

HOUSE BILL REPORT

SB 5760

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to contracts for materials or work required by joint operating agencies.

Brief Description: Concerning contracts for materials or work required by joint operating agencies.

Sponsors: Senators Brown, Sheldon, Keiser and Dandel.

Brief History:

Committee Activity:

Technology & Economic Development: 3/12/15, 3/19/15 [DP].

Brief Summary of Bill

- Increases the minimum dollar value of a purchase of materials, equipment, or supplies by a joint operating agency (JOA) that must be made through a sealed bid process from \$10,000 to \$15,000, exclusive of sales tax.
- Increases the minimum dollar value for work ordered by a JOA for construction of generating projects that must be made through a sealed bid process from \$10,000 to \$25,000, exclusive of sales tax.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Morris, Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; Fey, Hudgins, Nealey, Ryu, Santos and Wylie.

Minority Report: Without recommendation. Signed by 2 members: Representatives Harmsworth and Young.

Staff: Nikkole Hughes (786-7156).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Joint operating agencies (JOA) are formed by cities and public utility districts (PUD) that join together to develop electricity generation projects. The only JOA currently operating in the state is Energy Northwest, which operates and maintains the state's only nuclear powered electrical generation facility. Energy Northwest is comprised of 22 PUDs and five municipal utilities.

A JOA must use a sealed bid process to purchase materials, equipment, and supplies costing more than \$10,000 or to order work for the construction of generating projects and associated facilities costing more than \$10,000.

A JOA may use a competitive negotiation process for contracts to acquire materials, equipment, and supplies or for work performed during the commercial operation of a nuclear generating project and associated facilities. This process may be used to replace a defaulted or terminated contract or if the managing director and the executive board of the JOA finds that the project will be completed or will operate more economically than using the sealed bid process.

In the negotiated bid process, a request for proposals is issued stating the requirements to be met. A fixed price or cost-reimbursable contract is awarded to the bidder whose proposal is determined to be the most advantageous to the JOA and the state.

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 must 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.

Summary of Bill:

The minimum dollar value of a purchase of materials, supplies, and equipment by joint operating agencies (JOA) that must be made through a sealed bid process is increased from \$10,000 to \$15,000, exclusive of sales tax. The minimum dollar value for work ordered by a JOA for construction of generating projects and associated facilities that must be made through a sealed bid process is increased from \$10,000 to \$25,000, exclusive of sales tax.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill would allow no more than public utility districts already have as a minimum for their sealed bid processes. The public works roster works well, but some projects require specialized contractors to complete.

(Opposed) None.

Persons Testifying: Senator Brown, prime sponsor; and Jim Rowland, Energy Northwest.

Persons Signed In To Testify But Not Testifying: None.