

SENATE BILL REPORT

SB 6213

As of January 15, 2016

Title: An act relating to job order contracts by public hospital districts.

Brief Description: Concerning job order contracts by public hospital districts.

Sponsors: Senators Pearson, Takko and Liias.

Brief History:

Committee Activity: Government Operations & Security: 1/14/16.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Karen Epps (786-7424)

Background: Public Hospital Districts. Public Hospital Districts (Districts) are local government entities that may be created to provide health care facilities and services. Since 1945, when they were authorized in state law, more than 50 Districts have been created in Washington. A District may be county-wide or include areas from one or more counties within its boundaries. Each District is governed by a board of elected commissioners. Districts have statutory authority commonly granted to local government entities, including authority to acquire property by eminent domain, adopt a budget, enter into contracts, and employ and manage personnel. To finance operations, Districts may levy property taxes, issue bonds, and charge user fees.

Job Order Contracting. A job order contract allows public entities to contract for small public works projects to repair and renovate public facilities without all the bidding requirements of most public works projects. 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 determination must be made that the use of job order contracts will benefit the public by providing an effective means of reducing the total lead time and cost for the project. 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 six contracts in effect.

The direct use of job order contracting procedures are authorized to a limited number of public entities:

- DES;

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- 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;
- the state ferry system; and
- the Department of Transportation, for the administration of building improvement, replacement, and renovation projects only.

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, except for counties with a population of more than 1 million people and DES, which may award up to a maximum of \$6 million per year for a maximum of three years. Individual work orders are limited to no more than \$350,000.

Summary of Bill: Public hospital districts with total revenues greater than \$15 million per year are included in the list of entities that can use job order contracting. The Department of Enterprise Services may issue job order contract work-orders for public hospital districts.

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 bill gives public hospital districts a simple tool that they will be able to use for public works projects. The bill allows public hospital districts with greater than \$15 million in revenue the ability to use this process in the same way that other public entities currently do. The bill will help some of the public hospital districts. The Capital Projects Advisory Review Board, comprised of a broad spectrum of parties involved in public works projects, monitors and advises the Legislature of any recommended changes to the alternative public works statutes. The job order contracting statute was put together with a number of public bodies that can use it and public hospital districts have the right level of expertise to use job order contracting. This bill addresses the Board's concern to make sure that there are the best-skilled people working on job order contracting and the mechanism by which the smaller public hospital districts have access to job order contracting with DES. This bill will improve the efficiencies of the public works procurement process.

Persons Testifying: PRO: Senator Pearson, prime sponsor; Bill Frare, Washington State Department of Enterprise Services; Bob Maruska, Chair, Capital Projects Advisory Review Board; Ty Heim, EvergreenHealth.