

# SENATE BILL REPORT

## SB 5717

---

---

As Reported by Senate Committee On:  
Governmental Operations, February 18, 2013  
Ways & Means, February 28, 2013

**Title:** An act relating to competitive contracting.

**Brief Description:** Addressing competitive contracting.

**Sponsors:** Senators Baumgartner, Tom, Smith, Bailey, Braun, Schoesler, Holmquist Newbry and Brown.

**Brief History:**

**Committee Activity:** Governmental Operations: 2/18/13 [w/oRec-WM].  
Ways & Means: 2/26/13, 2/28/13 [DPS, DNP].

---

### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

**Staff:** Karen Epps (786-7424)

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5717 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Bailey, Becker, Braun, Dammeier, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

**Minority Report:** Do not pass.

Signed by Senators Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Conway, Fraser, Hasegawa, Hatfield, Keiser, Kohl-Welles, Murray and Ranker.

**Staff:** Steve Jones (786-7440)

**Background:** The Department of Enterprise Services (DES) provides a variety of support services to state agencies, other governmental entities, and nonprofits. DES combines services from the former departments of General Administration and Printing, and sections of the former departments of Personnel and Information Services (DIS). Several divisions from the Office of Financial Management (OFM) are also part of the new agency. As part of the

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

agency reorganization, a majority of service provision duties were transferred from DIS to Consolidated Technology Services (CTS), including server hosting and network administration, telephony, security administration, and email.

The Technology Services Board (TSB) consists of six members appointed by the Governor and four legislators. TSB focuses on information technology strategic vision and planning; enterprise architecture; policy and standards; and major project oversight. TSB may approve contracting for services and activities related to the operation and management of the State Data Center. If approval is granted by TSB, CTS is exempt from the requirements for competitive contracting. Additionally, TSB may approve contracting for other services and activities by CTS if those services are recommended by the Chief Information Officer through a business plan and TSB approves. If approval is granted by TSB, those services and activities are exempt from the requirements for competitive contracting.

ESSB 5931, from the 2011 session, directed OFM to examine on a biennial basis which services within DES might be performed by the private sector. OFM must select up to six activities each biennium for DES to competitively bid to the private sector. OFM may consult with affected industry stakeholders in making its decision on which activities to contract out. If service cannot be provided at a lower rate and more efficiently, OFM will notify DES, and DES may cancel the bid. If the bid is cancelled, OFM must notify the legislative fiscal committees. DES, with OFM, must establish a contract monitoring process to measure contract performance, costs, service, delivery, quality, and other contract standards, and cancel contracts that do not meet those standards. No contract may be renewed without a review of these measures. OFM must report on the results of these examinations biennially to the Legislature. The Joint Legislative and Audit Review Committee will conduct a performance audit of the implementation of contracting for services at DES and report to the Legislature by January 1, 2018.

**Summary of Bill (Recommended Substitute):** If approval for services and activities related to the operation and management of the State Data Center is granted by TSB, DES is exempt from the requirements for competitive contracting. TSB may approve contracting for other services and activities by DES if those services are recommended by the Chief Information Officer through a business plan and TSB approves. If approval is granted by TSB, those services and activities are exempt from the requirements for competitive contracting.

In the 2013-15 biennium, OFM must examine motor pool vehicle fleet management and custodial services as two of the six activities for DES to competitively bid to the private sector. If service cannot be provided at a lower rate or more efficiently, OFM must notify DES, and DES may cancel the bid.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** Technical corrections were made, and real estate lease brokering has been removed from the list of activities to be examined by OFM.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony (Governmental Operations):**

**Persons Testifying (Governmental Operations):**

**Staff Summary of Public Testimony on Original Bill (Ways & Means):** PRO: Savings and efficiencies have been achieved by the creation of CTS. This bill continues that framework to achieve additional savings. The bill also asks OFM to continue to investigate other areas of potential efficiencies.

CON: The Personnel System Reform Act was carefully crafted to create safeguards and ensure a competitive process. State agencies do not need any additional authority in this area. There is no harm in letting state employee groups bid on these contracts. With current custodial services, DES is continually looking for efficiencies, consistent with the health and safety of the building occupants. Using state employees reduces wasteful staff turnover. Do not take away the opportunity for state employees to compete for this business.

OTHER: The state leases 2.8 million square feet of real estate. The leasing of real estate requires unique knowledge and experience, which will be lost if this function is contracted out. There are many sensitive community and environmental issues that need to be taken into consideration in real estate leases. Personal issues, such as commissions, should not play a role. We need open and impartial leasing policies. Please remove real estate lease brokering from this bill.

**Persons Testifying (Ways & Means):** PRO: Senator Baumgartner, prime sponsor.

CON: Bill Morgan, Don Canright, Jeanine Livingston, Robert Bristol, WA Federation of State Employees.

OTHER: Mark Gjurasic, Brent McKinley, Mark Lahaie, Government Building Owners and Lessors Assn.