

SENATE BILL REPORT

SB 5760

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 18, 2015

Title: An act relating to contracts for materials or work required by joint operating agencies.

Brief Description: Concerning contracts for materials or work required by joint operating agencies.

Sponsors: Senators Brown, Sheldon, Keiser and Dandel.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/17/15, 2/18/15 [DP].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Minority Member; Brown, Cleveland and Honeyford.

Staff: Jeff Olsen (786-7428)

Background: A joint operating agency is formed by two or more cities or public utility districts for the purpose of acquiring, constructing, operating, and owning facilities for the generation and/or transmission of electric energy and power.

Purchases made by a joint operating agency in excess of \$10,000 for materials, equipment, supplies, and construction of generating projects and associated facilities, generally must be made by a sealed bid process. However, there are exceptions.

A competitive negotiation process may be avoided if a contractor has defaulted or if technical knowledge or specific time limits are needed to achieve economical operation of the project. In this process, a request for proposals stating the requirements to be met is issued, after which proposals are received. Negotiations are conducted in an effort to obtain the best and final offers of finalists. A fixed price or cost-reimbursable contract is awarded to the bidder whose proposal is the most advantageous in terms of the requirements set forth.

Purchases in excess of \$5,000 but less than \$75,000 may be made through a telephone or written quotation process. Quotations are received from at least five vendors, where

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practical, and awards are made to the lowest responsible bidder. In this process, the agency maintains a procurement roster of suppliers and manufacturers who may supply materials or equipment to the operating agency for the purpose of soliciting quotations. Bid opportunities must be equitably distributed among those on the roster.

When it is determined that competition is not available or is impracticable, such as for replacement parts in support of specialized equipment, purchases may be made without competition. Purchases of any amount may be made without bidding in certain emergency conditions when it is determined that public safety, property damage, or serious financial injury would result if the purchase could not be obtained by a certain time through the sealed bid process.

Summary of Bill: The minimum dollar value of a purchase of materials, equipment, or supplies that must be made through a sealed bid process is changed from \$10,000 to \$15,000 – exclusive of sales tax. The minimum dollar value of work ordered for construction of generating projects and associated facilities that must be made through a sealed bid process is changed from \$10,000 to \$25,000 – exclusive of sales tax.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The adjustments in the bill reflect inflation and the increase in the costs of materials and services over time. The changes in the bill expedite the goal of Energy Northwest of providing safe, reliable, and cost-effective power.

Persons Testifying: PRO: Senator Brown, prime sponsor; Jim Rowland, Energy NW.