

# HOUSE BILL REPORT

## HB 2703

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**As Passed House:**

February 11, 2004

**Title:** An act relating to increasing the minimum amount for bid requirements for materials or work for joint operating agencies.

**Brief Description:** Increasing the minimum for bid requirements for materials or work for joint operating agencies.

**Sponsors:** By Representatives Armstrong, Cooper, Delvin and Blake.

**Brief History:**

**Committee Activity:**

State Government: 1/27/04, 1/28/04 [DP].

**Floor Activity:**

Passed House: 2/11/04, 95-0.

**Brief Summary of Bill**

- Increases the maximum dollar amount of materials, supplies, and equipment that a joint operating agency may purchase without bidding from \$5,000 to \$10,000, exclusive of sales tax.

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### HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Nixon, Tom and Wallace.

**Staff:** Marsha Reilly (786-7135).

**Background:**

A joint operating agency is two or more cities or public utility districts that form for the purpose of acquiring, constructing, operating and owning plants, systems and other facilities for the generation and/or transmission of electric energy and power.

Purchases made by a joint operating agency in excess of \$5,000 for materials, equipment

and supplies generally must be made by a sealed bid process. There are exceptions.

A competitive negotiation process may be avoided if a contractor has defaulted or if technical knowledge, experience, management, or staff, or specific time limits are needed to achieve economical operation of the project. In this process, a request for proposals stating the requirements to be met is issued, after which proposals are received. Negotiations are conducted in an effort to obtain the best and final offers of finalists. A fixed price or cost-reimbursable contract is awarded to the bidder whose proposal is the most advantageous in terms of the requirements set forth.

Purchases in excess of \$5,000 but less than \$75,000 may be made through a telephone or written quotation process. Quotations are received from at least five vendors, where practical, and awards are made to the lowest responsible bidder. In this process, the agency maintains a procurement roster of suppliers and manufacturers who may supply materials or equipment to the operating agency for the purpose of soliciting quotations. Bid opportunities are to be equitably distributed among those on the roster.

When it is determined that competition is not available or is impracticable, such as for replacement parts in support of specialized equipment, purchases may be made without competition. Purchases of any amount may be made without bidding in certain emergency conditions when it is determined that public safety, property damage, or serious financial injury would result if the purchase could not be obtained by a certain time through the sealed bid process.

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**Summary of Bill:**

The minimum dollar value of a purchase of materials, equipment or supplies that must be made through a sealed bid process is changed from \$5,000 to \$10,000, exclusive of sales tax.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Over time, the floors for required bids need to be increased as the cost of preparing bids compared to the cost of the item or items being purchased is not cost effective. Several years ago, the public utility districts raised the dollar amount required for bid from \$5,000 to \$10,000. The floor for joint operating agencies should have been done at the same time.

**Testimony Against:** None.

**Persons Testifying:** Representative Armstrong, prime sponsor; and Jim Rowland, Energy Northwest.

**Persons Signed In To Testify But Not Testifying:** None.