

Representative Raymond W. Short proposes to substitute the following bill:

PUBLIC CONSTRUCTION CONTRACTS

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Raymond W. Short

AN ACT RELATING TO BIDDING ON PUBLIC CONSTRUCTION CONTRACTS;
MODIFYING DOLLAR AMOUNTS FOR LISTING SUBCONTRACTORS ON BIDS; AND
MAKING TECHNICAL CORRECTIONS.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

63A-5-208, as last amended by Chapter 99, Laws of Utah 1998

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63A-5-208** is amended to read:

**63A-5-208. Definitions -- Certain public construction bids to list subcontractors --
Changing subcontractors -- Bidders as subcontractors -- Contractor Performance Review
Committee -- Penalties.**

(1) As used in this section:

(a) "First-tier subcontractor" means a subcontractor who contracts directly with the prime contractor.

(b) "Subcontractor" means any person or entity under contract with a contractor or another subcontractor to provide services or labor for the construction, installation, or repair of an improvement to real property.

(c) "Subcontractor" includes a trade contractor or specialty contractor.

(d) "Subcontractor" does not include suppliers who provide only materials, equipment, or supplies to a contractor or subcontractor.

(2) The director shall apply the provisions of this section to achieve fair and competitive

26 bidding and to discourage bid-shopping by contractors.

27 (3) (a) (i) (A) On each public construction project, the director shall require the apparent
28 lowest three bidders to submit a list of their first-tier subcontractors indicating each subcontractor's
29 name, bid amount, and other information required by rule.

30 (B) Other bidders who are not one of the apparent lowest three bidders may also submit
31 a list of their first-tier subcontractors containing the information required by this Subsection (3).

32 (C) The director may not consider any bid submitted by a bidder if the bidder fails to
33 submit a subcontractor list meeting the requirements of this section.

34 (ii) On projects where the contractor's total bid is less than \$500,000, subcontractors whose
35 bid is less than [~~\$10,000~~] \$20,000 need not be listed.

36 (iii) On projects where the contractor's total bid is \$500,000 or more, subcontractors whose
37 bid is less than [~~\$25,000~~] \$35,000 need not be listed.

38 (b) (i) The bidders shall submit this list within 24 hours after the bid opening time, not
39 including Saturdays, Sundays, and state holidays.

40 (ii) This list does not limit the director's right to authorize a change in the listing of any
41 subcontractor.

42 (c) The bidders shall verify that all subcontractors listed as part of their bids are licensed
43 as required by state law.

44 (d) Twenty-four hours after the bid opening, the contractor may change his subcontractors
45 only after:

46 (i) receiving permission from the director; and

47 (ii) establishing that:

48 (A) the change is in the best interest of the state; and

49 (B) the contractor establishes reasons for the change that meet the standards established
50 by the State Building Board.

51 (e) If the director approves any changes in subcontractors that result in a net lower contract
52 price for subcontracted work, the total of the prime contract may be reduced to reflect the changes.

53 (4) (a) A bidder may list himself as a subcontractor when the bidder is currently licensed
54 to perform the portion of the work for which the bidder lists himself as a subcontractor and:

55 (i) the bidder intends to perform the work of a subcontractor himself; or

56 (ii) the bidder intends to obtain a subcontractor to perform the work at a later date because

57 the bidder was unable to:

58 (A) obtain a bid from a qualified subcontractor; or

59 (B) obtain a bid from a qualified subcontractor at a cost that the bidder considers to be
60 reasonable.

61 (b) (i) When the bidder intends to perform the work of a subcontractor himself, the director
62 may, by written request, require that the bidder provide the director with information indicating
63 the bidder's:

64 (A) previous experience in the type of work to be performed; and

65 (B) qualifications for performing the work.

66 (ii) The bidder must respond in writing within five business days of receiving the director's
67 written request.

68 (iii) If the bidder's submitted information causes the director to reasonably believe that
69 self-performance of the portion of the work by the bidder is likely to yield a substandard finished
70 product, the director shall:

71 (A) require the bidder to use a subcontractor for the portion of the work in question and
72 obtain the subcontractor bid under the supervision of the director; or

73 (B) reject the bidder's bid.

74 (c) (i) When the bidder intends to obtain a subcontractor to perform the work at a later
75 date, the bidder shall provide documentation with the subcontractor list describing:

76 (A) the bidder's efforts to obtain a bid of a qualified subcontractor at a reasonable cost; and

77 (B) why the bidder was unable to obtain a qualified subcontractor bid.

78 (ii) If the bidder who intends to obtain a subcontractor to perform the work at a later date
79 is awarded a contract, the director shall supervise the bidder's efforts to obtain a qualified
80 subcontractor bid.

81 (iii) The director may not adjust the amount of the contract awarded in order to reflect the
82 actual amount of the subcontractor's bid.

83 (5) The division may not disclose any subcontractor bid amounts obtained under this
84 section until the division has awarded the project to a contractor.

85 (6) (a) The director may establish a Contractor Performance Review Committee to:

86 (i) adjudicate complaints about contractor, subcontractor, and supplier performance by
87 following the procedures and requirements of Section 63-56-48; and

88 (ii) when appropriate, impose suspensions or debarments from bidding on state building
89 contracts on contractors, subcontractors, and suppliers for cause.

90 (b) In conducting hearings and making decisions under this Subsection (6), the Contractor
91 Performance Review Committee is acting as the chief procurement officer or the head of
92 purchasing agency for purposes of Section 63-56-48.

93 (7) In addition to all other reasons allowed by law or rule, the director may reject all bids
94 if none of the bidders whose bid is within the budget of the project submit a subcontractor list that
95 meets the requirements of this section.

96 (8) Any violation of this section, or any fraudulent misrepresentation by a contractor,
97 subcontractor, or supplier, may be grounds for:

98 (a) the contractor, subcontractor, or supplier to be suspended or debarred by a Contractor
99 Performance Review Committee; or

100 (b) the contractor or subcontractor to be disciplined by the Division of Professional and
101 Occupational Licensing.