

F I N A L R E P O R T

CONTRACT AND BIDDING PROCEDURES SUBCOMMITTEE

January, 1982

The Contract and Bidding Procedures Subcommittee of the Senate and House Standing Committees on State Government was authorized by the Legislative Council on July 8, 1981 to hold two meetings to study contract and bid procedures as they relate to public contracts pursuant to House Concurrent Resolution 15. The Subcommittee subsequently requested one additional meeting day which request was approved by the Legislative Council at its meeting of October 14, 1981. The members of the Subcommittee include the following:

Senator John N. Nystrom, Co-chairperson
Representative Jo Ann Trucano, Co-chairperson
Senator James E. Briles
Senator James V. Gallagher
Representative John H. Clark
Representative William W. Dieleman

The Subcommittee held its first meeting on September 24, 1981 and received testimony from electronic data processing vendors, the Associated General Contractors, and representatives of the state Department of Transportation, Board of Regents, and the Department of General Services. The vendors of electronic data processing equipment indicated that a need exists for developing a glossary of definitions of electronic data processing terms. Emphasis was also placed on the need for using functional specifications rather than detailed equipment specifications which tend to favor one bidder over others. The point was made that state agencies often fail to provide sufficient time for response on requests for proposals. The remaining issue raised by the electronic data processing vendors is the use of different bidding procedures by those agencies engaged in purchasing. The procurement procedures differ among the Department of General Services, the Board of Regents, and the Department of Transportation. One other criticism leveled at current procurement practices is the failure of agencies to provide evaluation criteria to inform vendors of those specifications that are paramount and those which are of lesser importance.

Also addressing the Subcommittee was a representative of the Associated General Contractors who outlined the history of House Concurrent Resolution 15. The purpose of the resolution is to encourage the General Assembly to review the current law on contracts for public improvements which appear throughout the law and provide many different procedures. It is contended that standardization of the bid procedures, publication requirements, and bid thresholds would assist public agencies and bidders and reduce the number of legalizing acts the General Assembly would have to consider.

The Subcommittee held its second meeting on October 28, 1981 and received additional testimony from vendors. Personnel of the state Department of Transportation appeared to outline procedures followed by the Department for letting highway construction projects on the basis of crafts. Also appearing before the Subcommittee were representatives of various union organizations and craft groups. The basis of discussion related to letting general contracts versus letting construction contracts on the basis of crafts. Following the receipt of testimony, the Subcommittee requested that the Legislative Service Bureau draft a bill to provide uniform bid and contract procedures on construction projects, including uniform bidding threshold and publication requirements. The Subcommittee also directed the Legislative Service Bureau to draft a bill relating to the procurement of electronic data processing equipment.

The Subcommittee held its final meeting on December 2, 1981. The Subcommittee received additional testimony from craft groups in the construction industry and reviewed the bill requested relating to the letting bids on construction projects. The bill was amended to remove cities and counties from the bill and to allow those provisions of the law governing cities and counties under their respective home rule legislation to stand. At its final meeting the Subcommittee made the following recommendations to the Legislative Council and the General Assembly:

1. That a bill for an Act to provide uniform bidding procedures for improvements with an estimated cost exceeding twenty-five thousand dollars for the state and its political subdivisions be referred to the respective standing Committees on State Government, without recommendation. A copy of the bill is attached and by this reference made a part of this report.

2. That the respective standing Committees on State Government establish a Subcommittee on Procurement Problems to continue to study problems arising in public procurement and purchasing as these problems arise.

PROPOSED HOUSE/SENATE FILE _____

BY (PROPOSED COMMITTEES ON STATE GOVERNMENT BILL BY THE CONTRACT AND BIDDING PROCEDURES SUBCOMMITTEE)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act to provide uniform bidding procedures for public im-
2 provements with an estimated cost exceeding twenty-five
3 thousand dollars for the state and its political subdivi-
4 sions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 23.1, Code 1981 Supplement, is amended
2 by striking the section and inserting in lieu thereof the
3 following:

4 23.1 DEFINITIONS. As used in this chapter, unless the
5 context otherwise requires:

6 1. "Public improvement" means a building or other construc-
7 tion work to be paid for in whole or in part with public funds
8 of a public entity.

9 2. "Public entity" means the state and its boards,
10 agencies, and commissions, and a township, school corpora-
11 tion, or any other political subdivision of the state, except
12 a city or county. However, the election provisions of the
13 chapter shall not apply to the state and its agencies.

14 3. "Appeal board" means the state appeal board composed
15 of the auditor of state, the treasurer of state, and the state
16 comptroller.

17 Sec. 2. Section 23.2, Code 1981, as amended by Acts of
18 the Sixty-ninth General Assembly, 1981 Session, chapter 28,
19 section 1, is amended to read as follows:

20 23.2 NOTICE OF HEARING. Before ~~any municipality shall~~
21 ~~enter~~ a public entity enters into ~~any a~~ contract for ~~any a~~
22 public improvement to cost twenty-five thousand dollars or
23 more, the governing body proposing to make the contract shall
24 adopt proposed plans and specifications and proposed form
25 of contract, fix a time and place for hearing at the
26 ~~municipality~~ public entity affected or other nearby convenient
27 place, and give notice by publication in at least one newspaper
28 of general circulation in the ~~municipality~~ public entity at
29 least ten days before the hearing.

30 Sec. 3. Section 23.3, Code 1981, is amended to read as
31 follows:

32 23.3 OBJECTIONS--HEARING--DECISION. At ~~such~~ the hearing,
33 any person interested may appear and file objections to the
34 proposed plans, specifications or contract for, or cost of
35 ~~such~~ the improvement. The governing body of the ~~municipality~~

1 public entity proposing to enter into ~~such~~ the contract shall
2 hear ~~said~~ any objections and any evidence for or against the
3 ~~same them,~~ and ~~forthwith~~ enter of record its decision ~~thereon~~.

4 Sec. 4. Section 23.4, Code 1981, is amended to read as
5 follows:

6 23.4 APPEAL. Interested objectors in ~~any-municipality~~
7 a public entity equal in number to one percent of those voting
8 for the office of president of the United States or governor,
9 ~~as-the-case-may-be,~~ at the last general election in ~~said~~
10 ~~municipality~~ the public entity, but ~~in-no-event~~ not less than
11 twenty-five persons, may appeal from the decision to the
12 appeal board by serving notice ~~thereof~~ on the clerk or
13 secretary of ~~such-municipality~~ the public entity within ten
14 days after ~~such~~ the decision is entered of record.

15 The notice shall be in writing and shall set forth the
16 objections to ~~such~~ the decision and the grounds for ~~such~~
17 objections, ~~provided-that.~~ However, at least three of the
18 persons signing ~~said~~ the notice shall have appeared at the
19 hearing and made objection, either general or specific, to
20 the adoption of the proposed plans, specifications or contract
21 for, or cost of ~~such~~ the improvement.

22 Sec. 5. Section 23.5, Code 1981, is amended to read as
23 follows:

24 23.5 INFORMATION CERTIFIED TO APPEAL BOARD. ~~in-case~~ if
25 an appeal is taken, ~~such-body~~ the governing body of the public
26 entity shall ~~forthwith~~ certify and submit to the appeal board
27 for examination and review the following:

28 1. A copy of the plans and specifications for ~~such~~ the
29 improvement.

30 2. A copy of the proposed contract.

31 3. An estimate of the cost of ~~such~~ the improvement.

32 4. A report of the kind and amount of security proposed
33 to be given for the faithful performance of the contract and
34 the cost of ~~such~~ security.

35 5. A copy of the objections, if any, which have been urged

1 by any taxpayer against the proposed plans, specifications
2 or contract, or the cost of ~~such~~ the improvement.

3 6. A separate estimate of the architect's or engineer's
4 fees and cost of supervision.

5 7. A statement of the taxable value of the property within
6 the ~~municipality~~ public entity proposing to make ~~such~~ the
7 improvement.

8 8. A statement of the ~~several~~ rates of levy of taxes in
9 ~~such-municipality~~ the public entity for each fund.

10 9. A detailed statement of the bonded and other
11 indebtedness of ~~such-municipality~~ the public entity.

12 ~~10---in-case-of-state-institutions-and-state-fair-board~~
13 If the public entity is the state or one of its agencies,
14 boards, or commissions, the last three requirements subsections
15 7, 8, and 9 may be omitted.

16 Sec. 6. Section 23.6, Code 1981, is amended to read as
17 follows:

18 23.6 NOTICE OF HEARING ON APPEAL. The appeal board shall
19 ~~forthwith~~ fix a time and place in the ~~municipality~~ public
20 entity or nearby convenient place for hearing ~~said~~ the appeal,
21 and notice of ~~such~~ the hearing shall be given by certified
22 mail to the ~~executive~~ appropriate officer of the ~~municipality~~
23 public entity, and to the first five persons whose names
24 appear upon the notice of appeal, at least ten days before
25 the date fixed for ~~such~~ the hearing.

26 ~~The-hearing-on-contracts-for-the-state-institutions-and~~
27 ~~state-fair-board-shall-be-at-the-seat-of-government.~~

28 Sec. 7. Section 23.7, Code 1981, is amended to read as
29 follows:

30 23.7 HEARING AND DECISION. At ~~such~~ the hearing, the
31 appellants and any other interested person may appear and
32 be heard. The appeal board shall examine, with the aid of
33 competent assistants, the entire record, and if it ~~shall-find~~
34 finds that the form of contract is suitable for the improvement
35 proposed, that the improvement and the method of providing

1 for payment ~~therefor~~ is for the best interests of the
 2 ~~municipality~~ public entity and the taxpayers ~~therein~~, and
 3 that ~~such~~ the improvements can be made within the estimates
 4 ~~therefor~~, it shall approve the ~~same~~ contract. Otherwise,
 5 it may reject the ~~same~~ contract as a whole or, it shall
 6 recommend ~~such~~ modifications of the plans, specifications,
 7 or contract, as in its judgment ~~shall-be~~ is for the public
 8 benefit, and if ~~such~~ the modifications are so made, it shall
 9 approve the ~~same~~ contract.

10 The appeal board shall certify its decision to the ~~body~~
 11 public entity proposing to enter into ~~such~~ the contract ~~unless~~
 12 ~~it-shall-have-rejected-the-same-as-a-whole,-whereupon-the~~
 13 municipality. The public entity shall advertise for bids
 14 and let the contract subject to the approval of the appeal
 15 board which shall at once render its final decision ~~thereon~~
 16 and transmit the ~~same~~ decision to the ~~municipality~~ public
 17 entity.

18 Sec. 8. Section 23.8, Code 1981, is amended to read as
 19 follows:

20 23.8 ENFORCEMENT OF PERFORMANCE. After ~~any~~ a contract
 21 for ~~any~~ a public improvement has been completed and any five
 22 persons interested request it, the appeal board shall ~~examine~~
 23 ~~into-the-matter-as-to~~ determine whether ~~or-not~~ the contract
 24 has been performed in accordance with its terms, and if on
 25 ~~such~~ investigation it finds that ~~said~~ the contract has not
 26 been so performed, and so reports to the ~~body~~ public entity
 27 letting ~~such~~ the contract, it shall ~~at-once~~ institute
 28 proceedings on the contractor's bond for the purpose of
 29 compelling compliance with the contract in all of its
 30 provisions.

31 Sec. 9. Section 23.9, Code 1981, is amended to read as
 32 follows:

33 23.9 NONAPPROVED CONTRACTS VOID. If an appeal is taken,
 34 ~~no~~ a contract for public improvements ~~shall-be~~ is not valid
 35 unless the ~~same~~ contract is finally approved by the appeal

1 board. ~~in no case shall any municipality~~ A public entity
2 shall not expend for any public improvement any a sum in
3 excess of five percent more than the contract price without
4 the approval of the appeal board.

5 Sec. 10. Section 23.10, Code 1981, is amended to read
6 as follows:

7 23.10 WITNESS FEES--COSTS. Witness fees and mileage for
8 witnesses on hearing appeals shall be the same as in the
9 district court, ~~but.~~ However, objectors or appellants shall
10 not be allowed witness fees or mileage. Costs of hearings
11 and appeals shall be paid by the ~~municipality~~ public entity.

12 Sec. 11. Section 23.11, unnumbered paragraph 1, Code 1981,
13 is amended to read as follows:

14 Upon the completion of the improvement the ~~executive~~
15 appropriate officer or governing board of the ~~municipality~~
16 public entity shall file with the appeal board a verified
17 report showing:

18 Sec. 12. Section 23.12, Code 1981, is amended to read
19 as follows:

20 23.12 ISSUANCE OF BONDS--NOTICE. Before ~~any municipality~~
21 a public entity shall institute proceedings for the issuance
22 of ~~any~~ bonds or other evidence of indebtedness payable from
23 taxation, excepting ~~such~~ bonds or other evidence of
24 indebtedness ~~as have been~~ authorized by a vote of the people
25 of ~~such municipality~~ the public entity, and except ~~such~~ the
26 bonds or obligations as it may be by law compelled to issue,
27 a notice of ~~such~~ the action, including a statement of the
28 amount and purpose of ~~said~~ the bonds or other evidence of
29 indebtedness shall be published at least once in a newspaper
30 of general circulation within ~~such municipality~~ the public
31 entity at least ~~ten~~ fourteen days before the meeting at which
32 it is proposed to issue ~~such~~ the bonds.

33 Sec. 13. Section 23.13, Code 1981, is amended to read
34 as follows:

35 23.13 OBJECTIONS. At any time before the date fixed for

1 the issuance of ~~such~~ bonds or other evidence of indebtedness,
2 interested objectors in ~~any-municipality~~ a public entity equal
3 in number to one percent of those voting for the office of
4 president of the United States or governor, ~~as the case may~~
5 ~~be,~~ at the last general election in ~~said-municipality~~ the
6 public entity, but ~~in no event~~ not less than twenty-five,
7 may file a petition in the office of the ~~clerk-or-secretary~~
8 appropriate official of the ~~municipality~~ public entity setting
9 forth their objections ~~thereto~~.

10 Sec. 14. Section 23.14, Code 1981, is amended to read
11 as follows:

12 23.14 NOTICE OF HEARING. Upon the filing of ~~any-such~~
13 a petition, the ~~clerk-or-secretary~~ appropriate official of
14 ~~such-municipality~~ the public entity shall immediately certify
15 a copy ~~thereof~~, together with ~~such~~ other data as ~~may-be~~
16 necessary in order to present the questions involved, to the
17 appeal board, and upon receipt of ~~such~~ the certificate,
18 petition, and information, ~~it~~ the appeal board shall fix a
19 time and place for the hearing of ~~such~~ the matter, which shall
20 be not less than ten nor more than thirty days ~~thereafter~~
21 after receipt. ~~Said~~ The hearing shall be held in the
22 ~~municipality~~ public entity in which it is proposed to issue
23 ~~such~~ bonds or other evidence of indebtedness, or in some other
24 nearby convenient place fixed by the appeal board. Notice
25 of ~~such~~ the hearing shall be given by certified mail to the
26 ~~executive~~ appropriate officer of the ~~municipality~~ public
27 entity and to the five persons whose names first appear on
28 the petition at least ten days before the date of ~~such~~ the
29 hearing.

30 Sec. 15. Section 23.15, Code 1981, is amended to read
31 as follows:

32 23.15 DECISION. The appeal board shall determine the
33 matters involved in ~~such~~ the appeal. Its decision shall be
34 certified to the ~~executive~~ appropriate officer of the
35 ~~municipality~~ public entity affected. Judicial review of the

1 action of the appeal board may be sought in accordance with
2 the terms of ~~the Iowa administrative procedure Act~~ chapter
3 17A.

4 ~~In case~~ If there is no appeal, the ~~board of the municipality~~
5 ~~affected~~ public entity may issue such bonds or other evidence
6 of indebtedness, if legally authorized so to do, in accordance
7 with the proposition published, but in no greater amount.

8 ~~In case of~~ If there is an appeal, the ~~municipality~~ public
9 entity may issue such bonds or other evidence of indebtedness
10 in accordance with the decision of the appeal board.

11 Sec. 16. Section 23.16, Code 1981, is amended to read
12 as follows:

13 23.16 BONDS AND TAXES VOID. ~~Any bonds~~ Bonds or other
14 evidence of indebtedness issued contrary to ~~the provisions~~
15 ~~of~~ this chapter, and any tax levied or attempted to be levied
16 for the payment of any such bonds or interest ~~thereon, shall~~
17 ~~be null and on them, are~~ void.

18 Sec. 17. Section 23.17, Code 1981, is amended to read
19 as follows:

20 23.17 UNPAID REVENUE BONDS--EFFECT. It ~~shall be~~ is lawful
21 for ~~any municipality~~ a public entity to issue revenue bonds,
22 the principal and interest of which are to be paid solely
23 from revenue derived from the operations of the project for
24 which ~~such~~ the bonds are issued, notwithstanding that there
25 are other revenue bonds remaining unpaid which have not
26 matured, provided payment of principal and interest of ~~such~~
27 the other revenue bonds is not impaired ~~thereby~~.

28 Sec. 18. Section 23.18, Code 1981, as amended by Acts
29 of the Sixty-ninth General Assembly, 1981 Session, chapter
30 28, section 2, is amended to read as follows:

31 23.18 BIDS REQUIRED--PROCEDURE. When the estimated total
32 cost of construction, erection, demolition, alteration or
33 repair of ~~any~~ a public improvement exceeds twenty-five thousand
34 dollars, the ~~municipality~~ public entity shall advertise for
35 bids on the proposed improvement by two publications in a

1 newspaper published in the county in which the work is to
 2 be done, the first of which shall be not less than ~~fifteen~~
 3 twenty-one days nor more than twenty-eight days prior to the
 4 date set for receiving bids, and ~~shall let the work to the~~
 5 ~~lowest-responsible-bidder-submitting-a-sealed-proposal~~ the
 6 second notice not less than fourteen days nor more than twenty-
 7 one days prior to the letting date. ~~However, if in the judg-~~
 8 ~~ment of the municipality bids received are not acceptable,~~
 9 ~~all bids may be rejected and new bids requested.~~ All bids
 10 must be accompanied, in a separate envelope, by a deposit
 11 of money or certified check or a bid bond in an amount to
 12 be named in the advertisement for bids as security that the
 13 bidder will enter into a contract for the doing of the work.
 14 The ~~municipality~~ public entity shall fix the bid security
 15 in an amount equal to at least five percent, but not more
 16 than ten percent of the estimated total cost of the work.
 17 The checks, ~~or~~ deposits of money, or bid bonds of the
 18 unsuccessful bidders shall be returned as soon as the
 19 successful bidder is determined, and the check, ~~or~~ deposit
 20 of money, or bid bond of the successful bidder shall be
 21 returned upon execution of the contract documents. ~~This~~
 22 ~~section shall not apply to the construction, erection,~~
 23 ~~demolition, alteration or repair of any public improvement~~
 24 ~~when the contracting procedure for the doing of the work is~~
 25 ~~provided for in another provision of law.~~

26 Sec. 19. Section 23.19, Code 1981, is amended to read
 27 as follows:

28 23.19 SALE OF MUNICIPAL BONDS WITHOUT HEARING OR CONTRACT.
 29 ~~Any other law to the contrary notwithstanding, any municipality~~
 30 A public entity may authorize, sell, issue and deliver its
 31 bonds without regard to whether ~~or not~~ notice and hearing
 32 on the plans, specifications and form of contract for the
 33 public improvement to be paid for in whole or in part from
 34 the proceeds of said the bonds has ~~theretofore~~ been given,
 35 and without regard to whether ~~or not any~~ a contract has

1 theretofore been awarded for the construction of said the
2 improvement. ~~The foregoing provision shall~~ This section does
3 not apply to bonds which are payable solely from special
4 assessment levied against benefited property.

5 Sec. 20. Section 23.20, Code 1981, is amended by striking
6 the section and inserting in lieu thereof the following:

7 23.20 BID BONDS. When a bid bond is submitted, it shall
8 be executed by a person authorized to contract as surety in
9 this state and on a form provided by the contracting authority
10 and shall be in lieu of certified or cashier's checks or any
11 other form of security otherwise required of a bidder to ac-
12 company a bid on a public improvement project. The full
13 amount of the bid bond shall be forfeited to the contracting
14 authority in liquidation of damages sustained in the same
15 manner and amount as other forms of authorized security if
16 the bidder fails to execute the contract as provided in the
17 specifications or by law. Final disposition shall be made
18 on the sufficiency of the bid security prior to the opening
19 of the sealed bids.

20 Sec. 21. Chapter 23, Code 1981, is amended by adding the
21 following new sections:

22 NEW SECTION. OPENING BIDS--AWARD--REJECTION. The public
23 entity shall open, announce the amount of the bids, and file
24 all proposals received, at the time and place specified in
25 the published notice. The public entity shall let the work
26 for the public improvement to the lowest responsible bidder
27 submitting a sealed bid. However, the public entity may
28 reject all bids and request new bids. A public entity may
29 accept a bid which is not the lowest bid if the public entity
30 records in its record the reasons for rejecting the lower
31 bids. If the action of the public entity is challenged, the
32 court may only require rejection of all bids and seeking new
33 bids. No damages shall be allowed.

34 NEW SECTION. EMERGENCY IMPROVEMENTS. This chapter does
35 not apply to a public improvement when the public improvement

1 constitutes emergency repairs and is provided for by law
2 unless the cost of the public improvement is estimated to
3 exceed seventy-five thousand dollars.

4 Sec. 22. Chapter 37, Code 1981, is amended by adding the
5 following new section:

6 NEW SECTION. Public improvements constructed or maintained
7 under this chapter where the estimated cost exceeds twenty-
8 five thousand dollars shall be made pursuant to chapter 23.

9 Sec. 23. Section 174.15, Code 1981 Supplement, is amended
10 to read as follows:

11 174.15 PURCHASE AND MANAGEMENT. Title to land purchased
12 or received for fairground purposes shall be taken in the
13 name of the county, but the board of supervisors shall place
14 it under the control and management of an incorporated county
15 or district fair society. The society may act as agent for
16 the county in the erection of buildings, maintenance of grounds
17 and buildings, or improvements constructed on the grounds.
18 Contracts let for the construction or maintenance of any
19 building or other public improvement where the estimated cost
20 exceeds twenty-five thousand dollars shall be let under chapter
21 23. Title to new buildings or improvements shall be taken
22 in the name of the county but the county is not liable for
23 the improvements or expenditures for them.

24 Sec. 24. Section 218.60, Code 1981, as amended by Acts
25 of the Sixty-ninth General Assembly, 1981 Session, chapter
26 28, section 5, is amended to read as follows:

27 218.60 LETTING OF CONTRACTS--REPAIRS OR ALTERATIONS.
28 The commissioner shall, in writing, let all contracts for
29 authorized improvements costing in excess of twenty-five
30 thousand dollars ~~to the lowest responsible bidder, after such~~
31 ~~advertisement for bids as the commissioner may deem proper~~
32 ~~in order to secure full competition~~ pursuant to chapter 23.
33 ~~The commissioner may reject all bids and readvertise.~~

34 Sec. 25. Section 262.34, Code 1981, as amended by Acts
35 of the Sixty-ninth General Assembly, 1981 Session, chapter

1 28, section 6, is amended to read as follows:

2 262.34 IMPROVEMENTS--ADVERTISEMENT FOR BIDS. When the
3 estimated cost of construction, repairs, or improvement of
4 buildings or grounds under charge of the state board of regents
5 exceeds twenty-five thousand dollars, the board shall advertise
6 ~~for bids for the contemplated~~ let the contract for the
7 ~~improvement or construction and shall let the work to the~~
8 ~~lowest responsible bidder~~ under chapter 23. However, ~~if in~~
9 ~~the judgment of the board bids received are not acceptable,~~
10 ~~the board may reject all bids and proceed with the~~
11 ~~construction, repair, or improvement by such method as the~~
12 ~~board may determine.~~ All plans and specifications for repairs
13 or construction, together with bids thereon, shall be filed
14 by the board and be open for public inspection. All bids
15 ~~submitted under this section shall be accompanied by a deposit~~
16 ~~of money or a certified check in an amount as the board may~~
17 ~~prescribe.~~

18 Sec. 26. Section 280A.19, Code 1981, is amended to read
19 as follows:

20 280A.19 ACQUISITION OF SITES AND BUILDINGS. Boards of
21 directors of merged areas may acquire sites and erect and
22 equip buildings for use by area vocational schools or area
23 community colleges and may contract indebtedness and issue
24 bonds to raise funds for such purposes. Contracts let for
25 the construction or improvement of a building or public
26 improvement where the estimated cost exceeds twenty-five
27 thousand dollars shall be let under chapter 23.

28 Sec. 27. Section 303B.6, subsection 4, Code 1981, is
29 amended to read as follows:

30 4. Acquire land and construct or lease facilities to carry
31 out ~~the provisions of~~ this chapter. Where contracts are to
32 be let for the construction or improvement of a building or
33 public improvement and the estimated cost exceeds twenty-five
34 thousand dollars, the contract shall be let under chapter
35 23.

1 Sec. 28. Section 309.40, Code 1981, is amended to read
2 as follows:

3 309.40 ADVERTISEMENT AND LETTING. All contracts for road
4 or bridge construction work and materials ~~therefor~~ of which
5 the engineer's estimate exceeds ~~forty~~ twenty-five thousand
6 dollars, except surfacing materials obtained from local pits
7 or quarries, shall be ~~advertised-and let at-a-public-letting~~
8 under chapter 23.

9 Sec. 29. Section 309.41, Code 1981, is amended to read
10 as follows:

11 309.41 OPTIONAL ADVERTISEMENT AND LETTING. Contracts
12 not ~~embraced~~ within ~~the-provisions-of~~ section 309.40 shall
13 be either ~~advertised-and let at-a-public-letting-or,~~ under
14 chapter 23 or where the cost does not exceed the engineer's
15 estimate, let through informal bid procedure by contacting
16 at least three qualified bidders prior to letting the contract.
17 The informal bids received together with a statement setting
18 forth the reasons for use of the informal procedure and bid
19 acceptance shall be entered in the minutes of the board of
20 supervisors meeting at which ~~such~~ action was taken.

21 ~~Nothing-contained-in-this~~ This section shall-be-deemed
22 to does not prohibit the board of supervisors from purchasing
23 material and using county equipment and regularly employed
24 county road personnel on a project within their capability
25 as determined by the county engineer.

26 Sec. 30. Section 310.14, Code 1981, is amended to read
27 as follows:

28 310.14 BIDS--DEPARTMENT OR COUNTY SUPERVISORS. When the
29 approved plans and specifications for any farm-to-market
30 funded project are filed with the department, it shall, if
31 the estimated cost exceeds ~~one~~ twenty-five thousand dollars,
32 proceed to ~~advertise-for-bids-and-make-recommended-award-of~~
33 contract for the project under chapter 23. ~~Said~~ The
34 recommended award of contract shall be submitted to the board
35 of supervisors of the county in which ~~said~~ the project is

1 located for its concurrence. Upon receiving the concurrence
2 of the county board on said the recommended contract award,
3 the department shall take final action awarding said the
4 contract. ~~Provided, that the said~~ However, the department
5 shall determine and advise the county board as to any approved
6 farm-to-market road project which is to be financed without
7 the use of federal funds. On such project the above procedure
8 may be reversed and the county board shall advertise for bids,
9 and, subject to concurrence by the department, award contract
10 for the construction work.

11 Sec. 31. Section 313.10, unnumbered paragraph 1, Code
12 1981, is amended to read as follows:

13 As soon as the approved plans and specifications for any
14 primary road construction project are filed with the
15 department, it shall, if the estimated cost exceeds one twenty-
16 five thousand dollars, proceed to ~~advertise-for-bids~~ contract
17 for the construction of said the improvement under chapter
18 23.

19 Sec. 32. Section 347.13, subsection 2, Code 1981, is
20 amended to read as follows:

21 2. Cause plans and specifications to be made and adopted
22 for all hospital buildings and equipment, and ~~advertise-for~~
23 ~~bids, as required by law for other county buildings~~ contract
24 for improvements under chapter 23 if the estimated cost exceeds
25 twenty-five thousand dollars, before making any contract for
26 the construction of any-such a building or the purchase of
27 such equipment.

28 Sec. 33. Section 357.14, unnumbered paragraph 1, Code
29 1981, is amended to read as follows:

30 If the result of said the election be is in favor of said
31 the improvement, the board of supervisors shall instruct the
32 engineer to complete the plans and specifications, ~~ready-for~~
33 ~~receiving-bids~~ and prepare to contract for construction of
34 the project, ~~which he shall do within thirty days of receiving~~
35 ~~notice to do so, unless for adequate reason the board shall~~

1 ~~extend-the-time~~ under chapter 23, if the estimated cost exceeds
2 twenty-five thousand dollars.

3 Sec. 34. Section 357.14, unnumbered paragraph 2, Code
4 1981, is amended by striking the unnumbered paragraph.

5 Sec. 35. Section 360.5, Code 1981, is amended to read
6 as follows:

7 360.5 CONSTRUCTION. The township trustees or in case
8 of joint ownership, in conjunction with the city authorities
9 shall have charge of the building of ~~such~~ the hall, shall
10 ~~receive-bids, and shall let the building of the same to the~~
11 ~~lowest-responsible-bidder,~~ contract for the project under
12 chapter 23 and the township clerk shall pay out of the funds
13 collected, only on the order of the trustees of ~~said~~ the
14 township for the township's share of the cost ~~thereof~~.

15 Sec. 36. Section 455.40, Code 1981, is amended to read
16 as follows:

17 455.40 ADVERTISEMENT FOR BIDS. The board shall cause
18 notice to be given by publication once each week for two
19 consecutive weeks in some newspaper published in the county
20 ~~wherein-such~~ in which the improvement is located if the
21 estimated cost of the improvement is twenty-five thousand
22 dollars or less, and ~~such~~ additional advertisement and
23 publication elsewhere as it may direct, of the time and place
24 of letting the work of construction of ~~said~~ the improvement,
25 specifying the approximate amount of work to be done in each
26 numbered section of the district, the time fixed for the
27 commencement, and the time of the completion ~~thereof~~, that
28 bids will be received on the entire work and in sections or
29 divisions ~~thereof~~, and that each bidder will be required to
30 deposit with ~~his~~ a bid cash or certified check on and certified
31 by a bank in Iowa, payable to the auditor or ~~his~~ the auditor's
32 order, at ~~his~~ the auditor's office, in an amount equal to
33 ten percent of ~~his~~ the bid, in no case to exceed ten thousand
34 dollars. When the estimated cost of the improvement exceeds
35 ~~fifteen~~ twenty-five thousand dollars, the board may-make

1 ~~additional-publication-for-two-consecutive-weeks-in-some~~
2 ~~contractors-journal-of-general-circulation,-giving-only-the~~
3 ~~type-of-proposed-construction-or-repairs,-estimated-amount,-~~
4 ~~date-of-letting,-amount-of-bidder's-bond,-and-the-name-and~~
5 ~~address-of-the-county-auditor shall let the contract under~~
6 chapter 23. ~~All-notices-shall-fix-the-date-to-which-bids~~
7 ~~will-be-received-and-upon-which-said-work-will-be-let---Except,~~
8 ~~however,-when~~ However, if the estimated cost of the improvement
9 is less than twenty-five hundred dollars, the board may let
10 the contract for such construction without taking bids therefor
11 and without publishing any notice ~~as-above-provided.~~

12 Sec. 37. Section 455.41, Code 1981, is amended to read
13 as follows:

14 455.41 BIDS--LETTING OF WORK. The board ~~shall~~ may award
15 ~~contract-or~~ contracts for each section of the work ~~to-the~~
16 ~~lowest-responsible-bidder-or-bidders-therefor,-bids-to-be~~
17 ~~submitted,-received-and-acted-upon-separately~~ as to the main
18 drain and each of the laterals, and each settling basin, if
19 any, exercising their own discretion as to letting such the
20 work as to the main drain as a whole, or as to each lateral
21 as a whole, or by sections as to both main drain and laterals,
22 and reserving the right to reject any and all bids and
23 readvertise the letting of the work.

24 Sec. 38. Section 455.42, Code 1981, is amended to read
25 as follows:

26 455.42 MANNER OF MAKING BIDS--DEPOSIT. Each bid shall
27 be in writing, specifying the portion of the work upon which
28 the bid is made, and filed with the auditor, accompanied with
29 a deposit of cash or a certified check on and certified by
30 a bank in Iowa, payable to the auditor or ~~his~~ the auditor's
31 order at ~~his~~ the auditor's office in a sum equal to ten percent
32 of the amount of the bid, ~~but-in-any-event~~ not to exceed ten
33 thousand dollars. If the estimated cost of the work exceeds
34 twenty-five thousand dollars, the surety shall be in an amount
35 required under chapter 23. However, if the maximum limit

1 on bid deposits would cause a denial of funds or services
2 from the federal government which would otherwise be available,
3 or if the maximum limit would otherwise be inconsistent with
4 the requirements of federal law, the maximum limit may be
5 suspended to the extent necessary to prevent denial of federal
6 funds or services or to eliminate the inconsistency with
7 federal requirements. The checks of unsuccessful bidders
8 shall be returned to them, but the checks of successful bidders
9 shall be held as a guarantee that they will enter into contract
10 in accordance with their bids.

11 Sec. 39. Section 455.43, Code 1981, is amended to read
12 as follows:

13 455.43 PERFORMANCE BOND--RETURN OF CHECK. Each successful
14 bidder shall be required to execute a bond with sureties
15 approved by the auditor in favor of the county for the use
16 and benefit of the levee or drainage district and all persons
17 entitled to liens for labor or material in an amount not less
18 than seventy-five percent of the contract price of the work
19 to be done, conditioned for the timely, efficient, and complete
20 performance of ~~his~~ the contract, and the payment, as they
21 become due, of all just claims for labor performed and material
22 used in carrying out ~~said~~ the contract. When ~~such~~ the contract
23 is executed and bond approved by the board, the certified
24 check deposited with the bid shall be returned to the bidder.

25 Sec. 40. Section 455.73, Code 1981, is amended to read
26 as follows:

27 455.73 BIDS REQUIRED. ~~In-case~~ If the board ~~shall~~ finally
28 ~~determine~~ determines that any ~~such~~ changes as defined in
29 section 455.69 shall be made involving an expenditure of ~~five~~
30 twenty-five thousand dollars or more, ~~said~~ the work shall
31 be let by bids in the same manner as is provided for the
32 original construction of ~~such~~ improvements.

33 Sec. 41. Section 457.20, Code 1981, is amended to read
34 as follows:

35 457.20 NOTICE OF LETTING WORK--APPLICABLE PROCEDURE.

1 If the boards, acting jointly, shall establish such a district,
2 the auditors of the several counties shall immediately
3 thereafter, acting jointly, cause notice to be given of the
4 time and place of the meeting of the boards for letting
5 contracts for the construction of the improvement. The
6 notices, bids, bonds, and all other proceedings in relation
7 to letting contracts shall be the same as provided in chapter
8 23 where the district is wholly within one county, but
9 duplicates of contractors' bonds shall be filed with the
10 auditor of each county.

11 Sec. 42. Section 467D.20, Code 1981, is amended to read
12 as follows:

13 467D.20 BIDS ON WORK. When the estimated total cost of
14 construction, enlargement, alteration or repair of any internal
15 improvement exceeds ~~five~~ twenty-five thousand dollars, the
16 contract for the improvement shall be let under chapter 23.
17 If the cost of the improvement is twenty-five thousand dollars
18 or less, the conservancy district shall advertise for bids
19 on the proposed improvement by two publications in at least
20 one newspaper of general circulation in the conservancy
21 district, the first of which shall be not less than fifteen
22 days prior to the date set for receiving bids, and shall let
23 the work to the lowest responsible bidder submitting a sealed
24 proposal, ~~provided that if~~ If, in the judgment of the board,
25 the bids received are not acceptable, all bids may be rejected
26 and new bids requested. All bids must be accompanied, in
27 a separate envelope, by a deposit of money or certified check,
28 in an amount to be named in the advertisement for bids, as
29 security that the bidder will enter into a contract in
30 accordance with the terms of his the bid. The board shall
31 fix the bid security in an amount equal to at least five
32 percent, but not more than ten percent of the estimated total
33 cost of the work. The checks or deposits of money of the
34 unsuccessful bidders shall be returned as soon as the
35 successful bidder is determined, and the check or deposit

1 of money of the successful bidder shall be returned upon
2 execution of the contract documents.

3 EXPLANATION

4 The bill provides for the use of uniform bidding procedures
5 for the state and its political subdivisions, except counties
6 and cities, for public improvements with an estimated cost
7 exceeding twenty-five thousand dollars. The bill takes effect
8 July 1 following enactment.

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