

SENATE BILL REPORT

SHB 2221

As Reported By Senate Committee On:
Transportation, March 26, 2001

Title: An act relating to maintenance and preservation of ferries.

Brief Description: Adjusting procedures for ferry maintenance and preservation.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Mielke, Rockefeller and Jackley).

Brief History:

Committee Activity: Transportation: 3/26/01 [DP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Eide, Horn, Jacobsen, Kastama, McAuliffe, Patterson, Shin and Swecker.

Staff: Jennifer Ziegler (786-7316)

Background: In the 2000 legislative session, the Legislature appropriated funding for the Office of Financial Management to hire an outside auditing firm to conduct an independent performance audit of the Washington State Ferries (WSF) capital program. The audit reviewed the WSF capital program's procurement processes and came up with several recommendations.

Currently, when maintenance and preservation requires dry docking, WSF must contract out for the service using an invitation for bid (IFB) process. An IFB process requires that contracts must be awarded to the lowest responsible bidder.— For certain classes of WSF vessels, there is only one dry dock facility in Puget Sound available. The audit noted that the U.S. Navy faces a similar situation for some of its ships stationed at the Everett Home Port, and that it has entered into single-source multi-year service contracts.

The audit recommended that WSF examine and pursue alternative procurement approaches and statutory authorization regarding vessel maintenance and repair services.

Under current law, WSF must also use an IFB process for procurement unless the Secretary of Transportation grants permission to use a request for proposal (RFP) process. An RFP process permits the evaluation of technical and performance factors in addition to price. 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 may result in an inferior level of service and reliability and ultimately may contribute to increased costs over the life of an asset.

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 an RFP process rather than an IFB process.

Summary of Bill: WSF is authorized to enter into single source contracts for maintenance and preservation dry docking for those classes of vessels for which only one bidder is available.

WSF is authorized to use an RFP process when procuring large equipment and systems. WSF is authorized to construct its RFP announcement to include factors other than price to be evaluated in making a final selection. Only those factors specifically listed in the RFP announcement may be used to evaluate proposals. Factors that may be considered include price, maintainability, reliability, transportation, installation cost, cost of spare parts, and the reputation and experience of the proposer.

If WSF is procuring propulsion systems or equipment that include an engine, it must use lifecycle cost analysis including consideration of fuel consumption.

Appropriation: None.

Fiscal Note: Requested on March 7, 2001.

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

Testimony For: This legislation is useful to the system and savings to the state should result from it. The legislation allows Washington State Ferries to consider items beyond price. In some instances, WSF has been forced to purchase obsolete equipment because factors other than price could not be considered.

Testimony Against: None.

Testified: Representative Mielke, prime sponsor; Terry McCarthy, WSF; Randy Ray, Todd Shipyards.