

SENATE BILL REPORT

SB 5418

As of January 31, 2019

Title: An act relating to local government procurement modernization and efficiency.

Brief Description: Concerning local government procurement modernization and efficiency.

Sponsors: Senators Takko, Zeiger and Liias.

Brief History:

Committee Activity: Local Government: 1/31/19.

Brief Summary of Bill

- Allows counties of any population to create a purchasing department.
- Allows counties to procure public works with a unit priced contract.
- Defines and clarifies bidding procedures for unit priced contracts.
- Increases the small works roster process and limited public works project cost thresholds.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Bonnie Kim (786-7316)

Background: County-Contracts. Counties with a population of 400,000 or more may establish by resolution a purchasing department to enter into personal property leases on a competitive basis and purchase all supplies, materials, and equipment on a competitive basis, for all departments of the county. Counties must also generally contract on a competitive basis for public works except that regular county employees may perform public works of up to 10 percent of the public works construction budget.

Small Works Roster. State agencies and local governments may create a small works roster of contractors for certain work estimated to cost \$300,000 or less. Bids may be solicited from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder. However, if the estimated cost of the work is from \$150,000 to \$300,000, a state agency or local government that chooses to solicit bids from less than all the appropriate contractors on the appropriate

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small works roster must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. Notice may be given by newspaper, mail, or electronically.

Limited Public Works Projects. In lieu of the small works roster process, state agencies and local governments may award a contract for certain work, construction, alteration, repair, or improvement projects estimated to cost less than \$35,000 by soliciting bids from a minimum of three contractors from the appropriate small works roster and must award the contract to the lowest responsible bidder. After an award is made, the quotations must be open to public inspection and available by electronic request.

Summary of Bill: County-Contracts. All counties may establish by resolution a purchasing department to enter into personal property leases on a competitive basis and purchase all supplies, materials, and equipment on a competitive basis, for all departments of the county.

Unit Priced Contracts. A county may procure public works with a unit priced contract to complete anticipated types of work based on hourly rates or unit pricing for one or more categories of work or trades. "Unit priced contract" is defined as a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of a county, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price, for each category of work. Although an initial contract term may not exceed three years, districts may extend or renew a contract for one additional year.

Invitations for unit price bids must include the following information:

- estimated quantities of the anticipated types of work or trades; and
- how the county will issue or release work assignments, work orders, or task authorizations for projects based on the hourly rates or unit prices bid by the contractor.

Whenever possible, a county must invite at least one proposal from a minority or woman contractor. Contracts must be awarded to the lowest responsible bidder.

Unit price contractors must pay prevailing wages for all public works that would otherwise be subject to the requirements of chapter 39.12 RCW. Prevailing wages for all work must be the rates in effect at the beginning date for each contract year. Unit priced contracts must have prevailing wage rates updated annually.

Small Works Roster. State agencies and local governments may use the small works roster process for projects estimated to cost \$500,000 or less. Governments may choose to solicit bids from less than all the appropriate contracts on an appropriate small works roster for projects estimated to cost between \$250,000 and \$500,000.

Limited Public Works Projects. State agencies and local governments may award a contract for certain work, construction, alteration, repair, or improvement projects estimated to cost less than \$50,000 by soliciting bids from a minimum of three contractors from the appropriate small works roster.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This is another bid limit threshold update and efficiency bill. This bill would provide counties the authority to use unit priced contracts for small construction projects. Cities and port districts already have this authority. We use these contracts for unexpected or unplanned construction needs. These contracts are fast by eliminating the need for separate bidding processes for projects. Raising bid limit thresholds will increase opportunities for smaller companies. Transit agencies would like to have authority to use unit priced contracts as well.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Ken Guy, King County; Michael Shaw, Pierce County; Hanna Jones, Pierce Transit; Justin Leighton, Washington State Transit Association.

Persons Signed In To Testify But Not Testifying: No one.