

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Enterprise Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Washington State University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.											
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Parks and Recreation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Fish and Wildlife	.0	0	0	0	.0	0	0	0	.0	0	0	0
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

### Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	1.5	432,386	432,386	2.5	681,614	681,614	2.5	681,614	681,614
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Eastern Washington University	.0	0	0	.0	0	0	.0	0	0
Central Washington University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>1.5</b>	<b>432,386</b>	<b>432,386</b>	<b>2.5</b>	<b>681,614</b>	<b>681,614</b>	<b>2.5</b>	<b>681,614</b>	<b>681,614</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

### Estimated Capital Budget Breakout

NONE

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Staff	432,386	681,614	681,614
<b>Total \$</b>	<b>432,386</b>	<b>681,614</b>	<b>681,614</b>

<b>Prepared by:</b> Gaius Horton, OFM	<b>Phone:</b> (360) 819-3112	<b>Date Published:</b> Final 2/ 8/2024
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# Judicial Impact Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 055-Administrative Office of the Courts
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**Part I: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note for Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Jackie Bailey-Johnson	Phone: 360-704-5545	Date: 02/02/2024
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 02/02/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/03/2024

193,410.00

Form FN (Rev 1/00)

Request # 177-1

Bill # 6192 S SB

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This bill relates to additional work and change orders on public and private construction projects amending RCW 39.04.360.

This bill clarifies that contractors and subcontractors are not afforded suppliers rights against parties with whom they lack a written agreement. This bill excludes certain residential projects from the bill's terms. This bill modifies the timeframe for requesting/issuing change orders and specifies apportionment of owed interest among those involved.

### II. B - Cash Receipts Impact

None

### II. C - Expenditures

No or minimal fiscal impact to the Administrative Office of the Courts.

## Part III: Expenditure Detail

### III. A - Expenditure By Object or Purpose (State)

NONE

### III. B - Expenditure By Object or Purpose (County)

NONE

### III. C - Expenditure By Object or Purpose (City)

NONE

### III. D - FTE Detail

NONE

### III. E - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B1 - Expenditures by Object Or Purpose (State)

NONE

### IV. B2 - Expenditures by Object Or Purpose (County)

NONE

### IV. B3 - Expenditures by Object Or Purpose (City)

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

193,410.00

Form FN (Rev 1/00)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 179-Department of Enterprise Services
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	432,386	340,807	340,807	340,807	340,807
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>432,386</b>	<b>340,807</b>	<b>340,807</b>	<b>340,807</b>	<b>340,807</b>

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Becky Guyer	Phone: (360) 407-9254	Date: 02/05/2024
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 02/05/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(1) amends language in RCW 39.04.360 and 2009 c 193 s 1 to extend the 30 day change over and interest accumulation requirement to private sector construction projects as well as subcontracts within a construction project. This substitute bill adds 10 days for coordination of change orders from the general contractor to lower tier subcontractors.

Section 1(2) adds language that states that no later than 30 days after satisfactory completion of work, the contractor or subcontractor must request a change order from the owner, upper-tier contractor, state, or municipality. If the change order has been requested within 30 days, the contractor or subcontractor is not deemed to be liable for any interest on the unpaid dollar amount for any additional work satisfactorily complete and not in dispute.

Section 1(3) states that an aggrieved party may bring a civil action for violations of Section 1 for the amount of appropriate relief, including interest and attorney fees.

The proposed legislation has fiscal impact to the Department of Enterprise Services (DES).

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	0	432,386	432,386	681,614	681,614
<b>Total \$</b>			0	432,386	432,386	681,614	681,614

**IV. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		3.0	1.5	2.5	2.5
A-Salaries and Wages		310,009	310,009	486,318	486,318
B-Employee Benefits		105,307	105,307	166,846	166,846
C-Professional Service Contracts					
E-Goods and Other Services		17,070	17,070	28,450	28,450
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	432,386	432,386	681,614	681,614

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff		432,386	432,386	681,614	681,614
Other					
<b>Total \$</b>		432,386	432,386	681,614	681,614

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Construction Project Coordinator 3	102,540		2.0	1.0	2.0	2.0
Contracts Specialist 2	72,552		0.5	0.3	0.5	0.5
WMS 3	13,100		0.5	0.3		
<b>Total FTEs</b>			3.0	1.5	2.5	2.5

The proposed legislation extends the 30 day change over and interest accumulation requirement to private sector construction projects as well as subcontracts within a construction project.

Currently, project managers group multiple field authorizations and change order proposals into one change order. This legislation would necessitate all field authorizations and change order proposals to be processed individually, increasing the amount of paperwork processing for project managers by approximately 5%. Two (2) additional construction project coordinator positions would need to support this increased workload.

40 project managers X 2,080 work hours per year = 83,200 hours  
 83,200 hrs. X 5% = 4,160 hours  
 4,160 hrs./ 2,080 work hrs. = 2.0 FTEs

Additionally, DES will need to establish new procedures for Field Authorizations involving multiple subcontractor trades. Updates to existing contract language to accommodate the changes identified in the proposed legislation can be completed by a Contracts Specialist. Updates to the DES general contract conditions must be performed by a senior management

position due to the complexity of the work. We assume 0.5 of a permanent Contracts Specialist 2 and 0.5 of a non-perm WMS3 will be needed.



Summary of staffing impacts:

- 2 FTEs- Construction Project Coordinator
- 0.5 FTE – Contract Specialist 2
- 0.5 FTE - WMS 3 (12 month non-perm)

Impacts to future capital project costs as a result of this proposed change is unknown.

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 360-University of Washington
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Alexis Rinck	Phone: 2066858868	Date: 02/05/2024
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 02/05/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The changes made in Substitute Senate Bill 6192 do not impact the fiscal analysis provided on the previous fiscal note on the original bill; therefore, UW will be submitting the same analysis. Overall, the bill adds subcontractors and suppliers to the change order statute as it relates to public and private construction projects. It also provides that a contractor or subcontractor that requests a change order from the project owner is not liable for any interest in unpaid amounts for additional work if the project owner has not issued the requested change order. There are several unknown elements that make the calculation of fiscal impact challenging including 1) the inability to predict how many additional change orders will be issues, and 2) the unavailability of an assessment on how many previous change orders would have been subject to interest as outlined in this bill. Given this, we have found that this will have an indeterminate impact of less than \$50,000 to the University of Washington (UW).

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

At this time, the University of Washington is unclear how many subcontractors and suppliers would make the request to have their portion of the change in scope processed before all work associated with the change is completed. It is likely that this would be managed within existing resources; however, that would be dependent on the number of change orders issued. UW Facilities have estimated that an increase of 25% could necessitate an additional FTE.

Without reviewing past data to determine how many change orders we issued that would have been subject to interest under this bill, we cannot determine the cost to our projects, but the potential is there because that the UW issues many change orders on our projects. Per this legislation, the responsibility of managing our change orders to avoid paying interest remains with the UW. Bidders would most likely increase their bid amount to offset any risk in interest payments they would be subject to. At this time, the UW does not foresee a significant increase or cost associated with interest payments related to these projects.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

### III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 365-Washington State University
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Emily Green	Phone: 5093359681	Date: 02/05/2024
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/05/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/06/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

SSB 6192 relates to additional work and change orders on public and private construction projects.

Section 1 (1) of this bill states that no later than 30 days after satisfactory completion of any work by a contractor, subcontractor, or supplier on a public or private construction project, except private residential projects of 12 units or less, and receipt by the owner, contractor, subcontractor, state/municipality shall issue a change order to the contract for the full dollar amount of the work not in dispute.

Section 1 (2) of this bill states that no later than 30 days after the satisfactory completion of any work, the contractor or subcontractor must request a change order from the owner, upper-tier contractor, or state/municipality. If the contractor or sub-contractor has made this request within 30 days, the contractor or subcontractor is not liable for any interest on the unpaid dollar amount.

Section 1 (3) of this bill states that an aggrieved party may bring a civil action for violations of this section.

This bill is not expected to fiscally impact Washington State University, and any costs associated to meet the requirements of this bill could be absorbed through existing resources.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 370-Eastern Washington University
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Tammy Felicijan	Phone: (509) 359-7364	Date: 02/05/2024
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 02/05/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024



## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(1) amends RCW 39.04.360 to include subcontractors and suppliers in addition to contractors, as well as including private construction projects in change order requirements.

Section 1(2) adds that a contractor or subcontractor is not liable for interest on unpaid amounts for additional work completed by a supplier or subcontractor, if the owner, upper-tier contractor, state, or municipality has not issued a change order which was requested within the 30 day period after completion of the work.

Section 1(3) allows that an aggrieved party may bring a civil action for appropriate relief.

EWU anticipates that as there is no contractual relationship between the owner and subcontractors or suppliers.

This substitute bill moves monitoring responsibility to the prime contractors. As such, EWU anticipates no fiscal impact.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 375-Central Washington University
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Alexa Orcutt	Phone: 5099632955	Date: 02/05/2024
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 02/05/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

6192 SSB is the proposed substitute for 6192 SB. 6192 SSB section 1(1) inserts an exception for private residential projects and states who needs to receive a request from the contractor for issuance of a change order to the contract. The substitute strikes and inserts various verbiage throughout the section, such as “within 10 days of receipt of a change order from the owner, state, municipality, or upper-tier contractor, the contractor or subcontractor must issue change orders to lower-tier subcontractors impacted by the change”. If the change order isn’t issued within 30 days or the contractor/upper-tier subcontractor doesn’t issue a change order to lower-tier subcontractors within 10 days after receipt of the approved change order, interest must accrue. (2) Inserts “authorized by the owner, state, or municipality and a request by the subcontractor/supplier, the contractor must request a change order”. Adds a lower-tier subcontractor or supplier must request a change order from the upper-tier contractor 30 days after the completion of additional work and request from the lower-tier subcontractor. Also adds that this section doesn’t provide any rights to a contractor/subcontractor/supplier against a party with whom they aren’t a party to a written contract.

CWU sees no changes from our original fiscal note response based on this amended bill.

Please see the original summary for 6192 SB:

Section 1: Amending RCW 39.04.360 and 2009 c 193 s 1: (1) Inserts verbiage that includes “subcontractor or supplier”, “or private construction project”, and “owner, contractor, subcontractor”. (2) No later than 30 days after acceptable completion of any additional work and a request by a subcontractor/supplier, the contractor or subcontractor must request a change order from the owner, upper-tier contract, state, or municipality. Within 30 days of a requested change order by the contractor/subcontractor, the contractor/subcontractor isn’t liable for any interest on the unpaid dollar amount for any additional completed work and not in dispute if the owner, upper-tier contractor, state, or municipality hasn’t issued the requested change order. (3) A party can bring civil action for violations of this section.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The implementation of this proposed legislation would put a potentially large burden on Central Washington University's (CWU) existing resources, processes, systems, and polices. The new rules would require the university, contractor, architect, or engineer to establish mini/micro substantial completion dates for each potential change order (PCO) to properly track and validate them individually instead of under the umbrella of the overall project substantial completion. Additionally, there is the potential risk associated with interest accrued for work pending final cost negotiation due to field authorizations for additional scope work to maintain the project schedule.

As an example, CWU's nearly completed Health Education project has had over 300 PCOs. A single change order may result in .5-2 hours of additional administrative tracking to ensure proper dates are established, additional notifications issued, and accounting evaluation of potential costs dependent on the size of the change order. This example could have resulted in an additional 150-600 hours of effort of a project manager. This does not include the additional time for the architect or engineer validating each change order which may result in higher compensation for the consultant for the additional time.

In the current biennium, CWU is engaged in 4 major projects (Health Education, Health Science, North Academic Complex (NAC), and Electrical Grid Security). Additionally, we have engaged in 8 minor works projects to date. If each major project averaged 200 PCOs and each minor works project averaged 10 PCOs per project, an estimated total of between 440-1760 additional hours would be required under this legislation. Costs associated with this bill are indeterminate but could be estimated, based on the average assumed number of PCOs, between \$28,000 and \$117,000 for the biennium. The cost breakdown for the estimated additional time for a Capital Project Manager is shown below:

440 -1760 additional project hours to comply with the legislation (4 major projects \* 200 PCOs per project \* .5-2 hours for each PCO = 400-1600 additional hours plus 8 minor works projects \* 10 PCOs per project \* .5-2 hours for each PCO = 40-160 additional hours or a total of 440 - 1760 additional hours per biennium)

Capital Project Manager: .2 FTE - .85 FTE per project at an annual salary of \$104,000 = between \$21,000 and \$88,000 additional salary costs plus benefits of 33% (.2 \* 104,000 \* .33 - .85 \* 104,000 \* .33 = \$6900 - \$29,000)

The proposed legislation introduces the financial risk of reduced Capital funds being dedicated to additional consultant time for the tracking, validation, and confirmation of the additional scope of work items beyond their current roles and responsibilities. The legislation also introduces the risk associated with accruing interest on some change orders. There are multiple situations in which the owner agency, provides authorization to proceed with work (field authorizations, T&M) without final costs reconciled until days, weeks, and sometimes months after the work is complete due to phasing on the scope of work, the complexity, or on-going negotiations associated with the work.

Public works projects typically have a substantial completion date that is the common guidance for the entire project work being in conformed agreement with the specifications and drawings. Individualizing the items would have little benefit to the institution, but could result in an increased strain on administrative resources for each PCO.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

#### III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

#### III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

#### III. D - Expenditures By Program (optional)

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

NONE

#### IV. B - Expenditures by Object Or Purpose

NONE

#### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 376-The Evergreen State College
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 02/02/2024
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 02/02/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The substitute version of SSB 6192 does not create any new requirements for the college. The assessment of no fiscal impact is not changed.

\*\*\*\*\*

SB 6192 relates to change orders on private and public construction projects.

Section 1(1) states that 30 days after the satisfactory completion of any additional work by a contractor, subcontractor, or supplier on a public work project, the college shall issue a change order to the contract for the full amount of the work not in dispute between the college and the contractor, subcontractor, or supplier. If the college does not issue the change order within 30 days, interest must accrue on the dollar amount of the additional work satisfactorily completed until a change order is issued. Additional work is defined as work beyond the scope defined in the contract.

Section 2 states that no later than 30 days after satisfactory completion of additional work by a subcontractor and supplier, the contractor must request a change order from the college. If the college fails to issue a requested change order, the contractor is not responsible for the accrued interest described in section 1(1).

This bill does not change the requirements of the construction change order system for the college, so there are no fiscal impacts.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE



## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## Part V: New Rule Making Required

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 380-Western Washington University
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Timothy Davenport	Phone: 3606503257	Date: 02/05/2024
Agency Approval: Anna Hurst	Phone: 360-650-3569	Date: 02/05/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Effect of changes made by Labor & Commerce Committee (First Substitute):

-- Provides that the bill does not grant any rights to a contractor, subcontractor, or supplier against a party that they are not in a written contract with.

-- Requires contractors and subcontractors to issue change orders within ten days of receipt of a change order from the owner, municipality, or upper-tier contractor. Provides that the owner, contractor, subcontractor, state, or municipality pays their proportionate share of any interest owed for the non-issuance of a change order.

-- Requires a lower-tier subcontractor or supplier to request a change order from the upper-tier contractor 30 days after the completion of additional work and a request from the lower-tier subcontractor.

Fiscal Impact Analysis:

The revised bill puts the onus on the general contractor (GC) and upper-tier subs, not the owner, to execute change orders in a timely manner. As a result of these modifications, we don't see too many risks to Western, but could see construction costs slightly increasing due to added administrative work and risk to the GC.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 465-State Parks and Recreation Commission
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Kyle Murphy	Phone: (360) 902-0932	Date: 01/31/2024
Agency Approval: Van Church	Phone: (360) 902-8542	Date: 01/31/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 01/31/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The proposed legislation addresses additional work and change orders for public and private construction projects.

The proposed change does not have any operational impacts. The agency currently processes change orders within 30 days and project costs account for potential interest of accrued dollar amounts.

State Parks has determined the proposed legislation would have no fiscal impact to the agency.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

None.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 477-Department of Fish and Wildlife
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

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- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: David Hoeveler	Phone: (360) 970-1638	Date: 02/01/2024
Agency Approval: David Hoeveler	Phone: (360) 970-1638	Date: 02/01/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 02/02/2024



## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

NO FISCAL IMPACT. The proposed change does not have any operational impacts for WDFW, it is directed at contractors and subcontractors working on public works projects.

Section 1 Adds private construction projects to the statute requiring issuance of a change order no later than 30 days after satisfactory completion of any additional work on public works projects.

Section 1 Adds subcontractors and suppliers to the change order statute.

Section 1 Provides that a contractor or subcontractor that requests a change order from the project owner is not liable for any interest on unpaid amounts for additional work if the project owner has not issued the requested change order.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6192 S SB	<b>Title:</b> Construction change orders	<b>Agency:</b> 699-Community and Technica College System
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 02/02/2024
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 02/02/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/05/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The substitute bill differs from the original bill in several ways, including:

- Specifies the bill does not grant any rights to a contractor, subcontractor, or supplier against a party they do not have a contract with.
- When change orders are not issued within the required timelines, the interest owed is the proportionate share between the owner, state, contractor, subcontractor, state, or municipality who did not meet the timeline.

These changes would not change the fiscal impact compared to the original bill.

-----

For work not in dispute on a public works project, current law requires change orders to be issued to contractors within 30 days.

This provision would also apply to subcontractors and suppliers under the terms of this bill. The bill authorizes subcontractors and suppliers that have performed any additional work to request a change order within 30 days and relieves them of any interest on the unpaid amount if the owner, contractor, or state has not issued the requested change order.

The bill states that it does not grant any rights to a contractor, subcontractor, or supplier against a party they do not have a contract with.

When change orders are not issued within the required timelines, the interest owed is the proportionate share between the owner, state, contractor, subcontractor, state, or municipality who did not meet the timeline.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

No cash receipts impact.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

No expenditure impact.

The bill specifies that for any additional work by a subcontractor or supplier that is not in dispute, a change order must be issued within 30 days after receipt from the contractor for issuance of a change order. Within ten days of receipt of a change order from the state, the contractor or subcontractor must issue change orders to lower-tier subcontractors impacted by the change. The owner, contractor, subcontractor, state, or municipality pays their proportionate share of any interest owed for the non-issuance of a change order. The bill states that it does not provide any rights to a contractor, subcontractor, or supplier against a party with whom they are not a party to a written contract.

The Department of Enterprise Services (DES), is the “awarding authority” for community college and technical college construction projects and it is expected increased staffing costs, if any, due to provisions in the bill would be incurred by DES and not the college system.

Additionally, the bill should not impact the cost of public works contracts in a significant way since most contracts are typically completed without delayed inclusion of change orders.

### **Part III: Expenditure Detail**

#### **III. A - Operating Budget Expenditures**

NONE

#### **III. B - Expenditures by Object Or Purpose**

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

#### **III. D - Expenditures By Program (optional)**

NONE

### **Part IV: Capital Budget Impact**

#### **IV. A - Capital Budget Expenditures**

NONE

#### **IV. B - Expenditures by Object Or Purpose**

NONE

#### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

### **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 6192 S SB

**Title:** Construction change orders

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: All cities that are project owners would be liable for paying interest on change orders not approved within 30 days.
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The number and value of change orders that are not processed within the 30-day time period allowed.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

## Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 02/05/2024
Leg. Committee Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/31/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/05/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/05/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

#### **CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

- Clarifies that the bill does not grant any rights to a contractor, subcontractor, or supplier against a party that they are not in a written contract with. Excludes private residential projects of 12 units or less from the bill.
- Requires contractors and subcontractors to issue change orders within ten days of receipt of a change order from the owner, municipality, or upper-tier contractor. Provides that the owner, contractor, subcontractor, state, or municipality pays their proportionate share of any interest owed for the non-issuance of a change order.
- Requires a lower-tier subcontractor or supplier to request a change order from the upper-tier contractor 30 days after the completion of additional work and a request from the lower-tier subcontractor.

#### **SUMMARY OF CURRENT BILL:**

This legislation adds private construction projects to the statute requiring issuance of a change order no later than 30 days after satisfactory completion of any additional work on public works projects. Subcontractors and suppliers are also added to the statute.

It also provides that a contractor or subcontractor that requests a change order from the project owner is not liable for any interest on unpaid amounts for additional work if the project owner has not issued the requested change order.

This legislation would go into effect 90 days after adjournment of the session in which the bill is passed.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

#### **CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

The changes in the substitute version do not create any new fiscal impacts to local government in addition to the original bill.

#### **EXPENDITURE IMPACTS OF CURRENT BILL:**

This legislation would have an indeterminate expenditure impact on local governments.

The bill adds to the list of businesses that may issue change orders so there is the potential for more situations in which project owners, including municipalities, are liable for paying interest on change orders that aren't approved within the 30-day period. The number of change orders and their value cannot be predicted in advance.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

#### **CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

The changes in the substitute version do not create any new fiscal impacts to local government revenues.

#### **REVENUE IMPACTS OF CURRENT BILL:**

This bill would not impact local government revenues.

SOURCES:

Association of Washington Cities (AWC)

Senate Bill Report, SB 6192, Labor and Commerce Committee (01/29/2024)