
State Government Committee

HB 2372

Brief Description: Requiring a competitive bid process on certain state construction projects.

Sponsors: Representatives McCoy, Veloria, Conway, Morrell, Simpson, G., Chase, Upthegrove, Kenney, Hudgins, Wood and Moeller.

Brief Summary of Bill

- Requires all subcontracts for public construction projects over \$10 million to be competitively bid.

Hearing Date: 1/28/04

Staff: Katie Blinn (786-7114).

Background:

Contracts for public works projects are usually awarded based on the traditional design-bid-build method. Under the design-bid-build method, the government body retains an architectural firm to design the facility, puts the construction portion of the project out for competitive bid, and awards the contract to the lowest responsible bidder.

However, for projects valued over \$10 million, several state and local governments (public owners) are authorized by RCW 39.10 to use the alternative public works contracting procedures: the "design-build" procedure and the "general contractor/construction manager" (GC/CM) procedure. The public owners eligible to use design-build and GC/CM include:

- the Department of General Administration (GA);
- the University of Washington;
- Washington State University;
- cities with over 70,000 people and public authorities chartered by those cities;
- counties with over 450,000 people;
- public utility districts with revenues from energy sales over \$23 million per year; and
- port districts with total revenues over \$15 million per year
- public hospital districts with total revenues over \$15 million per year.

Under the GC/CM procedures, all subcontract work must be competitively bid. The GC/CM and its subsidiaries may not bid on any of the subcontract work unless the subcontracted work is customarily performed by the GC/CM, the bid opening is managed by the public owner, and

notification of the GC/CM's intention to bid on the subcontract work is included in the public solicitation of bids for the bid package. In no event may the value of the subcontracted work performed by the GC/CM exceed 30% of the negotiated maximum allowable construction cost.

Summary of Bill:

For public construction projects over \$10 million, the GA must require that all subcontracts be competitively bid. The GA must advertise the subcontract bid opportunities to Washington businesses, and provide access to the state contractor prequalification list and the list of certified minority and women's businesses maintained by the Office of Minority and Women's Business Enterprises.

The requirement applies only to state contracts, rather than local government contracts. No differentiation is made between traditional design-bid-build procedures and GC/CM procedures. The requirement amends the purchased goods statutes in RCW 43.19, rather than the public works statutes in RCW 39.04 and RCW 39.10.

Appropriation: None.

Fiscal Note: Requested on January 26, 2004.

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