

SENATE BILL REPORT

HB 1747

As Reported By Senate Committee On:
Transportation, April 2, 2007

Title: An act relating to the acquisition of insurance for regional transit authority projects over one hundred million dollars.

Brief Description: Removing the deadline for regional transit authorities to acquire insurance by bid or by negotiation on certain projects.

Sponsors: Representatives Simpson and Rodne.

Brief History: Passed House: 3/07/07, 94-0.

Committee Activity: Transportation: 3/15/07, 4/02/07 [DP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Murray, Vice Chair; Swecker, Ranking Minority Member; Benton, Berkey, Clements, Delvin, Holmquist, Jacobsen, Kastama, Kauffman, Kilmer, Sheldon and Spanel.

Staff: Martha Hankins (786-7429)

Background: The Legislature authorized King, Pierce, and Snohomish Counties to create a regional transit authority in order to develop a high capacity transit system. The Central Puget Sound Regional Transit Authority, known as "Sound Transit," operates express buses, the Sounder commuter rail, and Link light rail. Phase two of the Sound Transit plan (ST 2) for the region includes constructing 40 miles of light rail extensions.

For large construction projects, contractors are required to obtain insurance to cover their portions of the project. An owner controlled insurance program (OCIP), sometimes called "wrap-up" insurance, enables public agencies to purchase a single insurance policy; instead of each contractor, subcontractor and engineering firm purchasing separate insurance, the owner buys a policy that covers all engineering and construction work. The owner negotiates a lower rate and passes the savings on to contractors.

Under current law, this type of insurance coverage is available for public construction projects with costs exceeding \$200 million. Sound Transit's ability to purchase OCIP insurance for projects exceeding \$100 million expired on December 31, 2006.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: This bill allows regional transit authorities to continue to obtain owner-controlled insurance for construction projects that cost over \$100 million by repealing the expiration date on their authority to obtain such insurance.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The ability to obtain wrap-up insurance provides safety benefits for large public construction projects by making safety requirements consistent for the whole project. It saves money, and ensures that everyone on the jobsite is covered.

Persons Testifying: PRO: Representative Simpson, prime sponsor; Ron Main, Sound Transit.