

# SENATE BILL REPORT

## SB 5741

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As Reported By Senate Committee On:  
Transportation, March 8, 2001

**Title:** An act relating to managed competition for transportation operations and maintenance functions.

**Brief Description:** Testing managed competition.

**Sponsors:** Senators Haugen, Horn, Shin, Winsley, Oke and Parlette; by request of The Blue Ribbon Commission on Transportation.

**Brief History:**

**Committee Activity:** Transportation: 2/12/01, 3/8/01 [DPS].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5741 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Benton, Eide, Finkbeiner, Horn, Jacobsen, Kastama, McAuliffe, Oke, Patterson, Prentice, Shin and Swecker.

**Staff:** Jennifer Ziegler (786-7316)

**Background:** The Legislature and the Governor formed the Blue Ribbon Commission on Transportation in 1998 to assess the local, regional and state transportation system; ensure that current and future money is spent wisely; make the system more accountable and predictable; and prepare a 20-year plan for funding and investing in the transportation system. The commission consisted of 46 members representing business, labor, agriculture, tribes, government, ports, shipping, trucking, transit, rail, environmental interests and the general public.

The commission made 18 recommendations to the Governor and the Legislature. Recommendation 10 directed the Washington State Department of Transportation (WSDOT) to consider the use of managed competition for operations and maintenance functions.

Managed competition occurs when private sector bids are sought for a service and then compared to a bid prepared by the public staff that currently performs the service, with the possibility of the award going to either the public or private sector.

**Summary of Substitute Bill:** The department may purchase any maintenance or operations function from any individual, nonprofit organization, business, employee business unit, or other entity if the following criteria are met: (1) the invitation for bid contains measurable standards for performance of the contract; (2) classified public employees whose positions or work would be displaced by the contract are provided an opportunity to offer alternatives to purchasing services by contract; (3) the contract includes a provision requiring the entity to

consider employment of state employees who may be displaced by the contract; (4) the department has established a contract monitoring process; and (5) the department has collected data that demonstrates that the contract results in savings or efficiency improvements.

Managed competition for transportation operations and maintenance functions is contingent on passage of civil service reform legislation.

**Substitute Bill Compared to Original Bill:** The legislation is contingent on passage of civil service reform legislation.

**Appropriation:** None.

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

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

**Testimony For:** Any managed competition should be in the context of civil service reform. State employees will be able to effectively compete for contracts. This legislation is part of re-engineering the workplace. In all cases there must be a close relationship between labor and management. Managed competition has been effective in other states.

**Testimony Against:** This issue is particularly divisive. A pilot project with a fair review would be a more effective approach. This issue should be reserved for another day.

**Testified:** PRO: Greg Devereaux, WFSE; Duke Schaub, AGC; Ken Kirkland, WSDOT; Glen Hudson, Association of Washington Businesses; CON: Jim Warjone, WTA.