

10 November 2017

Bill Frare, Deputy Director
Department of Enterprise Services
1500 Jefferson Street
Olympia, WA

Dear Bill:

AIA Washington Council has asked me, in my capacity as the Architects' Representative to the Capital Projects Advisory Review Board, to pose several questions about the application of Chapter 39.10 RCW in regard to design-build project delivery in Washington State. We would appreciate the Attorney General's opinion on these issues.

HONORARIA

Chapter 39.10 RCW indicates that agencies shall provide honoraria to unsuccessful finalists for all design-build procurements, taking into account the level of effort required to meet the selection criteria:

RCW 39.10.330

Design-build contract award process.

(1) ... *The request for qualifications documents shall include:*

(g) *The honorarium to be paid to finalists submitting responsive proposals and who are not awarded a design-build contract;*

(8) *The public body shall provide appropriate honorarium payments to finalists submitting responsive proposals that are not awarded a design-build contract. Honorarium payments shall be sufficient to generate meaningful competition among potential proposers on design-build projects. In determining the amount of the honorarium, the public body shall consider the level of effort required to meet the selection criteria.*

QUESTIONS

- Are honorarium payments required for all design-build procurements?
- How does the Capital Project Advisory Review Board and/or the board's Project Review Committee determine if an agency is providing the appropriate honorarium payment to finalists?

Examples of the range of agency approaches to providing honoraria is attached, following this letter.

RELATIONSHIP BETWEEN CHAPTER 39.80 RCW AND CHAPTER 39.10 RCW

Chapter 39.80 RCW regulates contracting procedures for architectural and engineering services which are defined as follows:

RCW 39.80.020

Definitions.

(5) *"Architectural and engineering services" or "professional services" means professional services rendered by any person, other than as an employee of the agency, contracting to perform activities within the scope of the general definition of professional practice in chapters 18.08, 18.43, or 18.96 RCW.*

It also indicates that the price for architectural and engineering services is negotiated after the most qualified firm has been identified:

RCW 39.80.050

Procurement of architectural and engineering services—Contract negotiations.

- (1) The agency shall negotiate a contract with the most qualified firm for architectural and engineering services at a price which the agency determines is fair and reasonable to the agency. In making its determination, the agency shall take into account the estimated value of the services to be rendered as well as the scope, complexity, and professional nature thereof.*

Chapter 39.10 RCW regulates contracting procedures for alternative public works. It indicates that cost is a factor in evaluating design-build proposals, part of the process of identifying the most qualified firm:

RCW 39.10.330

Design-build contract award process.

- (1) Contracts for design-build services shall be awarded through a competitive process...*

(d) (ii) Evaluation factors for finalists' proposals shall include, but not be limited to... cost or price-related factors that may include operating costs...

QUESTIONS

- How does Chapter 39.80 RCW, Contracts for Architectural and Engineering Services, relate to Chapter 39.10 RCW, Alternative Public Works Contracting Procedures in particular for the design-build procedure?
- Agencies often require design-builders to include design fees in the cost or price-related factors submitted in their proposal. Is this in conflict with Chapter 39.80 RCW? Should design fees be negotiated with the most qualified firm per RCW 39.80.050?

Thank you for your interest in these issues and willingness to obtain the Attorney General's opinions.

Yours truly,

schacht | aslani architects, p.c.



Walter Schacht, FAIA

Architect's Representative to Capital Projects Advisory Review Board (CPARB)

Member, AIA Washington Council Board of Directors

cc: Jeffrey Hamlett, AIA - Executive Director, AIA Washington Council
Linda Newcomb, AIA - President, AIA Washington Council Board of Directors

AGENCY APPROACHES TO PROVIDING HONORARIA FOR DESIGN-BUILD PROJECTS

Public bodies take different approaches to providing honoraria for design-build projects. The amount of the honorarium is rarely consistent with “the level of effort required to meet the selection criteria.” In some cases, no honorarium is provided.

Although the statutes do not refer to specific types of design-build delivery, the industry recognizes very three forms which are differentiated by the point in the process that the design, scope of work and final cost of the design-build contract are agreed upon. The selection criteria and level of effort vary depending upon the type.

TRADITIONAL	PROGRESSIVE	BRIDGING
<p>Cost or price-related factors in finalists’ proposals include the amount of the design-build contract which is based on an integrated proposal for the design and scope of work.</p> <p>A schematic design including drawings, specifications and a construction cost estimate are, at minimum, typically required to respond to the RFP. Level of effort for competing teams to respond to the RFP is typically high.</p>	<p>Cost or price-related factors in finalists’ proposals typically include the contractor’s fee. Sometimes they include architect-engineering fees and/or other cost factors. The design, scope of work and cost of the design-build contract are agreed upon subsequently.</p> <p>A management plan and/or an initial design concept is typically required as part of finalists’ proposals. Level of effort for competing teams to respond to the RFP is typically low.</p>	<p>Cost or price-related factors in finalists’ proposals include the amount of the design-build contract which is based on design documents and specifications (bridging documents) prepared by the owner’s separate architect-engineer.</p> <p>A management plan, alternative technical concepts and a construction cost estimate are, at minimum, typically required to respond to the RFP. Level of effort to respond to the RFP is high.</p>

TRADITIONAL DESIGN-BUILD

Agencies almost always provide honoraria for traditional design-build procurements. The amount of the honoraria is rarely, if ever, commensurate with the level of effort required to fulfill the requirements of the agency’s Request for Proposals.

At the CPARB Meeting on September 14, several architects made public comments addressing their experience with the level of effort required for traditional design-build procurements in relationship to the honorariums that were offered. They indicated that honorariums for traditional procurements were generally about 25% - 33% of the level of effort required to respond to the selection criteria. A copy of the draft meeting minutes is attached. The discussion, highlighted in yellow, is on pages 17 – 19.

Following are some examples of traditional design-build procurements.

Washington State University

- Washington State University shared their honoraria calculator with us. A sample project is attached. It estimates the honorarium of \$105,600 for a traditional design-build procurement of a \$30 million project of high complexity such as a science building. The state’s A/E Fee Schedule can be used to calculate the level of effort required to prepare an RFP submittal. It estimates a schematic design fee of \$427,400, about four times higher.

Spokane Community College - Main Building Renovation

- The budget for the 50,849 square feet project was \$20 million.
- The RFP required that concept design documents illustrating the scale and the relationships of the various programs, concepts, building and site improvements for the project, including the size, shape, quality and finishes of the proposed facility, were required. Each finalist facilitated proprietary meetings and gave a final presentation.
- The schematic design fee for Basic Services, based on the Washington State A/E Fee Schedule would be approximately \$337,000. Fees for the general contractor's participation, which was required to meet the selection criteria, would be an additional cost to the Basic Services.
- Two teams responded to the Request for Qualifications.
- A \$20,000 honorarium was paid to the unsuccessful finalist.

Clover Park Technical College - Advanced Manufacturing Technologies Building

- The budget for the 66,000 square feet project was \$33 million.
- The RFP stated that schematic design was required to meet the RFP submittal requirements. Each finalist facilitated three proprietary meetings and gave a final presentation.
- The schematic design fee for Basic Services, based on the Washington State A/E Fee Schedule would be approximately \$368,000. Fees for civil engineering, landscape architecture, lab design and the general contractor's participation, which were required to meet the selection criteria, would be an additional cost to the Basic Services.
- Five teams responded to the Request for Qualifications.
- A \$75,000 honorarium was paid to each of the two unsuccessful finalists.

PROGRESSIVE DESIGN-BUILD

Agencies sometimes, but do not always, provide honoraria for progressive design-build procurements. In the case of the projects listed following where the agencies provided an honorarium to the unsuccessful finalist the amount was very reasonable considering the level of effort required.

State of Washington - Cross-Laminated Timber Modular Buildings

- Two contracts were awarded. Each one involved four, 900 square feet buildings. The combined project budget was \$5.5 million.
- The RFP required a general approach, engineering approach, architectural design approach, management approach, schedule approach, commissioning and training approach, and price factor evaluation. Each finalist team facilitated a proprietary meeting and gave a final presentation.
- Four teams responded to the Request for Qualifications for each contract. Three were short-listed as finalists for each contract.
- A \$10,000 honorarium was paid to each of the four unsuccessful finalists.

University of Washington - Population Health Building.

- The anticipated contract amount for the 300,000 square feet project is \$175 million.
- The RFP required a programming approach, management approach, technical design approach, commissioning and occupancy approach, and a fee percentage to meet the price factor evaluation requirement. Each finalist team hosted an office visit from the project's Executive Committee and participated in an interview with the university's Architectural Commission.
- Seven teams responded to the Request for Qualifications. Three were short-listed as finalists.
- A \$10,000 honorarium was paid to each of the two unsuccessful finalists

Bellevue College - Student Success Center

- The budget for the 70,000 square feet project was the \$25 million.
- The RFP required a narrative description of the design-build team's approach to design, engineering, management, schedule and commissioning and training. Each finalist team also led a proprietary meeting with selection committee, and gave a final presentation.
- Eleven teams responded to the Request for Qualifications.
- No honorarium was paid to the two unsuccessful finalists.

Whatcom Community College - Student Housing Facility

- The RFQ phase of the selection process is currently underway
- The anticipated contract amount for the 90,000 square feet project is \$21,500,000.
- The RFP requires a management plan, a narrative approach to site, building and engineering design, and a price factor based on the design-builder's fee for overhead and profit. Each finalist will attend a proprietary meeting with the Evaluation Committee and a subsequent two-hour interview with the committee.
- No honorarium is being offered to unsuccessful finalists.

BRIDGING DESIGN-BUILD

We have only one example of a bridging design-build procurement under Chapter 39.10 RCW at this time. A summary of WSDOT bridging procurements, which is regulated by Chapter 47.20 RCW, is attached as a comparison.

Sound Transit - SR520 to Overlake Transit Center project

- The budget for the project was \$250 million.
- The RFP required finalists to submit a narrative that covered the team's management approach, technical approach to design and construction of the project addressing design criteria and standards, coordination with others (adjacent contracts, other designers, AHJs, etc.), permitting plan, and approvals by AHJs, and a preliminary design concept (narrative and drawing). Additionally, each firm facilitated a total of 11 proprietary meetings with Sound Transit.
- A \$500,000 honorarium was paid to the two unsuccessful finalists.

Honorarium Calculator			
Estimated D-b Budget x Cost Factor x Scope Factor			
STEP 1 Cost Factor	Estimated GMP	\$30,000,000	Cost Factor 0.880
STEP 2 Scope Factor	Detail Level	3	Scope Factor 0.004
	Complexity Level	3	
HONORARIUM	\$105,600		% of Budget 0.35%
Min. Recommended	\$25,000		0.08%

COST FACTOR

The degree of effort to respond to a proposal is not constant as the cost of the project increases. A \$100 million project does not require 10 times as much effort as a \$10 million project. This is accounted for in the Cost Factor table below. The Cost Factor table lists various construction costs and the cost factor for each. The Cost Factor is a sliding scale between given budget values.

D-B Budget	Cost Factor
\$1,000,000	1
\$25,000,000	0.9
\$50,000,000	0.8
\$100,000,000	0.7
\$150,000,000	0.6
\$200,000,000	0.5
\$250,000,000	0.4

SCOPE FACTOR

The Scope Factor is a combination of the level of detail required in the proposal and the level of complexity of the project. Level of Detail and Level of Complexity form the axis of the Scope Factor Matrix, and intersecting levels determine the Scope Factor. On any given project there is a point of diminishing return in that regardless of the project value there is a minimum amount of work that must be done to respond to a RFP. The Scope Factor table indicates the minimum amount to be paid for a particular Scope Factor.

SCOPE FACTOR MATRIX		LEVEL OF COMPLEXITY			
		LOW COMPLEXITY	MEDIUM COMPLEXITY	HIGH COMPLEXITY	
		1	2	3	
LEVEL OF DETAIL	LOW DETAIL	1	0.20% \$7,500	0.25% \$10,000	0.30% \$15,000
	MEDIUM DETAIL	2	0.25% \$10,000	0.30% \$15,000	0.35% \$20,000
	HIGH DETAIL	3	0.30% \$15,000	0.35% \$20,000	0.40% \$25,000

WASHINGTON STATE LAW ON HONORARIA

[RCW 39.10.330 \(8\)](#)

The public body shall provide appropriate honorarium payments to finalists submitting responsive proposals that are not awarded a design-build contract. Honorarium payments shall be sufficient to generate meaningful competition among potential proposers on design-build projects. In determining the amount of the honorarium, the public body shall consider the level of effort required to meet the selection criteria.

DBIA ON HONORARIA

[DBIA Position Statement](#)

Based on industry surveys, DBIA reports that honoraria commonly range between 0.01% and 0.25% of the project budget. An owner should determine an honorarium based on the particular needs and complexities of each project, The owner should consider the level of effort involved in proposal preparation, and what is required to generate sufficient market interest from the most highly qualified design-build teams.

LEVEL OF DETAIL required in a proposal is classified as follows:

- 1 LOW DETAIL** – Proposal submissions are often limited to general proposal requirements, including narratives of the design concept, functional relationships, and the intended image and character of the facility. Basic conceptual drawings, colored renderings, and models are often required in the proposal.
- 2 MEDIUM DETAIL** – In addition to level 1, proposal submissions typically include developed conceptual drawings and single line diagrams including, floor plans, elevations, sections, colored renderings, as well as narratives of major building systems.
- 3 HIGH DETAIL** – In addition to level 2, proposals typically include detailed architectural concept drawings, and floor layouts from all disciplines with preliminary layout of major building systems. Submissions with a high level of detail should demonstrate a comprehensive understanding of the RFP.

LEVEL OF COMPLEXITY of a project is classified as follows:

- 1 LOW COMPLEXITY** – Simple projects with basic building systems
- 2 MEDIUM COMPLEXITY** – Projects for which the functional requirements and performance criteria are standard in the construction industry.
- 3 HIGH COMPLEXITY** – Projects with functional requirements and performance criteria that are not generally found elsewhere, such as facilities with high levels of finishes and details and/or complex mechanical and electrical systems.

LOW COMPLEXITY	MEDIUM COMPLEXITY	HIGH COMPLEXITY
Parking Structures	Residence Halls	Dining Center / Food Services
Simple Ag Bldg / Barn / Greenhouse	Libraries	Research Labs
Civil / Landscape Projects	Lecture Halls / Auditoriums	Ag Tech Bldg w. Labs / Greenhouse
Warehouses / Storage	Office / Admin	Theaters / Auditorium w. Stage
	Sports Facilities / Health & Phys Ed.	Professional Schools (law, design, etc)
	Hazardous Waste / Storage	Medical / Veterinary Science Bldgs.
	Maintenance / Service / Shop Bldgs.	Museums / Galleries
		Fine Arts Bldgs.
		Communications Buildings
		Student Union Bldgs.
		Computer / Tech Centers
		Public Safety Bldgs.
		Interior Renovations
		Exterior Restoration
	*A project that would otherwise be in the Medium category may move to the High category because of phasing and multi-department occupancy.	

Regular Meeting
CAPITAL PROJECTS ADVISORY REVIEW BOARD

DRAFT - Minutes

La Quinta Inn & Suites
4600 Capitol Boulevard SE
Tumwater, Washington 98501

September 14, 2017

Members Present	Representing	Members Absent	Representing
Bill Frare (<i>Chair</i>)	State Government	Teresa Berntsen	OMWBE
Andrew Thompson (<i>V. Chair</i>)	General Contractors	Rep. Vincent Buys	House (R)
Steven Crawford	School Districts	Greg Fuller	Specialty Contractors
Neil Hartman (<i>for Lee Newgent</i>)	Construction Trades	Lee Newgent	Construction Trades
Senator Bob Hasegawa	Senate (D)	Irene Reyes	Private Industry
Ty Heim	Public Hospital Districts	Gary Rowe	Counties
Joaquin Hernandez	Private Industry	Rep. Steve Tharinger	House (D)
Charles Horn	Insurance/Surety Industry	Vacant	Senate (R)
Rebecca Keith	Cities		
Santosh Kuruvilla	Washington Ports		
Brent LeVander	General Contractors		
Robert Maruska	Washington Ports		
Alan Nygaard	Higher Education		
Mark Riker	Construction Trades Labor		
Walter Schacht	Architects		
Mike Shinn	Specialty Contractors		

Staff & Guests are listed on the last page

WELCOME & INTRODUCTIONS

Chair Bill Frare called the Capital Projects Advisory Review Board (CPARB) meeting to order at 8:37 a.m.

A meeting quorum was attained.

Everyone present provided self-introduction.

APPROVE AGENDA - Action

Andrew Thompson moved, seconded by Robert Maruska, to approve the agenda as published.

Motion carried unanimously.

APPROVE JUNE 6, 2017 SPECIAL MEETING MINUTES – Action

The following changes were requested to the minutes of June 6, 2017:

- On page 1, within “*Members Absent*” replace “*Rep. Hans Dunshee*” with “*Rep. Steve Tharinger.*”
- On page 13, within the ninth paragraph, replace “*pervasive*” with “*persuasive.*”

Brent LeVander moved, seconded by Rebecca Keith, to approve the minutes of June 6, 2017 as amended.

Motion carried unanimously.

APPROVE MAY 11, 2017 MINUTES – Action

The following changes were requested to the minutes of May 11, 2017:

- On page 1, within “*Members Absent*” replace “*Rep. Hans Dunshee*” with “*Rep. Steve Tharinger.*”
- On page 7, the replace the agenda topic of, “*High Performance on Design-Bid-Build Committee – Proposed Legislation*” with *Public-Private Partnership Committee – Proposed Legislation.*”

Andrew Thompson moved, seconded by Mike Shinn, to approve the minutes of May 11, 2017 as amended.

Motion carried unanimously.

honesty by those who pursue the work. A set of projects have been identified of civic buildings that do not necessarily cover the range of different Design-Build projects but are similar and would benefit researchers when meeting agencies and design-build teams to secure data.

Mr. Crawford commented that although datasets on the projects for a like comparison are lacking, discussion by committee members was thorough on the successes and failures of those projects, which is included within the draft guidelines.

Ms. Keith said some of the information was unclear as some information spoke to some owners pursuing different types of methods, which affords flexibility but led to some confusion in the draft, as it could have achieved good results or was only information gleaned from surveying. Mr. Crawford replied that Design-Build is an evolving method with different ways of accomplishing goals. Some situations might not include only one option but speak to other acceptable ways.

Mr. Schacht said the challenge for the committee was the variety of agency goals for pursuing Design-Build. The committee considered the three forms of Design-Build, which are all different. Other important considerations were cost and design, which is why it was impossible to produce prescriptive guidelines. For example, if lowest cost is the owner's parameter or qualifications of the team and design and value are the parameter, those scenarios are the challenges with Design-Build. Design-Build speaks to a love/hate relationship within the design community because there are many positive aspects of Design-Build along with negatives, such as a lack of direct contracting with the owner and inability to provide direct strategic advice as a design professional.

Chair Frare invited Mr. Schacht to introduce a separate, but related issue.

Mr. Schacht said he addressed the issue of honorariums during the May meeting. The language in the RCW requires honorariums and that it will generate meaningful competition among potential proposers. To determine the amount of the honorarium, the public body shall consider the level of effort required to meet the selection criteria. The RCW generates three questions of whether a public body may determine honorarium requirements are not required for Progressive or Bridging Design-Build projects. Many projects include honorarium payments for Progressive procurements. DES also afforded an honorarium payment for a project. However, most Progressive procurements do not include an honorarium and Bridging procurements typically do not include honorariums. As the statute does not differentiate between the three Design-Build procurements, the language should apply to all forms of Design-Build procurement. RCW language of "shall consider" allows the public body to determine "shall consider" but then decide not to compensate for the effort. Finally, as noted by architects for Progressive procurements, the issue is determining the interface of RCW 39.80 (requires qualifications-based selections for architects and engineers) with Design-Build cost proposals under RCW 39.10. Architects are mostly concerned about that issue with Progressive Design-Build procurement and not as much with Traditional or Bridging Design-Build procurements.

Mr. Schacht cited three recent State Board of Community and Technical College Design-Build projects administered by DES. One was a Design-Build project from the 2015 capital budget for a traditional procurement for renovation of main buildings on the Spokane Community College campus. The honorarium was \$20,000. Two teams submitted RFQs. A second Traditional Design-Build procurement for an advance manufacturing building at Clover Park Technical College included an honorarium of \$75,000. Both projects required schematic design as part of the design proposal. The Clover Park project attracted five proposals. Finally, a Progressive procurement for a student success center at Bellevue College did not include an honorarium but attracted 11 highly qualified firms. The limited stipend offered for the Traditional competitions likely had some impact on the number of firms competing whereas the risk reduced by the Progressive method with no honorarium was able to attract 11 firms.

Chair Frare invited public comments.

Donald Caffrey, GGLO, shared that his company competed on the Clover Park Technical College and Spokane Community College projects. For the Clover Park project, the firm expended efforts four times the amount of the honorarium for the schematic design effort. For the Spokane Community College project, the honorarium only covered 15% of the firm's efforts. On average for Design-Build projects in Washington, the company has pursued higher

education projects and the amount of effort for a Traditional Design-Build method is 15% to 25% more than the honorarium.

Chair Frare asked Mr. Caffrey about his opinion of the appropriate honorarium for a project to ensure competition.

Mr. Caffrey responded that in an ideal scenario, the company would be compensated for all efforts. However, within a competitive environment, it is typically less. Within the Progressive Design-Build environment where some of the risk is transferred, the company is able to compete on qualifications, which is helpful and reduces costs to the public sector as well.

Mr. Maruska asked whether teaming agreements were part of the procurements, and in those procurements with teaming agreements, was compensation from the contractor to the design professionals proportionate to the work expended. Mr. Caffrey confirmed teaming agreements were involved for each of the projects; however, the honorarium was through the contractor with no additional funds provided by the contractor.

Mr. Thompson said he is employed by a heavy-civil contractor. Within the Design-Build arena, stipend/honorariums from WSDOT are conveyed to the consultant with the companies rarely retaining any of the honorariums.

Mr. Caffrey said the amount retained by the contractor from the honorarium was minimal in most cases, as the honorarium was divided equally among the design teams. The contractor also contributes a fair amount of effort. The effort expended by the firm typically does not include marketing and business development staff. Often, contractors contribute marketing assistance.

Mr. Kuruvilla commented that within the horizontal industry, the multiplier is typically 1.5 for the design effort compared to the vertical industry, which is much less.

Mr. Thompson pointed out that the issues should be part of the initial discussions between the parties in terms of honorarium expectations.

Barney Mansavage, Principal, SRG Architects, said his company has competed in a number of Design-Build projects. The company served as the Design-Build team for the WSU project in Everett. The company competed for the state's 1063 project, Clover Park project, and the South Puget Sound Community College project in Lacey. SRG Architects was one of the finalists for the Bellevue Progressive Design-Build project. The amount of effort required by the RFP is typically high to guarantee a price. The company bids projects not because they are Design-Build but because they are large projects. The project type attracts the company to bid, not necessarily the relationship with contractors in the early stages of design. The effort to compete for those projects is substantial. In most situations, the RFP submittal is above the level of a schematic to determine a guaranteed price for the contractor partner. He cited examples of projects, project cost, schematic effort, and honorarium:

Project	MACC	Basic Schematic Design Cost	Honorarium
<i>1063 Building</i>	<i>\$60 million</i>	<i>\$600,000</i>	<i>\$200,000</i>
<i>WSU Everett</i>	<i>\$40 million</i>	<i>\$500,000</i>	<i>\$125,000</i>
<i>South Puget Sound Comm College, Lacey</i>	<i>\$7 million</i>	<i>\$100,000</i>	<i>\$25,000</i>
<i>Clover Park Technical College</i>	<i>\$30 million</i>	<i>\$350,000</i>	<i>\$75,000</i>

In most of those projects, the honorarium was approximately 20% to 30% of basic schematic design fees. Considering those figures as a starting point would be desirable. The work required to attain a guaranteed price is above the schematic design level; however, when comparing the level of effort, some of the fees would have covered the effort and some not at all. Some level of effort and risk as a design professional is fine and appropriate as long as schematic design is covered. Mr. Mansavage said he is a fan for moving toward the Progressive Design-Build model. Real design work is necessary to achieve a guaranteed price.

Dean Clark, LMN Architects, said his company has completed many higher education projects at most of the four-year college campuses, as well as a number of community colleges. The company has competed for Design-Build even since the method was first introduced. One recent competitive Traditional Design-Build project was the WSU Clean Tech Building with a \$42 million budget and a \$100,000 stipend for two losing teams. The company's design team spent approximately \$460,000 to compete and successfully win the project. The second project was WSU's Digital Classroom Building with a \$43.4 million budget and a \$125,000 stipend for two losing teams. The LMN design team spent \$540,000 on the competition. Unfortunately, the company was one of the losing teams. LMN Architects also participated in out-of-state Design-Build projects to include three Traditional Design-Build projects at the University of California (UC) in Irvine. The University's 24-year history of building projects were completed using the Design-Build procurement method. UC at Irvine developed a design build system that values fully developed documented and embedded solutions from competing teams. The system also recognizes the extensive work involved in preparing the solutions. A recent project costing \$40 million afforded a stipend of \$400,000 to the losing teams. LMN believe 1% is a good starting place for a fair stipend or honorarium. One to 1.2% is where schematic design occurs for many projects on a state fee schedule. That level of stipend, which does not fully compensate the effort, encourages participation by the best architects while still supporting a highly competitive process.

Mr. Schacht noted the number of architects attending the meeting because of the issue. He noted most firms represented in the audience are typically 16-20 person firms with some larger firms attending as well. Most of the firms are not large national firms, but are small to medium-sized businesses. Most of the design professional practices are oriented to serving the Design-Build market. The issue goes beyond best practices guidelines because it speaks to knowing what the statute means in terms of the three questions. With respect to the interface between RCW 39.10 and RCW 39.80, he suggested the Chair should consider preparation of a memo seeking an opinion from the Attorney General on the relationship between the two statutes.

Chair Frare affirmed his willingness to work with Mr. Schacht to draft a memorandum.

Mr. Schacht asked about the Board's capacity for considering whether an honorarium is required for all Design-Build project methods and what constitutes, "*shall consider.*"

Chair Frare affirmed the next steps of working with Mr. Schacht to frame the questions and seek advice and direction from the Assistant Attorney General with respect to the interface between RCW 39.10 and RCW 39.80.

Mr. Thompson complimented and thanked members and participants of the DBBP Committee for their efforts and good work.

PROJECT REVIEW COMMITTEE – Information

Enloe Dam Appeal Recap

Chair Frare provided a recap of the Enloe Dam Appeal considered by the Board in June. During the meeting, the Board considered two issues of whether the Board should stay the construction pending a larger hearing and whether the Enloe Dam project lacked the experience necessary to complete a successful Design-Build project. The Board rejected the stay and affirmed the PRC's unanimous decision to approve the project as the applicant had the necessary experience to complete the work. For both issues, the Board ruled in favor of the Okanagan Public Utility District (PUD). The appellant, Columbian, has not filed any further appeals.

Nancy Deakins said the Okanagan PUD is working with government agencies to initiate a construction contract for the project.

Mr. Shinn asked about the federal deadline to receive federal funding for the project.

Chair Frare confirmed that the deadline for securing the permit was in July.

Joaquin Hernandez arrived at the meeting.