

SENATE BILL REPORT

ESHB 1633

As Reported by Senate Committee On:
Early Learning & K-12 Education, March 27, 2013

Title: An act relating to modifying school district bidding requirements for improvement and repair projects.

Brief Description: Modifying school district bidding requirements for improvement and repair projects.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Magendanz, Haigh, Dahlquist, Santos, Pollet, Smith, Wylie, Takko, Angel, Clibborn, Condotta and Scott).

Brief History: Passed House: 3/08/13, 86-11.

Committee Activity: Early Learning & K-12 Education: 3/18/13, 3/27/13 [DPA, DNP].

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: Do pass as amended.

Signed by Senators Litzow, Chair; McAuliffe, Ranking Member; Billig, Cleveland, Fain, Hill and Mullet.

Minority Report: Do not pass.

Signed by Senators Dammeier, Vice Chair; Rolfes, Assistant Ranking Member; Brown and Rivers.

Staff: Susan Mielke (786-7422)

Background: Competitive bidding is required for purchases, repairs, and improvements by state agencies and municipalities including school districts. Exceptions include the following:

- emergency purchases;
- direct-buy purchases as designated by the Department of Enterprise Services;
- sole-source purchases;
- insurance and bonds required for risk management;
- purchases for vocational rehabilitation clients;
- purchases by universities for hospital operation or research purposes;

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- purchases for resale by institutions of higher education when used for purposes of supporting instructional space; and
- certain Washington-grown food.

School districts have the authority to make repairs and improvements, and make purchases without competitive bidding when the work or purchases of goods not including books are below \$40,000. Purchases and repairs or improvements that are \$40,000 or below may be performed by the school district.

Summary of Bill (Recommended Amendments): The threshold for school district improvements and repairs that require competitive bidding is increased from \$40,000 to \$75,000.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Amendments): Instead of increasing the threshold from \$40,000 to \$60,000 for when a school district must seek a competitive bid for improvements and repairs, the threshold is increased to \$75,000.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Engrossed Substitute House Bill: PRO: There are currently three threshold limits on school districts: \$100,000 for construction; \$75,000 for furniture, equipment, and supplies; and \$40,000 for improvements and repairs. The bill started raising the \$40,000 threshold to \$100,000 but now only raises the limit to \$60,000. We would prefer to raise it back to at least \$75,000. The benefit of this bill is that we can use school district staff on some of these improvement and repair projects and thereby save school district monies. This provides a more efficient way for school districts to spend monies and to get more money into the classroom.

CON: This involves public works, which already excludes ordinary maintenance. Public works projects should be done by the private sector. Companies work hard at giving a responsible lowest bid. There has been no study that shows there are savings with school districts doing the work themselves and the anecdotal stories do not seem to include the cost of doing business, such as training or equipment. The overhead for projects is much less than that on a major bid and there are tools to help with that. Private companies provide a warranty for their work, which you will not get from in-house employees.

OTHER: We really liked the original \$100,000 threshold in the bill as introduced and would prefer the \$75,000 threshold over the \$60,000 threshold because it would be more helpful. This is not about building and construction but rather about maintenance and repair. It allows school districts to be more efficient when spending on such small projects. The Washington State School Directors Association (WSSDA) surveyed their members and found that most of

the contracts for improvements and repairs are between \$65,000 and \$75,000. This is something that districts may do but are not required to do. When the school district does not have the expertise, then no matter what the cost of the project is they would still bid it. We like the way the Senate amended the Senate bill to lower the threshold to \$75,000 instead of \$60,000.

Persons Testifying: PRO: Representative Magendanz, prime sponsor.

CON: Larry Stevens, Mechanical Contracts Assn., National Electrical Contractors Assn.

OTHER: Scott Izutsu, Yakima School District; John Bash, North Thurston School District; Marie Sullivan, WA State School Directors Assn.; Christian Dube, International Union of Operating Engineers Local 286; Doug Nelson, Public School Employees/Service Employees International Union 1948; Kathleen Collins, Sheet Metal and Air Contractors; Dr. Mitch Denning, WA Assn. of Maintenance and Operations Administrators; David Dumpert, North Kitsap School District.