

SENATE BILL REPORT

2ESSB 5997

As Passed Senate, June 28, 2015

Title: An act relating to transportation project delivery.

Brief Description: Concerning transportation project delivery.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators King, Hobbs, Fain, Liias, Litzow, Braun, Schoesler, Parlette, Dammeier, Warnick, Sheldon, O'Ban, Hewitt, Becker and Brown).

Brief History:

Committee Activity: Transportation: 2/17/15, 2/19/15 [DPS].

Passed Senate: 2/27/15, 49-0.

Third Special Session: Passed Senate: 6/28/15, 43-2.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5997 be substituted therefor, and the substitute bill do pass.

Signed by Senators King, Chair; Benton, Vice Chair; Fain, Vice Chair; Hobbs, Ranking Minority Member; Liias, Assistant Ranking Minority Member; Baumgartner, Cleveland, Habib, Jayapal, Litzow, Miloscia, Pedersen, Rivers and Sheldon.

Staff: Kim Johnson (786-7472)

Background: Design-build construction is a contracting technique that allows the owner of a project to contract with a single entity for the design and construction of a project. Some construction work can often begin before final design is complete, providing opportunity for cost savings and expedited project delivery. The more common project contract, design-bid-build, requires design to be complete before the construction portion of the project is awarded.

Current law allows the Washington State Department of Transportation (WSDOT) to use design-build construction if construction activities are highly specialized, efficiency opportunities through the use of a single entity for design and construction are greater, or significant savings in project delivery time would be realized. A design-build project must be over \$10 million, except that WSDOT may also use the design-build process on up to five pilot projects costing between \$2 and \$10 million.

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 Second Engrossed Substitute Bill: WSDOT is strongly encouraged to use design-build for public works projects over \$2 million.

The Joint Transportation Committee (JTC) must conduct a design-build contracting review study to examine WSDOT's implementation and use of design-build contracting. The JTC must convene an expert panel to assist in the study. The expert panel must be comprised the following stakeholders: a consultant and at least two nationally recognized experts in the field of design-build project delivery; a representative from the association of general contractors; a representative from the American Council of Engineering Companies of Washington; a representative of the Professional and Technical Employees local 17; and a representative from WSDOT. The panel must report to the Legislature and the Governor by December 1, 2016. An expiration date of June 30, 2017, is provided for the study and expert panel.

WSDOT must develop a construction program business plan that (1) incorporates the findings of the JTC design-build contracting review study; (2) outlines a sustainable level of state-employed engineering staff; (3) includes project delivery methods for design and construction; and (4) makes recommendations on the development of a strong-owner strategy.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: PRO: We believe that design-build contracting brings the strengths of private industry into project delivery. There will be rigorous discussion in the review panel process. This process can help WSDOT to continue to be a strong and capable public owner.

OTHER: We support the intent of the bill, but have concerns. Design-build was always supposed to be a tool in the tool box, not the be-all-end-all project delivery mechanism. The process has matured to where there can be some cost savings, but really the benefit is in advancing the project schedule. However, because of the additional costs to negotiate and monitor the delivery of a project using this method, the cost savings may not be that great. We ask that there be a seat on the review panel added for a representative of the Professional and Technical Employee union.

Persons Testifying: PRO: Carolyn Logue, South Sound Chambers of Commerce Legislative Coalition, Duke Schaub, Associated General Contractors; Van Collins, American Council of Engineering Companies.

OTHER: Lynn Peterson, WSDOT, Secretary; Vince Oliveri, Professional and Technical Employees.