

# HOUSE BILL REPORT

## HB 1395

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### As Reported by House Committee On: Capital Budget

**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:** Representatives Peterson and Koster.

**Brief History:**

**Committee Activity:**

Capital Budget: 2/3/17, 2/7/17 [DP].

**Brief Summary of Bill**

- Authorizes all Public Transportation Benefit Area Authorities to use job order contracting.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 19 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye, Johnson, Koster, Kraft, MacEwen, Macri, Morris, Reeves, Riccelli, Ryu, Sells, Steele, Stonier and J. Walsh.

**Staff:** Steve Masse (786-7115).

**Background:**

Job Order Contracting.

In 2003 job order contracting was authorized in law as an alternative public works contracting procedure. 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 Department of Enterprise Services (DES), which may have six

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contracts in effect. Generally, 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. However, the DES, counties with a population of more than one million, and cities with a population of more than 4000,000 may award up to a maximum of \$6 million per year for a maximum of three years. Individual work orders are limited to no more than \$350,000. No more than two work orders of \$350,000 may be issued by a public body in a 12-month period.

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.

Public Transportation Benefit Area Authority.

Public Transportation Benefit Area Authorities (PTBAs) were created in 1975, and are special taxing districts created for funding public transportation. There are currently 31 systems that cover 23 counties and 132 cities. Most of the state's public transportation systems are operated by the PBTAs. Public Transportation Benefit Area Authorities are governed by a board of directors of not more than nine elected officials.

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**Summary of Bill:**

Public Transportation Benefit Area Authorities are authorized to use job order contracting for performing public works contracts.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is an opportunity to simplify contracting procedures. Job order contracting is one more tool to deliver projects on time and under budget. There is an established process for job order contracting and it is used for small public works projects. The process is not new; it was created in 1985 by the Army Corps of Engineers. Both state agencies and local governments in Washington state use job order contracting. In a typical public works process, it is sometimes difficult to get bids on small projects. The requirement of going out to bid multiple times increases the costs of the project. Job order contracting sets the prices for work to a fixed price list. For one project, it took 11 months to get through bid and design. Under job order contracting, it could have taken two months. Because of the way job order contracting would work, there would be certainty for contractor and subcontractor.

(Opposed) None.

**Persons Testifying:** Representative Koster, sponsor; Justin Leighton, Washington State Transit Association; and Geri Beardsley, Community Transit.

**Persons Signed In To Testify But Not Testifying:** None.