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## Local Government Committee

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### HB 3162

**Brief Description:** Adjusting contracting limits for water-sewer districts.

**Sponsors:** Representatives Simpson and Schindler.

| Brief Summary of Bill   |
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| <ul style="list-style-type: none"><li>Increases the threshold dollar amounts necessary to trigger the various procedural requirements governing the creation of water-sewer district public works contracts and purchasing contracts.</li></ul> |



**Hearing Date:** 1/30/06

**Staff:** Thamas Osborn (786-7129).

**Background:**

**Contracting procedures for public works projects and purchases**

State law establishes procedures for state agencies, local governments, and special purpose districts to award contracts for public works projects and to purchase materials, supplies, equipment, and services. Requirements vary, but generally a contract for a relatively small dollar value may be awarded without following a competitive bidding procedure, while a medium to high dollar value contract generally requires competitive bidding.

Specified public agencies may award public works contracts for relatively small projects through what is known as a "small works roster" procedure. Similarly, a "vendor list" procedure is applicable for contracts of relatively small dollar value for the purchase of materials, supplies, or equipment. Generally, these procedures require soliciting bids from a limited number of contractors or vendors identified on a vendor list and usually require that the public agency equitably distribute the opportunity to bid on proposals.

**Contracting and purchasing requirements applicable to water-sewer districts**

For public works projects involving expenditures in excess of ten thousand dollars, a water-sewer district (district) must follow specified contracting requirements that include a competitive bidding process.

The purchase by a district of materials, supplies, or equipment with a value in *excess of* ten thousand dollars must be done by contract.

For purchases amounting to less than fifty thousand dollars, a district must award contracts through a vendor list procedure in accordance with statutory requirements.

Purchases by a district exceeding fifty thousand dollars must be accomplished in accordance with the same contracting and competitive bidding procedures required for public works projects involving expenditures in excess of ten thousand dollars.

**Summary of Bill:**

The threshold dollar amounts necessary to trigger the various procedural requirements governing the creation of district public works contracts and purchasing contracts are increased. The revised threshold amounts and the resulting contracting procedures are as follows:

- District public works contracts costing more than forty thousand dollars must be awarded through a specified competitive bidding process (increased from the previous threshold amount of "more than ten thousand dollars");
- District purchases of materials, supplies, and equipment costing in excess of forty thousand dollars must be done by contract (increased from the previous threshold amount of "more than ten thousand dollars");
- District purchases of materials, supplies, and equipment costing less than one hundred thousand dollars must be accomplished through a specified vendor list contracting process (increased from the previous threshold amount of "less than fifty thousand dollars"); and
- District purchases of materials, supplies, and equipment costing one hundred thousand dollars or more must be done through a specified competitive bidding process (increased from the previous threshold amount of "fifty thousand dollars or more").

**Appropriation:** None.

**Fiscal Note:** Requested on January 27, 2006.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.