



## ALTERNATIVE PUBLIC WORKS

# GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM) – GENERAL INFORMATION

### INTRODUCTION

This manual provides the policy framework, procedures and guidance regarding the use of the General Contractor/Construction Manager (GC/CM) alternative public works delivery method. It is written for City departments. PCSD issues all forms, templates, contract boilerplates and similar documents to be used throughout the GC/CM contracting process.

### BACKGROUND

RCW 39.10.340-410 provides the GC/CM approach to public works. A GC/CM is procured through a multi-part selection process that includes consideration and evaluation of the GC/CM bidder qualifications and experience together with some cost elements. The GC/CM is selected early in design and generally assists the Owner in evaluating the project during the design phase and then provides construction management services. This type of project delivery is sometimes called Construction Management at Risk because the contractor assumes part of the project construction risk.

The GC/CM delivery method is intended to create a more collaborative relationship between the City and the General Contractor that is not found in a traditional “design-bid-build” delivery method. The collaborative approach is a core philosophical component to make any GC/CM project successful.

The Washington State Legislature established an oversight board for Alternative Public Works, called the Capital Projects Advisory Review Board (CPARB) in 2005 through RCW 39.10. CPARB reviews alternative public works procedures and projects and provides guidance to state policymakers to enhance public works contracting methods. The 2007 Legislative Session created the Project Review Committee (PRC) to work under CPARB. The PRC is responsible to review and approve Public Body certification and project approval applications for the utilization of GC/CM and Design/Build delivery methods of construction. The City of Seattle has been certified by the PRC to approve City GC/CM projects until January 4<sup>th</sup>, 2014. By the Seattle Municipal Code (SMC), City Purchasing and Contracting Services Division (PCSD) provides centralized responsibility to bid, contract and administer public works contracting for all City departments, including alternative delivery methods.

### CONSIDERING GC/CM

There are some benefits and risks to using GC/CM. Departments should consider these carefully.

Benefits
Allows a scored selection process that weighs various elements including qualification and cost to select the contractor. Selection based upon “Best Value,” not lowest responsive, responsible bid.
Allows for early involvement of the contractor so information regarding cost, schedule and constructability are discussed through design development. Early involvement also allows: <ul style="list-style-type: none"> <li>• Better budget control</li> <li>• Constructability reviews</li> <li>• Value engineering to optimize the cost and performance of the project</li> <li>• Team approach</li> <li>• Fewer change orders</li> <li>• Time savings</li> </ul>
Balances and mitigates risk between the Owner, Designer and the Contractor
Having both the designer and the contractor involved during the design phase can improve communication and provide a realistic, well-thought out schedule.
Can increase WMBE opportunities
Can potentially save money by allowing a chance to change design and scope to meet project budget

before the maximum allowable construction cost is negotiated. Also, early involvement of the contractor allows greater understanding of costs and gives the City time to allocate costs before they are incurred.

#### Risks

GC/CM is difficult and complex, particularly for City staff without past GC/CM experience.

Indiscriminate use of GCCM can impact the bid pool as not all contractors have experience with GCCM. State guidelines should be carefully followed in selecting projects for GCCM.

The "Proposal" process takes longer and more project staff time than a traditional bid.

A Project Team with less experience is the greatest risk in project success, and one of the most common reasons for failure. There is a significant learning curve for the Owner's staff.

There are complexities to the GC/CM contract that can allow unintended costs, if the experienced contractor knows them and the City project manager has less experience.

The Project Team needs to be very comfortable and experienced in the new GC/CM approach, so they don't revert back to traditional contracting and construction roles.

Negotiation of a MACC requires experienced staff

The invoicing and cost controls for the Work is more complex as there are several cost accounts to manage and earned value for several subcontractors for the actual work performed.

An Owner may see increased cost for the work that is self-performed by the GC/CM because there is a lack of competition, although this can be mitigated by the Owner reviewing and approving the GC/CM subcontract package plan that will be developed during pre-construction.

#### → What Departments Should Know

- ✓ *GC/CM is a qualifications-based, negotiated-price contract*
- ✓ *GC/CM is not for every project and is more challenging to administer than traditional design-bid-build, cost administration is more complex and the QA/QC approach is different.*
- ✓ *The key to a successful project is an experienced Project Team*
- ✓ *Requires a "teaming" mentality.*
- ✓ *Careful review, understanding and management of costs is key*
- ✓ *Federal funding programs don't usually accept GC/CM as an appropriate delivery method*
- ✓ *PCSD has responsibility and authority for all processes in public works including GC/CM.*
- ✓ *If contemplating GC/CM, consider training from PCSD, a consultant or a course such as those available from the AGC.*

## Definitions

<b>Addendum</b>	A written or graphic document, issued to all Proposers prior to the proposal due date which modifies or clarifies the RFQ/PA and becomes part of the contract.
<b>Administering Department</b>	The City department funding and managing the project.
<b>Alternative Public Works</b>	Alternatives to standard design-bid-build public works construction contracting procedures, authorized by RCW 39.10.
<b>Authorized Signer</b>	An Administering Department Director or designee. See PCSD for the authorized signer list in your department.
<b>Bid Packages</b>	Subcontracted scopes of work related to a specific work trade and for which a single subcontract is let by the GC/CM.
<b>Buyout</b>	A process of reconciling the negotiated MACC with the actual cost of all the subcontracts and purchased goods.
<b>Buyout Difference</b>	The negotiated subcontractor dollar amount less the actual bid amounts for all subcontracts. A positive difference is known as a buyout savings to the project. A negative difference is covered by the GC/CM.
<b>Contract Analyst (CA)</b>	Staff from the PCSD Contract Compliance Team will be assigned to monitor social equity requirements. CAs may be involved in planning and developing the Social Equity Program and/or working with the GC/CM's staff to ensure social equity initiatives on the project.
<b>GC/CM Contracting Method</b>	An alternative public works procedure, authorized by 39.10.340 through 39.10.410, where the City contracts with a firm to provide services during the design phase (pre-construction services) and to provide general contractor and construction management services during the construction phase for a negotiated maximum allowable construction cost (MACC), a percent fee bid by the firm based on the MACC, and a bid fixed price for general conditions work.
<b>GC/CM Initial Project Review Form</b>	This form is filled out by the Administering Department Project Manager. It documents the justification for using the GC/CM contracting mechanism and outlines the Project Team and funding.
<b>GC/CM Percent Fee</b>	Covers overhead and profit, taxes, Payment and Performance Bond and insurance. It is applied to the estimated MACC and to the negotiated MACC in the GC/CM Construction Services Agreement and is applied to deductive or additive change orders.
<b>General Contractor/ Construction Manager (GCCM)</b>	A firm the City has selected and agreed with on a maximum allowable construction cost to provide pre-construction services during the design phase and to act as construction manager and general contractor during the construction phase.
<b>MACC Risk Contingency</b>	Contingency negotiated together with the MACC, typically 2-2.5% of the total cost of sub-contracting packages. Permitted use is only the "coordination of the work." (RCW 39.10.350). Not allowed to be used on omitted specified general condition items. It may be used for things like mistakes or omissions in subcontract buyout, etc. Use requires Owner's (Administering Department's) approval in advance.
<b>Maximum Allowable Construction Cost (MACC)</b>	The negotiated construction costs which includes 4 components: -the maximum cost of the work to construct the project (total of subcontract packages) -percentage for risk contingency -negotiated support services -approved change orders
<b>Negotiated Support Services</b>	Also referred to as "reimbursable expenses." Items a contractor normally manages on a construction project that are not able to be quantified during selection and bidding of specified general conditions, such as surveying, hoisting, safety enforcement, temp power, temp toilets, trash removal, etc. It also can be a negotiated lump sum.

<b>Administering Department WMBE Expert</b>	The individual in the Administering Department who will manage and monitor WMBE utilization for the project. Works with PCSD and the GC/CM to meet contract WMBE goals
<b>PCSD</b>	Department of Finance and Administrative Services, City Purchasing and Contracting Services Division. This is the agent in the City that has been certified (delegated) authority by the State to bid, execute and administer GC/CM projects.
<b>Pre-Construction Services</b>	During the design phase of the project, the GC/CM provides construction-related services such as constructability analysis, value engineering, cost estimating, scheduling, life-cycle cost design considerations, and alternative construction options for costs savings, and sequencing of the work to make the construction process smooth and produce a better product. The scope of work for GC/CM during pre-construction services does not include professional services such as civil engineering, which are the Owner's responsibility.
<b>Project Manager (PM)</b>	The City of Seattle employee in the Administering Department who is responsible for management of the project through Completion.
<b>Project Team</b>	The group of individuals that take the project from planning through construction. A Project Team includes the Project Manager, project engineer, Administering Department WMBE Expert, design consultants and the GC/CM. PCSD will assign a Senior PA to work with the Project Team to advise and guide the project.
<b>RFQ/PA</b>	Request for Qualifications with proposed project approach.
<b>Risk Assessment</b>	Part of the decision to pursue a GC/CM public works delivery method will be determined by what risks the proposed project contains and whether those risk are in the public interest to transfer to a Contractor. It will be the Project Team's responsibility to identify the project risks and attach them to the Contracting application.
<b>Roundtable Review</b>	The process used to facilitate agreement between PCSD and the Administering Department on the appropriateness of the project and Project Team to deliver the project using the GC/CM process.
<b>Social Equity Program</b>	Social Equity initiatives negotiated with the apparently successful GC/CM proposer by PCSD to be administered in both pre-construction and construction services. The program is material to the GC/CM contract. Programmatic elements may include a WMBE plan, inclusion commitments, apprenticeship, equal benefits or other social equity approaches.
<b>Specified General Conditions</b>	Bid as part of the selection and covers the cost for meeting all of the requirements of the General Conditions (Div 0 and 1) including items like the administration of the subcontracting plan, cost accounting, progress scheduling, project meetings, safety plan, quality control, and warranties.
<b>Sr. Program Administrator (PA)</b>	The PCSD staff assigned to guide the GC/CM project. The PA will advise and assist the Project Team, and ensure State and City policies, process and guidelines are addressed.
<b>Stakeholders</b>	End users of the project or people or communities impacted by the construction.
<b>Total Contract Cost</b>	Fixed amount for the Specified General Conditions Work, Percent Fee on the MACC, and the MACC.
<b>WMBE Expert for the GC/CM Contractor</b>	A person that works for the GC/CM, who is an expert on construction and alternative public work WMBE utilization outreach and strategies. PCSD has a list of such consultants on the City Consultant Roster.
<b>WMBE Plan</b>	A GC/CM's proposed and committed strategies, program(s) and initiatives to ensure WMBE inclusion on a project. Submitted with their responses to the RFQ/PA and evaluated by PCSD and the Administering Department WMBE Expert Representative. A WMBE plan may be discussed and revised with the apparently successful proposer prior to Award of the pre-construction services contract.



## STEP 1: CONTRACTING METHOD ASSESSMENT

### A. Assessment

The department starts by reviewing the contracting method that best serves the project. This should be done early in the project life, no later than schematic design (typically 10%). The Project Team should consider all public works methods, including traditional design-bid-build.

Please contact Aleanna Kondelis if you are considering GC/CM.  
206.684.4542 or [Aleanna.Kondelis@Seattle.gov](mailto:Aleanna.Kondelis@Seattle.gov).

### B. RCW minimum project qualifiers

By law, GC/CM may be used for public works projects with a total contract cost at or above \$10 Million\* where the project has at least one of the following:

- *Complex scheduling, phasing or coordination;*
- *Construction to an occupied facility; which must continue to operate during construction;*
- *Involvement of the GC/CM during the design stage is critical to the success of the project;*
- *A complex or technical work environment; or*
- *Specialized work on a building that has historic significance.*

*\*There are certain rare exceptions to the \$10 million criteria. For further information please contact Aleanna Kondelis.*

### C. Other things to consider

Federal funding typically does not allow for alternative delivery methods, please check with PCSD if your project has Federal funds.

Other elements that lend themselves to a good candidate for GC/CM include:

- *The Project Team has experience in both standard public works delivery and GC/CM*
- *The site and/or existing facility conditions are difficult to define;*
- *The risk of unforeseen conditions are difficult to characterize and quantify;*
- *The project would attract qualified and experienced GC/CM firms; and*
- *It is early enough in the project life cycle to take advantage of GC/CM benefits such as value engineering, constructability analysis, sequencing, and sustainable construction methods. (Early is interpreted as schematic design and is typically understood to be somewhere between 10 and 30% design)*

### D. Risk Assessment

Part of choosing a proper contracting mechanism is identifying and understanding risks. The right contracting mechanism should mitigate as much risk as possible. PCSD can assist with identifying project risks and contracting options for mitigation.

### E. Your Project Team

Experience has proven that the project success depends on the right team. In fact, RCW [39.10.350](#) requires an experienced team and the State requires us to document this information. The most important elements are experienced practitioners in GC/CM, and dedicated team members who have the time and capacity to be dedicated to the project. The importance of a dedicated and experienced team cannot be overstated. Teams should include:

- ✓ at least one member that has delivered a standard design-bid-build project of similar size and/or scope
- ✓ one team member that has delivered at least one GC/CM project of similar size and/or scope
- ✓ one team member that is in construction management

Additionally, it is vital that all Project Team members can be dedicated to the project from selection to close-out. Temporary or borrowed resources are a great risk factor. Project Managers are encouraged to seek Team

members among City staff with GC/CM experience. PCSD must prove to the State that we met the legal requirements for the Project Team. PCSD and Law may counsel Administering Departments about their team.

### The City’s Project Team

A Project Team will have a PCSD Senior Program Administrator (PA) to provide advice, templates and forms, answer questions, collect data for reporting to CPARB and assist throughout the life of the project. PCSD will also request Law assign an attorney to the project, to serve as an advisor, provide legal guidance and support to the Administering Department team. A Project Team, *at a minimum*, needs to also have the following people with these roles:

<i>Project Manager</i>	<ul style="list-style-type: none"> <li>• In charge of the project from concept to close out, central point of contact for the project.</li> <li>• Acquires funding</li> <li>• Develops timelines</li> <li>• Hires consultants and controls deliverables</li> <li>• Defines programmatic outputs</li> <li>• In charge of final selection documents</li> <li>• Oversees the development of evaluation criteria</li> <li>• Selects members of the Selection Committee</li> <li>• Makes all project decisions that are not technical</li> <li>• Is not a consultant</li> </ul>
<i>Project Engineer (may be the project manager or the construction manager, see duties)</i>	<ul style="list-style-type: none"> <li>• In charge of any technical requirements of the project</li> <li>• Will be the main decision maker for the City regarding technical design</li> <li>• Reviews all technical specifications and makes decisions regarding the City’s choice on design elements</li> <li>• Is not a consultant</li> </ul>
<i>Construction Manager</i>	<ul style="list-style-type: none"> <li>• In charge of managing the construction of the project</li> <li>• Helps make decisions about cost categories as they relate to field management</li> <li>• Is involved in the design portion of the project to assist with constructability analysis</li> </ul>
<i>Designer of record and/or Industry Expert</i>	<ul style="list-style-type: none"> <li>• Highly specialized professional in either project design and conceptual development or project delivery</li> <li>• Responsible for the technical design of the project</li> <li>• There is no limit on how many a team may need or want and should be dictated by the specific needs of the project. The number and type of designers and/or industry experts should be dictated by the specific needs of the project and can be a combination of agency personnel and consultants.</li> </ul>
<i>GC/CM Consultant (Optional)</i>	<ul style="list-style-type: none"> <li>• Guide Project Team with the GC/CM solicitation process and project delivery. May add to the experience of the team if experience is lacking or low. May also serve as the <i>GC/CM construction manager if hired out to a consultant firm.</i></li> <li>• Project Team's GC/CM consultant will not take part in the evaluation of any proposals.</li> <li>• The GC/CM Consultant is hired at the sole discretion and expense of the Administering Department. Neither the GC/CM nor any funds allocated to the MACC will be responsible for or used in any way in compensating the GC/CM Consultant.</li> </ul>
<i>Administering Department WMBE Expert</i>	<ul style="list-style-type: none"> <li>• The Department should name its internal expert who can manage and knowledgeable assist in WMBE inclusion. If the department decides to hire a consultant to be their internal expert, there is a list on the Consultant Roster.</li> </ul>

### → Step 1 Roles and Responsibilities

Administering Department	PCSD
<ul style="list-style-type: none"> <li>• Define project</li> <li>• Evaluate project risks and develop a <a href="#">Risk Assessment Matrix</a></li> <li>• Secure and appropriate funding</li> <li>• Confirm with PCSD appropriate contracting method</li> <li>• Seek training in GC/CM delivery</li> <li>• Seek out experienced and qualified Project Team</li> </ul>	<ul style="list-style-type: none"> <li>• Certified by the State to administer GC/CM projects for the City of Seattle</li> <li>• Develop, manage and maintain the formal contracting processes for GC/CM delivery, as required by the State delegation of certification authority</li> <li>• Ensure project appropriateness for GC/CM delivery</li> <li>• Ensure experience of Project Teams</li> </ul>



## STEP 2: PROJECT REVIEW AND DOCUMENTATION

### A. Project Review and Documentation

For this step, the Administering Department and PCSD document the reasons for using a GC/CM process. The GC/CM [Project Roundtable Review Form](#) is on the Inweb at <http://inweb/contracting/altpw.htm>

1. Project Managers will complete the form and provide any supporting documentation. The form seeks:
  - Detailed description of the project;
  - Justification of the appropriateness of the project for GC/CM delivery method, based on [RCW 39.10.340](#)
  - Funding source(s), including grant documents or loan contracts;
  - Project Team, including consultants and/or resources in other departments, each team member's role, and a matrix illustrating the team's experience with GC/CM; and
  - High level [Risk Assessment Matrix](#)
2. The Form and supporting documentation is submitted in Word format to PCSD Director, Nancy Locke via email at [nancy.locke@seattle.gov](mailto:nancy.locke@seattle.gov).
3. PCSD will set up a project Roundtable Review with the project manager, Project Team and invite Law. Nancy Locke will assign a PCSD PA to assist with the GC/CM process.

### B. Project Roundtable

PCSD will schedule a Roundtable with PCSD, the Administering Department and Law. The Roundtable provides the opportunity for the Administering Department, PCSD and Law to discuss the project appropriateness, description, funding requirements, Project Team, risks and risk mitigations. The Roundtable will review the submitted [Form](#). The project manager and Project Team members will be asked to give a project overview. The Project Team will use the [Roundtable Agenda](#) to make a presentation. PCSD and Law will ask questions, seek clarification of items, provide advice and discuss issues.

### C. Roles and Responsibilities

The Administering Department will review the [roles and responsibilities matrix](#).

#### → Step 2 Roles and Responsibilities

Administering Department	PCSD
<ul style="list-style-type: none"> <li>• Complete the Initial Project Review Form with any supporting documentation and submit to PCSD</li> <li>• Prepare for Project Roundtable presentation</li> </ul>	<ul style="list-style-type: none"> <li>• Provide the process, procedures, forms and templates</li> <li>• Ensure project appropriateness for GC/CM delivery</li> <li>• Ensure experience of Project Teams</li> <li>• Facilitate the Roundtable Review</li> </ul>



## STEP 3. BIDDING DOCUMENT PREPARATION

Once the Roundtable Review is completed the next step includes:

- Using the PCSD templates and forms to prepare bidding/selection documents and issue an Request for Qualifications and Proposed Approach (RFP/QA). All forms and templates are located on the PCSD [InWeb Page](#)

### A. Writing the RFQ/PA

PCSD will provide boilerplates for the RFQ/PA to the Project Manager. Interested proposers will submit their response to present their qualifications, experience and project approach. The RFQ/PA will include:

- a. Project description, including programmatic, performance, technical requirements and specifications, when available;
- b. Reasons for using the GC/CM contracting method;
- c. Required minimum qualifications;
- d. Requirement that proposer submit its *accident prevention program*;
- e. Description of the City evaluation and scoring process, including *evaluation factors and the relative weight of factors* (see requirements in RCW [39.10.360.3.a-g](#));
- f. Draft General Conditions\* for GC/CM, Pre-construction Services Contract and Construction Contract
- g. Draft [Pre-Construction Services Work Plan](#);
- h. Estimated Maximum Allowable Construction Cost (MACC);
- i. The City's proposed project schedule including Pre-Construction and Construction milestones;
- j. Requirement for a Social Equity Program and WMBE Plan;
- k. When appropriate, requirements for a Community Workforce Agreement which would require hiring goals for local and/or diverse workers, including those newly arriving from pre-apprenticeship training programs;
- l. Funding source information;
- m. Draft [Price Request Form](#) that will be required of all short-list finalists after interviews;
- n. Protest procedure;
- o. Owner-provided information such as geotechnical reports, permits, etc.;
- p. Applicable prevailing wage rates; and
- q. [Summary matrix of cost allocation](#) (see sample)

*\*General Conditions will be developed using a PCSD-approved template for Division 0 and 1 with modifications to accommodate project-specific needs. They will include the items the GC/CMs will propose on as "Specified" General Conditions work.*

### Evaluation Criteria

The PA will advise and guide the Project Team and the Selection Committee to design and customize evaluation criteria for insertion into the RFP/QA. The City's evaluation criteria must (1) be tailored to meeting the project; (2) represent all key areas of importance; (3) support meaningful comparison of competing proposals; and (4) clearly reflect factors affecting award and their relative importance.

### B. Approval for Advertisement

The PA will actively participate during early drafting of the GC/CM bidding documents, but also please allow some time for PCSD to conduct a final review prior to advertisement.

Submit the following **hard copies** to PCSD, via Judy Keefe, for final review:

- a. [Request to Review GC/CM Procurement Documents](#)

- b. RFQ/PA with attachments
  - i. [Price Request Form](#)
  - ii. [General \(specified\) Conditions](#)
  - iii. [Company Questionnaire](#) with proof of legal name
  - iv. [Draft Pre-Construction Services Work Plan](#)
  - v. [Pre-Construction Services Contract](#)
  - vi. [Draft Construction Services Contract](#)
- c. [Prevailing Wage Rates](#)
- d. [GC/CM Advertisement](#)
- e. Risk Management checklist(s) for both pre-construction and construction phases
- f. Any supporting documents and plans

The PA may provide comments back to the Department to finalize the bidding package. The Department will update the bidding documents as requested prior to advertisement. Once the PA has approved the bidding package for advertisement, the PM, or designee, will post the entire package to eBid and PCSD will send the advertisement to the Daily Journal of Commerce. The solicitation period will be a minimum of 4 weeks, or as advised by the PA.

### C. GC/CM Selection Committee

The Project Manager, with advice from the PCSD PA, will name a Selection Committee. Potential committee members should be carefully vetted for any potential conflicts of interest. A team of about 5 members is recommended. Committee members should include Project Team designers and consultants as well as end users, and the Administering Department WMBE Expert. PCSD is a non-voting observer. If applicable, consideration should also be given to including a representative(s) from outside funding sources. PCSD does not recommend attorney's be selection committee members. See PCSD for further selection committee guidance.

A high-level summary of the evaluation process, criteria and maximum points will be published in the solicitation. Once published, the Committee must follow those criteria. Before responses are due, the Committee finalizes the detailed plan for scoring and/or ranking of responses.

This must also address how scoring will be done. The Selection Committee might choose to total scores from each individual member and average them, or arrive at a consensus amongst Committee members. Other options are available, but the Selection Committee should agree and document the chosen approach in writing.

### → Step 3 Roles and Responsibilities

Administering Department	PCSD
<ul style="list-style-type: none"> <li>• Develop a selection plan including tentative timeframes for the GC/CM selection, pre-construction and construction services</li> <li>• Using PCSD-supplied templates, develop evaluation and relative weight factors, prepare scoring form</li> <li>• Prepare selection/bidding documents for advertisement using PCSD templates and forms</li> <li>• Prepare Request to Advertise</li> <li>• Edit and finalize documents once reviewed by PCSD</li> <li>• Name and secure confidentiality agreements from the Selection Committee</li> <li>• Post to the City's on-line solicitation webpage</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and maintain selection/bidding documents templates and forms</li> <li>• Develop the social equity portion, including the scoring and evaluation</li> <li>• Review and approve for advertising all GC/CM bidding and selection documents</li> <li>• Post in the Daily Journal of Commerce</li> <li>• Advise on the selection committee process</li> </ul>



## STEP 4. GC/CM SELECTION PROCESS

The next steps include:

- A. Pre-Proposal Meeting
- B. Question/Answer period
- C. Receipt of Statements of Qualifications and Proposed Approach (SOQ/PA)
- D. SOQ/PA evaluation and short list
- E. Interviews, additional scoring and evaluation, final short-list
- F. Price Request to short-list finalists
- G. Bid Opening with final ranking

### **A. Pre- Proposal Meeting**

A Pre-Proposal Meeting will be held. This ensures an opportunity for interested firms to meet the Project Team and ask questions. The Project Manager (PM) should provide a brief project summary, a status on permitting or funding, highlight WMBE, discuss the project schedule and the deadline for questions. Other topics might include information on what a team is looking for in a proposal and/or any information to help proposers produce quality proposals. Your Administering Department WMBE Expert should attend and review priority and expectations of WMBE inclusion.

### **B. Question and Answer period/Addendum**

A question and answer period will be established and published in the RFQ/PA. The PCSD Sr. PA will manage the Q&A process, posting questions and the City's response onto eBid. The PM will draft answers, and PCSD handle questions about social equity, WMBE, bidding, and contract compliance. If any question results in a change to the RFQ/PA requirements, the PA will work with the PM to prepare an Addendum and post to eBid.

### **C. Receipt of Proposals**

PCSD will receive, time stamp, and review the incoming proposals for responsiveness

### **D. Responsiveness Review**

Immediately following SOQ/PA receipt, PCSD will conduct a responsiveness and responsibility check (licensing, debarment, etc.) for mandatory and minimum qualifications and for general responsiveness to the RFQ/PA (i.e page counts, company questionnaire responses). Proposals that meet the minimum requirements and general responsiveness test will proceed to the next phase for evaluation.

### **E. Evaluation of Proposals**

The Selection Committee will score in accordance with the published scoring criteria. Evaluations will be conducted in a confidential environment under Sr. PA guidance.

The PA and your Administering Department WMBE Expert will score the narrative responses to the WMBE questions. Note that the WMBE Inclusion Plan used for "design-bid-build" processes is not used for Alternative Public Works; a narrative of efforts throughout the life of the program is instead built into the RFP process for consideration and scoring.

The Selection Committee will score proposals. A short-list will be generated in the order in which the proposals are ranked. Please note that short listed proposers are in the order in which they were ranked and proposers cannot be skipped to get to a lower-scored proposer. In selecting proposals look for a natural break, don't include proposers that mathematically can't be selected. PCSD recommends short listing 3-5 proposers.

### **F. Interviews**

PCSD will schedule interviews with the shortlisted firms. Interviews should be divided into two parts, a) a presentation by the proposing team and b) a question and answer period. The Selection Committee and PM will prepare questions to send proposers in advance. The PA will distribute questions carefully to ensure no one firm

has longer time with the questions. Your Administering Department WMBE Expert must be part of the Selection Committee and interview team, and at least one question must ask the GC/CM's WMBE strategy and commitment (per [Mayor's Executive Order 2010](#)). The Selection Committee will score the Interviews and determine how many of the candidates will continue for price.

### **G. Price Request**

PCSD will issue the [Price Request](#) to the proposers that score the highest in the combined score of proposals and interview. Included in the Price Request will be a date, time and method(s) for submittal to PCSD. The Price Request will seek pricing for the GC/CM percent fee and the General Conditions work. It may include a bid for pre-construction work if the Project Team decides to ask for pre-construction pricing instead of establishing it. Price submittals are sent to PCSD before the bid opening deadline.

### **H. Bid Openings and Final Ranking**

A public bid opening will be held to read each sealed price submittal by the final short listed proposers. PCSD will open and read while the Project Team inputs the scores in the scoring matrix. In this manner, by the conclusion of the bid opening, the total scores and highest ranked proposer is identified. The Project Team will confirm the pricing of the highest ranked proposer and submit a [Notice of Final Ranking](#) to the PCSD PA. The PA will declare the "highest ranked proposer" by counter-signing the Notice. The PA will notify proposers of the results in writing (by letter or e-mail) and post the scores on eBid. Included in the notification will be an "Intent to Award" to the highest ranked proposer.

### **I. Debriefing**

The RFQ/PA will tell proposers that a debriefing can be requested. All debriefings will be coordinated with the Project Manager and scheduled through the PA.

## **Awarding the Pre- Construction Services Contract**

1. The Project Team will finalize the [pre-construction services work plan](#) and deliverables with the highest ranked proposer, which will itemize such things as project management, meetings, cost estimates, construction schedules, etc. It should contain GC/CM staff allocations of time, and should have estimated dates of check-ins and completion for each. Social equity requirements will also be included in the plan.
2. The PA will engage the Administering Department WMBE Expert, the Project Manager and the highest ranked proposer to discuss WMBE, Apprenticeship and Community Work Force requirements if applicable.
3. PCSD will collect proof of insurance and check licensing, etc. (*bonding doesn't take place until the MACC is determined or early construction work is agreed to*)
4. The Project Team will finalize the Pre-Construction Services contract, with attachments, and provide it to PCSD along with the [Request to Execute](#).
5. PCSD will review all documents and coordinate execution with the highest ranked proposer

## → Step 4 Roles and Responsibilities

Administering Department	PCSD
<ul style="list-style-type: none"> <li>• Make room arrangements for pre-proposal, Selection Committees evaluation meetings and interviews</li> <li>• Finalize scoring/evaluation sheets</li> <li>• Finalize selection plan and submit to PA</li> <li>• Prepare interview questions</li> <li>• Facilitate scoring and evaluation sessions with the Selection Committee</li> <li>• Lead interview sessions</li> <li>• Prepare scoring matrix for bid opening</li> <li>• Confirm final pricing and submit final scoring to PCSD, prepare Notice of Final Ranking</li> <li>• Notify proposers of final ranking and post to eBid</li> <li>• Finalize the work plan with the apparently successful proposer</li> </ul>	<ul style="list-style-type: none"> <li>• Reserve Contracting Bid Room for Price openings</li> <li>• Facilitate pre-proposal meeting</li> <li>• Respond to questions regarding WMBE</li> <li>• Observe the evaluation process</li> <li>• Schedule debriefings</li> <li>• Perform bidder/proposer responsibility checks</li> <li>• Score/evaluate Social Equity proposals</li> <li>• Observe Interviews</li> <li>• Host bid opening</li> <li>• Declare the apparently successful proposer</li> <li>• Finalize the Social Equity Program with the apparently successful proposer</li> <li>• Collect insurance documents</li> <li>• Review Pre-Construction Services contract for finalization</li> <li>• Execute the Pre-Construction Services contract</li> </ul>

### Pre- Construction Services Contract Notes

#### Sales Tax

Sales tax applies to pre-construction and construction work. The GCCM is not a consultant providing services but rather a general contractor providing construction related information in relationship to the design. The cost for Pre-Construction and Construction need to reflect the appropriate sales tax.

#### Insurance Requirements

During pre-constructions services the GC/CM must carry general liability with standard automobile coverage and *professional liability even though they are not doing design work*. A separate [Risk Management Checklist](#) is prepared by the Project Manager for each phase of the GC/CM contract, see Step 3.

#### Payment and Performance Bonding

The GC/CM must provide a Payment and Performance Bond in the amount of the Total Contract Cost, at the execution of the [Construction Services Contract](#). No bond is required during the pre-construction phase.

#### Retainage

Per [RCW 60.28](#), retainage is required on all public works projects. Both phases of a GCCM project is public works. To avoid retainage release issues for subcontractors, the City recommends a retainage bond.

#### Prevailing Wages

As in standard public works projects, the GC/CM must file an [intent](#) to pay prevailing wages (for the entire project) before any payment may be received, including pre-construction payments.



## STEP 5. GC/CM PRE-CONSTRUCTION SERVICES

The highest ranked proposer and PCSD execute the **Pre-Construction Services Contract**. The Administering Department is the Owner, the contract is executed by PCSD. During pre-construction, the project design is completed, the project master schedule is finalized, and constructability reviews take place. Materials or supply items needed for the project may be competitively procured by the GC/CM as early subcontract bid packages.

### What is typical during pre-construction services?

Based on the agreed work plan, services a GC/CM typically will provide during the pre-construction phase include:

- Constructability Analysis
- Value Engineering
- Cost Estimating
- Scheduling
- Building Information Modeling
- Life-cycle cost design considerations
- Alternative construction options for cost savings
- Sequencing of Work
- Sub-contracting plan with bid package preparation (per the agreed program)

*One of the greatest risks in a GC/CM contract is double payment for work between pre-construction and construction work. The key is to be very clear in the Cost Allocation Matrix and definitions.*

*All pre-construction scopes of work will be items typically performed by a construction contractor and should not include professional services such as civil engineering. See your Sr. PA for further information.*

#### A. Collaboration

The City expects a collaborative team between the Owner, the designers, and the GC/CM. Typically partnering or collaboration workshops are held to build rapport and set project expectations. Topics usually covered in these workshops include project organization and communication protocols, setting goals, stating key expectations addressing needs of each of the stakeholder groups, listing project challenges and reviewing the Administering Department's Construction procedures. All parties will want strategies and action plans for key challenges, verbalize the issue-resolution processes and establish project milestones.

#### B. Design

It is standard practice that all team members (Owner, designers and GC/CM) meet in one room looking at the same design drawings at minimum milestones of 30%, 60% and 90% construction design. Meeting more often may be needed depending on what deliverables you are asking the GC/CM to provide. The GC/CM and the entire Project Team needs to be very involved at reviews. This is an extremely important element of the project success.

#### C. Subcontracting Plan

A subcontracting plan will need to be agreed upon which will create the best subcontract packaging approach for WMBE inclusion and the project. The team to work on this would include:

- The Project Team (including your Administering Department WMBE Expert or another expert taking responsibility for WMBE on your project),
- the GC/CM and their WMBE Expert, and
- PCSD

Bid packages should be broken up by trade, keeping in mind practical and efficient scopes of work and WMBE availability. The GC/CM, PCSD and Project Manager share responsibility to ensure that the maximum

subcontracting opportunities are developed and pursued for WMBE firms. The final subcontracting plan will be attached to the Construction Services Social Equity Program.

#### **D. MACC Negotiations**

The MACC is negotiated with the selected GCCM no sooner than 90% construction design ([RCW 39.10.370\(1\)](#)) and becomes the finalized [Cost Allocation Matrix](#). If you start negotiations before 100% design you will need to establish who is responsible for any design change cost between 90% and 100%. Pricing anything less than 100% design may risk lack of clarity and cause confusion. The MACC includes the following components:

- Maximum cost of the work to construct the project (*total of subcontracting bid packages*)
- Percentage for Risk Contingency (*MACC Contingency*)
- Negotiated Support Services
- Approved Change Orders

The Administering Department Project Team will notify PCSD of 90% design. PCSD will confirm the pre-construction work plan items have been completed and all social equity deliverables have been met.

#### **MACC Negotiation Issues**

1) Can't reach an agreement...([RCW 39.10.370\(5\)](#))

If the City is unable to negotiate a fair and reasonable MACC within available funds, negotiations with that firm may be formally terminated and the City may then negotiate with the next-highest-scored firm and continue in that manner until an agreement is reached or the process is terminated.

2) MACC cost variations...([RCW 39.10.370\(6\)](#))

If the negotiated MACC varies more than 15% from the estimated MACC due to requested and approved changes in the scope by the City, the percent fee shall be renegotiated. (See policy on change orders.)

#### **E. Closing Out Pre- Construction Services**

Once a MACC has been successfully negotiated, the Administering Department Project Team will accept the work of the Pre-Construction Services contract and submit a [Letter of Acceptance of Pre-construction Services](#) to PCSD to review. Once PCSD receives the request PCSD will close out the Pre-Construction Services contract. (Please see the close-out procedures in the [Contracting Guide](#).)

### **Subcontracting Topics**

All subcontracting work must be awarded by low bid ([RCW 39.10.380](#)). Typically, subcontracting work is bid after the MACC is negotiated and the GC/CM and the City enter into the Construction Services Contract (see step 6). However, the RCW allows for alternative subcontracting options if it is in the best interest of the project. Any alternative subcontracting options must be agreed to and overseen by PCSD.

#### **1. Early Bidding for Pricing**

In accordance with [RCW 39.10.370](#), The City will allow the GC/CM to bid major bid packages before the MACC is negotiated to get a better understanding of market prices. The GC/CM may issue Intents to Award to those successful subcontractors. Early bidding may assist in providing more certainty to the GC/CM and Owner on the actual costs of major work packages and help in the negotiation of a MACC.

*Materials and supplies need to be competitively bid by the GC/CM. That bidding would be considered early subcontract bid packages.*

#### **2. "Mini/partial" MACCs and Early Work**

The City may negotiate an early, partial MACC for early work or multiple phases on the project. A partial MACC would allow early subcontracting bidding, award, and perhaps construction before finalization of the total MACC. PCSD has established an early/partial MACC process. If you are considering this please contact PCSD immediately. All partial early MACCs must be rolled into one MACC by the end of the project.

#### **3. GC/CM Self-Performance**

[RCW 39.10.390](#) permits the GC/CM to self-perform up to 30% of the sub-contractible work that it would

customarily perform. The GC/CM must competitively bid on any packages it would like to self-perform. Per State law, the GC/CM may not manage any bidding processes for which they are bidding. PCSD will review all bidding document and host the bid opening for those packages. PCSD will perform responsiveness and responsibilities checks and declare the apparent low bidder.

#### 4. ECCM, MCCM

##### [RCW 39.10.385](#) – Electrical and Mechanical GC/CM Subs “Mini GC/CMs”

State law allows for a qualifications based procurement for mechanical and electrical GC/CM subs when those respective packages are estimated to cost \$3M or more on a GC/CM project. The use of this process has to be approved by the Owner (*an agreement between PCSD and the Administering Department*).

- The RCW has set up a process much like the GC/CM selection process that must be followed and documented
- Package design must be 90% complete
- Cost of Pre-Construction work can be separated out of the project budget or can be part of the GC/CM's pre-construction services budget (consult your PA on how to amend if necessary)
- The process adds time to the pre-construction schedule and should only be used if there is a substantial benefit to the project

#### 5. Pre-Determination of Subcontractor Eligibility

[RCW 39.10.400](#) allows, in justifiable cases, for pre-bid determination of subcontractor eligibility or qualified short list selection. The decision to use this must be approved by the Owner (*an agreement between PCSD and the Administering Department*). The RCW outlines a process, including a hearing, that must be followed before the solicitation and selection can occur. This process can protect critical subcontracting packages that may require specialty or experienced contractors, but it adds process to your schedule and limits the bidding pool. All subcontract packages must include bidder responsibility criteria.

### → Step 5 Roles and Responsibilities

Administering Department	PCSD
<ul style="list-style-type: none"> <li>• Prepare and lead partnering sessions (<i>consider hiring a facilitator for partnering sessions</i>).</li> <li>• Establish and manage clear pre-construction deliverables</li> <li>• Prepare appropriate and complete design documents</li> <li>• Secure and appropriate funding</li> <li>• Request GC/CM self-performance intention</li> <li>• Approve final subcontracting plan</li> <li>• Lead MACC negotiations</li> <li>• Partner with PCSD to determine any alternative subcontracting options such as ECCM/MCCM</li> <li>• Assist PCSD with Social Equity Program</li> </ul>	<ul style="list-style-type: none"> <li>• Review and approve progress payments</li> <li>• Monitor social equity (CA)</li> <li>• Assist with contract administration</li> <li>• Reviews contract amendments, provides templates or boilerplates as necessary</li> <li>• Prepare Social Equity Program for Construction Services and approve Subcontracting Plan</li> <li>• Manage any bid opening the GC/CM will bid on</li> <li>• Oversee all alternative subcontracting options</li> </ul>



## STEP 6. CONSTRUCTION SERVICES

Once a MACC has been negotiated, PCSD and the GC/CM will execute the [Construction Services Contract](#) which includes:

- ✓ Scope of Work for the construction
- ✓ Construction Plans and Drawings
- ✓ Established Total Contract Cost (*including the negotiated MACC, see step 5*)
- ✓ The bid general conditions
- ✓ Social Equity Program (WMBE, Apprenticeship)
- ✓ Bonding
- ✓ Insurance

Once the Construction Services Contract is executed the PM will issue the [Notice to Proceed](#).

### A. Bidding the sub- contracting packages

After the execution of the Construction Services Contract the GC/CM will begin bidding the subcontracting work packages, except where an alternative subcontracting option was used. All bidding is low bid per State statute, including the packages the GC/CM intends to bid (see step 5). The Administering Department's Project Team will check bidder responsibility on all subcontractors before Award of subcontracting agreements, as they would with a design-bid-build project. All subcontracts should incorporate the City's and GC/CM general conditions. *The State requires subcontractors performing work greater than \$300,000 to be bonded.*

### B. Managing the Project

The Administering Department Project Team manages the project and sets the tone and communication protocols (see step 5: partnering). Typically, the construction management team representative is lead during this step and the GC/CM is co-lead. The Administering Department's standard construction management procedures and policies are to be followed with clearly defined procedures and forms discussed at the start of construction.

*Remember: these projects were chosen because they are complicated, there are bound to be issues. Administering Department's Project Team must remain organized, intently manage cost categories and established good communication protocols. Departments should start with their internal public works protocols.*

### C. Buyout

Buyout is the process of reconciling the negotiated MACC for the project with the actual cost of all subcontracts, goods and materials. All bid packages will have a corresponding buyout, or real cost, which can be higher or lower than the negotiated MACC. Since the GC/CM negotiated a price (MACC) before finalizing actual costs, the buyout represents the process of comparing actual costs to the negotiated MACC cost.

The GC/CM bears the risk that the subcontracting bids exceed the negotiated price (MACC). Part of effective GC/CM project management is managing buyouts and cost allocations. The process for buyout will be specifically and clearly defined in the general condition template(s). It is not uncommon to have a buyout difference. Buyout difference = (MACC Sub-package negotiated cost – actual cost). A positive difference is known as a buyout savings to the project.

Buyout savings, and their distribution, will also be clearly defined and managed through the general conditions. **Costs that exceed the negotiated MACC are the GC/CM's responsibility.** The general conditions should clearly describe how both buyout savings and buyout losses are distributed; typically, buyout losses are covered by the MACC contingency.

#### D. MACC Risk Contingency Account

A GC/CM MACC risk contingency amount will be established during negotiations, typically 2% of total subcontract cost for new construction and 2.5% for renovation or remodeling. The use of the contingency is restricted under RCW [39.10.350](#). Contingency money will be used only as specified in the general conditions and typically for costs that were not bid and left out, coordination issues between subs, coordination errors related to shop drawings or as approved by the Project Team. This is not a “slush fund;” contingency is a risk protection and not intended to be used unless a specific issue requires. A plan for the return of the unused contingency will be established in the general conditions, there will either be an option to share between the City and the GC/CM or a return to the Owner less the GC/CM percent fee.

*GC/CM Risk Transfer: The GC/CM is responsible to confirm plans and specifications are complete for construction. A GC/CM should never request change orders on work already agreed to in the MACC.*

#### E. Change Orders

Change Orders should be rare; having few change orders is a measure of GC/CM delivery method success. Change orders should only be considered in the case of unforeseen circumstances and/or changed conditions and should follow the same value engineering process established during pre-construction. The Owner may choose to add work during the course of construction. Owner requested changes are to be consistent with the summary of work bid and are not to be additional scopes. The amount of all change orders are to be negotiated, converted into lump sum and added to the MACC by separate line item.

#### F. Negotiated Support Services (NSS)

Work included in the Negotiated Support Services is defined and costs included as part of the MACC. Be careful not to pay twice for items, particularly insurance and bonding. Negotiated Support Services are based on a projected budget with final cost adjustments made based upon actual total costs at completion. Since Negotiated Support Services include labor, material and rental equipment costs that are ultimately open-ended, the Owner must continually monitor the ongoing material and labor costs. A list should be established at the MACC with costs; once the rental costs exceed the cost of the element it won't be reimbursed.

*The Cost Allocation Matrix is your “road map” for understanding and managing costs throughout the life of the project. Make sure it captures everything!*

#### G. Self- Performance by the GC/CM

Each bid package that is won by the GC/CM should have a defined cost based on the MACC. The GC/CM 30% self-performance cap is based on a dollar percentage of the MACC, which includes subcontracting costs, equipment, materials and contingency, but not negotiated support services ([RCW 39.10.390\(3\)](#)). The Administering Department's Project Team is responsible for accounting for those dollars carefully. PCSD will be collecting the information for report to CPARB at the end of the project.

#### H. Work Acceptance and Close Out

In addition to the standard close out procedures used internally by each department and outlined in the General Conditions, a GC/CM close out will contain a MACC reconciliation through a Change Order to capture the final contract price. Please use the PCSD forms for [GC/CM Close-Out Checklist](#) and [Final Acceptance Letter](#).

## Contract Administration Topics

### 1. Payment Applications/ Progress Payments

Payment applications will be divided into categories with reimbursement based on actual costs:

- ❖ Trade contractors
- ❖ Negotiated Support Services
- ❖ Risk Contingency Account
- ❖ General Conditions
- ❖ GC/CM Fee

It is the Project Team's responsibility to review the GC/CM's pay applications and cost backup. Progress payments should follow the Administering Department's internal process for typical construction management, including PCSD approval. The [GC/CM Progress Payment Cover Page](#) will be part of the standard forms included in the GC/CM documents found on PCSDs Inweb page.

### 2. WMBE Inclusion

The Project Manager will conduct regular progress updates and routinely include the Administering Department WMBE Expert and the GC/CM WMBE Expert to discuss WMBE Inclusion. PCSD will also monitor and track WMBE inclusion performance and apprenticeship.

### 3. Managing Subcontractor Retainage

As discussed in Step 4, the City is not prepared to release retainage early and therefore encourages that all retainage be bonded. The GC/CM is free to establish its own retainage options with all subcontractors.

## → Step 6 Roles and Responsibilities

Administering Department	PCSD
<ul style="list-style-type: none"><li>• Finalize the Project Manual/Construction documents</li><li>• Issue <b>Notice to Proceed</b> for Construction Services</li><li>• Approve all subcontractors prior to starting work</li><li>• Host pre-construction meeting</li><li>• Have appropriate A/E and inspection staff on-site during construction.</li><li>• Partner with PCSD and the GC/CM to meet all social equity contracting goals.</li><li>• MANAGE THE CONSTRUCTION including change orders, buyouts, contingency usage and track all cost allocations as outlined in the matrix</li></ul>	<ul style="list-style-type: none"><li>• Execute the Construction Services Contract</li><li>• Monitor Social Equity in accordance with the Social Equity Program</li><li>• Review Change Orders</li><li>• Approve Progress Payments</li><li>• Manage Retainage</li><li>• Collect all documentation and report to the State</li></ul>