METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Commission

DATE: May 21, 2014

FR: Legislation Committee

W. I.: 1131

RE: Committee Recommendations

The Legislation Committee met on May 9, 2014 and referred four items to the Commission:

a. **AB 1532 (Gatto)/AB 2398 (Levine)/SB 1151 (Canella): Pedestrian Safety.** Collectively, these bills would aim to make the roads safer for pedestrians and other non-motorized road users by mandating increased penalties for motorists. SB 1151 (Canella) would also generate a new funding source to support active transportation.

   Committee Recommendation: Support AB 1532 (Gatto), AB 2398 (Levine) and SB 1151 (Canella).

b. **SB 1433 (Hill): Expansion of Design Build Authorization for Transit Projects.** SB 1433 (Hill) would repeal the January 1, 2015 sunset date on the statutory authority for transit operators to use the design-build procurement method and would expand the authority to any public agency responsible for construction of a transit project.

   Committee Recommendation: Support SB 1433 (Hill).

c. **AB 1724 (Frazier): Construction Manager/General Contractor Delivery Method: Regional Transportation Agencies.** AB 1724 (Frazier) would authorize regional transportation authorities to utilize a project delivery method known as "construction manager/general contractor" (CM/GC) when building a highway, bridge, expressway or tunnel if the agency makes a written finding that the method will accomplish certain goals.

   Committee Recommendation: Support AB 1724 (Frazier).

d. **SB 1184 (Hancock): Sea Level Rise Regional Resilience Strategy.** SB 1184 (Hancock) would require the San Francisco Bay Conservation and Development Commission (BCDC), in collaboration with various agencies, to develop and submit to the Legislature a regional resilience strategy by December 31, 2018.

   Committee Recommendation: Support SB 1184 (Hancock).

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Memorandum

TO: Legislation Committee DATE: May 2, 2014

FR: Executive Director W. I. 1131

RE: AB 1724 (Frazier) Construction Manager/General Contractor

Background
Assembly Bill 1724 authorizes regional transportation authorities to utilize a project delivery method known as "construction manager/general contractor" (CM/GC) when building a highway, bridge, expressway or tunnel if the agency makes a written finding that the method will accomplish one or more of the following goals: reduce project costs, expedite the project's completion, or provide features not achievable through the design-bid-build method. The bill also requires that within 180 days after completion of a project using the CM/GC method the project sponsor prepare and submit to the Legislature a written report including the project's final cost and schedule and how they varied from the original estimate, along with a description of any change orders.

Recommendation: Support

Discussion
AB 1724 would expand CM/GC authority to all regional agencies, authority already granted by the Legislature to Caltrans, the Santa Clara County Valley Transportation Authority, the San Mateo County Transit District, and the San Diego Association of Governments.

The CM/GC method consists of two phases, design and construction. During the design phase, the project sponsor selects a designer to develop an initial scope and preliminary design. The agency then procures a contractor using a qualifications-based process that uses both technical and price components. The selected contractor acts as the consultant (construction manager) during the design process and can offer contractibility and pricing feedback on design options and identify risks. When the design is complete, the construction manager is allowed to offer a proposal to construct the project based on the completed design and schedule. If the project sponsor, designer and an independent cost estimator agree that the contractor submitted a fair price, the project sponsor may enter into a contract with the construction manager, who now becomes the general contractor.

In the event that the project sponsor cannot reach agreement with the construction manager on the cost and schedule for construction, AB 1724 makes it clear that the project sponsor may advertise and award the construction contract to any other firm using the plans and specifications developed by the construction manager.

According to the Assembly Transportation Committee analysis of the bill, the Federal Highway Administration (FHWA) at one time considered CM/GC "innovative" and required prior approval before states could use the process on a federal-aid contract; however, that approval is no longer necessary. Today, 17 states authorize the CM/GC method of transportation. The method was included in the Federal Highway Administration's "Every Day Counts" initiative, launched in 2010 to promote creative ways to expedite project delivery. According to FHWA, projects best suited for the CM/GC process are those for which the owner needs contractor feedback during the design phase. These projects include complex components that require innovation and are typically located in urban, more congested areas. Other projects that FHWA considers a good fit for the CM/GC process are projects that entail extensive public involvement or include right-of-way or utility issues that affect the overall schedule. Large projects in the San Francisco Bay Area often share all of these features.

Because AB 1724 would provide regional transportation agencies with a new project delivery method with the potential to save time and money, we recommend a support position on this bill.

Known Positions

Support
Contra Costa Transportation Authority – sponsor
Self Help Counties Coalition – sponsor
Associated General Contractors
California Transit Association
San Francisco County Transportation Authority
Transportation California
United Contractors

Oppose
Air Conditioning Trade Association
Associated Builders and Contractors, San Diego Chapter
National Right to Work Committee
Plumbing-Heating-Cooling Contractors Association of California
Western Electrical Contractors Association

Steve Heminger

SH: RL

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