

**CAPITAL PROJECTS ADVISORY REVIEW BOARD  
PROJECT REVIEW COMMITTEE**

**Northwest Carpenters Facility  
25120 Pacific Highway South**

**Kent, Washington**

**October 25, 2007**

**9:00 AM**

**Minutes**

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**MEMBERS PRESENT**

Jim Paapke, Clallam County Public Hospital  
Dave Marberg, University of Washington  
Eric Smith, Vice Chair, University of Washington  
Darlene Septelka, King County  
Christy Trautman, King County  
Bob MacIssac, Port of Seattle  
Rick Benner, Western Washington University  
Gary Arndt, P.E., Parametrix  
Jonathan 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.  
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.

**MEMBERS ABSENT**

Penny Koal, General Administration  
Phil Lovell, Turner Construction NW

John Mannix, Spokane Public Schools

**STAFF, GUESTS, PRESENTERS**

Nancy Deakins, GA  
Robyn Hofstad, GA  
Roland Orr, GA  
Cheri Lindgren, Puget Sound Meeting Services  
John Lynch, GA  
Pam Johnson, OST

Dick Goldsmith, AWP/PHD  
Bob Dixon, GA  
Kent Nugen, GA  
Don Gillmore, Seattle Public Schools  
Mike Finnegan, Seattle Public Schools

**Welcome & Introductions**

Chair Benson called the Project Review Committee (PRC) meeting to order at 9:01 a.m. Everyone present provided self-introductions.

**Approval of Agenda**

**Tom Balbo moved, seconded by Jim Paapke, to approve the agenda as presented. Motion carried.**

**Approval of September 27, 2007 Meeting Minutes**

**Eric Smith moved, seconded by Darron Pease, to approve the September 27, 2007 minutes with the following correction: on page 6, the vote to approve Washington State University's certification application for DB should be (9-6) and not (8-7). Motion carried.**

### **Public Comments**

There were no public comments offered at this time.

### **October CPARB Meeting Update**

Chair Benson reported the Capital Projects Advisory Review Board (CPARB) voted unanimously to overturn the committee's decision to approve Washington State University's (WSU) certification for Design Build (DB). He described CPARB's appeal process. The fundamental reason the Board reversed PRC's decision was because WSU did not demonstrate it has successfully completed a DB project within the last five years. Even though the language in the statute is somewhat ambiguous, CPARB believes the intent of the statute is clear. The expectation is that public owners must demonstrate competency in delivering General Contractor/Construction Manager (GC/CM) projects for GC/CM certification, or DB projects for DB certification.

Mr. Smith added that General Administration's (GA) Attorney General, Larry Sheehan, explained the first thing to consider when interpreting a statute is the plain meaning of the language. It reads in part, "... demonstrated success in managing at least one GC/CM *or* DB project within the previous 5 years." Plain meaning of the statute is an owner with experience in either DB or GC/CM within the last five years the owner meets the criteria. Mr. Sheehan's statements validated the fact that the language is not clear.

Chair Benson added Mr. Sheehan reminded the Board that there are other provisions in the section that members can also consider. It's PRC's charge to determine whether public owners possess the experience and knowledge to move forward with Alternative Public Works (APW) delivery methods. The CPARB expects the committee to drill down with agencies to determine whether they are qualified or not regardless of what the statute says. The law includes the text, "including but not limited" that provides the PRC with some flexibility when considering criteria that is appropriate in its decision-making.

*Jonathan Hartung arrived at 9:11 a.m.*

CPARB members believe that delivery of Energy Service Performance Program (ESPP) contracts is very different compared to DB, and that ESPP experience is not relevant.

Mr. Smith stated during the appeal, WSU representatives stated their request should have been approved based on the agency's experience and capability, and that ESPP projects qualified as meeting the intent of DB experience. WSU representatives apologized for making the "or" language a significant issue during its presentation before the PRC.

Mr. Berry said had he been present at the committee's last meeting, he would have argued emphatically against the "or" claim. The expectation by those that drafted the language is an owner is required to have successfully completed a DB or GC/CM project to receive certification approval.

Ms. Staeheli commented that recent guidance from the CPARB is different than what she understood the initial direction to be. New guidance will change the way members review applications. A broader perspective offers an opportunity to ask additional questions.

Discussion ensued about differences between individual project and agency certification approval and PRC direction when reviewing project and certification requests.

Chair Benson commented that members must determine which delivery model is in the best interest of the project and taxpayers. He noted the CPARB discussed cleaning up the language during the next legislative session. CPARB members considered "intent" of the statute during its discussions about WSU's certification appeal. The Board also suggested including text on the application to clarify the intent.

**Paul Berry moved, seconded by Tom Peterson, to direct Chair Benson and Mr. Orr to draft clarifying language in the application guidelines of the intent of the statute (PRC is looking for GC/CM experience for GC/CM certification and DB experience for DB certification) for review at the PRC's next meeting.**

Ms. Septelka reported WSU was one of the few owners testifying before the CPARB on the proposed changes. Mr. Schlatter previously asked that WSU be granted grandfather status.

Mr. Goldsmith explained why he appealed PRC's decision to approve DB certification for WSU. He emphasized it was not his intent to second-guess the committee's decision. PRC should inform applicants about the criteria it will use to evaluate applications. Informal guidelines could be listed on the website for clarification purposes. Owners are looking to the committee for guidance.

Mr. MacIssac expressed concerns that PRC is being asked to consider intent of the statute when evaluating applications. He encouraged the Board to refine the language rather than place the committee in a position to interpret intent.

Ms. Deakins said the Board was not focused entirely on the intent issue. The CPARB indicated clearly that WSU's personnel did not have DB experience specifically using the 39.10 statute. WSU's relevant experience occurred years before implementation of the law. ESPP projects do not qualify for DB as defined under 39.10, which is an important distinction.

**Motion carried unanimously.**

Summarized points of view on the CPARB's action to reverse PRC's decision to approve DB certification for WSU includes:

- Rather than focusing on the "or" issue committee members should rely on the experience represented at the table to do the best job possible and make decisions that are in the public's best interest.
- The process outlined by WSU was a GC/CM process with a DB name. WSU did not have the experience to put the DB process forward.
- WSU did not demonstrate competency for the DB methodology.
- It is not PRC's responsibility to be either right or wrong, but to make a reasonable judgment when reaching a decision.
- PRC members are more experienced with GC/CM projects compared to DB. Additional training and/or education might be beneficial. *(Mr. Baldasari reported two weeks ago, the AIA conducted a one-day DB seminar similar to the AGC and University of Washington's GC/CM two-day sessions. The DB training was well attended. Another course is scheduled for January 2008. Several members asked Mr. Baldasari to let them know about upcoming training opportunities.) (Mr. Goldsmith offered to help notify other interested parties about future training sessions.)*
- Perhaps the Design-Build Institute of America (DBIA) could conduct a short DB training session at a future PRC meeting.
- There will be challenges in the future about what projects meet the definition for DB.

- The statute provides the committee with the authority to appoint nonvoting people with expertise to participate on review panels.

Discussion ensued about CPARB's efforts to fill remaining PRC vacancies. Ms. Septelka reported she is resigning from her position with King County. Chair Benson asked members to notify him, Mr. Lynch, or Ms. Deakins about anyone interested in serving on the committee.

#### **Application Pipeline Review**

Mr. Orr reported there are no project or certification applications currently scheduled for the committee's November meeting. The City of Gig Harbor has discussed applying for project approval to use GC/CM.

Chair Benson reported the City of Olympia is discussing applying for a DB project application next month.

Mr. Chandler said the City of Kenmore is considering GC/CM for its city hall project.

Mr. Shinn distributed copies of a document offering Shinn Mechanical's comments on the Garfield High School's addition and modernization project. He said he posed the first two questions concerning Seattle Public School's (SPS) application for certification to use GC/CM. Currently, Garfield's plan to actual (cost overruns) is approximately 33%. As a contractor working on the site, Garfield's project team is overworked.

Chair Benson said PRC has the authority to revoke certification or project approval if an owner is not following through with the intent of the delivery method.

Mr. Peterson commented that he's been struggling to decide whether to abstain from participating in SPS's certification discussions. He agreed that the Roosevelt project was disastrous for his company.

Ms. Septelka commented that every owner is having difficulty in recruiting and retaining competent staff.

Discussion ensued about the list of projects for all types of contracting procedures contained in SPS's certification application, specifically GC/CM projects that were extremely over budget, and whether cost overruns are attributable to the process, the current bid and construction environment market, or whether the owner selected the wrong APW delivery method.

Mr. Baldasari provided background information about SPS's decision to use GC/CM. SPS extension staff is overworked. Organization and field staff are thin.

Mr. Smith asked whether member discussion about SPS is inappropriate and that perhaps the discussion should occur when the applicant is present. Mr. Paapke agreed. He said he hasn't read the document distributed by Mr. Shinn because he wants to ensure his decision is based on the application and presentation.

Mr. Balbo agreed that the committee should base its decision on the facts and criteria.

Mr. Shinn said he'd be happy to read the document and present his questions to SPS.

Ms. Staeheli said it's appropriate to ask questions about staffing availability and other projects team members are managing.

Chair Benson suggested PRC members discussing an owner prior to application is likely not appropriate. A concern is separating personal interests and committee responsibilities. It's possible that members could find themselves jeopardizing their careers and/or businesses by serving on the committee.

Mr. Benner said the committee cannot prevent an agency from misrepresenting themselves. It will play out later when a project fails and the Legislature asks what happened. Evidence will show the owner didn't execute the project as it was presented. If an owner continues to fail on a majority of projects, contractors will not be interested in participating in future contracts.

Chair Benson recessed the meeting from 10:06 a.m. to 10:16 a.m.

**Public Body Certification Review for Design Build and General Contractor/Construction Manager – Washington State Department of General Administration**

Chair Benson welcomed the Department of General Administration. Everyone present provided self-introductions. Chair Benson reviewed the certification review process. He asked if anyone needed to recuse him/herself. There were none. A supermajority vote of 13 members is required for certification approval.

John Lynch, Assistant Director for GA and Engineering and Architectural Services (EAS) Manager, introduced team members Kent Nugen and Bob Dixon. GA is requesting certification to use both GC/MC and DB delivery methods. GA meets the requirements as an experienced owner. Mr. Lynch provided a PowerPoint presentation. He explained EAS is a design and construction project management group that manages projects for a number of state agencies and approximately 20 other small agencies. EAS currently manages projects totaling \$400 million annually. EAS has 400 active projects. EAS has APW experience with GC/CM, DB, and Job Order Contracting (JOC) methodologies.

Mr. Lynch explained EAS uses a collaborative decision when choosing the right delivery approach with client agency involvement. The contracting method is determined early during predesign. A majority of GA's projects use Design Bid Build (DBB).

Over the last 10 years, EAS has completed more than 2,500 projects (23 GC/CM and 1 DB project) exceeding \$3 billion. Most project managers are licensed engineers and architects. Eighteen of the 45 project managers have direct GC/CM or DB experience. EAS's management plan includes working collaboratively with the agency, pursuing a team process with oversight, and has the organization depth to keep projects on track.

The agency has an excellent record for minimal project cost overruns. Its client agencies consistently provide high ratings for performance. GA strives for improvements and maintains active liaisons with industry organizations.

Mr. Dixon briefed PRC on Veterans Affairs (VA) \$45 million Skilled Nursing Facility GC/CM project. He outlined challenges and difficulties including creating a scheme to demolish and construct a new nine-wing building, relocating residents, and constructing new kitchen and dining facilities while maintaining all functions on the site.

Mr. Nugen briefed members on DOC's 386,000 square foot, \$160 million North Close Correctional Facility DB project to bring 900 capacity beds on line. The expansion involved four, 98-bed closed custody units (maximum security housing units). The scope included new administration and visitor buildings, a motor pool, automotive vocational building, and a large structure to support education, wellness, food service, and security operation functions. The DB delivery method was used primarily because of the schedule. The project commenced in March 2005 and substantial completion was attained in September 2007. Challenges included

delays because of owner changes and addressing security and cost escalation issues with the contractor. GA resolved all issues and provided the state with a quality facility and good value.

Mr. Lynch explained the circumstances related to a DB project completed within the last five years with an \$18 million overrun. Major change orders were required. He clarified that GA was able to complete the project with available DOC funds and did not have to go back to the Legislature for more money. The state did get value for the work. Had GA pursued a conventional process, the project would have cost more.

Mr. Nugen added GA has taken lessons learned and applied it to a \$247 million DB project in Connell, Washington. The project is 65% complete and running smoothly.

Mr. Lynch explained EAS plays an active role in the development and management of the Capital Plan for GA. Project managers assist client agencies with capital plans. GA has a proven capability, possesses professional staff expertise, plays a leadership role in the industry, and is committed to improving APW delivery methods. The agency has had no audit findings.

Mr. Lynch distributed a list of GC/CM projects GA has completed or has under construction over the last 10 years in response to PRC question #2. Concerning question #3 about GC/CM projects GA considers less than successful and keys to delivery success, he explained there are hundreds of keys to success. A contract that was particularly challenging was Safford Creek. A major claim was settled through a litigation process rather than binding arbitration, which was a different experience. Claims are typically settled by arbitration. The biggest problem was that it took years to get through the litigation process. The amount of the settlement was 2% of the total project. Related to question #4 about why GA uses GC/CM if it costs more or less to manage than conventional DBB, Mr. Lynch said if the cost of managing a GC/CM project is higher, EAS spends more time and money in the management process that is offset by lower risk. A hard bid process would expose GA to more money compared to initial management costs.

Chair Benson reported his firm does a lot of work with GA. The public body probably has the best-managed projects his firm has worked on. He asked GA to talk about lessons learned with the North Close Correctional Facility project. Mr. Nugen explained the owner should have considered the location. Security issues at the prison apply inside and outside the facility. When the contractor needed to get trades on site, security clearances were sometimes problematic. Labor was impacted and time was lost. Another lesson concerns owner changes. Security is the number one priority in a maximum-security environment and owner changes occur. GA should spend more time during the planning process for DB projects. When developing the Request for Proposals (RFP), it's important to identify what's important to the owner and address those details at the planning stage before the design builder is brought on board. DB delivery was selected because of schedule and safety considerations.

In response to a question from Mr. Peterson about specific lessons learned that were applied to the North Close Correctional Facility, Mr. Nugen said the facility sits between a significant ravine and a lower level security facility. Security requirements were not placed on work crews. GA minimized changes by the owner. In the future, DOC will look closer at the complexity of a high security facility.

Discussion ensued about whether clients are required to take GA's recommendation about the selection of an APW delivery method. Mr. Lynch said GA will not pursue an APW delivery that an agency doesn't desire.

Ms. Septelka asked how GA evaluates projects for GC/CM or DB, and if the owner has future DB projects in its schedule. Mr. Lynch replied EAS holds monthly meetings with project managers to discuss project management issues. More intensive annual meetings are also scheduled. As project managers learn more

about DB in particular, they will encourage using the approach with the right project. Currently, GA does not contemplate any DB projects.

Mr. Nugen added that EAS sits down with the client and asks what's important, how they see their role and involvement in a project, and what the owner wants delivered. DB is a better fit for less complicated projects.

Discussion followed concerning a client's responsibility when it comes to developing capital plans and budgets. Mr. Lynch explained many clients rely on consultants for job estimates, particularly with larger projects. Most EAS project managers have a relationship with the client and provide assistance as necessary. The state does not have a process that sends client budgets through GA before submittal to the Office of Financial Management (OFM). OFM does send GA the capital budget it's considering in its entirety. GA provides some analysis on a holistic level. GA is not able to prove whether a cost estimate is correct.

Mr. Berry asked what happens when budget and scope don't match. Mr. Lynch said the scope is adjusted.

Mr. Chandler asked whether the AG office drafts DB documents. Mr. Lynch replied the AG office reviews the documents prior to issuance. Mr. Chandler asked whether EAS develops the basic platform. Mr. Lynch replied that it does. Mr. Nugen added that EAS uses DBIA platform documents and follows the state's general conditions. He described the process to determine a fixed price. Firms are selected based on 60% of technical design and 40% on price. Exceptions to the submittal are negotiated.

Chair Benson acknowledged that GA has a successful track record for GC/CM projects. He asked if the Walla Walla project is the only DB completed job within the last five years. Mr. Lynch responded that it's the only completed DB job within the last 10 years. GA built three DB office buildings in late the 1980s. A number of staff members involved in those projects are still in the EAS office. Chair Benson asked if GA characterizes the North Close Correctional Facility as a successful DB project. Mr. Lynch said the structure is a well-built secure facility.

Discussion followed on the nature of cost overruns of the Walla Walla job, how documents were drafted to ensure GA received the quality of work desired, at what point the schedule slipped, and Leadership in Energy and Environmental Design (LEED) Silver and Gold certification. Mr. Nugen said the agency worked with the DB firm each step of the way to ensure the owner received what it wanted. Mr. Lynch added DOC was willing to push the schedule back to ensure the job was completed right. Mr. Dixon said the Skilled Nursing Facility was awarded LEED Gold certification. GA is aiming for LEED Silver certification for the North Close Correctional Facility.

There were no public comments.

Additional member comments are summarized below:

- GA has a long history of successful GC/CM projects, and its previous DB project was successful. The member said he liked what he heard about how the owner works through the process with stakeholders.
- GA is a well-oiled machine, has demonstrated knowledge of APW processes, and possesses adequate resources to put the right people on the right job.
- GA was one of the first owners to use APW. The owner has taken the responsibility to carefully match a project with the appropriate delivery method. Even though GA does not have a long history of DB projects, it will exercise the same responsibility to determine whether a project is appropriate for GC/CM or DB methodologies.

- GA successfully completing a DB project shows the agency is capable of delivering successful projects. The owner should remain engaged rather than deferring project management to a third party.
- GA piloted the new APW statute. There is no question about the agency's capabilities.

***PRC voted unanimously to approve GA's public body certification for DB and GC/CM.***

Chair Benson recessed the meeting from 11:13 a.m. to 11:30 a.m.

**Public Body Certification Review for GC/CM – Seattle Public School District**

Chair Benson welcomed Seattle Public School District representatives. PRC members provided self-introductions. Chair Benson asked if there was anyone who wished to recuse him or herself from the review process. Mr. Shinn recused himself and stated he is working for the contractor. Chair Benson said a supermajority of 12 members is required to approve the certification request. He outlined application review procedures.

Don Gillmore, Program Manager, reported the Building Excellence Program (BEX) is on schedule to deliver \$500 million in projects over the next five years. He introduced Mike Finnegan, major project coordinator with Heery International. BEX Consultant Program Manager Donald King was unable to attend the meeting.

A PowerPoint presentation was provided. Mr. Gillmore reviewed core management staff.

The district utilizes a District Oversight Committee reporting to a Board of Directors on a quarterly basis. Construction activities are reported monthly to the oversight committee. Four oversight committee members have direct experience with the public sector GC/CM alternative contracting method.

Mr. Gillmore said the agency has created an RFP template that is refined based on the project. The District uses a defined selection process that has been reviewed with the District Oversight Committee. Legal staff has worked to refine GC/CM contract documents using experience gained from previous projects and matching current legislation.

Mr. Finnegan reviewed project cost, Guaranteed Maximum Price (GMP), and other construction related components for completed projects that included Roosevelt High School, Nathan Hale High School Auditorium, Cleveland High School, and Garfield High School. He reviewed other Heery International GC/CM projects: Rogers High School; Shadle Park High School; Aberdeen High School; Lincoln High School; and Skyline Hospital expansion and renovation. DKA Construction Management experience was highlighted. Future GC/CM projects include Nathan Hale High School renovation and Denny-Sealth 6-12 Campus.

Mr. Gillmore explained the district is one of the more qualified applicants. The district, Heery International, and DKA Construction Management have completed a number of GC/CM projects. He described the applicant's GC/CM construction procurement qualifications. The district's program is managed by internal and external groups. Heery International and DKA will contribute experience to the project team. A number of the project managers also possess GC/CM experience.

Chair Benson asked the owner to characterize a successful GC/CM project completed within the last five years. Mr. Gillmore replied the Nathan Hale High School auditorium was the district's best project for two reasons: the work began prior to hyper-escalation, was completed on time, and the district and contractor were

both satisfied. Garfield High School, which is 50% complete, will also be a successful project. The district waited until 95% CDs to agree on a price. Money was consciously added to the project.

Mr. Finnegan provided additional construction management details on the Roosevelt and Cleveland High School projects, which Heery International deems successful. GMP was negotiated at 80% of CDs. Pricing was stable in Spokane. The Rogers renovation was an ideal GC/CM project because of cost savings during the buyout.

Ms. Septelka said a successful GC/CM delivery is dependent upon the owner having project managers on site. Project manager experience, how project managers are dedicated among the numerous projects, and owner involvement is unclear. Mr. Gillmore explained he is the owner representative for all district projects whether lump sum or GC/CM. He added he has a secretary. Heery International has acted as the district's construction management firm over the last 10 years, which is not an unusual arrangement. Heery employs a number of construction managers. The previous program was managed internally; however, voters were not happy with that management situation. The last three levies have passed with a 70% approval rate with the district's newer management and construction strategy.

Ms. Septelka indicated she is troubled by the request for certification. There is a lack of detail on how the owner is involved on all projects and construction manager experience. Mr. Gillmore conveyed he can forward the district's organizational chart (internal and external) showing everyone's roles in the program. Major projects are tracked weekly. Mr. Finnegan and Mr. King attend weekly meetings as well.

Ms. Septelka asked if the district delegates signature authority to consultants. Mr. Gillmore replied that he signs all documents relating to the projects.

Mr. Finnegan described his role, which includes involvement in all pre-construction services and managing all BEX project managers. There are experienced people in the organization. Project managers dedicate 100% of their time on their designated projects. Mr. Gillmore said the district could forward resumes for project managers.

In response to a request from Mr. Chandler, Mr. Gillmore explained the relationship between Heery and DKA. Mr. Gillmore asked how much of the \$500 million BEX III program is GC/CM. Mr. Gillmore answered approximately \$140 million.

Conversation followed about at what point the owner will establish GMP for GC/CM projects, advantages related to flipping Heery and DKA relationships, the number of project managers that have GC/CM construction experience and the amount of money those managers are managing. Concerning the latter, Mr. Gillmore said the district has three previously experienced GC/CM project managers. Mr. Finnegan added Heery has eight project managers with GC/CM experience. Project managers are spread out. An advantage in terms of hiring and staffing projects is that Heery is able to backfill a project management position when necessary.

Mr. Hartung asked if the district always has a project manager for each project dedicated 100% for that project from Heery or DKA. Mr. Gillmore replied that's correct, as well as assistant project managers and part-time administrative assistants during construction phases.

Discussion ensued about the level of commitment from project architects, including paying additional fees for the GC/CM component, and whether the architect provides the district with an appropriate level of dedication. Mr. Hartung said it's rare than an owner has sufficient funds to pay an architect for the level of support it takes

for the GC/CM process. If the district doesn't have people committed to a timely response, it will impact the project. Mr. Gillmore said when the district advertises for an architect, the ad talks about the GC/CM component.

Members discussed how hyper-escalation affected some projects and whether money was added prior to a final agreement for GC/CM. Mr. Berry asked if the documents provided for a reopener for hyper-escalation conditions, or whether the money was added after establishing the GMP. Mr. Gillmore replied CDs advance with the project. Funds were added after the GMP was set. There was no language in the contract that facilitated an adjustment. Mr. Berry asked if the district made an adjustment to prevent a major lawsuit. Mr. Finnegan answered yes. Mr. Berry asked if the district is including reopener language in its contracts. Mr. Finnegan replied construction budgets are higher based on historic costs and match better with the GMP. Revised Code of Washington (RCW) allows an owner to bid out a substantial amount of work to limit risks, which also helps. Five percent of the GMP is added to the cost of a project to provide for contractor contingencies. Funds are dedicated for buyout problems and/or for risks the contractor has taken.

In response to an inquiry from Mr. Baldasari, Mr. Finnegan explained how Heery and DKA project management is dedicated among the active projects; i.e., Heery is providing full-time construction management for Nathan Hale. Denny is split with another project manager from DKA. DKA is managing the Ingrim High School addition and Heery and DKA are supporting both Hamilton and Soft Shore projects.

Mr. Baldasari commented he expected someone from Mr. King's office to attend the meeting in his place. Mr. Gillmore said the district hoped Mr. King could attend; however, he was unexpectedly called away.

Mr. Smith asked the owner to elaborate further about the District Oversight Committee's role in the process and during construction. Mr. Gillmore explained the oversight committee is an advisory body. Recommendations are forwarded to a subcommittee of the Board of Directors for its consideration. Recommendations are then presented to the Board of Directors for a vote. Recommendations are presented to two subcommittees prior to submitting them to the board.

Mr. MacIssac referred to the Aberdeen project and asked if the district went back to the second bidder to further negotiate the contract. Mr. Finnegan replied CDs were at 80% and it was too late in the process. Aberdeen is not a front-funded school district and relies on state funding.

There were no public comments.

Mr. Marberg stated during the period of hyper-escalation, DBB projects in terms of budget were much more successful compared to GC/CM. He asked why the district is pursuing GC/CM. Mr. Finnegan replied the district had a number of projects that were completed prior to hyper-escalation. Roosevelt was the first project hit by hyper-escalation. Mr. Gillmore said the owner is evaluating projects closer when considering the GC/CM delivery method. Both South Shore (\$45 million) and Hamilton Middle School (\$60 million) projects are better suited for a lump sum low bid methodology primarily because the contractor has access to every portion of the two sites. The district is interested in using GC/CM for Nathan Hale and Denny because it can benefit from early involvement with the contractor in terms of phasing and dealing with students on the two sites.

Mr. Benner conveyed he's uncomfortable granting certification authority partly due to a lack of in-house GC/CM experience. He said he's more comfortable with the district requesting individual project approvals.

Mr. Chandler commented Heery management provides the district with stability and has completed \$1 billion of work.

Mr. Benner said 100% of Mr. Finnegan time is dedicated to the district. He expressed concerns about how the project manager will handle a number of other scheduled projects.

Ms. Septelka commented PRC is certifying an owner and not a construction management program.

Mr. Baldasari said he would have liked to see the district's staffing program.

Mr. Berry said a concern is the district's program is heavily based on consultants. Any gap with in-house staff puts more dependence on consultants. He indicated that he finds some difficulty in certifying an agency under those circumstances. Ms. Septelka agreed. The owner doesn't have appropriate oversight staff to support the level of work. Public owners have to be involved in the GC/CM process.

Mr. Schreiber expressed concerns about the decision-making process.

***A supermajority of the PRC voted to deny Seattle School District's public body certification for GC/CM (5 in favor, 15 opposed). Mr. Shinn abstained.***

Mr. Benson said the district will receive a formal decision letter. He asked members to clearly state on their ballots reasons for voting against the certification request.

#### **Application Review Post Mortem**

Chair Benson applauded the committee for its careful deliberations. Questions posed by members were appropriate and on target.

Members engaged in a debrief of the Seattle School District certification application. Additional feedback included:

- Decision making process was too far removed from the owner regardless of the delivery method.
- In-house staff capacity was lacking in the management plan.
- The owner's engineer does not attend construction meetings.
- Reorganization within the agency occurred a few years ago. The consultant program manager position is now more isolated and removed from the process.
- How is one person able to fully understand all of the documents they're signing off?
- The committee has established a high bar for agency certification per the APW statute.
- A key consultant did not attend the meeting.
- District representatives did not address questions that were forwarded in advance of the meeting.

Ms. Deakins explained whenever a member is considering recusing him or herself from a process; the member should have no discussions on the specific application with any PRC member. She suggested that Mr. Shinn should have recused himself from Seattle School District certification discussions early in the meeting.

Mr. Peterson asked if a recused member can provide comments on an application as a member of the public. Chair Benson replied yes. Ms. Septelka added the member could note for the record that they are offering comments as a member of the public and not as a committee member.

Discussion ensued about committee bylaws and electing officers at the next meeting.

**Mr. Cameron moved, seconded by Peg Staeheli, to extend the current Chair (Rodger Benson) and Vice Chair (Eric Smith) appointments to June of 2008. Motion carried.**

Concerning PRC appointments, Ms. Deakins explained if an appointment expires in June, members could submit another letter of interest. Until the CPARB takes an action, members remain appointed until replaced.

*Mr. Shinn left the meeting at 12:46 p.m.*

Mr. Benner asked if there is value to review the certification application and instructions to determine whether they are consistent with the criteria the PRC is using to make decisions. Chair Benson replied yes. He asked members to review the certification application, instructions, and attachments over the next month and forward any comments to him. He said he will accumulate and present feedback for discussion purposes at the next meeting.

**Set Next Meeting Agenda**

- Discussion of certification application, instructions, and attachments.

**Adjournment**

**With no further business, Chair Benson adjourned the meeting at 12:51 p.m.**

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Rodger Benson, Chair

Prepared by Cheri Lindgren, Recording Secretary  
Puget Sound Meeting Services