

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE
Northwest Carpenters Facility
25120 Pacific Highway South
Kent, Washington
August 23, 2007
9:00 AM**

MEMBERS PRESENT

Dave Marberg, University of Washington
Eric Smith, Vice Chair, University of Washington
Darlene Septelka, King County
Penny Koal, General Administration
John Mannix, Spokane Public Schools
Bob MacIsaac, Port of Seattle
Gary Arndt, P.E., Parametrix
Jonathon Hartung, SHKS Architects
Keith Schreiber, AIA, Schreiber Starling & Lane Architects
Peg Staeheli, SvR Design Company
Tom Peterson, Hoffman Construction Co of WA

Rodger Benson, Chair, MA Mortenson Company
Tom Balbo, Ferguson Construction, Inc.
Phil Lovell, Turner Construction NW
Jim Cameron, Cameron-Reilly, LLC
Mike Shinn, Shinn Mechanical
Darron Pease, Pease & Sons, Inc.
Dan Chandler, P.E., AIA, Olympic Associates Co.
Gary Baldasari, AIA
Paul Berry, Harris & Associates
Jim Anderson, Burton Construction, Inc.
Rick Benner, Western Washington University

MEMBERS ABSENT

Christy Trautman, King County

Jim Paapke, Olympic Medical Center

STAFF, GUESTS, PRESENTERS

Nancy Deakins, GA
Searetha Kelly, GA
Cheri Lindgren, Puget Sound Meeting Services
Robyn Hofstad, GA
John Lynch, GA
Gavin Hayes, GA
Roland Orr, GA
Adam Lawrence, GA
Karen Barrett, JLARC
Dax Losson, Construction Services Group
Butch Reifert, Mahlum Architects
Dave Miller, Western Washington University

Sue Jones, ATG Investigator
Bridget Lewis, Nine Miles Falls School District
John Eliason, King County Housing Authority
Stephen Neilson, King County Housing Authority
Greg Guedel, King County Housing Authority
John Bancroft, Elementary School District
Jeff Jurgensen, Olympic Associates Co.
Jim Christensen, Architects West
Mike Currie, Othello School District
Gina Bullis, Othello School District
Tim Wynn, Western Washington University

Welcome & Introductions

Chair Benson called the Project Review Committee (PRC) meeting to order at 9:05 a.m. Everyone present provided self-introductions.

Approval of Agenda

Mr. Smith commented that at the last meeting, there was no opportunity for individual panels to resolve differences to reach a unanimous decision. Discussion ensued about options available for panels to deliberate on a decision.

Mr. Lovell suggested that as an example, it was never the Public Hospital Project Review Board's (PHPRB) intent to withhold reasons for a decision from an applicant.

Mr. Mannix said applicants were never informed that they couldn't remain while the PHPRB deliberated a decision. It was an assumption that applicants left the room after presentations. He said as an applicant, he'd appreciate remaining during the panel's deliberation.

Chair Benson said an additional 15 minutes has been added for each project application review, which should provide panels with time to ask questions and make comments. It's important for applicants to leave with an understanding of how the panel rendered its decision. He suggested individual panel chairs ensure there is adequate time for members to deliberate, comment, and ask questions.

Bob MacIssac moved, seconded by Paul Berry, to approve the agenda as presented. Motion carried.

Approval of July 26, 2007 Meeting Minutes

Paul Berry moved, seconded by Tom Peterson, to approve the July 26, 2007 minutes as presented. Motion carried.

Public Comments

There were no public comments.

Ethics Training

Sue Jones, Attorney General Investigator, Washington State Executive Ethics Board, provided a presentation on ethics. Ethics in Public Service Act law was passed in 1994 and effective January 1, 1995. The act establishes minimum standards of conduct while performing public duties. The law seeks to remove doubts concerning violations of public trust and confidence, the impairment of independent judgment, and favoritism in the performance of public duties that can be created by outside interests. Citizens of the state expect all state officials and employees to perform responsibilities in accordance with the highest ethical and moral standards and to conduct business of the state only in a manner that advances the public's interest.

Ethical choices and conflicts were reviewed. Ms. Jones reviewed board composition and responsibilities. Ethical principles were highlighted.

Objectivity consists of three statutes: activities incompatible with public duties; financial interests in transactions; and assisting in transactions. A conflict of interest occurs when an official has a private interest that they may benefit from or when a private interest could interfere with official duties. An interest need not be financial to create a conflict of interest. Most conflicts occur when exercising discretionary authority. If a state official or employee has a conflict, they should disclose any interest that may be in conflict, and they

must abstain from participation in any agency discussions or actions on any issue where the interest may be affected.

Concerning selflessness, public employees should not make decisions to gain financial or other benefits for themselves, their family, or friends. A state officer or employee may not use their state position to secure special privileges or to grant exemptions to benefit the employee or state official, family members, or other persons. Never accept a gift, gratuity, or anything of value if the gift, gratuity, or thing of value could be reasonably expected to influence a vote, judgment, or action. A state officer or state employee may not accept a gift from any person with a value in excess of \$50 per year.

Ms. Jones reviewed items not considered gifts and gifts that may be accepted regardless of value. An exception concerns Section 4 employees. Ms. Jones reviewed the criteria and items employees may and may not accept.

Post state employment restrictions are designed to ensure a former state officer or employee does not obtain an advantage as a result of decisions or actions made while in public service. Ms. Jones provided examples of restrictions and disclosing interest.

Chair Benson said there are two situations PRC members could find themselves in - applicants asking for advice about how to prepare for the process and members of agencies that must recuse themselves from sitting on a review panel for their respective agency, but are providing advice and counsel on how to submit a successful project. Ms. Jones advised that a member advising its agency about committee procedures appears appropriate; however, the member should disclose their involvement to ensure transparency. Members providing input and advice on procedural matters (how to complete an application) is likely appropriate.

Mr. Lovell said many committee members work for companies appearing before the PRC as applicants. In those instances, the member should recuse themselves from discussion or deliberation. Ms. Jones agreed.

Concerning stewardship, public employees have a duty to conserve public resources and funds against misuse and abuse. Ms. Jones noted 85-90% of all ethic complaints are related to misuse of public resources and funds. A state officer or employee may not use state resources (office, money, property, personnel) for personal benefit or to benefit another person. Prohibited uses were reviewed to include use of laptop computers for personal business. Political activities including lobbying are strictly prohibited.

Related to transparency, public employees must practice open and accountable government. They should be as open as possible about decisions and actions, and protect confidential information. Standards that protect confidential information were reviewed. A state officer or employee may not disclose confidential information to an unauthorized person. A state officer or employee may not disclose or use confidential information for personal benefit or to benefit another person. State officers or employees may not accept employment or engage in business if it might reasonably be expected to induce or require the disclosure of confidential information.

Concerning integrity, employees in public service should not place themselves under any financial or other obligation to individuals or organizations that might influence them in the performance of their duties. No state officer or employee may receive anything of economic value under any contract or grant outside of official duties.

Many agencies have established policies concerning an employee's external employment activities.

Ms. Jones provided an overview of investigation and enforcement. Case origins consist of whistleblower referrals and agency referrals. A majority come from coworkers and the public. A significant complaint area is the use of computer resources, internet, and e-mail followed by conflict of interest and political use.

In response to a question from Ms. Staeheli about e-mails in general, Ms. Jones suggested employees should not send inspirational messages or jokes and keep e-mails strictly business-related. Acknowledging a person's birthday is likely okay but sending and responding to chain e-mails is not appropriate

Discussion ensued about employees receiving unsolicited e-mails at work. Ms. Jones suggested e-mailing the sender and asking them not to send information to their employment e-mail address. However, it's different if a family member is sending personal e-mails on a regular basis. An employee is obligated to ask the family member to stop sending e-mail messages. Additionally, all e-mails are considered to be of public record.

Ms. Jones reviewed case sanction criteria ranging from civil penalties (up to \$5,000 per violation), investigative costs, agency restitution, and/or a letter of reprimand.

Copies of a variety of brochures, including *A Guide for State Board and Commission Members*, were provided to members.

Chair Benson recessed the meeting from 10:24 a.m. to 10:45 a.m.

Project Application Review

King County Housing Authority - Greenbridge Early Learning Center Project

(Panel Chair Eric Smith, Committee members Gary Arndt, Jim Anderson, Gary Baldasari, Paul Berry, Bob MacIssac, John Mannix, and Mike Shinn)

Panel Chair Smith described the application review process and procedures. A supermajority of six panel members voting in favor of the request is required. Panel members provided self-introductions.

Copies of the PowerPoint presentation were distributed to panel members. John Eliason, Senior Project Manager, King County Housing Authority, introduced Stephen Neilson and Greg Guedel, and Elementary School District (ESD) Executive Director John Bancroft.

Mr. Eliason provided an overview of King County Housing Authority's \$235 million, 96-acre mixed income redevelopment of 569 homes to a new mixed income development. The proposal consists of 1,100 homes, 80,000 square feet of commercial/retail space, 17 parks, a new elementary school, new roads, and infrastructure. All structures are certified green. Nine contractors are currently working on the site. An aerial map of the project was provided. The project is one of two demonstration projects in the state selected by the Governor's *Thrive by Five Partnership*. It will serve children in the White Center area; the poorest census tract in King County. Children currently enrolled in schools live at a 90% poverty rate. White Center has a diverse ethnic population with more than 30 different languages spoken in the community.

Mr. Eliason reviewed the public process element and concept plan for the project.

Mr. Eliason presented an organizational chart and outlined governance structure. Procurement is ready to proceed. King County Housing Authority anticipates moving forward with a Request for Proposals (RFP)

following the committee's approval. The architects are experienced, specialize in early childhood learning projects, possess General Contractor/Construction Manager (GC/CM) experience, and are excited to work with a GC/CM.

Slides highlighting the authority's construction experience were presented and reviewed, which included Springwood Family Youth Center, Harrison House, Village at Overlake Station, and Jim Wiley Community Center and Plaza housing the Boys & Girls Club.

Mr. Eliason reviewed the timeline for the project.

Projected conceptual costs total \$18.5 million and include contingencies. However, the value of the land donated (\$1.5 million) is not included in the total cost. Funding sources include state capital funds, federal earmarks, new market tax credits, The Gates Foundation, and private/public funding. Mr. Eliason emphasized the authority is confident all funding resources will materialize.

Mr. Eliason reviewed site complexities that include maintaining and complying with underlying permits. The building is designated to be Leadership in Energy and Environmental Design (LEED) Silver certified. The project will serve as a model for the nation. Unique features were highlighted. The proposed schedule is dependent on funding. The Gates Foundation requires opening the building in 2009.

Mr. Neilson reviewed financing components.

Mr. Eliason outlined public benefits associated with a GC/CM project.

Mr. Berry commented that a problem involves projects identified as GC/CM that fall far below minimums allowed under state law. It's confusing and raises questions about the applicant's experience with the Alternative Public Works (APW) method.

Mr. Guedel reported the APW statute previous to July 2007 statute provides an exception in Washington State contracting law for public housing authorities. The statute allows housing authorities the benefit of the most effective and efficient contracting procedures. Based on Revised Code of Washington (RCW) 35.82.010, legislation authorizes housing authorities to provide low-income housing at the lowest possible rates. To attain that objective, the Legislature passed two additional statutes:

- RCW 35.82.070 enables housing authorities the power and convenience to meet the goal to deliver affordable low-income housing at the lowest possible rates to include using other contracting procedures specifically authorized by the Legislature; and
- RCW 35.82.070, Section 10, that any other provision of any other law that is contrary to what is set out by the Legislature for housing authorities is trumped by the authorization of housing authorities to do what they need to do to deliver the highest possible value.

Statutes have provided housing authorities the opportunity to use contracting methods that might not otherwise be available to typical municipal agencies. King County Housing Authority and a number of other agencies with resources and personnel experience have used Design Build (DB) and GC/CM for several years. In general, housing authorities receive a significant amount of funding from federal sources. Construction projects operate at both state and federal levels. For smaller projects, housing authorities typically operate under federal mandates. However, the statute effective prior to July also sets out a procedure. Housing authorities are also accountable to the state to follow the statute as closely as possible if constructing DB or

GC/CM projects. For projects under the \$10 million threshold, the housing authority follows the procurement statute and procedures to demonstrate the organization is following the process. Procedures used, and contracting and administration for GC/CM are exactly like other municipal agencies operating under the statutes during that period of time. King County Housing Authority reviewed the new statute and is using the statute as a guide. Projects completed to date demonstrate consistency with the statute.

Mr. Guedel addressed the question about who actually creates and negotiates contractual documents. It is a cooperative effort between the firm and the housing authority. The firm has significant experience working with other housing authorities and using alternative contracting. The most recent GC/CM contracting project involving his company is the new Kent Events Center.

Mr. Berry asked whether Mr. Eliason will work with the contractor to set the MACC amounts and run the contract with legal support. Mr. Guedel affirmed that he will.

Panel Chair Smith asked whether the owner considered the application as an agency for approval compared to applying on a project basis. Mr. Eliason indicated the team believes it should be submitted as a project rather than an agency because of the interlocal partnership with ESD.

In response to a request by Panel Chair Smith, Mr. Eliason clarified roles and responsibilities between himself and Gloria Rameriz (project manager). He noted Ms. Rameriz does not have the experience to undertake the negotiation process. He said he and Dan Watson will assist Ms. Rameriz, and he is confident of the team's experience and abilities.

Mr. MacIssac asked about the assembly of documents. Mr. Eliason acknowledged he has not undertaken a GC/CM project through this mechanism. He said he has managed construction contracts for years that total \$400 million using DB and other contracting methods. A similar method with parallel steps is used in the private sector. He said he also serves as manager for the Greenbridge project overall. The architect is experienced in GC/CM and will work with the housing authority. Mr. Guedel and Mr. Watson will also provide expertise documenting the contract. Additionally, another group of construction managers can provide assistance.

Mr. Mannix noted the timeline is compressed for pre-construction services. He asked how the housing authority will accomplish the goal in three months during the holiday season. Mr. Eliason explained the intent is to bring the GC/CM in prior to completion of schematic design. The application and final draft are ready to release for RFPs next week if the committee approves the project. Giving the GC/CM adequate time to interact and work with the project manager is critical to a successful project.

Mr. Baldasari asked about other King County Housing Authority GC/CM successful projects. Mr. Eliason confirmed the agency has completed other successful projects.

Mr. Baldasari reported The Gates Foundation is contributing approximately 50% of the project budget. He asked how much the foundation is participating within the process. Mr. Bancroft replied the foundation has been involved from the beginning and has toured other early learning facilities funded by the Buffet Foundation. The housing authority meets with The Gates Foundation regularly to review programming decisions, financing, and the schedule. The foundation has hired an architect to serve as a consultant on the project.

Discussion ensued about public outreach with the community and other stakeholders, and how the proposed budget aligns with the potential for increased market costs. Mr. Eliason reported several qualified contractors have expressed interest, which will help with market conditions. The intent is for contractors to have established relationships with multiple subcontractors providing for good bid coverage in each area. Having a contractor on line with an opportunity to conduct value engineering prior to construction is helpful. Mr. MacIssac commented that a value engineering exercise could extend the project timeframe.

No public testimony was offered on the Greenbridge project application.

At the request of Panel Chair Smith, Mr. Eliason elaborated on how the GC/CM method helps accelerate the projected occupancy date compared to Design Bid Build (DBB). The housing authority doesn't have the time to put documents in place following permitting. The project is at risk in terms of cost if it doesn't commence in August. He said he recognizes the schedule is aggressive. Mr. Smith asked whether the housing authority must use APW to achieve occupancy in 2009. He noted occupancy in 2009 is required to meet provisions of The Gates Foundation funding element. Mr. Eliason answered yes.

Mr. Shinn asked if The Gates Foundation is pursuing the completion date. Mr. Bancroft said the driving force is to do good things for kids and having operations successful as quickly as possible. The project is a model program not limited to its current location. One goal is to demonstrate what is possible throughout the nation. The Gates Foundation is willing to entertain funding changes pertaining to construction cost issues if necessary.

Mr. Shinn asked whether the project is considered commercial compared to residential. Mr. Eliason replied the project is a commercial venture.

Discussion ensued about funding elements and contingencies to cover shortfalls. Mr. Bancroft explained Puget Sound ESD will not pursue a loan it cannot repay based on the agency's governance structure. Commitment by various private funders to make the project both financially viable and workable is very strong. The ESD hopes to have financial contingency plans finalized and clarified to sign contracts before the end of the year.

Members discussed scoring criteria the housing authority will use to select a GC/CM. Mr. Smith asked how much of the total selection will be based on price. Mr. Eliason answered 30% is an estimate.

Mr. Baldasari asked how the permitting process is factored into the GC/CM piece. Mr. Eliason said an overview is included in the application packet. Securing a building permit is anticipated to occur just prior to August. King County is aware of the project and that the Governor could be involved. King County committed to a five-month permit time compared to a typical 11-month timeframe.

Concerns and additional comments expressed by panel members are summarized as follows:

- GC/CM will assist with a tight schedule design.
- Another member agreed a concern is the compressed schedule. He added that he believes the arguments and rationale for using GC/CM are convincing
- The applicant has acknowledged risks associated with the schedule. Using a GC/CM provides the best opportunity to meet the proposed schedule
- A member suggested the applicant creatively use the mechanism and its flexibility to meet the schedule and determine how the team can perform concurrent phased activities that will lead to efficiency

Mr. Eliason added that the larger component; Greenbridge, is two years ahead of any project of similar size in King County.

The applicants thanked the panel for its time.

The panel voted unanimously to approve the Greenbridge Early Learning Center project application.

Panel Chair Smith and Chair Benson congratulated the applicants. Chair Benson reported the applicant will receive a letter within 10 days confirming project approval.

Chair Benson recessed the meeting from 11:43 a.m. to 1:01 p.m.

Project Application Review

Nine Mile Falls School District – Nine Mile Falls / Lake Spokane Elementary Projects

(Panel Chair Keith Schreiber, Committee members Rick Benner, Paul Berry, Jim Cameron, Penny Koal, Phil Lovell, and Tom Peterson)

Panel Chair Schreiber described the application review procedures. Panel members provided self-introductions.

Dan Chandler, Managing Principle, Olympic Associates, introduced Jeff Jurgensen, Project Manager, Olympic Associates; Jim Christensen, Architects West; and Bridget Lewis, Superintendent, Nine Mile Falls School District. Mr. Chandler reported his role in the project is Principal in Charge.

Ms. Lewis provided information on the school district and location and how important the project is to the community. Approximately 1,700 students attend Nine Mile Falls High School (built 20 years ago), middle school (built 10 years ago), and two elementary schools located northwest of Spokane. The school district is the major employer. Based on expertise in the field, the GC/CM process will deliver the project in a way that the community will recognize that the school district did the best job and served taxpayers well.

Mr. Christensen distributed a handout and provided a chart elaborating on the architect's plan to provide required manpower as consultants to both the Othello and Nine Mile Falls School District projects on parallel schedules. Olympic Associates will release \$68 million of work that will go out to bid within the next 30 days. Olympic Associates needs the Othello and Nine Mile Falls projects to come on line to maintain the agency's workload. He noted names with an asterisk signify that 80% of the person's work is with K-12 schools. The company has experience with GC/M projects in Oregon, Montana, and Washington.

The subject sites are five miles apart and span two counties (Spokane and Stevens). Both projects will remain occupied during the modernization projects. Mr. Christensen described design goals for the schools. Floor plans were presented. An element of the proposal is to connect the two buildings and construct a new library at one of the elementary schools. Adding square footage and creating a circular flow throughout Lake Spokane Elementary is another component.

Mr. Jurgensen provided an overview of his background and experience. He was involved with GC/CM projects at Washington State University (WSU) and a DB project in Omak.

A budget slide was presented reflecting \$18,950,000, which includes design contingency. Budget elements include professional services, construction costs, equipment and furnishing costs, off-site costs, contract administration costs, and other related project costs. Costs per square foot for a number of schools were reviewed. Budget numbers are consistent with other projects in eastern Washington's contracting community. Funding sources include a \$12,350,000 bond and a state match of \$6.6 million. It is not a front-funded project. Olympic Associates will follow rules established by Office of Superintendent of Public Instruction (OSPI). The community anticipates both projects will be completed concurrently. After approval of the project, the team anticipates moving forward with GC/CM selection as early as possible to provide input on phasing, site, and cost elements. If the projects are successful, the school district will find it easier to pass future bonds. The agency proposes to negotiate the MACC in July 2008, secure state match funds in July 2008, with construction scheduled from August 2008 through December 2009.

Mr. Chandler reviewed the school district, management, and design team governance, and interest in the project and community. He provided additional details and construction experience of Olympic Consultants.

In response to questions raised by panel members regarding the application, Mr. Chandler explained how the team plans to address asbestos issues, cost estimating, project manager's role in overseeing the projects for the school district, budget reconciliation, schedule, and project manager's time.

There were no public comments on the proposal.

Panel Chair Schreiber said he appreciated the effective presentation and answers to questions about the team's experience.

In reply to a question from Mr. Peterson, Mr. Jurgensen described his role assisting WSU with ongoing GC/CM projects.

Mr. Lovell asked when the first two schools were built. Ms. Lewis replied that the first phase of Lake Spokane was constructed in the late 1960s. Nine Mile Falls was constructed in 1950. Mr. Lovell asked whether a hazardous materials audit was conducted, published, and certified for both schools. Removal of materials while buildings are occupied is not compatible. Ms. Lewis said the phased plan becomes more important when removing hazardous materials and maximizing non-student time during summer months. The school district has purchased two portable classrooms for housing students this year. Portables will be utilized throughout the construction period.

Mr. Jurgensen reported asbestos materials are minimal, as removal has occurred with previous construction projects. He noted the mechanical rooms are clean. A majority of hazardous material consists of VAP. Previously, it was removed during summer when children were not in school.

Mr. Lovell asked whether the subject area provides sufficient contracting capacity. Mr. Jurgensen said the sites are 15 miles from Spokane. He said he anticipates obtaining good coverage including companies experienced with K-12 construction projects.

Mr. Cameron asked the team to elaborate on problems with the high school construction and how the school district plans to avoid a similar experience. Ms. Lewis explained that it's her understanding there was poor communication between the architect and superintendent about design and quality issues when the high school was built. There are elements of the school that are not functional. The building resembles an eagle from an

aerial view. Sight is obstructed because of building design. Mr. Christensen added that it's the most poorly designed school building he's seen.

Mr. Berry reported the project consists of two distinct buildings located a substantial distance from one another with single GC/CM, design team, and project management strategies. He asked for the reason for a single project rather than two separate proposals. Mr. Chandler outlined several practical reasons including economy of scale and that the two communities anticipate dual projects with funds distributed equitably. Separate projects conflict with the school board's commitment to voters.

Mr. Christensen added that contractors were interviewed and they indicated that bundling projects will result in a better value.

Mr. Chandler stated his firm has bundled DB projects for the same reasons.

Mr. Berry asked whether the projects would be combined for a traditional bid. Mr. Christensen and Mr. Chandler both replied yes.

Ms. Lewis explained 170 students attend Nine Mile Falls compared to 500 attending Lake Spokane. To avoid an "us" versus "them" feeling, the school board believed a dual project with common management was the best strategy to pass the bond.

Mr. Schreiber asked why GC/CM rather than DBB is preferred. Mr. Chandler said his company has managed a number of phased modernization projects. A phasing plan is a key risk factor. It comes down to limiting and simplifying the number of phases and speculating how a good contractor executes the program. Taking advantage of the contractor's input when developing a phasing plan is important. Mr. Christensen added that GC/CM provides another tool to explore phasing options to ensure an efficient project.

Discussion ensued about budget (sales tax, contingencies, escalation), and other project costs. Mr. Christensen said other project costs include value engineering, permitting, mitigation and legal fees, inflation (\$1 million), and typical soft costs associated with a project.

Mr. Peterson asked if Ms. Lewis has decision-making authority as delegated by the school board. Ms. Lewis explained she will communicate with the board twice a month. Major outlying decisions or variances will go before the board for approval throughout the contract. She indicated she will render decisions as appropriate that are within the scope of the project.

Ms. Koal asked how sharing responsibilities between Nine Mile Falls and Othello School Districts will work and whether Olympic Consultants has adequate coverage for both the owner and GC/CM. Mr. Christensen replied the company has experience managing dual projects. He said he doesn't foresee problems or issues. Adequate coverage can be extended for both the owner and GC/CM. The team is seasoned, experienced, and has worked together for many years.

Discussion ensued about Scott Fischer's GC/CM, modernization and addition, and managing concurrent project experience. Mr. Christensen said Mr. Fischer will also rely on him and Mr. Chandler's company for GC/CM direction.

Mr. Berry asked about the responsibility for directly managing selection of the GC/CM and participating in final negotiation of the MACC. Mr. Chandler said he and Mr. Christensen are responsible. He described the RFP strategy. He said he plans to participate in the interview process.

In response to a question from Ms. Koal, Mr. Chandler replied that Mr. Jurgensen does not have a direct role in cost estimating, but is a cost estimator.

Ms. Lewis said she appreciates the application review process and value of the questions raised.

Panel members deliberated on a decision and offered the following comments:

- The team has demonstrated expertise and an understanding of the process. There is a question about whether separate site aspects and structure of activity truly qualifies for GC/CM compared to DBB delivery.
- The team is strong with good capacity and capability. It appears the applicant has a strategy to address phasing and hazardous material removal. There might be an abnormal amount of pressure between Ms. Lewis and the school board to deal with day-to-day issues that could emerge to avoid the school board taking over the project.
- The schedule is aggressive; however, it appears the team is aware of the risks and milestones to complete the project in a timely manner.
- The issue is whether GC/CM is the best delivery method for the project. It comes down to project rationale and whether the applicant can address phasing issues. The team is relying on the GC/CM to deliver the phasing component; a key element of success, which is the one public benefit beyond economy of scale compared to a traditional delivery methodology. A successful project is critical when the school board decides to move forward with future bond measures.
- A question of whether it's appropriate to bundle the two projects. As projects come before the PRC, they need to be evaluated on a case-by-case basis. In this case, with scheduling and phasing challenges, GC/CM appears appropriate. Otherwise, DBB would be more appropriate.
- The bond issue states the projects will be constructed concurrently. A concern is the budget appears constrained.
- If issues or concerns are presented to the school board, Ms. Lewis should be prepared with solutions.

The panel voted unanimously to approve the Nine Mile Falls School District project application.

Panel Chair Schreiber reported the applicant will receive a letter within 10 days confirming project approval.

Chair Benson recessed the meeting from 2:01 p.m. to 2:15 p.m.

Project Application Review

Othello School District – Lutucaga Elementary / McFarland Middle / High School Projects

(Panel Chair John Mannix, Committee members Tom Balbo, Rick Benner, Jim Cameron, Phil Lovell, Darron Pease, Darlene Septelka, and Eric Smith)

Panel Chair Mannix described the project application review procedures. A supermajority of six panel members voting in favor of the request is required. Panel members provided self-introductions.

Mike Currie, Project Manager for Othello School District, introduced Construction Services Group Senior Project Manager Dax Losson, Jim Christensen, and Othello School District Assistant Superintendent for Business and Finance Gina Bullis.

Ms. Bullis reviewed the Othello School District, which is located 45 miles north of Tri-Cities with 3,200 students housed on six different campuses. The district has experienced an average growth of 2% over the last 12 years. Most facilities were constructed in the 1950s. The bond issue passed in March 2007 was a third attempt to pass the bond measure.

Mr. Christensen reviewed project scope, complexity, and rationale for utilizing GC/CM delivery. The single project includes three different sites - McFarland Junior High, Lutucaga Elementary, and Othello High Schools. Site plans for each school were presented. Areas designated for modernization and new additions were reviewed.

McFarland Junior High School includes campus style buildings connected by covered walkways. The project will connect buildings to create one middle school structure.

Changes to Lutucaga Elementary School were reviewed.

Additional classroom space is needed at Othello High School. Relocation of the wood shop is necessary to capture classroom space. Students could be relocated to Othello High School until work is completed at the other two locations.

Mr. Christensen said using the GC/CM methodology avoids the need for three separate general contractors and subcontractors working within a short distance from each other. Other advantages were discussed that include capturing synergy and efficiencies, saving the school district money by enabling one contractor to manage each project site, and managing risks.

Mr. Losson reviewed budget and schedule components. The district passed a \$28.6 million bond last spring. Associated interest and other funding resources (including \$24.4 in state matching funds) total \$55,914,183. McFarland Junior High and Othello High School projects are front-funded. The Lutucaga site is dependent upon funding released in July 2008. Total construction budget is \$41.6 million. The \$14.2 million difference will be utilized for future elementary school projects. The proposed schedule is aggressive, although optimal to meet district needs and it provides some flexibility. A three-phased design will begin in September 2007 and conclude June 2008. Construction activities will commence in spring 2008 and end in September 2009.

Mr. Currie reported design and management team members include the school district and school board, Jim Christensen with Architects West, project architects Scott Fischer and Ed Champagne (Mr. Champagne has GC/CM experience in Oregon), Construction Services Group (will manage project for the owner), senior project manager Dax Losson, and himself as project manager with assistance from Dan Gordon. Mr. Gordon possesses DBB and GC/CM experience in Washington State.

Mr. Pease said the high school piece could stand-alone quite easily. Mr. Christensen replied that's true; however, it's an integral part of the other two components to house students and gain efficiencies. One concern with the Othello location is the ability to receive an attractive bid given complexities of the project. General contractors are able to pick and choose the most attractive projects based on current market conditions. Bundling the project is an advantage for attracting bidders and major subcontractors.

Mr. Currie agreed the high school is a simple piece. Students will reside within the building while construction is underway. A scenario is that the building can be utilized to house most of the McFarland students leaving the McFarland structure empty for the contractor. A separate bid and contractor might not gain the same option. The high school is a key component to achieve success with the other two projects because of space limitations.

Mr. Balbo asked Mr. Christensen how many school buildings his firm currently has under contract. Mr. Christensen stated he's unsure because of the number of projects in various stages of construction.

Ms. Septelka commented the schedule doesn't address phasing. It appears all three projects will be under construction concurrently. Additionally, constructability review seems to occur after negotiating and setting the MACC. The schedule as proposed lends to questioning the owner's knowledge of the GC/CM process. Mr. Losson agreed and explained the schedule is a milestone-based program developed during the bond measure. The schedule can easily be adjusted to transition to a GC/CM application. Ms. Septelka said the complexity of GC/CM is different. One question is whether consultant staff understands the process.

Discussion followed about constructability, bidding the job as a single project with a traditional bid strategy, and attracting contractors and subcontractors with the amount of work currently available in eastern Washington.

Mr. Benner said there doesn't appear to be much GC/CM experience documented in the application. He asked whether the information is missing. Mr. Currie said GC/CM information is in the submittal as provided. He said he didn't elaborate on his 20 years of background experience. Mr. Currie described the team's GC/CM experience. The team has experience with large, complex DBB projects that could have benefited from GC/CM had it been available at the time. Personnel involved in the project have sufficient experience to manage the project.

Mr. Smith asked whether the project would gain the same advantages with a DBB delivery method. Mr. Losson said the biggest issue is duration. The schedule is aggressive with a phased transition for each of the facilities. The owner would have to wait until July 2008 to bid a DBB project. Funding of \$1.3 million has been allocated to accommodate phasing. Mr. Christensen added that GC/CM provides more tools to design an effective phasing program to house students.

Discussion proceeded about a pool of interested contractors. Mr. Christensen stated there are several general contractors in the Spokane area with GC/CM experience. Generalists like a team approach and prefer GC/CM compared to a hard bid, especially within a school climate.

Mr. Smith said the schedule reflects hiring and having a GC/CM on board in the next three weeks. He asked how the owners intend to pursue that action. Mr. Currie said pending approval; the GC/CM advertisement is ready for publication. A matrix was developed for the interview process. The team is ready to assemble an interview panel.

Mr. Lovell asked whether an asbestos audit was completed. Mr. Losson replied the district hired a consultant to conduct asbestos investigation and to design an abatement plan. A preferred strategy is to perform work during winter breaks and other times when children are not in school, which is a key component of the phasing plan and early work scope. The company handling abatement has not been determined. Mr. Christensen explained the campus style helps to alleviate concerns about cross contamination between buildings.

Discussion followed about how to house students during the abatement procedure.

Mr. Lovell observed that the team is relying heavily on GC/CM. Mr. Christensen said the team does view GC/CM as an integral part on how to move forward with the projects. It's the best option available to the school district to accomplish the work.

Ms. Septelka said she's not convinced the smaller high school element (\$4.5 million) is a good use of GC/CM. Mr. Christensen explained it will prove difficult to attract a bidder for a small, messy remodel project in a remote location.

Mr. Losson said that if the owner does not have the ability to phase work within that project (temporary housing for students), the school district will be faced with providing 10 additional portable classrooms. The district already has 20 portable classrooms that it wants to eliminate and doesn't want to waste money leasing more portables. The team hopes to develop a phasing plan with the GC/CM and to gain efficiency with that scope of work. He acknowledged the high school is a small project; however, the owner would not have requested project approval if it wasn't a critical component.

Discussion followed about the availability of smaller contractors in the area experienced with school projects.

Mr. Cameron commented on the likely probability of securing a bid for a \$5 million project.

Mr. Smith asked if the bond is tied to the proposed schedule. Mr. Losson replied the basis of the bond is to complete design of all three projects by June 2008 with the state match obtained by July 2008.

Mr. Smith asked if the team understands risks associated with early bid packages. Mr. Christensen affirmed the team is aware of the risks.

In response to a request from Mr. Smith the owner elaborated on how the team envisions hiring a GC/CM by September 14, 2007.

Mr. Balbo commented that it would be difficult for a firm to commit resources to prepare an RFP in three weeks. He suggested the owner should give prospective candidates adequate time to effectively respond.

There was no public comment on the Othello School District project.

Final comments and concerns expressed by the panel are summarized as follows:

- A member expressed reservations about the application. Othello High School is a small element of the overall project.
- There is no overwhelming advantage to use GC/CM. A few months might be gained. The proposal could be packaged as a DBB project. Risks outweigh benefits. The schedule is very compressed and doesn't appear reasonable. A question is whether the team has an understanding about what it will take to accomplish the work given the aggressive schedule, and whether it possesses the right experience for the GC/CM delivery method.
- Initially, when reviewing the three projects, a member was not convinced Othello High School was a good fit for GC/CM. However, packaging the project makes sense based on using one facility for service space and enhancing the project to attract bidders. It would be tough to bid a \$4.5 million high school as a stand-

alone DBB project. It appears to be a good plan, but the aggressive schedule is problematic. It does not provide sufficient time for the process to work.

- It is surprising the team hasn't done more homework to ascertain resources to help them in contracting. Complexity of the project warrants a GC/CM, but not enough time or resources have been allocated.

A supermajority of the panel voted to deny the Othello School District project application.

Panel Chair Mannix encouraged the team to reconsider its timeline, schedule, and GC/CM experience, and resubmit the request. A letter confirming the committee's action will be provided within 10 days.

Chair Benson recessed the meeting from 3:18 p.m. to 3:31 p.m.

Project Application Review

Western Washington University – Miller Hall Renovation Project

(Panel Chair Rodger Benson, panel members Jonathon Hartung, Bob MacIssac, Dave Marberg, Tom Peterson, Keith Schreiber, Darlene Septelka, and Peg Staeheli)

Panel Chair Benson outlined the application review process. A supermajority of six panel members voting in favor of the request is required. Panel members provided self-introductions.

Butch Reifert, Principal at Mahlum Architects, introduced Tim Wynn, Director of Facilities Management, Western Washington University (WWU).

Miller Hall is located in the northeast section WWU. It consists of two buildings; one constructed in 1943 and an addition built in 1967. An aerial photograph was presented. The project borders on Red Square. Mahlum Architects worked with WWU on the predesign study. The proposal will not increase the building's footprint, but will increase the efficiency of existing space. Design concepts are to improve wayfinding, systems, and a more sustainable architecture.

Mr. Reifert said the rationale and benefits for consideration of GC/CM can be found in the legislation and includes complexity, an occupied site, sequencing and scheduling issues, students remaining in the buildings during renovation, constructability benefits with bringing a contractor on board early, and public benefits that could include schedule savings and better cost management. He reviewed the project schedule contained in the project application.

Mr. Wynn presented and reviewed a WWU management team structure slide. The team is augmented by highly competent professionals with extensive experience in the GC/CM process. Knowledge and experience of the management team will be aided by proven project assurance activities, which include a detailed design review phase process involving all stakeholders and WWU.

Mr. Wynn described his large project construction management experience. Mr. Miller (project manager for Miller Hall), Mr. Benner (licensed architect), Mr. Simpson (licensed architect), and Mr. Cross' (senior on-site representative) large construction project experience was also highlighted. As previously indicated, Mr. Wynn emphasized WWU staff is augmented with knowledgeable and experienced professionals. Mahlum Architects has extensive GC/CM experience. Mr. Reifert has personally led seven successful GC/CM projects in Washington State. Mark Cort will serve as analyst manager for the project and has worked on two successful GC/CM projects. Western has added the following resources to ensure success in the GC/CM venture: Doug

Holen, former director of capital projects for the University of Washington's (UW) south campus; Ted Ritter Construction Management will aid WWU in selecting a GC/CM and analyzing project schedule; and Allen Merkle will review the GC/CM contract and provide legal advice.

Mr. Wynn responded to 17 specific questions submitted by panel members in response to the application submittal.

Mr. Marberg reported he was unaware of the contractual arrangement between WWU and UW concerning shared services. He stated he is a UW employee. He recused himself from discussion and voting activities.

Chair Benson requested clarification concerning Mr. Holen and Mr. Ritter's individual roles and responsibilities. Mr. Wynn described Mr. Holen's role in the GC/CM selection process. Mr. Holen will not provide day-to-day consultant services. Mr. Ritter's firm will provide schedule analysis particularly associated with GC/CM and will ensure schedules make sense. Mr. Ritter will not act as a day-to-day consultant, but more as a phase consultant.

A member from the owner team confirmed that Mr. Bullis will provide day-to-day project management. Chair Benson asked WWU to elaborate on Mr. Bullis' large project experience and what exposure, if any, to the statute authorizing GC/CM. Mr. Bullis stated he attended GC/CM training recently offered by UW. He said he's worked on large infrastructure projects over the last 10 years and completed several projects in Miller Hall during the last 12 years. The largest contract he's managed was \$16 million in construction over a six-year year period consisting of several bid packages and a number of different contractors.

Ms. Staeheli asked the applicant to describe GC/CM evaluation and selection criteria in light of the historic significance of the project. Mr. Reifert provided names of historical projects that Mahlum has worked on. A goal is to work with someone that brings sensitivity and an understanding of historically important work. However, it's more important to understand phasing, sequencing, and constructability issues. The interior of the 1943 building has been altered. It would be nice to bring back lost elements within the programming phase. In response to how the team will approach structure evaluation criteria, Mr. Reifert said the team is looking for someone to develop a relationship with for completing good buildings. The historic component will be part of that discussion.

Mr. Schreiber referred to a comment in the submittal that the GC/CM process was a recommendation resulting from a best study. He asked if the owner completed the predesign before the best study and based the study on GC/CM at that time. Mr. Miller explained the owner knew GC/CM was a possibility during predesign, but didn't know if that would be the case when bidding the project. Predesign was based on a presumption of DBB; however, project complexity justified alternate procurement methods. The Office of Financial Management (OFM) requested a best value study. Mr. Schreiber asked if the \$940,000 saved using GC/CM over DBB offsets costs not in the initial C100 in predesign. Mr. Miller answered the cost benefit is gained by shortening the construction period significantly.

Ms. Septelka asked how WWU plans to review GC/CM estimates leading up to MACC negotiations. Mr. Miller replied the architect will prepare an estimate for each phase along with the GC/CM to ensure both estimates are in sync. If estimates are out of sync at a particular phase and the parties are not able to reconcile the differences, the owner will consider bringing on a third party estimator.

Mr. Reifert added the intent is to conduct cost management exercises through the entire project. What works well is to provide office space for the GC/CM and to actively engage with the contractor throughout schematic, Design Development (DD), and Construction Documents (CD) phases to assist if issues emerge.

Chair Benson asked who owns the design in the GC/CM contractual arrangement. Mr. Reifert replied that all three organizations own the design.

Discussion ensued about whether an escalation factor is built into the project budget, and whether 16 weeks is adequate to develop design and obtain required cost data. Mr. Reifert explained schematic and DD span 32 weeks. An advantage of WWU working with Mahlum is that the company has spent a year in pre-design work. The same consultant team will carry forward into the next project phases. Mahlum possesses comprehensive knowledge of potential problems in wayfinding and level change elements that have not been resolved. The consultant's approach to design is to keep it as simple as possible.

Mr. Hartung asked if upfront investigational work has been accounted for in the budget. Mr. Miller said the plan is to do more substantive investigational work of the structure to mitigate elements of risk prior to commencing construction.

In response to an inquiry from Mr. MacIssac, Mr. Miller elaborated on how Mr. Holen's expertise will be utilized during development of various GC/CM documents, pre-construction, and construction phases. Mr. Holen will also assist with review refinement of various processes and mechanisms.

Chair Benson encouraged WWU to consider keeping Mr. Holen close by and including him in MACC negotiations, as well as other unique issues that could come up.

Mr. Shinn suggested the subcontractor might want to consider developing a dispute review procedure.

Ms. Staeheli encouraged the team to look at lessons learned by Washington State University (WSU).

There were no public comments concerning WWU's application to use GC/CM on the Miller Hall Renovation project.

Additional comments from panel members are summarized as follows:

- It is encouraging that the owner recognizes that GC/CM is a new process and that they have identified resources to advise them. It's important for owners to capture lessons learned from other agencies.
- The team provided a good presentation. The building itself is a model of complexity for which GC/CM was envisioned. Concerns about efficiency were addressed in the presentation.
- A minor concern was expressed about design schedule. However, Mahlum has done sufficient work in the pre-design that the CD schedule appears reasonable. Efficiency seems to be realistic.
- It is hoped that over time public agencies recognize the decades of expertise represented by PRC members. The committee wants to ensure that owners are successful. Appreciating PRC feedback and taking it seriously will lead to a better project.
- There is no contract between the GC/CM and design team, which means different packaging that results in additional time.

The panel voted unanimously to approve WWU's request to use GC/CM on its Miller Hall Renovation project. Mr. Marberg abstained.

Chair Benson conveyed the owner will receive a letter documenting project approval within the next 10 days. He asked the team to e-mail Mr. Orr with comments about the application review process.

Ms. Septelka thanked WWU for its written responses to questions posed by members in advance of the meeting.

Application Review Post Mortem

Members agreed that adding 15 minutes for presentations was beneficial. Ms. Staeheli said an hour provided time for panel members to add value. Chair Benson said panel members did a good job counseling owners and project teams.

Mr. Lynch stated he was glad to have an opportunity to observe review panels. A concern was a process that doesn't allow panels a separate caucus; however, he said he no longer has the same concern. Direct feedback adds to credibility. Education is part of the process. He said he is pleased with the process.

Discussion ensued about Othello's project, the process for owners to reapply for project approval, and that the application process is appropriate. PRC's role is to interpret the statute. The schedule and budget are appropriate criteria for review. Panel leads should summarize questions submitted by members in response to an owner's application and ensure questions are relevant. There is a need for the entire committee to attend future meetings. Chair Benson noted the September 26, 2007 meeting date shown on the schedule is incorrect and should be September 27, 2007.

Mr. Smith commented that a half hour for lunch might be more suitable.

Set Next Meeting Agenda

Discussion followed about Joint Legislative Audit and Review Committee (JLARC) briefing PRC on sunset act requirements once it has an opportunity to meet with Capital Projects Advisory Review Board (CPARB) in the fall.

Committee members requested including a discussion on recertification criteria to the September meeting agenda.

Adjournment

Keith Schreiber moved, seconded by Peg Staeheli, to adjourn the meeting at 5:00 p.m. Motion carried.

Rodger Benson, Chair