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**SUBSTITUTE HOUSE BILL 2815**

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**State of Washington**

**53rd Legislature**

**1994 Regular Session**

**By** House Committee on State Government (originally sponsored by Representatives Anderson, Veloria, Caver, Wolfe, Romero, Reams, Bray, Ballard, Pruitt, Jones and Quall; by request of Department of General Administration)

Read first time 02/04/94.

1 AN ACT Relating to reforming state procurement practices; and  
2 amending RCW 43.19.1906 and 43.19.1908.

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

4 **Sec. 1.** RCW 43.19.1906 and 1993 c 379 s 103 are each amended to  
5 read as follows:

6 Insofar as practicable, all purchases and sales shall be based on  
7 competitive bids, and a formal sealed bid procedure shall be used as  
8 standard procedure for all purchases and contracts for purchases and  
9 sales executed by the state purchasing and material control director  
10 and under the powers granted by RCW 43.19.190 through 43.19.1939. This  
11 requirement also applies to purchases and contracts for purchases and  
12 sales executed by agencies, including educational institutions, under  
13 delegated authority granted in accordance with provisions of RCW  
14 43.19.190 or under RCW 28B.10.029. However, formal sealed bidding is  
15 not necessary for:

16 (1) Emergency purchases made pursuant to RCW 43.19.200 if the  
17 sealed bidding procedure would prevent or hinder the emergency from  
18 being met appropriately;

1 (2) Purchases not exceeding ((five)) one hundred thousand dollars,  
2 or subsequent limits as calculated by the office of financial  
3 management: PROVIDED, That the state director of general  
4 administration shall establish procedures to assure that purchases made  
5 by or on behalf of the various state agencies shall not be made so as  
6 to avoid the ((five)) one hundred thousand dollar bid limitation, or  
7 subsequent bid limitations as calculated by the office of financial  
8 management: PROVIDED FURTHER, That the state purchasing and material  
9 control director is authorized to reduce the formal sealed bid limits  
10 of ((five)) one hundred thousand dollars, or subsequent limits as  
11 calculated by the office of financial management, to a lower dollar  
12 amount for purchases by individual state agencies if considered  
13 necessary to maintain full disclosure of competitive procurement or  
14 otherwise to achieve overall state efficiency and economy in purchasing  
15 and material control. Quotations from four hundred dollars to ((five))  
16 one hundred thousand dollars, or subsequent limits as calculated by the  
17 office of financial management, shall be secured from enough vendors to  
18 assure establishment of a competitive price and may be obtained by  
19 telephone or written quotations, or both. The agency shall invite at  
20 least one quotation each from a certified minority and a certified  
21 women-owned contractor who shall otherwise qualify to perform such  
22 work. Immediately after the award is made, the bid quotations obtained  
23 shall be recorded and open to public inspection and shall be available  
24 by telephone inquiry. A record of competition for all such purchases  
25 from four hundred dollars to ((five)) one hundred thousand dollars, or  
26 subsequent limits as calculated by the office of financial management,  
27 shall be documented for audit purposes (~~on a standard state form~~  
28 ~~approved by the forms management center under the provisions of RCW~~  
29 ~~43.19.510~~). Purchases up to four hundred dollars may be made without  
30 competitive bids based on buyer experience and knowledge of the market  
31 in achieving maximum quality at minimum cost: PROVIDED, That this four  
32 hundred dollar direct buy limit without competitive bids may be  
33 increased incrementally as required to a maximum of eight hundred  
34 dollars with the approval of at least ten of the members of the state  
35 supply management advisory board, if warranted by increases in  
36 purchasing costs due to inflationary trends;

37 (3) Purchases which are clearly and legitimately limited to a  
38 single source of supply and purchases involving special facilities,

1 services, or market conditions, in which instances the purchase price  
2 may be best established by direct negotiation;

3 (4) Purchases of insurance and bonds by the risk management office  
4 under RCW 43.19.1935;

5 (5) Purchases and contracts for vocational rehabilitation clients  
6 of the department of social and health services: PROVIDED, That this  
7 exemption is effective only when the state purchasing and material  
8 control director, after consultation with the director of the division  
9 of vocational rehabilitation and appropriate department of social and  
10 health services procurement personnel, declares that such purchases may  
11 be best executed through direct negotiation with one or more suppliers  
12 in order to expeditiously meet the special needs of the state's  
13 vocational rehabilitation clients;

14 (6) Purchases by universities for hospital operation or biomedical  
15 teaching or research purposes and by the state purchasing and material  
16 control director, as the agent for state hospitals as defined in RCW  
17 72.23.010, and for health care programs provided in state correctional  
18 institutions as defined in RCW 72.65.010(3) and veterans' institutions  
19 as defined in RCW 72.36.010 and 72.36.070, made by participating in  
20 contracts for materials, supplies, and equipment entered into by  
21 nonprofit cooperative hospital group purchasing organizations;

22 (7) Purchases by institutions of higher education not exceeding  
23 (~~fifteen~~) one hundred thousand dollars: PROVIDED, That for purchases  
24 between two thousand five hundred dollars and (~~fifteen~~) one hundred  
25 thousand dollars quotations shall be secured from enough vendors to  
26 assure establishment of a competitive price and may be obtained by  
27 telephone or written quotations, or both. For purchases between two  
28 thousand five hundred dollars and one hundred thousand dollars, each  
29 institution of higher education shall invite at least one quotation  
30 each from a certified minority and a certified women-owned contractor  
31 who shall otherwise qualify to perform such work. A record of  
32 competition for all such purchases made from two thousand five hundred  
33 to (~~fifteen~~) one hundred thousand dollars shall be documented for  
34 audit purposes; and

35 (8) Beginning on July 1, 1995, and on July 1 of each succeeding  
36 odd-numbered year, the dollar limits specified in this section shall be  
37 adjusted as follows: The office of financial management shall  
38 calculate such limits by adjusting the previous biennium's limits by  
39 the appropriate federal inflationary index reflecting the rate of

1 inflation for the previous biennium. Such amounts shall be rounded to  
2 the nearest one hundred dollars.

3 **Sec. 2.** RCW 43.19.1908 and 1965 c 8 s 43.19.1908 are each amended  
4 to read as follows:

5 Competitive bidding required by RCW 43.19.190 through 43.19.1939  
6 shall be solicited by public notice, and through the sending of notices  
7 by mail, electronic transmission, or other means to bidders on the  
8 appropriate list of bidders who shall have qualified by application to  
9 the division of purchasing. Bids may be solicited by the purchasing  
10 division from any source thought to be of advantage to the state. All  
11 bids shall be in writing and conform to rules of the division of  
12 purchasing.

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