

Multiple Agency Fiscal Note Summary

Bill Number: 6192 SB	Title: 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	.1	20,000	20,000	20,000	.1	20,000	20,000	20,000	.1	20,000	20,000	20,000
Eastern Washington University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
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	.1	22,240	22,240	22,240	.1	22,240	22,240	22,240	.1	22,240	22,240	22,240
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
Total \$	0.2	42,240	42,240	42,240	0.2	42,240	42,240	42,240	0.2	42,240	42,240	42,240

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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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
Total \$	1.5	432,386	432,386	2.5	681,614	681,614	2.5	681,614	681,614

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
Central Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.		
Staff	432,386	681,614	681,614
Western Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.		
Total \$	432,386	681,614	681,614

Prepared by: Gaius Horton, OFM	Phone: (360) 819-3112	Date Published: Final 1/31/2024
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Judicial Impact Fiscal Note

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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: 01/19/2024
Agency Preparation: Chris Conn	Phone: 360-704-5512	Date: 01/23/2024
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/23/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/23/2024

191,616.00

Request # 129-1

Form FN (Rev 1/00)

1

Bill # 6192 SB

Part II: Narrative Explanation

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

This bill extends RCW 39.04.360 payment of undisputed claim protections afforded public works contractors on public works projects to subcontractors and suppliers on such projects and to all such entities in private construction projects; requires timely issuance of change orders after satisfactory completion of additional work; provides for accrual of interest for non or untimely issuance; and permits aggrieved party to bring civil action for violations in a court of competent jurisdiction.

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

None

191,616.00

Form FN (Rev 1/00)

Individual State Agency Fiscal Note

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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
Total \$	0	432,386	340,807	340,807	340,807	340,807

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: 01/19/2024
Agency Preparation: Becky Guyer	Phone: (360) 407-9254	Date: 01/25/2024
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 01/25/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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.

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.

There is fiscal impact to the Department of Enterprise Services.

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
Total \$			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-					
Total \$	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					
Total \$		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		
Total FTEs			3.0	1.5	2.5	2.5

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

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 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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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: 01/19/2024
Agency Preparation: Alexis Rinck	Phone: 2066858868	Date: 01/25/2024
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 01/25/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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.

Senate Bill 6192 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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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: 01/19/2024
Agency Preparation: Emily Green	Phone: 5093359681	Date: 01/25/2024
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 01/25/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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.

SB 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, 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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 370-Eastern Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Account					
General Fund-State 001-1	10,000	10,000	20,000	20,000	20,000
Total \$	10,000	10,000	20,000	20,000	20,000

In addition to the estimates above, there are additional indeterminate costs 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: 01/19/2024
Agency Preparation: Keith Tyler	Phone: 509 359-2480	Date: 01/25/2024
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 01/25/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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, there may be costs associated with monitoring change orders and requests to ensure EWU is not in an actionable position. Costs related to civil actions brought by aggrieved parties is indeterminant.

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.

To ensure EWU is not in an actionable position, we anticipate a .1 FTE project manager to monitor change orders and change order requests on projects involving subcontractors or suppliers with whom EWU does not have a direct contractual relationship. Costs related to civil actions brought by aggrieved parties related to change orders affected by this bill is indeterminant as we do not have current analysis to support this scope of risk.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	10,000	10,000	20,000	20,000	20,000
Total \$			10,000	10,000	20,000	20,000	20,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	7,500	7,500	15,000	15,000	15,000
B-Employee Benefits	2,500	2,500	5,000	5,000	5,000
C-Professional Service Contracts					
E-Goods and Other Services					
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-					
Total \$	10,000	10,000	20,000	20,000	20,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Project Manager	75,000	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.1	0.1	0.1	0.1	0.1

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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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:

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

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: 01/19/2024
Agency Preparation: Alexa Orcutt	Phone: 5099632955	Date: 01/24/2024
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 01/24/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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: 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

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

IV. B - Expenditures by Object Or Purpose

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

IV. C - Capital Budget Breakout

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

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

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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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: 01/19/2024
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 01/23/2024
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 01/23/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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.

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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 380-Western Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Account					
General Fund-State 001-1	11,120	11,120	22,240	22,240	22,240
Total \$	11,120	11,120	22,240	22,240	22,240

Estimated Capital Budget Impact:

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

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: 01/19/2024
Agency Preparation: Timothy Davenport	Phone: 3606503257	Date: 01/25/2024
Agency Approval: Anna Hurst	Phone: 360-650-3569	Date: 01/25/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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.

This bill introduces a requirement for project owners involved in public or private construction projects to issue change orders within 30 days after satisfactory completion of additional work. If the change order is not issued within the stipulated time, interest at a rate of one percent per month accrues on the dollar amount of the additional work until a change order is issued. The section also establishes procedures for requesting change orders and outlines the consequences for non-compliance, allowing aggrieved parties to bring civil actions for violations, seeking appropriate relief, including interest and legal fees.

At a high level, we understand the intent is that change orders be executed within 30 days so that subcontractors and suppliers be can paid timely (provided the work was completed in an acceptable manner) so that the subcontractor or suppliers are not indirectly financing the project. However, the project owner (e.g, WWU) has no mechanism to pay or execute change orders with subs or suppliers since we don't have direct contracts and purchase orders with those firms.

As written, the Bill could result in subcontractors and suppliers challenging the owner (i.e., a state agency) instead of the Prime general contractor (which is who they are contracted with). Change orders currently come from the prime contractor as they have a direct contract with the owner/state (Western). The proposed legislation may require additional administrative duties to confirm subs change orders are approved by the Prime. Also, the interest component may result in additional work to calculate that charge.

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 proposed legislation may require additional administrative duties to confirm subs change orders are approved by the Prime. Also, the interest component may result in additional work for the budget analyst to calculate that charge.

\$11,120 per year would be needed for a .1 FTE Budget Analyst position (assuming annual salary of \$83,618 at .1 FTE which equates to \$8,362 plus \$2,758 benefits at 33% of salary) stemming from additional work associated with tracking interest expense and change order executions between Prime and subs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	11,120	11,120	22,240	22,240	22,240
Total \$			11,120	11,120	22,240	22,240	22,240

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	8,362	8,362	16,724	16,724	16,724
B-Employee Benefits	2,758	2,758	5,516	5,516	5,516
C-Professional Service Contracts					
E-Goods and Other Services					
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-					
Total \$	11,120	11,120	22,240	22,240	22,240

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Budget analyst	83,618	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.1	0.1	0.1	0.1	0.1

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

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

IV. B - Expenditures by Object Or Purpose

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

IV. C - Capital Budget Breakout

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

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

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

NONE

Section 1(2):

As written, it appears that the owner may need to be involved when the subcontractor’s change order is not executed in a timely manner. Currently, the change order always comes from the Prime and if the Prime fails to act timely for the sub, the sub can (if they aren’t paid) file a claim against the Prime. This Bill may result in the owner being involved in disputes between the sub and the Prime. In this case, the Prime failing to approve a change order from the sub. Also, regarding the interest, we never pay interest on change orders, only on invoices that aren’t paid within 30 days. This would be a change that would require tracking and consultation with subs.

Section 1(3):

This provision would likely increase capital costs based on the interest expense accrual and potential litigation this Bill allows (indeterminate dollar amount) which we presume would be funded with capital appropriations.

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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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: 01/19/2024
Agency Preparation: Kyle Murphy	Phone: (360) 902-0932	Date: 01/25/2024
Agency Approval: Van Church	Phone: (360) 902-8542	Date: 01/25/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 01/25/2024

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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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:

- 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: 01/19/2024
Agency Preparation: David Hoeveler	Phone: (360) 970-1638	Date: 01/23/2024
Agency Approval: David Hoeveler	Phone: (360) 970-1638	Date: 01/23/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 01/23/2024

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 Adds subcontractors, suppliers, and owners to the list of those that must submit a change order request no later than 30 days after satisfactory completion of any additional work or portion of any additional work from the owner, upper-tier contractor, state, or municipality. If a contractor or subcontractor has requested the change order from the owner, upper-tier contractor, state, or municipality within 30 days of the request from the subcontractor or supplier, the contractor or subcontractor is not liable for any interest on the unpaid dollar amount for any additional work satisfactorily completed and not in dispute if the owner, upper-tier contractor, state, or municipality has not issued the requested change order.

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

Bill Number: 6192 SB	Title: Construction change orders	Agency: 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: 01/19/2024
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 01/25/2024
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 01/25/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/26/2024

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.

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.

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 authorizes subcontractors and suppliers that have performed 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.

This change 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 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: Kristine Williams	Phone: (564) 669-3002	Date: 01/24/2024
Leg. Committee Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/19/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/24/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

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.

Section 1 amends RCW 39.04.360 to add 30-day change order requirements to additional work performed by subcontractors and suppliers on private construction and public works projects. Owners, contractors and subcontractors would be required to issue a change order for the full dollar amount not in dispute between parties. If the change order is not issued within 30 days, interest must accrue on the dollar amount of the additional work performed at a rate of one percent per month until a change order is issued. Subsection (2) is added which states that if a change order is requested by a contractor or subcontractor in accordance with this section and the change order is not issued by an owner, upper-tier contractor, state, or municipality within 30 days, the contractor or subcontractor is not liable for paying any interest on the unpaid dollar amount due. Subsection (3) allows aggrieved parties to bring a civil action to recover appropriate relief including legal fees.

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.

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.

This bill would not impact local government revenues.

SOURCES

Association of Washington Cities (AWC)