

SENATE BILL REPORT

SHB 1986

As of April 22, 2013

Title: An act relating to the reporting of highway construction project errors.

Brief Description: Requiring the reporting of highway construction project errors.

Sponsors: House Committee on Transportation (originally sponsored by Representatives O'Ban, Rodne, Magendanz, Zeiger, Kristiansen, Klippert and Hayes).

Brief History: Passed House: 4/18/13, 87-7.

Committee Activity: Transportation:

SENATE COMMITTEE ON TRANSPORTATION

Staff: Clint McCarthy (786-7319)

Background: A change order happens when the Washington State Department of Transportation (WSDOT) determines it is necessary to make a change to a contract during the performance of the contract. Typically, change orders are initiated in the following circumstances: (1) as a response to unexpected conditions; (2) if there are plan deficiencies, such as errors or omissions; (3) extra or unanticipated necessary work is required; or (4) there are design criteria changes. There is a detailed change-order process that WSDOT must follow outlined in the WSDOT Construction Change Order Process Guide manual. This manual includes provisions on contracting implications, negotiating agreed prices and timing, and required documentation.

WSDOT differentiates between minor and major change orders. A minor change is defined as a change value of \$15,000 or less, or any change in working days of ten days or less, whereas a major change is defined as variations in quantity up to 25 percent above or below proposal quantities. Minor changes follow the regular change-order process outlined in the manual. In the case of major overruns, renegotiation of price is available to either party and only units measured in excess of 125 percent of the proposal quantity are eligible for renegotiation.

There is currently no statutory requirement that WSDOT report errors.

Summary of Bill: WSDOT must submit a report to the Legislature detailing engineering errors on highway construction projects resulting in errors in excess of \$500,000. An initial

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report must be submitted within 30 days of an error occurring and a full report must be submitted within 90 days. The full report must include how the error happened, the department of the responsible employee or employees, what corrective action was taken, and what action the Secretary of WSDOT recommends to avoid similar errors. The Legislature is authorized to take additional correctional action if necessary.

WSDOT must submit a report within 90 days of the bill's effective date of engineering errors on projects currently under construction.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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