

FILED MAR 12 '03

SENATE FILE 364
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 1115)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act changing the bid requirements for construction of certain
2 public improvements.

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

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SF 364

1 Section 1. Section 18.6, subsection 9, paragraph a, Code
2 2003, is amended to read as follows:

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 18.6, subsection 16, Code 2003, is amended
16 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 35A.10, subsection 2, Code 2003, is
25 amended to read as follows:

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

35 Sec. 4. Section 35A.10, subsection 3, Code 2003, is

1 amended to read as follows:

2 3. The director of the department of general services
3 shall, in writing, let all contracts for authorized
4 improvements in excess of ~~twenty-five~~ one hundred thousand
5 dollars in accordance with chapter 18. The director of the
6 department of general services shall not authorize payment for
7 construction purposes until satisfactory proof has been
8 furnished by the proper officer or supervising architect that
9 the parties have complied with the contract.

10 Sec. 5. Section 73A.2, Code 2003, is amended to read as
11 follows:

12 73A.2 NOTICE OF HEARING.

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

22 Sec. 6. Section 73A.18, Code 2003, is amended to read as
23 follows:

24 73A.18 WHEN BIDS REQUIRED -- ADVERTISEMENT -- DEPOSIT.

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

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

17 Sec. 7. Section 161C.2, subsection 1, paragraph b, Code
18 2003, is amended to read as follows:

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

26 Sec. 8. Section 262.34, unnumbered paragraph 1, Code 2003,
27 is amended to read as follows:

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

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

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

10 297.8 EMERGENCY REPAIRS.

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

21 Sec. 10. Section 330A.12, Code 2003, is amended to read as
22 follows:

23 330A.12 AWARD OF CONTRACT.

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

34 Sec. 11. Section 331.341, subsection 1, Code 2003, is
35 amended to read as follows:

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

13 Sec. 12. Section 384.96, Code 2003, is amended to read as
14 follows:

15 384.96 SEALED BIDS.

16 When the estimated total cost to a city of a public
17 improvement exceeds the sum of ~~twenty-five~~ one hundred
18 thousand dollars, the governing body shall advertise for
19 sealed bids for the proposed improvement by publishing a
20 notice to bidders as provided in section 362.3, except that
21 the notice to bidders may be published more than twenty days
22 but not more than forty-five days before the date for filing
23 bids.

24 Sec. 13. Section 384.102, Code 2003, is amended to read as
25 follows:

26 384.102 WHEN HEARING NECESSARY.

27 When the estimated total cost of a public improvement
28 exceeds the sum of ~~twenty-five~~ one hundred thousand dollars,
29 the governing body shall not enter into a contract for the
30 improvement until it has held a public hearing on the proposed
31 plans, specifications, and form of contract, and estimated
32 cost for the improvement. Notice of the hearing must be
33 published as provided in section 362.3. At the hearing any
34 interested person may appear and file objections to the
35 proposed plans, specifications, contract, or estimated cost of

1 the improvement. After hearing objections, the governing body
2 shall by resolution enter its decision on the plans,
3 specifications, contract, and estimated cost.

4 Sec. 14. Section 904.314, unnumbered paragraph 1, Code
5 2003, is amended to read as follows:

6 The director shall cause plans and specifications to be
7 prepared by the department of general services for all
8 improvements authorized and costing over twenty-five one
9 hundred thousand dollars. An appropriation for any
10 improvement costing over twenty-five one hundred thousand
11 dollars shall not be expended until the adoption of suitable
12 plans and specifications, prepared by a competent architect
13 and accompanied by a detailed statement of the amount,
14 quality, and description of all material and labor required
15 for the completion of the improvement.

16 Sec. 15. Section 904.315, Code 2003, is amended to read as
17 follows:

18 904.315 CONTRACTS FOR IMPROVEMENTS.

19 The director of the department of general services shall,
20 in writing, let all contracts for authorized improvements
21 costing in excess of twenty-five one hundred thousand dollars
22 under chapter 18. Upon prior authorization by the director,
23 improvements costing five thousand dollars or less may be made
24 by the superintendent of any institution.

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

30 EXPLANATION

31 This bill changes the threshold requirement for advertising
32 for bids for a contract for the construction of a public
33 improvement from an estimated cost of \$25,000 to an estimated
34 cost of \$100,000. The bill applies to contracts entered into
35 by the state department of general services; the veterans

1 affairs commission; municipalities including townships, school
2 corporations, the state fair board, and the state board of
3 regents; soil and water conservation districts; aviation
4 authorities; counties; cities; and the state department of
5 corrections.

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SF 364 - Increase Public Bid Thresholds (LSB 2230 SV)
Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version — New

14

15 **Description**

16 Senate File 364 changes the advertising threshold requirement for bids for the construction of a
17 public improvement from \$25,000 to \$100,000.

18 **Assumptions**

- 19 1. Fewer projects will need to be advertised and open for public bids.
20 2. Fewer projects will require local governments to hold public hearings.
21 3. State and local government employees would be allowed to complete more projects in-
house.
22 4. State and local governments will still have the option to open projects to public bidding.
23 5. The number of projects throughout the State that would be impacted by SF 364 is not
readily available.

24

25 **Fiscal Impact**

26 The fiscal impact of SF 364 cannot be determined since the number of projects throughout the
State that would be impacted is not available.

27

28 **Sources**

29 Board of Regents
30 Department of General Services
31 State Fair Board
32 Iowa Commission of Veterans Affairs
Iowa State Association of Counties

33

/s/ Dennis C Prouty

34

March 24, 2003

35

LSB 2230SV 80

av/sh/8

Shull
Tinsman
Ragan

State Government

SSB 1115
Succeeded By
HF 364

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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S.F. _____ H.F. _____

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