State of Washington
Capital Projects Advisory Review Board (CPARB)

PROJECT REVIEW COMMITTEE (PRC)

SUPPLEMENT A-1
ALTERNATIVE SUBCONTRACTOR SELECTION APPLICATION FOR PRC APPROVAL

To use the General Contractor/Construction Manager (GC/CM) Alternative Subcontractor Selection per RCW 39.10.385 as approved by the Legislature in the spring of 2021.

Please submit one Supplement A form for <u>each desired subcontractor/subcontract package</u> as part of your Project Application.

Identification of Applicant

a) Legal name of Public Body (your organization): **Seattle School District No.1**
b) Address: **2445 3rd Avenue South, Seattle, WA 98124**
c) Contact Person Name: **Richard Best** Title: **Director of Capital and Planning**
d) Phone Number: **206-252-0647** E-mail: **rlbest@seattleschools.org**
e) Name of Project: **John Rogers Elementary School Replacement**
f) Subcontractor/Subcontract Package desired for Alternative Selection: **Mechanical/Plumbing**
g) Subcontract Value: $**5.5 Million**

1. Public Benefit –

a. What does your organization see as the benefits to the public of using alternative subcontractor selection and why is it appropriate vs low bid selection?

- Selection of a desired subcontractor is based largely on qualifications and experience relevant to the specific nature and challenges of each project. For this project the GC/CM will need experience coordinating work on extensive site logistics related to optimal building placement in relation to placement and structural design due to adjacency of nearby Thornton Creek and high-water table.
- Provides opportunity to select an experienced construction team who can demonstrate the knowledge to ensure systems installed are economical to operate, easy to maintain and work towards the districts goal to strive for a net-zero school that meets the living building challenge. SPS standards for energy efficiency recommend the use of a geothermal heat loop system that involves drilling a well field for the heat loop, which is typically in a playfield or other open ground area. Site restrictions and phasing dictate that there will be very limited open ground. A MC/CM will be valuable to address cost effective phasing options that will provide the area needed for these wells.
- Ensures a dedicated approach to diversity, equity and inclusion is a high priority of the selected contractor.
- Provides hands-on expertise to assist with early design decisions and pricing.
- Provides support for budget options and value engineering efforts.
- Allows for early integration between coordination efforts and design completion. This creates a more complete and coordinated set of final documents that reduces the risk of change orders during construction.
- Delivers timely constructability reviews to assist with design efficiency and quality.
- Allows for early procurement to limit impact of commodity and market escalation risks.
- Provides certainty of price and scope from initial GMP through final cost of the work.
- Results in quality installation and timely commissioning and closeout of project.
- Reduces the risk of claims on the project.

b. Please explain the process your organization will use to determine if alternative subcontractor selection is in the best interest of the public

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Representatives from Seattle Public Schools, the Architects and the GC/CM will participate in 1-2 meeting to discuss use of the Alternative Selection Process allowed by RCW 39.10.385 for the John Rogers Elementary School Replacement project. The meetings will focus on Diversity, Equity and Inclusions Goals, Quality of Construction, Design Coordination and Project Costs. After thoughtful group discussion on these topics, the group will come to a consensus to determine if MC/CM delivery method would be the best fit for the project.

After the project team makes a determination to pursue MC/CM and that it meets the criteria under the RCW, the GC/CM will move forward with procurement process in accordance with RCW 39.10.385.

2. Public Body Engagement/Knowledge

a. What role will your organization play in the selection process and the oversight of the GC/CM in the selection process?

District representatives will participate in the public hearing. The district will review and coordinate the solicitation process with the GC/CM prior to advertisement. The district will have the projects project manager and Mechanical Electrical Plumbing (MEP) coordinator participate in the selections process, including review of submittals, short listing, interviews, the Requested Fixed Fee Proposal (RFFP) stage and final scoring.

b. Discuss your organization's understanding of the Public Body responsibilities contained in RCW 39.10.385, including the audit requirements.

The district must provide approval to the GC/CM to utilize the alternative subcontractor selection process. As described earlier the district and the GC/CM must first determine that is in the best interest of the public to utilize the alternative subcontractor selection method. The district and GC/CM must do the following as described in RCW 39.10.385:

a. Publish a notice of intent to use the alternative selection process.

b. Conduct a public hearing and allow interested parties to submit written and verbal comments regarding the justification for use of the alternative subcontractor section. The district and GC/CM should consider the comments and determine if using the alternative subcontractor selection is in the best interest of the public.

c. District and GC/CM a written final determination to all interested parties.

d. Solicitation for services of subcontractors must be awarded through a competitive process with the issuance of an RFQ as described in RCW 39.10.385 – paragraph 2.

e. The district and GC/CM must establish a committee to evaluate the RFQ proposals. The district will have the Project Manager and MEP Coordinator on the committee.

f. GC/CM must notify all proposers of the most qualified firms to be advanced to the next phase of the selection process. The process cannot advance until two business days after all proposers are notified of committee's selection. If requested the GC/CM must provide a scoring summary to a proposer. The district will receive any protests that are submitted. The process cannot advance until two business days after the final protest decision is issued by the district and sent to the protesting party. Summary of selection steps:

- Step 1 – Subcontractor submittals with statement of qualifications
- Step 2 – Notice of shortlist firms and conduct interviews
- Step 3 – Notice of finalist and receive Sealed Price Proposals
- Step 4 – Notice of Apparent successful firm

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g. If the district receives a protest over the "most qualified firm" the GC/CM cannot execute a contract to the selected subcontractor until two business days after the final protest decision is issued by the district.

h. In the event the GC/CM is not able to negotiate a maximum allowable subcontractor cost that the district deems to be fair and reasonable the selected subcontracting firm can be terminates and the GC/CM can negotiate with the second highest scoring firm.

i. The district must approve for the GC/CM to contract with the selected firm to provide preconstruction services.

j. The final agreement on the maximum allowable subcontractor cost is subject to approval by the district.

k. Once the work of the subcontractor is complete an independent audit must be conducted to confirm proper accrual cost per the subcontractor's contract. The district must pay for the audit.

l. Recommended Internal audit procedures that are implemented in the selection and management of MC/CM and EC/CM contracts from fiscal year 2020.

    a. Recommendation for District project Utilizing Alternative Selection process: That Capital establish a set of standard procedures to follow when using MC/CM and EC/CM and maintain within e-Builder documentation that demonstrates compliance with the alternative subcontractor selection process

       Action/Status: Capital created an MC/CM and EC/CM process decision tree which has been documented and is maintained in eBuilder (Capitals project management software program). This process standardizes the practice of issuing final determinations and ensures timely independent cost audits of every MC/CM and EC/CM contract

    b. Recommendation for Lincoln HS MC/CM Audit: Capital have a cost audit of the $11.8 million Lincoln mechanical contract before final payment to the GC/CM. This would allow any potential over charges to be deducted before final payment.

       Action/Status for Lincoln HS MC/CM Audit: The independent audit found that the district was due a credit of $103,829, an amount eligible to be deducted from a future payment to the GC/CM. Prior to the start of the independent audit, the subcontractor examined its own records and found it had billed the district $46,623 more than its recorded costs. Auditors verified this overpayment and found an additional $57,206 the district had been overbilled. The audit credit of $103,829 has been deducted from the GC/CM's final pay application. The cost of the audit was $10,000.

    c. Recommendation for Daniel Bagley ES EC/CM Audit: Recommended an independent cost audit of this $4.9 million contract in accordance with alternative subcontractor selection process statutes.

       Action/Status for Daniel Bagley ES EC/CM Audit: The original contract was subsequently converted from GMP to lump sum. At that time, an incentive clause was inserted that guaranteed the district savings of $404,873 from the original estimated maximum allowable subcontract cost. Any savings above this amount would accrue to the subcontractor, and the subcontractor could bill 100 percent of the contract value. The cost for this audit was $14,000.

       Recommendation Daniel Bagley ES MC/CM Audit: We recommend an independent cost audit of the $4.4 million Bagley mechanical contract to comply with state law.

       Action/Status for Daniel Bagley ES MC/CM Audit: At the time of the audit, the mechanical contractor had not submitted its final pay application. Auditors substantiated costs to date; no unallowable costs were billed to the district. Auditors calculated the

amount of the final bill and determined that after the final bill, there will be $356,855 remaining on the contract (unbilled). The district will submit a deductive change order to reduce the GMP by this amount. The cost for this audit was $14,000.

m. Please note that all internal audits with responses are available for public view on SPS's website.

SIGNATURE OF AUTHORIZED REPRESENTATIVE

In submitting this application, you, as the authorized representative of your organization, understand that: (1) the PRC may request additional information about your organization, its construction history, and the proposed project; and (2) your organization is required to submit the information requested by the PRC. You agree to submit this information in a timely manner and understand that failure to do so may delay action on your application.

I have carefully reviewed the information provided and attest that this is a complete, correct and true application.

Signature: Vincent R. Gonzales

Name *(please print)*: Vincent Gonzales *(public body personnel)*

Title: Senior Project Manager, Seattle Public Schools

Date: 07.20.2021