

SENATE BILL REPORT

ESSB 6072

As Passed Senate, February 7, 2018

Title: An act relating to clarifying the authority and procedures for unit priced contracting by public port districts.

Brief Description: Clarifying the authority and procedures for unit priced contracting by public port districts.

Sponsors: Senate Committee on Local Government (originally sponsored by Senators Takko, Chase and Short).

Brief History:

Committee Activity: Local Government: 1/09/18, 1/11/18 [DPS].

Floor Activity:

Passed Senate: 2/07/18, 48-0.

<p style="text-align: center;">Brief Summary of Engrossed First Substitute Bill</p> <ul style="list-style-type: none">• Allows port districts to procure public works with a unit priced contract.• Defines and clarifies bidding procedures for unit priced contracts.

- Allows port districts to procure public works with a unit priced contract.
- Defines and clarifies bidding procedures for unit priced contracts.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 6072 be substituted therefor, and the substitute bill do pass.

Signed by Senators Takko, Chair; Short, Ranking Member; Angel and Liias.

Staff: Bonnie Kim (786-7316)

Background: Port Districts. Port districts are municipal corporations with the authority to acquire, construct, maintain, operate, develop, and regulate harbor improvements, and transfer and terminal facilities for rail, water, air, and motor vehicles. Port districts may take up an entire single county or may be less than countywide.

Port Districts and Contracts. All material and work required by a port district not meeting the definition of "public work" may be procured in the open market or by contract and all work ordered may be done by contract or day labor. All contracts for work meeting the definition

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of "public work" estimated to cost more than \$300,000 must be awarded using a competitive bid process. Contracts for work meeting the definition of "public work" estimated to cost less than \$300,000 may be awarded using the small works roster process.

Summary of Engrossed First Substitute Bill: A port district may procure public works with a unit priced contract to complete anticipated types of work based on hourly rates or unit pricing for one or more categories of work or trades. "Unit priced contract" is defined as a "competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of a district, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price, for each category of work." Although an initial contract term may not exceed three years, districts may extend or renew a contract for one additional year.

Invitations for unit price bids must include the following information:

- estimated quantities of the anticipated types of work or trades; and
- how the district will issue or release work assignments, work orders, or task authorizations for projects based on the hourly rates or unit prices bid by the contractor.

Whenever possible, the port district must invite at least one proposal from a minority or woman contractor. Contracts must be awarded to the lowest responsible bidder.

Unit price contractors must pay prevailing wages for all public works that would otherwise be subject to the requirements of chapter 39.12 RCW. Prevailing wages for all work must be the rates in effect at the beginning date for each contract year. Unit priced contracts must have prevailing wage rates updated annually.

Appropriation: None.

Fiscal Note: Not requested.

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 on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The purpose of this bill is to address a question raised by the State Auditor's Office on the use of unit priced contracts. There will be a clarifying amendment on when the prevailing wage rate is considered. This bill brings the statute up to current practice. This bill is a clarification of how best to use unit priced contracts for public works. This bill ensures that prevailing wage rates are updated annually. Wharf fenders crumble if they are hit too hard, but the damage is unpredictable. These contracts allow us to manage our public resources effectively.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Chris Herman, Washington Public Ports Association; Bob Maruska, Port of Seattle; Sean Eagan, Port of Tacoma.

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