

## CHAPTER 178.

[ S. B. 489. ]

## STATE PURCHASING ADMINISTRATION.

AN ACT relating to state government; relating to the department of general administration, division of purchasing; amending section 1, chapter 187, Laws of 1957 and RCW 43.19.190; adding new sections to chapter 43.19 RCW; repealing chapter 160, Laws of 1943 and RCW 43.90.010 through 43.90-.100; and declaring an emergency.

*Be it enacted by the Legislature of the State of Washington:*

SECTION 1. Section 1, chapter 187, Laws of 1957 and RCW 43.19.190 are each amended to read as follows:

RCW 43.19.190 amended.

The director of general administration, through the division of purchasing, shall:

Powers and duties—Division of purchasing.

(1) Establish and staff such administrative organizational units within the division of purchasing as may be necessary for effective administration of the provisions of this act;

(2) Purchase all material, supplies and equipment needed for the support, maintenance, and use of all state institutions, colleges and universities, the offices of the elective state officers, the supreme court, the administrative and other departments of state government, and the offices of all appointive officers of the state: *Provided, however,* That primary authority for the purchase of specialized equipment, instructional and research material for their own use shall rest with the colleges and universities: *Provided further,* That primary authority for the purchase of materials, supplies and equipment for resale to other than state agencies shall rest with the state agency concerned;

(3) Provide the required staff assistance for the state purchasing committee through the division of purchasing;

(4) Have authority to delegate to state agencies a limited authorization to purchase or sell, which authorization shall specify restrictions as to dollar amount or to specific types of material, equipment and supplies: *Provided*, That acceptance of the limited purchasing authorization by a state agency does not relieve such agency from conformance with other sections of this act or from policies established by the state purchasing committee;

(5) Contract for the testing of material, supplies, and equipment with public and private agencies as necessary and advisable to protect the interests of the state;

(6) Prescribe the manner of inspecting all deliveries of supplies, materials, and equipment purchased through the division;

(7) Prescribe the manner in which supplies, materials, and equipment purchased through the division shall be delivered, stored, and distributed;

(8) Provide for the maintenance of a catalogue library, manufacturers' and wholesalers' lists, and current market information;

(9) Provide for a commodity classifications system and may, in addition, provide for the adoption of standard specifications when approved by the purchasing committee;

(10) Provide for the maintenance of inventory records of supplies, materials, equipment, and other property;

(11) Prepare rules and regulations governing the relationship and procedures between the division of purchasing and state agencies and vendors.

New section.

SEC. 2. There is added to chapter 43.19 RCW a new section to read as follows:

State purchasing committee established.

There is hereby created a state purchasing committee which shall consist of seven members as follows: The director of general administration as chairman and executive officer, who shall be re-

sponsible for the execution of all policies established by the committee, and a representative from each of the following six state agencies, who shall be appointed by the governor based upon recommendations of the head of the agency from which the selection is made; the department of highways, the department of institutions, the department of natural resources, the university of Washington, Washington state college and the central budget agency. Members of the committee shall serve without additional compensation and at the pleasure of the governor. Four members of the committee shall constitute a quorum. The committee shall meet upon call of the chairman and shall adopt rules and regulations for the conduct of its business. The chairman may appoint special committees for the study of specific subjects, which special committees may include representatives of such other state agencies as may be deemed appropriate.

Special  
committees.

SEC. 3. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

The state purchasing committee shall have the following powers and duties:

Committee  
powers and  
duties.

(1) Review and approve standards and specifications for all items of material, supplies and equipment of common usage in state agencies;

(2) Review and approve specifications for specific items of material, supplies and equipment referred to it by the division of purchasing;

(3) Review and approve standards for the purchase, replacement and repair of automotive equipment consistent with the needs and location of state agencies;

(4) Review and approve a uniform system of inventory control for material, supplies and equipment;

(5) Act as an appeals board to hear appeals on matters involving a state agency and the division

of purchasing, and shall render its decision relating thereto within thirty days after filing of the appeal;

(6) The findings and actions of the committee shall be binding upon the respective state agencies including all offices, institutions, and departments, and public funds shall not be expended by any agency for substitutions for material, supplies and equipment for which standards have been established by the committee unless prior written approval is obtained from the division of purchasing.

New section.

SEC. 4. There is added to chapter 43.19 RCW a new section to read as follows:

Competitive formal sealed bid procedure.

Insofar as practicable, all purchases and sales shall be based on competitive bids and a formal sealed bid procedure shall be used as standard procedure for all purchases and contracts for purchases and sales executed by the director of general administration through the division of purchasing and under the powers granted by this act: *Provided*, That sealed competitive bidding shall not be necessary for:

Exceptions.

(1) Emergency purchases if such sealed bidding procedure would prevent or hinder the emergency from being met appropriately; and

(2) Purchases not exceeding five hundred dollars but in all such purchases quotations shall be secured from enough vendors to assure establishment of a competitive price; and

(3) Purchases which are clearly and legitimately limited to a single source of supply and purchases involving special facilities, services or market conditions, in which instances the purchase price may be best established by direct negotiation.

New section.

SEC. 5. There is added to chapter 43.19 RCW a new section to read as follows:

Bids solicited by notice.

Competitive bidding required by this act shall be solicited by public notice, and through the sending of notices by mail to bidders on the appropriate

list of bidders who shall have qualified by application to the division of purchasing. Bids may be solicited by the purchasing division from any source thought to be of advantage to the state. All bids shall be in writing and conform to rules of the division of purchasing.

Bid form.

SEC. 6. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

When purchases are made through competitive bidding, the contract shall be let to the lowest responsible bidder, subject to any preferences provided by law to Washington products and vendors, taking into consideration the quality of the articles proposed to be supplied, their conformity with specifications, the purposes for which required, and the times of delivery: *Provided*, That whenever there is reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the division of purchasing may call for new bids or enter into direct negotiations to achieve the best possible price. Each bid with the name of the bidder shall be entered of record and each record, with the successful bid indicated, shall, after letting of the contract, be open to public inspection. In determining "lowest responsible bidder," in addition to price, the following elements shall be given consideration:

Contracts let to lowest bidder.

"Lowest responsible bidder," determining.

(1) The ability, capacity and skill of the bidder to perform the contract or provide the service required;

(2) The character, integrity, reputation, judgment, experience and efficiency of the bidder;

(3) Whether the bidder can perform the contract within the time specified;

(4) The quality of performance of previous contracts or services;

(5) The previous and existing compliance by

the bidder with laws relating to the contract or services;

(6) Such other information as may be secured having a bearing on the decision to award the contract.

New section. SEC. 7. There is added to chapter 43.19 RCW a new section to read as follows:

Reject for unsatisfactory performance. The division of purchasing may reject the bid of any bidder who has failed to perform satisfactorily a previous contract with the state.

New section. SEC. 8. There is added to chapter 43.19 RCW a new section to read as follows:

Bonds. When any bid has been accepted, the division of purchasing may require of the successful bidder a bond payable to the state in such amount with such surety or sureties as determined by the division of purchasing, conditioned that he will fully, faithfully and accurately execute the terms of the contract into which he has entered. The bond shall be filed in the office of the division of purchasing. Bidders who regularly do business with the state shall be permitted to file with the division of purchasing an annual bid bond in an amount established by the division and such annual bid bond shall be acceptable as surety in lieu of furnishing surety with individual bids.

New section. SEC. 9. There is added to chapter 43.19 RCW a new section to read as follows:

Records of state owned equipment. The director of general administration, through the division of purchasing, shall maintain a perpetual record of ownership of state owned equipment, which shall be available in the division of purchasing for the inspection and check of those officers who are charged by law with the responsibility for auditing the records and accounts of the state agencies owning the equipment, or to such other special investigators and others as the governor may direct.

All state agencies shall account to the division of purchasing at any and all times for state equipment owned by, assigned to, or otherwise possessed by them and maintain such records as the division of purchasing deems necessary to proper accountability therefor. The term "state equipment" means all items of machines, tools, furniture, or furnishings other than expendable supplies and materials as defined by the division of purchasing.

"State equipment" defined.

SEC. 10. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

The division of purchasing shall sell or exchange personal property belonging to the state for which the office, department, or institution having custody thereof has no further use, at public or private sale, and cause the moneys realized from the sale of any such property to be paid into the fund from which such property was purchased or, if such fund no longer exists, into the state general fund: *Provided*, Sales of capital assets may be made by the division of purchasing and a credit established in central stores for future purchases of capital items as provided for in this act.

Sale or exchange of property.

SEC. 11. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

The director of general administration, through the division of purchasing, shall:

Additional duties, division of purchasing. "Central stores."

(1) Establish and maintain warehouses hereinafter referred to as "central stores" for the centralized storage and distribution of such supplies, equipment, and other items of common use in order to effect economies in the purchase of supplies and equipment for state agencies. To provide central stores warehouse facilities the division of purchasing may, by arrangement with the state agencies, utilize any surplus available state owned space, and may acquire other needed warehouse facilities by lease or purchase of the necessary premises;

(2) Provide for the central salvage, maintenance, repair, and servicing of equipment, furniture, or furnishings used by state agencies, and also by means of such a service provide an equipment pool for effecting sales and exchanges of surplus and unused property by and between state agencies. Funds derived from the sale and exchange of property shall be placed to the account of the appropriate state agency on the central stores accounts but such funds may not be expended through central stores without prior approval of the central budget agency.

New section.

SEC. 12. There is added to chapter 43.19 RCW a new section to read as follows:

"Central stores revolving fund" established.

There is created within the division of purchasing of the department of general administration a revolving fund to be known as the "central stores revolving fund," which shall be used for the purchase of supplies and equipment handled or rented through central stores, and the payment of salaries, wages and other costs incidental to the acquisition, operation, and maintenance of the central stores, and other activities connected therewith. The fund shall be credited with all receipts from the rental, sale or distribution of supplies, equipment, and services rendered to the various state agencies. The moneys held in the present central stores revolving fund created by section 4, chapter 160, Laws of 1943 are hereby transferred to the central stores revolving fund created by this section.

Transfer of funds.

New section.

SEC. 13. There is added to chapter 43.19 RCW a new section to read as follows:

Advance payments made.

To supply such funds as may be necessary for making combined purchases of items of common use by central stores, state agencies shall, upon request of the division of purchasing, from time to time, make advance payments into the central stores revolving fund from funds regularly appropriated to them for the procurement of supplies and equipment.



Funds so advanced to central stores shall be used only for the combined procurement, storage, and delivery of such stocks of supplies and equipment as are requisitioned by the agency and shall be offset and repaid to the respective state agencies by an equivalent value in merchandise supplied and charged out from time to time from central stores. Costs of operation of central stores may be recovered by charging as part of the value of materials, supplies, or services an amount sufficient to cover the costs of operating central stores.

Operating  
costs  
recovered.

SEC. 14. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

The central stores revolving fund shall be deposited in such banks and financial institutions as may be selected by the state treasurer, which shall furnish to him surety bonds or collateral eligible as security for the deposit of state funds, in at least the full amount of deposit in each such bank or financial institution.

Fund deposi-  
tories—Bonds.

SEC. 15. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

The director of general administration, through the division of purchasing, shall enter into rental contracts, purchase agreements, or leases for all space needed for offices, warehouses, and other premises as may be required by the various state agencies: *Provided*, That primary authority for the leasing of real estate for research or experimental purposes for their own use shall rest with the colleges and universities.

Contracts for  
premises  
authorized.

SEC. 16. There is added to chapter 43.19 RCW a new section to read as follows:

New section.

All rental contracts, purchase agreements, or leases shall be prepared in triplicate, and executed by the director of general administration in behalf of the using agency, and shall be approved as to form

Agreements—  
Execution,  
approval.

by the attorney general, which approval shall appear in writing on the original copy thereof: *Provided*, That leases entered into by the colleges and universities may be executed by an appropriate officer thereof.

New section.

SEC. 17. There is added to chapter 43.19 RCW a new section to read as follows:

Distribution of agreement copies.

Copies of rental contracts, purchase agreements, and leases shall be distributed as follows: (1) Original shall be retained on file in the division of purchasing, (2) first duplicate copy shall be supplied to lessor or vendor, (3) second duplicate copy shall be filed with the using agency for which the rental contract, purchase agreement, or lease is consummated.

New section.

SEC. 18. There is added to chapter 43.19 RCW a new section to read as follows:

Insurance and public official bonds—Procurement and payment.

As a means of providing for the procurement of insurance and public official bonds on a volume rate basis, the director of general administration through the division of purchasing shall purchase or contract for the needs of state agencies in relation to all such insurance and public official bonds: *Provided*, That the individual public official bonds of elected state officials, insurance requirements of colleges and universities, insurance requirements of toll project agencies and insurance covering proprietary activities of state agencies, other than motor vehicle coverage, may be procured directly and independently by them. Insurance in force shall be reported periodically under rules established by the director.

The amounts of insurance or surety bond coverage shall be as fixed by law, or if not fixed by law, such amounts shall be as fixed by the administrative board.

The premium cost for insurance acquired and surety bonds furnished shall be paid from appropriations made to the state agency or agencies for which

procurement is made, and all vouchers drawn in payment therefor shall bear the written approval of the division of purchasing prior to the issuance of the state warrant in payment therefor.

SEC. 19. There is added to chapter 43.19 RCW a new section to read as follows: New section.

No member of the state purchasing committee and no state employee whose duties include: Benefits prohibited.

(1) Advising on or drawing specifications for supplies, equipment, commodities or services;

(2) Suggesting or determining vendors to be placed upon a bid list;

(3) Drawing requisitions for supplies, equipment, commodities or services;

(4) Evaluating specifications or bids and suggesting or determining awards; or

(5) Accepting the receipt of supplies, equipment and commodities or approving the performance of services or contracts; shall accept or receive, directly or indirectly, a financial benefit, or accept any gift, token, membership or service, as a result of a purchase entered into by the state, from any person, firm or corporation engaged in the sale, lease or rental of property, material, supplies, equipment, commodities or services to the state of Washington.

Violation of this section shall be considered a malfeasance and may cause loss of position, and the violator shall be liable to the state upon his official bond for all damages sustained by the state. Contracts involved may be cancelled at the option of the state. Penalties provided in this section are not exclusive, and shall not bar action under any other statute penalizing the same act or omission. Violation, malfeasance.

SEC. 20. There is added to chapter 43.19 RCW a new section to read as follows: New section.

When any competitive bid or bids are to be or have been solicited, requested, or advertised for by Restricting competition prohibited.

the state under the provisions of this act, it shall be unlawful for any person acting for himself, or as agent of another, to offer, give, or promise to give, any money, check, draft, property, or other thing of value, to another for the purpose of inducing such other person to refrain from submitting any bids upon such purchase or to enter into any agreement, understanding or arrangement whereby full and unrestricted competition for the securing of such public work will be suppressed, prevented, or eliminated; and it shall be unlawful for any person to solicit, accept or receive any money, check, draft, property, or other thing of value upon a promise or understanding, express or implied, that he individually or as an agent or officer of another will refrain from bidding upon such contract, or that he will on behalf of himself or such others submit or permit another to submit for him any bid upon such purchase in such sum as to eliminate full and unrestricted competition thereon. Any person violating any provision of this section shall be guilty of a misdemeanor.

Violation,  
misdemeanor.

Repeal.

SEC. 21. Chapter 160, Laws of 1943 and RCW 43.90.010 through 43.90.100 are each repealed.

Severability.

SEC. 22. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Emergency.

SEC. 23. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 3, 1959.

Passed the House March 8, 1959.

Approved by the Governor March 18, 1959.