

# HOUSE BILL REPORT

## HB 1957

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**As Reported by House Committee On:**  
Local Government

**Title:** An act relating to job order contracting for certain cities with populations over four hundred thousand.

**Brief Description:** Concerning the maximum total dollar amount that may be awarded under a job order contract for cities with a population of more than four hundred thousand.

**Sponsors:** Representatives Walkinshaw, Bergquist, Pollet and Carlyle.

**Brief History:**

**Committee Activity:**

Local Government: 2/17/15, 2/19/15 [DP].

**Brief Summary of Bill**

- Increases the maximum amount that may be awarded under a job order contract by a city from \$4 million per year to \$6 million per year, provided the city has more than 400,000 residents.
- Makes the increase of all job order contracting provisions subject to a previously mandated repeal on June 30, 2022.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 5 members: Representatives Takko, Chair; Gregerson, Vice Chair; Fitzgibbon, McBride and Peterson.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; McCaslin and Pike.

**Staff:** Ethan Moreno (786-7386).

**Background:**

Job Order Contracting.

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*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.*

Certain public bodies, including counties and cities meeting specific population thresholds, are authorized to use a job order contract process for public works projects. To utilize this process, the public body must, in part, determine that the use of job order contracts will benefit the public by reducing the time and costs for the construction of public works projects for repair and renovation at public facilities.

Provisions governing the job order contract process for public works projects include numerous definitions and concepts that guide state and local public bodies in implementing its authorizations. For example:

- "job order contract" means a contract in which the contractor agrees to a fixed period, indefinite quantity delivery order contract which provides for the use of negotiated, definitive work orders for public works;
- "public work" means, in part, all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein; and
- "public works project" means any work for a public body within the definition of "public work."

Job order contracts are awarded through a competitive process using public requests for proposals. The public body using the job order contract process must establish a committee to evaluate submitted proposals and, subject to numerous requirements, select a successful proposal. Job order contracts may be executed for an initial contract term of two years or less, with the option of extending or renewing the job order contract for one year. Public bodies are generally prohibited from having more than two job order contracts in effect at any one time.

In general, the maximum total dollar amount that may be awarded under a job order contract for cities and other qualifying public bodies is \$4 million per year for a maximum of three years. However, the maximum total dollar amount that may be awarded under a job order contract for counties with more than 1 million residents is \$6 million per year for a maximum of three years.

#### The Washington Sunset Act, Application to Alternative Public Works Contracting Procedures.

The Washington Sunset Act (Act) establishes a process for program and fiscal reviews by the Joint Legislative Audit and Review Committee (JLARC) of any state entity, program, or law scheduled for termination under the Act. Any state entity, program, or law scheduled for termination may be re-established by the Legislature for a specified period of time or indefinitely.

Washington's alternative public works contracting procedures, including job order contracting procedures, are scheduled for termination under the Act on June 30, 2022. This program and fiscal review for the alternative public works contracting procedures must be completed, and a preliminary report must be prepared, prior to January 1, 2022. If the sunset review process required by the Act expires before June 30, 2021, the JLARC remains obligated to complete a program and fiscal review by June 30, 2021, with its findings reported to the Office of Financial Management and any affected entities.

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**Summary of Bill:**

The maximum amount that may be awarded under a job order contract by a city with a population of more than 400,000 persons is established at \$6 million per year for a maximum of three years. This established maximum amount, as with all job order contracting provisions, remains subject to repeal on June 30, 2022, under the Washington Sunset Act.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**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) The basic premise of the job order contracting process is that a city or county provides a contract up to \$4 million and then 90 percent of that contract is sent to subcontractors for their implementation. The current \$4 million limit was established in 1992, and jurisdictions are reaching that limit. The only thing this bill does is increase the limit. This bill proposes a change that is good for the public and private sectors, and creates jobs.

The City of Seattle is seeing a remarkable use of women and minority businesses through the job order contract process. The city is also seeing paperwork reductions and other benefits from using this process. The process is actually working so well that Seattle needs additional job order contract capacity. Not unlike the Department of Enterprise Services, Seattle maintains assets all over the state, but the city is using up its job order contract capacity in six to eight months. The process is an efficient way to accomplish small projects, and has public works benefits and protections.

(Opposed) The job order contract process lacks the fair market process transparency of the bid market approach. The bid market approach is a better approach for public works projects.

**Persons Testifying:** (In support) Representative Walkinshaw, prime sponsor; and Aleanna Kondelis, City of Seattle.

(Opposed) Larry Stevens, Mechanical Contractors Association and National Electrical Contractors Association.

**Persons Signed In To Testify But Not Testifying:** None.