

Gregory Smith Jamail & Smith Construction
Testimony HB447 Hearing February 26, 2007

Good morning, Mr. Chairman and other committee members. Thank you for allowing me to express my and company's opposition to HB447 in its present form.

I am Gregory Smith, I am a licensed engineer, and partner at Jamail & Smith Construction, a Texas Based General Contractor who specializes in Job Order Contracting for public agencies. I have over 20 years of direct JOC experience, as both a customer and contractor, and have been involved in a series of firsts in Job Order Contracting during my career.

My first knowledge of JOC came as a Navy Lieutenant where I was responsible for the Navy's first JOC as an experiment at the Pacific Missile Test Center at Point Mugu, CA. Under that program we executed over 130 discrete projects valued at more than \$6MM with substantially reduced delays, lower change order rates, eliminated all claims, and reduced acquisition and design costs by 50% over the Navy's alternative methods to procure construction. The more we used the program, the more applications we found where JOC was the best tool for the job. Since then, I have served as Project manager on the first civilian JOC at the Houston Metropolitan Transit Authority, the first school district JOC at Spring Branch ISD, the first University JOC at Rice University, the first county JOC at Harris county, the first City JOC at Fort Worth, and the first JOC to serve all entities through cooperative purchasing arrangements, via the TASB Buyboard purchasing cooperative.

My company serves 58 schools districts and 38 public agencies using JOC for a variety of facilities needs. Of these customers over 80% are acquiring our services through a shared contract with another public agency. While some of the work we perform is major maintenance or repair, over 2/3 of our work is construction, renovation, rehabilitation, or alteration of facilities to meet new or changing needs.

- The City of Houston used JOC through an interlocal agreement to construct a \$650k Hurricane Katrina evacuee processing center in less than 60 hours.
- Dripping Springs ISD used JOC through interlocal agreement to complete their new running track which had been defaulted. We striped the track the night before their District Hosted their regional meet.
- Austin ISD this past summer used JOC to convert Porter, Allen, and Lucy Reid middle schools to special academy campuses in less than 90 days once the superintendent determined this was going to be required.

If passed in its present form HB447 would cause these projects to have to be executed more slowly, and more expensively than JOC provided.

I and my company are opposed to HB 447 in its present form because as it relates to JOC, it removes the discretion and authority our elected officials are vested with to determine which contracting methods are best for their agency's needs. HB 447 places limits on

JOC that are the ONLY limits applied to any of the approved construction methods, yet there are no documented problems with JOC which justify a narrowing of the language to maintenance and repair. The cost to Taxpayers to enforce a more narrow law will increase. In its present form HB 447, places an arbitrary cap of \$1MM on project size...this arbitrary cap becomes in essence a declining project cap because as inflation goes up, the hard cap represents less buying power. HB 447 limits JOC to repair and maintenance...the examples I cited earlier were all construction or renovation...if passed, HB447 would eliminate an agency's ability to use JOC to accomplish these important projects. HB 447's elimination of JOC delivered via interlocal agreement would also severely impact a large number of the agencies who use JOC, requiring them to resort to less responsive contracting techniques, or spend the time and money to do their own JOC contract...since many of these agencies have a smaller need for projects, the cost for design & acquisition of their own JOC would be very high in relation to the number of projects they required suitable for JOC. As a taxpayer, I'm certainly interested in seeing my local agencies have as many tools available to them to meet the public's needs as possible. My personal interest in making JOC more applicable is because my company is good at this technique... and an expanded application of JOC would be good for my industry and provide more opportunities for my business to serve you.

My company is a member of the Associated General Contractors and Associated Builders and Contractors, and together with Kellogg Brown & Root, we are near an agreement with the Council of Engineering Companies for revised language for the JOC portion of HB 447. We have also sponsored a JOC specific bill, HB 1536, and we have come to an agreement with CEC to include its requested language in that bill. We would recommend that HB 447 utilize the agreed language in HB 1536 to modify, agreed to include CEC's requested language in that bill.

Thank you for your time and attention. I would be happy to answer any questions you might have.

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