

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Regent Legislative Program
Date: December 4, 2000

Recommended Action:

Approve the proposals recommended for inclusion in the Board's Legislative Program for the 2001 session.

Executive Summary:

The 2001 Session of the Iowa General Assembly is scheduled to convene on Monday, January 8, 2001. Prior to the legislative session, any matters, in addition to the state appropriations requests, which may be subject to legislative consideration, are brought to the Board for inclusion in its legislative program. These matters will be updated on a monthly basis during the session.

In September, the Board approved requests by the University of Northern Iowa to continue efforts to secure targeted funding of UNI programs through other state agencies. In October, the University of Iowa requested the Board include a name change for the University Hospital School to the "University of Iowa Hospitals and Clinics, Center for Disabilities and Development," subject to formal Board approval. The University has requested Board approval of the name change this month (docket memorandum SUI A-7). No additional items for inclusion were submitted in November.

This month, the University of Iowa is requesting that the Board again support an increase in the public bid requirement for construction, repairs, or public improvements. The Board has supported an initiative for increasing the bid threshold from \$25,000 to \$100,000 for the last three legislative sessions. This year's institutional request is to increase the threshold from \$25,000 to \$250,000; however, an analysis for the additional increase has not yet been conducted. The Board Office recommends that the Board continue to support an increase from \$25,000 to \$100,000.

Prior to determining the formal appropriations recommendations for FY 2002, the Governor and Lieutenant Governor, with assistance of department directors, have held several budget hearings at different sites around Iowa. Each hearing focused on one key policy area of the leadership agenda of the Governor and Lieutenant Governor (accountable government, education, environment, health, new economy, and safe communities). The education hearing was held in Cedar Rapids on Monday, November 27.

Background and Analysis:

Public Bid Requirement

The University of Iowa and Iowa State University have requested that this item be placed on the 2001 legislative program and would support raising the threshold from \$25,000 to \$250,000. The institutions indicate that an increase in the threshold would provide greater efficiencies, would reduce the administrative burden associated with relatively small construction projects, and would provide an opportunity for Regent institutions to support and establish relationships with newer business concerns, including targeted small businesses.

The Department of General Services proposed increasing the public bid requirement from \$25,000 to \$100,000 during the 1998 and 1999 legislative session, which the Board supported. During the 2000 legislative session, the Department of General Services did not pursue this increase, but the Board supported pursuing the threshold increase.

The Iowa Code generally requires formal competitive procedures for Iowa governments, including the Board of Regents, when the cost of construction, repairs, or public improvements exceeds \$25,000. In Chapter 73A, which applies to townships, school corporations, the state fair board, and the Board of Regents:

- The governing board must adopt contract plans and specifications for public improvements.
- A public hearing must take place at a fixed time and place.
- Notice of the hearing must be made in at least one newspaper of general circulation ten days prior to the hearing.
- Bids must be advertised by two publications in a newspaper published in the county in which the work is to be done with the first advertisement not less than fifteen days prior to the set date for receiving bids.

Iowa Code Chapter 262 provides that:

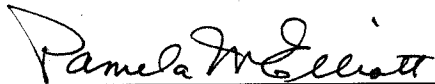
- The Board shall advertise for bids and shall let the work to the lowest responsible bidder unless all bids are rejected.
- All plans and specifications shall be filed by the Board and be open for public inspection.
- All bids are to be accompanied by a certified check in an amount specified by the Board.
- The bidder awarded the contract shall, within 48 hours of the contract award, disclose the names of all subcontractors who will be working on the contract.

Efficiencies associated with raising the threshold from \$25,00 to \$100,000, as reported to the Board in the previous years, included:

- The \$25,000 procurement limit, which was set in the early 1980's, creates administrative costs for government entities as well as bidders.
- The amount of construction work that can be procured below the \$100,000 level is relatively small.
- Less formal competitive bid procedures can still occur for contracts between \$25,000 and \$100,000.

The Board and Regent institutions have competitive purchasing procedures in place; modification of contracting procedures may be necessary if the limit is increased.

The Board Office recommends support for a legislative initiative to increase the threshold for requiring a public bid for government contract costs from \$25,000 up to \$100,000. The Board Office will work with the institutions to fully analyze the University's proposal to increase the threshold to \$250,000.


Pamela M. Elliott

Approved: 
Frank J. Stork