

HOUSE BILL REPORT

HB 1768

As Amended by the Senate

Title: An act relating to use of the job order contracting procedure by the department of transportation.

Brief Description: Authorizing use of the job order contracting procedure by the department of transportation.

Sponsors: Representatives Moscoso, Liias, Ryu, Moeller, Johnson, Kochmar and McCoy; by request of Department of Transportation.

Brief History:

Committee Activity:

Transportation: 2/18/13, 2/20/13 [DP].

Floor Activity:

Passed House: 3/8/13, 97-0.

Senate Amended.

Passed Senate: 4/17/13, 48-0.

Brief Summary of Bill

- Adds the Washington State Department of Transportation, for the administration of building improvement, replacement, and renovation projects, to the entities that can use job order contracting.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 30 members: Representatives Clibborn, Chair; Fey, Vice Chair; Liias, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Angel, Bergquist, Farrell, Fitzgibbon, Habib, Hayes, Johnson, Klippert, Kochmar, Kretz, Kristiansen, Moeller, Morris, O'Ban, Riccelli, Rodne, Ryu, Sells, Shea, Takko, Tarleton, Upthegrove and Zeiger.

Staff: David Munnecke (786-7315).

Background:

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.

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 (DES) which may have four contracts in effect at one time. The maximum total dollar amount 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.

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 is required to subcontract 90 percent of the work under the contract and may self-perform 10 percent. With some restrictions, the use of alternative public works contracting procedures are authorized to a limited number of public entities:

- the DES;
- state universities, regional universities, and The Evergreen State College;
- Sound Transit;
- 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 are required to 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.

The alternative public works contracting procedures under chapter 39.10 RCW are scheduled to be terminated June 30, 2013.

Summary of Bill:

The Washington State Department of Transportation (WSDOT) is included in the list of entities that can use job order contracting. The WSDOT's ability to use this procedure is limited to the administration of building improvement, replacement, and renovation projects.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment extends the expiration date for all alternative public works contracting procedures under chapter 39.10 RCW from July 1, 2013, to July 1, 2021.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill allows the WSDOT to use job order contracting, which will allow it to provide more work to small contractors on jobs such as rest area repairs.

Job order contracting allows the WSDOT to hire one contractor, who then hires a variety of smaller subcontractors to do the work. This makes for a more cost-effective system by avoiding the administrative costs associated with a large numbers of contracts. The work would include such items as painting and siding replacement.

The WSDOT has explored other methods to acquire this capability, but has determined that it must be on the list of authorized agencies in order to use this contracting method.

(Opposed) None.

Persons Testifying: Representative Moscoso, prime sponsor; and Chris Christopher, Washington State Department of Transportation.

Persons Signed In To Testify But Not Testifying: None.