

HOUSE BILL REPORT

SSB 5405

As Reported By House Committee On:
Education
Appropriations

Title: An act relating to school district competitive bidding.

Brief Description: Raising the minimum dollar amount requiring competitive bidding by school districts.

Sponsors: Senate Committee on Education (originally sponsored by Senators Pelz, Oke, McAuliffe and Winsley).

Brief History:

Reported by House Committee on:
Education, April 1, 1993, DP;
Appropriations, April 3, 1993, DP.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass. Signed by 11 members: Representatives Dorn, Chair; Cothorn, Vice Chair; Eide; G. Fisher; Holm; Jones; Karahalios; J. Kohl; Patterson; Pruitt; and Roland.

Minority Report: Do not pass. Signed by 4 members: Representatives Brough, Ranking Minority Member; Thomas, Assistant Ranking Minority Member; Brumsickle; and Vance.

Staff: Margaret Allen (786-7191).

Background: A school district may make improvements or repairs to district property through the district's shop and repair department when the total cost does not exceed \$7,500. A school district must engage in a competitive bid process for purchases (excluding books), building improvements or repairs, or other projects costing or estimated to cost more than \$7,500.

For every purchase (excluding books) costing or estimated to cost from \$7,500 to \$20,000, the school board must establish a procedure for securing purchase quotations from at least three sources, and must record the quotations for public perusal.

The school board may award a building, improvement, repair or other public works project costing or estimated to cost from \$7,500 to \$20,000 to a contractor on the small works roster following a limited competitive bidding process. The small works roster consists of all responsible contractors who have asked to be on the list.

For any purchase (excluding books) estimated to cost over \$20,000, or project estimated to cost at least \$20,000, an enlarged competitive bidding process must be followed. The process includes notice by newspaper publication, the preparation of complete plans and specifications, and providing the opportunity to examine specifications and other information.

The competitive bid limits were last raised in 1985.

Summary of Bill: The competitive bid limits are raised.

The \$7,500 ceiling on the cost of improvements and repairs to district property before a limited competitive bidding process must be used is raised to \$20,000.

The \$7,500 ceiling on the cost of purchases (excluding books) before a limited competitive bidding process must be used is raised to \$15,000.

The \$20,000 ceiling on the use of a limited competitive bidding process is raised to \$35,000. Purchases (excluding books) estimated to cost over \$35,000, and projects estimated to cost \$35,000 or more, require the enlarged competitive bidding process.

Fiscal Note: Not requested.

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

Testimony For: The higher limit for in-house projects will give school districts greater flexibility, allowing them to respond to needs more quickly and economically. School district employees are qualified to do some of the work being contracted out.

Testimony Against: This legislation will hurt small businesses, particularly those owned by minorities and women. Contractors pay higher wages for labor on public works projects under the prevailing wage law. Most abuses occur in purchasing; raising the bid limits for purchases is a mistake.

Witnesses: (Pro) Chris Townley, Public School Employees; John Helmlinger, Tacoma Public Schools; Allan Darr, Operating Engineers; and Joan Yoshitomi, Seattle School District. (Con) Dick Ducharme, UCAW; Rick Slunaker, Associated General Contractors; and Doug Bohlke, Subcontractor's Association.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 17 members: Representatives Locke, Chair; Valle, Vice Chair; Appelwick; Basich; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sommers; Wang; Wineberry; and Wolfe.

Minority Report: Do not pass. Signed by 8 members: Representatives Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Ballasiotes; Cooke; Sehlin; Sheahan; Stevens; and Talcott.

Staff: Margaret Allen (786-7191).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Education: No new changes were recommended.

Fiscal Note: Not requested.

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

Testimony For: This bill will afford school districts increased flexibility in using school resources. School districts will be able to operate in a more cost-effective manner, since employees have the skills needed for some projects that currently must be submitted for bid.

Testimony Against: The inflation rate since the bid limits were last raised does not support such large increases in the limits. A job costing \$7,500 is a significant job to many subcontractors. This bill would exclude many small businesses, especially those just starting out, and those owned by women and minorities. Employers pay taxes that help the economy. For a full bidding process, \$50,000 dollars is a more appropriate limit.

Witnesses: John Kvamme, Tacoma Public Schools (for); Chris Townley, Public School Employees (for); Joan Yoshitomi, Seattle School District (for); Duke Schaub, Association of General Contractors of Washington (against size of increases); Dick Ducharme, Utility Contractors' Association of Washington (against); and Tony Meinhardt, Association of

Small Businesses (against).