General Contractor/Construction Manager

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State of Washington
Division of Engineering and Architectural Services
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- 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
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
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

- Designer
- Public Entity
- GC/CM
- Sub-contractors
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 it’s 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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