
**State Government Operations &
Accountability Committee**

HB 1292

Brief Description: Providing compensation after all bids for a public works contract are rejected.

Sponsors: Representatives Haigh and Nixon.

Brief Summary of Bill

- Provides compensation to the lowest responsible bidder who submitted the lowest responsive bid when a bid is rejected for good cause for public works projects.

Hearing Date: 2/9/05

Staff: Marsha Reilly (786-7135).

Background:

Public works bids are addressed throughout statute. The process is described individually for different public bodies. Under most circumstances, contractors are selected through competitive bidding. The contract is awarded to the lowest responsible bidder, although the public body selecting the contractor is permitted to reject any or all bids.

In addition to the normal public works bidding process, there is an alternative public works procedure for circumstances where a public body has determined that a public interest is served by abandoning the standard method of awarding public works contracts to the lowest responsible bidder. The selection of large-scale, design-build, General Contractor/Construction Manager (GC/CM) for public works projects is done without the assistance of competitive bidding under alternative public works projects. Conversely, the selection of subcontractors for those same large projects is done with competitive bidding. The alternative public works chapter expires in 2007.

Summary of Bill:

For public works projects undertaken by the state, a municipality, or an institution of higher education and for all public bodies authorized to use the GC/CM contracting method, the contract award must be made to the responsible bidder who submitted the lowest responsive bid, unless there is good cause to reject all bids and cancel the invitation. A decision to reject all bids for cause must be in writing and will result in payment of \$10,000 or five percent of the project costs estimate, whichever is less, to the contractor who would otherwise have been awarded the

contract. For GC/CM projects, the decision to reject all subcontractor bid packages is made by the owner and the GC/CM.

Appropriation: None.

Fiscal Note: Requested on February 6, 2005.

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