

HB168

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6	A BILL
7	TO BE ENTITLED
8	AN ACT
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10	Relating to public works contracts; to amend Sections
11	39-1-1, 39-2-1, 39-2-2, and 39-2-6, Code of Alabama 1975, to
12	increase the threshold dollar amount for which competitive
13	bidding is generally required; to further provide for certain
14	notice procedures; to authorize the publication of notice by
15	electronic means; to authorize the use of electronic sealed
16	bids; and in connection therewith would have as its purpose or
17	effect the requirement of a new or increased expenditure of
18	local funds within the meaning of Section 111.05 of the
19	Constitution of Alabama of 2022.
20	BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:
21	Section 1. Sections 39-1-1, 39-2-1, 39-2-2, and 39-2-6,
22	Code of Alabama 1975, are amended to read as follows:
23	"\$39-1-1
24	(a) Any person entering into a contract with an
25	awarding authority in this state for the prosecution of any
26	public works <del> shall</del> , before commencing the work, <u>shall</u> execute
27	a performance bond, with penalty equal to 100 percent of the
28	amount of the contract price. In addition, another bond,



29 payable to the awarding authority letting the contract, shall 30 be executed in an amount not less than 50 percent of the 31 contract price, with the obligation that the contractor or 32 contractors shall promptly make payments to all persons 33 supplying labor, materials, or supplies for or in the 34 prosecution of the work provided in the contract and for the 35 payment of reasonable attorneys' attorney fees incurred by 36 successful claimants or plaintiffs in civil actions on the 37 bond.

(b) Any person that has furnished labor, materials, or supplies for or in the prosecution of a public work and payment has not been made may institute a civil action upon the payment bond and have their rights and claims adjudicated in a civil action and judgment entered thereon.

43 Notwithstanding the foregoing, a civil action shall not be instituted on the bond until 45 days after written notice to 44 45 the surety of the amount claimed to be due and the nature of 46 the claim. The civil action shall be commenced not later than one year from the date of final settlement of the contract. 47 48 The giving of notice by registered or certified mail, postage 49 prepaid, addressed to the surety at any of its places of 50 business or offices shall be deemed sufficient under this 51 section. In the event the surety or contractor fails to pay 52 the claim in full within 45 days from the mailing of the 53 notice, then the person or persons may recover from the 54 contractor and surety, in addition to the amount of the claim, a reasonable attorney's attorney fee based on the result, 55 56 together with interest on the claim from the date of the



57 notice.

58 (c) Every person having a right of action on the last 59 described bond as provided in this section shall, upon written 60 application to the authority under the direction of whom the 61 work has been prosecuted, indicating that labor, material, 62 foodstuffs, or supplies for the work have been supplied and 63 that payment has not been made, shall be promptly furnished a 64 certified copy of the additional bond and contract. The 65 claimant may bring a civil action in the claimant's name on the bond against the contractor and the surety, or either of 66 67 them, in the county in which the work is to be or has been performed or in any other county where venue is otherwise 68 allowed by law. 69

(d) In the event a civil action is instituted on the 70 71 payment bond, at any time more than 15 days before the trial 72 begins, any party may serve upon the adverse party an offer to 73 accept judgment in favor of the offeror or to allow judgment 74 to be entered in favor of the offeree for the money or as 75 otherwise specified in the offer. If within 10 days after the 76 service of the offer, the adverse party serves written notice 77 that the offer is accepted, either party may then file the 78 offer and notice of acceptance together with proof of service 79 and the clerk of the court shall enter judgment. An offer not 80 accepted shall be deemed withdrawn and evidence of the offer shall not be admissible. If the judgment finally obtained by 81 the offeree is less favorable than the offer, the offeree 82 shall pay the reasonable attorney's attorney fees and costs 83 84 incurred by the offeror after the making of the offer. An



85 offer that is made but not accepted does not preclude a 86 subsequent offer. When the liability of one party to another party has been determined by verdict, order, or judgment, but 87 88 the amount or extent of the liability remains to be determined 89 by further proceedings, any party may make an offer of 90 judgment, which shall have the same effect as an offer made 91 before trial if the offer is made no less than 10 days prior 92 to the commencement of hearings to determine the amount or 93 extent of liability.

94 (e) This section shall not require the taking of a bond
95 to secure contracts in an amount less than fifty thousand
96 dollars (\$50,000) one hundred thousand dollars (\$100,000).

97 (f) (1) The contractor shall, immediately after the completion of the contract, shall give notice of the 98 99 completion by an advertisement in a newspaper of general circulation published within the city or county in which the 100 work has been done, for a period of four successive 101 102 weeks.publishing the notice for a minimum of three weeks using 103 one or more of the following methods: 104 a. In a newspaper of general circulation in the county 105 or counties in which the work, or some portion thereof, has 106 been done. 107 b. On a website that is maintained by a newspaper of 108 general circulation in the county or counties in which the 109 work, or some portion thereof, has been done. 110 c. On a website utilized by the awarding authority for publishing notices. 111 112 (2) If no newspaper is published in the county in which



113 the work was done, and if the awarding authority does not 114 utilize a website for the purpose of publishing notices, the 115 notice may be given by posting at the courthouse for 30 days, 116 and proof of the posting of the notice shall be given by the 117 awarding authority and the contractor. 118 (3) A final settlement shall not be made upon the 119 contract until the expiration of 30 days after the completion 120 of the notice. Proof of publication of the notice shall be 121 made by the contractor to the authority by whom the contract 122 was made by affidavit of the publisher or website owner and a 123 printed copy of the notice published. If no newspaper is

124 published in the county in which the work is done, the notice

125 may be given by posting at the courthouse for 30 days, and

126 proof of same shall be made by the judge of probate, sheriff,

### 127 and the contractor.

128 (4) For contracts for road resurfacing materials that 129 are awarded on an annual basis, where the bid specifications 130 include options such as a unit price for materials, a unit

131 price for the delivery of materials, or a unit price for

132 materials to be laid in place by the bidder, notice of

133 <u>completion pursuant to this subsection may be given on an</u>

134 annual basis upon completion of the project as a whole, rather

135 than at the completion of each proceed order.

(g) Subsection (f) shall not apply to contractors
performing contracts of less than fifty thousand dollars
(\$50,000) one hundred thousand dollars (\$100,000) in amount. In
such cases, the governing body of the contracting agency, to



of the contract to be published one time in a newspaper of 141 general circulation, published in the county of the 142 143 contracting agency and shall post notice of final completion 144 on the agency's bulletin board for one week, and shall 145 the contractor to certify under oath that all bills have been paid in full. Final settlement with the contractor may be made 146 147 anv time after the notice has been posted 148 week." 149 "\$39-2-1 As used in this title, the following words shall have 150 151 the meanings ascribed to them as follows: 152 (1) AWARDING AUTHORITY. Any governmental board, 153 commission, agency, body, authority, instrumentality,

154 department, or subdivision of the state, its counties and 155 municipalities. This term includes, but shall not be limited to, the Department of Transportation, the State Building 156 157 Commission the Division of Real Property Management of the 158 Department of Finance, the State Board of Education, and any 159 other entity contracting for public works. This term shall 160 exclude the State Docks Department and any entity exempted 161 from the competitive bid laws of the state by statute.

162 (2) FORCE ACCOUNT WORK. Work paid for by reimbursing
163 for the actual costs for labor, materials, and equipment usage
164 incurred in the performance of the work, as directed,
165 including a percentage for overhead and profit, where
166 appropriate.

167 (3) LIFE CYCLE COSTS. The total cost of ownership over168 the extended life of a public works project, taking into



169 consideration the costs of construction, operation, and 170 maintenance, less any value obtained from salvage and 171 quantifiable environmental benefits, or the sum of all 172 recurring and one-time (non-recurring) costs over the full 173 life span or a specified period of a good, service, structure, 174 or system, including purchase price, installation costs, 175 operating costs, maintenance and upgrade costs, and remaining 176 (residual or salvage) value at the end of ownership or its 177 useful life.

178 (4) PERSON. Natural persons, partnerships, limited179 liability companies, corporations, and other legal entities.

(5) PUBLIC PROPERTY. Real property which the state,
county, municipality, or awarding authority thereof owns or
has a contractual right to own or purchase, including
easements, rights-of-way, or otherwise.

(6) PUBLIC WORKS. The construction, installation, 184 185 repair, renovation, or maintenance of public buildings, 186 structures, sewers, waterworks, roads, curbs, gutters, side 187 walls, bridges, docks, underpasses, and viaducts as well as 188 any other improvement to be constructed, installed, repaired, 189 renovated, or maintained on public property and to be paid, in 190 whole or in part, with public funds or with financing to be 191 retired with public funds in the form of lease payments or 192 otherwise."

193

"\$39-2-2

(a) (1) Before entering into any contract for a public
works involving an amount in excess of <u>fifty thousand dollars</u>
(\$50,000) one hundred thousand dollars (\$100,000), the



197 awarding authority shall advertise for sealed bids, except as 198 provided in subsection (j).

(2)a. If the awarding authority is the state, or a county, or an instrumentality thereof, it shall advertise for sealed bids at least once each week for three consecutive weeks in a newspaper of general circulation in the county or counties in which the improvement, or some part thereof, is to be made.

205 b. If the awarding authority is a municipality, or an 206 instrumentality thereof, it shall advertise for sealed bids at 207 least once in a newspaper of general circulation published in the municipality where the awarding authority is located. If 208 209 no newspaper is published in the municipality, the awarding 210 authority shall advertise by posting notice thereof on a 211 bulletin board maintained outside the purchasing office and in any other manner and for the length of time as may be 212 213 determined. In addition to bulletin board notice, sealed bids 214 shall also be solicited by sending notice by mail to all 215 persons who have filed a request in writing with the official 216 designated by the awarding authority that they be listed for 217 solicitation on bids for the public works contracts indicated 218 in the request. If any person whose name is listed fails to 219 respond to any solicitation for bids after the receipt of 220 three such solicitations, the listing may be canceled.

221 (3) With the exception of the Department of 222 Transportation, for all public works contracts involving an 223 estimated amount in excess of five hundred thousand dollars 224 (\$500,000), awarding authorities shall also advertise for



225 sealed bids at least once in three newspapers of general

226 circulation throughout the state.

227 (4) (3) The advertisements shall briefly describe the 228 improvement, state that plans and specifications for the 229 improvement are on file for examination in a designated office of the awarding authority, state the procedure for obtaining 230 231 plans and specifications, state the time and place in which 232 bids shall be received and opened, and identify whether 233 pregualification is required and where all written pregualification information is available for review. 234

235 (5) (4) All bids shall be opened publicly at the 236 advertised time and place.

237 (6) (5) No public work, as defined in this chapter,
238 involving a sum in excess of fifty thousand dollars (\$50,000)
239 one hundred thousand dollars (\$100,000) shall be split into
240 parts involving sums of fifty thousand dollars (\$50,000) one
241 hundred thousand dollars (\$100,000) or less for the purpose of
242 evading the requirements of this section.

(b) (1) An awarding authority may let contracts for public works involving <u>fifty thousand dollars (\$50,000)</u> <u>one</u> <u>hundred thousand dollars (\$100,000)</u> or less with or without advertising or sealed bids.

(2) An awarding authority may enter into a contract for public works if an advertisement for sealed bids for the contract was submitted by the awarding authority to a newspaper and the newspaper only published the advertisement for two weeks if the authority can provide proof that it, in good faith, submitted the advertisement to the newspaper with



253 instructions to publish the notice in accordance with the 254 provisions of this section.

(c) All contracts for public works entered into in violation of this title shall be void and violative of public policy. Anyone who willfully violates this article concerning public works shall be guilty of a Class C felony.

259 (d) (1) Excluded from the operation of this title shall 260 be contracts with persons who shall perform only 261 architectural, engineering, construction management, program 262 management, or project management services in support of the 263 public works and who shall not engage in actual construction, 264 repair, renovation, or maintenance of the public works with 265 their own forces, by contract, subcontract, purchase order, 266 lease, or otherwise.

267 (2) Excluded from operation of the bidding requirements in this title are contracts for the purchase of any heating or 268 269 air conditioning units or systems by any awarding authority 270 subject to Chapter 13B of Title 16, or Article 3, commencing 271 with Section 41-16-50, of Chapter 16 of Title 41, or Article 272 5, commencing with Section 41-4-110, of Chapter 4 of Title 41, 273 provided the contract is entered into with an Alabama vendor 274 who has been granted approved vendor status for the sale of 275 heating or air conditioning units or systems as a part of a 276 purchasing cooperative, and each of the following occur:

a. The heating or air conditioning unit or system being
purchased is available as a result of a competitive bid
process conducted by a governmental entity which has been
approved by the Department of Examiners of Public Accounts.



281 b. The purchase of the heating or air conditioning unit 282 or system is not available on the state purchasing program at 283 the time or the purchase under the purchasing cooperative is 284 available at a price that is equal to or less than that 285 available through the state purchasing program.

c. The entity entering into the contract for the purchase of the heating or air conditioning unit or system has been notified by the Department of Examiners of Public Accounts that the competitive bid process utilized by the cooperative program offering the goods complies with this subdivision.

d. Upon request, the vendor has provided the purchasing entity with a report of sales made under this subdivision during the previous 12-month period, to include a general description of the heating or air conditioning units and systems sold, the number of units sold per entity, and the purchase price of the units.

298 e. The exemption from the requirement to utilize sealed 299 bids for the purchase of heating or air conditioning units or 300 systems authorized by this section shall not serve to exempt 301 any public works project from the remaining provisions of this 302 article, including, but not limited to, design, installation, 303 and review requirements, compliance with all applicable codes, 304 laws, specifications, and standards, and the compensation of 305 engineers, architects, or others as mandated by state law or 306 rule.

307 (e) (1) In case of an emergency affecting public health,
 308 safety, or convenience, as declared in writing by the awarding



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309	authority, setting forth the nature of the danger to the
310	public health, safety, or convenience which would result from
311	delay, contracts may be let to the extent necessary to meet
312	the emergency without public advertisement. The action and the
313	reasons for the action taken shall immediately be made public
314	by the awarding authority upon request. In case of an
315	emergency for which a delay in remedying would cause immediate
316	harm to a person or public property, contracts may be let to
317	the extent necessary to meet the emergency without public
318	advertisement or bidding.
319	(2) In case of an emergency affecting public health,
320	safety, or convenience, as declared in writing by the awarding
321	authority, setting forth the nature of the danger to the
322	public health, safety, or convenience which would result from
323	delay, contracts may be let to the extent necessary to meet
324	the emergency without public advertisement.
325	(3) Any action taken under subdivision (1) or (2), and
326	the reasons for the action taken, shall immediately be made
327	public by the awarding authority and published in writing.
328	(f) No awarding authority may specify in the plans and
329	specifications for the improvement the use of materials,
330	products, systems, or services by a sole source unless all of
331	the following requirements are met:
332	(1) Except for contracts involving the construction,
333	reconstruction, renovation, or replacement of public roads,
334	bridges, and water and sewer facilities, the awarding

335 authority can document to the satisfaction of the Division of

336 Construction Management Division of Real Property Management



337 of the Department of Finance, or in the case of an educational

338 institution or state educational institution as provided

339 pursuant to Sections 41-4-353 and 41-4-400, to the

340 <u>satisfaction of its governing board</u>, that the sole source 341 product, material, system, or service is of an indispensable 342 nature for the improvement, that there are no other viable 343 alternatives, and that only this particular product, material, 344 system, or service fulfills the function for which it is 345 needed.

346 (2) The sole source specification has been recommended
347 by the architect or engineer of record as an indispensable
348 item for which there is no other viable alternative.

(3) All information substantiating the use of a sole source specification, including the recommendation of the architect or engineer of record, shall be documented and made available for examination in the office of the awarding authority at the time of advertisement for sealed bids.

354 (g) In the event of a proposed public works project, 355 acknowledged in writing by the Alabama Homeland Security 356 Department as: (1) having a direct impact on the security or 357 safety of persons or facilities; and (2) requiring 358 confidential handling for the protection of such persons or 359 facilities, contracts may be let without public advertisement 360 but with the taking of informal bids otherwise consistent with 361 the requirements of this title and the requirements of maintaining confidentiality. Records of bidding and award 362 shall not be disclosed to the public and shall remain 363 364 confidential.



365 (h) If a pre-bid meeting is held, the pre-bid meeting 366 shall be held at least seven days prior to the bid opening 367 except when the project has been declared an emergency in 368 accordance with subsection (e).

(i) The awarding authority may not offer a contract for bidding unless confirmation of any applicable grant has been received and any required matching funds have been secured by or are available to the awarding authority.

373 (j) Notwithstanding subsection (a), the Department of Transportation may enter into contracts for road construction 374 375 or road maintenance projects that do not involve more than two hundred fifty thousand dollars (\$250,000) without advertising 376 377 for sealed bids, provided the project is listed on the 378 department website for at least seven calendar days before 379 entering into the contract. The total cost of all projects not subject to advertising and sealed bids pursuant to this 380 381 subsection may not exceed one million dollars (\$1,000,000) in 382 the aggregate per year.

383 (k) For the purposes of this chapter, sealed bids may 384 also be solicited and submitted through electronic means 385 including, but not limited to, electrical, digital, magnetic, 386 optical, electromagnetic, or any other similar technology, 387 provided that the awarding authority adopts rules and policies 388 to ensure that all electronic submissions are transmitted 389 securely and bids remained sealed until bid opening. 390 (1) (1) Notwithstanding any other provision of law, any entity subject to this chapter that is an awarding authority 391 392 of a contract for public works, by resolution or board action,



393	may purchase materials or equipment pursuant to subdivisions
394	(14), (16), 17), (18), or (19) of Section 41-16-51(a), even
395	when those materials or equipment are otherwise part of the
396	contract for public works subject to the requirements of this
397	title.
398	(2) Except for those materials or equipment described
399	in subdivision (1), the remaining portion of the public works
400	project shall be subject to the requirements of this title,
401	even if the remaining portion would involve an amount less
402	than one hundred thousand dollars (\$100,000) as a result of
403	the exclusion of the purchase of the materials or equipment as
404	described in subdivision (1)."
405	"\$39-2-6

(a) The contract shall be awarded to the lowest 406 407 responsible and responsive bidder, unless the awarding 408 authority finds that all the bids are unreasonable or that it 409 is not to interest of the awarding authority to accept 410 any of the bids. A responsible bidder is one who, among other 411 qualities determined necessary for performance, is competent, 412 experienced, and financially able to perform the contract. A 413 responsive bidder is one who submits a bid that complies with 414 the terms and conditions of the invitation for bids. Minor 415 irregularities in the bid shall not defeat responsiveness. The 416 bidder to whom the award is made shall be notified by 417 telegram, confirmed facsimile, electronic mail, or letter at the earliest possible date. If the successful bidder fails or 418 refuses to sign the contract, to make bond as provided in this 419 420 chapter, or to provide evidence of insurance as required by



421 the bid documents, the awarding authority may award the 422 contract to the second lowest responsible and responsive 423 bidder. If the second lowest bidder fails or refuses to sign 424 the contract, make bond as provided in this chapter, or to 425 provide evidence of insurance as required by the bid 426 documents, the awarding authority may award the contract to 427 the third lowest responsible and responsive bidder.

428 (b) If no bids or only one bid is received at the time 429 stated in the advertisement for bids, the awarding authority may advertise for and seek other competitive bids, or the 430 431 awarding authority may direct that the work shall be done by force account under its direction and control or, with the 432 433 exception of the Department of Transportation, the awarding 434 authority may negotiate for the work through the receipt of 435 informal bids not subject to the requirements of this section. 436 Where only one responsible and responsive bid has been 437 received, any negotiation for the work shall be for a price 438 lower than that bid.

439 (c) When With the exception of the Department of 440 Transportation, when two or more bids are received, and all 441 bids exceed available funding for the contract, a local board 442 of education or a public two-year or four-year institution of 443 higher education the awarding authority may negotiate for the 444 work with the lowest responsible and responsive bidder, provided that the local board of education or public two-year 445 446 or four-year institution of higher education awarding authority can document the shortage of funding, that time is 447 448 of the essence, and that the negotiated changes are in the



449 public interest and do not materially alter the scope and 450 nature of the project.

(d) If the awarding authority finds that all bids received are unreasonable or that it is not to the interest of the awarding authority to accept any of the bids, the awarding authority may direct that the work shall be done by force account under its direction and control.

456 (e) On any construction project on which the awarding 457 authority has prepared plans and specifications, has received bids, and has determined to do by force account or by 458 459 negotiation, the awarding authority shall make available the 460 plans and specifications, an itemized estimate of cost, and any informal bids for review by the Department of Examiners of 461 462 Public Accounts and, upon completion of the project by an 463 awarding authority, the final total costs together with an itemized list of cost of any and all changes made in the 464 465 original plans and specifications shall also be made available 466 for review by the Department of Examiners of Public Accounts. Furthermore, the above described information shall be made 467 468 public by the awarding authority upon request. Upon the 469 approval of the awarding authority, its duly authorized 470 officer or officers, when proceeding upon the basis of force 471 account, may let any subdivision or unit of work by contract 472 on informal bids.

(f) No provision of this section shall be interpreted as precluding the use of convict labor by the awarding authority. This section shall not apply to routine maintenance and repair jobs done by maintenance personnel who are regular

Page 17



477 employees of the awarding authority, nor shall it apply to 478 road or bridge construction work performed by an awarding 479 authority's regular employees and own equipment.

(g) No contract awarded to the lowest responsible and responsive bidder shall be assignable by the successful bidder without written consent of the awarding authority, and in no event shall a contract be assigned to an unsuccessful bidder whose bid was rejected because he or she was not a responsible or responsive bidder.

(h) Any agreement or collusion among bidders or 486 487 prospective bidders in restraint of freedom of competition to 488 bid at a fixed price or to refrain from bidding or otherwise 489 shall render the bids void and shall cause the bidders or 490 prospective bidders to be disqualified from submitting further 491 bids to the awarding authority on future lettings. Any bidder 492 or prospective bidder who willfully participates in any 493 agreement or collusion in restraint of freedom of competition 494 shall be guilty of a felony and, on conviction thereof, shall 495 be fined not less than five thousand dollars (\$5,000) nor more 496 than fifty thousand dollars (\$50,000) or, at the discretion of 497 the jury, shall be imprisoned in the penitentiary for not less 498 than one nor more than three years.

(i) Any disclosure in advance of the terms of a bid submitted in response to an advertisement for bids shall render the proceedings void and require advertisement and award anew.

503 (j) The lowest responsible and responsive bidder on a 504 public works project may be determined to be the bidder

Page 18



505 offering the lowest life cycle costs. The lowest responsible 506 and responsive bidder shall otherwise meet all of the 507 conditions and specifications contained in the invitation to 508 bid, except that a bidder may still be considered responsive 509 if he or she responds with a bid using different construction 510 materials than those specified in the invitation to bid if the 511 materials' use would result in lower life cycle costs for the 512 public works project. To utilize this provision to determine 513 the lowest responsible and responsive bidder, the awarding 514 authority must include a notice in the invitation to bid that 515 the lowest responsible and responsive bidder may be determined by using life cycle costs, and must also include in the 516 517 invitation to bid the criteria under which it shall evaluate the life cycle costs." 518

519 Section 2. Although this bill would have as its purpose 520 or effect the requirement of a new or increased expenditure of 521 local funds, the bill is excluded from further requirements 522 and application under Section 111.05 of the Constitution of 523 Alabama of 2022, because the bill defines a new crime or 524 amends the definition of an existing crime.

525 Section 3. This act shall become effective on the first 526 day of the third month following its passage and approval by 527 the Governor, or its otherwise becoming law.