

SENATE BILL REPORT

SB 5062

As Reported By Senate Committee On:
State & Local Government, March 5, 2001

Title: An act relating to job order contracting for public works.

Brief Description: Regulating job order contracting for public works.

Sponsors: Senators Patterson and Winsley.

Brief History:

Committee Activity: State & Local Government: 2/19/01, 3/5/01 [DPS].

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5062 be substituted therefor, and the substitute bill do pass.

Signed by Senators Patterson, Chair; Fairley, Vice Chair; Gardner, Hale, Haugen, Horn, Kline, McCaslin, Roach and T. Sheldon.

Staff: Diane Smith (786-7405)

Background: Differing procedures are established for state agencies and various local governments to award contracts for public works projects.

Several different state agencies and local governments have been authorized to use alternative public works contracting procedures to award contracts on certain public works contracts of a very large dollar value. One alternative procedure is the design-build- procedure. Another alternative procedure is the general contractor/construction manager- procedure.

The Department of General Administration, University of Washington, Washington State University, every county with a population of greater than 450,000 (King, Pierce, and Snohomish counties), every city with a population in excess of 150,000 (Seattle, Tacoma, and Spokane), and any port district with a population in excess of 500,000 (Port of Seattle and Port of Tacoma) may use the alternative public works contracting procedures.

Summary of Substitute Bill: Public bodies authorized to use the alternative public works contracting procedures and any school district may award contracts for public works using a new procedure called job order contracts. The authority to use job order contracts terminates on July 1, 2007.

A job order contract is a competitive bidding process for awarding contracts to perform an indefinite quantity of work over a fixed time period on the basis of definite work orders, with charges being paid based upon prices in a unit price book. A unit price book contains specific prices for various items of work based on generally accepted industry standards and

information, including costs of materials, labor, equipment, and overhead, as well as profit to be paid for work that is performed.

A job order contract may not be executed for an initial contract term of more than two years, but may be renewed or extended for an additional year. The maximum total dollar amount that is awarded under a job order contract may not exceed \$3 million in the first year, \$5 million over the first two years, or \$8 million over the three-year period if the contract is renewed or extended. A work order for a single project may not exceed \$200,000, and a public body may not issue more than two work orders equal to or greater than \$150,000 in a 12-month period.

An effort must be made to solicit proposals from a certified minority or woman-owned contractor to the extent permitted by Initiative Measure No. 200.

The public body awards the contract to the firm submitting the highest scored final proposal using evaluation factors and the relative weight of factors published in the public request for proposals.

Substitute Bill Compared to Original Bill: The substitute bill includes any school district among the entities given authority to award public works contracts using the job order contracting method.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This procedure has been used at the federal level for years and years. It has proven to be efficient. The protection comes from the limitation to less than \$200,000 for a single work order, and the limit of 20 percent by the general contractor with 80 percent required to be sub-ed out.– This is just another tool for small to medium projects. What used to take six to eight months to accomplish now takes two weeks and results in a savings of 10 to 15 percent of the cost of construction. It improves the participation of small business and develops partnerships with contractors instead of encouraging an adversarial relationship that fosters lawsuits. It will add great efficiency to small projects around the state. School districts should be allowed to use it.

Testimony Against: Instead of requiring public owners to use the lowest responsible bidder, it permits a subjective selection that inevitably leads to an appearance of impropriety and an increase in costs in the long run. Because a master contract is used for two years and the price guaranteed by the contractor, the public owner will be charged more for that guaranteed price. It is more cost effective to bid each small job as it comes along. This permits a temporarily idle contractor to take the job at advantageous rates.

Testified: PRO: Duke Schaub, AGE; Maris Grobins, Department of General Administration; Harry Mellan, The Goildian Group; Charlie Brown, King County School Coalition; CON: Jeff Thomas, Mel Sorenson, CBIC.