

2 **HB 1404** - H AMD

3 By Representatives Valle, Carlson, Anderson, Ogden, Van Luvan, and  
4 Silver

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6 On page 1, line 11, after "contracts" strike everything through  
7 "process." and insert "~~((negotiated without an open competitive  
8 process))~~, to centralize the location of information about personal  
9 service contracts for ease of public review, and ensure proper  
10 accounting of personal services expenditures."

11 On page 4, after line 8, insert the following:

12 "**Sec. 5.** RCW 39.29.018 and 1987 c 414 s 5 are each amended to read  
13 as follows:

14 (1) Sole source contracts, and modifications thereto, shall be  
15 filed with the office of financial management and the legislative  
16 budget committee and made available for public inspection at least ten  
17 working days prior to the proposed starting date of the contract or  
18 modification. Documented justification for sole source contracts shall  
19 be provided to the office of financial management and the legislative  
20 budget committee when the contract is filed. For sole source contracts  
21 of ten thousand dollars or more, documented justification shall include  
22 evidence that the agency attempted to identify potential consultants by  
23 advertising through state-wide or regional newspapers or other  
24 appropriate media or by notifying consultants on established bidders'  
25 lists approved by the office of financial management.

26 (2) The office of financial management shall approve sole source  
27 contracts of ten thousand dollars or more, and modifications thereto,  
28 before any such contract or modification becomes binding and before any  
29 services may be performed under the contract. These requirements shall  
30 also apply to sole source contracts of less than ten thousand dollars  
31 if the total amount of such contracts, including their modifications,  
32 between an agency and the same consultant is ten thousand dollars or  
33 more within a fiscal year. The office of financial management shall  
34 ensure that the costs, fees, or rates negotiated in filed sole source  
35 contracts of ten thousand dollars or more are reasonable.

1        NEW SECTION.    **Sec. 6.**    A new section is added to chapter 39.29 RCW  
2 to read as follows:

3        Personal services may be procured only to resolve a particular  
4 agency problem or issue or to expedite a specific project that is  
5 temporary in nature.    An agency may procure personal services only if  
6 it documents that:

7        (1) The service is critical to agency responsibilities or  
8 operations, or is mandated or authorized by the legislature;

9        (2) Sufficient staffing or expertise is not available within the  
10 agency to perform the service; and

11       (3) Other qualified public resources are not available to perform  
12 the service.

13       NEW SECTION.    **Sec. 7.**    A new section is added to chapter 39.29 RCW  
14 to read as follows:

15       (1) Personal service contracts subject to competitive solicitation,  
16 and modifications thereto, shall be filed with the office of financial  
17 management and the legislative budget committee and made available for  
18 public inspection at least ten working days before the proposed  
19 starting date of the contract or modification.

20       (2) The office of financial management shall review and approve:

21       (a) Personal service contracts subject to competitive solicitation,  
22 and modifications thereto, that provide services relating to management  
23 consulting, organizational development, marketing, communications,  
24 employee training, or employee recruiting; and

25       (b) Modifications to personal service contracts subject to  
26 competitive solicitation that substantially change the scope or cost of  
27 the work to be performed.

28       NEW SECTION.    **Sec. 8.**    A new section is added to chapter 39.29 RCW  
29 to read as follows:

30       The office of financial management shall maintain a publicly  
31 available list of all personal service contracts entered into by state  
32 agencies during each fiscal year.    The list shall identify the  
33 contracting agency, the contractor, the purpose of the contract,  
34 effective dates and periods of performance, the cost of the contract  
35 and funding source, any modifications to the contract, and whether the  
36 contract, including modifications thereto, was competitively procured  
37 or awarded on a sole source basis.    The office of financial management

1 shall also ensure that state accounting definitions and procedures are  
2 consistent with RCW 39.29.006 and permit the reporting of personal  
3 services expenditures by agency and by type of service. Designations  
4 of type of services shall include, but not be limited to, management  
5 and organizational services, legal and expert witness services,  
6 financial services, computer and information services, social or  
7 technical research, marketing, communications, and employee training or  
8 recruiting services. The office of financial management shall report  
9 annually to the fiscal committees of the senate and house of  
10 representatives on sole source contracts filed under this chapter. The  
11 report shall describe: (1) The number and aggregate value of contracts  
12 for each category established in this section; (2) the number and  
13 aggregate value of contracts of two thousand five hundred dollars or  
14 greater but less than ten thousand dollars; (3) the number and  
15 aggregate value of contracts of ten thousand dollars or greater; (4)  
16 the justification provided by agencies for the use of sole source  
17 contracts; and (5) any trends in the use of sole source contracts.

18 NEW SECTION. **Sec. 9.** A new section is added to chapter 39.80 RCW  
19 to read as follows:

20 Contracts entered into by any state agency for architectural and  
21 engineering services, and modifications thereto, shall be filed with  
22 the office of financial management at least ten working days before the  
23 proposed starting date of the contract or modification."

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