

SENATE BILL REPORT

SB 5146

As Passed Senate, March 8, 2017

Title: An act relating to job order contracts and procedure.

Brief Description: Allowing public transportation benefit area authorities to use job order contracts and procedure.

Sponsors: Senators Liias, King and Hobbs.

Brief History:

Committee Activity: Transportation: 1/23/17, 2/14/17 [DP].

Floor Activity:

Passed Senate: 3/08/17, 48-1.

Brief Summary of Bill

- Includes Public Transportation Benefit Areas (PTBAs) in the list of entities that may use job order contracting.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators King, Chair; Sheldon, Vice Chair; Hobbs, Ranking Minority Member; Liias, Assistant Ranking Minority Member; Cleveland, Fortunato, Hawkins, O'Ban, Saldaña, Takko, Walsh and Wilson.

Staff: Hayley Gamble (786-7452)

Background: Job Order Contracting. Job order contracting is a type of alternative public works contracting procedure.

The following public entities are authorized to use job order contracting:

- the Department of Enterprise Services (DES);
- six public universities & school district;
- Sound Transit;
- cities with a population greater than 70,000—and any public authority chartered by such city;

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- 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;
- Washington State Department of Transportation—for the ferry system, or the administration of building improvements, replacements, and renovation projects only; and
- public hospital districts with total revenues greater than \$15 million per year.

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 DES, which may have six 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—except for counties with a population of more than 1 million; cities with a population of more than 400,000; and DES, which may award up to a maximum of \$6 million per year for a maximum of three years.

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.

The alternative public works contracting procedures under chapter 39.10 RCW, including job order contracting, are scheduled to be repealed June 30, 2022.

Public Transportation Benefit Areas. PTBAs are the most common governance structure for transit agencies in Washington. They may be smaller or larger than a county, or include multiple counties. PTBAs are governed by a board of up to nine directors, selected from elected officials currently serving the local city and/or county. Most PTBAs have the authority to impose a voter-authorized sales tax of up to 0.9 percent within their boundaries to fund public transportation.

Summary of Bill: PTBAs are included in the list of entities that may use job order contracting.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Community Transit is interested in using job order contracting. It would have shortened the time required for some of their projects. Job order contracting relies on a public bidding process. It works well and transit agencies

should be able to use it. Community Transit already contracts out some service and this tool will make us more efficient. This will stretch PTBA funds and allow them to be more efficient, maximizing public dollars and saving time. Job order contracting is for small construction contracts and is used around the country.

Persons Testifying: PRO: Senator Marko Liias, Prime Sponsor; Davor Gjurasic, Community Transit; Geri Beardsley, Community Transit.

Persons Signed In To Testify But Not Testifying: No one.