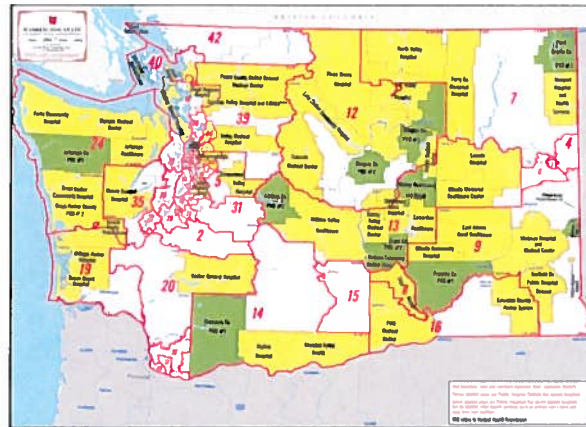


Washington State Public Hospital Districts: Building Capacity for Community Healthcare

Public Hospital Districts, an Essential Part of the Healthcare Delivery System. Public hospital districts serve two thirds of the area of the state. There are 58 hospital districts statewide, 42 of which have licensed acute care hospitals. All but three of them serve rural communities. Public hospital districts are often the only health service available for miles and, as a result, must provide a range of healthcare services in addition to acute care. The map below shows the breadth of service provided by public hospital districts; the districts represented in yellow contain hospitals; those in green do not include hospitals but provide a range of other health care services, from primary care to long term care to emergency medical services.



Capital Projects and Public Works Financing. Public hospital districts were authorized by the legislature in 1945 as a way to provide support for and access to needed healthcare, frequently in remote areas. Local taxing and bonding authority made it possible for local communities to tax themselves to provide hospitals. Because their mission requires construction of facilities—hospitals and clinics—hospital districts worked with other units of local government—cities, counties, schools, ports—to create the alternative public works contracting procedures (RCW 39.10) and to use the provisions of that law to construct and remodel hospitals and other health care facilities across the state. Recognizing the need for and uniqueness of hospital construction, the legislature included a public hospital district representative on the Capital Projects Advisory Review Board (CPARB). By all accounts, alternative public works contracting procedures have served local governments—and by extension, local citizens—very well. They have allowed for cost savings to taxpayers through a fair and transparent system.

Statute Changes Necessary for Public Hospital Districts. There are two areas where statutory changes are needed in order for public hospital districts to work more efficiently and save taxpayer dollars; both changes already apply to most other public bodies. The needed changes are: **1)** Include public hospital districts in the list of governmental entities eligible to do Job Order Contracting (39.10.420); and **2)** Remove the requirement—unique to public hospitals districts—that public hospital districts must rebid contracts if all bids exceed the original estimated cost (70.44.140).

- **Job Order Contracting.** Hospitals, by their nature are capital intensive and require constant upgrading and remodeling to meet public safety standards. However, public hospital districts are conspicuous in their absence from the list of public entities eligible to participate in Job Order Contracting. For those governmental entities allowed to use the tool, Job Order Contracting

RCW 70.44.140

Contracts for material and work — Call for bids — Alternative procedures — Exemptions.

(1) All materials purchased and work ordered, the estimated cost of which is in excess of seventy-five thousand dollars, shall be by contract. Before awarding any such contract, the commission shall publish a notice at least thirteen days before the last date upon which bids will be received, inviting sealed proposals for such work. The plans and specifications must at the time of the publication of such notice be on file at the office of the public hospital district, subject to public inspection: PROVIDED, HOWEVER, That the commission may at the same time, and as part of the same notice, invite tenders for the work or materials upon plans and specifications to be submitted by bidders. The notice shall state generally the work to be done, and shall call for proposals for doing the same, to be sealed and filed with the commission on or before the day and hour named therein. Each bid shall be accompanied by bid proposal security in the form of a certified check, cashier's check, postal money order, or surety bond made payable to the order of the commission, for a sum not less than five percent of the amount of the bid, and no bid shall be considered unless accompanied by such bid proposal security. At the time and place named, such bids shall be publicly opened and read, and the commission shall proceed to canvass the bids, and may let such contract to the lowest responsible bidder upon plans and specifications on file, or to the best bidder submitting his or her own plans and specifications. ~~PROVIDED, HOWEVER, That no contract shall be let in excess of the estimated cost of the materials or work, or~~ ~~If~~, in the opinion of the commission, all bids are unsatisfactory, they may reject all of them and re-advertise, and in such case all bid proposal security shall be returned to the bidders. If the contract is let, then all bid proposal security shall be returned to the bidders, except that of the successful bidder, which is retained until a contract shall be entered into for the purchase of such materials for doing such work, and a bond to perform such work furnished, with sureties satisfactory to the commission, in an amount to be fixed by the commission, not less than twenty-five percent of contract price in any case, between the bidder and commission, in accordance with the bid. If such bidder fails to enter into the contract in accordance with the bid and furnish such bond within ten days from the date at which the bidder is notified that he or she is the successful bidder, the bid proposal security and the amount thereof shall be forfeited to the public hospital district. A low bidder who claims error and fails to enter into a contract is prohibited from bidding on the same project if a second or subsequent call for bids is made for the project.

(2) As an alternative to the requirements of subsection (1) of this section, a public hospital district may let contracts using the small works roster process under RCW [39.04.155](#).

(3) Any purchases with an estimated cost of up to fifteen thousand dollars may be made using the process provided in RCW [39.04.190](#).

RCW 39.10.420

Job order procedure -- Which public bodies may use -- Authorized use.

(1) The following public bodies of the state of Washington are authorized to award job order contracts and use the job order contracting procedure:

- (a) The department of enterprise services;
- (b) The state universities, regional universities, and The Evergreen State College;
- (c) Sound transit (central Puget Sound regional transit authority);
- (d) Every city with a population greater than seventy thousand and any public authority chartered by such city under [RCW 35.21.730](#) through [35.21.755](#);
- (e) Every county with a population greater than four hundred fifty thousand;
- (f) Every port district with total revenues greater than fifteen million dollars per year;
- (g) Every public utility district with revenues from energy sales greater than twenty-three million dollars per year;
- (h) Every school district;
- (i) The state ferry system; ~~and~~
- (j) The Washington state department of transportation, for the administration of building improvement, replacement, and renovation projects only; ~~and~~
- (k) Public Hospital Districts as defined in RCW 70.44.007.*

(2)(a) The department of enterprise services may issue job order contract work orders for Washington state parks department projects.

(b) The department of enterprise services, the University of Washington, and Washington State University may issue job order contract work orders for the state regional universities and The Evergreen State College.

(3) Public bodies may use a job order contract for public works projects when a determination is made that the use of job order contracts will benefit the public by providing an effective means of reducing the total lead-time and cost for the construction of public works projects for repair and renovation required at public facilities through the use of unit price books and work orders by eliminating time-consuming, costly aspects of the traditional public works process, which require separate contracting actions for each small project.