

Transportation Committee

HB 2092

Brief Description: *Adjusting large ferry systems procurement procedures.*

Sponsors: *Representatives Mitchell and Fisher.*

Brief Summary of Bill

- *Washington State Ferries (WSF) is authorized to use a request for proposal process when procuring large equipment and systems.*
- *WSF is authorized to evaluate factors other than price in selecting a successful proposer.*

Hearing Date: *2/26/01*

Staff: *Paul Neal (786-7315).*

Background:

In the 2000 supplemental operating budget, the Legislature appropriated \$243,000 for the Office of Financial Management (OFM) to hire an outside auditing firm to conduct an independent performance audit of the Washington State Ferries (WSF) capital program. The auditing firm of Talbot, Korvola, & Waswick, LLP, undertook the audit and delivered their report in January of 2001.

The audit reviewed the WSF capital program's procurement processes and came up with a number of recommendations. Recommendation 5 states: We recommend Washington State Ferries seek legislative changes allowing the procurement of auto ferry equipment and systems through the RFP-Best Value process without first requesting an exception to the Invitation For Bid Process.–

The audit noted that WSF sometimes procures large equipment and systems for its vessels, which have a service life of 60 years or more. Using a procurement mechanism based solely upon price can result in decisions that initially appear appropriate, but result in an

inferior level of service and reliability and ultimately contribute to increased costs over the assets life. The audit report suggested that evaluating decisions based upon best value— would be more appropriate than strictly basing decisions on lowest immediate cost. A best value analysis would require using a request for proposal (RFP) process rather than invitation for bid (IFB).

Under current law, WSF must use the IFB process for procurement unless the secretary of transportation grants permission to use an RFP process.

Summary of Bill:

WSF is authorized to use an RFP process when procuring large equipment and systems. WSF is authorized to construct its RFP announcement to evaluate factors other than price in making a final selection. Only those additional factors specifically listed in the RFP announcement may be used to evaluate proposals. A number of allowable factors are enumerated including price, maintainability, reliability, transportation, installation cost, cost of spare parts, and the ability, reputation, and experience of the proposer.

Appropriation: None.

Fiscal Note: Requested on February 21, 2001.

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