

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	6 - 0 - 0
Yeas:	Edwards, Girod, Monroe, Starr, Thomsen, Beyer
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/25, 4/9, 4/16

WHAT THE MEASURE DOES: Specifies conditions under which contracting agency may use alternative contracting method to award public improvement contract for construction manager/general contractor services. Requires Attorney General adopt model rules to specify procedures for procuring such services and requires contracting agencies to procure such services in accordance with model rules. Becomes operative July 1, 2014. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Review of work group activity that created measure
- Background information on construction manager/general contractor process
- Effect of committee amendment
- Need for additional amendment once measure moves to House

EFFECT OF COMMITTEE AMENDMENT: Revises definitions for “construction manager/general contractor (CM/GC)” and “construction manager/general contractor services.” Reorganizes and revises requirements for contracting agencies into new section. Specifies additional requirements for information to be provided by agencies in contracting documents for CM/GC services. Revises list of entities with which Attorney General must consult before adopting or amending model contracting rules. Revises conditions to be considered for approving exemption from competitive bid requirement.

BACKGROUND: The “Construction Manager/General Contractor” (CM/GC) method of public contracting is an alternative to the low bid contracting process typically used in public construction projects. The low-bid method, also known as “design-bid-build,” involves the owner hiring an architect to fully design a project down to detailed plans and technical specifications. These plans are prepared for the owner to use. The owner then prepares an invitation to bid on the project, which includes these specifications, then selects the lowest responsive bid to complete the project under the supervision of the architect. In comparison, the CM/GC method involves an earlier collaboration between the owner, architect and construction contractor, the latter of which is hired before the design process is complete and functions as a member of the project team. Used since the early 1980s, the CM/GC process has seen significant growth in use in recent years, particularly for large value projects, those with complex or occupied structures, or structures with historical value.

A work group was convened during the 2011-2012 Legislative interim to consider the ramifications of the rise in use of CM/GC contracting and what, if any, adjustments to statutory requirements should be made to address its rise in prevalence. While agencies wishing to consider using the CM/GC method, or other alternative contracting methods, are required to apply for and receive an exemption, it was believed that these waivers are almost always granted. There were also concerns raised about subcontractor activities under the process, accrual of cost savings, transparency of the process, favoritism and bid shopping, and other issues. Senate Bill 254-A represents the consensus product of the work group.

4/22/2013 9:25:00 AM

This summary has not been adopted or officially endorsed by action of the committee.