

SENATE BILL REPORT

SHB 1719

As Reported By Senate Committee On:
Early Learning, K-12 & Higher Education, March 31, 2005

Title: An act relating to school district bidding requirements.

Brief Description: Regarding school district bidding requirements.

Sponsors: House Committee on State Government Operations & Accountability (originally sponsored by Representatives P. Sullivan, Cox, Hunt, Simpson and Williams).

Brief History: Passed House: 3/10/05, 94-0.

Committee Activity: Early Learning, K-12 & Higher Education: 3/30/05, 3/31/05 [DP, DNP, w/oRec].

SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

Majority Report: Do pass.

Signed by Senators McAuliffe, Chair; Pridemore, Vice Chair; Weinstein, Vice Chair; Berkey, Delvin, Eide, Kohl-Welles, Rockefeller, Schoesler and Shin.

Minority Report: Do not pass.

Signed by Senators Benton, Carrell and Mulliken.

Minority Report: That it be referred without recommendation.

Signed by Senators Schmidt, Ranking Minority Member and Pflug.

Staff: Heather Lewis-Lechner (786-7448)

Background: A number of different laws establish procedures for state agencies, local governments, and special purpose districts, including school districts, to award contracts for public works projects and to purchase materials, supplies, equipment, and services. Competitive bidding procedures must be followed when contracts or purchase amount exceed a certain dollar amount as established in statute. The procedures that are required and the threshold dollar amounts, vary depending on the type of state entity entering the contract or purchasing the material. Under competitive bidding procedures, contracts for the work or purchase are awarded to the lowest responsible bidder as defined in statute. There are also provisions established in statute that allow the lowest responsible bid to be rejected and further bids taken.

Purchases. For purchases of furniture, equipment or supplies, except books, that are expected to exceed \$15,000 school districts must use a competitive bid process. If such cost is between \$15,000 and \$50,000 the bid process must include quotations from at least three different sources obtained in writing or by telephone and recorded for public access. If such cost is over \$50,000 a specific type of formal competitive bidding process is required. Under the formal competitive bid process, the school district board of directors must provide two weeks

of notice by publication of an intention to receive bids. The bids must be in writing, opened, and read in public on the date contained in the notice and filed for public inspection

Public Works Projects and Maintenance. For building, improvement, repair, or other public works projects, districts with 15,500 full-time equivalent (FTE) students or more must use the formal competitive bid process if the projects are over \$15,000. For districts with fewer than 15,500 FTE students, the need to use the competitive bid process is dependent on the number of crafts or trades involved in the project. If there is more than one craft or trade, the formal competitive bid process must be used if the cost is over \$15,000. If there is only one craft or trade, the formal competitive bid process must be used if the cost is over \$10,000.

If the improvement or repair is under the established amounts, school districts may make the improvements or repairs to the district property through the district shop and repair department without having to give notice and take bids.

If a public works contract is over \$50,000 the formal competitive bid process is required unless the contract is let using the small works roster process or any other process available to school districts.

Procedures to award a contract of relatively medium dollar value are called a small works roster procedure and are set out in statute. Bid solicitations using these procedures only require soliciting bids from a limited number of contractors on a list and include some sort of requirement to equitably distribute the opportunity to bid on proposals. Contracts awarded under a small works roster need not be advertised.

Summary of Bill: Purchases. The threshold for competitive bid procedures in relation to purchases of furniture, supplies, or equipment is increased from \$15,000 to \$40,000. If such cost is between \$40,000 and \$75,000 the bid process must include quotations from at least three different sources obtained in writing or by telephone and recorded for public access. Any purchase estimated to be in excess of \$75,000 must be made using a formal bid procedure.

Public Works Projects and Maintenance. The threshold for formal competitive bid procedures in relation to building, improvements, repairs or other public works projects, is increased to \$40,000. The distinctions between improvements and repairs made using one craft or two crafts are removed as are the distinctions based upon the number of students in a school. Projects under this threshold may be made through the district shop and repair department.

If the building, improvement, repair or public works project is estimated to cost between \$40,000 and \$100,000, the district must use a competitive bid process, and projects in excess of \$100,000 must use the formal bid procedure.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Public school employees support this bill. Compromises have been made on this bill and this is a reasonable change to the bid limits worked out with all parties. If school employees had the opportunity they would be able to do this work and do it well. This bill is a good policy choice because it provides more flexibility for our schools. We believe this bill would allow us to use public funds more reasonably and efficiently. Our staff do not have the increased costs and overhead that contractors have, and they know the site, the system and the staff that they will be working with. All of these things cause the costs through contractors to go up. Bid limits have not been adjusted since the 1990's. Districts just want the option to do these project within the school district, this is not a mandate, it is just an option.

Testimony Against: While the King County Directors' Association (KCDA) is in support of expanding the threshold for public works projects, KCDA believes that the original bill's limits for purchasing are preferable. KCDA already takes multiple quotes and we think that the savings that districts get right now will disappear if this bill is passed.

The contractors believe that this is an example of contracting-in. The existing law already allows enough flexibility to districts. The small works roster process allows districts that flexibility. The private sector should be doing the work of construction not the school district employees. This increase is lower than it was but it is still too large of an increase and doesn't represent just an inflation increase. We believe there will be a fiscal impact because the private sector will be losing business. Out-sourcing is more effective for the taxpayers. The apprenticeship needs are also not being served by this bill. We need more proof that this legislation is needed. This legislation will deprive small businesses of income and the public of the assurance that they are getting the most skilled workers and the most savings for their tax dollar.

Who Testified: PRO: Pete Wall, Lorraine Wilson, Tacoma School District; Mitch Denning, Alliance of Educational Associations; Tom Lopp, PSE.

CON: Jim Borrow, King County Directors' Association Purchasing Cooperative; Dave Johnson, Washington State Building Construction Trades; Larry Stevens, Mechanical and Electrical Contractors; Ed Kommers, Mechanical Contractors Association.