
**State Government & Tribal
Affairs Committee**

ESSB 6560

Brief Description: Regarding public utility district contracts.

Sponsors: Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Honeyford, Morton, Delvin and Swecker).

Brief Summary of Engrossed Substitute Bill

- Increases the self-performance limits and the thresholds for competitive bidding for public utility districts.

Hearing Date: 2/27/08

Staff: Tracey Taylor (786-7196).

Background:

Public utility districts (PUDs) must follow certain statutory requirements related to contracting for work or materials.

For work, the estimated cost exclusive of sales tax in excess of \$10,000, must be done by contract, unless it is an accepted industry practice under prudent utility management to have its own regularly employed personnel perform the work. If the value of the work and materials, in combination, exceeds \$50,000, the PUD must contract out.

For materials, equipment or supplies, a PUD must contract for purchases valued over \$10,000, exclusive of sales tax, of items of one kind. If a district purchases the same kind of materials, equipment, or supplies in excess of \$5,000 in one calendar month, the excess must be purchased by contract.

Before awarding the contract, the PUD must publish a notice at least once in a newspaper of general circulation in the district, at least 13 days prior to the last date bids will be accepted

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inviting sealed proposals for work or materials. Any published notice shall be mailed to any established trade association which files a written request with the PUD to receive such notices.

The PUD may also utilize an informal vendor list process for purchases of materials of one kind worth over \$10,000, but less than \$50,000. This process requires the PUD to solicit quotations from at least three vendors on the vendor list whenever possible to assure that a competitive price is established and the contract is awarded to the lowest responsible bidder. The vendor list is established and revised by the PUD publishing a notice, at least twice a year, soliciting vendors for inclusion on the list.

Unless utilizing the small works roster process, all contract projects of \$100,000 or more must be awarded using competitive bidding.

The last increases in the self-performance limit and in the threshold for competitive bidding for PUDs occurred in 2002.

Summary of Bill:

The self performance limit for work performed by PUDs is increased from \$10,000 to \$25,000. The maximum cost of materials used in work by PUDs without contracting is raised from \$50,000 to \$150,000.

The bid threshold for the purchase of the same kind of materials, equipment, or supplies is increased from \$10,000 to \$15,000. The maximum cost of items of one kind purchased in any calendar month without contracting is raised from \$5,000 to \$7,500.

The value range of contract to purchase materials, equipment and supplies that a PUD may use an informal bid solicitation process is increased from at least \$10,000 but less than \$50,000 to a new threshold of at least \$15,000 but less than \$60,000.

The threshold of \$100,000 to use the small works roster process is eliminated.

Appropriation: None.

Fiscal Note: Not requested.

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