

---

**SENATE BILL 5741**

---

**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senators Haugen, Horn, Shin, Winsley, Oke and Parlette; by request of The Blue Ribbon Commission on Transportation

Read first time 02/01/2001. Referred to Committee on Transportation.

1 AN ACT Relating to managed competition for transportation  
2 operations and maintenance functions; amending RCW 41.06.380; and  
3 adding a new section to chapter 47.04 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 47.04 RCW  
6 to read as follows:

7 (1) The legislature finds that managed competition can be an  
8 effective way to unleash creative ideas from the work force and lead to  
9 improvements and greater efficiencies for the department of  
10 transportation. Managed competition, however, should maintain a level  
11 playing field between the public and private sectors and should take  
12 into account issues such as wages, health care, and other benefits.  
13 Therefore, the legislature directs the department to introduce a pilot  
14 program, through negotiation between labor and management, that would  
15 provide for managed competition in transportation operations and  
16 maintenance functions and to seek private sector bids to compare with  
17 bids from the public sector staff currently performing the operation or  
18 maintenance function. Under managed competition, the department may  
19 purchase any maintenance or operations function, including those

1 customarily and historically provided by classified public employees,  
2 from any individual, nonprofit organization, business, employee  
3 business unit, or other entity if the following criteria are met:

4 (a) The invitation for bid or request for proposal contains  
5 measurable standards for the performance of the contract;

6 (b) Classified public employees whose positions or work would be  
7 displaced by the contract are provided an opportunity to offer  
8 alternatives to purchasing services by contract and, if these  
9 alternatives are not accepted, compete for the contract under the  
10 process developed in subsection (2) of this section;

11 (c) The contract with an entity other than an employee business  
12 unit includes a provision requiring the entity to consider employment  
13 of state employees who may be displaced by the contract;

14 (d) The department has established a contract monitoring process to  
15 measure contract performance, costs, service delivery quality, and  
16 other contract standards, and to cancel contracts that do not meet  
17 those standards;

18 (e) The department has collected data that demonstrates that the  
19 contract results in savings or efficiency improvements. The department  
20 must consider the consequences and potential mitigation of improper or  
21 failed performance by the contractor.

22 (2) The department shall conduct a three-year managed competition  
23 pilot project to commence on July 1, 2001, and to conclude on June 30,  
24 2004. The department, working through negotiations with labor and  
25 management, shall develop an implementation process for managed  
26 competition that would ensure that bids are submitted and evaluated in  
27 a fair and objective manner. The implementation process must also be  
28 based upon inclusion of the following minimum bid items: (a) Current  
29 certified prevailing wages established by the department of labor and  
30 industries for the classification of work to be performed under the  
31 proposed contract; (b) an overhead factor of not less than sixty-six  
32 percent of the base prevailing wage rates; and (c) equipment charges  
33 that reflect the current fair market value rate. The pilot project may  
34 include, but is not limited to, the following maintenance services:  
35 Drainage maintenance and slope repair, roadside and landscape  
36 maintenance, bridge and urban tunnel maintenance, safety rest area  
37 maintenance, and third-party damages and disaster maintenance. The  
38 department shall submit the results of the pilot project to the

1 transportation committees of the senate and house of representatives by  
2 October 1, 2004.

3 **Sec. 2.** RCW 41.06.380 and 1979 ex.s. c 46 s 2 are each amended to  
4 read as follows:

5 (1) Nothing contained in this chapter shall prohibit any  
6 department, as defined in RCW 41.06.020, from purchasing services by  
7 contract with individuals or business entities if such services were  
8 regularly purchased by valid contract by such department prior to April  
9 23, 1979: PROVIDED, That no such contract may be executed or renewed  
10 if it would have the effect of terminating classified employees or  
11 classified employee positions existing at the time of the execution or  
12 renewal of the contract.

13 (2) This section does not apply to the managed competition pilot  
14 project for operations and maintenance functions of the department of  
15 transportation under section 1 of this act.

--- END ---