

# Construction Manager/General Contractor Program Interim Report



Report to the Legislature  
2021

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*Cover photograph is Segment 4C of the Santa Barbara 101 High Occupancy Vehicle Project. This project adds one High Occupancy Vehicle lane in each direction on Route 101 for 11 miles from south of Bailard Avenue in the City of Carpinteria to Sycamore Creek in the City of Santa Barbara and rehabilitates the existing roadway from Casitas Pass Road to Sheffield Avenue.*

## EXECUTIVE SUMMARY

This is the interim report on Caltrans' Construction Manager/General Contractor Program through January 1, 2021, as required by Public Contract Code Section 6701(d) (**Senate Bill (SB) 1262, Beall, Chapter 465, Statutes of 2018**). This report provides locations, descriptions, cost, status, stage of completion, and estimated time of completion for each project in the Construction Manager/General Contractor Program. This report also includes a comprehensive, interim assessment on the effectiveness of the Construction Manager/General Contractor project delivery method relative to project cost and time savings.

When using the Construction Manager/General Contractor method, the California Department of Transportation (Caltrans) achieved a 15 percent cost savings with contractor innovations totaling \$301 million on 11 projects with construction contracts awarded before 2021. Further, Caltrans has achieved an average preconstruction time savings of more than 8 months per project across these 11 projects.

The Construction Manager/General Contractor project delivery method creates savings by innovatively incorporating contractor input during the design of complex projects, which is not allowed under the traditional design-bid-build project delivery method. The project teams track innovations, cost savings estimates, and time savings identified for projects using this delivery method.

A final report on the Construction Manager/General Contractor Program will be provided in 2025.

## BACKGROUND

### Statutory Reference & Purpose

This report fulfills the **SB 1262 (Beall, Chapter 465, Statutes of 2018)** statutory requirement for an interim report and reflects activities through January 1, 2021. The report is prepared in accordance with **Public Contract Code Section 6700 (d)(1)** (see Appendix A), which requires the Department of Transportation to prepare a submit an interim report to the Legislature including:

- Description of each Construction Manager/General Contractor project approved under Public Contract Code Section 6700;
- Relevant data about each project including, but not limited to, district, cost, the stage of completion, and estimated time to completion; and
- Comprehensive assessment on the effectiveness of the Construction Manager/General Contractor project delivery method relative to project cost and time savings.

### Program Background

The Construction Manager/General Contractor Pilot Program was established for use on six projects by Public Contract Code Section 6700, et seq. by **Assembly Bill (AB) 2498 (Gordon, Chapter 752, Statutes of 2012)**. The Construction Manager/General Contractor Pilot Program was expanded in 2016 by passage of **AB 2126 (Mullin, Chapter 750, Statutes of 2016)**, which authorized an additional six projects, and in 2017 by passage of **AB 115 (Committee on Budget, Chapter 20, Statutes of 2017)**, which authorized an additional 12 projects. The Construction Manager/General Contractor Pilot Program authorized the use of the Construction Manager/General Contractor procurement methodology by Caltrans on or after January 1, 2013, on no more than 24 projects, at least ten of which must have construction costs greater than \$10 million. Two of the projects were authorized for Riverside County and delegated contracting authority was given to Riverside County Transportation Commission for these two projects. **SB 1262 (Beall, Chapter 465, Statutes of 2018)** makes Caltrans' Construction Manager/General Contractor authority permanent for any project with construction costs greater than \$10 million, effective January 1, 2019.

**SB 1262** requires that Caltrans use Caltrans employees or consultants under contract with Caltrans to perform all required project design and design-related engineering services for at least two-thirds of the projects delivered by Caltrans utilizing the Construction Manager/General Contractor method. **SB 1262** also requires that Caltrans use Caltrans employees or consultants under contract with Caltrans to perform all required construction inspection services on all

projects delivered by Caltrans utilizing the Construction Manager/General Contractor method.

Under traditional means of contracting for the construction of highway improvement projects (typically referred to as design-bid-build), construction of any portion of the project cannot begin until the implementing agency has developed complete plans; specifications and estimates for the entire project; placed the contract out for bid; and awarded the contract. Public Contract Code Section 10120 states the following:

*Before entering into any contract for a project, the department shall prepare full, complete, and accurate plans and specifications and estimates of cost, giving such directions as will enable any competent mechanic or other builder to carry them out.*

This requirement puts the full burden for complete and accurate plans and for constructability of the project on Caltrans. The process provides little incentive for industry feedback in a competitive bidding environment.

Construction Manager/General Contractor is a project delivery methodology that allows Caltrans to engage a contractor (the construction manager) to provide input during the design process. Early engagement of the construction manager allows the project team to work collaboratively to refine the project scope, optimize design, improve quality, manage costs, and share risks.

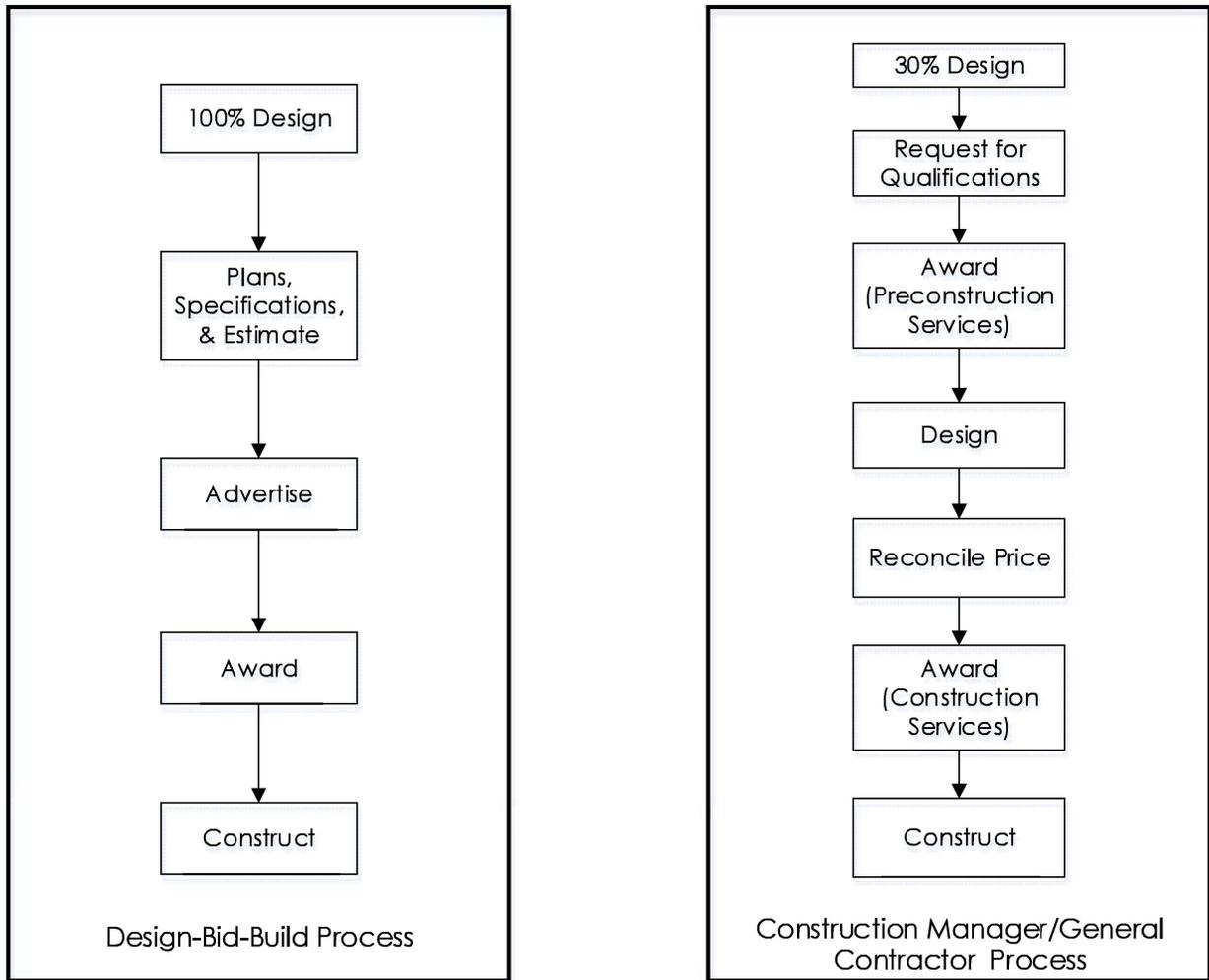
The construction manager is selected based on qualifications developed by Caltrans. The Construction Manager/General Contractor process is a two-phase contracting methodology where the construction manager provides preconstruction services and construction services (Figure 1). During the design phase, the construction manager provides input regarding scheduling, pricing, phasing, and other input that helps Caltrans efficiently design a cost-optimal, constructible project. In addition, Caltrans hires an independent cost estimator to provide impartial estimates and to advise Caltrans on cost and schedule related issues. The construction manager and independent cost estimator separately prepare cost estimates and schedules based on the draft construction plans and specifications. The construction manager, independent cost estimator, and Caltrans meet to review pricing assumptions and attempt to reconcile price differences. The construction manager develops an innovation register which identifies proposed innovations, including the value of the idea, and identifies which innovations were incorporated into the final design and construction documents. The independent cost estimator provides an assessment of the innovations to Caltrans. Caltrans then reviews and verifies that the reconciled innovation savings are reasonable and supported.

At an agreed upon point (typically at 90-percent to 95-percent design completion), Caltrans and the construction manager negotiate a price for the construction of the project, or a portion of the project, based on the defined scope. If this price is acceptable to both parties, they execute a contract for construction services, and the construction manager becomes the general contractor. Under the Construction Manager/General Contractor process, the contractor accepts much of the risk for accuracy and constructability of the project. If the proposed price is not accepted by Caltrans, then Caltrans will advertise the project via the typical design-bid-build contracting process. Figure 2 shows the design-bid-build and Construction Manager/General Contractor processes.

*Figure 1: Two-Phase Contract*

<b>Construction Manager Preconstruction Services</b>	<b>General Contractor Construction Services</b>
<ul style="list-style-type: none"> <li>• Cost estimating</li> <li>• Subcontracting plan</li> <li>• Scheduling</li> <li>• Material procurement</li> <li>• Construction phasing</li> <li>• Constructability review</li> <li>• Risk analysis</li> <li>• Quantity verification</li> <li>• Third party negotiation</li> </ul>	<ul style="list-style-type: none"> <li>• Construct project if price is accepted</li> </ul>

**Figure 2: Design-Bid-Build Compared to Construction Manager/General Contractor**



## **PROGRAM STATUS/PROGRAM ACCOMPLISHMENTS**

Public Contract Code Section 6701 (a) authorizes Caltrans to use the Construction Manager/General Contractor delivery methodology when it is anticipated that the Construction Manager/General Contractor method will reduce project costs or expedite project completion that would not otherwise be achieved through the design-bid-build method. Caltrans advertises, awards, and administers all Caltrans Construction Manager/General Contractor contracts.

A Steering Committee comprised of the Caltrans Deputy Director of Project Delivery, Caltrans Project Delivery Division Chiefs, Caltrans Financial Programming Division Chief, and a representative of the Federal Highway Administration meet to review potential projects and to approve projects for the use of the Construction Manager/General Contractor delivery methodology. The selection and approval are based on project complexity, size, location, scope, funding, opportunity for innovation, and design stage of completion.

As of January 1, 2021, Caltrans has executed ten preconstruction services contracts and 11 construction contracts since the passage of **SB 1262** in September 2018. An additional four projects are in procurement.

**Construction Manager/General Contractor Project Status**

**SB 1262** requires Caltrans to report on the following items in this interim report for projects using the Construction Manager/General Contractor project delivery methodology:

- (1) District
- (2) Description
- (3) Cost
- (4) Stage of completion
- (5) Estimated time to completion

Table 1 below lists Construction Manager/General Contractor projects and their current status. Items (1) through (5) are included in the table.

**Table 1: Construction Manager/General Contractor Program Project Status**

Project* (1)	Description (2)	Estimated Construction Cost** (\$ millions) (3)	Status	Stage of Completion (4)	Estimated Date of Completion*** (5)
1. 04-013544, 04-013574, 04-013584 SF/Ala-80-PM 5.3/8.9;0.0/2.5 San Francisco-Oakland Bay Bridge (SFOBB) Foundation Removal	In San Francisco and Alameda Counties - SFOBB east span marine foundation removal	\$186	Project closeout phase	Project construction completed.	December 2019
2. 06-2HT114, 06-2HT104 Fre-99- PM 23.5/26.7 Fresno 99 Realignment	In Fresno County - Realign Route 99	\$162	Project closeout phase	Project construction completed.	March 2020

Project* (1)	Description (2)	Estimated Construction Cost** (\$ millions) (3)	Status	Stage of Completion (4)	Estimated Date of Completion*** (5)
3. 08-347704 SBd/Ker-58-PM 0.0/1.7;143.5/143.9 Route 58 Kramer Junction Expressway	In San Bernardino and Kern Counties - Convert 2-lane conventional highway to 4-lane expressway	\$189	Project closeout phase	Project construction completed.	December 2020
4. 08-0J0704 SBd-215-PM 0.6/1.7 Barton Road Interchange	In San Bernardino County - Reconstruct Barton Road interchange	\$51	Preconstruction Services Contract (PSC) awarded to Myers-Rados Joint Venture on 2/18/2015	Construction contract awarded (10/16/2017) and under construction.	Summer 2021
5. 10-0P92CM, 10-0P9224 Mpa-140-PM 38.0/43.0 Ferguson Slide	In Mariposa County - Construct 2-lane highway on new alignment	\$214	PSC awarded to Myers and Sons/RL Wadsworth Joint Venture on 4/7/2014	Preconstruction Phase. One construction package completed (3/30/2018).	Fall 2031
6. 11-2T21CM, 11-2T2174, 11-2E1504 11-2T3454, 11-2T2184 SD-5-PM 37.4/51.2 I-5 North Coast Corridor	In San Diego County - Improve I-5, Rail, and Transit in the North Coast Corridor	\$726	PSC awarded to Flatiron-Skanska-Stacy and Whitbeck Joint Venture on 12/23/2014	Preconstruction Phase. Four of six construction packages awarded (12/22/2016, 11/21/2017, 3/9/2018, 10/29/2018); three are under construction and one is completed (2/6/2020).	Winter 2024
7. 04-1J5614, 04-1J5694 SCI/SM-101-PM 50.6/52.5; 0.0/21.8 San Mateo Route 101 Managed Lanes	In Santa Clara and San Mateo Counties - Construct managed lanes	\$427	PSC awarded to Kiewit Infrastructure West Co. on 4/24/2018	All construction packages awarded (2/26/2019, 3/4/2020) and under construction.	Summer 2022
8. 03-0F28CM, 03-0F2814, 03-0F2824, 03-0F2834, 03-0F2844, 03-0F2854, 03-0F2864 Sac-99-PM 7.1/9.4 Cosumnes River Bridge Replacement	In Sacramento County - Replace bridges	\$163	PSC awarded to Granite Construction Company on 8/31/2018	Preconstruction Phase. Six of seven packages awarded (three on 9/13/2019, 4/6/2020, 5/14/2020, 6/24/2020); two are under construction and four are completed (two on 5/12/2020, 6/26/2020, 10/2/2020).	Winter 2023

Project* (1)	Description (2)	Estimated Construction Cost** (\$ millions) (3)	Status	Stage of Completion (4)	Estimated Date of Completion*** (5)
9. 05-0N70CM, 05-0N7AU4, 05-0N71U4 SB-101-PM 1.4/12.3 Santa Barbara Highway 101 HOV	In Santa Barbara County - Construct HOV lanes – phase 4	\$573	PSC awarded to Granite Construction Company on 1/11/2019	Preconstruction Phase. Two of four construction packages awarded (4/1/2020, 10/22/2020) and under construction.	Summer 2030
10. 04-0A5394 Sol-80-PM 11.3/12.9 I-80/I-680/Route 12 Interchange	In Solano County - Construct connector	\$67	PSC awarded to Kiewit Infrastructure West Co. on 1/23/2019	Construction package awarded (8/13/2020) and under construction.	Fall 2022
11. 04-4G89CM, 04-4G8924, CC-580 – PM 5.6/6.2 Scofield Avenue Undercrossing Seismic Retrofit	In Contra Costa County -Seismic retrofit	\$18	PSC awarded to Golden State Bridge, Inc. on 2/18/2020	Preconstruction Phase. One of two construction packages awarded (8/25/2020) and under construction	Spring 2022
12. 04-4K81CM ALA-80-PM 5.8 University Ave	In Alameda County - Increase vertical clearances	\$103	PSC awarded to Kiewit Infrastructure West Co. on 10/15/2018	Preconstruction Phase	Winter 2028
13. 11-2E15CM SD-05-PM 34.7/36.3 San Dieguito Lagoon	In San Diego County - Lagoon restoration	\$60	PSC awarded to Marathon Construction Corporation on 8/15/2019	Preconstruction Phase	Winter 2030
14. 02-1H52CM Sis-3/263 – PM R46.8/48.0; 49.1/49.4 Yreka Rehabilitation	In Siskiyou County - Rehabilitate roadway	\$53	PSC awarded to Myers-Shea Joint Venture on 8/21/2019	Preconstruction Phase	Fall 2025
15. 02- 3H32CM Sis-5-PM 2.5/R15.9 Sacramento River BOH Deck Replacement and Dunsmuir Gap	In Siskiyou County - Replace bridge deck and rehabilitate roadway	\$131	PSC awarded to Walsh-Meyers Joint Venture on 6/9/2020	Preconstruction Phase	Winter 2027
16. 07-3182CM Ven-1-PM 4.0/4.2 Ventura Highway 1 Slope Restoration	In Ventura County - Slope restoration	\$55	PSC awarded to Flatiron-Drill Tech Joint Venture on 6/16/2020	Preconstruction Phase	Spring 2023
17. 06-0W80CM Fre-99-PM 21.2/24.4 State Route 99 Rehabilitation	In Fresno County - Rehabilitate roadway	\$257	PSC awarded to Granite Construction Company on 10/8/2020	Preconstruction Phase	Fall 2029

Project* (1)	Description (2)	Estimated Construction Cost** (\$ millions) (3)	Status	Stage of Completion (4)	Estimated Date of Completion*** (5)
18. 07-3252CM LA-210-PM 36.8 San Gabriel River Bridge Repairs	In Los Angeles County - Reconstruct hinge diaphragms	\$19	PSC awarded to Flatiron West, Inc. on 11/20/2020	Preconstruction Phase	Fall 2023
19. 03-3F07CM Sac-51-PM 2.9/3.5 American River Bridge Rehabilitation	In Sacramento County - Replace bridge deck	\$135	Procurement	Environmental Phase	Winter 2029
20. 04-3G63CM SCI-9-PM 4.75/4.0 Saratoga Creek Bridge Rehabilitation	In Santa Clara County - Construct new bridge within existing bridge	\$16	Procurement	Environmental Phase	Fall 2027
21. 07-3210CM LA-405-PM 0.02/0.03 San Gabriel River Bridge Scour Mitigation	In Los Angeles County - Mitigate bridge scouring	\$16	Procurement	Design Phase	Winter 2026
22. 05-3307CM SLO/Ker-46-PM 49.7/60.8; 0.0/0.4 SLO-46 Corridor Improvements	In San Luis Obispo and Kern Counties - Convert 2-lane highway to divided 4-lane expressway	\$250	Procurement	Design Phase	Winter 2027

\* If a project is in the preconstruction phase, the project Expenditure Authorization (EA) number ends in "CM"; if the project has a construction contract the EA ends in "4"; PM stands for Post Mile.

\*\* If the project has completed construction on all packages, the construction cost is the final construction cost for the project, otherwise the construction cost is an estimate for the project at the various phases.

\*\*\* If the project has completed construction on all packages, the estimated completion date is the actual construction contract acceptance date.

## Construction Manager/General Contractor Project Savings at Construction Contract Award

Construction Manager/General Contractor enables Caltrans to engage the construction manager early in the project development process to provide constructability reviews, schedule optimization, value engineering suggestions, innovation suggestions, risk mitigation, and other construction-related recommendations that ultimately result in project savings.

The Construction Manager/General Contractor process also allows for early work packages. An early work package includes, but is not limited to, site preparation or early material acquisition/fabrication. Caltrans procures an early work package for the construction phase of a project before all design work for the project is completed. Early work packages must be a severable phase of the construction, such that Caltrans is not obligated to have the construction manager construct any other portions of the project. Early work packages optimize the overall project schedule that can lead to time and price escalation savings. Table 2 below summarizes the preconstruction time savings and construction capital cost savings on projects for which construction contracts have been awarded.

**Table 2: Construction Manager/General Contractor Project Savings at Construction Contract Award**

Project	Planned Award	Actual Award*	Preconstruction Time Savings (days)**	Construction Package	Construction Capital Cost at Award	Construction Capital Savings at Award***
1. San Francisco-Oakland Bay Bridge Foundation Removal	11/2/2016	4/17/2015	565	Package 1	\$14,492,019	\$14,925,000
				Package 2	\$101,031,750	\$51,250,000
				Package 3	\$44,079,200	\$4,388,000
2. Fresno 99 Realignment	12/21/2015	10/16/2015	66	Main	\$154,238,833	\$35,256,309
3. Route 58 Kramer Junction Expressway	6/1/2017	11/10/2017	(162)	Main	\$165,245,382	\$41,266,240
4. Barton Road Interchange	8/1/2016	10/16/2017	(441)	Main	\$47,400,750	\$3,203,000
5. Ferguson Slide	12/9/2015	12/10/2014	364	Package 1	Savings to be reported in Final Package	
6. I-5 North Coast Corridor	Fall 2017	12/22/2016	363	Package 1	\$220,198,855	\$56,111,231
				Package 2	\$93,920,625	\$31,050,000
				Package 3	\$5,330,000	\$818,000
				Package 4	\$224,000,000	\$7,433,428

Project	Planned Award	Actual Award*	Preconstruction Time Savings (days)**	Construction Package	Construction Capital Cost at Award	Construction Capital Savings at Award***
7. San Mateo Route 101 Managed Lanes	4/1/2022	12/21/2018	1,197	Package 1	\$59,500,000	\$7,001,500
				Package 2	\$325,786,825	\$29,000,000
8. Cosumnes River Bridge Replacement	9/15/2020	9/13/2019	368	Package 1	Savings to be reported in Final Package	
9. Santa Barbara Highway 101 HOV	8/15/2020	4/1/2020	136	Package 1	\$79,730,894	\$7,467,203
				Package 2	\$100,721,364	\$12,616,974
10. I-80/I-680/Route 12 Interchange	6/29/2021	8/13/2020	320	Package 1	Savings not verified	
11. Scofield Avenue Undercrossing Seismic Retrofit	10/26/2020	8/25/2020	62	Package 1	\$940,102	No Savings
<b>Total</b>			<b>2,838</b>		<b>\$1,636,616,599</b>	<b>\$301,786,885</b>

\* If the project was split into packages, the actual award is the first package award date.

\*\* Negative values (time delays) are shown in parentheses.

\*\*\* The construction capital cost savings at Award may not match what was reported for **SB 1 (Beall, Chapter 5, Statutes of 2017)** "innovation" savings/efficiencies because projects may have other funding sources.

### Preconstruction Time Savings

The Construction Manager/General Contractor procurement method has the potential to provide preconstruction time savings to the project with early work packages. Early work packages can expedite construction work on the critical path and shorten the construction duration, resulting in faster delivery. Table 2 shows the planned award date (design-bid-build delivery) and the actual award date with Construction Manager/General Contractor delivery. Table 2 shows a cumulative savings of 2,838 days across 11 projects, which computes to an average of more than 8 months of preconstruction time savings per project.

Additional preconstruction time savings of three to six months may also be achieved on each project by using Construction Manager/General Contractor contracting because the advertising process required for the design-bid-build projects is eliminated.

Not all projects have a preconstruction time savings, however, the preconstruction time savings on the Cosumnes River Bridge Replacement project had a significant impact. Awarding the early work packages on this project allowed for approximately half of the project to be constructed before the planned award date resulting in earlier public benefits.

The Kramer Junction Expressway award was delayed by the permitting approval of the Desert Tortoise relocation plan. The Barton Road Interchange delay in award was attributed to scope being added to the project and the time required for the project sponsor's scope and cost reconciliation process to be completed.

### **Construction Capital Cost Savings at Award**

The project teams track potential innovations and cost savings identified during the design phase. Caltrans has documented substantial savings of more than \$301 million on the 11 projects for which construction contracts have been awarded. Across these 11 projects, Caltrans achieved a 15 percent cost savings. These innovation savings are detailed in Table 2. Innovations are ideas suggested by the construction manager and implemented into the project. Caltrans will continue to monitor these projects through construction to identify additional savings from the Construction Manager/General Contractor delivery methodology.

The Ferguson Slide and Cosumnes River Bridge Replacement projects are likely to report capital construction savings when the last construction package is awarded and that will be included in the final report in July 2025. The I-80/I-680/Route 12 capital construction savings at award has not been verified and will be included in the final report. There were no reported capital construction savings at award for the Scofield Avenue Undercrossing Seismic Retrofit first package.

### **Construction Manager/General Contractor Project Savings at Project Closeout**

Caltrans anticipates that additional time savings will be achieved during construction due to early collaboration with Caltrans and the construction manager. With the Construction Manager/General Contractor delivery methodology, the construction manager is on board during the project development, allowing the design team and the construction manager to collaborate on reducing potential delays in construction. The project time savings will be evaluated in the final report when additional projects meet this milestone and a complete analysis can be achieved.

Caltrans also anticipates that additional cost savings will be achieved at the completion of construction due to a reduction in change orders and contractor disputes. The costs associated with Construction Manager/General Contractor projects consist of the construction manager costs, independent cost estimator costs, and Caltrans support costs. Costs are tracked and reported when the projects are closed out. To date the Construction Manager/General Contractor Program does not have any projects that have completed closed out phase, and therefore, a complete analysis of cost savings cannot be completed at this time. Caltrans will evaluate and report on all associated costs (Caltrans support, independent cost estimator, and the construction manager) and capital costs,

as well as change orders and claims savings at project closeout in the final report to Legislature.

## CONCLUSION

This report provides relevant information (project description, cost, stage of completion, and estimated time to completion) of each Construction Manager/General Contractor projects as of January 1, 2021. As outlined in this report, the Construction Manager/General Contractor delivery methodology provides time and cost savings at award due to the construction manager being involved in the project development process.

The substantial construction cost savings at award of more than \$301 million (15 percent) and an average preconstruction time savings of more than 8 months per project show the value of the Construction Manager/General Contractor project delivery method for complex projects. Caltrans will continue using this method on appropriate projects and will continue monitoring those projects to determine how the method helps Caltrans achieve cost and time savings. Caltrans' final report in 2025 will provide an update to the Construction Manager/General Contractor Program status and a comprehensive assessment on the effectiveness of the Construction Manager/General Contractor project delivery method.

## **APPENDIX A – STATUTORY REPORTING REFERENCE**

### **PUBLIC CONTRACT CODE - PCC**

*DIVISION 2. GENERAL PROVISIONS [1100 - 22355]*

*(Division 2 enacted by Stats. 1981, Ch. 306.)*

*PART 1. ADMINISTRATIVE PROVISIONS [1100 - 9203]*

*(Heading of Part 1 added by Stats. 1982, Ch. 1120, Sec. 2.)*

CHAPTER 6.3. Construction Manager/General Contractor Authority: Department of Transportation [6700 - 6708]

*(Chapter 6.3 added by Stats. 2012, Ch. 752, Sec. 1.)*

6700.

(a) This chapter provides for an alternative procurement procedure for certain transportation projects performed by the Department of Transportation.

(b) The Construction Manager/General Contractor method allows the department to engage a construction manager during the design process to provide input on the design. During the design phase, the construction manager provides advice including, but not limited to, scheduling, pricing, and phasing to assist the department to design a more constructible project.

(c) The Legislature finds and declares that utilizing a Construction Manager/General Contractor method requires a clear understanding of the roles and responsibilities of each participant in the process. The Legislature also finds and declares that cost-effective benefits are achieved by shifting the liability and risk for cost containment and project schedule to the construction manager and by permitting the coherent phasing of projects into discrete contract increments.

*(Amended by Stats. 2018, Ch. 465, Sec. 2. (SB 1262) Effective January 1, 2019.)*

6701.

(a) The Construction Manager/General Contractor method provided by this chapter may be used by the department, but is not limited to, when it is anticipated that the Construction Manager/General Contractor method will reduce project costs or expedite project completion in a manner that is not achievable through the design-bid-build method. Notwithstanding any other law, for projects utilizing the Construction Manager/General Contractor method provided by this chapter, the department shall advertise, award, and administer the Construction Manager/General Contractor contract. The department shall not delegate the contracting authority, except for the two projects reserved for projects in the County of Riverside as provided for in paragraph (2) of subdivision (b).

(b) (1) The department may use the Construction Manager/General Contractor method for projects that have construction costs greater than ten million dollars (\$10,000,000).

(2) Consistent with Provision 2 of Item 2660-110-0042 of Section 2.00 of the Budget Act of 2016, as amended by Chapter 7 of the Statutes of 2017, two projects shall be authorized for projects in the County of Riverside and the Riverside County Transportation Commission may use the Construction Manager/General Contractor method for these projects, with the first priority for the projects listed in that budget item.

(c) On at least two-thirds of the projects delivered by the department utilizing the Construction Manager/General Contractor method provided by this chapter, the department shall use department employees or consultants under contract with the department to perform all project design and engineering services related to design required for Construction Manager/General Contractor project delivery consistent with Article XXII of the California Constitution. On all projects delivered by the department, the department shall use department employees or consultants under contract with the department to perform all construction inspection services required for Construction Manager/General Contractor project delivery consistent with Article XXII of the California Constitution. Department resources, including personnel requirements, necessary to perform all services described in this subdivision shall be included in the department's capital outlay support program for workload purposes in the annual Budget Act.

(d) (1) The department shall prepare and submit to the Legislature an interim report no later than July 1, 2021, that describes each Construction Manager/General Contractor project approved under this chapter as of January 1, 2021, and that provides relevant data, including, but not limited to, district, cost, the stage of completion, and estimated time to completion. The department shall also prepare and submit to the Legislature a final report, no later than July 1, 2025, that provides the same relevant data for projects that were approved under this chapter as of January 1, 2025. Both the interim and final reports shall also provide a comprehensive assessment on the effectiveness of the Construction Manager/General Contractor project delivery method relative to project cost and time savings.

(2) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

*(Amended by Stats. 2018, Ch. 465, Sec. 3. (SB 1262) Effective January 1, 2019.)*

6702.

As used in this chapter, the following terms have the following meanings:

(a) "Construction manager" means a partnership, corporation, or other legal entity that is a licensed contractor pursuant to Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code and that is able to provide, or that contracts with entities that are able to provide, appropriately licensed contracting or engineering services, or both appropriately licensed contracting and engineering services, as needed pursuant to a Construction Manager/General Contractor method contract.

(b) "Construction Manager/General Contractor method" means a project delivery method in which a construction manager is procured to provide preconstruction services during the design phase of the project and construction services during the construction phase of the project. The contract for construction services may be entered into at the same time as the contract for preconstruction services, or at a later time. The execution of the design and the construction of the project may be in sequential phases or concurrent phases.

(c) "Department" means the Department of Transportation as established under Part 5 (commencing with Section 14000) of Division 3 of Title 2 of the Government Code.

(d) "Preconstruction services" means advice during the design phase including, but not limited to, scheduling, pricing, and phasing to assist the department to design a more constructible project.

(e) "Project" means the construction of a highway, bridge, or tunnel.

*(Amended by Stats. 2019, Ch. 289, Sec. 1. (AB 1475) Effective January 1, 2020.)*

6703.

Construction Manager/General Contractor method projects shall progress as follows:

(a) (1) The department shall establish a procedure for the evaluation and selection of a construction manager through a request for qualifications (RFQ). The RFQ shall include, but not be limited to, the following:

(A) If the entity is a partnership, limited partnership, or other association, a list of all of the partners, general partners, or association members known at the time of the bid submission who will participate in the Construction Manager/General Contractor method contract, including, but not limited to, subcontractors.

(B) Evidence that the members of the entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the construction of the project, as well as a financial statement that assures the department that the entity has the capacity to complete the project, construction expertise, and an acceptable safety record.

(C) The licenses, registration, and credentials required to construct the project, including information on the revocation or suspension of any license, registration, or credential.

(D) Evidence that establishes that the entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(E) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code, or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the entity, and information concerning workers' compensation experience history and worker safety program.

(F) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance in which an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive or were found by an awarding body not to be a responsible bidder.

(G) Any instance in which the entity, or its owners, officers, or managing employees, defaulted on a construction contract.

(H) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of the Federal Insurance Contributions Act (26 U.S.C. Sec. 3101, et seq.) withholding requirements settled against any member of the entity.

(I) Information concerning the bankruptcy or receivership of any member of the entity, including information concerning any work completed by a surety.

(J) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars (\$50,000). Information shall also be provided concerning any work completed by a surety during this period.

(K) In the case of a partnership or other association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the contract.

(L) For the purposes of this paragraph, a construction manager's safety record shall be deemed acceptable if his or her experience modification rate for the most recent three-year period is an average of 1.00 or less, and his or her average total recordable injury/illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if he or she is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(2) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(b) For each RFQ, the department shall generate a final list of qualified persons or firms that participated in the RFQ prior to entering into negotiations on the contract or contracts to which the RFQ applies.

(c) (1) For each contract included in the RFQ, the department shall enter into separate negotiations for the contract with the highest qualified person or firm on the final list for that contract. However, if the RFQ is for multiple contracts and specifies that all of the

multiple contracts will be awarded to a single construction manager, there may be a single negotiation for all of the multiple contracts. The negotiations shall include consideration of compensation and other contract terms that the department determines to be fair and reasonable to the department. In making this decision, the department shall take into account the estimated value, the scope, the complexity, and the nature of the professional services or construction services to be rendered. If the department is not able to negotiate a satisfactory contract with the highest qualified person or firm on the final list, regarding compensation and on other contract terms the department determines to be fair and reasonable, the department shall formally terminate negotiations with that person or firm. The department may undertake negotiations with the next most qualified person or firm on the final list in sequence until an agreement is reached, or a determination is made to reject all persons or firms on the final list.

(2) If a contract for construction services is entered into pursuant to this chapter and includes preconstruction services by the construction manager, the department shall enter into a written contract with the construction manager for preconstruction services under which contract the department shall pay the construction manager a fee for preconstruction services in an amount agreed upon by the department and the construction manager. The preconstruction services contract may include fees for services to be performed during the contract period provided, however, the department shall not request or obtain a fixed price or a guaranteed maximum price for the construction contract from the construction manager or enter into a construction contract with the construction manager until after the department has entered into a services contract. A preconstruction services contract shall provide for the subsequent negotiation for construction of all or any discreet phase or phases of the project.

(3) A contract for construction services shall be awarded after the plans have been sufficiently developed and either a fixed price or a guaranteed maximum price has been successfully negotiated. In the event that a fixed price or a guaranteed maximum price is not negotiated, the department shall not award the contract for construction services.

(4) The department is not required to award the construction services contract.

(5) Construction shall not commence on any phase, package, or element until the department and construction manager agree in writing on either a fixed price that the department will pay for the construction to be commenced or a guaranteed maximum price for the construction to be commenced and construction schedule for the project. The construction manager shall perform not less than 30 percent of the work covered by the fixed price or guaranteed maximum price agreement reached. Work that is not performed directly by the construction manager shall be bid to subcontractors pursuant to Section 6705.

*(Added by Stats. 2012, Ch. 752, Sec. 1. (AB 2498) Effective January 1, 2013.)*

6704.

(a) Any construction manager that is selected to construct a project pursuant to this chapter shall possess or obtain sufficient bonding to cover the contract amount for construction services and risk and liability insurance as the department may require.

(b) Any payment or performance bond written for the purposes of this chapter shall be written using a bond form developed by the department.

*(Added by Stats. 2012, Ch. 752, Sec. 1. (AB 2498) Effective January 1, 2013.)*

6705.

All subcontractors bidding on contracts pursuant to this chapter shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The construction manager shall do all of the following:

(a) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the department.

(b) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this chapter

(c) Comply with any subcontracting procedures adopted by the department that were included in the department's RFQ. If the department has adopted procedures to prequalify public works contractors, the construction manager may use the procedures to prequalify subcontractors.

*(Added by Stats. 2012, Ch. 752, Sec. 1. (AB 2498) Effective January 1, 2013.)*

6706.

The department may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this chapter.

*(Added by Stats. 2012, Ch. 752, Sec. 1. (AB 2498) Effective January 1, 2013.)*

6707.

Contracts awarded pursuant to this chapter shall be valid until the project is completed.

*(Added by Stats. 2012, Ch. 752, Sec. 1. (AB 2498) Effective January 1, 2013.)*

6708.

Nothing in this chapter is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

*(Added by Stats. 2012, Ch. 752, Sec. 1. (AB 2498) Effective January 1, 2013.)*