separately, generally at different times, each with a separate contract with the owner with the intent that everyone work together. This creates a beneficial tripartite relationship with the Owner, Architect and GCCM. [ND49]

In most, but not all, projects, the GCCM is brought on early in the design process. The earlier the GCCM is on board, the more opportunity to reap the advantages of the GCCM process during preconstruction. In cases where a design issue seems stuck, bringing a GCCM on board mid design may also prove advantageous to the project.

During preconstruction, the GCCM is at the table bringing their expertise and a perspective that may be a little different from the design team and perhaps even different from the owner. This might introduce some creative conflict into the process. This new voice at the table with ideas and recommendations might shift a concept or notion just enough to move a project from good to great. Building an environment of trust, teamwork and collaboration requires engagement and commitment from each member of the core team – Starting with the Owner, then the design team and the GCCM. The important thing is to go into the project recognizing and respecting different viewpoints and the value each party brings to the process.

Roles and Responsibilities of Each Party

In a GCCM project, the Design Team is typically engaged by the Owner first and the GCCM is then selected early in the design process, ideally early in design. Many important and foundational decisions are made early in design and the GCCM's participation can be instrumental in choosing the best direction for the project.

It is essential to clearly establish at the outset of the project the roles and responsibilities for the three primary participants: Owner, Design Team, and Contractor Team. This scope definition informs the services, fees, communication protocols, and decision-making authority for all parties. It also helps to reduce gaps in scope and possible confusion about expectations.

Owner

The Owner leads the project by providing the required foundational information including the project priorities and goals, budget, funding, scope, and schedule. In the preconstruction phase, the Owner is responsible for leading the user engagement and making timely decisions on behalf of the entire Owner group. In conjunction with the Design and Contractor Teams, the Owner establishes lines of communication and provides clarity on decision making authority. The Owner manages the expectations of the various project stakeholders and user groups and resolves differences of opinion among them.

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In preconstruction, the Design Team is often exploring various design options that have different pros and cons. The Owner shares these options with the appropriate parties to solicit feedback and provide direction. While the Owner group is often comprised of many voices, it is essential that the direction to the Design and Contractor team be unified, timely, and coherent.

The Owner also administers the contracts for both the Design Team and the Contractor Team. As part of establishing the contracted scopes of work, the Owner establishes clear roles and responsibilities for all parties. The Owner also signs off on the final S/DBE inclusion plan, final subcontracting plan including self-perform work anticipated to be pursued by the GCCM, the subcontracting plan including any alternative trade engagement, any phasing of the project, and the buyout plan. The Owner works with the Design and Contractor Teams to provide a fair and open bidding environment.

The Owner contracts with some independent third-party consultants directly. Often the Owner hires a Geotechnical Engineer, Surveyor, and Hazardous Materials Consultant since these disciplines are typically not included in the Design Team's scope of work and their work may precede the selection of the Design Team. In some instances, it can be beneficial for the Owner to hire an independent cost estimator to provide a second opinion of cost, especially in early design phases. The work of the independent cost estimator is then reconciled with the Contractor Team's estimate. There is an expense associated with an independent cost estimate but there can be value in validating early Contractor Team estimates and pricing work to be self-performed.

The most important responsibility of the Owner is to establish a culture of partnership that prioritizes collaboration, trust, and transparency. A capital project is a significant undertaking, and the Owner needs to ensure that they have the proper staff and resources dedicated to the project.

Design Team

In the Preconstruction phase, the Design Team works closely with the Owner and, eventually the Contractor Team, to set the course of the design. Initial efforts include validating the goals and aspirations of the Owner for the project and to verify the project scope and budget. Assuming a space program has been completed, the Design Team verifies the program to confirm that all required spaces are accounted for with proper adjacencies and grossing factor. The Design Team then embarks on the design process and iterates towards a final design solution that addresses all the project requirements. The Design Team combines a creative vision with a practical approach to life safety, technical issues, and engineering systems. Typically, various design options and compatibility with code requirements are evaluated and the final design solution emerges through an iterative process.

Throughout design, the Design Team provides information for Owner and GCCM review and validation. Ideally, the process is inclusive and continuous rather than siloed and incremental. Cost estimating is a critical component of the effort by the GCCM and, again, it's best if the cost feedback is continuous to inform design decisions in real time. [SM50][SM51]

The Design Team has a responsibility to respond to Owner and Contractor Team input through the process while keeping the design moving forward and on budget. Including a GCCM on the team adds another layer to the design process but it can help to avoid design solutions that are impractical and can ultimately save time and money. When the process works well, the

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combination of expertise can elevate the design solution bringing greater value and efficiency to the client while reducing risk.

Contractor Team

The GCCM's role through the preconstruction phase is to provide technical planning and coordination for the execution phase in parallel with the design and permitting process. The Contractor Team can effectively contribute to finding the proper balance of the project constraints including, but not limited to, schedule, budget, scope, and site details.

The GCCM is NOT under contract to build the project, that comes later via establishment of the MACC. The GCCM is contracted directly to the Owner and is not under contract with the design team. In the preconstruction phase, the GCCM acts as an advisor to the owner and design team and is in a position to influence scope decisions within the design based on constructability input, cost estimating, and life-cycle analysis.

This preconstruction process presents the opportunity to predict total costs of the project well in advance of a completed design. The process identifies where project risks associated with time, site conditions, jurisdictional requirements are, and gives the GCCM the opportunity to provide recommendations on how these risks can be managed to benefit the project. The GCCM recommends design details and approach, contractual techniques and bid process techniques to manage these risks. These efforts are intended to provide the owner with budget confidence in preconstruction which supports effective decision making. The risks and amount of "uncertainty" therefore decreases through the preconstruction phase and construction phase of the project as a whole which when compared to the budget as a whole, should strive to maximize the scope and project features to create the best value for the owner.

During preconstruction, the GCCM manages and creates several project deliverables.

- Formal cost estimates typically aligned with design milestones.
- Construction Schedule
- Construction and Site logistics/phasing plans
- The Subcontracting Plan to manage and facilitate the public bid process (subcontracting opportunities) and identify opportunities for S/DBE opportunities.
- Ensure an open and fair bidding environment for subcontractors
- Marketing and Outreach Efforts to promote and advertise the project to obtain bids.

The GCCM plans for the engagement of trade partners by developing the strategy and timing for the buyout. Where appropriate, the GCCM recommends alternative subcontracting (MCCM, ECCM, and others) for consideration by the Owner. The GCCM also recommends to the Owner the scope of work to be pursued as self-performed work. Once the overall buyout strategy is in place, the GCCM develops bid packages along with inclusive strategies for contracting with diverse and small business trade partners. Refer to the subcontractor section of this best practices document for more information about trade engagement.

Schedule^[SM52]^[SM53]

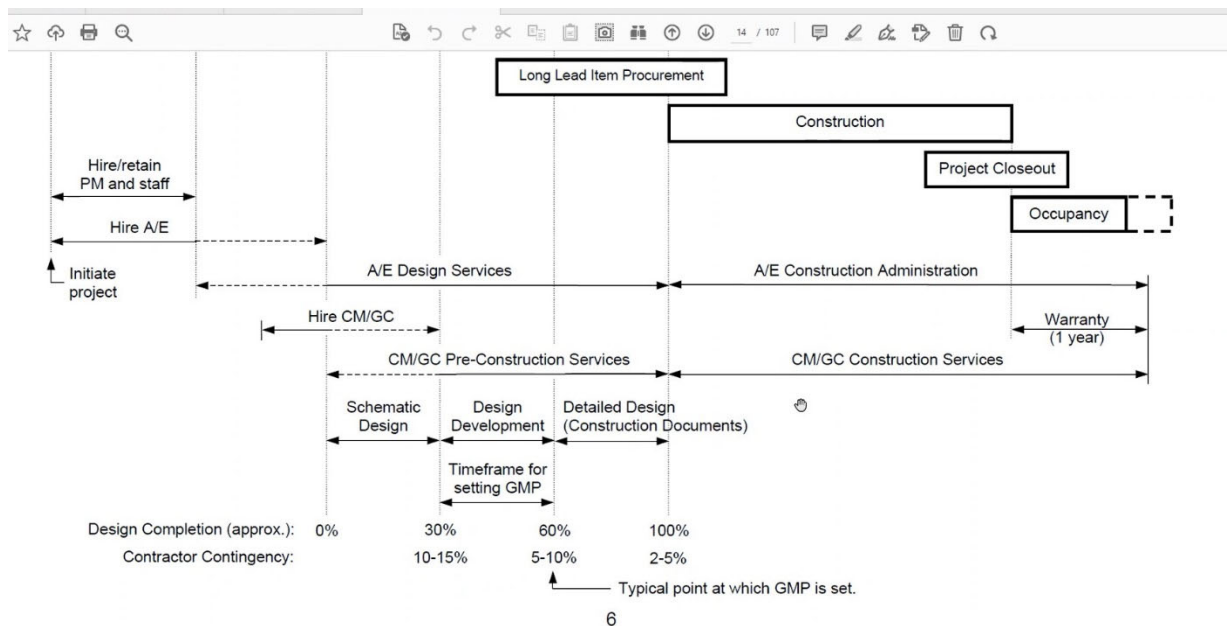
While the Owner is responsible for establishing an initial project schedule, the Design and Contractor Teams help to refine and validate the schedule. The design schedule includes details on user engagement, document deliverables, and jurisdictional and permitting timeframes. The

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construction schedule should include construction sequencing and phasing, long lead items and early bid packages, seasonal and calendar considerations, and alignment with Owner operations.

Any phasing or early procurement need to be closely coordinated between the design and construction teams. The development of the project schedule is a collaborative team effort with each party participating and agreeing on the outcome. Schedule development is a good reason to contract with a GCCM early in the project.

One useful tool for developing a comprehensive schedule with input from all parties is Pull Planning in which you start with the project end date and work backwards to identify required deliverables and milestones. From this the responsible parties are identified and agree to provide the promised deliverable by the required date. This process is collaborative and transparent and leads to strong team buy-in of the process and their roles within the larger project.



Chapter 7 – Alternative Subcontractor Selection ~~(Draft Approved – Awaiting Final Draft)~~

[Why Use the Alternative Subcontractor Selection Process?](#)

[There are various reasons for utilizing the alternative subcontractor selection process in RCW 39.10.385, including for design input, complex phasing, control of critical work, specialized work, and work typically performed that involves design \(e.g., fire suppression systems\).](#)

[Public Owners have found benefit in utilizing the alternative contractor selection process on the following types of projects: **Need input from GCCM Firms and Public Owners**](#)

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The table below highlights some of the pros and cons that Public Owners, GCCM Firms, and Subcontractors have experienced in utilizing this delivery method and selection process.

	Pros	Cons
Public Owner	Lower risk of claims; can result in better quality, schedule and cost management; higher degree and expectation of cost certainty	Longer procurement time with procurement process vs. low bid
GCCM Firm	Obtain input from subcontractors during design; lower risk of claims; can result in better quality, schedule and cost management	Longer procurement time with procurement process vs. low bid; bid scopes and schedule less certain during selection; must be able to negotiate and evaluate estimates and subcontracts
Subcontractor	Value-driven and qualifications-based selection vs. plan/spec; more input in design, budget, coordination and schedule	Can be riskier with pricing as design is less developed at time of MASC negotiated; riskier for firms with less experience and resources in design and with negotiated work vs. plan/spec

[SM54]

Appropriateness ~~vs. other subcontracting options (e.g., low bid~~ [SM55]) [DN56]

For traditional GCCM projects, all subcontract work must be competitively bid.¹ RCW 39.10.380. GCCM firms can bid on subcontract work with limitations. A competitive bid process can be accomplished in one of three ways: (1) alternative subcontractor selection; (2) low bid; or (3) low bid with prequalification (bidder eligibility). Alternative subcontractor selection has unique selection procedures, such as a public hearing and comments on evaluation criteria. It is imperative that Public Owners and GCCM Firms are familiar with these requirements if choosing to proceed with the alternative subcontractor selection process.

Does the scope qualify ~~for alternative subcontractor selection?~~

- ~~Value~~ Anticipated subcontract value will ~~be greater than~~ exceed three million dollars; ~~threshold (RCW 39.10.385)~~
- Public Owner is either certified by PRC to use GCCM delivery or it is approved by PRC to use the alternative subcontractor selection process on a specific project; and ~~to utilize this alternative subcontracting process. This is handled via initial PRC project application for GC/CM app~~
- — Alternative subcontract selection is in “best interest of the public.” ~~ations~~ Some considerations in making this determination are: budget management, critical scheduling, specialized skill requirements specific to the project, scope management, importance of teams relations to the project, site contracts, and benefits of preconstruction services.

¹ Heavy civil GCCM delivery has different rules and is discussed in a separate chapter.

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~~If “YES” to the above two conditions, Are you “early” in the life of the project? This is generally one of the first evaluation and decisions to make with the GC/CM immediately after procurement.~~

- ~~• To maximize benefit to the design and preconstruction process, the earlier the better. That said, the administrative differences between alternative subcontracting and lump sum subcontracting may still warrant consideration depending on the scope specific execution requirements of the project.~~

~~Is the scope ideal?~~

- ~~Alternative subcontractor selection has many similarities with GCCM procurement and execution. But, this type of subcontract work is performed directly with the engagement of a subcontractor to manage a specific scope of work within the GCCM project as a whole.~~
- ~~The award is made through a public process but is generally “best value” based based based on the evaluation of written qualifications, fee and specified general conditions.~~
- ~~The Maximum Allowable Subcontract Cost (MASC) is “negotiated” between the GCCM and the subcontractor [SM57]. The MASC is subject to approval by the Public Owner.~~
 - ~~For work the subcontractor performs with its own forces, the total cost is negotiated.~~
 - ~~A subcontractor may self-perform work without public bidding. RCW 39.10.385(12).~~
 - ~~Subcontract work that is not self-performed must be competitively bid. RCW 39.10.380. For example, if a mechanical subcontractor chooses to subcontract a scope of its work to a lower tier, such as controls or insulation, that work must be competitively bid.~~
 - ~~The Public Owner typically pays on cost-reimbursable basis.~~
- ~~Greater levels of cost transparency are provided through the alternative subcontractor selection process. For example, an “independent audit” is performed to “confirm the proper accrual of costs.” RCW 39.10.385 (11). Contract documents must specify how the audit will be conducted.~~
- ~~Execution risk and mitigation is passed on to a greater degree to the subcontractor who is “at risk” to perform the work for its negotiated subcontract price. [SM58][DN59] Proposing subcontractors need to be aware of this risk-shifting versus performing under plan/spec delivery and lump sum contract. Knowledge gained through the preconstruction phase allows all parties to better understand and allocate risk.~~

~~Goals, constraints, and connection with preconstruction services~~

~~Design team integration: the subcontractor will need to effectively integrate with other members of the team, i.e., the Public Owner, GCCM Firm, and the design team. The additional voice in the process is intended to support identifying and evaluating options and supporting the Public Owner’s decision-making process.~~

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- Constructability input
- Phasing or scheduling considerations
- Cost analysis and Value Engineering options
- Scope complexity and risk. If the scope of work involves uncertainty or difficult to quantify effort, alternative subcontracting may be preferred over lump sum.

Examples of connections with preconstruction services

- Example 1: phased work on an occupied site. Perhaps an electrical subcontractor would benefit developing and managing temporary work in order to keep occupied portions of a building functional while others are being renovated.
- Example 2: unknown geotechnical conditions below a building that prevents exploration. Perhaps a civil contractor will help develop an approach to soil management during execution rather than the design team relying on a series of assumptions to define a lump sum bid scope in the contract documents where the risk of unforeseen conditions is in the project owner's hands.
- Example 3: a **delegate** design building envelope system is the desired approach and the complexity and relation to adjacent building systems requires that early involvement in the design development round of preconstruction would benefit an expert contributing to the design workflow.

~~Comparing Other subcontracting options **[suggest removing detail here as this is covered in the subcontracting chapter]**. **100% of GCCM work shall be "publicly publicly bid"**.**[an60][DN61]** This can be done in two ways for all scopes of work defined in the GCCM subcontracting plan. **Lump sum or Alternative Selection.**
Lump Sum Low Bid.**[DN62]**~~

This process effectively emulates the traditional "design-bid-build" approach to public contracting but allows **the subcontracting community**ors to submit pricing directly through a transparent and public process. See Chapter **where this is discussed in greater detail.**

- A. Award of bid package shall be made to the "lowest responsive bidder" who is responsible.
- B. There is little to no transparency on costs within the subcontract amount during the execution of the work.
- C. Changes are managed in a traditional contracting format during execution.
- D. The **owner**–Public Owner's and GCCM firm's risk position is related to all the normal construction risk factors associated with **L**ump sum contracting such as quality of construction documents, unforeseen conditions, jurisdictional requirements, **etc.**–among others. Unlike with alternative subcontracting, where subcontractors typically take on some risk with design,

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they take on little to no risk with regard to design for low bid work.

Bidder Eligibility: -

If determination of subcontractor eligibility prior to seeking bids is in the best interest of the project and critical to completion of the project, the pre-bid determination of subcontractor eligibility may be used. Specific requirements, including a public hearing to allow public comment on bidder eligibility is set forth in RCW 39.10.400. This process can help Public Owners and GCCM firms assess interest in the scope among qualified firms. It also simplifies the bidding process for subcontractors who may be underqualified based on the evaluation criteria and decide not to submit a bid because it is not worthwhile or may consider forming a joint venture to increase their chance of being selected. Perhaps because of the process, bidder eligibility is not commonly used. See Chapter 7 where this is discussed in greater detail.

4

Alternative Subcontracting: There are similarities with GCCM procurement and execution but performed directly with the engagement of a subcontractor to manage a specific scope of work within the GCCM project as a whole.—

Award is made through a public process but is generally “best value” based based on qualifications and a fee component.— [SM63][DN64]

The subcontract value, will be “negotiated” with the subcontractor [SM65].—

The MASC or Subcontract value, is negotiated between the Alternative Subcontractor and the GCCM. For work the alternative subcontractor performs with their own forces, the total cost is proposed and negotiated. Self performed scope is not subject to public bidding. RCW 39.10.385 (12)

For any tier subs, within the Alternative scope/MASC, the Alternative sub is required to publicly bid and award those scopes as outlined in RCW 39.10.380.

Greater levels of cost transparency are provided through this process. An “independent audit” is performed to “confirm the proper accrual of costs”. RCW 39.10.385 (11)

Execution risk and mitigation is biased to a greater degree onto the subcontractor who is “at risk” to perform the work for their negotiated subcontract value.—

:

Goals/constraints/tie in with Preconstruction Services

Concepts to consider

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Design team integration: The alternative subcontractor will need to effectively integrate with the owner, GCCM, Arch and Design consultants. The additional voice in the process is intended to support identifying options, evaluating them, and supporting the owner's decision-making process.

Constructability input

Phasing or scheduling considerations

Cost analysis and Value Engineering options

Scope complexity and risk. If the scope of work involves uncertainty or difficult to quantify effort, alternative subcontracting may be preferred over lump sum.

Example 1: Phased work on an occupied site. Perhaps an electrical sub would benefit developing and managing temporary work in order to keep occupied portions of a building functional while others are being renovated.

Example 2: Unknown geotechnical conditions below a building that prevents exploration. Perhaps a civil contractor will help develop an approach to soil management during execution rather than the design team relying on a series of assumptions to define a LS bid scope in the contract documents where the risk of unforeseen conditions is in the project owners hands.

Example 3: A delegated design building envelope system is the desired approach and the complexity and relation to adjacent building systems requires that early involvement in the design development round of preconstruction would benefit from an expert contributing to the design workflow.

[DN66] |

[SM67]

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[Process Overview](#) [N68]

[Managing subcontract work — RCW 39.10.380 \(lump sum\)](#) [SM69][ke70]

[Procurement Details \(the matrix\) will relate to execution expectations with respect to staffing, reporting, and scope.](#)

[Billing/Payment Processing](#)

[Alternative Subcontracting includes an “audit” at the end](#) [an71][of the project to confirm the proper accrual of costs. Based on this, it’s proactive to drill down on costs and progress through the pay application and approval process on the monthly basis.](#)

[Review reporting to ensure that costs shown are represented in the correct category within the MASC. Refer to the pricing matrix which the subcontract was based on.](#)

[Negotiating MACC & review in relation to project budget](#)

[Incentives — how and when](#)

[How is risk being managed through project](#)

[Less risk to public body owner/GCCM](#) [SM72][ke73][an74]

[Initiating and Administering the Alternative Subcontractor Selection Process](#)

[Approval. A GCCM may use the alternative subcontractor selection process only if approved by the public body. Public bodies who are not certified to use GCCM under RCW 39.10.270 must obtain approval to use alternative subcontractor selection from the Project Review Committee. See — for more information about PRC. A public body may seek approval by PRC either at the GCCM project approval level or when the decision is made to employ this process. It may be more efficient to seek this approval at the GCCM project approval phase, as PRC approval does not require that this process be implemented by the public body. Rather, it merely allows the public body to engage in this process if it chooses to and the factors justifying its use are met.](#)

[Timing](#) [SM75][SM76]

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The procurement process for alternative subcontractor selection can take substantial time and resources for the Public Owner, the GCCM Firm, and proposing firms in relation to other procurement methods. For this reason, evaluating the use and decision to use alternative subcontracting should be performed as a priority with the GCCM Firm immediately after it joins the project team.

RCW 39.10.385 provides that the GCCM Firm should select the subcontractor “early in the life of the public works project.” One of the key benefits of engaging in this type of delivery and process ~~over design-bid-build~~ is to gain the input and expertise of the subcontractor during ~~the~~ preconstruction. Ideally, this ~~input~~ minimizes the risk of future constructability issues and related costs and delays. ~~It also shifts risk away from the public body and onto the subcontractor.—To maximize this preconstruction benefit, it is best to select the subcontractor no later than early in design development.~~ This helps prevent backtracking in the design process. ~~It is difficult for an alternative subcontractor to really influence the project approach during the construction documentation phase of design.—~~

Other timing considerations:;

1. ~~In~~ some cases, it may ~~still~~ make sense to bring the alternative subcontractor on board after design development, such as for means and methods or sequencing purposes.

——— Selection later in the preconstruction process, but prior to completion of design development, may still be viable to utilize alternative subcontracting. However, the subcontractor has less integration with the design process and capturing the input and recommendations of the subcontractor reduces the overall value of this option.

2. _____

3. If a Public Owner is not certified to use GCCM delivery, it must obtain approval from PRC to use the alternative subcontracting method, as explained above. Noncertified Public Owners should request approval to use this process simultaneously with when they request approval to use GCCM delivery on a project. Notably, obtaining this early approval does not require use of the process and such approval may save valuable time by not having to go back to PRC a second time.

Developing Evaluation Factors |Ni77|DN78|SM79|

Because alternative subcontractor selection method is intended to be qualifications-based, evaluations factors must be established. The evaluation factors used to select a firm under this method is a critical part of the process. The GCCM Firm and Public Owner must establish the appropriate level of criteria needed to evaluate whether the subcontractor can deliver a project of the size, scope and complexity at hand under this delivery method. Most Public Owners are looking to expand opportunities for small, minority, woman-owned, and disadvantaged business enterprise. Because this selection

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method is qualifications-based, it can potentially open the door to these firms. However, establishing onerous qualifications may prevent these firms from pursuing this type of work.

The evaluation factors for the alternative subcontractor selection process can be broken down into three categories:^[ke80]

1. Written qualifications criteria (Required by Statute)
2. Interviews^[ke81] (Optional)
3. Final- Proposals submitted by short-listed firms (Required by Statute)

Evaluation Criteria and Weighting

RCW 39.10.385(3) ~~lists several~~ identifies qualification-based evaluation criteria that must be included in the alternative subcontractor selection process. The Public Owner and GCCM Firm may include additional criteria to evaluate in the Request for Proposal (RFP). The Public Owner and GCCM Firm should consider the type of work included in the package, the impact to small and disadvantaged business enterprises, and the impact to competition ^[DN82] when considering additional evaluation criteria. The criteria and weighting should balance the need to obtain qualifications relevant to the size, scope and complexity of the project to enable the Public Owner and GCCM Firm to select the best fit for the project team based on the criteria and weighting, but do so without overburdening proposing firms.

A potential barrier for firms pursuing subcontract work under this selection process is lack of experience. While not a requirement in statute, the Public Owner and the GCCM Firm can define the necessary “experience” ~~as they see fit~~ in the RFP. However, it can be advantageous to the Public Owner to expand experience beyond the GCCM solely experience in alternative subcontractor delivery method. RCW 39.10.385 (3) does not require the subcontractor to have experience with GCCM-alternative project delivery methods. Rather, ~~they~~ it must demonstrate experience on work in similar size, scope, ~~OR~~ or complexity. This experience can be gained on ~~D~~ design-~~B~~ bid-~~B~~ build or ~~even~~ ~~D~~ design-~~B~~ build projects.

Another important evaluation factor required by RCW 39.10.385 is the firm’s proposed disadvantaged business enterprise inclusion plan. This is not a past performance requirement, but rather the subcontractor’s plan for including small and disadvantaged businesses in this package of work should they be awarded a contract. Inclusion plans can take many shapes and forms and are subject to different laws depending on jurisdiction and funding sources. Before establishing inclusion plan requirements, the Public Owner should consider a careful review of the laws they are subject to before initiating the procurement. ~~establishing what is required in proposed inclusion plan.~~ Public Owners can reach out to the Office of Minority and Women Business Enterprises for help with developing inclusion plan requirements. ^[DN83]

Final Proposals (Price Proposals)

The third category used for evaluating potential subcontractors are Final Proposals (price proposals). Under RCW 39.10.385(4), cost proposals are composed of two elements: a fixed amount for the subcontract specified general conditions and the percent fee on the estimated maximum allowable subcontract work, both are described

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in more detail below^[DN84]. It is important to know that not all firms will submit a cost proposal; only the short-listed firms will receive a request to submit a cost proposal from the GCCM and Public Owner, as discussed later in this chapter. However, clear definitions of what should be considered part of the Fee and what should be considered Specified General Condition work must be provided in the RFP and available to any firm considering submitting a proposal.

It is also important to consider the amount of points allocated to the ~~cost~~final proposal. The points allocated to the ~~cost~~final proposal will impact the balance between price and qualifications (written submittal and interviews). When^[SM85] determining the points allocated to price vs. qualifications, it is important to remember that the alternative selection process is intended to allow for selection of firms based primarily on qualifications rather than lowest apparent “cost.” The final proposal includes only the Fee and fixed amount for the Specified General Conditions, which are only a small portion of the total subcontract cost. Thus, the lowest Fee and Specified General Conditions amount may not necessarily reflect the lowest “cost.” If cost is significantly more important than qualifications, the Public Owner and GCCM Firm should pursue the low bid selection process instead. This will save the Public Owner, the GCCM Firm, and proposing firms the time and money associated with administering and responding to the alternative subcontractor selection process.

Interviews

Interviews are commonly used by ~~many~~GCCM Firms and Public Owners but are not required. This is an opportunity to have a ~~face-to-face~~face-to-face meeting with the proposers and see how they respond in a live environment. Interviews are not required, and ~~an agency~~a Public Owner and GCCM ~~has~~ many different options when using them. Some Public Owners have an initial short-list of the highest ranked firms from written response, conduct interviews and then short-list again to the final proposal phase. Some Public Owners will combine the written response with the interviews, then short-list the highest ranked firms for the final proposal phase. Whatever approach used, the RFP documents must clearly state what process will be used and the interview scoring and evaluations must be included with the written selection summary pursuant to RCW. 39.10.385(3)(j).

While it is not necessary to list the interview questions, it is helpful to all parties to identify the key topics that will be asked in the interview, the structure of the interview, number of participants, along with how proposers are scored from the interview. Providing as much of this information as possible promotes transparency in the interview process and allows short-listed firms to be fully-prepared.

Some examples of interview questions are:

- Ability of proposed personnel and qualifications necessary for satisfactory performance of required services
- Demonstrated expertise and experience in the required services, with emphasis on experience ~~on occupied and/or phased occupancy K-12 projects~~in projects similar in size, scope or complexity with the project at hand
- Understanding of the concept of this proposal and the proposed ~~MC/CM~~alternative subcontractor’s role

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- Ability to work within an integrated team
- Ability to actively participate in the development of the design within budget and time
- Approach to setting and working within the ~~M~~maximum ~~A~~allowable ~~S~~ubcontract ~~C~~ost (MASC)
- Ability to submit a fully compliant priced proposal at the next stage

A second way to promote transparency in the interview process is to identify in the request for proposal who the evaluation team is.

Notice of Intent

Notice of intent to use the alternative subcontractor selection process must be published in a legal newspaper at least 14 calendar days prior to the public hearing. RCW 39.10.385(1)(a) details what the notices should provide, including how evaluation criteria can be obtained. To maximize competition and promote equity and diverse business inclusion further publication should be considered such as: [need input from OMWBE]:

[SM86]Public Owners must also be aware of any unique publication requirements in addition to what RCW 39.10.385 requires. For example, K-12 school districts may have special notice requirements resulting from their interactions with district school boards.

The procurement process for under RCW 39.10.385 is similar to selecting the GCCM firm. One key difference is that notice of intent to use the alternative subcontractor selection process must be published in the same publication as the solicitation for proposals. Be sure to review RCW 39.10.385(2) to ensure that the required items are included in the solicitation. Many of the required items are established and finalized through the public notification, comment and hearing process discussed below.

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Other Considerations

The procurement process for an alternative subcontractor takes substantial time and resources for the owner and GCCM. For this reason, evaluating the use and decision to alternative subcontract should be performed as a priority with the GCCM immediately after they join the project team.

Consider the three main rounds of design. Schematic, Design Development, and Construction documentation. Ideally, the alternative subcontractor can join prior to finalizing the Schematic design for maximum preconstruction value. The timing benefits to preconstruction process will by scope. —

Later in the preconstruction process but prior to execution starting may still be viable to utilize alternative subcontracting but there is less integration with the design process and capturing the input and recommendations of the alternative subcontractor which reduces overall value in this option. —

Best Interest of the Public. To justify using this process, the public body and GCCM must make a threshold determination that it is in the best interest of the public. In making this determination, the public body and GCCM should consider the following factors, as applicable: budget management, critical scheduling specialized skill requirements specific to the project, scope management, importance of team relations to the project, and benefits of preconstruction services. These factors, as applicable, are usually described in the request for proposal[SM87].-[SM88]

Notice of Intent

Publication. Notice of intent to use the alternative subcontractor selection process must be published in a legal newspaper at least 14 calendar days prior to the public hearing. RCW 39.10.385(1)(a) details what the notices should provide including how evaluation criteria can be obtained. This notice must be published in the same legal newspaper as solicitation for proposals. The public body and GCCM are encouraged to provide further notice, such as posting on websites of trade associations and other locations and mediums that will further publicize the intent to use this process. This will help promote To maximize competition and promote equity and diverse business inclusion further publication should be considered such as. Examples include: [request input from OMWBE, others];

Notice Components. The notice must set forth a statement justifying the need to use the alternative subcontractor selection process and how, prior to the public hearing, interested parties may receive the evaluation criteria and weights assigned to the criteria, including definitions of what should be considered specified general conditions work and what should be considered the fee. It is helpful for the GCCM and public body to provide a matrix setting forth the components of the SGCs and fee that will be used for evaluation purposes[SM89].

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Publication of Weights and Criteria. The evaluation criteria, weights assigned to the criteria and justification for using the alternative process must be made available, upon request, at least seven calendar days prior to the public hearing so that interested parties have an opportunity to provide substantive comments. A simple way to provide this information is to provide a copy of the draft request for proposal at or prior to the hearing. To further promote transparency, GCCMs or public bodies should include information about the procurement schedule and process, the interview, and the request for final proposals. Notably, if interviews will be included in the evaluation process, the RFP must describe how they will be scored.

Special Advertising Publication Considerations. — K-12 schools (Traci/Shelly[SM90][DN91][SM92]?) Public Bodies need to be aware of any unique publication requirements in addition to what RCW 39.10.385 requires.

Public Hearing

Public hearings are required under the alternative subcontractor selection process. This is the Public Owner's and GCCM Firm's opportunity to communicate to potential proposing subcontractors why this selection method is being used, what type of work is being sought, and what qualifications the Public Owner and GCCM Firm are looking for from potential subcontractors. Because this selection method is qualifications-based, these hearings should be held as early as possible to promote awareness and sufficient competition. It also allows the subcontracting community an opportunity to interact directly with the Public Owner and the GCCM Firm prior to submitting a proposal, so that it better understands what qualifications are being sought, and how the selection process will proceed. Weights and criteria, usually in the form of a draft request for proposal, must be made available at least seven calendar days prior to the public hearing. However, Public Owners and GCCM Firms are strongly encouraged to make these available sooner in order to bring about public awareness to the project and finalize stronger evaluation criteria and weighting.

Generally, the public hearing (RCW 39.10.385[1]b) is conducted by the GCCM Firm, but the Public Owner should attend. This not only demonstrates the collaborative relationship between the Public Owner and the GCCM, but it also allows the Public Owner to gauge subcontractor interest, address challenges the subcontracting community might have with the evaluation criteria, and ensures the GCCM Firm is complying with the RCW requirements of RCW 39.10.385.

During the public hearing, the GCCM should explain why they it is are using the alternative delivery selection process, the scope of work, budget, schedule, evaluation criteria, the selection process, and the protest process for this package of work. The GCCM must record and collect any written and verbal comments received. This is a critical part of the public hearing process, as RCW 39.10.385 (1)(c) and (1)(d) requires the GCCM and the Owner to issue a written final determination reasonably addressing comments received. An interested party would be any firm that attended the hearing or submitted comments either in the hearing or outside the hearing.

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Written Final Determination

After the public hearing, a written final determination must be issued establishing that the alternative subcontractor selection delivery method is in the best interest of the public and that reasonably addresses the comments received regarding evaluation criteria and weights. Any modifications to the evaluation criteria, weights assigned to the criteria and protest procedures based on comments received must be included in the written final determination. ~~Developing Evaluation Factors~~ [N93][DN94][SM95]

In addition to the requirements of statute, it is also best practice that the final determination provides a response to each comment or question received to best ensure the GCCM Firm and Public Owner have reviewed and considered the comments received, adds transparency in the decision process, and shows that public input is valued.

Any party may protest the final determination, in writing, within seven calendar days of the final determination. The Public Owner must respond to the protest and the selection process may not proceed until it has done so. If the GCCM Firm and Public Owner decide to make any changes to the written final determination because of a protest, they should notify all interested parties of those changes.

After completing the public hearing and written determination process, as a best practice, the evaluation criteria and weights should not be materially modified in a material manner. If a Public Owner or GCCM Firm ~~Materially~~ modifies evaluation criteria or weights in a material manner after the written final determination issues, this undermines the public comment and hearing process, results in unnecessary time and expense by all interested parties, and erodes the public's trust that the selection process is objective and fully transparent.

~~The evaluation factors used to select a firm under the Alternative Subcontractor Selection method is a critical part of the process. Because this process is qualifications heavy, the GCCM and Public Body must establish an appropriate level of experience needed to successfully complete the subcontract work. Additionally, most Owners are looking to expand small and disadvantaged business utilization and this selection method for subcontractors can potentially open the door to S/DBE firms, but establishing onerous qualifications may prevent S/DBE firms from pursuing and being selected for the subcontract package.~~ [DN96]

The evaluation factors for Alternative Subcontractor selection process can be broken down into three categories: [ke97]

Written Submittal Criteria (Required by Statute)

Interviews [ke98] (Optional)

Final Proposals – Submitted by short-listed firms (Required by Statute)

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Selection Criteria Weighting

It's extremely important to consider the amount of points associated with the cost proposal. The points associated with the cost proposal will impact the balance between price and qualifications (written submittal and interviews). When determining the points allocated to price vs. qualifications, it's important to remember that the Alternative Selection Process outlined in this chapter is established so the GCCM and Public Body can select critical subcontractors based more heavily on qualifications rather than low price. If cost is significantly more important than qualifications, the Public Body and GCCM should pursue the traditional subcontractor selection process instead. This will save the Public Body time and money associated with administering the alternative subcontractor selection process.

Notice of Intent

- Notice of intent to use the alternative subcontractor selection process must be published in a legal newspaper at least 14 calendar days prior to the public hearing. RCW 39.10.385(1)(a) details what the notices should provide including how evaluation criteria can be obtained. To maximize competition and promote equity and diverse business inclusion further publication should be considered such as: [request input from OMWBE, others];
- [SM100] Special Publication Considerations. [SM101][DN102][SM103] Public Bodies need to be aware of any unique publication requirements in addition to what RCW 39.10.385 requires.

Public Hearing

- Public hearings are an important part of the alternative contractor selection process and they are required under RCW 39.10.385(1). This is the owner's opportunity to communicate to the subcontractor community why this selection method is being used, what type of work it is being bid, and what qualifications an owner is looking for from potential subcontractors. Because this selection method is qualifications based, it's important to hold these hearings as early as possible to ensure sufficient competition. It also allows the subcontracting community an opportunity to interact directly with the Owner and the GCCM prior to submitting a proposal, understanding what qualifications are being sought, and how the selection process will proceed.
- The public hearing (RCW 39.10.385[1]b) is conducted by the GCCM, but the Owner should attend. This not only demonstrates the collaborative relationship between the Owner and the GCCM, but it also allows the Owner to gauge subcontractor interest, challenges the subcontracting community might have with the qualification requirements or evaluation criteria, and ensure the GCCM is complying with the RCW requirements in 39.10.385.
- During the hearing, the GCCM should explain why they are using the alternative delivery selection process, scope of work, budget, schedule, evaluation criteria, the selection process, and the protest process for this package of work. The GCCM must record and collect any comments received, whether written or verbal. This is a critical part of the public hearing as RCW 39.10.3835 (1)c and (1)d requires the GCCM and the Owner to issue a final determination to interested parties. An interested party would be any firm that attended the hearing or submitted comments either in the hearing or outside the hearing.

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~~Public Hearing. A public hearing must be held prior to the advertisement of the RFP. At or prior to the public hearing, interested parties must be permitted to submit verbal and written testimony regarding public interest, evaluation criteria and weights assigned to the criteria. Interested parties are encouraged to submit written comments ahead of the hearing date. If there are controversial comments, an interested party should submit written comments and testify at the hearing. The GCCM and public body is encouraged to clearly respond to questions and share all questions and responses during this process.~~

~~Post Hearing. The GCCM and public body must consider the comments received and make a determination about whether it is in the best interest of the public to use alternative subcontractor selection.~~

Written Final Determination

~~After the hearing, a GCCM and public must issue a written final determination that determines that alternative subcontractor selection is in the best interest of the public. The determination must reasonably address each of the comments received. Any modifications to the evaluation criteria, weights assigned to the criteria and protest procedures based on comments received must be included in the written final determination. While addenda may be issued to address non-material changes to evaluation criteria and weights assigned to the criteria, material changes are not permitted after the written final determination is issued. [SM104](#)–[DN105](#)~~

~~Protests of the decision to use the alternative selection process must be submitted to the public body within seven calendar days of the decision. Note that often the GCCM during the hearing process. The protest must still be addressed to the public body to be valid. It is helpful to copy the GCCM on any protest correspondence. The public body may not proceed with the solicitation process until after responding to the protest. [DN106](#)~~

~~(E/F/G Combined) Public hearings, comments, written final determination. [SM107](#)~~

~~Public hearings are an important part of the alternative contractor selection process and they are required under RCW 39.10.385(1). This is the owner’s opportunity to communicate to the subcontractor community why this selection method is being used, what type of work it is being bid, and what qualifications an owner is looking for from potential subcontractors. Because this selection method is qualifications based, it’s important to hold these hearings as early as possible to ensure sufficient competition. It also allows the subcontracting community an opportunity to interact directly with the Owner and the GCCM prior to submitting a proposal, understanding what qualifications are being sought, and how the selection process will proceed.~~

~~Prior to holding a public hearing, the GCCM must publish a notice of intent to use the alternative delivery selection along with information about the public hearing, no less than, 14 days before holding the public hearing. This notification is required to be published in a legal newspaper~~

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which is distributed as close as possible to the location of the project. This publication allows local and other non-subcontractors an opportunity to provide comment and potentially pursue this work. It's important to note that the Public Body and GCCM can an Owner can also have the GCCM publish additional notifications at other locations beyond the local legal newspaper as required by RCW 39.10.385(1) to generate more interest and potentially more proposals. RCW 39.10.385(1)a outlines what information must be included in the public notice;

Date, time, and location of hearing;

Justification for utilizing the alternative selection process;

How interested parties can obtain the evaluation criteria, including criteria scoring;

Protest procedures with time limits for filing a protest (RCW requires no less than four business days from the date of selection decision);

The public hearing (RCW 39.10.385[1]b) is conducted by the GCCM, but the Owner should attend. This not only demonstrates the collaborative relationship between the Owner and the GCCM have built tot the public, but it also allows the Owner to better gauge subcontractor understand what in interest there is in this body of work, what challenges the subcontracting community might have with the qualification requirements or evaluation criteria, and to ensure the GCCM is complying with the RCW requirements in 39.10.385.

During the hearing, the GCCM should explain why they are using the alternative delivery selection process, scope of work, budget, schedule, evaluation criteria, the selection process, and the protest process for this package of work. The GCCM must record and collect any comments received, whether written or verbal. This is a critical part of the public hearing as RCW 39.10.3835 (1)c and (1)d requires the GCCM and the Owner to issue a final determination to interested parties. An interested party would be any firm that attended the hearing or submitted comments either in the hearing or outside the hearing.

The final determination that the GCCM must include several items:

Why using the alternative delivery process is in the best interest of the public;

Modifications to the evaluation criteria

Modifications to the criterion weights;

Modifications to the protest process.

While not required by statue, it's best practice that the final determination provides a response to each comment or question received. This ensures the GCCM and Owner have reviewed and considered the comments received, provides transparency to the decision process, and shows that subcontractor input is valued by the GCCM and Owner.

Any party may protest the final determination, in writing and pe, per r RCW 39.10.385(1)d requires said protests to be submitted, in writing, to the Owner within seven business days of final determination. The RCW is silent on how a GCCM or Owner are to respond to protests on the final determination, but it's best practice for an Owner to perform a review of the protest and respond to the protester directly. If the GCCM and Owner decides to make any changes to the final determination because of a protest, they should notify all interested parties of those changes.

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After completing the notification and hearing process, the evaluation criteria and scoring should not materially change through the selection process. Materially changing evaluation criteria or scoring weights after the final determination is issued may have a negative impact in the selection of the subcontractor under this process, as firms typically decide whether to pursue this work or not based on the final determination documentation. [SM108]

Developing Evaluation Criteria [N109][DN110][SM111]

The evaluation criteria used to select a firm under the Alternative Subcontractor Selection method is a critical part of the process. Because this process is qualifications heavy, the GCCM and Owner must establish an appropriate level of experience needed to successfully complete the subcontract work. At the same time, too restrictive qualifications may reduce the number of firms able to pursue this work. Additionally, most Owners are looking to expand small and disadvantaged business utilization and this selection method for subcontractors can potentially open the door to S/DBE firms, but establishing onerous qualifications may prevent many of those firms from pursuing the package of work. [DN112]

The evaluation criteria for Alternative Subcontractor selection process can be broken down into two categories: [ke113]

- Statement of Qualifications and/or interviews [ke114]

- Final proposals (Submitted by short-listed firms)

Request for Proposal Evaluation Criteria

The Request for Proposals (RFP) is a solicitation document published by the GCCM and approved by the Owner. The RFP contains several important items (General Conditions, Special Conditions, Specifications, Drawings, etc.), but for this section we will focus on the evaluation criteria.

RCW 39.10.385(3)(a) through (i) identifies several criteria that are required evaluation factors in the RFQ under this selection process. The required criteria are [SM115]:

- (a) Ability of the firm's professional personnel;

- (b) The firm's past performance on similar projects;

- (c) The firm's ability to meet time and budget requirements;

- (d) The scope of work the firm proposes to perform with its own forces and its ability to perform that work;

- (e) The firm's plan for outreach to minority and women-owned businesses;

- (f) The firm's proximity to the project location;

- (g) The firm's capacity to successfully complete the project;

- (h) The firm's approach to executing the project;

- (i) The firm's approach to safety on the project;

- (j) The firm's safety history; and

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- (k) If the firm is selected as one of the most qualified finalists, the firm's fee and cost proposal. [DN116]
- The request for proposal can request more information, but the GCCM and public body [DN117][DN118] should balance the interests in the need to gain relevant information and the burden on the subcontractor in responding to an overbroad request for proposal. [ke119] Changes were made to some of the evaluation factors in 2021 to call for information that is more narrowly tailored to projects similar in size, scope and complexity to the project at hand. [ke120]
- In 2021, the statute was changed to require that a proposing firm submit its plan for inclusion of disadvantaged business enterprises to the extent permitted by law. [more needed here; place holder] [DN121][DN122]
-
- Interviews. [SM123][SM124] As explained above, if interviews are going to be used as an evaluation tool, then the request for proposal must address how they will be evaluated and scored. RCW 39.10.385(2)(j). While it is not necessary to list the interview questions, the key topics that will be asked about in the interview and related scoring should be set forth in the request for proposal. An example of interview details in a request for proposal is: [DN125]

Criterion	Points
Ability of proposed personnel and qualifications necessary for satisfactory performance of required services	20
Demonstrated expertise and experience in the required services, with emphasis on experience on occupied and/or phased-occupancy K-12 projects	15
Understanding of the concept of this proposal and the proposed MC/CM role	10
Ability to work within an integrated team	15
Ability to actively participate in the development of the design within budget and time	20
Approach to setting and working within the Maximum Allowable Subcontract Cost (MASC)	15

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Ability to submit a fully compliant priced proposal at the next stage	5 [DN126] [DN127] [DN128]
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[Cost Proposals. Cost proposals Per RCW 39.10.385\(4\), are composed of two elements: a fixed amount for the subcontract specified general conditions and the percent fee on the estimated maximum allowable subcontract work. It's important to repeat that; as discussed previously in this chapter,](#)

[The RFP must include how the GCCM and Owner will score and incorporate the cost component into the final determination of the highest ranked firm. Again, the GCCM and Owner have multiple ways to incorporate the cost proposal score into the final scoring. One approach is to combine the written submittal score, interview score, and cost proposal score together. Another approach is to drop off the scoring from the written submittal and interview and select the highest ranked firm based on the lowest submitted cost proposal. Both are acceptable approaches, but the GCCM and Owner should understand how the final selection decision can impact what firm they eventually work with.](#)

[Another important factor to consider is the amount of points associated with the cost proposal. This will depend on the process selected by the GCCM and the Owner. If combining the cost scoring with the written score and interview, the amount of points associated with the cost proposal will impact the importance of price vs. qualifications. A high percentage of points associated to the cost proposal will make price a more important factor in selection than qualifications and vice versa. When selecting the appropriate points allocated to price, it's important to remember that the Alternative Selection Process outlined in this chapter is established so the GCCM and Owner can select critical subcontractors for the project based more heavily on qualifications rather than low price.](#)

[Scoring/Selection](#)

[Evaluation Committee](#)

[The GCCM must establish a committee to evaluate proposals which and must include at least one representative of the Public Owner. \[DN129\]\[DN130\]](#)

[Scoring Selection](#)

[The selection process the GCCM firm and Public Owner will follow can take multiple forms, but the RFP must describe what that process is and how the scoring will determine the highest ranked firm. The process and scoring do not have to be the same. The process to select the highest ranked firm is considered a two-step process. The following figure depicts that process. \[SM131\]](#)

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[Insert process map]

There are multiple approaches to how the highest ranked firm is selected. A couple of the more common approaches are listed below. There are multiple acceptable approaches to selecting the highest ranked firm, but the GCCM and Public Owner must understand how the scoring will impact the selection of the highest ranked firm.

Strongly recommend as a method to ensure a best value selection - Combine the written submittal score, interview score, and cost proposal score together. [DN132]

[Insert scoring graphic] [SM133]

Written proposals and interviews are typically part of a first phase. Those scores are added together to determine finalists who are asked to submit cost proposals as part of a second phase. The GCCM must notify firms who are not selected as finalists and may not proceed with the selection process until two business days after such notice is provided.

Nonprice factors (scores of written qualifications and interviews, if used) must be added to the scoring of the price factors (SGC and Fee) to determine the highest scoring firm. [DN134]The GCCM is required to notify all proposers of the selection decision and make a selection summary of the final proposals available to all proposers within two days of such notification. Detailed protest procedures are set forth in RCW 39.10.385(7). [DN135] The scoring of the nonprice factors must be made available at the public opening of the fee and cost proposals.

Debriefing –

Though not required by statute, unsuccessful proposers often request an opportunity to review the solicitation and their proposal documents with GCCM firms and the Public Owner. It is good practice to allow time for this feedback so they better understand how the selection was made and review areas where they excelled or need improvement. Since alternative subcontractor selection is still relatively new, in general, and specifically now that it is open to all trades, this may help encourage competition.

Budget Categories [ke136] Categories/Contract Structure?

Price-Related Factors (fee and SGC definitions/matrix)

Cost of Work, Specified General Conditions, Negotiated Support Services, and Fee.

MASC – Maximum Allowable Subcontract Cost. The total anticipated cost of the subcontract defined by the GCCM/Public Body.

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Contract Payment Options (we never developed consensus on this)

When the alternative subcontractor selection method is used, contracts are typically awarded on a cost-reimbursable basis, though it could convert to a lump sum or element of the contract could be converted to lump sum. The parties need to understand the risk of each contract type, including auditing, cost, risk, etc.

Contract Structure (Budget Categories) – help needed/volunteers?

Subcontractor Fee

Specified General Conditions (Subcontractor)

Negotiated Support Services

MASC - Maximum Allowable Subcontract Cost

The total anticipated cost of the subcontract defined by the GCCM/Public Owner.

Negotiating the Maximum Allowable Construction Cost

Independent Audits.

RCW 39.10.385 requires an independent audit, paid for by the Public Owner [DN137] to be conducted to confirm the proper accrual of costs as outlined in the contract. The Public Owner must define the scope of the audit in the contract and it must be followed.

Preconstruction services [DN138]

When the alternative subcontract selection process is used, subcontractors of course take part in the preconstruction phase which will result in additional costs under a preconstruction services contract. However, the additional costs must be weighed against preventing future constructability issues. Some Public Owners and GCCM Firms have treated the preconstruction services contract amount as an allowance. If so, this should be specified in the RFP documents. See Chapter which discussions preconstruction services in detail.

Billing/Payment Processing

Alternative Subcontracting includes an “audit” at the end [an139] of the project to confirm the proper accrual of costs. Based on this, it’s proactive to drill down on costs and progress through the pay application and approval process on the monthly basis.

Review reporting to ensure that costs shown are represented in the correct category within the MASC. Refer to the pricing matrix which the subcontract was based on.

Incentives Help Needed/Volunteers

(how and when)

How is risk being managed through project? Covered in construction services?

(Less risk to Public Owner/GCCM [SM140])

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[Need to take into account the contract language and how that allocates risk between the owner and sub with regard to design, etc. Be thinking about the risk shifting in the .385 selection decision and how that ties in with contract language/actual project delivery.](#)

[\(key concept: “Manage risk”\)](#)

[Shelly Henderson: should we reference type of qualifications here?](#)

[Need to take into account the contract language and how that allocates risk between the owner and sub with regard to design, etc. Be thinking about the risk shifting in the .385 selection decision and how that ties in with contract language/actual project delivery.](#)

[\(key concept: “Manage risk”\)](#)

[See comment above about risk-shifting](#)

[More work needed here around steps and trying to limit firms moving through to cost phase when they have no chance of being highest scoring firm.](#)

Chapter 8 – Construction Services

Construction Services

Consider the roles and responsibilities outlined in the preconstruction section, then translate these items from planning to the construction phase. The execution of a [guaranteed maximum price \(GMP\) MACC contract](#) signifies a milestone in the work, and an important transfer of risk between parties. Construction Manager – GCCM

The construction manager has at least two active roles. Construction Manager and General Contractor. [ND141][SM142]

- CM: As Construction Manager, the GCCM is responsible to oversee and manage the contractual relationship between subcontractors and the project team. Schedule, execution progress, quality, safety and the subcontracting plan. This requires that subcontractor communications are validated and potentially managed with transparency on the same between owner and design team. Managing financial progress and reporting to the owner.
- GC: As the general contractor, the GCCM is directly responsible for all field execution and jobsite management as well as all self perform scope of work. The self perform scope is LS commitment functioning financially similar to other prime subcontractors within the terms of the main contract. This “sub to themselves” is important in the context of communications, issue management, and conflict resolution.

Leveraging the preconstruction phase, specific techniques and greater detail on how project risks will be managed is the outcome. Through the construction phase, the team should be in a more advantageous position on risk management. Best practice suggests that during preconstruction, choices should be made and the plan developed to carefully articulate scope and risk within the subcontracting plan and design documents. Generally, it's in the best interests of the project that the entity best equipped to address the risk, be the party contractually obligated to manage it. How this risk is communicated as a part of the subcontractor bid process is crucial to drive value. Consider some of the following contracting techniques for unquantifiable scope.

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- Allowances may be a part of subcontracted scopes of work which require reconciliation after the scopes are completed. Allowances are often used where a scope may not be quantifiable during the bid process.
- Unit pricing, or the combination of units plus an allowance can be an approach to any ambiguity in existing site conditions. Geotechnical conditions or hazardous materials work are two scopes which often employ unit pricing in the bid process to position on change management.
- Negotiated Support Services include a wide range of jobsite activities and costs related to means and methods. This budget category effectively allows real time communication between GCCM and owner on cost to date prioritizing scheduled progress. When adverse weather conditions impact projects, often TESC costs increase, temporary enclosure and weather protection work, and/or temporary heat efforts can all be impacted. The project team can “react” to the dynamics of weather or other factors beyond everyone’s control to continuously modify the as planned approach to the benefit of the project.

With Risks identified and proactive actions to mitigate the identified risk. Remaining risks to be addressed during construction could include schedule, material availability, labor availability, design constraints, project logistics etc... As the project comes out of preconstruction a risk matrix should be reviewed and updated to track overall project risk and mitigation throughout construction.

Potential Risk mitigations:

- Lump Sum Conversions
- Allowances
- Use of a Design Development Contingency
- Contingencies
- Phased purchasing
- Incentives
- Third Party Consulting
- Weather Mitigations
- Insurance Policies
- Advance Purchasing and Storage

Financial Management –

- Payments, Changes, Contingency, NSS, Allowances, Mini-MACC’s^{[SM143][SM144][N145]}, Multiple GMP’s, SGC’s.
- Flexibility is an asset within GCCM delivery from a contracting standpoint. This can add complexity to financial management.
- Tracking – Monitoring – Reporting
 - a. The project team should develop a system of cost controls and accounting which tracks the project financial position throughout the work. It should be detailed in a fashion that tracks the different aspects of all project budget categories with alignment to how these categories fall within the risk management the contract defines.
 - b. Transparency and collaboration is critical for creating useful tracking tools that allow all parties to understand progress, risk management and how this relates to the total project budget.

Contract Change (Process)

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- Risk Contingency (no change to TCC) or Owner Change (change to TCC)
 - a. Teams should endeavor to expedite processing of all changes.
 - i. Risk Contingency Use – ""
 - May or may not be evaluated by Design team on behalf of owner. Owner is responsible for review and approval.
 - ii. Owner Change (add to GMP, TCC) – administrative process varies across public owners typically take longer.
 - Most likely IS evaluated by design team through traditional process.
 - iii. The definition of contractor contingency use vs owner change should be defined within the main contract. The responsibility of each party, with respect to the type of change is defined. The approval process should also be defined in the main contract.
 - iv. Project teams should also recognize when either type of change adds or reduces costs to other budget categories. Example would be survey within NSS that a change in scope creates additional effort on.
 - v. Best practice for the financial management of changes and risk encourages a process of understanding how and when budget contingencies can and should be released or transferred to allow the owner the discretion on what to spend these funds on or at all. I.e. elective changes or TCC reduction.
 - b. [RCW 39.04.360](#) – Payment of undisputed ~~amounts~~[claims](#). Interest applies when beyond timelines.

Pay Applications – Build a culture which values prompt payment-

- ~~SOV~~[Schedule of Values \(SOV\)](#) detailing is critical to setting the process up for efficiency. – Mobilization costs, material vs labor costs separated. Itemize work through phases of projects separately to reflect a more accurate cost over time reality for the project.
- SOV detailing which breaks out and appropriately details payment processing and support for the benefit of small and diverse businesses. Cash flow is a priority for all small businesses.
- [RCW 39.10.350\(g\)](#) – [public owner must respond in writing to change orders within 30 days of receipt of the request.](#)~~change from 60 days to 30 days –~~

Chapter 9 – Subcontracting

The GCCM delivery method is unique in how subcontract work is priced and delivered when compared to the other alternative delivery methods in the State of Washington. When discussing subcontract work, the statute is referring to the “work [required] to construct the project” ([RCW 39.10.210\(13\)](#).)” This also includes equipment and materials ~~required~~. Under the two different models for GCCM, that work comes with different procurement requirements, but generally speaking, a significant portion of this work must be publicly bid out with [award to the lowest responsive bidder that is responsible.](#) ~~selection made by lowest bid~~. Below is a

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breakdown of how subcontract work must be procured and distributed amongst firm types and GCCM type:

General Contractor/Construction Manager:

- GCCM Prime & Subsidiaries – No More than 30% of Negotiated Maximum Allowable Construction Cost – Low Bid
- Subcontractors (not affiliated with GCCM Firm or subsidiaries) – No Limit – Low bid

Heavy Civil General Contractor/Construction Manager:

- GCCM Prime & Subsidiaries - No more than 50% of the cost of the work to construct the project – Negotiated
- Subcontractors (not affiliated with GCCM Firm or subsidiaries) – No less than 30% of the cost of the work to construct the project – Low bid[ND146]

This chapter will explore best practices for planning, soliciting, and awarding subcontract work.

Developing Subcontractor Bid Packages

Packaging the subcontract work is one of the more challenging aspects of the GCCM delivery method. The goal is to find the correct balance between packages that maximize competition while also keeping costs down. There are many different strategies owners can employ when packaging subcontract and the [RCW statute below](#) provides some guidance [in-on](#) how owners should approach subcontract packaging.

“Individual bid packages are to be prepared with trades separated in the manner consistent with industry practice to maximize participation and competition across all trades. Bundling of trades not normally combined into one bid package is not allowed without justification and specific approval by the public body. Bid packages must be prepared to reduce barriers for and increase participation by disadvantaged business enterprises. (RCW 39.10.380(1))”

Owners should try to keep trades separate when developing subcontract packages as this can maximize competition and DBE participation on large public works projects. However, “bundling” subcontract packages can provide advantages to the Owner. In either scenario there can be unintended consequences for how an Owner ultimately decides on the subcontract package. For example, combining different trades into one subcontract package can limit competition, reduce DBE participation, and drive up costs. Owners should consider the following questions when developing subcontract packages, in particular, when considering the combination of trades into one subcontract package:

- Is it a generally recognized local industry practice?
- Does the combination promote competition?
- Does the GCCM plan to bid any portion of the package, thereby discouraging competition?
- Does the combination create an advantage for fewer bidders?
- Is the management and coordination of the multiple trades is clearly defined in the bid package?
- How does this package increase DBE participation?
- Was any of this work previously solicited without successfully selecting a firm and would combining it with other work increase competition?

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Due to the complexity of combining multiple trades in one package and the potential for unintended consequences, it is highly recommended that proposed bid packages that bundle different trades or type of work be analyzed by the owner and discussed with the GCCM prior to solicitation. Advantages and disadvantages of the proposed package should be compared against project priorities, goals, and increasing DBE participation to determine the best subcontract package. The Owner must be fully engaged in the subcontract packaging process and is ultimately responsible for the final packaging decisions. Following are some considerations and potential areas for discussion between the Owner and the GCCM.

Potential Advantages:

- Some scopes of work are inherently connected and require significant interface in order to best schedule and install a quality product. For example, concrete, reinforcing and subgrade waterproofing are systems and materials that are very closely tied together, are installed often concurrently and require close coordination. The combination of these scopes in one bid package can lead to enhanced coordination and ultimately a higher quality installation. Questions to explore when looking at different scope combinations to achieve this goal: Are these trades generally combined under a single contract? Does the interface of the trades require close coordination and work integral to both scopes? What benefit will the project see from this combination?
- There are situations where the public entity may have contract terms or requirements that are not generally accepted in the trade community that could lead to low bidder coverage or potentially inflated pricing. This can be especially true in an active market where trade partners have a multitude of options for new work. For example, a specific trade may be historically unwilling to accept or agree to some contract terms like liquidated damages. In this scenario, bundled bid package provides the option of putting another entity that is taking on the risk of the prime agreement terms between the public owner and the trade partner. The first tier bidder then takes on this risk and determines the appropriate compensation for that risk as they develop their bid price. The benefit to the public owner is maintaining these provisions and potentially increasing competition for the trade in question. This is a common issue with vertical transportation and is an alternate to working with the GCCM to develop agreeable contract terms for the bid package that do not place undue risk on the GCCM but increases competition within the trade package.
- GCCM is essentially a low bid award structure as it relates to the award of scopes outlined in bid packages, or first tier contracting. Bundling for this example could be done with the intent of creating an opportunity for some scopes of work to be included in the larger package but not necessarily awarded to the lowest bidder on their own. By bundling various trades, the “bidder” may use their professional judgement and expertise to select second tier trade partner to perform the work that may not be the low bidder for that trade. Examples of good use here could be selection of diverse or small businesses that are not based on low bid or bonding capacity. Similarly, a selection may be made based

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on ability to execute the schedule or proven history of quality work as opposed to low bid. In this scenario, the outcomes noted are not guaranteed, the bid package is still competitively bid and awarded to the low bidder that may or may not implement these strategies.

Potential Disadvantages:

- Combining of trade packages can limit competition by creating a situation where limited firms have the capability or bonding capacity to bid the work. When looking to ensure competition, questions that could be explored include: Who would generally perform the work and how much of the package would be self-performed by the firm awarded with it's own craft labor? Is this a combination that would require a general contractor to perform the work due to the varying scopes, ei a large percentage of the work is not self-performed and subcontracted? If so, is the management of these trades something that should be expected from the GCCM as a part of the base scope of services? With limited competition there is the possibility that the work will not be purchased at market price or the best price. Compounding mark-ups and indirect costs are incurred for work that is second tier as opposed to first tier to the GCCM. A way a Public Body can limit these types of potential issues would be understand what firms are performing the work and why it may be necessary to package work in this fashion. An example of atypical bundling would be structural concrete and wood framing, or concrete, structural steel, and the elevators.
- The creation of a bid package that bundles a portion of work that is planned to be bid by the GCCM can also have the potential of limiting competition due to a perception of advantage in favor of the GCCM because of knowledge of the project and personnel on the project that could create efficiencies specifically for the GCCM. A transparent process with controls in place to ensure a level competition is critical in this scenario to ensure the public owner receives the best value for the project.[ND147]

Self-performance of Work by GCCM

Under RCW 39.10, the GCCM prime is allowed to pursue a portion of the subcontract work for the project. Depending on the type of GCCM contract, the GCCM Prime can either be selected as the low bidder for the work or the work can be negotiated. The following table depicts these two different methods of self-performance by the GCCM Prime.

	Traditional GCCM	Heavy Civil GCCM
Negotiated Self-Performed	Not Applicable	Up to 50% of Work
Low Bid Self-Performed	Up to 30% of Work	Cannot exceed 70% of Work (Including Negotiated Work)

When determining the appropriate amount of Work the GCCM Prime can pursue, Owners should consider a number of factors and have the conversation as early as possible during preconstruction. Owners should consider at a minimum the following when making this determination:

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- What work does the GCCM Prime typically perform (Performance varies by firm and industry)?
- What work did the GCCM Prime firm indicate they want to pursue in their proposal?
- What opportunities are there to break the work into smaller packages to increase competition?
- How does the contracting community typically bid on this package of work (Do they typically want to qualify their bids)?
- Will this generate sufficient competition for the work?
- How will this impact S/DBE participation?
- Will other firms pursue this work?
- What sub work might be typically included in this package and how will that impact sub utilization (Owner's should limit performance of subcontract work in package, but some packages are typically combined in industry)?
 - For example, rebar supply and cement finishing are typically included inside a concrete structuring package
- How do you calculate this percentage (MACC, NSS, GCs, Fee, etc.)?

Administration staff and equipment requirements for self-performed subcontract work

It's important for Owner's and the GCCM Prime to ensure that the staff required to manage subcontract work are different from the team managing overall GCCM contract. Staff for the overall GCCM contract typically require full time staff and the cost is included within the Specified General Conditions. Allowing the GCCM to pursue subcontract work with Staff already allocated to the overall GCCM contract can create an unfair advantage for the GCCM Prime and reduce their ability to manage the overall contract and sub work.

Bidding and awarding self-performed work

Even though the GCCM may be pursuing subcontract work via bidding, the preparation of the solicitation documents is still performed by GCCM. Owners should review all solicitation documents for every subcontract package, especially subcontract work the GCCM is pursuing. Owners should be looking for unique terms and conditions that may prevent other firms from bidding on the Work, reducing competition and potentially increasing costs. It's important to remember the Owner is accountable for ensuring fair and transparent procurement practices for all subcontract procurements, including subcontract work the GCCM is pursuing.

The solicitation for subcontract Work the GCCM is pursuing is always performed by the Owner. This responsibility includes:

- Posting solicitation documents publicly.
- Placing solicitation advertisements per RCW requirements.
- Receiving and responding to questions submitted during the solicitation period (the solicitation should reflect this).
- Issuing addendum during solicitation period.
- Collecting and publicly opening bids.
- Reviewing bids for responsiveness and responsibility requirements.
- IF the GCCM is the low bidder, verifying required equipment is included in the bid price and not included under other project costs like Negotiated Self-Performed Work or other subcontract packages.

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- Publicly identifying the lowest responsive and responsible bidder.
- Addressing any protests received (Protests should go directly to the owner, not the GCCM and the Owner should respond)

Procurement Process

The solicitation process for subcontract work under GCCM is very similar to the solicitation, selection, and award process under typical Design-Bid-Build procurements.

Preparing packages for solicitation

During preconstruction, the owner and the GCCM have developed a subcontracting plan that outlines how the subcontract work will be procured. This plan should detail the number of subcontract packages, which packages the GCCM intends to pursue as self-perform work, the anticipated procurement schedule, prequalification requirements (if applicable), and the associated small or disadvantaged business goals for each package.

Each subcontract package requires its own set of solicitation documents; including associated terms and conditions, project specifications, drawings, and other applicable documents. Some owners and GCCM firms have found that creating a set of boilerplate solicitation documents can streamline the subcontracting process. Boilerplate solicitation documents will include the standard terms and conditions that apply to each solicitation package, allowing the GCCM and owner to focus on special terms and conditions, specifications, drawings, and other documents that are specific to each solicitation package.

Subcontract terms and conditions

There is not a typical form of the solicitation documents and most GCCM firms start with their own form for the solicitation and contract documents. But that does not mean the Owner is removed from the process. Most Public Bodies have provisions in the main GCCM contract that must flow down into each subcontract contract, like labor requirements, small and disadvantaged business provisions, or prompt payment provisions. RCW 39.10.410 also lays out minimal requirements for subcontract terms and conditions that both the Owner and GCCM should be familiar with.

This highlights why it's important for Owner's to review each solicitation package, ensuring the appropriate terms and conditions are included in each subcontract and those terms and conditions are fair to the subcontract community, don't limit competition, and don't unnecessarily transfer project risk from the GCCM to the subcontractors. Some things a Public Body should look for when reviewing solicitation packages are:

- Flow down provisions from Public Body or funding source
- Insurance requirements
- Transfer of risk provisions
- Contract duration
- Conflicting terms and conditions
- Small and Disadvantaged Business goals
- Bid opening date and location
- Liquidated damages (ensuring they are fair and not punitive)

Prequalification vs. Supplemental Responsible Bidder Criteria

The GCCM and Owner may decide that a subcontract package requires specific experience necessary to successfully complete the work. There are two ways the GCCM can go about

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establishing these qualification requirements; pre-qualification or supplemental bidder responsibility criteria.

Supplemental Responsible Bidder Criteria

Supplemental Responsible Bidder Criteria is an additional criteria Owners can establish for work packages that are procured based on price. Things typically used for Supplemental Responsible Bidder Criteria include years of experience in a certain field for staff, labor compliance, etc. There is nothing unique under the GCCM delivery method when using supplemental bidder responsibility criteria for subcontract packages. Public bodies and the GCCM should consult RCW 39.04.350 for responsibility requirements and supplemental responsibility options for each subcontract solicitation packages.

Pre-Qualification

Prequalification of subcontractors for GCCM subcontract work is not typically used under the GCCM delivery method, but in those rare cases when it's necessary, the Owner and GCCM should be aware that it requires significantly more administration work and time for awarding work. Owners must ensure that additional prequalification requirements do not create an unfair competitive advantage for any firm pursuing this work, including the GCCM.

Any package that requires prequalification of subcontractors must go through a public review process which includes a public notification, a public hearing, an evaluation of the firms pursuing the work, and a protest process. RCW 39.10.400 outlines the specific requirements for each of those steps, and Public Bodies and the GCCM should familiarize themselves with those requirements to ensure that the process is fair, transparent, and allows for sufficient competition and a fair and reasonable price for the project.

Advertisement

Advertising requirement the subcontracting packages for a GCCM project are very similar to typical Design-Bid-Build procurement advertisements, but there are some unique requirements that Owners and the GCCM should be aware of.

Timing

Ideally, bidders should have a minimum of three weeks to review and compile bids. This should help ensure firms have sufficient time to review the documents, ask questions, and compile an accurate bid. The GCCM and Owners should allow for more time in the bidding process if the bid date is extended via addendum.

Prebid Meetings

Often a Prebid meeting is held to convey project specific details and requirements. It's a good idea to hold a Pre-Bid meeting so that the Owners and GCCM can highlight important information about the package of work while also allowing firms to ask questions directly to the Owner. If the GCCM is pursuing the bid package, then Owners should hold these Prebid meetings in their facilities, not the GCCM's facilities.

Owners can decide to make the prebid meeting mandatory. Mandatory prebid meetings are typically rare and is best to only use them when needing to provide site access that

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prospective bidders cannot gain without Owner approval. When using mandatory prebid meetings, the Owner should require at least two meetings, with attendance mandatory at only one. This will allow more firms an opportunity to attend the prebid meeting and hopefully increase the competition on the package of work. Additionally, the solicitation documents should indicate that the prebid meeting is mandatory.

Solicitation Contact Information

The solicitation documents should identify a contact person and process to submit and answer formal bid questions. This is typically the GCCM, unless the GCCM is pursuing the package of work. In that case it should be the Owner that handles all questions, responses, and issuance of addenda. All questions should be formally submitted to the appropriate individual overseeing the procurement. All responses to questions should be responded to formally and publicly to ensure all prospective bidders have the same information.

Engineer's Estimate

The Owner and GCCM should consider publishing the subcontract package estimate in the solicitation documents. It provides transparency for the bidders while also allowing the Owner and GCCM the opportunity to negotiate with the lowest bidder should all the bids come in over the estimate. Additional requirements are listed in RCW 39.10.380(6) and is discussed in more detail below.

Availability and access of bid documents

Ideally, the GCCM or Owner will have a public website where solicitation documents can be accessed and downloaded by prospective bidders. If this option is not available to an Owner or GCCM, then the solicitation documents should indicate who bidders should contact to receive the bid documents. This process is not ideal as it's much slower than publicly available documents and can impact competition on the subcontract package.

Receiving and Evaluating Bids

For all bid packages, the GCCM or Owner must open them publicly, similar to Design-Bid-Build solicitations. The responsible party for opening and reviewing bids depends on whether the GCCM is submitting a bid or not on that package. The following table highlights the responsible party for different steps in the bid evaluation process:

	GCCM Pursued Subcontract Packages	All other Subcontract packages
Receiving bids	Owner	GCCM
Opening bids	Owner	GCCM
Verifying bid (double checking math)	Owner	GCCM
Responsiveness review	Owner	GCCM
Responsibility review	Owner	GCCM
Supplemental Responsible Bidder Criteria	Owner	GCCM

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Selecting lowest responsive & responsible firm	Owner	Owner
Notifying public of selection	Owner	GCCM

Reviewing Bids

The GCCM or Owner should review all bids. Where the GCCM takes the lead on review bids for subcontract packages they are not pursuing, the Owner should always verify those reviews because at the end of the day, it is the Owner that has to deal with any protests or public relations issues that may arise from incorrect reviews and selections. When reviewing bids, the following are some items that are important for review:

Bid Amount:

- Verifying math is accurate on bid form (solicitation should indicate how bids are handled if math errors are found)
- Significant bid discrepancies between bid and estimate (Helps identify potential errors in bidder's submission)
- Comparing bids against each other (especially if the low bid is significantly different than the other bids received)

The Owner and GCCM can meet with the low bidder to discuss any errors or discrepancies in their bid to ensure it is accurate and covers the entire scope of work. The Owner should attend any meeting between the GCCM and the subcontractor.

S/DBE Evaluation:

- Did they meet the goal or if not, did they make good faith efforts to try and achieve the goal
- Verify that the firms submitted are S/DBE firms and certified by OMWBE, if required in solicitation or by statute
- Verifying the math is correct

If the bidder did not make the goal nor sufficiently made good faith efforts, the GCCM should follow agency guidance and process before accepting or rejecting that bid. It's also critical for Owners to be heavily engaged in this process of the bid evaluation.

Responsiveness Review:

- Did they complete the required submittal documents per the solicitation?
- Did they sign the correct documents?
- Is the individual signing the bid authorized to sign for the firm?

Responsibility Review:

- Did the bidder meet all the requirements of RCW 39.04.350?
- Did the bidder's response to Supplemental Responsible Bidder Criteria meet the solicitation requirements?

Owners should be familiar with RCW 39.10.380(2) if they intend to reject the low bidder based on not meeting the responsibility requirements set out in the solicitation. If the Owner determines that the bidder is not responsible, then written notification to the bidder must be provided to the bidder that they intend to reject their bid. That bidder then has an opportunity to establish that they are, in fact, a responsible bidder per the solicitation requirements.

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Lack of Competition

Single bid

At times, the Owner may only receive one bid for a subcontract package. In those instances, the initial review of the bid is still performed. The GCCM and Owner should also perform the following evaluation:

- A cost-price analysis to ensure the bid is fair and reasonable
- Reach out to other firms that typically perform this work to understand why they didn't bid.
- If the only bidder is the GCCM, the Owner needs to review the solicitation documents to ensure fairness (ensuring the GCCM didn't have a competitive advantage and other firms had a fair opportunity to compete for and be awarded the package).
- Review main contract with the GCCM to ensure compliance with single bid requirements and review. (Does the main contract have a minimum number of bids required in order to award)
- Perform a more detailed analysis of the bid against the estimate. This may require a meeting with the bidder, along with additional documentation to establish the bid is reasonable.

The Owner must ensure the bid is fair and reasonable and that there was sufficient opportunity for competition before awarding the package.

No Bids^[SM148]

If no bids are received then the package must be rebid, but the following items should be evaluated before soliciting the package:

- Evaluate scope of work to ensure correct work is packaged together
- Look for opportunities to break work into smaller packages to encourage participation from bidders
- Reach out to firms that typically pursue this work to understand why they didn't submit a bid
- Review terms and conditions of contract to ensure there aren't provisions that are overly burdensome to subcontractors (insurance, LDs, etc.)

Bidder error

Bidders may claim error and retract their bid as outlined in the solicitation documents. That bidder may not pursue the same package of work if the package is resolicited.

Selection of Lowest Responsible, Responsive Bidder

For packages that are run by the GCCM, the Owner must approve the determination. Owners should review all documentation of the process and decision to ensure they comply with the contract, solicitation, and all RCW requirements.

Negotiations with Lowest Bidder^{[SM149][N150]}

As described in RCW 39.10.380(6) & (7), the GCCM and Owner can negotiate with the identified lowest responsive, responsible bidder under certain conditions:

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- The estimate must be published with the solicitation
- All bids must exceed the published estimate
- The apparent low Bidder's bid does not exceed the published estimate by more than 10%

If those conditions are met and the Owner decides it's worthwhile to pursue negotiations with the lowest bidder, they should consider the following prior to negotiating with the bidder:

- Perform a cost/price analysis on bid
- Develop a negotiation plan prior to meeting with the apparent low bidder

It's important for the Owner and GCCM to understand that the negotiations should focus on what changes to the scope of work are necessary to bring the costs back in line with the estimate. The negotiations are not an opportunity to try and extract more work from subcontractors at a reduced cost. Should negotiations fail, then the subcontract package must be rebid.

Encouraging Competition

An important goal for most Owners is increasing the participation of small and disadvantaged firms. Owners and the GCCM should look for ways to maximize S/DBE participation beyond adding S/DBE goals on a project. Terms and conditions should be closely examined to ensure that they are not putting an undue burden on smaller firms, preventing them from pursuing this subcontract work. For example, Owners should tailor insurance and indemnification limits to the scope and risk associated with the work.

Owners and the GCCM should put together a robust plan for engaging potential small and disadvantaged businesses, including the following:

- With sufficient time prior to bid submittal, contact potential firms directly, not just blast emails
- GCCM should begin outreach efforts early in the design development and much earlier than when packages hit street
- Work with Owner to compile list of potential firms
- Have open outreach events, early in the project, allow questions from subs
- Consider geographic outreach to firms in the area of the project

Chapter 10 – Heavy Civil (Draft Approved – Awaiting Final Draft)

Chapter 11 - Close Out

- Cost Reconciliation
 - Audits
2. The scope of audit should be adequately defined within the main owner contract.
 - GCCM:
 - a. NSS, cost reimbursable so all detailed costs subject to review. GCCM, company owned equipment costs as well as third party vendors, subcontractors, and GCCM labor. Prime Subcontractors are generally bid and subcontracted as LS agreements and therefore the work "within" these scopes is not typically within the scope of audit. The GCCM's accounting of bids, awards, changes, and final subcontract amounts should be demonstrated via audit with owner.

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- b. Alternative Subcontractors: If utilized, their scopes are subject to audit to prove the accounting of costs. All self perform scopes of work.
 - c. During TCC or MACC negotiations, selected budget categories can be converted or treated as LS. This is a risk transfer decision which should be correlated within the scope of audit. I.e. a LS commitment is generally excluded from the scope of audit.
- 3. Best practice suggests that audits parameters be defined and/or updated via change order to reflect the project team decisions, audits should be completed “along the way” with the pay application process to avoid cash issues and a prolonged close to the project. Best practice is not to do one audit at the end of the project, periodic audits. Connection back to the process and what is required for the audit, submit it along the way.
- 4. The owner should define Who should/will be performing the audit, (third party, internal etc) Focus on what will make the audit efficient.