

SENATE BILL REPORT

SB 6464

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS,
FEBRUARY 4, 1994**

Brief Description: Revising provisions relating to public works contracts with the state.

SPONSORS: Senators Haugen, Prince, Drew and Niemi; by request of Department of General Administration

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 6464 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, McCaslin, Oke, Owen and Winsley.

Staff: Diane Smith (786-7410)

Hearing Dates: February 2, 1994; February 4, 1994

BACKGROUND:

In the competitive bidding process for public works contracts, the contractor may choose to have the public body retain 50 percent of the contract amount for 30 days or until any liens from the Department of Revenue and the Department of Labor and Industries are released or until liens of subcontractors are settled. This option only applies to contracts of \$25,000 or less.

If the state or municipality decides to execute the work by any means other than by contract or small works roster and the cost of the work exceeds \$15,000, then the job must be advertised.

If a job is estimated to cost less than \$50,000 then it is exempt from the requirement of advertisement and competitive bid. Instead, the agency solicits at least five quotations from contractors chosen at random from the small works roster. If the agency is unable to solicit quotations, then the project shall be advertised and competitively bid.

SUMMARY:

The contracting process is given more room for discretionary decision-making. The contractor's option to have the public entity retain part of the contract amount in lieu of bond is broadened by 400 percent to contracts of \$100,000. The percentage of contract amount to be retained by a public entity is lowered by 100 percent to \$25,000 and certified minority and women-owned contractors are to be invited to offer proposals.

The threshold for having to advertise jobs executed by means other than contract or small works roster process is raised by 68 percent to \$25,000. The threshold below which jobs need not be advertised and bid competitively is raised by 100 percent to \$100,000. The current language concerning the ability to solicit a quotation is clarified to require at least two responsive quotations and certified minority and women-owned contractors are to be invited to offer proposals.

EFFECT OF PROPOSED SUBSTITUTE:

Section 1 of the bill is removed, restoring the original language of the statute which gives the contractor the option of either posting a bond or having 25 percent of the contract withheld for contracts of \$25,000 or less.

At least one bid each from minority and women-owned contractors are to be invited when the work is executed by a competitive process.

The original statutory language which ensures equal opportunity for selection of the contractors on the small works roster is restored.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: July 1, 1994 (Section 3)

TESTIMONY FOR:

This bill makes the public contracting procedure more efficient, faster and responsive to agencies as well as simpler for contractors. The new thresholds bear more reasonable relationship to business needs.

TESTIMONY AGAINST:

A 25 percent withholding will guarantee failure of small contractors doing a \$100,000 job without a bond. The minority and women-owned contractors have resources with the SBA.

TESTIFIED: John Vanek (pro); Bob Gregory, City Engineers Assn. of WA (pro); Craig Olson, Assn. of WA Cities (pro); Bill Weckworth, attorney (con); Don Sirkin, CBIC (con); Dough Bohlke CBIC, USA Subcontractors (con); John Franklin, GA (pro); Fred King, GA (pro); Terry Kirkpatrick, DNR; Larry Stevens, United Subcontractors Assn. (con); Jim Medina, OMWBE (pro); Duke Schaub, AGC Wash (con); Bill Anderson, Painters DC No. 5 (con)