Capital Projects Advisory Review Board
GC/CM Committee

Meeting Summary December 15, 2020 (Meeting #22)

1. **Chair Middleton called the meeting to order at 1:00 p.m. A quorum was established.**
2. **Administrative**
   a. Introductions
      i. Committee members in attendance, including by phone: Nick Datz (Owners), Scott Middleton (Specialty Contractors), Penny Koal (DES), Olivia Yang (Higher Ed), Janice Zahn (Ports), Rebecca Keith (Cities), Traci Rogstad (Schools), Santosh Kuruvilla (Engineers), John Palewicz (Private Industry), Keith Mitchel (General Contractors)
      ii. Stakeholders in attendance, including by phone: Andy Thompson (General Contractors), Bill Dobyns (General Contractors), Brian Eppler (Specialty Contractors), Shelly Henderson (Schools), Dave Johnson (General Contractors)
   b. Approval of meeting summaries
      i. Approval of October 22, 2020 meeting summary – M/S/P to approve meeting summary with no changes.
      ii. Approval of November 9, 2020 meeting summary – M/S/P to approve meeting summary with no changes.
   c. OneDrive – Chair Middleton checked with the group to make sure there were no issues with access to OneDrive. Santosh Kuruvilla asked for further information on notifications to the documents in OneDrive. Chair Datz explained the subcommittees have access to their respective documents and others are given approval as requested to limit unintentional changes. Santosh raised the question and others agreed that they should solicit feedback from CPARB as they are developing the Best Practices document to get industry consensus.
   d. Chair Middleton outlined today's agenda which focuses on chapters two and three of the Best Practices document. We will also discuss the timing of our reoccurring meetings for the next year.
   e. CPARB Update – Rebecca Keith noted that CPARB gave its final approval to changes of RCW 39.10 that they and their stakeholders want to include in the reauthorization. This included diversity provisions that this committee discussed. There were changes to the subcontractor bid package language that this group might want to be aware of. Now that CPARB authorized these changes, Senator Hasegawa and Senator Warnick along with other legislators have offered to be sponsors. The house is considering limited number of bills, but we're in a good place to have our bill be embedded. We feel there is more work to be done with diversity and business inclusion and CPARB will continue with its Business Equity/Diverse Business Inclusion Committee, making sure they develop a best practices document as well and provide feedback to the legislature by no later than Jun. 30, 2022. [AI] Rebecca will share the final approved revisions to the group so they can be considered in the Best Practices process.
   f. Chair Datz proposed we walk through the drafted chapters of the Best Practices document to see how it's laid out and its intentions, then have a special meeting in early January to walk through the comments. Olivia Yang asked for comments that are content substantive and not purely wordsmithing, which should come later in the process. Santosh Kuruvilla asked everyone to think about the intent of this Best Practices document and to read through the first section to see if the desired outcome is clearly defined.
3. **Best Practices Chapter 2 Presentation/Discussion – Evaluating the Use of GCCM**
   a. Project Evaluation
      i. Higher Ed—This section is meant to focus on the positive and highlight collaboration. We will focus on wordsmithing another time.
   b. Why use GCCM for Your Project

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     i. DES—This is straight out of the statute and speaks for itself.

     ii. Chair Middleton—Is there a reason we didn't incorporate section six on Heavy Civil?

     iii. Chair Datz—We missed that and will add it.

   c. Realizing the Benefits

     i. DES—Here we talked about the mechanics of what GCCM can do with things like scheduling, logistics, and cost opinions. We didn't get into what GCCM is not.

     ii. General Contractors—One benefit we didn't talk about there is being able to start on a project without having your traditional contract all put together, using early-start and bid packages.

     iii. Chair Datz—This doesn't mean GCCM is the solution to all your problems, so we tried to outline what it's used for.

   d. When Should a GCCM be Added to the Team?

     i. Chair Datz—This is about why and when you would want to bring in the GCCM. This might be a better section to address early-start and bid packages (as commented above).

   e. What Can You Expect in Preconstruction?

     i. Chair Datz—This is giving you an understanding of what the preconstruction phase is for as it's a huge benefit. It should help owners understand what they want out of preconstruction, how they're communicating with each other, and what they're looking for.

     ii. General Contractors—It also requires intense collaboration with the design team and sometimes owners fall back into an arm's length approach. I think it's important that the owner is supporting that engagement of the designer and contractor to be able to leverage the benefits. The owner needs to provide support and make sure there is collaboration.

     iii. Chair Datz—We talk a bit about that later on, but you're right, I don't think we really hit it that hard right here.

   f. How Does GCCM Effect Project Risk?

     i. Chair Datz—They need to know the risks of the contract and why it's important to analyze your project. The overall theme of this section is to think about all the different elements of their project and how the different components of GCCM play into that.

     ii. General Contractors—I would address the concern over equity and negotiated support services. From a Heavy Civil perspective, GCCM allows you to bring in agencies with jurisdiction earlier and I'm not really seeing that here.

     iii. Chair Datz—I would put that in the preconstruction section because I think that is where you are going to get that collaboration and process done early.

   g. Leveraging Innovation

     i. Chair Datz—This is highlighting where you are going to get innovation in GCCM. It's going to be different than innovation you can get from Design-build.

     ii. General Contractors—Highlighting important trade partners that would be involved in that innovation is important there.

4. **Best Practices Chapter 3 Presentation/Discussion – GCCM Readiness**

   a. How Does a Public Owner Assess its Own Readiness?

     i. Chair Datz—One of the conversations we had in the last meeting was to emphasize the traits an owner should exhibit. These are the traits that will make them successful. You must be a team member and collaborate, and it takes work to maintain those relationships over time.

     ii. Higher Ed—This next paragraph is when we said, "how do you know as a public owner". A lot of first-time public owners go immediately to a contract construction

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management firm. We think you should go to another public owner first as a mentoring step. This is like a peer to peer review so you can hear the war stories from another owner and set yourself up for the right path.

iii. Engineers—Collaboration is an important theme of this section. People tend to hold their cards close to their chest.

iv. Schools—Maybe include some language around ensuring that the organizational leadership is heavily engaged and has supportive policies and procedures to support the effort.

v. Higher Ed—You can put that in the Owner Readiness paragraph, that it isn't just having a project and construction manager. It's an organizational culture, someone used the phrase "mind shift".

vi. Chair Middleton—It's not just being prepared but preparing to bring this to PRC for approval. I think that's a big part of Owner Readiness and should be moved up in the document to emphasize that.

vii. General Contractors—That's a great point. You need the experience to complete the project, but you also need to show that to PRC to be able to get approval.

viii. Higher Ed—We took that out to sync up with CPARB and what they want to do with PRC. Maybe we took too much out.

ix. Chair Middleton—I was waiting for this PRC part to come as I was reading through this. I think it's an integral part of the process.

b. Project Complexities

i. Chair Datz—This is about understanding the challenging, complex aspect of your project and how to get trade partners involved early.

c. Understanding Project Finances / Risk Allocation

i. Chair Datz—You can see we have a number of these buckets under the GCCM contract, so this section is about the intent of those buckets and how you can utilize those to address the various complexities or risk profiles of the project.

d. Contingencies

i. Chair Datz—This is a general description, giving them an idea when they're creating this.

e. Owner Budget Contingencies

i. Chair Datz—This is for the owner to make sure outside of the project that you have sufficient funds if there is overage. There is no minimum percentage, so the owner really must know they're project and has to put a realistic contingency on their project.

ii. Chair Middleton—Would it be helpful to identify a couple examples of percentages for different types of situations? Maybe it's not quantifiable because there are too many different variables.

iii. Chair Datz—I'll flag it.

iv. Schools—I think it would be interesting to get a feel from owners on what is typical. I would estimate that percentages are going to vary widely depending on how many projects the owner has done.

v. Chair Datz—I think it's about getting owners to stop plugging in a number and not thinking about it, but actually coming up with a realistic number and proving it to the PRC.

vi. General Contractors—You could reference that there isn't a specific percentage listed to give flexibility. Often times the source of funds have restrictions.

vii. Engineers—I think it speaks to both design and risk contingencies. There is a tendency to make it more performance backed. It can hurt the contractor because you don't know if he can perform to that expectation until they're out there doing it.

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        viii. Chair Datz—That leads into our next section to make sure you have budget to go from 90 to 100 percent.

   f. Design Completion Contingency

        i. General Contractors—That first sentence says, "Because the MACC is negotiated at 90% and not 100%..." That really should say "may be negotiated".

        ii. Cities—My understanding from talking to people at the practitioner level is that it depends on what the elements of a design are not complete. It's not a given that going from 90 to 100 percent is something that can't be priced, it might depend on the risk elements and what is left. Certain elements of the design can be more easily priced. We could use some case study examples.

        iii. Engineers—I think the City of Seattle did an excellent job with calibrating the seawall, if you could get permission for that as a case study.

        iv. Chair Datz—That's a great comment Rebecca. That could even be placed in the appendix. The only issue with examples is they can become outdated or misinterpreted. We can flag areas where an example would be useful.

        v. Cities—It doesn't have to be full of case studies. I can do more thinking on that; this is a preliminary impression.

        vi. General Contractors—I think you're right. There are a lot of different ways to handle the 90 percent to 100 percent. Having a design completion contingency is one. There is usually some sort of reconciliation between the final docs and what the 90 percent is. The point is it can be handled in lots of ways and they should know moving forward what to do with that bucket of money.

        vii. General Contractors—This is one of those opportunities in my opinion that we will dive into more in later sections.

   g. MACC (Maximum Allowable Construction Cost)

        i. Chair Datz—We're still debating if we move this up in the chapter or move it to a whole new section for MACC.

   h. Risk Contingency

        i. Chair Datz—This is getting into what the risk is under the RCW, giving examples of how it's used and getting into the variation between contractor-approved and owner-approved. We originally wrote controlled, but that expressed the wrong intent. It's really about the approval process. We want to show what you gain and what you lose. Another caveat is that this contingency is not to be used for that 90 to 100 percent change. That should be addressed separately, unless negotiated.

        ii. General Contractors—The approval should be expedited somehow. It should be an expedited change order review.

        iii. Chair Middleton—I wonder if it would be helpful to provide examples of contract provision between owner-approved and contract-approved.

        iv. General Contractors—I'm not sure there's many good versions of that to look through, if there were this problem would be easier. Everyone creates their own process. The only reason we talk about contractor-approved versus owner-approved is because we can't get owner-approved contingency released quick enough to get subcontractors moving.

        v. Chair Datz—I agree and think that needs to be highlighted more in the owner-approved section.

        vi. Cities—I want to make sure that some of these things might get moved down later. What was the thinking about Owner Readiness? It pretty much goes through the mechanics of all the elements of GCCM, so I am curious what the connection to Owner Readiness is.

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      vii. Chair Datz—To your comment, that can probably be beefed up a bit. I'll flag it and make sure we compare it to the other sections later in the manual so it's hitting the right tone in the right section.

     viii. Engineers—Should we provide advice to owners on quality construction management or stay quiet on that topic?

      ix. Chair Datz—We didn't intentionally avoid that. Could that be something that fits in a section later about owner construction or in preconstruction under design quality?

       x. General Contractors—It's good to talk about what level of interaction they should expect, but the project type has just as much to do with involvement as the delivery model.

      xi. Engineers—I agree. We try to keep it so general that we mostly addressed vertical construction, and now we're seeing the WSDOT and Sound Transits of the world are getting interested in alternative delivery.

     xii. Chair Datz—[AI] Santosh, would you write a few sentences on what an owner should be thinking about regarding quality, including approaching it and being aware. I think we need to address those issues later, but if you think there is something specific about owner mentality and owner preparedness before you even get approval, we can throw that in there.

   i. Shared Savings/Incentives

       i. Chair Datz—I wanted to highlight this idea since especially because if you're going to use them, an owner needs to think about it way in advance before you even procure the contract.

      ii. General Contractors—I think it's also important that people understand if you use shared savings there is potential conflicts that you might have higher MACCs or that costs might be built into a risk.

   j. Negotiated Support Services (NSS)

       i. Chair Datz—I talked about generally what it is and how an owner should approach these. They are typical services that occur in the process. We have an example here too.

   k. Allowances

       i. Chair Datz—We highlighted allowances to talk about how they're for things that aren't easily quantifiable.

   l. PRC Approval

       i. Chair Datz—We are going to move this up earlier and expand it to tie in some of the sections on owner preparedness and readiness. Should we get into the nuance of project versus public body approval, or is that too much right now and should go to an RCW 39.10 document?

      ii. General Contractors—I think it's okay to touch on, but I don't think you want to deep dive in this section. You aren't going to get agency approval unless you've done this before. You'll have to have some level of expertise to understand that nuance.

     iii. Chair Middleton—It's important to show the 101 folks that you can get approval in two different ways.

5. Additional Comments

   a. Chair Middleton—Do we want some sort of graphic illustration at the beginning of the document that shows what the different roles are of the owner, designer, contract officials, etc. I've seen it in other documents and wanted to bring that up here.

       i. Chair Datz—That was something that Howard had brought up. He had some ideas and I think they're helpful to understand, we just need to add a comment when we see a section that could use a graphic.

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  b. Chair Middleton—Should we be using public bodies instead of owners to be consistent with language in the statute?
    i. Chair Datz—If that is what is used in the legislation, we should be consistent.
    ii. Chair Middleton—Public bodies is used in RCW 39.10.
  c. Chair Middleton—Do we want to cover the statutorily required sections up front, or somehow separate them from others that you won't find in the statute but are important considerations?
    i. General Contractors—I think it's important to have some framework around what's a statute and what is not. If we are providing guidance around best practices, I'm not sure we have to point out differences with statutes.
    ii. Chair Middleton—Would it create problems if someone is reading about something not in the statute, like design completion contingencies, but then goes to look for that in the statute and doesn't see anything. I'm not saying to take it out, but maybe we can clarify.
    iii. General Contractors—We probably haven't used the same terminologies when doing our work since they're not in the statutes, so I see what you are saying.
    iv. General Contractors—I would encourage some patience. We're going to find a lot of examples of really good content that needs some rearranging.
  d. General Contractors—I've made some comments and need to get access to all documents. Can we get everyone from every subcommittee access to all documents on the OneDrive so we can include our thoughts in there to make the editing process easier?
    i. Chair Middleton—[AI] I will reach out to Nick to get everyone access.
  e. Cities—Have we thought about shorter meetings? I'm finding the project people have a hard time joining these committees when they might otherwise participate.
    i. Chair Middleton—I don't think we came to a hard and fast decision on that. We combined two meetings into one today. Maybe two hours is enough.
    ii. Schools—Maybe we could do a touchpoint for half an hour before our main meeting to do any housekeeping. It's hard to do all of that at once.
    iii. Santosh Kuruvilla—I would echo Rebecca's point that two hours may be more effective with these initial meetings. We can increase if needed.
    iv. Chair Middleton—A lot of the work is offline, so if people can review documents ahead of time then we can save time. I'm not hearing any objections on a two-hour window.

6. **Action Items and Next Steps**
  a. 2021 Meeting Dates
    i. Chairs Middleton and Datz will reach out to the group regarding monthly meetings for 2021. Several expressed concerns about Tuesdays but had Wednesdays and Thursdays available.
  b. Action Items
    i. Rebecca to share CPARB's final approval and changes.
    ii. Chair Datz to give OneDrive permissions to all members on all documents.
    iii. Santosh Kuruvilla to add text surrounding quality construction management.
    iv. Chairs Middleton and Datz and members of the subcommittee to set a date for any changes or comments to this document by Jan. 8 or Jan. 15.

7. **Meeting adjourned at 3:21 p.m.**

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