

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

**Northwest Carpenters Facility
25120 Pacific Highway South**

Kent, Washington

June 26, 2008

9:00 AM

Meeting Minutes

MEMBERS PRESENT

Charles Davis, Evergreen Healthcare
Eric Smith, Vice Chair, University of Washington
Christy Trautman, King County
Penny Koal, Department of General Administration
Bob MacIssac, Port of Seattle
Gary Arndt, PE, Parametrix
Jonathan Hartung, SHKS Architects
Rodger Benson, Chair, MA Mortenson Company

Phil Lovell, Turner Construction NW
Mike Shinn, Shinn Mechanical
Gary Baldasari, AIA
Paul Berry, Harris & Associates
Jim Anderson, Burton Construction, Inc.
Gary Baldasari, AIA
Paul Berry, Harris & Associates
Peg Staeheli, SvR Design Company

MEMBERS ABSENT

Dave Marberg, University of Washington
Keith Schreiber, AIA, Schreiber Starling & Lane Architects
John Mannix, Spokane Public Schools
Tom Peterson, Hoffman Construction Co of WA
Darlene Septelka, Landon Construction Group

Rick Benner, Western Washington University
Tom Balbo, Ferguson Construction Inc.
Darron Pease, Pease & Sons, Inc.
Dan Chandler, PE, AIA, Olympic Associates Co.

STAFF, GUESTS, PRESENTERS

Robyn Hofstad, GA
Cheri Lindgren, Puget Sound Meeting Services
Jake Jundt, Owner's Representative ESD 105
Barbara Cline, Traho Architects, P.S.

Helen Marieskind, Executive Director, Ready by Five
Bob Payne, Director, Finance & Ops, Ready by Five
Robert Maruska, CPARB Chair

Welcome & Introductions

Chair Rodger Benson called the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) meeting to order at 9:03 a.m. A quorum was not present. Chair Benson introduced new member Chuck Davis with Evergreen Hospital. Mr. Davis reviewed his background.

Jonathon Hartung arrived at 9:04 a.m.

Paul Berry arrived at 9:05 a.m.

Everyone present provided self-introductions. Chair Benson reported the meeting is Mr. Anderson's last meeting. He thanked Mr. Anderson for his commitment and contributions during the year.

Chair Benson reported the CPARB reappointed Dave Marberg, Dan Chandler, Darron Pease, and Gary Arndt to the PRC. There are still a number of vacancies on the committee.

Public Comments

There were no public comments.

Chair Benson reported Mr. Smith will assume the Chair position at the July meeting.

Committee members thanked Mr. Benson for his service. Ms. Moses recommended that the PRC send a letter to the CPARB acknowledging Mr. Benson's efforts.

Travel Policy Update

Ms. Hofstad distributed a *Travel and Refreshment Reimbursement Explanation/Information* document. Staff prepared monthly travel vouchers for signatures. The Department of General Administration (GA) is processing reimbursements on a quarterly basis. Members may choose to waive per diem. The value of a meal will be deducted from the total per diem based on King County's rate.

WSCTC Update

Chair Benson reported it's not possible for the PRC to reverse its approval of the Washington State Convention & Trade Center (WSCTC) 800 Pike Conversion project application. WSCTC representatives are willing to discuss the matter with the PRC as long as discussions are not adversarial and as a way to assist members in considering potential revisions to the process to prevent similar situations in the future. The project is well underway. He suggested the Chair, Vice Chair Smith, and several members meet with WSCTC representatives and present the outcome of the meeting to the PRC. It's important for applicants to meet criteria contained in the statute to obtain project and/or certification approval.

Mr. Berry agreed with the suggestion to meet with WSCTC. However, based on the circumstances and structural need for reporting and data collection for Alternative Public Works (APW) projects, he suggested monitoring the 800 Pike Conversion project and obtaining construction documents to assess whether expertise is a factor in managing a successful project. It's important to document the concern and apply lessons learned to the PRC process and procedure.

Mr. Hartung asked how the information will be used. Mr. Berry explained that data helps inform PRC discussions with applicants on project information needed and the criteria to determine whether an applicant is prepared to manage a project.

Discussion ensued on the CPARB's data collection reporting requirements and issues the Board plans to address this year during the 2009 legislative session.

Chair Benson offered to invite CPARB members to attend the PRC's next meeting and brief members on the data collection system and performance measures to evaluate success of APW delivery methodologies. Vice Chair Smith added that the PRC could also provide input on the data collection system.

Mr. Shinn commented that PRC's approval process has changed as a result of lessons learned from the WSCTC and Washington State University (WSU) project and public body certification approval processes.

Ms. Moses said the committee could gauge trends as they occur if project information is collected while projects advance through the construction process.

Mr. Berry suggested that limited data collection elements are not a good basis to measure success. Unless an audit process using statute requirements is implemented, it's unknown whether owners are complying with the law.

Vice Chair Election

Chair Benson reported the PRC is required to elect a new Vice Chair with Mr. Smith assuming the Chair position in July. Tom Peterson and Dan Chandler have volunteered to serve as Vice Chair.

Ms. Staeheli arrived at 9:45 a.m. A quorum was attained.

Mr. Lovell and Mr. Shinn also expressed interest in serving as Vice Chair.

Chair Benson noted the Vice Chair automatically assumes the Chair position the following year.

Members considered the candidates for Vice Chair.

Approve Agenda

Paul Berry moved, seconded by Penny Koal, to approve the agenda as presented. Motion carried.

Approve March 27, 2008 Meeting Minutes

Paul Berry moved, seconded by Miriam Israel Moses, to approve the March 27, 2008 minutes as presented. Motion carried.

Vice Chair Election, Continued

Members cast ballots for Vice Chair. Mr. Lovell was elected as Vice Chair from July 2008 through June 30, 2009.

Chair Benson recessed the meeting from 9:54 a.m. to 10:50 a.m.

CPARB Chair Robert Maruska and Mr. Baldasari arrived during the break.

Ms. Trautman, Mr. Tharp, and Ms. Staeheli left the meeting during the break.

Special Presentation

On behalf of the CPARB and the PRC, Mr. Maruska presented Chair Benson with a plaque recognizing his outstanding service as first Chair of the committee over the last year.

Chair Benson thanked everyone for the recognition.

Mr. Maruska provided an overview on the status of the data collection system. The CPARB is scheduled to take an action to adopt the final data collection plan. GA staff is testing the system. Following adoption by the CPARB, public owners will be notified and the collection plan will be

implemented. Additional information on data collection is available on the CPARB's website. GA staff could provide a presentation at the PRC's next meeting.

Mr. Smith said members are interested in whether the data will inform the PRC's application and certification approval process.

Mr. Maruska reported the Board is discussing what happens if agencies do not provide project information. Meaningful data are important as well as validating how the information is provided.

In response to a request from Chair Benson, Mr. Maruska briefed the PRC on CPARB's strategy to consider 24 APW issues identified by the Expansion and Industry-Wide Subcommittees. Each proponent group prioritized respective issues. Subcontractors and owners will each have two hours at the July meeting to present issues, supplemental information, and/or proposed legislative changes to the CPARB. Contractors and labor will have two hours at the August meeting to provide the same feedback. The Board will make a decision on whether to establish task forces to work through certain issues rather than utilizing standing subcommittees.

Chair Benson asked how other groups can forward issues to the CPARB. Mr. Maruska encouraged the Chair to work with industry representatives. Industry groups have the ability to set and adjust their own priorities.

In response to a question from Mr. Berry, Mr. Maruska said the Board encourages broad participation by members and industry representatives when reviewing strategic plan issues. The CPARB supports public input at meetings.

Chair Benson reported members elected a new Vice Chair, which requires a two-year commitment because the Vice Chair automatically assumes the Chair position the following year. Mr. Lovell's term will expire June 30, 2009. Mr. Maruska indicated he will follow up. It's possible the PRC could amend its bylaws to address the situation and present a recommendation to the CPARB for action.

Project Application Review - Educational Service District 105 – Ready By 5 Early Learning Center Project for East Yakima

(Panel Chair Eric Smith, panel members Gary Arndt, Jim Anderson, Gary Baldasari, Paul Berry, Bob MacIssac, Miriam Israel Moses, and Mike Shinn.) Panel Chair Smith described the application review process. Panel members provided self-introductions.

Jake Jundt, PMC, LLC, owner's representative, Educational Service District (ESD) 105, introduced team members Dr. Helen Marieskind, Executive Director, Ready by Five; Joe Payne, CMA, CPA/Director, Finance & Operations, Ready by Five; and Barbara Cline, AIA, Traho Architects, P.S.

Mr. Jundt identified additional team members not in attendance:

- Richard Prentke, Attorney/Legal Counsel to ESD 105
- Daniel Chandler, PE, AIA/Construction Consultant to the Gates Foundation and GCCM Consultant to Ready by Five
- Kenneth Ombrek, AIA/Leadership in Energy and Environmental Design (LEED) Certified Professional/Traho Architects, P.S./Principal in Charge
- Joe Lang, AIA/RDG Planning & Design/Principal Architect

Mr. Jundt reviewed the project scope consisting of a 38,000 square-foot facility to house 184 children. The proposal is to co-locate with Adams Elementary and Washington Middle Schools and create a campus atmosphere and green space for the community. The project will also include specialized, age-appropriate outdoor play areas.

Dr. Marieskind distributed two supplemental documents. The project is one of two demonstration communities in Washington funded by the Bill & Melinda Gates Foundation (Foundation) and Thrive by Five Washington (TFW), a public/private partnership. The Foundation and TFW provide operating funds. Capital funds will be provided by the foundations, other philanthropists, and Washington State. Approximately 85% of children are not entering kindergarten prepared for learning. The project's goal is expending time and resources preparing families and children for school readiness.

Dr. Marieskind reviewed the structure of the Ready by Five Program and the services provided. The estimated populations to be served are 3,700 children and 1,000 adults. The Early Learning Center (ELC) will provide childcare and early learning services. The average education level of parents is third grade. A kindergarten transition program was initiated benefitting all Yakima children and schoolteachers. Children will go to school knowing their teacher and have an understanding of what's expected in a classroom setting.

Mr. Jundt reviewed the complexity of the project and why the owner is requesting the GC/CM delivery model. The schedule is aggressive. Value engineering as the design progresses is critical to keeping the project on schedule and within budget. The methodology will enhance coordination between the owner, architects, engineers, City of Yakima, and the Yakima School District (YSD). It improves phasing and scheduling, supports critical design and budget decisions, reduces risk, and improves predictability.

Mr. Jundt reviewed the project schedule through construction completion in August 2010.

Mr. Payne presented the budget and funding components. Phases include preconstruction activity, site costs, and construction. The total estimated cost including sales tax is approximately \$20 million.

Prospective funding sources to meet the budget include:

- Bill and Melinda Gates Foundation (\$8 million maximum)
- Thrive by Five Washington / Buffet Early Learning Fund (\$800,000)
- Potential State of Washington capital funds (\$2 million) and Department of Community, Trade & Economic Development (CTED) funds (\$800,000)
- Federal new markets tax credit program (\$3 million)
- Philanthropic community (\$2 million)

Ms. Cline described the link between design and the GC/CM process. The connection between design expertise and contracting expertise is compelling for the Ready by Five project. Collaboration among the owner, architect, and contractor is important. The site is within close proximity of a densely populated residential neighborhood and two adjacent schools. Children attend both the middle and elementary schools. Young children will be integrated into the pedestrian traffic. The City of Yakima owns the street and an alley that are critical to design development of the project. Vacating the public rights-of-way and relocating the utilities are an element of the venture. Coordination with the YSD is

also particularly interesting with buses, parents, and children already located on the site. A GC/CM will play a major role when evaluating alternative materials and methods related to cost effectiveness and sustainability criteria.

Panel Chair Smith acknowledged the importance of the project to the Yakima community. The panel must determine if the project is appropriate for the GC/CM delivery model and whether the owner has staff in place to manage the process.

Mr. Berry said one issue is whether the expertise is available to manage the complex GC/CM process versus Design Bid Build (DBB). It appears from the application submittal that Mr. Chandler is not directly involved in the management activity, which is a concern. He asked for additional elaboration on the ability to manage the activity as prescribed by statute. Mr. Jundt reported he previously owned and operated a commercial construction company for 25 years and completed extensive work in the public arena. He indicated he is familiar with APW statutes. Mr. Jundt reported he has met with Mr. Chandler and Ms. Cline on several occasions. Mr. Ombrek and a Traho staff architect recently completed a GC/CM training session. The goal is to follow the law and employ adequate staff to effectively manage the process.

Dr. Marieskind added Mr. Lang has been retained by the Buffet Foundation and is readily available to the owner. Mr. Lang has completed six prior Educare projects using the GC/CM process.

Ms. Moses echoed similar concerns. It doesn't appear all funding is secured, which is a criteria for consideration. She asked for more information on the funding sources. Mr. Payne outlined funding sources secured through grant agreements of a \$.5 million down payment from the Gates Foundation (maximum of \$8 million) and \$100,000 from the state. Thrive by Five expects up to \$800,000 in capital support from the Buffet Foundation.

Discussion ensued on the funding strategy for the Greenbridge Early Learning Center under construction in the community of White Center, Washington. Dr. Marieskind added that the team is confident that the Yakima community can raise at least \$2 million to support the project. The Paul Allen Foundation has indicated it will also financially support construction of the facility. Both the Kellogg and Kresky Foundations have also expressed an interest in the project.

Panel Chair Smith asked if the owner has signed a contract with Olympic Associates. Mr. Payne advised that Olympic Associates is the construction consultant to the Gates Foundation. The Gates Foundation pays for that support.

Panel Chair Smith asked whether Mr. Chandler assisted in developing the RFP documents. The team affirmed Mr. Chandler's assistance in developing the RFP.

Discussion followed on the RFP, evaluation criteria, and points.

Panel Chair Smith asked whether Mr. Jundt is an employee of Ready by Five. Mr. Jundt advised that he is a consultant. Panel Chair Smith asked whether Mr. Jundt's role extends beyond design and construction. Mr. Jundt replied that's correct.

Mr. Baldasari asked how the owner plans to attract a contractor with GC/CM experience within the local area and how local area is defined. Mr. Jundt said the intent is to advertise beyond the Yakima

area, such as the tri-cities, Spokane, central Washington, and the Seattle and the Portland areas. There are five general contractors in the Yakima area qualified to do the work.

Mr. Baldasari asked whether Yakima generals have practical GC/CM experience. Mr. Jundt said the contractors might not have practical GC/CM experience but have completed Design Build (DB) facilities and are familiar with public works projects.

Ms. Cline added that the owner has not been able to publicly discuss the project because of its preliminary status. There is no other project of similar size in the Yakima area. It's not appropriate to contact contractors at this time.

Mr. Shinn asked whether the project is public or private. Ms. Cline said the project is public and that the owner understands and is committed to prevailing wage provisions.

Mr. MacIssac asked how much time Mr. Jundt can devote to the project. Mr. Jundt said his time is equivalent to a full-time position.

Discussion ensued on public works similarities between the Ready by Five and Seahawks Stadium projects. Mr. Jundt was intimately involved with the Seahawks Stadium design and construction processes.

Mr. Shinn asked about operation of the facility after completion. Dr. Marieskind reported the issue is under discussion at this time. It's possible Ready by Five will own the building for the first five years. Another entity, such as the YSD, would be responsible for maintenance and long-term sustainability. The Gates Foundation commitment, if all goes well, spans 10 years.

There were no public comments.

Panel members deliberated on a recommendation. Additional comments are summarized below.

- The complexity of the project meets the requirements of the law. One concern is the ability of the entity to manage the GC/CM mechanism. Mr. Jundt's experience with the stadium project demonstrates his understanding of the process. However, 5% participation of a consultant does not necessarily qualify as demonstrating GC/CM experience.
- One member indicated a vote of denial if the request was for certification. Entities wanting to take advantage of the APW law do not necessarily have in-house capability to manage the process. Employing consultant resources is appropriate. Knowing the consultant provides a level of confidence in addition to Mr. Jundt's unique experience. The team is professional and possesses areas of expertise.
- The project schedule and the nature of the project support the owner's position. The addition of a consultant is necessary considering the project type and that the applicant doesn't have in-house GC/CM experience. Supplementing the owner's team with qualified personnel is necessary. The project is a good fit for GC/CM. The member expressed some reservation about the involvement of some of the consultants to assist the owner; however, it's not necessarily a deal breaker.
- The Ready by Five ELC is an incredibly important project and well suited for the GC/CM model. One concern is the lack of dedicated funding; however there is some confidence other organizations will follow and bridge the funding gap once the Gates Foundation releases funding.

- Mr. Chandler did provide the RFP and RFQ information. However, his level of involvement in the project is unclear. The level of Mr. Jundt's construction experience is sufficient.

Paul Berry moved, seconded Miriam Israel Moses, to approve Educational Service District 105 – Ready by Five Early Learning Center for East Yakima project application. Motion carried unanimously.

Panel Chair Smith recommended the owner include the points assigned to each of the criteria in the RFP to inform potential applicants. It's likely the contractor will not have GC/CM experience specific to the statute. Mr. Jundt's role is to ensure the contractor is familiar with the law particularly as it pertains to bidding packages and public bidding.

Mr. Berry encouraged the owner to clarify that the entity is not looking to establish the Maximum Allowable Construction Cost (MACC) until 90%.

Chair Benson reported ESD 105 will receive a written confirmation decision within the next several days.

Other Business

Members recommended the PRC Chair and Vice Chair meet with WSCTC representatives to discuss the 800 Pike Conversion project.

Application Review Post Mortem

Chair Benson commended the PRC panel for its review of the ESD 105 Ready by Five ELC project.

Mr. Berry reiterated concerns pertaining to the addition of a consultant to the management team demonstrating that an owner is qualified for the GC/CM delivery. He said he's comfortable with Mr. Jundt's experience and ability to help manage the project.

Chair Benson commented that the stadium project was a private constructed project and not a public project.

Mr. Shinn advised that there are available GC/CM qualified contractors in Yakima. The project will likely be successful. Ms. Moses agreed and that Mr. Jundt is capable of managing the project.

Members shared opinions about owners hiring consultants to fulfill the expertise requirement rather than qualified staff assuming an active role in managing the project. Asking questions in advance often helps to educate applicants and informs the review process. The review focuses on two major issues of whether the project is appropriate for the delivery model and whether the owner team is capable of managing the project.

Mr. Berry suggested including Panel Chair Smith's comments in the letter for scheduling the project for review on the panel's determination of whether the project is appropriate for the GC/CM delivery model and the availability of qualified staff to manage the process.

Chair Benson suggested the consultants should advise the team on how to develop an effective presentation.

PRC MINUTES

June 26, 2008

Page 9 of 9

Set Next Meeting Agenda

- CPARB briefing on the data collection system
- Project application reviews
- A discussion on developing guidance materials and revising the project application to clarify owner and consultant roles and responsibilities

Adjournment

With there being no further business, Chair Benson adjourned the meeting at 12:23 p.m.

Prepared by Cheri Lindgren, Recording Secretary
Puget Sound Meeting Services