

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to requirements and limitations on local  
2 governments and on certain state agencies, including rates and  
3 fees charged to cities and counties for use of the Iowa  
4 communications network, bid requirements for construction of  
5 certain public improvements, and city bonding authority.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2356

1 Section 1. Section 8A.311, subsection 9, paragraph a, Code  
2 Supplement 2003, is amended to read as follow:

3 a. When the estimated total cost of construction,  
4 erection, demolition, alteration, or repair of a public  
5 improvement exceeds twenty-five one hundred thousand dollars,  
6 the department shall solicit bids on the proposed improvement  
7 by publishing an advertisement in a print format. The  
8 advertisement shall appear in two publications in a newspaper  
9 published in the county in which the work is to be done. The  
10 first advertisement for bids appearing in a newspaper shall be  
11 not less than fifteen days prior to the date set for receiving  
12 bids. The department may publish an advertisement in an  
13 electronic format as an additional method of soliciting bids  
14 under this paragraph.

15 Sec. 2. Section 8A.311, subsection 16, Code Supplement  
16 2003, is amended to read as follows:

17 16. The department shall not award a contract to a bidder  
18 for a construction, reconstruction, demolition, or repair  
19 project or improvement with an estimated cost that exceeds  
20 twenty-five one hundred thousand dollars in which the bid  
21 requires the use of inmate labor supplied by the department of  
22 corrections, but not employed by private industry pursuant to  
23 section 904.809, to perform the project or improvement.

24 Sec. 3. Section 8D.3, subsection 3, paragraph i, Code  
25 Supplement 2003, is amended to read as follows:

26 i. Evaluate existing and projected rates for use of the  
27 system and ensure that rates are sufficient to pay for the  
28 operation of the system excluding the cost of construction and  
29 lease costs for Parts I, II, and III. The commission shall  
30 establish all hourly rates to be charged to all authorized  
31 users for the use of the network. A fee established by the  
32 commission to be charged to a hospital licensed pursuant to  
33 chapter 135B, a physician clinic, or the federal government  
34 shall be at an appropriate rate so that, at a minimum, there  
35 is no state subsidy related to the costs of the connection or

1 use of the network related to such user. The rates  
2 established for use of the system if the user is a city or  
3 county shall not exceed the rates established for equivalent  
4 use of the system if the user is a state agency.

5 Sec. 4. Section 8D.11A, Code 2003, is amended to read as  
6 follows:

7 8D.11A PROPRIETARY INTERESTS.

8 The commission may charge a negotiated fee, to recover a  
9 share of the costs related to the research and development,  
10 initial production, and derivative products of its proprietary  
11 software and hardware, telecommunications architecture design,  
12 and proprietary technology applications developed to support  
13 authorized users, to private vendors and to other political  
14 entities and subdivisions, including but not limited to  
15 states, territories, protectorates, and foreign countries.  
16 However, the fee negotiated with a user that is a city or  
17 county shall not exceed the fee negotiated with a state agency  
18 for recovery of a share of such costs. The commission may  
19 enter into nondisclosure agreements to protect the state of  
20 Iowa's proprietary interests. The provisions of chapter 23A  
21 relating to noncompetition by state agencies and political  
22 subdivisions with private enterprise shall not apply to  
23 commission activities authorized under this section.

24 Sec. 5. Section 35A.10, subsection 2, Code Supplement  
25 2003, is amended to read as follows:

26 2. The commandant and the commission shall have plans and  
27 specifications prepared by the department of administrative  
28 services for authorized construction, repair, or improvement  
29 projects in excess of ~~twenty-five~~ one hundred thousand  
30 dollars. An appropriation for a project shall not be expended  
31 until the department of administrative services has adopted  
32 plans and specifications and has completed a detailed estimate  
33 of the cost of the project, prepared under the supervision of  
34 a registered architect or registered professional engineer.

35 Sec. 6. Section 35A.10, subsection 3, Code Supplement

1 2003, is amended to read as follows:

2 3. The director of the department of administrative  
3 services shall, in writing, let all contracts for authorized  
4 improvements in excess of ~~twenty-five~~ one hundred thousand  
5 dollars in accordance with chapter 8A, subchapter III. The  
6 director of the department of administrative services shall  
7 not authorize payment for construction purposes until  
8 satisfactory proof has been furnished by the proper officer or  
9 supervising architect that the parties have complied with the  
10 contract.

11 Sec. 7. Section 73A.2, Code 2003, is amended to read as  
12 follows:

13 73A.2 NOTICE OF HEARING.

14 Before any municipality shall enter into any contract for  
15 any public improvement to cost ~~twenty-five~~ one hundred  
16 thousand dollars or more, the governing body proposing to make  
17 the contract shall adopt proposed plans and specifications and  
18 proposed form of contract, fix a time and place for hearing at  
19 the municipality affected or other nearby convenient place,  
20 and give notice by publication in at least one newspaper of  
21 general circulation in the municipality at least ten days  
22 before the hearing.

23 Sec. 8. Section 73A.18, Code 2003, is amended to read as  
24 follows:

25 73A.18 WHEN BIDS REQUIRED -- ADVERTISEMENT -- DEPOSIT.

26 When the estimated total cost of construction, erection,  
27 demolition, alteration or repair of a public improvement  
28 exceeds ~~twenty-five~~ one hundred thousand dollars, the  
29 municipality shall advertise for bids on the proposed  
30 improvement by two publications in a newspaper published in  
31 the county in which the work is to be done. The first  
32 advertisement for bids shall be not less than fifteen days  
33 prior to the date set for receiving bids. The municipality  
34 shall let the work to the lowest responsible bidder submitting  
35 a sealed proposal. However, if in the judgment of the

1 municipality bids received are not acceptable, all bids may be  
2 rejected and new bids requested. A bid shall be accompanied,  
3 in a separate envelope, by a deposit of money or a certified  
4 check or credit union certified share draft in an amount to be  
5 named in the advertisement for bids as security that the  
6 bidder will enter into a contract for the doing of the work.  
7 The municipality shall fix the bid security in an amount equal  
8 to at least five percent, but not more than ten percent of the  
9 estimated total cost of the work. The checks, share drafts or  
10 deposits of money of the unsuccessful bidders shall be  
11 returned as soon as the successful bidder is determined, and  
12 the check, share draft or deposit of money of the successful  
13 bidder shall be returned upon execution of the contract  
14 documents. This section does not apply to the construction,  
15 erection, demolition, alteration or repair of a public  
16 improvement when the contracting procedure for the doing of  
17 the work is provided for in another provision of law.

18 Sec. 9. Section 161C.2, subsection 1, paragraph b, Code  
19 2003, is amended to read as follows:

20 b. Any work project with an estimated cost of ~~twenty-five~~  
21 one hundred thousand dollars or more shall be undertaken as a  
22 public contract as provided in chapters 73A and 573. The  
23 local contracting organization shall designate a contracting  
24 officer and shall establish procedures to manage the contract,  
25 approve bills for payment, and review proposed change orders  
26 or amendments to the contract.

27 Sec. 10. Section 262.34, unnumbered paragraph 1, Code  
28 2003, is amended to read as follows:

29 When the estimated cost of construction, repairs, or  
30 improvement of buildings or grounds under charge of the state  
31 board of regents exceeds ~~twenty-five~~ one hundred thousand  
32 dollars, the board shall advertise for bids for the  
33 contemplated improvement or construction and shall let the  
34 work to the lowest responsible bidder. However, if in the  
35 judgment of the board bids received are not acceptable, the

1 board may reject all bids and proceed with the construction,  
2 repair, or improvement by a method as the board may determine.  
3 All plans and specifications for repairs or construction,  
4 together with bids on the plans or specifications, shall be  
5 filed by the board and be open for public inspection. All  
6 bids submitted under this section shall be accompanied by a  
7 deposit of money, a certified check or a credit union  
8 certified share draft in an amount as the board may prescribe.

9 Sec. 11. Section 297.8, Code 2003, is amended to read as  
10 follows:

11 297.8 EMERGENCY REPAIRS.

12 When emergency repairs costing more than ~~twenty-five~~ one  
13 hundred thousand dollars are necessary in order to prevent the  
14 closing of any school, the provisions of the law with  
15 reference to advertising for bids shall not apply, and in that  
16 event the board may contract for such emergency repairs  
17 without advertising for bids. However, before such emergency  
18 repairs can be made to any schoolhouse, it shall be necessary  
19 to procure a certificate from the area education agency  
20 administrator that such emergency repairs are necessary to  
21 prevent the closing of the school.

22 Sec. 12. Section 330A.12, Code 2003, is amended to read as  
23 follows:

24 330A.12 AWARD OF CONTRACT.

25 All contracts entered into by an authority for the  
26 construction, reconstruction, and improvement of aviation  
27 facilities shall be entered into pursuant to and shall comply  
28 with chapter 73A. However, where an authority determines an  
29 emergency exists, it may enter into contracts obligating the  
30 authority for not in excess of ~~twenty-five~~ one hundred  
31 thousand dollars per emergency without regard to the  
32 requirements of chapter 73A and the authority may proceed with  
33 the necessary action as expeditiously as possible to the  
34 extent necessary to resolve such emergency.

35 Sec. 13. Section 331.341, subsection 1, Code 2003, is

1 amended to read as follows:

2 1. When the estimated cost of a public improvement, other  
3 than improvements which may be paid for from the secondary  
4 road fund, exceeds ~~the amount specified in section 309.40~~ one  
5 hundred thousand dollars, the board shall follow the contract  
6 letting procedures provided for cities in sections 384.95 to  
7 384.103. However, in following those sections the board shall  
8 substitute the word "county" for the word "city", section  
9 331.305 for section 362.3, shall consider "governing body" to  
10 mean the board, and shall exclude references to a city  
11 utility, utility board of trustees, or public utilities. As  
12 used in this section, "public improvement" means the same as  
13 defined in section 384.95 as modified by this subsection.

14 Sec. 14. Section 384.26, subsection 5, paragraph a,  
15 subparagraphs (1) through (3), Code 2003, are amended to read  
16 as follows:

17 (1) In cities having a population of five thousand or  
18 less, in an amount of not more than ~~four~~ seven hundred  
19 thousand dollars.

20 (2) In cities having a population of more than five  
21 thousand and not more than seventy-five thousand, in an amount  
22 of not more than ~~seven-hundred-thousand~~ one million dollars.

23 (3) In cities having a population in excess of seventy-  
24 five thousand, in an amount of not more than one million five  
25 hundred thousand dollars.

26 Sec. 15. Section 384.96, Code 2003, is amended to read as  
27 follows:

28 384.96 SEALED BIDS.

29 When the estimated total cost to a city of a public  
30 improvement exceeds the sum of ~~twenty-five~~ one hundred  
31 thousand dollars, the governing body shall advertise for  
32 sealed bids for the proposed improvement by publishing a  
33 notice to bidders as provided in section 362.3, except that  
34 the notice to bidders may be published more than twenty days  
35 but not more than forty-five days before the date for filing

1 bids.

2 Sec. 16. Section 384.102, Code 2003, is amended to read as  
3 follows:

4 384.102 WHEN HEARING NECESSARY.

5 When the estimated total cost of a public improvement  
6 exceeds the sum of twenty-five one hundred thousand dollars,  
7 the governing body shall not enter into a contract for the  
8 improvement until it has held a public hearing on the proposed  
9 plans, specifications, and form of contract, and estimated  
10 cost for the improvement. Notice of the hearing must be  
11 published as provided in section 362.3. At the hearing any  
12 interested person may appear and file objections to the  
13 proposed plans, specifications, contract, or estimated cost of  
14 the improvement. After hearing objections, the governing body  
15 shall by resolution enter its decision on the plans,  
16 specifications, contract, and estimated cost.

17 Sec. 17. Section 904.314, unnumbered paragraph 1, Code  
18 Supplement 2003, is amended to read as follows:

19 The director shall cause plans and specifications to be  
20 prepared by the department of administrative services for all  
21 improvements authorized and costing over twenty-five one  
22 hundred thousand dollars. An appropriation for any  
23 improvement costing over twenty-five one hundred thousand  
24 dollars shall not be expended until the adoption of suitable  
25 plans and specifications, prepared by a competent architect  
26 and accompanied by a detailed statement of the amount,  
27 quality, and description of all material and labor required  
28 for the completion of the improvement.

29 Sec. 18. Section 904.315, Code Supplement 2003, is amended  
30 to read as follows:

31 904.315 CONTRACTS FOR IMPROVEMENTS.

32 The director of the department of administrative services  
33 shall, in writing, let all contracts for authorized  
34 improvements costing in excess of twenty-five one hundred  
35 thousand dollars under chapter 8A, subchapter III. Upon prior



1 authorization by the director, improvements costing five  
2 thousand dollars or less may be made by the superintendent of  
3 any institution.

4 A contract is not required for improvements at a state  
5 institution where the labor of inmates is to be used if the  
6 contract is not for a construction, reconstruction,  
7 demolition, or repair project or improvement with an estimated  
8 cost in excess of twenty-five one hundred thousand dollars.

9 EXPLANATION

10 This bill makes changes to the Code relating to  
11 requirements and limitations on local governments and on  
12 certain state agencies.

13 The bill changes the threshold requirement for advertising  
14 for bids for a contract for the construction of a public  
15 improvement from an estimated cost of \$25,000 to an estimated  
16 cost of \$100,000. This increase in the threshold applies to  
17 contracts entered into by the state department of  
18 administrative services; the veterans affairs commission;  
19 municipalities including townships, school corporations; the  
20 state fair board; the state board of regents; soil and water  
21 conservation districts; aviation authorities; counties;  
22 cities; and the state department of corrections.

23 The bill provides that rates established for use of the  
24 Iowa communications network by a city or a county and  
25 proprietary fees charged to users of the network that are a  
26 city or a county cannot exceed the rates or fees charged to a  
27 state agency.

28 The bill increases the amount of a bond issuance by a city  
29 that does not require a referendum unless a petition is filed  
30 calling for an election. For cities having a population of  
31 5,000 or less, the amount is increased from \$400,000 to  
32 \$700,000; for cities having a population of more than 5,000  
33 but not more than 75,000, the amount is increased from  
34 \$700,000 to \$1 million; and for cities having a population  
35 over 75,000, the amount is increased from \$1 million to \$1.5

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