
Transportation Committee

HB 1460

Brief Description: Regulating county contracts for marine vessels.

Sponsors: Representatives Green, Shabro, Flannigan, Talcott, Morrell and Lantz.

Brief Summary of Bill

- On contracts for the construction, maintenance or repair of marine vessels, counties may substitute alternative forms of security in lieu of a bond.

Hearing Date: 2/24/05

Staff: Beth Redfield (786-7347).

Background:

Existing law requires a contractor's bond for all public works contracts in excess of \$25,000 to be in an amount equal to the full contract price.

On contracts for the construction, maintenance or repair of marine vessels, the Department of Transportation is allowed to substitute alternative forms of security in lieu of the bond. Acceptable alternative forms of security include: certified check, replacement bond, cashier's check, treasury bill, an irrevocable bank letter of credit, or assignment of a savings account. Also authorized are other liquid assets approved by the Secretary of Transportation as well as a combination of a bond and an alternative form of security.

The Secretary of Transportation is required to predetermine and provide, in the bid package, the amount of the alternative security or bond. The bond or alternative security must be in an amount adequate to protect 100 percent of the state's exposure to loss.

In addition to the Washington State Ferry System, public ferry systems are operated by Pierce, Whatcom, Skagit, and Wahkiakum counties.

Summary of Bill:

On contracts for the construction, maintenance or repair of marine vessels, counties may also substitute alternative forms of security in lieu of a bond. The county engineer must approve the use of other liquid assets as the alternative form of security.

The county engineer is required to predetermine and provide, in the bid package, the amount of the alternative security or bond. The bond or alternative security must be in an amount adequate to protect 100 percent of the county's exposure to loss.

Prior to awarding any contract limiting security to the county's exposure to loss, a county shall develop and adopt an ordinance that establishes the procedure for determining the county's exposure to loss on contracts for construction, maintenance, or repair of a marine vessel.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.