<u>2SHB 3274</u> - S AMD 264 By Senator Fairley

ADOPTED AS AMENDED 03/06/2008

Strike everything after the enacting clause and insert the following:

3 "Sec. 1. RCW 53.08.120 and 2000 c 138 s 210 are each amended to 4 read as follows:

5 (1) All material <u>and work</u> required by a port district <u>not meeting</u> 6 <u>the definition of public work in RCW 39.04.010(4)</u> may be procured in 7 the open market or by contract and all work ordered may be done by 8 contract or day labor.

9 (2)(a) All such contracts for work meeting the definition of "public work" in RCW 39.04.010(4), the estimated cost of which exceeds 10 11 two hundred thousand dollars, shall be awarded using a competitive bid 12 process. The contract must be ((let)) awarded at public bidding upon notice published in a newspaper of general circulation in the district 13 14 at least thirteen days before the last date upon which bids will be 15 received, calling for ((sealed)) bids upon the work, plans and 16 specifications for which shall then be on file in the office of the commission for public inspection. The same notice may call for bids on 17 18 such work or material based upon plans and specifications submitted by The competitive bidding requirements for purchases or 19 the bidder. 20 public works may be waived pursuant to RCW 39.04.280 if an exemption 21 contained within that section applies to the purchase or public work.

((However)) (b) For all contracts related to work meeting the definition of "public work" in RCW 39.04.010(4) that are estimated at two hundred thousand dollars or less, a port district may let contracts using the small works roster process under RCW 39.04.155 in lieu of ((calling)) advertising for ((sealed)) bids. Whenever possible, the managing official shall invite at least one proposal from a minority contractor who shall otherwise qualify under this section.

When awarding such a contract for work, when utilizing proposals from the small works roster, the managing official shall give weight to the contractor submitting the lowest and best proposal, and whenever it would not violate the public interest, such contracts shall be distributed equally among contractors, including minority contractors, on the small works roster.

5 **Sec. 2.** RCW 39.30.020 and 1974 ex.s. c 74 s 1 are each amended to 6 read as follows:

7 In addition to any other remedies or penalties contained in any law, municipal charter, ordinance, resolution or other enactment, any 8 municipal officer by or through whom or under whose supervision, in 9 whole or in part, any contract is made in ((wilful)) willful and 10 intentional violation of any law, municipal charter, ordinance, 11 resolution or other enactment requiring competitive bidding or 12 procurement procedures for consulting, architectural, engineering, or 13 other services, upon such contract shall be held liable to a civil 14 15 penalty of not less than three hundred dollars and may be held liable, 16 jointly and severally with any other such municipal officer, for all 17 consequential damages to the municipal corporation. If, as a result of a criminal action, the violation is found to have been intentional, the 18 19 municipal officer shall immediately forfeit his or her office. For purposes of this section, "municipal officer" ((shall)) means an 20 21 "officer" or "municipal officer" as those terms are defined in RCW 22 42.23.020(2).

23 <u>NEW SECTION.</u> **Sec. 3.** A new section is added to chapter 53.08 RCW 24 to read as follows:

25 By January 1, 2010, each port with more than ten million dollars in annual gross revenues, excluding grant and loan funds, shall maintain 26 a database on a public web site of all contracts, including public 27 works and personal services. At a minimum, the database shall identify 28 29 the contractor, the purpose of the contract, effective dates and 30 periods of performance, the cost of the contract and funding source, any modifications to the contract, and whether the contract was 31 32 competitively procured or awarded on a sole source basis.

<u>NEW SECTION.</u> Sec. 4. A new section is added to chapter 53.08 RCW
 to read as follows:

35 (1) If a port district purchases property for a facility outside

the port's jurisdiction, the port district or districts with 1 2 responsibility for the future property development and use must prepare and implement a communication plan within sixty days after contracting 3 with a site planning consultant. The communication plan must be 4 5 reasonably calculated to provide property owners and other affected and interested individuals information for review and comment. The plan 6 7 shall be made available through the planning and predesign phase. The communication plan shall include information about: 8

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(a) The type and scale of proposed uses on the site;

10 (b) The type and scale of business and industrial activities that 11 the development is likely to later attract to the site and to the 12 nearby area;

13 (c) The general character and scope of potential impacts on air 14 and water quality, noise, and local and state transportation 15 infrastructure, including state highways, local roads, rail, and 16 shipping.

(2) Information included in the communication plan under subsection (1) of this section may be made available by means of web pages, office inspection and copying of materials, one or more property tours, and public meetings that allow interested citizens to comment to port officials on several occasions over time as the development plans evolve.

(3) Environmental mitigation, habitat restoration, and dredged
 material disposal projects are exempt from the requirements of this
 section.

NEW SECTION. Sec. 5. The legislature hereby establishes a policy of open competition for all personal service contracts entered into by port districts unless specifically exempted under this chapter. It is further the intent to provide differentiation between the competitive procurement procedures for personal and professional services contracts.

32 <u>NEW SECTION.</u> Sec. 6. The definitions in this section apply 33 throughout this chapter unless the context clearly requires otherwise. 34 (1) "Commission" means the elected oversight body of an individual 35 port.

(2) "Competitive solicitation" means a documented formal process 1 providing an equal and open opportunity to qualified parties and 2 culminating in a selection based on criteria, in which criteria other 3 than price may be the primary basis for consideration. The criteria 4 may include such factors as the consultant's fees or costs, ability, 5 capacity, experience, reputation, responsiveness to time limitations, 6 7 responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to 8 contracts or services. 9

10 (3) "Consultant" means an independent individual or firm 11 contracting with a port to perform a service or render an opinion or 12 recommendation according to the consultant's methods and without being 13 subject to the control of the port except as to the result of the work. 14 The port monitors progress under the contract and authorizes payment.

15 (4) "Emergency" means a set of unforeseen circumstances beyond the 16 control of the port that either:

(a) Present a real, immediate threat to the proper performance ofessential functions; or

(b) May result in material loss or damage to property, bodilyinjury, or loss of life if immediate action is not taken.

(5) "Evidence of competition" means documentation demonstrating that the port has solicited responses from multiple firms in selecting a consultant.

24 (6) "Personal service" means professional or technical expertise 25 provided by a consultant to accomplish a specific study, project, task, or other work statement which may not reasonably be required in 26 27 connection with a public works project meeting the definition in RCW 39.04.010(4). "Personal service" does not include purchased services 28 as defined under subsection (8) of this section or professional 29 services procured using the competitive selection requirements in 30 31 chapter 39.80 RCW.

32 (7) "Personal service contract" means an agreement, or any 33 amendment thereto, with a consultant for the rendering of personal 34 services to the port.

35 (8) "Purchased services" means services provided by a vendor to 36 accomplish routine, continuing, and necessary functions. "Purchased 37 services" includes, but is not limited to, services for equipment 38 maintenance and repair; operation of a physical plant; security; 1 computer hardware and software maintenance; data entry; key punch 2 services; and computer time-sharing, contract programming, and 3 analysis.

4 (9) "Sole source" means a consultant providing professional or 5 technical expertise of such a unique nature that the consultant is 6 clearly and justifiably the only practicable source to provide the 7 service. The justification shall be based on the uniqueness of the 8 service, sole availability at the location required, or warranty or 9 defect correction service obligations of the consultant.

10 <u>NEW SECTION.</u> Sec. 7. All personal service contracts shall be 11 entered into pursuant to competitive solicitation, except for:

12 (1) Emergency contracts;

13 (2) Sole source contracts;

14 (3) Contract amendments;

(4) Contracts between a consultant and a port of less than fifty thousand dollars. However, contracts of fifty thousand dollars or greater but less than two hundred thousand dollars shall have documented evidence of competition. Ports shall not structure contracts to evade these requirements; and

(5) Other specific contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective.

NEW SECTION. Sec. 8. Emergency contracts shall be filed with the commission and made available for public inspection within seven working days following the commencement of work or execution of the contract, whichever occurs first. Documented justification for emergency contracts shall be provided to the commission when the contract is filed.

30 <u>NEW SECTION.</u> Sec. 9. (1) Sole source contracts shall be filed 31 with the commission and made available for public inspection prior to 32 the proposed starting date of the contract. Documented justification 33 for sole source contracts shall be provided to the commission when the 34 contract is filed. For sole source contracts of fifty thousand dollars or more, documented justification shall include evidence that the port attempted to identify potential consultants.

3 (2) The commission shall ensure that the costs, fees, or rates
4 negotiated in filed sole source contracts of fifty thousand dollars or
5 more are reasonable.

6 NEW SECTION. Sec. 10. A port commissioner or employee shall not 7 expend any funds for personal service contracts subject to this chapter unless the port has complied with the competitive procurement and other 8 requirements of this chapter. The port commissioner or employee 9 executing the personal service contracts is responsible for compliance 10 with the requirements of this chapter. Willful and intentional failure 11 12 to comply with the requirements of this chapter subjects the port commissioner or employee to a civil penalty in the amount of three 13 hundred dollars. A consultant who knowingly violates this chapter in 14 15 seeking or performing work under a personal services contract is 16 subject to a civil penalty of three hundred dollars or twenty-five 17 percent of the amount of the contract, whichever is greater. The state auditor is responsible for auditing violations of this chapter through 18 its regular financial and accountability audits. The attorney general 19 20 is responsible for prosecuting violations of this chapter.

NEW SECTION. Sec. 11. (1) Substantial changes in the scope of work specified in the contract or which are substantial additions to the scope of work specified in the formal solicitation document shall be submitted to the commission for a determination as to whether the change warrants the work to be awarded as a new contract.

(2) An amendment or amendments to personal service contracts, if the value of the amendment or amendments, whether singly or cumulatively, exceeds fifty percent of the value of the original contract must be filed with the commission and made available for public inspection prior to the proposed starting date of services under the amendments.

<u>NEW SECTION.</u> Sec. 12. This chapter does not apply to:
 (1) Contracts specifying a fee of less than fifty thousand dollars;
 (2) Contracts awarded to companies that furnish a service where the

1 tariff is established by the utilities and transportation commission or 2 other public entity;

3 (3) Intergovernmental agreements awarded to any governmental
4 entity, whether federal, state, or local and any department, division,
5 or subdivision thereof;

6 (4) Contracts awarded for services to be performed for a standard 7 fee, when the standard fee is established by the contracting agency or 8 any other governmental entity and a like contract is available to all 9 qualified applicants;

10 (5) Contracts for services that are necessary to the conduct of 11 collaborative research if prior approval is granted by the funding 12 source;

13 (6) Contracts for professional services which are entered into 14 under chapter 39.80 RCW; and

15 (7) Contracts for the employment of expert witnesses for the 16 purposes of litigation or legal services to supplement the expertise of 17 port staff.

18 <u>NEW SECTION.</u> Sec. 13. (1) The municipal research services center, 19 in cooperation with the Washington public ports association, shall 20 develop guidelines for the effective and efficient management of 21 personal service contracts by all ports. The guidelines must, at a 22 minimum, include:

(a) Accounting methods, systems, measures, and principles to beused by ports and consultants;

(b) Precontract procedures for selecting potential consultantsbased on their qualifications and ability to perform;

(c) Incorporation of performance measures and measurable benchmarksin contracts, and the use of performance audits;

29 (d) Uniform contract terms to ensure contract performance and 30 compliance with port, state, and federal standards;

31 (e) Proper payment and reimbursement methods to ensure that the 32 port receives full value for taxpayer moneys, including cost 33 settlements and cost allowance;

(f) Postcontract procedures, including methods for recovering
 improperly spent or overspent moneys for disallowance and adjustment;
 (g) Adequate contract remedies and sanctions to ensure compliance;

(h) Monitoring, fund tracking, risk assessment, and auditing
 procedures and requirements;

3 (i) Financial reporting, record retention, and record access4 procedures and requirements;

5 (j) Procedures and criteria for terminating contracts for cause or
6 otherwise; and

7 (k) Any other subject related to effective and efficient contract8 management.

9 (2) The municipal research services center shall submit a status 10 report on the guidelines required by subsection (1) of this section to 11 the governor and the appropriate standing committees of the legislature 12 no later than December 1, 2008.

13 (3) The Washington public ports association shall publish a 14 guidebook for use by ports containing the guidelines developed under 15 subsection (1) of this section.

16 (4) The municipal research services center and the Washington 17 public ports association shall each make the guidelines available on 18 their web sites.

19 <u>NEW SECTION.</u> **Sec. 14.** (1) A port entering into or amending 20 personal service contracts shall follow the policies adopted by the 21 commission, which shall be based on guidelines developed pursuant to 22 section 13 of this act.

(2) This section applies to ports entering into or renewingcontracts after January 1, 2010.

25 <u>NEW SECTION.</u> Sec. 15. The Washington public ports association shall provide a training course for port personnel responsible for 26 executing and managing personal service contracts. The course must 27 contain training on effective and efficient contract management under 28 29 the guidelines established under section 13 of this act. Port 30 districts shall require port employees responsible for executing or managing personal service contracts to complete the training course to 31 the satisfaction of the commission. 32

33 Sec. 16. RCW 39.04.010 and 2007 c 133 s 1 are each amended to read 34 as follows: 1 The definitions in this section apply throughout this chapter 2 unless the context clearly requires otherwise.

3 (1) "Award" means the formal decision by the state or municipality 4 notifying a responsible bidder with the lowest responsive bid of the 5 ((state)) state's or municipality's acceptance of the bid and intent to 6 enter into a contract with the bidder.

7 (2) "Contract" means a contract in writing for the execution of 8 public work for a fixed or determinable amount duly awarded after 9 advertisement and competitive bid, or a contract awarded under the 10 small works roster process in RCW 39.04.155.

(3) "Municipality" means every city, county, town, port district, 11 district, or other public agency authorized by law to require the 12 execution of public work, except drainage districts, diking districts, 13 diking and drainage improvement districts, drainage improvement 14 districts, diking improvement districts, consolidated diking and 15 drainage improvement districts, consolidated drainage improvement 16 17 districts, consolidated diking improvement districts, irrigation districts, or other districts authorized by law for the reclamation or 18 19 development of waste or undeveloped lands.

(4) "Public work" means all work, construction, alteration, repair, 20 21 or improvement other than ordinary maintenance, executed at the cost of 22 the state or of any municipality, or which is by law a lien or charge on any property therein. All public works, including maintenance when 23 24 performed by contract shall comply with chapter 39.12 RCW. "Public work" does not include work, construction, alteration, repair, or 25 improvement performed under contracts entered into under RCW 26 27 36.102.060(4) or under development agreements entered into under RCW 36.102.060(7) or leases entered into under RCW 36.102.060(8). 28

(5) "Responsible bidder" means a contractor who meets the criteriain RCW 39.04.350.

31 (6) "State" means the state of Washington and all departments,32 supervisors, commissioners, and agencies of the state.

33 Sec. 17. RCW 39.04.155 and 2007 c 218 s 87, 2007 c 210 s 1, and 34 2007 c 133 s 4 are each reenacted and amended to read as follows: 35 (1) This section provides uniform small works roster provisions to 36 award contracts for construction, building, renovation, remodeling, 37 alteration, repair, or improvement of real property that may be used by

state agencies and by any local government that is expressly authorized 1 to use these provisions. These provisions may be used in lieu of other 2 procedures to award contracts for such work with an estimated cost of 3 two hundred thousand dollars or less. The small works roster process 4 includes the limited public works process authorized under subsection 5 (3) of this section and any local government authorized to award 6 7 contracts using the small works roster process under this section may award contracts using the limited public works process under subsection 8 9 (3) of this section.

(2)(a) A state agency or authorized local government may create a 10 single general small works roster, or may create a small works roster 11 for different specialties or categories of anticipated work. 12 Where 13 applicable, small works rosters may make distinctions between 14 contractors based upon different geographic areas served by the contractor. The small works roster or rosters shall consist of all 15 responsible contractors who have requested to be on the list, and where 16 17 required by law are properly licensed or registered to perform such work in this state. A state agency or local government establishing a 18 small works roster or rosters may require eligible contractors desiring 19 to be placed on a roster or rosters to keep current records of any 20 21 applicable licenses, certifications, registrations, bonding, insurance, 22 or other appropriate matters on file with the state agency or local government as a condition of being placed on a roster or rosters. At 23 24 least once a year, the state agency or local government shall publish 25 in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of 26 contractors for such roster or rosters. In addition, responsible 27 contractors shall be added to an appropriate roster or rosters at any 28 time they submit a written request and necessary records. 29 Master contracts may be required to be signed that become effective when a 30 31 specific award is made using a small works roster.

32 (b) A state agency establishing a small works roster or rosters shall adopt rules implementing this subsection. A local government 33 establishing a small works roster or rosters shall adopt an ordinance 34 or resolution implementing this subsection. Procedures included in 35 adopted by the department of general administration 36 rules in 37 implementing this subsection must be included in any rules providing for a small works roster or rosters that is adopted by another state 38

agency, if the authority for that state agency to engage in these activities has been delegated to it by the department of general administration under chapter 43.19 RCW. An interlocal contract or agreement between two or more state agencies or local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the provisions of this subsection.

(c) Procedures shall be established for securing telephone, 8 written, or electronic quotations from contractors on the appropriate 9 10 small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder, as defined in 11 12 RCW 39.04.010. Invitations for quotations shall include an estimate of 13 the scope and nature of the work to be performed as well as materials 14 equipment to be furnished. However, detailed plans and and specifications need not be included in the invitation. This subsection 15 does not eliminate other requirements for architectural or engineering 16 17 approvals as to quality and compliance with building codes. Quotations may be invited from all appropriate contractors on the appropriate 18 small works roster. As an alternative, quotations may be invited from 19 at least five contractors on the appropriate small works roster who 20 21 have indicated the capability of performing the kind of work being 22 contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. However, if the 23 24 estimated cost of the work is from one hundred thousand dollars to two 25 hundred thousand dollars, a state agency or local government((, other than a port district,)) that chooses to solicit bids from less than all 26 27 the appropriate contractors on the appropriate small works roster must also notify the remaining contractors on the appropriate small works 28 roster that quotations on the work are being sought. 29 The government has the sole option of determining whether this notice to the remaining 30 contractors is made by: (i) Publishing notice in a legal newspaper in 31 32 general circulation in the area where the work is to be done; (ii) mailing a notice to these contractors; or (iii) sending a notice to 33 these contractors by facsimile or other electronic means. For purposes 34 of this subsection (2)(c), "equitably distribute" means that a state 35 36 agency or local government soliciting bids may not favor certain 37 contractors on the appropriate small works roster over other

contractors on the appropriate small works roster who perform similar
 services.

3 (d) A contract awarded from a small works roster under this section4 need not be advertised.

5 (e) Immediately after an award is made, the bid quotations obtained 6 shall be recorded, open to public inspection, and available by 7 telephone inquiry.

(3) In lieu of awarding contracts under subsection (2) of this 8 section, a state agency or authorized local government may award a 9 contract for work, construction, alteration, repair, or improvement 10 projects estimated to cost less than thirty-five thousand dollars using 11 the limited public works process provided under this subsection. 12 13 Public works projects awarded under this subsection are exempt from the other requirements of the small works roster process provided under 14 subsection (2) of this section and are exempt from the requirement that 15 contracts be awarded after advertisement as provided under RCW 16 17 39.04.010.

For limited public works projects, a state agency or authorized 18 local government shall solicit electronic or written quotations from a 19 20 minimum of three contractors from the appropriate small works roster 21 and shall award the contract to the lowest responsible bidder as 22 defined under RCW 39.04.010. After an award is made, the quotations shall be open to public inspection and available by electronic request. 23 24 A state agency or authorized local government shall attempt to 25 distribute opportunities for limited public works projects equitably among contractors willing to perform in the geographic area of the 26 27 work. A state agency or authorized local government shall maintain a list of the contractors contacted and the contracts awarded during the 28 previous twenty-four months under the limited public works process, 29 including the name of the contractor, the contractor's registration 30 number, the amount of the contract, a brief description of the type of 31 32 work performed, and the date the contract was awarded. For limited public works projects, a state agency or authorized local government 33 may waive the payment and performance bond requirements of chapter 34 39.08 RCW and the retainage requirements of chapter 60.28 RCW, thereby 35 assuming the liability for the contractor's nonpayment of laborers, 36 37 mechanics, subcontractors, materialpersons, suppliers, and taxes imposed under Title 82 RCW that may be due from the contractor for the 38

limited public works project, however the state agency or authorized
 local government shall have the right of recovery against the
 contractor for any payments made on the contractor's behalf.

4 (4) The breaking of any project into units or accomplishing any 5 projects by phases is prohibited if it is done for the purpose of 6 avoiding the maximum dollar amount of a contract that may be let using 7 the small works roster process or limited public works process.

8 (5)(a) A state agency or authorized local government may use the 9 limited public works process of subsection (3) of this section to 10 solicit and award small works roster contracts to small businesses that 11 are registered contractors with gross revenues under one million 12 dollars annually as reported on their federal tax return.

(b) A state agency or authorized local government may adopt additional procedures to encourage small businesses that are registered contractors with gross revenues under two hundred fifty thousand dollars annually as reported on their federal tax returns to submit quotations or bids on small works roster contracts.

(6) As used in this section, "state agency" means the department of 18 general administration, the state parks and recreation commission, the 19 department of natural resources, the department of fish and wildlife, 20 21 the department of transportation, any institution of higher education 22 as defined under RCW 28B.10.016, and any other state agency delegated authority by the department of general administration to engage in 23 24 construction, building, renovation, remodeling, alteration, 25 improvement, or repair activities.

26 **Sec. 18.** RCW 53.12.270 and 1975 1st ex.s. c 12 s 1 are each 27 amended to read as follows:

(1) The commission may delegate to the managing official of a port district such administerial powers and duties of the commission as it may deem proper for the efficient and proper management of port district operations. Any such delegation shall be authorized by appropriate resolution of the commission, which resolution must also establish guidelines and procedures for the managing official to follow.

35 (2) The commission shall establish, by resolution, policies to 36 comply with RCW 39.04.280 that set forth the conditions by which 1 <u>competitive bidding requirements for public works contracts may be</u> 2 <u>waived.</u>

3 <u>NEW SECTION.</u> Sec. 19. Sections 5 through 15 of this act 4 constitute a new chapter in Title 53 RCW.

5 <u>NEW SECTION.</u> Sec. 20. If specific funding for the purposes of 6 this act, referencing this act by bill or chapter number, is not 7 provided by June 30, 2008, in the omnibus appropriations act, this act 8 is null and void.

9 <u>NEW SECTION.</u> Sec. 21. (1) Beginning July 1, 2009, each port with 10 more than fifteen million dollars in annual gross revenue, excluding 11 grant and loan funds, shall report annually to the joint legislative 12 audit and review committee:

(a) A summary of the items identified in section 3 of this act andthe current status of each of the contracts; and

(b) The number and status of the personal services contracts 15 entered into that prior year that were exempted from competitive 16 solicitation, including emergency contracts, sole source contracts, 17 contract amendments, and any other specified contracts or classes or 18 19 groups of contracts that were exempted from the competitive solicitation process by the commission, as defined in section 6 of this 20 act, because it was determined that a competitive solicitation process 21 22 was not appropriate or cost-effective.

(2) The report shall be presented at one of the joint legislative audit and review committee's regularly scheduled public hearings, and the report may be presented at the hearing by teleconference. The committee may request additional information from a port at its discretion.

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(3) This section expires August 1, 2013."

ADOPTED AS AMENDED 03/06/2008

On page 1, line 2 of the title, after "districts;" strike the remainder of the title and insert "amending RCW 53.08.120, 39.30.020, 39.04.010, and 53.12.270; reenacting and amending RCW 39.04.155; adding new sections to chapter 53.08 RCW; adding a new chapter to Title 53 RCW; creating new sections; prescribing penalties; and providing an expiration date."

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