

CPARB General Contractor/Construction Manager Best Practices Manual

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Chapter 1 – Introduction

What is GCCM Project Delivery? General Contractor/Construction Manager (GCCM) is a public works project delivery method available to all certified public bodies in Washington or those approved to use GCCM on a particular project. It is an alternative to traditional design-bid-build 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 typically continues on as the general contractor and construction manager during the construction phase. This *General Contractor/Construction Manager Best Practices Manual* (Manual) focuses on GCCM in Washington.

GCCM Types

There are two basic types of GCCM: traditional and heavy civil. The two variations for this project delivery method are 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% of the subcontract work, subject to successful negotiations with the public body. There are other solicitation and contractual requirements a public body 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

Revised Code of Washington (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 GCCM projects. Funding sources, such as the federal government, may impose additional constraints.

Advantages and Disadvantages

GCCM provides a number of advantages over other methods of project delivery. 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 public body 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, 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 was created 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 to 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 that best serves the public interest and all members of the project team.

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 body 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 that project schedule, a pure risk allocation or schedule approach does not optimize alternative procurement.

A public body 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 body, 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 its budget and schedule, resulting in more projects 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.

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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.

Why Use GCCM for Your Project

The public body 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 completed before the contractor is brought on board. There is no contribution to the project prior to bidding by the contractor. Design-build wraps design and construction into a single contract, which can challenge a public body 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 public body 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 GCCM:

- (1) Implementation of the project involves complex scheduling, phasing, or coordination.
- (2) The project involves construction at an occupied facility that 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 PRC approval, as detailed below, the evaluation of the above factors in addition to an early decision on delivery method is important so that valuable time is not lost in the process.

PRC Approval

The purpose of the PRC is to ensure that for individual project approvals, the project is appropriate for alternative procurement and that the public body is ready to be successful. The goal is to ensure that when PRC approves a public body for project approval, the public body can demonstrate that it has the expertise to carry the project to successful conclusion (i.e., public body readiness). Going before the PRC is a good opportunity for the public body to discuss the preparation and assessments it has made to ensure that it will be successful in its execution of alternative procurement projects.

The Capital Projects Review Advisory Board website has links to the requirements, application, and scoring information for PRC approval.

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

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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.

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 design team, GCCM, and public body the opportunity to explore strategies and alternatives in selecting products and materials and 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 and good decision-making will have a significant impact on the process. Unlike design-build, the delivery method fundamentally results in the selection of the low bidder for all scopes of work, with the exception 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 come until the full maximum allowable construction cost (MACC) is established which is at a minimum of 90% design completion. For all these reasons, it is important for a public body to understand the process and benefits, in addition to the limitations, of GCCM.

When to Select the GCCM Firm

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

RCW 39.10.360(1) 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, public bodies 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.

The actual timing of when to bring the GCCM on board for your project in large part depends on when your 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 public body believes that early design

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activities would 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).

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 for additional information on how to navigate the selection process to maximize value for the project.

What You Can 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 also 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 that the contractor and their team will need to be considered a part of the overall team and not a stand-alone entity. During this time, the design team and public body 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 public body, designer, and stakeholders.

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

- 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.

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- Setup of project software and platforms.
- Early trade partner bid packaging.
- Bidding additions or alternates.
- Authorities having jurisdiction (AHJ) integration.

During the preconstruction phase, it will be necessary to communicate and set expectations for both the preconstruction process and the 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 construction phase. The public body and its team should define and communicate to the GCCM, as applicable:

- Programmatic requirements.
- How and who 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 (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 bids 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 reintroduced 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 that this transfer of information and transition into construction is not lost.

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 in 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 versus items that have little definition or information. This understanding of risk and the

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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 public body until the establishment of the MACC. 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 for all project components and discussed, reviewed, and allocated in a transparent process. This will ensure that 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 public body benefiting from earlier completion of the project. Innovations can come from many sources, whether it is in prefabrication of components and systems off-site, 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 public body 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 deciding 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 design team is also critical; one that 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 alternatively selected subcontractors (Chapter 7), as these specialty areas can often yield time- and cost-saving innovations.

Chapter 3 – Public Body Readiness for GCCM

While there is an excellent selection in the pool of construction management talent in-state, the public body must still understand its primary and nontransferable responsibility for the project. The public body 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 body must also be capable of developing and implementing a project management and procurement philosophy that 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 public body, GCCM, designers, and all stakeholders involved are acting in the best interest of the project. In addition, the public body also acts in the context of all public bodies and their projects because the future implementation and regulations around GCCM will be

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influenced by the successful implementation of the delivery method. The public body should understand that decisions on its individual project may result in consequences for all public bodies and for the procurement practice itself. All project stakeholders should endeavor to be fair and reasonable in all their project dealings to 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.
- Appropriate risk allocation.
- Realistic expectations of all parties.
- Timely decisions.
- Prompt payments.
- Reliable, trustworthy.

How a Public Body Assesses Its Own Readiness

The public body should look at its own procurement and contracting practices. Do these practices enable fair and open competition and ethical transactions as well as encourage the inclusion of diverse business and construction safety? Are your staff prepared to not only negotiate the project cost but also 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 body planning to enter into alternative procurement would do well to seek an assessment from another public body who is experienced in alternative procurement. Reaching out to another experienced public body 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

The public body 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 body staff and have the authority to make binding decisions on behalf of the project as well as remain 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 that approvals or

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issues 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 body.

Relationship between Public Body, GCCM, and Design Firm

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 public body, 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 that 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 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 on to 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's and trade partners' expertise and knowledge of market conditions to provide critical information that

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during the early planning stages and design development resulting in a project that is designed within budget and schedule constraints.

Project Budget and Contingencies

When establishing a project budget, a public body 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 public body to ensure that there are sufficient funds to cover the project. Under the GCCM delivery method, there are additional requirements and conditions a public body 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 public body 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 public body should prepare for when establishing the project budget. It is important for a public body to evaluate the project critically and establish appropriate contingencies depending on the risk profile of the project and 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 the design team.

Public Body Budget Contingencies

Public body 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 are established to ensure that the public body has enough funds to deal with cost increases that may arise during project development or buyout. The statute does not specify the amount a public body must have to cover cost increases, as that is best decided by each public body, the project risk profile, or funding requirements.

Owners should evaluate their project closely to ensure that they have not overbudgeted or underbudgeted this contingency. Too much money allocated means that the public body cannot use those funds for other projects, and not enough money means that the public body may not have the funds necessary to pay for the full project if costs increase beyond the executed total contract cost (TCC). There is no set percentage that can be applied to every project, but the public body 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, public body-initiated changes, etc. In addition, some funding sources may have requirements on contingency amounts or percentages that should also be considered. It is important to understand that this money is completely controlled by the public body. 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 or defined in statute. 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

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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 public body. It has the added benefit of daylighting that the amount paid was fair and reasonable and allows the public body 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 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 body should have an accounting of the use of the funds to verify that they were used for their intended purpose.

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 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 on different meanings for designers, builders, and owners, making the concept of quality – planning, execution, monitoring, and acceptance – more challenging. Most GCCM projects simply require a documented overall project quality program/plan accepted by all parties to address the public body’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:

- Strong and actively engaged public body throughout the project life cycle.
- Greater emphasis on GCCM and designer qualifications and experience, highest scoring/weightage during procurement.
- GCCM and 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 and construction phase.

Chapter 4 – GCCM Procurement

Procurement Planning

1.1. Early Outreach

GCCM projects may be large and complex undertakings, and owners should consider a variety of outreach efforts to build interest and solicit feedback from potential contractors well in advance of the projects – ideally at least six months in advance, but for larger projects a year or two in advance of the solicitation release date may be advisable. A variety of outreach methods can be employed, such as listing the project in agency forecasts of upcoming opportunities; project

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websites; speaking at industry forums; and meeting with potential proposers, subcontractors, consultants, and stakeholders.

Continuing the outreach effort up to the request or proposal (RFP) release will benefit the project by obtaining useful feedback on how to structure the selection to obtain the most qualified candidates and best value.

1.2 Owner Project Team

During procurement, the owner will develop and refine the project goals, review staff and consultant resources, and identify characteristics needed from the GCCM (skills and capabilities).

Project success depends on the assembled team being the right team. RCW 39.10.350 requires an “experienced team,” and the statute requires documentation of this information in project approval applications to CPARB PRC. The most important elements are experienced GCCM practitioners (who may be owner staff and consultants) and team members who have the time and capacity to be dedicated to the project from selection (start) to closeout (finish).

The typical roles may be different from design-bid-build contract delivery responsibilities. The list of tasks typical in a GCCM contract delivery should be reviewed and roles and responsibilities assigned once the project team is assembled.

1.3 Selection/Evaluation Team

In addition to the owner’s core project team (may include designers), the Selection Committee members may include the key stakeholders, or technical experts, as well as end users. Having key stakeholders can help underscore the collaboration needed to make GCCM a success from the start. There is an option to have key stakeholders or technical experts as observers but not as voting members. A team of three or five members is recommended to keep the process efficient. There should be a designated nonvoting representative or facilitator who will ensure fairness in the process, keep the selection process on schedule, and ensure that each committee member understands the procedures for a fair and uncontested selection. Potential Selection Committee members should be carefully vetted for any potential conflicts of interest. See Chapter 3, Public Body Readiness.

1.4 Informational Meetings – RFI

Conducting informational meetings (pre-RFP meeting) to generate interest, disseminate information, and obtain input from potential GCCM proposers and other interested parties may be helpful. The owner may consider issuing a formal or informal request for information (RFI) to solicit feedback on key issues and concerns from the bidding community, which can help in attracting firms to propose on the project. If possible, issuing key draft documents for comment by potential proposers prior to solicitation release can be helpful.

1.5 Contractor One-On-One Meetings

Owners may offer informal one-on-one meetings between owner and contractors prior to the solicitation process. Contractors can be reluctant to ask too many questions or propose meaningful ideas at the informational meeting for fear of providing their competition insight into how they intend to propose on the project. These meetings provide the contractor an

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opportunity to ask questions regarding the project, discuss the proposed procurement process, and test and better understand the owner's priorities. One-on-one meetings are not required for submitting a proposal and are typically not evaluated. The owner may have a list of questions they ask at each meeting in order to learn more about market conditions, etc. The meetings are best held prior to issuance of the solicitation but may also occur during selection if conducted with all proposers by the owner.

1.6. Independent Audit

For alternative subcontracting and/or heavy civil, an independent audit, paid for by the public body, must be conducted to confirm the proper accrual of costs. If these options may be part of the project, the general scope of the audit should be outlined in the solicitation documents and defined in the contract (RCW 39.10.385(11) and 39.10.908(9)). Additional audit provisions may be a part of the owner processes or requirements; these should also be outlined during the solicitation process.

[Bid Document/Solicitation Preparation](#)

2.1. Determine Selection Process

Request for Qualifications/Request for Proposal (RFQ/RFP)

Owners must determine whether to issue both an RFQ and an RFP or just the RFP. Here are some considerations for each

- Both RFQ/RFP – An RFQ/SOQ is used to help the owner shortlist the number of proposals to evaluate and interview the top qualified proposers to identify a smaller group to participate in a more detailed RFP process.
- Some owners use the RFQ strictly to determine if the firms are qualified and do not carry the points into the final scoring. This can help encourage GCCMs to propose who may not have as much experience as others by still advancing the qualified firms, but the RFP/proposal stage scoring will focus on the project approach versus past experience. Also, limiting the required experience to a specific scope may reduce the numbers of proposers.
- Most GCCMs have some qualification materials ready and easy to submit; however, putting together a tailored proposal can be costly and time-consuming. Consideration for the time for proposers to develop a proposal and the evaluators to rate the proposals is an important consideration in determining if an SOQ/RFQ is an appropriate step for the process.
- RFP Only – If the project is such that all proposers submitting a SOQ will be closely qualified and shortlisting is unlikely to occur, then it can save a lot of time and effort to go straight to the RFP. If the RFQ/RFP phase are combined, reserve the right to shortlist qualified firms.

Interview Considerations

Interviews are not required by RCW but are recommended. The project team should decide the best interview format for the project.

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Interactive Meeting – Let the proposers lead the presentation, with questions from the evaluation panel. The owner may give a list of topics to address. The intent is to draw out the interactive and collaborative behavior of the proposed GCCM team members.

Presentation/Questions and Answers – (1) a presentation by the proposing team, and (2) a question-and-answer period. In this case, the Selection Committee could prepare topics/questions to send proposers in advance, ask set questions of all proposers, or ask questions in order to better understand the proposal.

- Have GCCM bring named key staff plus one or two of their choosing.
- Consider providing sample problems/scenarios to see how the team functions together; consider providing the subject or a portion of the questions in advance, with additional scenarios or follow-up questions during the interview.
- Interviews are different from one-on-one meetings. Consider having the one-on-one/interactive meetings with proposers prior to the written submittals and prior to the formal interview to solicit input on goals, terms, project requirements, and feasibility of approaches.

Shortlist expectations need to be set and communicated in the solicitation. Shortlisting typically occurs where there is a natural break in the scoring. If shortlisting, three to five firms is ideal, considering the points and feasibility of being selected. Understand that it is appealing for proposers to have a smaller group advancing to the shortlist and the heavier lift portion of the solicitation. Proposers have a lot of options for projects, and decisions on which projects to pursue can be influenced at times by the level of effort and probability of a win.

Example 1 – RFQ/RFP, Interview, Price Proposal

1. RFQ/Statement of Qualifications (scored)
2. Shortlist to qualified firms
3. RFP responses (scored)
4. Shortlist to most qualified firms (in the competitive range – i.e., feasibly have a chance to win)
5. Interview (scored)
6. Shortlist to most qualified firms in competitive range
7. Final (price) proposal
8. Selection based on highest combined points

Example 2 – RFP: Qualifications + Approach, Interview, Price Proposal

1. RFP responses (qualifications and proposed approach) (scored)
2. Shortlist to most qualified firms (in the competitive range – i.e., feasibly have a chance to win)
3. Interview (scored)
4. Shortlist to most qualified firms in competitive range
5. Final (price) proposal
6. Selection based on highest combined points

2.2 Writing the RFQ/RFP

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The solicitation should include the draft agreement addressing the following items at a minimum (RCW 39.10.350):

- Alternative dispute resolution procedures to be attempted before the initiation of litigation.
- Obligate the public owner to, in writing, accept, dispute, or reject a request for equitable adjustment, change order request, or claim within a specified time period but no later than thirty calendar days after the receipt by the public body of related documentation.
- Submission of project information, as required by the board (CPARB).
- Contract documents that require the contractor, subcontractors, and designers to submit project information required by the board.
- Project description, including programmatic, performance, technical requirements, and specifications and drawings, when available.
- The reasons for using the general contractor/construction manager procedure.
- A description of qualifications to be required of the firm, including the submission of the firm's accident prevention program.
- A description of the process the public body will use to evaluate qualifications and proposals, including evaluation factors and the relative weight of factors.
- Protest procedures, including time limits for filing a protest, which in no event may limit the time to file a protest to fewer than four business days from the date the proposer was notified of the selection decision.
- Audit – A description of what is audited and when (alternative subcontracting/heavy civil).
- The form of the contract (preconstruction and construction):
 - Some owners issue two separate contracts: one for preconstruction services and a second for construction. The benefits of two separate contracts include the ease of tracking scope of work, costs, and contract compliance separately. By utilizing the model of two separate contracts for GCCM contracts, the GCCM Preconstruction Agreement is executed as a professional services agreement and does not include Washington sales and use tax. The new GCCM construction contract does include Washington state sales tax. The two-contract model easily allows an off-ramp where there is no guarantee of a construction award. If any early work packages are issued, they would be considered the start of construction contract No. 2 and all the requirements begin, like prevailing wages, performance and payment bonds, tax, etc.
- Estimated MACC.
- Bid instructions to be used by the GCCM finalists.

Other information that may be included:

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- Owner-provided information that helps the proposers understand the goals of the project. Be clear on goals, risks, and success metrics for the project. Provide a project description that will allow the proposer to understand the scope and breadth of the job, including any intricacies that may affect staffing and or lump-sum price proposal items. This could include things like predesign documents, permits, etc. Be clear on whether the information provided may be relied on or if it is for information only. Information that is provided and can be relied on will reduce the contingencies/costs.
- Description of interview process, what topics may be covered in the questions, what will be provided, expected format of the interview, how we will evaluate, scoring, etc.
- Draft preconstruction services work plan and level of effort for construction management.
- Acquire a price for preconstruction services as part of the proposal versus negotiating the level of effort and pricing with the highest-ranked firm. Some owners choose to acquire an estimated price for preconstruction services based on a detailed scope of work with anticipated tasks and deliverables. When the level of effort is provided in the solicitation, collecting rates as a non-price factor may be helpful in negotiating after award and prior to executing the contract.
- Pros and cons include:
 - This should not be a scored element due to the inability to have an apples-to-apples comparison.
 - It should be held back during the proposal evaluations and reviewed only after selection in order to help negotiate preconstruction hourly rates. Evaluators could become biased by looking at the estimated cost without consideration for the level of effort that is included.
- Proposed project schedule including preconstruction and construction milestones.
- Diversity and equity goals and requirements.
- Project labor agreement and priority hire, if applicable.
- Funding source information (e.g., federally funded).
- Applicable prevailing wage rates.
- Description of how external references will be utilized. Communicate that you may use your own agency performance evaluations and other sources to validate performance information.
- Set expectations regarding staffing and commitment to maintaining the staff throughout the project. Depending on the RFQ and RFP timing, consider allowing the option to modify resumed individuals at the second phase. If this is allowed, reserve the right to adjust scoring in the event the new individuals do not have the same qualifications as those originally proposed. Ensure good language to prevent avoidable changes in staff during contracting. Some contracts impose penalties for this. Do not be unrealistic around an equal versus

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a mutually acceptable replacement when changes are needed during project execution.

- Summary matrix of cost allocation (see Section 2.6 for further detail):
- The owner needs to develop the summary cost matrix line items specific to each project. The example provided outlines best practice and potential considerations when developing this document. Specifically, what would be in fee versus Specified General Conditions (SGC) versus negotiated support services (NSS). Make sure it reflects the scope and expectations for the project. For instance, some projects might make sense to put the site cleanup in the SGCs, while others should be part of the NSS. Think about how that item will be paid, when it will be quantifiable, and who will be responsible for performing the work. Consider the complexity of the project, duration of the project, and level of development of the scope of work versus a routine job.
- Intent to utilize Alternative Subcontractor Selection Process.
- Intent to issue early work packages.
- Intent to include an incentive clause for early completion, cost savings, or other performance goals as described in RCW 39.10.350. If planning to include incentives, the decision should be carefully considered.

2.3 Evaluation Criteria

The evaluation criteria should (1) be tailored to meet the defining characteristics of the project, (2) address all key areas of importance, (3) support meaningful comparison of competing proposals, and (4) clearly reflect factors affecting award and their relative importance.

In addition, the RFP should address critical success factors for the project, and grading should be tied to the ability of the proposers to address goals and risks. The known risks should be identified, and the proposer should be asked to identify other potential risks.

The following evaluation factors are required per RCW and may be captured in either the RFQ or RFP depending on the approach selected. Evaluation factors for qualifications of the GCCM shall include but not be limited to:

| | | RFQ | RFP |
|----|--|-----|-----|
| 1. | Experience and technical competence of key personnel | X | X |
| 2. | The proposer's past performance with negotiated or similarly complex projects | X | X |
| 3. | The proposer's capacity to perform the work | X | X |
| 4. | The scope of work the firm proposes to self-perform and its past performance of that scope of work | | X |
| 5. | The proposer's approach to executing the project, including ability to meet the project time and budget requirements | | X |
| 6. | The proposer's past performance in utilization of small, minority, | | X |

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| | | |
|--|--|--|
| women, and veteran-owned businesses and the inclusion plan for small, minority, women, and veteran-owned businesses as subconsultants, subcontractors, and suppliers | | |
|--|--|--|

Other evaluation factors to consider include:

- Ability of the firm to bond for the estimated value of construction.
- Ability of the firm to meet insurance requirements.
- Approach to project management, specifically the communication management plan.
- Approach to safety.
- Approach to quality control and management.
- Approach to risk identification, analysis, and management.
- Approach to cost and schedule management.
- Ability to facilitate informed decision-making.
- Building information modeling capability.
- Experience on projects with similar sustainability goals.
- Knowledge of local market conditions and subtrade pool.
- Experience with conceptual cost estimating, including subtrade costs.
- Experience and effective use of constructability reviews and bringing value to the design process.
- An understanding of value engineering and cost trending.
- Approach to ensuring continuity between preconstruction and construction phases.

To encourage greater innovation and market entry by less experienced firms: Consider the relative weighting of GCCM-specific firm qualifications and experience (or eliminating from final scoring) as opposed to an increased emphasis on other relevant experience, key personnel, approach, and pricing.

2.4 Scoring

The finalists are selected based on points. Scorers should be aligned on how scoring will be approached for each factor (i.e., what is the basis for scoring to create consistency in evaluations?). Each person does score differently, but the team needs to understand how they score together. These points can come from a combination of the proposal (RFQ and/or RFP), interview, and price proposal form. The RFQ/RFP should explain the determination for price and the formula. See also Section XX, GCCM Selection. It is recommended to run some scenarios to test the scoring and ensure the right balance of points.

If the owner has chosen to issue an RFQ, the solicitation shall identify if the points will carry through to the end or if the scores reset with the RFP.

Scoring Example:

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The firm with the highest total score (total possible is 100 points) resulting from the Selection Committee's scoring of the qualifications, proposal, and interview, as well as the results of the price proposal, will be selected to provide preconstruction services and for MACC negotiations. In the event of a tie on the total score, the firm with the lowest conforming price proposal (bid) will be selected.

Total Points Possible: 100

1. RFQ (15 points):

| | |
|---|---|
| Experience and technical competence of key personnel | 5 |
| The proposer's past performance with negotiated or similarly complex projects | 5 |
| The proposer's capacity to perform the work | 5 |

1. RFP (40 points):

| | |
|--|----|
| The scope of work the firm proposes to self-perform and its past performance of that scope of work | 10 |
| The proposer's approach to executing the project, including ability to meet the project time and budget requirements | 20 |
| The proposer's past performance in utilization of small, woman, minority, and veteran owned businesses business enterprises and the inclusion plan for small, woman, minority, and veteran owned businesses as subconsultants, subcontractors, and suppliers | 10 |

3. Interview (35 points): 35

4. Price (10 points):

Formula: $[(\text{Final Price Proposal being evaluated}) - (\text{Lowest Conforming Final Price Proposal})] / (\text{Lowest Conforming Final Price Proposal})$
 Low Responsive Price Proposal (10 points)
 Proposals within 5% of lowest (8 points)
 Proposals within 10% of lowest (6 points)
 Proposals within 15% of lowest (4 points)
 Proposals within 20% of lowest (2 points)
 Proposals not within 20% (0 points)

Total
Points _____

The point spread can be modified per project depending on how important price is to the selection.

The spread is typically between 10% and 15%, and a best practice is around 10% for low responsive price proposal.

Example of a pro rata:

This scoring approach may be helpful in limiting the potential of price proposal inadvertently driving the selection.

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1. Proposals will be scored as follows:

- a. Lowest responsive price – 15 points
- b. Higher prices will be awarded points based on a pro rata percentage (for example, 50% higher price results in 50% fewer points)

2.5 Response Format

Specific formatting requirements need to be defined before publishing the solicitation.

- Submittal requirements: date, time, and location of submittal.
- Proposal transmittal letter to include proposer's name and address, contact person, Washington state Unified Business Identifier (UBI) number, Unique Entity Identifier, and type of firm (corporation, partnership, joint venture).
- Total number of pages. Be clear on whether the count includes front and back or not. (Note that there may be required documents that may be excluded from the response/proposal total page count – e.g., accident prevention plan).
- Hardcopy or electronic format (PDF), including any size limitations of the file.

2.6 Price Proposal Form

Review the price proposal form specifically for each project. This should be developed along with the summary matrix of costs while thinking about MACC, SGCs, and NSS by asking the evaluation team what costs should be bid and how different types of costs are accounted for in the TCC. In addition, thinking through the buildup of costs and how different costs are calculated in the industry will help inform the price proposal form as well as the Summary Matrix of Costs.

The solicitation must clearly communicate how the cost categories within the TCC will be accounted for. By providing specific details of what is considered Specified General Conditions work, percent fee, and NSS cost, the GCCM can accurately price the work and the owner can compare the proposals and provide clarity for future MACC negotiation.

The RCW states the final proposal must include sealed bids for the percent fee and may include other price-related factors identified in the request for proposal. Any price-related factors chosen must be clearly stated in the RFP and followed throughout the solicitation.

The "other price-related factors," if used, described in the RCW may be based on one or more criteria, such as the fee plus Specified General Conditions and/or key personnel hourly rates.

While No. 1 below is the legal requirement, here are a few examples of variations:

1. **Bid MACC % Fee** – This provides the most flexibility and is best used when an owner is prepared to negotiate staffing and staff rates. This can cause complications when looking at allowable costs if auditable rates are used due to differences in compensation packages between contractors.
2. **Bid MACC % Fee and Key Personnel Hourly Rates** – This provides the most information and flexibility to have a cost factor, lock in billable rates for staff, and provide a competitive environment for both. This is best used on complex or phased projects where the staffing needs are not likely known at proposal time and will be developed during the preconstruction period as more clarity and coordination is completed relative to schedule. By having rates set at

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proposal time, the team also avoids the need to audit rates and the accounting cost associated with that process while still ensuring competitive pricing through their use on the price proposal form.

3. **Bid MACC % Fee and either fixed monthly price for specifically identified SGCs or fixed monthly price for all** – This provides the most cost certainty for the Specified General Conditions, including staff. This is best used on simple projects where staffing and general requirement costs are easily identified prior to the preconstruction effort.

4. **Key Personnel Cost Considerations**

If requesting key personnel rates on price proposal form (i.e., requesting rates as a price factor):

- Key personnel are individual employees of a proposed team that is identified in the proposal, such as the following positions: project executive, project manager for design, construction design coordinator, project manager for construction, superintendent, sustainability/LEED (Leadership in Energy and Environmental Design) manager, BIM (building information modeling) manager, cost estimator, project scheduler, QA/QC manager, and safety manager.
- Key Personnel/Staffing Hourly Rate Best Practices: Owner lists positions (experience/years in field) that they think are required to get the job accomplished. The goal of getting a list of positions with rates is not to get the final staff count or hours. The goal is to have a range of positions and levels of experience that can compare apples to apples on the price proposal form and can be used later to negotiate with GCCM what is actually required for the work once the final level of effort has been determined. For example, “Project Manager – List anticipated years of experience and short description of expectations for the position.” GCCMs will right fit their titles based on the years and description. If the list covers entry-level positions through executive anyone added in the final level of effort exercise will be able to be comparatively inserted at a rate with some level of accuracy.
- When asking for the rates, be clear that it is a full-time 100% dedicated to the project rate to be provided for comparison purposes. The actual level of effort will be determined at a later date. This ensures that a proposer is not discounting the rate with the assumption that the position is part-time. Once again, this will allow an apples-to-apples comparison.
- The price proposal form should then have an estimated number of hours to be applied against the rate to a total for all rates based on the theoretical hours. This then becomes the basis of comparison for points to be applied as a part of the price comparison. Note that this total is for price proposal evaluation only; actual level of effort will be determined and collaboratively set during preconstruction based on the actual

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needs of the project. In addition, it should be noted that there is an understanding that if additional titles or positions are needed on the project for success, rates will be negotiated by using positions with a similar level of experience in the price proposal form at a later date.

- Ask for billable rates. Because it will be included in the price evaluation, the rates will be competitive and include a fee that is acceptable to the proposer. This removes the challenge of an audit that may view different companies' compensation packages differently.
- Determine a "base year" for the rates and either set a percentage increase for subsequent years or allow the percentage increase to be a negotiation. Best practice is to set the rate for subsequent years. Proposers will make modifications to the base rates as needed to adjust for any differences from their internal historical averages. This approach ensures that as staff are added or removed from the project based on project needs, the rate paid will not be inflated or too low because a time-weighted rate was used at the proposal time.

5. Other Cost Considerations

Builder's Risk Insurance: All risk insurance can be provided by either the owner or the GCCM. If the owner provides, then provide a copy of the policy to proposers in the RFP. If coverage cannot be clearly defined at the time of proposal, the GCCM may provide the coverage and the owner can reimburse at cost. Comprehensive coverage is in the best interest of the project. Consult your insurance provider. If the contractor is being asked to provide the policy as a part of the proposal, the contractor needs to know the coverages expected (for example, whether earthquake insurance is included or not. Typically, the project will see the best value if one policy is purchased for all items that includes comprehensive coverage. Differences in coverage policies, for example, to cover earthquake or flood are significantly more costly than including this coverage in the base policy. Who buys the policy is less important than ensuring that one policy provides all coverage. This cost item could be by the owner or NSS or SGC. Timing of purchase may also dictate how it is paid. This should be clarified in the cost allocation matrix or insurance requirements.

Performance and Payment Bonds: The agreement needs to clearly identify what items have fee applied against them (matrix cost summary). Bonds and insurance are calculated as an industry standard on the TCC. The costs are often included in the fee or can also be identified as a separate line item on the cost proposal form. If the SGC is a lump sum, it is not considered a best practice to include the bonds and insurance in this lump sum value because it cannot then be adjusted up or down with the cost of the work and TCC.

6. Specified General Conditions

The work that falls within the Specified General Conditions consist of general project activities and cover the cost for meeting all the requirements of the contract – including, without limitation, management, supervision, contract administration, administration of

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the subcontracting plan, cost accounting, progress scheduling, project meetings, safety plan, quality control, and warranties – for which the GCCM is responsible in accordance with the requirements of the contract documents that do not fall within the Negotiated Support Services. Although the list is not intended to be exclusive, the Specified General Conditions Work should be detailed in the cost allocation matrix. Specified General Conditions work must be performed at the expense of the GCCM and may not be made part of a subcontract bid package except when so required by the Specifications. When considering items to be included in the Specified General Conditions the most important consideration, regardless of the timing of setting the SGCs, is if the scope of the work being asked to be included can be quantified at the time of setting the SGCs. If it cannot be quantified, NSS is a better location for that cost item. SGCs are typically performed as a lump sum line item in the TCC regardless of whether they are set at proposal or during MACC negotiations. This should be considered when identifying items to be included, as there will be no audit or transparency into the actual realized cost of these items once the lump sum amount has been set and agreed upon. See the price proposal form section above for alternative ways to address GCCM staffing costs (during construction), which most often fall within the SGCs.

SGCs are either bid as part of the selection or negotiated at MACC. SGC could be bid as either a lump sum, a monthly fixed not-to-exceed amount, or a fixed percentage of the construction cost amount to cover the cost of the general conditions. A disadvantage of bidding the SGCs is that it may be difficult to accurately bid them this early in the design, as the risks are not as well-known, project phasing is not likely to have been established, and the actual construction may not begin for many years. An advantage of bidding the SGCs is that it prevents a contractor from bidding low on the fee and trying to increase the cost of the SGCs at MACC. A percentage of the construction amount is the least accurate way to set this value and is not recommended.

SGCs must be clearly defined for bidding so that all contractors are proposing on the same scope of work. The owner needs to review and identify each category of work. Specifically, what would be in SGC versus NSS. Ensure that the cost category reflects the scope and expectations for the project. For instance, some projects might make sense to put the site cleanup in the SGCs, while others should be part of the NSS. NSS benefits everyone on the job. Think about how that item will be paid and who will be responsible for performing it.

SGC and maximum allowable subcontract cost (MASC)/subcontractor bid package – It is not acceptable for the GCCM to include items in the general condition's costs (for payment by the public owner) and then subsequently charge specialty contractors for the same items. All cost items included within the project should be properly defined within the cost allocation matrix and contract provisions to avoid any overlap between various cost categories.

7. Cost Allocation Matrix

The cost allocation matrix is your “road map” for understanding and managing costs throughout the life of the project. It keeps the cost category allocations clear and

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ensures that everyone is bidding the same work. This table lists the costs that are excluded and those that are included from the percent fee on MACC, SGCs, NSS, alternative subcontracts and preconstruction. This matrix should be published with the solicitation in order to clearly communicate where costs should be accounted for within the TCC and also included as an attachment to the GCCM contract.

This tool helps the GCCM, and owners have a common understanding of what can be included in the GCCM percent fee. It helps avoid disagreements between the GCCM and the owner about what the GCCM can include in an invoice. Potential benefits include transparency and trust among project stakeholders, which can be beneficial in case there are disagreements down the road. Consequently, construction can proceed smoothly and efficiently because of the reduced inquiries about invoices and what can and cannot be included.

Cost Allocation Matrix – Example: (add as an appendix)

3.0 Advertisement

In accordance with RCW 39.10.360: *“requires the public solicitation of proposals for general contractor/construction manager services. At a minimum, the public body shall publish at least once in a legal newspaper of general circulation published in, or as near as possible to, that part of the county in which the public work will be performed, a notice of its request for qualifications from proposers for general contractor/construction manager services, and the availability and location of the request for proposal documents.*

The public body is encouraged to post the general contractor/construction manager opportunity in additional areas, such as websites for business associations or the office of minority and women's business enterprises.”

Other options include Daily Journal of Commerce, local and small business outlets, social media outreach (e.g., LinkedIn, Tabor 100, email blasts through owner systems), National Association of Minority Contractors, Washington Procurement Technical Assistance Center, Association of General Contractors.

3.1 Pre-Proposal Meeting

A pre-proposal meeting ensures an opportunity for interested firms to meet the owner's project team and ask questions. The owner should provide a brief project summary and goals, critical success factors, construction requirements, environmental requirements, safety, status on permitting or funding, diversity and equity goals, project labor agreements, discuss the project schedule and the deadline for questions. Other topics might include information on what the owner is looking for in a proposal and/or any information to help proposers produce quality proposals. A pre-proposal meeting may include a site walk.

The agency can set up this meeting in a way to encourage and create opportunity for prime contractors and small, minority, women, and veteran-owned businesses to meet and greet.

3.1.1 Proprietary Meetings

During the RFP stage, prior to the submittal of proposals, it may be beneficial to provide each interested firm the opportunity to take part in an individual interactive meeting with the owner.

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The purpose is to allow prospective proposers to ask questions, request clarification, and gather information that may be relevant to assembly of their proposal.

It is critical that the objectives and the message are clear and consistent between all the proposers. Establish clarity of expectations with the proposers about the format for proprietary meetings. Who is leading the meetings? The contractor or the agency? Which party is responsible for the agenda, schedule, attendees, etc.? Internally, an owner should explain to the internal attendees the rules and expectations of the meetings.

Typically, these meetings are considered proprietary, meaning the owner will not share ideas discussed in the meeting with other proposers. However, if an owner needs to clarify or change the assumptions provided in the RFP, they should provide written clarifications or addenda to all teams rather than provide verbal clarifications in the proprietary meetings. Proposers should have the same access to information in the same time frame.

3.2 Question-and-Answer Period/Addendum

A question-and-answer period should be established by the owner and published in the solicitation. If any question results in a change to the requirements, the owner should issue an addendum. It is important to review the budget prior to the end of the question-and-answer period in case any revisions to MACC or the bid form are necessary due to any addenda that was issued during this period.

4.0 GCCM Selection Process

A high-level summary of the evaluation process, criteria, and maximum points will be published in the solicitation. Once published, the Selection Committee must follow those criteria.

It is important for the Selection Committee to support their scoring with specific comments on the proposal submission. If an evaluation member feels strongly about a lower score, specifics must be documented to support the position and to provide constructive feedback to the firms if debriefs are requested.

Many owners use a consensus scoring process where different views and scoring are discussed, and a single score is arrived at through consensus at a meeting of the Selection Committee. A high-level selection summary that cites points made by the Selection Committee during the consensus discussion should be made publicly available.

The following is an example of consensus scoring with word score definitions. The points given to the firm shall be within the percentage range of the points available:

| Word Score Definitions | % Range |
|---|------------|
| Outstanding: A proposal or interview response that satisfies all the RFP requirements with extensive detail, such as elaborating on how the experience or narrative satisfies the requirement or criterion. Response demonstrates the feasibility or viability of the proposer's approach to successfully complete the project and offers numerous significant strengths | 85% - 100% |

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| | |
|---|-----------|
| that may be offset by one minor weakness in the understanding of RFP objectives. There exists an overall low degree of risk of the proposer not meeting the RFP requirements and goals for the project. | |
| Good: A proposal or interview response that satisfies most of the RFP requirements with adequate detail to demonstrate feasibility or viability of that proposer's approach to successfully complete the project. Response offers some significant strengths or numerous minor strengths that are offset by some minor weaknesses in the understanding of RFP objectives. There exists an overall low to moderate degree of risk of the proposer not meeting the RFP requirements and goals for the project. | 70% - 84% |
| Acceptable: A proposal or interview response that satisfies some of the RFP requirements with only minimal detail to demonstrate feasibility or viability of the proposer's approach to successfully complete the project. Response demonstrates a minimal understanding of the RFP objectives. There exists an overall moderate or high degree of risk of the proposer not meeting the RFP requirements and goals for the project. | 50% - 69% |
| Unacceptable: A proposal or interview response that contains major errors, omissions, or deficiencies. Response demonstrates a lack of understanding of the issues identified in the RFP and an approach that cannot be expected to meet or has a very high risk of not meeting the requirements and objectives of the RFP. None of these conditions can be corrected without a major rewrite or revision of the proposal or interview response, as applicable. | 0% - 49% |

A critical component to the evaluation and selection process is fair and intentional scoring to avoid unintended consequences. People tend to score in a tight grouping. For example, best project approach gets an 18 out of 20, second best gets a 16 out of 20, and so on. The challenge is that without significant amplitude in the scoring, the final determination will come down to price. Ways to avoid this include education and examples on what type of amplitude is needed to make the process function as desired. A best practice of using the rubric approach outlined above is an example of a scoring methodology that provides scorers with guidelines that will create consistency and ensure a fair approach to the process, avoiding turning the best-value competition into a pricing-based selection.

RCW 39.10.360: The public body shall notify all finalists of the selection decision and select a summary of the final proposals available to all proposers within two business days of such notification.

4.1 Evaluation of Proposals (SOQ/RFP)

The Selection Committee will score in accordance with the published scoring criteria. Evaluations will be conducted in a confidential environment. The proposals should be reviewed for page count and responsiveness per the RFP criteria, and the proposers should be reviewed for responsibility as defined in the statute.

4.2 Interviews

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Interviews are optional but considered a best practice. Interview considerations are discussed above in Section 2.

4.3. Price Proposal – Bid Openings and Final Ranking

A public bid opening will be held to read each sealed price proposal submittal by the final short-listed proposers. The previous scores should be shared at this time so that by the conclusion of the bid opening, the total scores and apparent highest-ranked proposer are identified. The owner will notify proposers of the results and post the scores publicly.

5.0 Debriefing

The RFQ/RFP should offer proposers the option to request a debriefing after final ranking and selection. Providing a narrative summary of strengths and weaknesses of the proposal and interview will help proposers understand where they may improve for future proposals. During the debrief, it is also helpful to solicit feedback from proposers on how the process may be improved for future projects.

6.0 Awarding the Preconstruction Services Contract

The project team will finalize the preconstruction services work plan/level of effort to include rates and deliverables with the highest-ranked proposer, which will itemize such things as project management, meetings, cost estimates, construction schedules, etc. It should contain GCCM staff allocations of time and should have estimated dates of check-ins and completion for each.

The owner will collect proof of insurance and other contracting requirements. Payment and performance bonds are not due until the MACC is determined or early construction work is agreed to.

Check Washington State Department of Labor & Industries requirements for “Intentions and Affidavits.” The effective date of the prevailing wage differs between the preconstruction and construction phases.

Chapter 5 – Total Contract Cost

Total contract cost means the fixed amount for the detailed Specified General Conditions work, the negotiated maximum allowable construction cost, and the percent fee on the negotiated maximum allowable construction cost.

MACC/components of the MACC RCW 39.10.370 – (13) "Maximum allowable construction cost" means the maximum cost of the work to construct the project, including a percentage for risk contingency, negotiated support services, and approved change orders.

Cost of Work – Subcontracting – RCW 39.10.380 and 385 and 390:

- Includes typical public bid subcontract packages.
- Reference alternative subcontracting – Includes SCCM trade partners, if any.
- Includes any self-performance scopes (heavy civil GCCM also).

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Contingencies/Allowances

Often established and utilized when there are likely or known cost(s) that cannot be properly quantified at the time of MACC execution. Recognize how these are utilized in the context of risk transfer. Allowances typically reconcile with an owner's change order to the TCC. Contingencies typically exist with the TCC and reconcile with the CM fee.

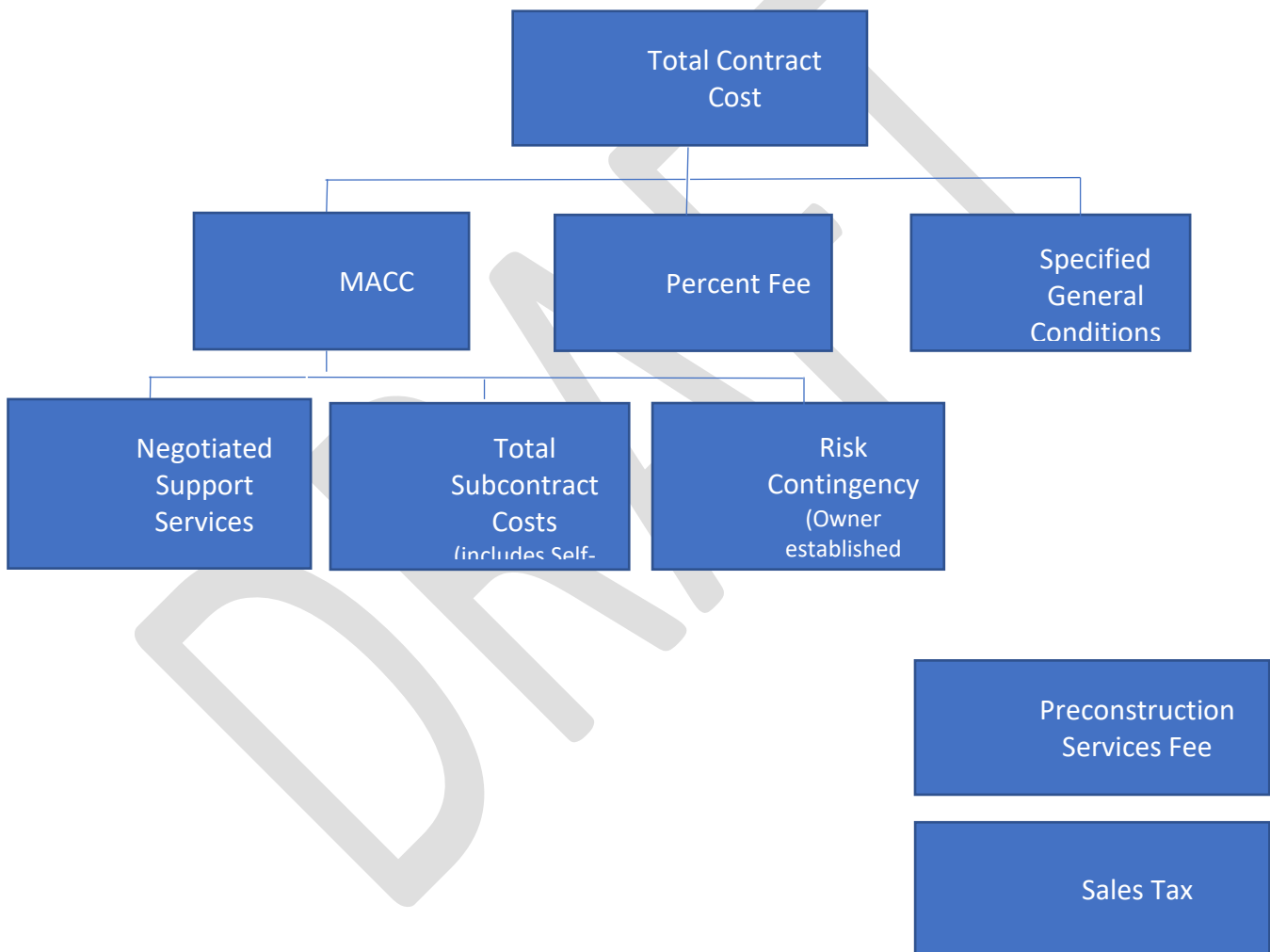
Examples include but are not limited to:

- Contractor Risk Contingency (MACC risk contingency) – Often defined by owner as a percentage of the MACC. This percentage should be clearly listed in RFP documents (cross-reference other best practice chapters). The general conditions should outline what GCCM can apply the MACC Risk Contingency funds toward. The owner shall approve all MACC Risk Contingency usage. A process should define this approval process within the main contract. It could vary from the change to TCC process, which should also be defined in the contract.
- Best practice defines this percentage via the main contract utilized during GCCM procurement. Recognizing that the preconstruction phase can include a wide range in project development and the clarity involved with defining the project and values during the MACC negotiation. Based on this, all project participants are in a position during MACC negotiations to revisit the appropriateness of the percentage (i.e., consider renegotiating the value). Subsequent contingency types within this section are risk categories and techniques that serve to supplement the CM's risk position with respect to several factors the team will be managing: status of design documents, market conditions (bid volatility), type of project (major renovation or new construction).
- Design Development Contingency – 90% to 100% documents. Often GCCM's will bid the work (Cost of Work) based on 90% design documents; however, the designer still needs to develop to 100% contract documents. This contingency may be used to cover any cost changes as a result of the 90% to 100% drawing development.
- Market Conditions/Escalation Allowances: To cover cost increases of labor/materials over the course of the project (owner must be willing to agree to this allowance and should clearly define what this allowance covers).
- Buyout Contingency: For scopes of work that are publicly procured after the MACC is signed. If packages are under budget, the savings go back to buyout contingency. If over, funds can be pulled from buyout contingency (if available) to cover the overrun(s).
- Allowances – These can be established to create a budget category to pay for the cost-of-work items that are difficult to quantify or define at the time the MACC is negotiated. Because allowances typically reconcile with a change to the TCC (increase or decrease), the owner and their separate contingency outside the TCC is the source of reconciliation. For this reason, alignment with the terms of the main contract is critical, and how these are translated and managed with respect to Lump Sum (LS) subcontractor bid packages is also important. Examples: geotechnical risk in soil management, hazardous material abatement, jurisdictional permitting, or scope risk.

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Negotiated Support Services (RCW 39.10.210(14)):

- NSS is not included in the 30% self-perform rule volume limit for the GCCM (RCW 39.10.390(3)).
- Reference option to convert all or some of NSS to LS – Owner may decide to make NSS items reimbursable at actual cost or convert to LS and GCCM carries the risk/reward (RCW 39.10.370(4)).
- Often defined by owner as a percentage of the MACC. This percentage should be clearly listed in RFP documents (cross-reference other best practice chapters). The general conditions should outline what GCCM can apply the MACC Risk Contingency funds toward. The owner shall approve all MRC usage.



Percent Fee:

- Percent fee is on the estimated MACC. During GCCM procurement, this is bid by the CM and applied to the estimated MACC value provided by the owner. The fee shall be renegotiated if the MACC varies more than 15% from estimated MACC when negotiating the actual MACC at 90% Construction Documents. The percentage fee on the MACC and the fixed amount for Specified General

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Conditions are in addition to the MACC. The selection criteria should be described in the solicitation and include price as a consideration. Percent fee means the percentage amount to be earned by the GCCM as overhead and profit. RCW 39.10.360(4):

- Fee has two components: profit and overhead. Typical overhead items include home office overhead expenses attributed to the project, all overhead expenses for subcontractor bidding, city and state B&O tax, performance and payment bonds, and insurance. The cost responsibility matrix, or cost allocation matrix, is the critical tool the owner creates that defines which costs go in which budget category: fee, SGC, NSS, MACC. A good rule of thumb is that fee should include cost items that are primarily multiplier percentages based on total revenue or value of the project. This is the reason the RCW includes a provision about when this fee “shall” be renegotiated when the actual MACC varies by more than 15% from the estimated MACC during CM procurement. Both the owner and the CM have the right to initiate a renegotiation when this variance threshold is exceeded. If the total MACC has increased, the owner may wish to try to negotiate a lower fee. If the MACC has decreased, the CM may wish to have the fee increased.

Specified General Conditions

- The “other price-related factors” described in the RCW may be based on one or more criteria, such as the fee, plus Specified General Conditions and/or staffing.
- SGCs are either bid as part of the selection or negotiated at MACC and cover the cost for meeting all the requirements of the contract, general conditions (Divisions 0 and 1), including items like the administration of the subcontracting plan, cost accounting, progress scheduling, project meetings, safety plan, quality control, and warranties.
- SGC could be bid as either a monthly fixed not-to-exceed amount or a fixed percentage of the construction cost amount to cover the cost of the general conditions. A disadvantage of bidding the SGCs is that it may be difficult to accurately bid the SGCs this early in the design, as the risks are not as well-known, and the actual construction may not begin for many years. An advantage of bidding the SGCs is that it prevents a contractor from bidding low on the fee and trying to increase the cost of the SGCs at MACC. The cost responsibility matrix should be mindful of the approach to when or how SGCs will be incorporated. A good rule of thumb is that SGC cost inclusion should be time-based jobsite staffing and management costs. Therefore, the anticipated project duration also in the owner’s RFP will establish these monthly site overhead and jobsite costs.
- Best practice (priorities – transparency and equal comparison across bids)
Potentially break into smaller easier projects and larger more complex projects...
 - Owner to list positions (experience/years in field) that they think are required to get the job. Be clear that this is not going to be right. The intent is to have an apples-to-apples comparison. Will be able to work out and negotiate with GCCM on what is actually required for the work.

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This can be based on the complexity of the project if items are more known.

- SGC must be clearly defined for bidding so that all contractors are bidding the same scope of work. The agency needs to review and identify each category of work. Specifically, what would be in SGC versus NSS. Ensure that the cost category reflects the scope and expectations for the project. For instance, some projects might make sense to put the site cleanup in the SGCs, while others should be part of the NSS. NSS benefits everyone on the job. Think about how that item will be paid and who will be responsible for performing it.
- SGC and MASC/subcontractor bid package - It is not acceptable for the GCCM to include items in the general condition's costs (for payment by the public owner) and then subsequently charge specialty contractors for the same items. The public owner will consider such acts of "double-dipping" to be a serious violation. All cost items included within the project should be properly defined within the cost allocation or responsibility matrix to avoid any overlap between various budget categories.

Cost Allocation Matrix or Cost Responsibility Matrix

The cost allocation matrix is your "road map" for understanding and managing costs throughout the life of the project. It keeps the cost category allocations clear and ensures that everyone is bidding the same work. This table lists the costs that are excluded and those that are included from the percent fee on MACC, SGCs, NSS, SC/CM, and preconstruction. This matrix should be published with the solicitation in order to clearly communicate where costs should be accounted for within the TCC and also included as an attachment to the GCCM contract.

The cost allocation matrix may be displayed in a table with a column for each cost category: one for costs excluded from the percent fee and one for costs included in the percent fee. Costs can be attributed to tasks (e.g., mobilization), positions (e.g., project manager or project principal), and expenses (e.g., permit fees or rental equipment). This table serves as a reference for the GCCM when they are preparing their fee proposal during procurement and later when they are preparing invoices throughout the project. It is also a reference for agencies when they review the fee proposal and invoices.

This tool helps the GCCM, and owners have a common understanding of what can be included in the GCCM percent fee. It helps avoid disagreements between the GCCM and the owner about what the GCCM can include in an invoice. Potential benefits include transparency and trust among project stakeholders, which can be beneficial in case there are disagreements down the road.

It helps establish clear expectations around costs included and excluded in the GCCM fee. Consequently, construction can proceed smoothly and efficiently because of the reduced inquiries about invoices and what can and cannot be included.

Cost Allocation Matrix – Example:

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Owner Contingency – NOT included in the MACC or TCC

The owner contingency, along with other owner development costs not assigned to the GCCM (such as architect's fee), is not part of the MACC. The percentage of the MACC that the owner holds in reserve should reflect the perceived risks that the owner holds per the cost and risk responsibilities matrices or whatever contract device has been used to assign risk to each party. It is recommended that that owner contingency not be less than the contractor's negotiated contingency but in no event less than 5% of the MACC or as defined by statute.

Negotiations – How to Establish the Total Contract Cost (RCW 39.10.370)

- a. Timing: The RCW allows a range of options to establish the total TCC.
 - i. Full negotiation: Public body and GCCM negotiate the MACC and TCC based on 90% design documents or greater. The choice to do this prior to any subcontractor bidding is viable. Recognize the risk transfer process here and how this correlates to using estimates and contingencies to finalize the TCC agreement.
 - ii. Early Bid Packages: Any subcontractor bid package can be bid out and the results of this process incorporated directly into the MACC being negotiated. This early bidding means in advance of finalizing the MACC value. Therefore, as little as one or as many as all of the subcontractors bid packages can be bid in advance of establishing the MACC.
 1. Why – Timing: Balance design completion status versus long lead procurement or phased execution scopes of work at the site.
 2. Why – Value: Utilizing actual bid results for subcontractor scopes will minimize GCCM contingency funds or market risk type percentages in the TCC agreement.
 3. Best practice includes an evaluation of every individual bid package and the pros and cons associated with when the ideal time is to perform the bidding and establish an LS low responsive bidder for award.
 - a. Price certainty early can be desirable; however, if you have a long total project duration and, for example, the landscaping occurs at the final stage of work, this duration between bidding and execution can introduce complexity and risk to the plan.
 - b. It may be desirable to bid critical path or major subcontract bid packages, like civil, structure, mechanical, electrical, and plan, to adjust design scope for remaining subcontract packages in an attempt to maximize scope within the budget. In this scenario, the project team can adjust unbid work based on actual bid results for early packages.
- b. Multiple MACCs
 - i. “Mini-MACC”: An initial or portion of the work, early bid, and this is the owner's authorization for GCCM to proceed with those packages (RCW 39.10.370(2) and (3)). This is a common reference to contracting a portion of a project to allow work to commence while the balance of the project remains to be negotiated or bid. Any early work (mini-MACCs) shall be incorporated into the full MACC.

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There is a single MACC established when the TCC is established to include the full scope of work and price commitment. Any early or partial mini-MACCs are incorporated into the TCC when established.

- ii. Attention and planning should include recognition that billing procedures would need to support a phased integration of MACC values (e.g., processing payments with an incomplete full MACC or TCC).
 - iii. TCC includes the complete MACC, the Specified General Conditions, negotiated support services, and GCCM fee. Portions or all of the negotiated support services may be converted to LS within the TCC. This simply means establishing a mutually agreed LS value for a portion or all of the NSS. Any NSS scopes converted to LS would be excluded from the time and materials audit process that applies to the balance of the NSS budget category.
- a. Off Ramp – if MACC negotiations are unsuccessful:
- i. The owner may choose to end the negotiations for the MACC and terminate the contract with the selected GCCM providing compensation for work completed to date as determined by the contract.
 - 1. If termination of the contract is elected, the owner may choose to engage with the second runner-up during the GCCM selection process, or
 - 2. Proceed with procurement with the finished design as a design-bid-build process.

Any work already authorized (a mini-MACC for early work, for example), can limit the public body's ability to exercise the off-ramp process until the limited scope is complete or negotiated terms for termination can be reached.

Chapter 6 – Preconstruction Services

Intent

A successful preconstruction phase in a GCCM project benefits the project by effectively engaging the 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 subtrade level. Together, the contractor's team can provide cost, schedule, constructability, and execution planning in a timely manner to inform decision-making by the public body 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 public body's goals and objectives for the project, contractor's team involvement can leverage and enhance the entire team's confidence in decision-making. In preconstruction, the contractor is an integral member of the team – completing the third leg of the public body/architect/contractor relationship.

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Relationships in GCCM

GCCM is not business as usual. One of the valuable aspects of GCCM is the early relationships and collaboration that add breadth and depth to the design phase of a project that cannot be obtained in what tends to be more siloed 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 is difficult for a contractor, who may have ideas or methods to improve the project outcome, to execute on those ideas. The GCCM delivery method breaks that cycle by developing a relationship between the public body, architect, and builder early in the project. This is not unlike design-build delivery, especially during preconstruction. The GCCM and architects are hired separately, at different times, each with a separate contract with the public body with the intent that everyone works together. This creates a beneficial tripartite relationship with the public body, architect, and GCCM.

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 expertise and a perspective that may be a little different from the design team and even different from the public body. 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 public body and then the design team and 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 public body first and the GCCM is then selected ideally early in the design process. 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: public body, design team, and contractor's team. This scope definition informs the services, fees, communication protocols, and decision-making authority for all parties. It also helps reduce gaps in scope and confusion about expectations.

Public Body

The public body 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 public body is responsible for leading the user engagement and making timely decisions on behalf of the entire public body group. In conjunction with the contractor's team, the public body establishes lines of communication and provides clarity on decision-making authority. The public body 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 public body shares these options with the appropriate parties to solicit feedback and provide direction. While the public body group is often composed of many voices, it is essential that the direction to the contractor's team be unified, timely, and coherent.

The public body also administers the contracts for both the design team and the contractor's team. As part of establishing the contracted scopes of work, the public body establishes clear roles and responsibilities for all parties. The public body also signs off on the final small, woman, minority, and veteran owned businesses inclusion plan; final subcontracting plan, including self-performed work anticipated to be pursued by the GCCM; subcontracting plan, including any alternative trade engagement; any phasing of the project; and buyout plan. The public body works with the contractor's teams to provide a fair and open bidding environment.

The public body contracts with some independent third-party consultants directly. Often the public body 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 public body 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's team estimate. There is an expense associated with an independent cost estimate, but there can be value in early validation of the contractor's team estimates and pricing of the work to be self-performed.

The most important responsibility of the public body is to establish a culture of partnership that prioritizes collaboration, trust, and transparency. A capital project is a significant undertaking, and the public body 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 public body, and eventually the contractor's team, to set the course of the design. Initial efforts include validating the goals and aspirations of the public body for the project and verifying 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 toward 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 the public body 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. It is best if the cost feedback is continuous to inform design decisions in real time and in a format that aligns with other cost-estimating and budgeting efforts.

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The design team has a responsibility to respond to the public body and contractor's 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 with avoiding design solutions that are impractical and can save time and money. When the process works well, the 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's 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 public body and is not under contract with the design team. In the preconstruction phase, the GCCM acts as an advisor to the public body 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, and jurisdictional requirements are, and it 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 public body with budget confidence in preconstruction, which supports effective decision-making. The risks and amount of "uncertainty," therefore, decrease through the preconstruction phase and construction phase of the project as a whole – which, when compared with the budget as a whole, should strive to maximize the scope and project features to create the best value for the public body.

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.
- 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 alternatively procured subcontractors (mechanical, electrical, and other trades) for consideration by the public body. The GCCM also recommends to the public body the scope of work to be pursued as self-performed work. Once

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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.

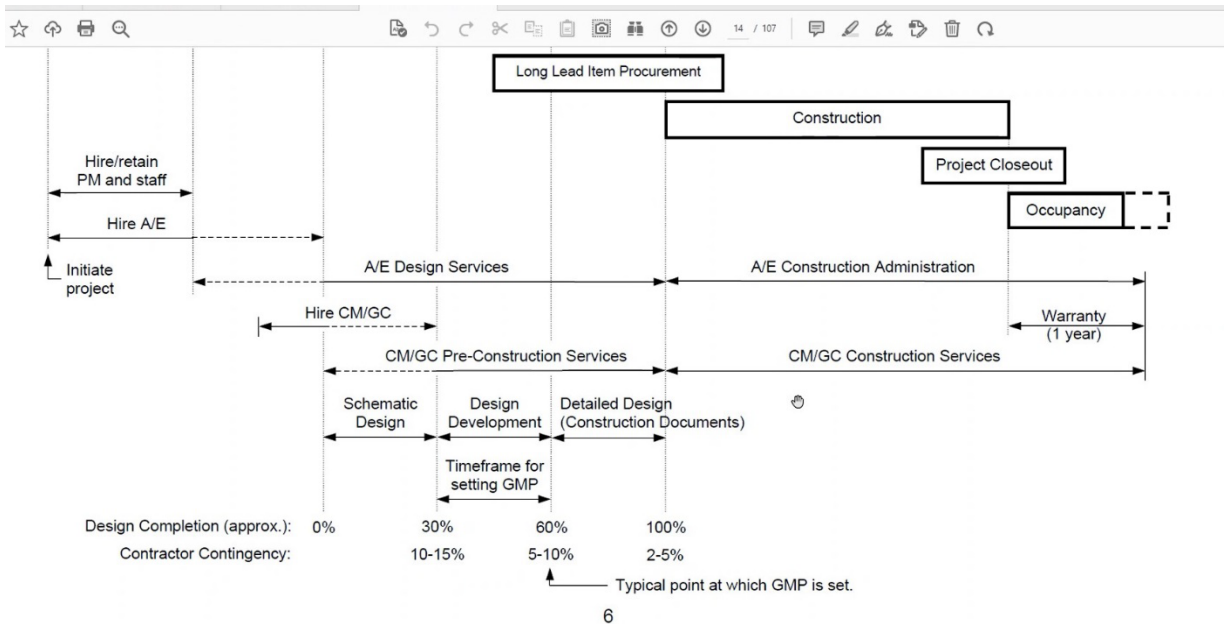
Schedule

While the public body is responsible for establishing an initial project schedule, the contractor's team helps refine and validate the schedule. The design schedule includes details on user engagement, document deliverables, and jurisdictional and permitting timeframes. The construction schedule should include construction sequencing and phasing, long lead items and early bid packages, seasonal and calendar considerations, and alignment with public body operations. Owners need to recognize that the schedule is not static but will evolve as the preconstruction phase develops. The owner, contractor, and consultant should work together to establish intervals at which the schedule will be updated through the design phase.

Any phasing or early procurement needs 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 backward to identify required deliverables and milestones. From this, the responsible parties are identified and agree to provide the promised delivery by the required date. This process is collaborative and transparent and leads to strong team buy-in of the process and the parties' roles within the larger project.

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Chapter 7 – Alternative Subcontractor Selection

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 preconstruction input, complex phasing, control of critical work, specialized work, scheduling, and work typically performed that involves design (e.g., fire suppression systems).

The table below highlights some of the pros and cons that public bodies, GCCM firms, and subcontractors have experienced in utilizing this delivery method and selection process.

| | Pros | Cons |
|---------------|--|--|
| Public Body | 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 versus 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 versus 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 versus plan/spec; more input in design, budget, coordination, and schedule | Can be riskier with pricing, as design is less developed at time of maximum allowable subcontract cost (MASC) negotiated; riskier for firms with less experience and resources in design and with negotiated work versus plan/spec |

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Appropriateness

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 bodies and GCCM firms be familiar with these requirements if choosing to proceed with the alternative subcontractor selection process.

Does the Scope Qualify?

- Anticipated subcontract value will exceed \$3 million;
- Public body is either certified by PRC to use GCCM delivery or approved by PRC to use the alternative subcontractor selection process on a specific project; and Alternative subcontract selection is in “best interest of the public.” 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 with project, site contracts, and benefits of preconstruction services.

Is the Scope Ideal?

- A. 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.
- B. The award is made through a public process based on the evaluation of written qualifications, fee, and Specified General Conditions.
- C. The maximum allowable subcontract cost (MASC) is negotiated between the GCCM and the subcontractor. The MASC is subject to approval by the public body.
 1. For work the subcontractor performs with its own forces, the total cost is negotiated.
 2. A subcontractor may self-perform work without public bidding (RCW 39.10.385(12)).
 3. 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.
 4. The public body typically pays on a cost-reimbursable basis.
- D. 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

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

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(11)). Contract documents must specify how the audit will be conducted.

- E. Execution risk and mitigation are passed to a greater degree onto the subcontractor who is “at risk” to perform the work for its negotiated subcontract price. 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 (e.g., the public body, GCCM firm, and design team). The additional voice in the process is intended to support identifying and evaluating options and supporting the public body’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 effort that is difficult to quantify, alternative subcontracting may be preferred over lump sum.

Examples of connections with preconstruction services:

- Example 1: Phased work on an occupied site. An electrical subcontractor would benefit from 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. 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 public body's 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 an expert contributing to the design workflow.

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, are set forth in RCW 39.10.400. This process can help Public Bodies and GCCM firms assess interest in the scope among qualified firms. It also simplifies the bidding

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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 who may consider forming a joint venture to increase their chance of being selected. Perhaps because of the process, bidder eligibility is not commonly used.

Initiating and Administering the Alternative Subcontractor Selection Process

Timing

The procurement process for alternative subcontractor selection can take substantial time and resources for the public body, 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 process is to gain the input and expertise of the subcontractor during preconstruction. Ideally, this minimizes the risk of future constructability issues and related costs and delays. To maximize this preconstruction benefit, it is typically best to select the subcontractor no later than early in design development. This helps prevent backtracking in the design process.

Other timing considerations:

1. In some cases, it may make sense to bring the alternative subcontractor on board after design development, such as for means and methods or sequencing purposes.
2. 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. If a public body is not certified to use GCCM delivery, it must obtain approval from PRC to use the alternative subcontracting method, as explained above. Noncertified Public Bodies should request approval to use this process simultaneously 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

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 are a critical part of the process. The GCCM firm and public body must establish the appropriate level of criteria needed to evaluate whether the

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subcontractor can deliver a project of the size, scope, and complexity at hand under this delivery method. Most Public Bodies are looking to expand opportunities for small, woman, minority, and veteran owned business enterprises. Because this selection 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:

1. Written qualifications criteria (required by statute).
2. Interviews (optional).
3. Final proposals submitted by short-listed firms (required by statute).

Evaluation Criteria and Weighting

RCW 39.10.385(3) identifies qualification-based evaluation criteria that must be included in the alternative subcontractor selection process. The public body and GCCM firm may include additional criteria to evaluate in the RFP. The public body and GCCM firm should consider the type of work included in the package, the impact to small, woman, minority, and veteran owned business enterprises, and the impact to competition 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 body 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 body and the GCCM firm can define the necessary “experience” in the RFP. However, it can be advantageous to the public body to expand experience beyond sole experience in alternative subcontractor delivery method RCW 39.10.385 (3) does not require the subcontractor to have experience with alternative project delivery methods. Rather, it must demonstrate experience of work similar in size, scope, or complexity. This experience can be gained on design-bid-build or design-build projects.

Another important evaluation factor required by RCW 39.10.385 is the firm’s proposed small, woman, minority, and veteran owned business enterprise inclusion plan. This is not a past-performance requirement but rather the subcontractor’s plan for including small and small, woman, minority, and veteran owned 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 body should consider a careful review of the laws they are subject to before initiating the procurement. Public Bodies can reach out to the Office of Minority and Women’s Business Enterprises for help with developing inclusion plan requirements.

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Final Proposals (Price Proposals)

The third category used for evaluating potential subcontractors is 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 in more detail below. 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 body, 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 Conditions work must be provided in the RFP and available to any firm considering submitting a proposal.

It is also important to consider the number of points allocated to the final proposal. The points allocated to the final proposal will impact the balance between price and qualifications (written submittal and interviews). When determining the points allocated to price versus 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 body and GCCM firm should pursue the low bid selection process instead. This will save the public body, 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 GCCM firms and Public Bodies but are not required. This is an opportunity to have a face-to-face meeting with the proposers and see how they respond in a live environment. Interviews are not required, and a public body and GCCM have many different options when using them. Some Public Bodies have an initial short list of the highest-ranked firms from written response and then conduct interviews and short-list again to the final proposal phase. Some Public Bodies will combine the written response with the interviews and then short-list the highest-ranked firms for the final proposal phase. Whatever approach is 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, the number of participants, 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:

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- 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 with projects similar in size, scope, or complexity to the project at hand.
- Understanding of the concept of this proposal and the proposed alternative subcontractor's role.
- 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 maximum allowable subcontract cost (MASC).
- Ability to submit a fully compliant priced proposal at the next stage.

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 beyond what is required from the Office of Minority and Women's Business Enterprises.

Public Bodies 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 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.

Public Hearing

Public hearings are required under the alternative subcontractor selection process. This is the public body'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 body 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 body 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 Bodies and GCCM firms are strongly encouraged to make these

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available sooner in order to bring about public awareness to the project and finalize stronger evaluation criteria and weighting.

The public hearing is conducted by the GCCM firm, but the public body should attend. This not only demonstrates the collaborative relationship between the public body and the GCCM, but it also allows the public body to gauge subcontractor interest, address challenges the subcontracting community might have with the evaluation criteria and ensures that the GCCM firm is complying with the requirements of RCW 39.10.385.

During the public hearing, the GCCM should explain why it is using the alternative delivery selection process, the scope of work, budget, schedule, and 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 public body to issue a written final determination addressing comments received.

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 it 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. 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 that the GCCM firm and public body 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 body must respond to the protest, and the selection process may not proceed until it has done so. If the GCCM firm and public body 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 modified in a material manner.

Small, Woman, Minority, and veteran owned businesses Committee

The GCCM must establish a committee to evaluate proposals and must include at least one representative of the public body. Public owners should work with the GCCM to develop a diverse panel of individuals with appropriate experience in the scope being procured.

Selection

The selection process that the GCCM firm and public body 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.

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The process to select the highest-ranked firm is considered a two-step process. The following figure depicts that process.

[Insert process map]

The GCCM and public body must understand how the scoring will impact the selection of the highest-ranked firm. Recommended combining the written submittal score, interview score, and cost proposal score together. The following are a couple scoring examples.

[Insert scoring graphic]

Nonprice factors (scores of written qualifications and interviews, if used) must be added to the scoring of the price factors and the scoring of the fee to determine the highest-scoring firm. The GCCM is required to notify all proposers of the selection decision and select a 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). 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 body. It is good practice to allow time for this feedback so that they better understand how the selection was made and can 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.

Contract Payment Options

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 with the public body's approval. The parties need to understand the risk of each contract type, including auditing, cost, risk, etc. Refer to the contract audit provisions to ensure consistency.

Preconstruction Services

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 Bodies and GCCM firms have treated the preconstruction services contract amount as an allowance. If so, this should be specified in the RFP documents.

Billing/Payment Processing

Alternative subcontracting requires that an "audit" be performed at the end of the project to confirm the proper accrual of costs. The best practice is to establish audit intervals throughout the project, which can highlight issues early and allow the project team to resolve early rather than at the end of the project. Based on this, it is proactive

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to drill down on costs and progress through the pay application and approval process on a monthly basis.

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

Chapter 8 – Construction Services

Roles and responsibilities change through the life of the project. As a project moves from preconstruction to construction, the project team falls into roles that are more similar to other delivery methods to effectively execute the work.

The GCCM is responsible for the administration and execution of work in the field, including phasing, means and methods, and safety on the project. The GCCM is responsible for management of the trade partners, including critical evaluation of requests for change to determine if a request is valid, a change to the work under the MACC, or a prime change to be forwarded to the client. This is an important distinction and differs from a bid-build project in that a change in the documents may or may not be a change to the MACC.

GCCM self-performed work should also be managed as if this work were performed by a trade partner because any staff required for running self-performed work are distinct and different from the GCCM staff paid under the GCCM contract. In addition, depending on how the MACC was established and the approval process for the use of various contingency funds, administrative and budgetary work during construction can also be a continuation and accounting of funding as additional trades are brought on board and/or the design comes to final completion.

The Construction Manager (public body's representative) is responsible for validating the deliverables from the GCCM as required under the terms of the Contract and the MACC. This can include everything from monthly status reports to safety notifications, timely change notification, quality control processes/meetings, etc. This is not unlike the construction manager role for other delivery methods. This role can have separate and distinct services with expectations set by the public body, or this could be an extension of staff if the public body has in-house construction representatives. A clear set of expectations for roles and responsibilities is critical to ensuring that there is not a duplication of effort, or gaps needed in the decision-making process or general administration of the contract.

The public body is still playing a critical role in the process to facilitate construction operations. Unlike a bid-build project, the public body needs to ensure that accounting of the MACC and approval of contingencies are made quickly and do not impede progress on the project. For example, a public body may have internal processes for budget allocations that take a significant amount of time. If written authorization is required for the use of a contingency, the public body needs to provide approval expeditiously to ensure that trade partners are paid for work completed and have change orders and/or contracts in place to order materials needed for the work in a timely manner. An allocation of funds on a force account waiting for approval is not an effective way to facilitate this process.

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In addition to supporting decision-making and approvals, the best practice would be to establish and facilitate the start of the audit process during construction. This will limit the time needed at the end of the project to complete this process and ensure that cumulative errors do not occur.

The design team functions in a capacity that is similar to other delivery methods. Because the MACC is likely set at 90% complete, or potentially 90% complete for a portion of the work with the remainder of the work under design, the fundamental difference is the high likelihood of design continuing into the construction phase, which is more similar to the design-build delivery method.

Items That Are Administered Differently During Construction in GCCM

Risk

Overall, as a team, all parties should be checking in on the risks identified during the preconstruction phase to ensure a continued, proactive approach to the mitigation of project risks. Because the full team participated through preconstruction, the team should be better positioned for this risk mitigation. 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 developed, reviewed, and updated to track overall project risk and mitigation throughout construction.

OPPORTUNITY for a SAMPLE RISK MATRIX HERE

Payment and Changes

Monthly payment and public body-initiated changes should be administered under the terms of the agreement and are largely similar to a bid project, with the exception of trade partners procured under the alternative subcontractor selection process. As a result of the interaction of the team during preconstruction, these processes should be well defined headed into construction. In addition, changes should be limited. However, depending on the approval process for contingencies and allowances, a similar approval process may be required and could be equally administratively challenging as a bid project.

As it relates specifically to payment and changes for alternative subcontractor selection trade partners, the payment and change process can be more complex on a GCCM project. It is important that prior to the construction phase, a process and complete expectations are established for the monthly payment process. The time to complete a full review for these trades needs to be accounted for in the workflow.

As a best practice, monthly pay requests should be reviewed and potentially validated each month to create more of an ongoing audit process as opposed to a lengthy settle-up at the end of the project. That being said, if this cannot be accomplished within the identified project timeline for the pay application process, it should not be attempted. In any event, the contract needs to set forth the auditing expectations for the project.

Negotiated Support Services

Different from other delivery methods, the NSS needs a separate process and workflow during construction to efficiently approve and pay for expenses incurred. If an NSS item has been established or converted to a lump sum as a part of the negotiation of the MACC or as a change

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order, NSS is treated the same as a bid trade partner with a schedule of values and payment based on progress for the scope of work. An audit, other than that the total paid matches the lump sum amount, is not applicable in the event of a conversion to lump sum.

Without a conversion to lump sum, the work is treated similar to a force account or time and materials. Owners should anticipate and account for the administrative process to support timely payment and allocation of funds for NSS executed in this manner. Like alternative procurement trade partners operating under a MASC, a best practice in this area would be to treat monthly pay applications as a part of the validation process to complete verifications of costs incurred along the way as opposed to at the completion of work.

Closeout

The closeout process for GCCM can be streamlined by creating thoughtful processes for the verification of funds allocated and spent on the project. The project team should develop a system of cost control and accounting that tracks the project's financial position throughout the work. It should be detailed in a fashion that tracks the different aspects of all project budget categories and allocation of funds.

Using the pay application process can be an effective way to complete the validation process "along the way," allowing a public body to significantly reduce the amount of duplicative effort and expedite the closeout process. As noted previously, if the timeline for this type of workflow on the project will delay payment, it should not be attempted. In this case, a quarterly audit is an effective means to complete the process through the course of the project as opposed to waiting until the end of the project. Other than the reconciliation of total costs expended under the terms of the MACC, there are few differences between GCCM and other contract delivery methods.

Chapter 9 – Subcontracting

The GCCM delivery method is unique in how subcontract work is priced and delivered when compared with 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. Under the two different models for GCCM, that work comes with different procurement requirements, but speaking, a significant portion of this work must be publicly bid out with an award to the lowest responsive bidder that is responsible. Below is a breakdown of how subcontract work must be procured and distributed among firm types and GCCM type:

General Contractor/Construction Manager:

- GCCM Prime and 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 and Subsidiaries: No more than 50% of the cost of the work to construct the project – Negotiated

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- Subcontractors (not affiliated with GCCM firm or subsidiaries): No less than 30% of the cost of the work to construct the project – Low bid

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 subcontracts, and the statute below provides some guidance 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. The 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 small, woman, minority, and veteran owned businesses 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 public body. In either scenario, there can be unintended consequences for how a public body 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 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 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?

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 public body 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 public body must be fully engaged in the subcontract packaging process and is responsible for the final packaging decisions. Following are some considerations and potential areas for discussion between the public body and the GCCM.

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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 a higher-quality installation. Questions to explore when looking at different scope combinations to achieve this goal: Are these trades 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 accepted in the trade community and 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 body 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 body is maintaining these provisions and potentially increasing competition for the trade in question. This is a common issue with vertical transportation and is an alternative to working with the GCCM to develop agreeable contract terms for the bid package that do not place undue risk on the GCCM but increase competition within the trade package.
- GCCM is similar to a low-bid award structure as it relates to the awarding 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 judgment and expertise to select a 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 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 and the bid package is still competitively bid

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and awarded to the low bidder that may or may not implement these strategies.

Potential Disadvantages:

- Combining 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 the following: Who would perform the work, and how much of the package would be self-performed by the awarded firm with its own craft labor? Is this a combination that would require a general contractor to perform the work due to the varying scopes (i.e., 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. One way a public body can limit these types of potential issues would be understanding which firms are performing the work and why it may be necessary to package work in this fashion. An example of a typical 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, which 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 that the public body receives the best value for the project.

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, either the GCCM prime can 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

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preconstruction. Owners should consider at a minimum the following when making this determination:

- 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 (public bodies 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 in 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 is important for Public Bodies and the GCCM prime to ensure that the staff required to manage subcontract work are different from the team managing overall GCCM contract. The overall GCCM contract typically requires 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 is important to remember the public body is accountable for ensuring fair and transparent procurement practices for all subcontract procurements, including subcontract work the GCCM is pursuing.

The solicitation for subcontract works the GCCM is pursuing is always performed by the public body. 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).

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- 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 that required equipment is included in the bid price and not included under other project costs, like negotiated self-performed work or other subcontract packages.
- Publicly identifying the lowest responsive and responsible bidder.
- Addressing any protests received (protests should go directly to the public body, not the GCCM, and the public body should respond).

Procurement Process

The solicitation process for subcontract work under GCCM is similar to the solicitation, selection, and award process under typical design-bid-build procurements.

Preparing Packages for Solicitation

During preconstruction, the public body 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-performed work, the anticipated procurement schedule, prequalification requirements (if applicable), and the associated small or small, woman, minority, and veteran owned businesses 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 public body 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 solicitation documents, and most GCCM firms start with their own form for the solicitation and contract documents. But that does not mean that the public body 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 small, woman, minority, and veteran owned businesses business provisions, or prompt payment provisions. RCW 39.10.410 also lays out minimal requirements for subcontract terms and conditions that both the public body and GCCM should be familiar with.

This highlights why it is important for Public Bodies to review each solicitation package, ensuring that the appropriate terms and conditions are included in each subcontract and that they are fair to the subcontract community, do not limit competition, and do not 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.

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- Transfer of risk provisions.
- Contract duration.
- Conflicting terms and conditions.
- Small and small, woman, minority, and veteran owned businesses business goals.
- Bid opening date and location.
- Liquidated damages (ensuring that they are fair and not punitive).

Prequalification versus Supplemental Responsible Bidder Criteria

The GCCM and public body may decide that a subcontract package requires specific experience necessary to successfully complete the work. There are two ways the GCCM can go about establishing these qualification requirements: prequalification or supplemental bidder responsibility criteria.

Supplemental Responsible Bidder Criteria

Supplemental responsible bidder criteria are an additional criterion that 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 package.

Prequalification

Prequalification of subcontractors for GCCM subcontract work is not typically used under the GCCM delivery method, but in those rare cases that it is necessary, the public body 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 that 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 and transparent and that it allows for sufficient competition and a fair and reasonable price for the project.

Advertisement

Advertising requirements for the subcontracting packages for a GCCM project are similar to typical design-bid-build procurement advertisements, but there are some unique requirements that owners and the GCCM should be aware of.

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Timing

Ideally, bidders should have a minimum of three weeks to review and compile bids. This should help ensure that 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 pre-bid meeting is held to convey project specific details and requirements. It is 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 public body. If the GCCM is pursuing the bid package, then owners should hold these pre-bid meetings in their facilities, not the GCCM's facilities.

Owners can decide to make the pre-bid meeting mandatory. Mandatory pre-bid meetings are typically rare and is best to use them only when needing to provide site access that prospective bidders cannot gain without public body approval. When using mandatory pre-bid meetings, the public body should require at least two meetings, with attendance mandatory at only one. This will allow more firms an opportunity to attend the pre-bid meeting and hopefully increase the competition on the package of work. Additionally, the solicitation documents should indicate that the pre-bid 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 public body 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 that all prospective bidders have the same information.

Engineer's Estimate

The public body and GCCM should consider publishing the subcontract package estimate in the solicitation documents. It provides transparency for the bidders while also allowing the public body 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 are discussed in more detail below.

Availability and Access of Bid Documents

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

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Receiving and Evaluating Bids

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

| | GCCM-Pursued Subcontract Packages | All Other Subcontract Packages |
|--|-----------------------------------|--------------------------------|
| Receiving bids | Public Body | GCCM |
| Opening bids | Public Body | GCCM |
| Verifying bid (double-checking math) | Public Body | GCCM |
| Responsiveness review | Public Body | GCCM |
| Responsibility review | Public Body | GCCM |
| Supplemental Responsible Bidder Criteria | Public Body | GCCM |
| Selecting lowest responsive and responsible firm | Public Body | Public Body |
| Notifying public of selection | Public Body | GCCM |

Reviewing Bids

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

Bid Amount:

- Verifying that the math is accurate on the 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 from the other bids received).

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

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S/DBE Evaluation:

- Did they meet the goal or, if not, did they make a good-faith effort to try to achieve the goal?
- Verify that the firms submitted are S/DBE firms and certified by the Office of Minority and Women's Business Enterprises, if required in solicitation or by statute.
- Verify that the math is correct.

If the bidder did not make the goal or sufficiently make a good-faith effort, the GCCM should follow agency guidance and process before accepting or rejecting that bid. It is 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 public body 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.

Lack of Competition

Single Bid

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

- A cost-price analysis to ensure that the bid is fair and reasonable.
- Reach out to other firms that typically perform this work to understand why they did not bid.
- If the only bidder is the GCCM, the public body needs to review the solicitation documents to ensure fairness (ensuring that the GCCM did not 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?)

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- 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 public body must ensure that the bid is fair and reasonable and that there was sufficient opportunity for competition before awarding the package.

No Bids

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 that the 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 did not submit a bid.
- Review terms and conditions of contract to ensure that there are not provisions that are overly burdensome to subcontractors (insurance, LDs, etc.).

Bidder Error

Bidders may claim errors 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 public body must approve the determination. Owners should review all documentation of the process and decision to ensure that they comply with the contract, solicitation, and all RCW requirements.

All Bids Higher Than Estimate

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

- 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 public body decides it is 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 is important for the public body 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 to extract more work from subcontractors at a reduced cost. Should negotiations fail, then the subcontract package must be rebid.

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Encouraging Competition

An important goal for most owners is increasing the participation of small and small, woman, minority, and veteran owned businesses. 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 small, woman, minority, and veteran owned 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 the street.
- Work with public bodies to compile a list of potential firms.
- Have open outreach events, early in the project, and allow questions from subs.
- Consider geographic outreach to firms in the area of the project.

Chapter 10 – Heavy Civil GCCM

Heavy civil, as defined by RCW 39.10.210(10), is a civil engineering project where the predominant features of the project are infrastructure improvements. It is the responsibility of the public body to determine whether a project meets the requirements in the statute, but following are some examples of projects that might be considered heavy civil:

- Roads, bridges, tunnels.
- Public transit (rail, ferry terminals, maintenance facilities, busways, and bus rapid transit facilities).
- Wastewater or water treatment facilities (including combined storage outfall).
- Airport runways and landside facilities.
- Remediation and restoration projects (e.g., levies, Superfund cleanup).
- Marine projects (terminals, piers, wharves, shore protection, environmental restoration).

The RCW establishes some unique requirements for heavy civil GCCM projects that differ from standard GCCM. The following are the key differences between heavy civil GCCM and regular GCCM projects. These concepts will be explained in more detail below.

- The self-performed work (up to 50% of subcontract work) can be negotiated with the GCCM firm instead of procuring via low bid.
- GCCM cannot bid on at least 30% of the negotiated subcontract work.
- An independent audit must be conducted to confirm the proper accrual of costs outlined in the contract.
- A Construction Management and Contractor Plan (CMCP) from the GCCM is required.

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Considering the Use of Heavy Civil GCCM

If the public body determines that the scope of the project falls under the heavy civil statute, owners should consider the following before making the final decision to utilize the heavy civil GCCM method:

- Does the project benefit from having the GCCM perform up to 50% of the work?
- Are there time-critical activities that the project would benefit from having the GCCM be in control of?
- Is the public body capable of negotiating the identified self-performed work with the GCCM firm?
- Does the project have sensitive environments or conditions, such as waterways, fish passage, or occupied areas, which could benefit from early commitments of means and methods for permitting or other required approvals?
- Does the project have high-risk or highly sensitive activities that would benefit from GCCM management?
- What are the funding sources requirements (e.g., federal funds)?

Project funding is another consideration for owners, as external funding sources may have unique provisions that need to be coordinated with the heavy civil GCCM statute requirements. This is especially true for federal funding sources, as they will typically have additional and sometimes more stringent requirements. For example:

- Negotiated costs may require additional analysis and documentation to demonstrate that the cost is “fair and reasonable.”
- When does the public body anticipate obtaining the funds? At the beginning of a project or after the project has already been procured?
- What if there are funds available that the public body did not consider when procuring the project?
- Are there Buy America requirements?

Negotiated Self-Performed Work

Under the heavy civil GCCM statute, the selected GCCM firm can self-perform a portion of the subcontract work, and those costs can be directly negotiated between the public body and the GCCM firm. This is a major difference between the two GCCM delivery types, as all subcontract work under the standard GCCM is to be procured via a public sealed bidding process.

There are limitations on how much self-performed work can be negotiated. The public body may approve and negotiate with the GCCM up to 50% of the cost of the subcontract work. It is important for owners to remember that they do not have to negotiate 50% of the subcontract work, especially if they cannot come to a determination that the cost of the negotiated portion of work is fair and reasonable.

Owners may also state which scope(s) of work they desire to have included in the negotiated self-performed work. This clarity will help firms understand which portions of the work are deemed critical by the public body. As the design progresses, the public body will approve the

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GCCM's subcontracting plan, which will identify what self-performed work will be negotiated between the public body and GCCM.

The GCCM may also bid on other subcontract work via the competitive bidding process as long as the combined total of negotiated and bid work does not exceed 70% of the cost of the work. This means that the GCCM cannot submit bids on at least 30% of the subcontract work, regardless of the final amount negotiated between the public body and the GCCM.

Subcontracting Work under Negotiated Self-Performed Work Packages

The RCW does not clearly define what, if any, work under the negotiated self-performed portion can be subcontracted out. It is left up to the public body to make that determination. However, owners do have a say and control over how much work may or may not be subcontracted under self-performed work packages. Please refer to Chapter 9, Subcontracting, for more information regarding subcontracting under self-performed work packages.

Owners can also stipulate how much, if any, work can be subcontracted under the negotiated self-performed work packages. Owners should remember that a key factor in utilizing the heavy civil delivery method is to have the GCCM control critical portions of the project work with their own workforce. If the GCCM plans to subcontract a significant portion of the negotiated self-performed work, owners should seriously consider utilizing the standard GCCM delivery method and bid out all the project work.

Procuring a Heavy Civil GCCM Project

The RFP should communicate the public body's expectations from its GCCM partner, especially in regard to the negotiated self-performed work. The solicitation documents must indicate the minimum percentage of self-performed work to be negotiated. It can be helpful to provide additional rationale to help prospective proposers tailor their proposals to better fit the public body's expectations and/or requirements. Owners can (and it is recommended that they do) include requirements in the procurement that proposing firms indicate which scope(s) of work they intend to self-perform, including their experience and capabilities to self-perform any portion of work.

The use of pre-proposal conferences is another avenue where owners can provide more information on self-performed work that can help potential GCCM partners submit proposals that align with the public body's expectations. It also allows firms to determine whether the project is a good fit for their experience and capabilities.

Self-Performed Fee

Owners must require proposers to submit a self-performed fee as part of the RFP submittal. This is the proposed fee that the GCCM firm will charge for all agreed-upon negotiated self-performed work). This fee is applied only to that portion of work and differs from the GCCM fee, which is included for the entire project.

It is important for public bodies to understand that the GCCM fee is added on top of the total negotiated self-performed work amount (work plus negotiated self-performed fee). This is no different from the sealed bid subcontract packages, which include the fee

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in the lump sum. The only difference is the public body sees the associated fee for the negotiated portion of work and they do not for the competitively bid subcontract work.

[Examples – See the attached bid form examples.]

Scoring the RFP Cost Components

The addition of another fee in the proposal process may or may not impact the weight given to the scoring. It is another data point that can be used. Please see Chapter 4, Procurement, for more information on weighing evaluation criteria.

Negotiating the Self-Performed Work

The public body and the GCCM can negotiate the self-performed work once the project is ready for the overall MACC to be negotiated, but there are important steps that the public body and GCCM need to undertake before commencing negotiations.

Construction Management and Contracting Plan

Under heavy civil, the GCCM is required to complete a Construction Management and Contracting Plan and submit it prior to negotiating the self-performed portion of Work. This is similar to the subcontracting plan developed under regular GCCM projects; however, there is an additional emphasis on the negotiated self-performed portions of work along with additional requirements from the RCW, like:

- Scope of work and cost estimates for each package.
- Proposed price and scope of work for the negotiated self-performed portion.
- Basis used to develop all cost estimates, including negotiated self-performed portion.
- Updated inclusion plan.

While not required to be developed at any specific point during design except prior to negotiations, it is best practice to have an initial draft of the CMCP developed early in the project (typically by 30% design) to provide time for public body feedback to be incorporated and additional research conducted prior to starting negotiations or other procurements. Here are some additional best practices to consider:

- The plan should include any work that might be considered for early bid packages.
- Outreach for increasing inclusion efforts should be started early in the project, and the information gained should be considered in identification of potential work packages and subcontracting strategies.
- The plan should also include what work will be included in the NSS.
- Negotiated self-performed portions of work should identify sub tier subcontractors or vendors.
- The CMCP should be periodically updated as the design progresses or additional work scopes and packages are defined.
- Audit considerations should be included in informing the plan.

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- Owners should review, request amendments as appropriate, and approve the final plan before bidding commences.

Negotiating large portions of work can be challenging, and public bodies should ensure that their staff are trained and experienced in these types of negotiations, or at a minimum, the public body's representative should have experience with these types of negotiations. Here are some things to consider when reviewing and negotiating this portion of work:

- Are the productivity units reasonable?
- Is there duplication of SGCs between the overall work and the self-performed work?
- Is there duplication of any NSS items between the overall work and the self-performed work?
- If escalation is identified separately, is it reasonable?
- Are the labor rates accurate?

Cost-Reimbursable or Lump Sum?

The negotiated self-performed work can be established as a cost-reimbursable amount or a lump sum. During negotiations, the public body and the GCCM will determine which method is most appropriate for the work being negotiated. Both methods have their own separate risk profiles, and the public body and GCCM should be aware of those risks when deciding which method to agree on. Additionally, this decision will impact the scope of the required audit, which is required to be outlined in the contract. At the end of the day, the public body must make the determination that the cost of the negotiated self-performed work is fair and reasonable before agreeing to a price.

Independent Audit Requirements

Under heavy civil GCCM, the RCW requires an audit to ensure the proper accrual of costs for the project. Under the traditional GCCM model, all subcontract work must be competitively bid, even self-performed work. Thus, an audit of the proper accrual of costs is not necessary, as the costs have been substantiated through a competitive procurement process.

When Audits Should Occur

The RCW language can be interpreted that only one audit is required, and some owners perform the audit at the conclusion of construction activities. It should be noted that the RCW requires that the audit confirm the proper accrual of costs as outlined in the contract, which means that the audit must be completed at the conclusion of the project. However, owners should consider performing a continuous or phased audit throughout the project instead of an all-encompassing audit at completion. This will allow the public body and GCCM to correct issues before they become too large and can also reduce the time it takes to close out a project, as audits of a large project with multiple cost-reimbursable components can take a long time to complete. The public body should consider the follow for the audit:

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- The audit scope should be defined in the RFQ/RFP, including timing and process. This will allow the GCCM to appropriately staff the project in support of the audit.
- Should preconstruction services be audited?
- When should the audit occur?
 - At the conclusion of the MACC negotiation?
 - Midpoint of project?
 - For lengthy projects, semiannually or after the conclusion of project phases (if applicable)?
 - Only at the end of project?

The scope of the audit will be determined by how the costs for various portions of work are established. For negotiated self-performed work established or converted to a lump sum, the public body may limit the scope of the audit to the proposal/negotiation process and subsequent amendments instead of a line-by-line accounting of costs within that package. The public body does not have to audit items that were established or converted to lump sum.

Chapter 11 – Closeout

In addition to the standard closeout procedures used for traditional project types and outlined in the contract document, a GCCM closeout will contain a MACC reconciliation through a change order to capture the final contract price. Prior to executing the reconciliation change order, the public body should perform all identified audits in the contract to confirm costs.