

FINAL BILL REPORT

SHB 1460

C 101 L 05

Synopsis as Enacted

Brief Description: Regulating county contracts for marine vessels.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Green, Shabro, Flannigan, Talcott, Morrell and Lantz).

House Committee on Transportation
Senate Committee on Transportation

Background:

State 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:

On contracts for the construction, maintenance or repair of marine vessels, counties may 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 must 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.

Votes on Final Passage:

House	95	0
Senate	46	0

Effective: April 20, 2005