

GC/CM Services for WPTP – Industry Outreach Technical Memorandum

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From: Parametrix

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CC: West Point Capital Program (WPCP)

Reviewed by: Greg Brink, Parametrix

Subject: RFI Contractor Responses

1.0 Summary

King County (“the County”) issued a Request for Information (RFI) from interested and qualified firms (“Respondents”) to provide General Contractor / Construction Manager (GC/CM) Services for the West Point Treatment Plant (WPTP) per the overview of the Scope of Work provided during the Industry Open House event on January 31, 2023. The purpose of this RFI was to receive industry and/or market information, insight, and knowledge. This Technical Memorandum provides a summary of the responses received to the RFI. All responses are considered non-binding and are intended solely to inform the County’s submission of an application to the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) and future development of a Request for Proposal (RFP).

The following is an overview of the key findings from the Respondents:

- **Program Packaging:** All responses favored putting as much scope as possible into the GC/CM contract to avoid multiple contractors onsite and increase price efficiency overall. No concerns were expressed regarding the currently anticipated scope of the GC/CM contract, and one suggested allowing for including additional projects.
- **Heavy Civil Authority for GC/CM:** All responses are supportive for the use of heavy civil with suggested negotiated self-perform percentages ranging from 30% to the legal maximum of 50%.
- **Alternative Subcontracting:** All responses supported Alternative Subcontracting, with the majority suggesting applying for mechanical, electrical, and other time sensitive alternative subcontracts (e.g., specialty coatings) in conjunction with the initial PRC application while allowing for the GC/CM to recommend applying for additional subcontracts if appropriate at a subsequent time.

- **Equity and Social Justice (ESJ):** A number of suggestions were received on methods to attract greater small and disadvantaged business participation that the County can facilitate. These included:
 - Education programs for potentially qualified firms that have not engaged in the process.
 - Outreach and education programs for already certified firms.
 - Prompt Pay, including early retainage release.
 - Streamlined County decision process for approving contract changes.
- **Market Capacity:** Markets are stretched in terms of overall contractor capacity performing such construction works and will be for the foreseeable future.
- **Other Considerations:** One was to allow for input to and negotiation of the county's contract terms and conditions. The solicitation process will allow for proposer input and discussion considering benefit of the public.

2.0 Questions & Responses

2.1 Program Packaging

Due to the constrained site and large number of project interfaces, we are anticipating that the contract would include options for inclusion of multiple projects (currently forecasting 10 or more projects) over a multi-year period in the contract. Projects are in varying phases of design completion with many yet to enter design.

2.1.1 Question to Respondents:

Do you have any concerns or recommendations related to the number, scope or timing of the projects that might be included?

Summary of Responses:

All Respondents favored putting as much scope as possible into the GC/CM contract to avoid multiple contractors onsite and increase price efficiency overall.

- Combining multiple projects at varying phases of design completion into one project is particularly suited for a vital piece of infrastructure like WPTP that must remain operational with limited or no downtime. This approach would allow GC/CM input into phasing, sequencing, and timing of tie-ins which should optimize efficiencies in delivering these projects and minimize system shutdowns or plant impacts.
- The WPTP is located on a confined site, and multiple projects at the site may lead to issues relating to access, coordinating work in tight areas, and scheduling shutdowns. A single contractor with one laydown yard will reduce the challenges of accommodating multiple contractors, subcontractors, and material suppliers competing for limited parking, storage space, and site access. Shutdown periods can be used to efficiently perform a variety of tasks at multiple plant locations.
- A single contract establishes a single point of contact with the County, which will improve efficiency in coordination of schedules and resources.

2.2 Alternative Subcontracting

We are considering utilizing the new alternative subcontracting provisions of RCW 39.10.385.

2.2.1 Question to Respondents:

Do you recommend that we utilize alternative subcontracting, and if so, for what types of work and why?

Summary of Responses:

All Respondent answers supported the use of alternative subcontracting.

Given the complexity of the mechanical and electrical elements of this project, mechanical and electrical expertise are needed, at minimum. Electrical and mechanical consultants should be included during preconstruction to share their expertise on design and constructability reviews as well as the creation of the trade packages.

2.2.2 Question to Respondents:

Are there any issues that you recommend we consider in how we might package or manage the use of alternative subcontracts? If so, please describe them.

Summary of Responses:

- The types of alternative subcontracting should remain flexible until the GC/CM is on board.
- Early works packages are beneficial, especially packages that would improve the design, such as utility location, inspection, demolition, and BIM modeling. Early works packages also lead to more efficient procurement of long-lead items, which can prevent cost escalation.
- Extremely detailed packages also support small business inclusion. More detail included will result in more accurate pricing.
- Several Respondents indicated that MEP delivery (MCCM/ECCM) would be beneficial. They recommend applying for alternative selection for mechanical and electrical during the PRC application process.

2.2.3 Question to Respondents:

In order to meet our project schedule, we are considering applying for alternative subcontracting approval as part of our initial PRC application. Do you recommend that we seek alternative subcontracting authority as part of our PRC application or wait until the GC/CM contractor is aboard?

Summary of Responses:

All Respondent answers encouraged the County to seek alternative subcontracting authority, specifically after the GC/CM contractor has been brought on board.

- Multiple contracts may or may not justify the use of alternative subcontracting. Predetermining without the full participation and support of the GC/CM contractor may lock the County into unnecessary methods.
- Once the GC/CM contractor is fully engaged and has assessed their self-performance capabilities against the entire scope of work, they can then work with the County to best determine how to proceed with alternative subcontracting.
- Applying for alternative subcontracting does not pose any risk to the County as they are not locked into the contracting method even if it is approved.

2.3 Heavy Civil Authority

We are considering utilizing Heavy Civil provisions of RCW 39.10.908 to provide additional flexibility. Heavy Civil would allow up to 50% of the work to be negotiated self-perform.

2.3.1 Question to Respondents:

Do you recommend that we utilize Heavy Civil on this project? Why or why not?

Summary of Responses:

All Respondents indicated support for the use of Heavy Civil.

- Critical scopes can be negotiated to be self-performed which can help control risk. The GC/CM must be able to self-perform with maximum flexibility due to the complexity of the work and its location in multiple plant areas. Shutdowns and bypasses will affect multiple work scopes.
- Heavy Civil can lead to better MBE, WBE, and DBE participation as it allows for certain scopes to be negotiated and awarded to MWDBE's without traditional low bid.
- Heavy Civil minimizes additional contractor markups and provides for better schedule management of the critical path as the GC/CM will be able to use their own experienced crews to maintain or better the complex scheduling and coordination that needs to happen with the occupied site.
- There will be less reliance on the over-utilized Seattle subcontractor market and therefore an increased ability to control the cost and schedule of the project.
- During the development of the scope and after the selection of the GC/CM, it is possible to determine whether self-performance or subcontracting is the best option for a given scope of work.

2.3.2 Question to Respondents:

If we utilize Heavy Civil, what portions and percentage of the work do you recommend should be allowed for negotiated self-perform? Please explain why.

Summary of Responses:

Respondent answers varied on the exact percentage/portion of work which should be negotiated self-perform. All Respondents agreed that it is important to self-perform critical portions of the work.

- One Respondent recommended 30% negotiation self-perform for this scope. The reason behind this was that there is not a significant structural component which would traditionally be self-performed by a general contractor.
- One Respondent indicated they would support up to 50% negotiated self-perform, while bidding an additional 20% of the work. They stated that this would minimize additional contractor markups and provide for better schedule management of the critical path.
- One Respondent would be able to self-perform the majority of the listed work and stated that concrete, civil, mechanical, and electrical work could be self-performed.

2.3.3 Question to Respondents:

Are there any specific measures related to Heavy Civil that you recommend we utilize, and if so, why?

Summary of Responses:

- One Respondent recommended to ask for a separate self-perform fee as part of the selection process in addition to the GC/CM fee to allow for all contractors to be on the same playing field for the pricing component.

- One Respondent recommended that the County use the available measures to maximize the project team's flexibility. Once the GC/CM is fully engaged and has a thorough understanding of the County's priorities, the WPTP's capabilities and constraints, other projects currently underway, and the contract specifics, they can then work with the County to determine how to best move the project forward.

2.4 Equity and Social Justice

We are interested in your feedback regarding what approaches and measures we might consider that could improve opportunities for equity and social justice, including how best to maximize certified MBE, WBE, DBE, and SBE participation (certified as registered on <https://omwbe.wa.gov/certification>).

2.4.1 Question to Respondents:

Are there any specific measures that you recommend we provide for in our selection and contracting that could maximize ESJ performance? If so, please describe them and why you recommend we consider them.

Summary of Responses:

Respondent answers included many recommendations on getting qualified firms to pursue the work. Specific suggestions included, but were not limited to, the items listed below.

- Outreach and education: Consider programs for already certified firms and firms that are potentially qualified but have not engaged in the process. Provide CWA training to all non-signatory subs prior to the solicitation phase.
- Prompt pay, including early retainage release: If the County can commit to 30 days or less, it would increase bidder interest and decrease overhead on bids due to the need to finance work for months at a time. Schedule the invoice cycle dates to ensure trust funds are paid timely.
- Ensure meaningful and sustainable opportunities for MBE, WBE, and SBE participation. Allow for them to be a part of the negotiated self-perform scopes of work.
- Engage in inclusive hiring practices to ensure project team diversity. Establish an attainable participation goal based on local capacity and project scope. Communicate with regional workforce development/apprenticeship programs to support local/targeted hiring requirements.
- Early and direct communication with certified MBE, WBE, DBE, and SBE companies is essential. Host pre-bid outreach events for the project in order to foster networking and relationships between prime contractors and M/W/D/SBEs.
- Score the inclusion plan as part of the solicitation process. Re-evaluate the weight of price in the scoring of proposers so that a proposer cannot "buy" the project.

2.5 Market Capacity

2.5.1 Question to Respondents:

Given constrained market capacities, are there other options King County could consider to control time, cost, risk, and leverage its purchasing power? If so, what are they and why do you recommend them?

Summary of Responses:

The general consensus from the Respondents is that the market is stretched, and it will be for the foreseeable future. Many public (federal, state, county, and municipal) projects are competing for the same resources. Recommendations included the following:

- Early equipment procurement packages could be appropriate for this type of project and could help mitigate schedule and cost risks. The County could procure the equipment if they have current procurement contracts open for appropriate equipment.
- By combining projects under a single contract and utilizing the GC/CM delivery method, the County can collaborate with the GC/CM team to reduce project costs and risk. The GC/CM delivery method permits early work packages, enabling the team to respond quickly to fluctuating market conditions.
 - Key procurement items with lengthy lead times may be acquired under an early works package, eliminating the risk of inflation as well as securing the fabrication and delivery dates for these items.
 - Early engagement of the GC/CM will allow for a better understanding of the WPTP's capabilities and constraints, leading to optimal integration of construction.
- Early buyout of major elements of the project will provide some protection from price escalation. These could include major mechanical and electrical equipment, mill orders for structural steel, and valves. Respondents recommend taking advantage of the County's buying power for any equipment the County already regularly purchases for their maintenance needs.
- There are a limited number of firms with GC/CM and wastewater experience in the construction market presently. Some contractors may need to partner and/or formulate a Joint Venture (JV) to pursue the work.

2.6 Other Considerations

2.6.1 Question to Respondents:

Are there any other specific measures that you recommend that we consider including selection, terms and conditions, or contract management? If so, please describe them and why you recommend them.

Summary of Responses:

- Because of the multiple projects and timelines included in this project, it was suggested that Specified General Conditions be limited to rates for various supervision staff, as it would be difficult to estimate other General Conditions without more definition.
- One Respondent included a “General Manager / General Contractor Owner’s Package” document which outlines best practices for implementation and execution of the GC/CM delivery model. They requested an opportunity to review it with the County in the future.
- One Respondent stated that the County’s contracts can be restrictive and suggested allowing negotiation with the contractor to increase balance and collaboration.
- It is recommended that the County consider more opportunities to partner with its designers and contractors so that cohesive teams are developed.

2.6.2 Question to Respondents:

Would you be interested in a plant tour and if so, are there specific elements of the project or locations within the plant that you would like to review?

Summary of Responses:

The Respondents expressed interest in a plant tour.

- Respondents generally indicated that a plant tour would be beneficial to better understand the projects, location/site, and allow for them to spatially consider the context of the GC/CM and associated construction works.
- One Respondent proposed to schedule individual tours with each potential GC/CM contractor.
- Respondents indicated a desire for the County to provide a summary of the project's scope of work be ahead of time and have the appropriate personnel available during the tour to answer questions.