
Environment & Energy Committee

HB 1461

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

Sponsors: Representatives Stearns and Barnard.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Eliminates the dollar thresholds for situations where public utility district sealed bid standards are applicable to joint operating agency contracts.
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Hearing Date: 1/27/25

Staff: Srinandan Ramachandran (786-7291) and Megan McPhaden (786-7114).

Background:

Joint Operating Agencies and Public Utility Districts.

A joint operating agency (JOA) is a municipal corporation formed by two or more municipalities or public utility districts (PUDs) to build, operate, and manage facilities for generating and transmitting electricity. A PUD is a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services.

Public Utility District Contracting Requirements.

Before awarding a contract, for public works projects or for purchasing materials, equipment, or supplies, a PUD must publish advance notice to invite sealed proposals, then publicly open and read them. A PUD must use contracts for purchases of materials, equipment, or supplies with an estimated cost of more than \$30,000 exclusive of sales tax. A PUD may purchase the same kind of materials without a contract, provided the total does not exceed \$12,000. Any portion

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exceeding \$12,000 must be purchased by contract. Contracts for public works projects are required if the estimated cost exceeds \$75,500 for a project involving a single craft or trade, or \$150,000 for a project involving multiple crafts or trades. A PUD may have its own regularly employed personnel perform work without a contract if the work is an accepted industry practice using materials that do not exceed \$300,000. This limit does not include the value of individual items of equipment.

Joint Operating Agency Contract Requirements.

The JOAs are subject to the same sealed bidding requirements as PUDs for purchases of materials, equipment, and supplies with an estimated cost exceeding \$15,000 exclusive of sales tax, and for work for construction of generating projects and associated facilities with an estimated cost exceeding \$25,000 exclusive of sales tax. However, there are circumstances where the JOAs are subject to other contracting requirements.

Instead of using sealed bids, the JOAs may secure telephone and/or written quotations from at least five vendors for purchases of materials, equipment, or supplies greater than \$5,000 but less than \$75,000 exclusive of sales tax.

A JOA may use competitive negotiation instead of sealed bidding to award contracts for materials, equipment, supplies, or work to be performed for nuclear generating projects and certain renewable electrical energy generation projects if it determines this method is more economical. For nuclear generation projects, competitive negotiation may also be used to replace defaulted or terminated contracts. Bids for nuclear project construction contracts have specific application requirements and procedures.

A JOA may also bypass sealed bid requirements when an emergency threatens public safety, risks property damage, or if the cost of delay from contracting by sealed bids exceeds the cost of materials, supplies, equipment, or work to be obtained.

A JOA may purchase materials, equipment, or supplies without competition under two additional circumstances: (1) when the materials, equipment, or supplies can be obtained from only one source; or (2) when specially designed parts or components are being procured as replacement parts in support of equipment specially designed by the manufacturer.

Summary of Bill:

The dollar thresholds for situations where PUD sealed bid standards are applicable to JOA contracts are eliminated, making the standards consistent, apart from other contracting specifications for JOAs.

Appropriation: None.

Fiscal Note: Requested on 01/21/2025

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