

M/E- CCM Review Committee of CPARB

Meeting Summary 29 February 2016

1. The Chair called the meeting to order at 1:00 p.m. A quorum was established, as 8 out of 9 CPARB committee members were in attendance. There were self-introductions of committee members and other attendees. *See sign-in sheet for list of attendees.*
2. The Chair reviewed the mission of the committee established by CPARB on 10 December 2015, which is summarized as follows:

MCAWW, as a co-founder of 39.10.385 "M/E- CCM", has been concerned for some time about the inconsistent use of the procurement process by GCCM's and public bodies. The inconsistency and varied approaches are challenging the reason the process was initiated.

Now that there is history of projects utilizing the procurement process, it is time to review the effectiveness of the process and establish best practices.

We request that CPARB establish and appoint members to a "M/E- CCM review committee" at the December meeting.

Action:

- 1- *Review recent projects that have utilized the 39.10.385 process for mechanical and electrical. Identify significant successes and concerns*
- 2- *Develop a model procurement for M/E- CCM under 39.10.385 and identify best practices*
- 3- *Consider changes to the statute if necessary and make a recommendation to CPARB*

Action taken by motion on 12/10/15.

3. The Chair reviewed the names of the 9 committee members appointed by CPARB and general ground rules. He noted meetings shall be in compliance with the Open Public Meetings Act. A quorum of committee members must be present for a meeting to take place. A quorum exists when at least 5 out of 9 committee members are present. In rare cases where action is taken, only the committee members may vote. However, all stakeholders and attendees are encouraged to participate in discussion.
 - a. Committee members appointed by CPARB on 12/10/2015:
 - i. John Lebo, University of Washington
 - ii. Janice Zahn, Port of Seattle
 - iii. Andrew Thompson, Granite Construction Company
 - iv. Ed Kommers (Chair)
 - v. Dick Lutz, Centennial Construction
 - vi. Aleanna Kondelis, City of Seattle
 - vii. Thuy Hong, Sound Transit
 - viii. Mike Shinn, CPARB
 - ix. Barry Sherman, National Electrical Contractors Association (Puget Sound Chapter)

- b. A question was asked about the use of “proxies” for committee members, as a recent CPARB committee meeting had to be cancelled because there was not a quorum of committee members present.
 - i. A motion was made, seconded and unanimously passed by the voting members to allow members to designate a representative proxy or attend via conference call, when available.
 - ii. Members should advise the Chair in advance via email with the designation of a proxy or to request to appear via conference call, if a phone line is available.
4. The Chair proposed a plan of action to discuss RCW 39.10.385 (also referred to as “M/E - CCM”). He explained that it is anticipated that the meeting will begin and end on time. The first meeting will be an opportunity for attendees to provide a 2-3 minute summary of their thoughts on RCW 39.10.385. Subsequent meetings will move through each section of the statute. Both procurement and post-award challenges and opportunities will be discussed.
5. Each attendee was given up 2-3 minutes to convey thoughts or concerns about the M/E - CCM process. **See table below for a summary of comments.**
6. With the time remaining after opening comments, the committee reviewed particular concerns by subject beginning with RCW 39.10.385(1) (a) and (b). Discussion ensued about how we got to the floor of M/E of \$3 million and a required hearing for project.
 - a. Statute requires anticipated subcontract value of at least \$3 million (**RCW 39.10.385(1)**):

Still a good idea? Some think so, but threshold is too high (\$30 million job) (most of the GCCM projects in 2015 at PRC are too small for M/E- CCM).
Discussion about the procurement of M/E- CCM at same time as GCCM.
Process should just be about complexity and not dollar amount.
Public body thinks limit (floor) should be eliminated.
What is the benefit to the taxpayer to take away the limit? Evaluate what is in the best interest of the taxpayer.
What about more opportunities by lowering threshold?
 - b. Statute requires public hearing prior to RFP for M/E- CCM (**RCW 39.10.385(1)(a)**):

Public body thinks hearing should be eliminated.
Public body should determine if hearing required because it adds cost and time.
Two-step process?
Hearing may have some valuable use.
Not too many show up for hearings. Do not get a lot of “good” feedback (except from MCAWW).
Publish the scoring and comments.

GCCM sent a draft RFP to contractors 2 weeks before the hearing and not a single contractor had any comments. Only the MCAWW had comments at the hearing.

Note: the discussion ended here. We will start at this point in the statute at the next meeting.

- c. Procurement
 - i. Requested materials
 - ii. Criteria and weights
 - iii. Interviews
 - iv. Fees and specified general conditions
 - v. Scoring practices
 - d. After award
 - i. Pre-construction
 - ii. MASC
 - iii. Contingency
7. Best Practices
- a. CPARB white paper and/or RFP with examples and alternatives?
8. Recommend changes to RCW 39.10?
9. Future Meeting Dates:
- a. April, 4, 2016 from 1:00 to 3:00 pm
 - b. May – TBD
 - c. June – TBD
 - d. July – TBD

Summary of Comments

1. Public Bodies

Contracting methods are tools and they should be developed and used appropriately.

Execution varies on a team-by-team basis.

The M/E -CCM process can be expensive.

Concerns for lack of competition on GCCM and specialties, particularly on Heavy Civil projects.

Definition of mechanical? Affects M/E -CCM on Heavy Civil.

Not sure they would have used GCCM process if they did not have the M/E -CCM authority.

It is interesting that there are no M or E design teams participating in the process.

Stakeholders need to figure out how to leverage pre-construction benefits.

With BIM. Still dancing around where M- CCM participates.

Owners need to make sure they do not have selection bias and maintain consistency.

Challenge for M/E -CCM process is that it is time-consuming.

See a wide variety of effort and capabilities after reading 50+ proposals.

Desires transparency and would like to teach proposers how to have a more productive proposal.

Likes having a negotiated relationship over a lump sum relationship.

Balance the MACC with needs to be fair to all parties.

BIM piece, value to BIM, when is the best place to engage the M and E to take over the design at the most effective point?

Best projects are teams. Asks what owner can do and response is respect what (contractors) bring to the team. Consider hiring contractor perhaps even with architect.

Schedule quality, safety, and cost. Housing was done with low bid and M/E -CCM across the street from one another. The negotiated process was better.

Challenges with bias, matrix. There have been protests on fee and matrix.

UW values the contractors, what can be done? Get rid of the \$3 million floor. Open to other disciplines. Have had many good experiences and opportunities for improvement.

Public Body is one step removed, but should not dominate the procurement.

Concerns expressed about owner involvement. One person from public body should be required on selection committee. But the role varies, even within a public body.

Public body desires contractor input during design.

Fix industry if perception is that contractors input biases them against the public body.

2. GCCMs

Opportunity for M/E -CCM process is to figure out problems early on for maximum benefit.

M/E -CCM is critically important on projects where public bodies have constraints that need specialized knowledge.

What do other states allow?

Concerned about the same contractors being selected over and over again.

Likes the opportunity to bring on M & E contractor early in process.

Some public bodies show up at PRC without experience; partnerships require trust that seems to disappear too quickly; difficult to evaluate the relationships at PRC level.

Education of the M/E -CCM process may be a driving force importance.

GCCM has improved but now new tools have a long way to go; need to level playing field with lessons learned.

If not improved, there may be fewer bidders and difficulty for owners.

Concerns expressed by M/E -CCM's are similar to what GCCMs experienced; concerns about procurement do not seem to go away.

Allow one other non-competing proposer to attend the evaluation panel?

Balance the cost versus the opportunities.

Mistake to lump GCCM and M/E -CCM together.

3. Subcontractors

Idea of competing on a project based on qualification basis is initially exciting, but the selection almost always comes down to fee.

If fee is always the determinative criteria, subcontractors may seek other opportunities.

Sometimes comes out of interview process and submission of written materials in the lead, and then the contract is awarded to another entity.

Concerns on 1- procurement and then 2- after MACC; need to figure out the transparency issue 3- Interesting to do fee analysis to see what it is going to cost the owner.
If fees are transparent, then why aren't the qualifications?
More concerned that proposer is out of it before fees are calculated.
Confidentiality issues going into fee.
Process brings immense value, but after the MACC and into construction, the scope changes, and then the subcontractor is not compensated.

Has bid on 20 GCCM projects last 3 or 4 years and have none.

Deemed "not qualified" for a Sound Transit project.

Some successful contractors built their businesses on private projects, not public ones; what about the companies who built their company on public work/low bid and have good ideas?

Found out that some subcontractors propose the same people on every project proposal; use an "interview team;" but, do they know how to put in pipe?

Public bodies should be careful who to put on selection committees; proposers spend a lot of money on proposals; sometimes we sense that the team has been picked even before the interview Committee should know what is in RCW 39.10. For example, if a company has worked with a particular engineer.

Sometimes projects awards are based on criteria not in RCW 39.10.

Some contractors do not have M -CCM experience and get scored lower.

Procurement process needs to be consistent; price is not everything particularly, the "markup."

Some qualifications seem inappropriately based on "GCCM" experience; how can you get GCCM. experience in the first place if you are never awarded a project because you lack this experience?

Concerns about how much time is spent on proposals.

Perhaps RFPs can be better at asking for information that can be evaluated to reduce what a proposer has to provide.

Heard that one person on the selection committee drives the selection; should it be prescriptive? more transparency? Reveal score sheets?).

RCW 39.10 includes the schools, too; their processes are not as seasoned.