

HOUSE BILL REPORT

HB 2100

As Reported by House Committee On:

State Government

Title: An act relating to increasing bid limits for the alternative bid procedure under RCW 39.04.190.

Brief Description: Increasing bid limits for PUDs using the alternative bid procedure under RCW 39.04.190.

Sponsors: Representatives Dunshee, Mulliken and Berkey.

Brief History:

Committee Activity:

State Government: 2/21/01, 2/26/01 [DPS].

Brief Summary of Substitute Bill

- Increases the maximum cost of materials, supplies, or equipment that a public utility district may purchase using the vendor list procedure from \$35,000 to \$50,000, not including sales tax.
- Increases the maximum cost of materials, supplies, and equipment that may be purchased by a public utility district without bidding from \$5,000 to \$10,000, not including sales tax.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives McMorris, Republican Co-Chair; Romero, Democratic Co-Chair; Miloscia, Democratic Vice Chair; Schindler, Republican Vice Chair; Haigh, Lambert, McDermott and D. Schmidt.

Staff: Steve Lundin (786-7127).

Background:

Local governments generally are allowed to purchase materials, supplies, and equipment below a certain dollar value without following some sort of competitive bidding

procedure. Frequently, formal competitive bidding procedures are required to be followed for purchases above a certain dollar value. Exceptions are provided, including for emergency purchases and sole source purchases.

Legislation was enacted in 1993 establishing a uniform vendor list procedure for a number of different types of local governments to award medium dollar valued contracts for purchasing materials, supplies, equipment, or services. The vendor list procedure somewhat resembles the small works roster procedure for awarding contracts for public works projects.

Local governments establish a vendor list by publishing a notice, at least twice a year, soliciting vendors for inclusion on the list, and establish procedures for securing telephone or written quotations from at least three different vendors on the list whenever possible to assure that a competitive price is established and award the contract to the lowest responsible bidder. The same criteria authorized for the Department of General Administration to determine the lowest responsible bidder may be used, including bid price, ability to perform, experience, ability to perform within timelines, quality of past performance, and previous and past compliance with laws relating to the contract. Immediately after the award is made, the bid quotations are open for public inspection and are available by telephone inquiry.

The statute authorizing each local government to use the vendor list procedure establishes a range of dollar values of purchases that may be made using this procedure. Generally, purchases below that range of dollar values may be made without any competitive solicitation and purchases above that range must be made using formal competitive bidding procedures. For example, purchases under the vendor list process may be made as follows:

- A fire protection district may use this procedure for purchases of up to \$10,000, with purchases below \$4,500 allowed without competitive bidding;
- A public utility district may use this procedure for purchases between \$5,000 and \$35,000, not including sales tax, with purchases below \$5,000, not including sales tax, allowed without competitive bidding;
- A water/sewer district may use this procedure for purchases of up to \$50,000, with purchases below \$5,000 allowed without a competitive bidding; and
- A public hospital district may use this procedure for purchases between \$5,000 and \$15,000, with purchases below \$5,000 allowed without a competitive bidding.
- An irrigation district may use the procedure for purchases of up to \$50,000, with purchases below \$10,000 allowed without competitive bidding.

Summary of Substitute Bill:

The maximum dollar value of a purchase of materials, supplies, and equipment that a public utility district may make using the vendor list process is increased, from \$35,000, not including sales tax, to \$50,000, not including sales tax.

The minimum dollar value of a purchase of materials, supplies, and equipment that a public utility district may make using the vendor list process is increased, from \$5,000, not including sales tax, to \$10,000, not including sales tax.

The maximum cost of materials, supplies, and equipment that may be purchased by a public utility district without bidding from \$5,000 to \$10,000, not including sales tax.

Substitute Bill Compared to Original Bill:

Decreases the maximum cost of materials, supplies, and equipment that a public utility district may purchase using the vendor list process from \$100,000 to \$50,000. Increases the maximum cost of materials, supplies, and equipment that a public utility district may purchase without bidding from \$5,000 to \$10,000 and establishes this \$10,000 level as the lowest cost of materials, supplies, or equipment that a public utility district may purchase using the vendor list process.

Appropriation: None.

Fiscal Note: Not Requested.

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

Testimony For: With the energy situation, this will help. Cost savings will result. Ratepayers will benefit. The vendor list process is faster, more efficient, and saves money. This encourages small business to sell to us. There still is competition using the vendor list process.

Testimony Against: None.

Testified: Representative Mulliken, sponsor; and Judy Spence, Snohomish County Public Utility District.