

***Transportation Committee***

***HB 1684***

***Brief Description:*** Testing managed competition.

***Sponsors:*** Representatives Fisher, Mitchell and Poulsen; by request of The Blue Ribbon Commission on Transportation.

***Brief Summary of Bill***

- *The Department of Transportation is directed to develop a three-year pilot project utilizing managed competition for some operations and maintenance functions.*

***Hearing Date:*** 2/12/01

***Staff:*** Penny Nerup (786-7335).

***Background:***

*Managed competition is a process where private sector bids are sought and then compared to a bid from the public sector staff currently performing the service. The Blue Ribbon Commission on Transportation recommends that the Department of Transportation introduce a managed competition pilot project for some operations and maintenance activities, perhaps through negotiation between labor and management.*

*The commission further recommends that a level playing field be maintained between the public and private sectors and that the department consider issues such as wages, health care, and other benefits.*

*There is no current legislation that permits the Department of Transportation to engage in managed competition.*

***Summary of Bill:***

*The Department of Transportation is directed to introduce a pilot program that provides for managed competition in some operations and maintenance functions providing that: 1)*

*there are measurable standards; 2) displaced classified employees can offer alternatives or compete for the contract; 3) a private sector group that is awarded a contract considers hiring displaced state employees; 4) the department has a process to monitor the contract that has measurable standards; and 5) the contract results in savings or efficiency improvements.*

*The pilot project is for three years, beginning on July 1, 2001 and ending with a report to the House and Senate Transportation Committees in October 2004. In implementing the pilot project, the department is required to work with labor and management to develop a process to ensure that bids are evaluated objectively. Minimum bid items must include: 1) prevailing wages; 2) an overhead factor of 66 percent or more of the base prevailing wage rates; and 3) equipment charges reflecting current fair market value rate.*

*Maintenance services that may be included in the pilot project are drainage maintenance and slope repair, roadside and landscape maintenance, bridge and urban tunnel maintenance, safety rest area maintenance, and third-party damages and disaster maintenance.*

*The pilot project is exempted from the contracting out provisions of current state law.*

***Appropriation:*** None.

***Fiscal Note:*** Requested on February 1, 2001.

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