

HOUSE BILL REPORT

HB 2505

*As Reported By House Committee on:
Local Government*

Title: An act relating to bidding practices of municipalities.

Brief Description: Revising bidding practices for municipalities.

Sponsor(s): Representatives Cooper, Ferguson and Haugen.

Brief History:

Reported by House Committee on:
Local Government, January 31, 1992, DPS.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 15 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

Staff: Bill Lynch (786-7092).

Background:

In 1991, the Legislature developed a uniform process for local governments to award contracts for public works projects from a small works roster, and a uniform process for local governments to award small contracts for purchases in lieu of competitive bidding. The legislation was originally drafted to cover most units of local government. The law that was finally enacted, however, only applies to counties because the uniform process provisions were amended onto a bill that applied only to counties.

Fire districts are not authorized to award public works contracts from a small works roster.

Hospital districts are not authorized to award public works contracts from a small works roster. Hospital districts are also not authorized to make purchases without using formal sealed bidding procedures.

Water districts and sewer districts may dispose of surplus property with a value of \$500 or less without using formal notice and sale procedures. Counties and port districts may dispose of surplus property with a value of \$2,500 or less without using formal notice and sale procedures.

Water districts and sewer districts must try to sell surplus property at 90 percent or more of its appraised value for 180 days before it can be sold at public auction for the highest price. It has been suggested that this time period should be shortened.

Notice requirements for the letting of contracts or disposal of surplus property varies between local governments. It has been suggested that this should be standardized.

Summary of Substitute Bill:

The uniform procedures for awarding public works projects from a small works roster and for awarding small contracts for purchases are made applicable to cities, fire districts, public utility districts, port districts, sewer districts, water districts, and hospital districts.

Fire districts may use a small works roster to award contracts for public works with an estimated value of from \$2,500 up to \$10,000.

Hospital districts may use a small works roster to award contracts for public works with an estimated value of from \$5,000 up to \$50,000. Hospital districts may also use the uniform process for awarding contracts for purchases between \$5,000 and \$15,000 in lieu of competitive bidding procedures.

The threshold for water districts and sewer districts to dispose of surplus property without using formal notice and sale requirements is raised from \$500 to \$2,500.

The amount of time which a water district or sewer district must try to sell surplus property at 90 percent or more of its appraised value before it can be sold for the highest price at public auction, is reduced from 180 days to 120 days.

Local governments must publish advertisements for bids at least once at least 13 days before the last date upon which bids will be received. Local governments must publish notice of intention to sell surplus property at least once a week for two consecutive weeks. Local governments must publish notice of the existence of a small works roster at least twice a year.

A municipality may invite proposals from all contractors on the small works roster at the same time. A county must award contracts for purchases to the lowest responsible bidder when competitive bidding is used.

Technical changes are made to existing competitive bidding laws.

Substitute Bill Compared to Original Bill: Language is added to clarify that county leases of personal property, instead of real property, are subject to the uniform competitive bidding procedures. The notice calling for bids must be published at least 13 days before the last date upon which the bids will be received. A hospital district may use a small works roster to award public works contracts with an estimated value up to \$50,000. A municipality may invite proposals from all contractors on the small works roster at the same time. A municipality must publish notice of the existence of a small works roster or vendor list at least twice a year. When a county awards a contract for purchases, it must be awarded to the lowest responsible bidder.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This helps to standardize competitive bidding practices among local governments. Hospital districts and fire districts should be able to have a small works roster.

Testimony Against: The bill should also change a provision in existing law that allows counties to dispense with competitive bidding for projects of \$10,000 or less. This amount is too high.

Witnesses: (In Support): Robert Dick, Washington Association of Prosecuting Attorneys; Michael Clark, Purchasing Agent, Pierce County; Karin Nyrop, Kitsap County Prosecuting Attorney; Jim Goche, Washington Association of County-Elected Officials; Craig Olson, Association of Washington Cities; Lee Voorhees, attorney, Foster, Pepper & Shefelman; Joe Daniels; Washington State Association of Water/Wastewater Districts; Rick Slunaker, Associated General Contractors; and Dick Ducharme, Utility Contractors Association.

(Against): Larry Stevens, United Subcontractors Association; and Gary Smith, Independent Businesses Association.