

SENATE BILL REPORT

SHB 1788

As Reported By Senate Committee On:
Government Operations & Elections, April 1, 2003

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

Brief Description: Regulating job order contracting for public works.

Sponsors: House Committee on State Government (originally sponsored by Representatives Miloscia, Armstrong and Haigh).

Brief History:

Committee Activity: Government Operations & Elections: 4/1/03 [DPA].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass as amended.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Kastama, McCaslin and Reardon.

Staff: Diane Smith (786-7410)

Background: Up until July 1, 2007, when the authority terminates, several large governmental entities may award large public works contracts by alternative methods. These alternative contracting methods include the design-build and general contract-construction manager (GC/CM) methods. They apply to contracts for public works in excess of \$10 million.

The public bodies authorized to use the design-build and GC/CM methods are the University of Washington; Washington State University; the Department of General Administration; cities with populations exceeding 70,000 and the public authorities they charter; counties with populations exceeding 450,000; public utility districts with revenue from energy sales exceeding \$23 million per year; and port districts with total revenue exceeding \$15 million per year.

Certain school districts are authorized to use the GC/CM method when approved by a review board. This review board consists of ten members with relevant experience who evaluate applications submitted by school districts that seek to use the GC/CM method for limited numbers and specified dollar values of capital projects.

Summary of Amended 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 the Washington State Civil Rights Act.

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.

Amended Bill Compared to Substitute Bill: The amended bill contains small technical corrections.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This method of contracting has been used by the federal government and private industry for years. It saves money and time. Job order contracting is especially useful for remodels, renovation and repair. It is responsive to the owner's needs, reduces lead times and is flexible. It is another tool in the tool box to keep costs under control. It does not cut out small contractors; there are explicit, built-in protections against that.

Testimony Against: It is not a transparent process. Public owners never know how much they leave on the table. If a contractor can't get on the list, he or she cannot participate. The oversight committee was in place to discuss challenges and ways to improve the process. Without the oversight committee, the bill is flawed.

Testified: PRO: Representative Miloscia, prime sponsor; Charlie Brown, King County School Coalition; Doug Holen, University of Washington; Marilyn Eleno, Corps of Engineers, Northwest Area Office; Dick Lutz, Centennial Contender; Duke Schaub, AEC - Washington; John Lynch, General Administration; Larry Stevens, National Contractors Association, Mech. Contractors (concerns); Dave Ducharme, Utility Contractors Association of Washington (concerns); CON: Mel Sorensen, Contractors Building and Insurance.