

SENATE BILL REPORT

EHB 2328

As Reported by Senate Committee On:
Government Operations, Tribal Relations & Elections, February 23, 2012

Title: An act relating to job order contracting.

Brief Description: Addressing job order contracting.

Sponsors: Representatives Dammeier, Haigh and Hunt.

Brief History: Passed House: 2/14/12, 98-0.

Committee Activity: Government Operations, Tribal Relations & Elections: 2/23/12 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Pridemore, Chair; Prentice, Vice Chair; Swecker, Ranking Minority Member; Benton, Chase and Nelson.

Staff: Sharon Swanson (786-7447)

Background: In 2003 job order contracting was authorized as an alternative public works contracting procedure. Under a job order contract, a contractor agrees to perform an indefinite quantity of public works jobs, defined by individual work orders, over a fixed period of time. A public entity may not have more than two job order contracts in effect at any one time, except for the Department of Enterprise Services which may have four contracts in effect. The maximum total dollar amount that is awarded under a job order contract may not exceed \$4 million per year for a maximum of three years. Individual work orders are limited to no more than \$350,000. No more than two work orders of \$350,000 may be issued by a public body in a 12-month period.

Job order contracts may be executed for an initial contract term of two years, with an option to extend or renew the contract for an additional year provided that any extension or renewal is priced as provided in the original proposal and is mutually agreed upon by the public body and the job order contractor. A job order contractor must subcontract 90 percent of the work under the contract, and may self perform 10 percent.

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.

With some restrictions, the use of alternative public works contracting procedures are authorized to a limited number of public entities:

- the Department of Enterprise Services;
- the University of Washington;
- Washington State University;
- cities with a population greater than 70,000 and any public authority chartered by such city;
- counties with a population greater than 450,000;
- port districts with total revenues greater than \$15 million per year;
- public utility districts with revenues from energy sales greater than \$23 million per year;
- school districts; and
- the state ferry system.

In 2005 the Capital Projects Advisory Review Board (Board) was established to monitor and evaluate the use of traditional and alternative public works contracting procedures and to evaluate potential future use of other alternative contracting procedures. At the end of each contract year, public entities must provide the Board with a list of work orders issued; the cost of each work order; a list of subcontractors hired under each work order; and a copy of the intent to pay prevailing wage and the affidavit of wages paid for each work order subcontract, if requested.

Summary of Bill: The restriction limiting a public body to issuing no more than two work orders of \$350,000 in a 12-month contract period is eliminated. Public bodies must provide information regarding work orders to the Board each fiscal year, rather than each contract year. The list of public entities authorized to use the job order contracting procedure is expanded to the state regional universities, The Evergreen State College, and Sound Transit.

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: This is a well worked bill that reflects a collaborative effort on the part of labor and sound transit among other entities. This bill promotes greater efficiency and effectiveness for construction projects. The provisions for expansion in this bill are important and helpful to small business.

Persons Testifying: PRO: Bob Maruska, Capital Project Advisory Review Board; Linneth Riley-Hall, Sound Transit; Dan Seydel, Platinum Group.