

# General Contractor/ Construction Manager

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State of Washington

Division of Engineering and Architectural  
Services

# Division of Engineering and Architectural Services

- ◆ We provide project management services for many state agencies including community colleges, DSHS, DOC, WSP, and GA
- ◆ Staff of 75
- ◆ Workload approximately \$500M per biennium
- ◆ Approximately 1/4 to 1/3 of our work is "reimbursable"
- ◆ Please visit [www.ga.wa.gov/eas](http://www.ga.wa.gov/eas)

# GC/CM History

- ◆ GA/DOC first authorized to use GC/CM in 1991 as a pilot
- ◆ RCW 39.10 enacted in 1994
- ◆ Changes to the law since 1994
  - Added authorized users
  - Increased GC/CM self performance
  - Changes GC/CM selection process
  - GC/CM may pre-qualify subcontractors

# GC/CM History

- ◆ GA has managed 17 GC/CM projects with a total value of more than \$700M
- ◆ More than 30 GC/CM projects have been managed by other public agencies:
  - UW
  - WSU
  - City of Seattle
  - Port of Seattle
  - King, Pierce, and Snohomish Counties

# GC/CM History

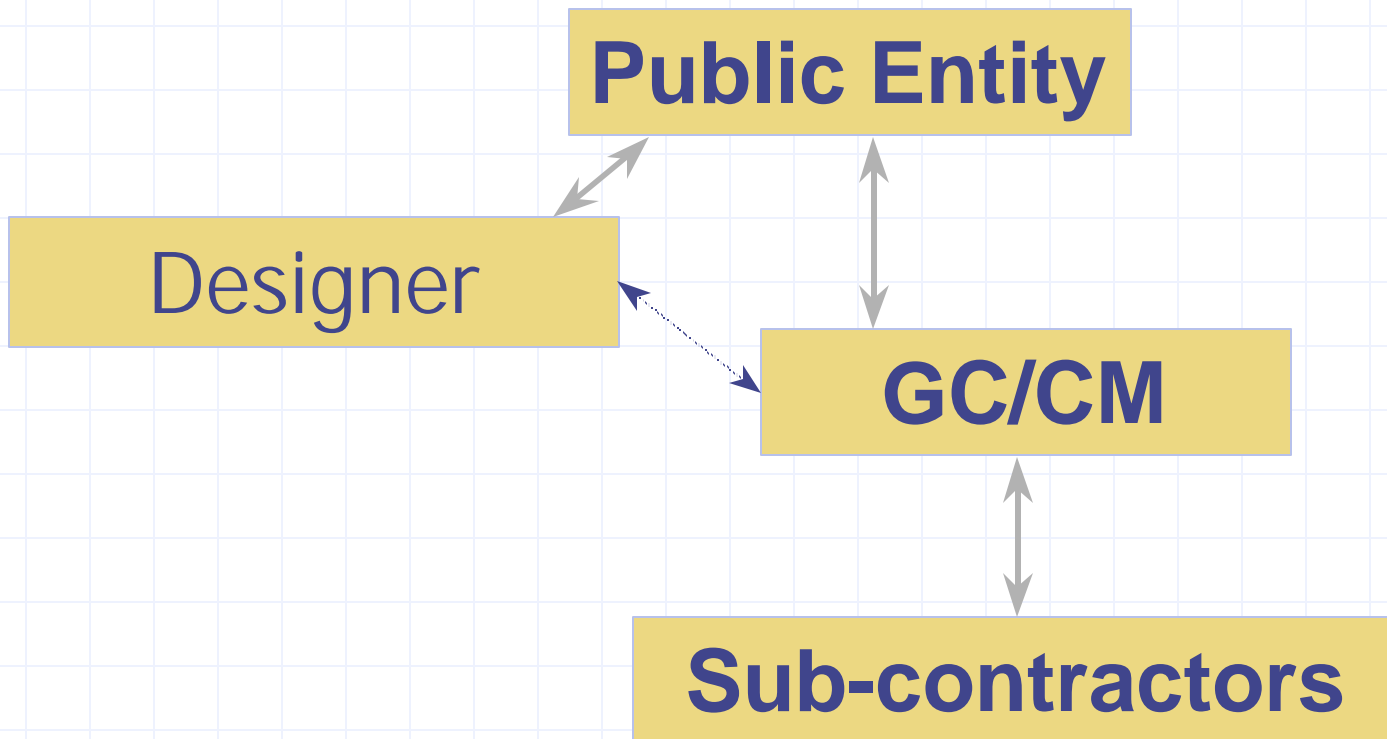
- ◆ Four K-12 school projects authorized by the 2000 Legislature
- ◆ Additional agencies authorized in 2001:
  - Cities above 70,000 (from 150,000)
  - Counties above 450,000
  - Port districts above \$15M revenue per year
  - Public utility districts above \$23M annually

# GC/CM History

## ◆ Other GC/CM Law Changes

- Minimum size project is \$12 million
- Details added to the selection process including the GC/CM's ability to self-perform
- A subcontractor pre-qualification process is defined in detail
- Details added to the incentive clause rules
- Law extended through June 30, 2007
- The Alternative Public Works Methods Oversight Committee was eliminated

# GC/CM Process



# GC/CM Process

- ◆ At schematic design phase, Public Entity contracts with GC/CM
  - GC/CM selected using a combined RFP and competitive bid process
  - GC/CM begins pre-construction services
  - Around the end of design development, Public Entity and GC/CM negotiate Maximum Allowable Construction Cost (MACC)
  - GC/CM agrees to build project for the Guaranteed Construction Cost (GCC)



# GC/CM Process

- ◆ GCC = Fixed price for:
  - specified general conditions
  - + MACC
  - + % fee X MACC
  - + GC/CM contingency (usually 5%)
  - + sales tax
- ◆ GCC does not include A/E fee, furnishings and equipment, and other project costs
- ◆ If parties unable to negotiate an acceptable MACC, Public Entity commences negotiations with next highest proposer

# GC/CM Process

- ◆ Designer, Public Entity and GC/CM work together to complete design
- ◆ Value Engineering and Constructability Review is a continuous process during design
- ◆ The designer and the GC/CM independently estimate the cost of construction
- ◆ Bidding proceeds when all agree that the scope and budget are acceptable

# GC/CM Process

- ◆ In construction phase, GC/CM bids out all construction work
  - GC/CM has limited ability to self-perform work
    - ◆ HB2536 (passed 3/29/00) now allows GC/CM to self-perform up to 30% of the MACC
    - ◆ Public bid run by the Public Entity
    - ◆ GC/CM must have low bid for the work
    - ◆ Must be work customarily performed by GC/CM

# GC/CM Process

- ◆ Construction contract changes may be authorized in several ways:
  - By change order using Owner's contingency funds. (This increases the GCC)
  - By a "team change" using the GC/CM contingency funds including "buy-out" savings. (GCC remains the same)

# GC/CM Process

- ◆ GC/CM is responsible for construction management
- ◆ The Public Entity is responsible for project administration
- ◆ The Public Entity is responsible for operation and maintenance of project
- ◆ The Public Entity is responsible for financing
- ◆ Public Entity owns the project

# GC/CM Process

## ◆ Incentive Clause

- May be negotiated for up to 5% of the MACC
- Can be paid out of the remainder of the owner and/or GC/CM contingencies at the end of construction. (For example: The balance of the GC/CM contingency may be split 50/50 between the owner and GC/CM.)
- Should be based on good budget management and completion on schedule

# GA's GC/CM Experience

## ◆ What we like:

- Using qualifications and price to select the GC/CM
- Benefit of pre-construction services
- Cost Estimating, Value Engineering, Scheduling, Constructability Review, and Document Checks
- Guaranteed MCC
- Colaborative CM
- Management of project contingencies
- GC/CM has a financial stake in the project

# GA's GC/CM Experience

## ◆ What we don't like

- Higher overhead costs – We must dedicate more PM FTE than with DBB
- Higher A/E costs – more design review sessions, time to reconcile cost estimates, and cost of multiple bid packages
- Difficult to keep project risks from shifting back to the owner and/or A/E



# GA's GC/CM Experience

## ◆ Project Risks (cont.)

- Owner must limit changed conditions so that GC/CM responsibilities don't change
- Owner should issue the GC/CM MACC early – best if done at SD or early DD
- Don't authorize incremental MACC
- Make sure the GC/CM buys into the completed construction documents
- Limit owner initiated change orders

# GA's GC/CM Experience

- ◆ Difficult to manage construction contingencies,  
Who pays?
  - GC/CM Pocket
  - Owner's Pocket
- ◆ Incentive Clause can create problems
  - GC/CM might think its an entitlement
  - What about changed conditions & time extensions?
  - Why can't the A/E share in the success?

# GA's GC/CM Experience

## ◆ The GC/CM Manual

- Please let me know if you want a copy of GA's project manual. CDROM or Notebook (notebook cost is \$50)

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