

HOUSE BILL REPORT

ESSB 5228

As Passed House:

March 30, 2009

Title: An act relating to calculating construction projects by county forces.

Brief Description: Regarding construction projects by county forces.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen and Morton).

Brief History:

Committee Activity:

Transportation: 3/16/09, 3/23/09 [DP].

Floor Activity

Passed House: 3/30/09, 97-0.

Brief Summary of Engrossed Substitute Bill

- Replaces the phrase "day labor" with "county forces."
- Changes the total amount of road construction project costs that may be performed annually by county forces.
- Increases project cost levels which trigger requirements to publish information about work by county forces in the newspaper from \$2,500 to \$10,000.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 26 members: Representatives Clibborn, Chair; Liias, Vice Chair; Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Campbell, Cox, Driscoll, Eddy, Finn, Flannigan, Herrera, Johnson, Klippert, Kristiansen, Moeller, Rolfes, Sells, Shea, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

Minority Report: Do not pass. Signed by 1 member: Representative Ericksen.

Staff: Beth Redfield (786-7347)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

County road construction projects may be completed through contracting out the work or, under specific criteria, the work may be completed by employees of the county, which is known as day labor.

The amount of day labor a county may use is restricted based on the population and the size of the county road construction budget. For the purpose of setting the limit for the expenditures on day labor, counties are separated into those with a population of fewer than 50,000 people and those with a population that is greater than or equal to 50,000 people. Within each population category, current law places limits on the use of day labor relative to the size of a county's road construction budget.

For counties with fewer than 50,000 people, the current limits are as follows:

- A county with an annual county road construction budget of \$4 million or more may accumulate a day labor road construction budget no larger than \$880,000 or 25 percent of the county's total annual county road construction budget, whichever is greater.
- A county with an annual county road construction budget between \$1.5 million and \$4 million may accumulate a day labor road construction budget no larger than \$577,000 or 30 percent of the county's total annual county road construction budget, whichever is greater.
- A county with an annual county road construction budget between \$500,000 and \$1.5 million may accumulate a day labor road construction budget equal to \$275,000 or 45 percent of the county's total annual county road construction budget, whichever is greater.
- A county with an annual county road construction budget less than \$500,000 may accumulate a day labor road construction budget equal to \$275,000. In lieu of this limit, such a county may, by resolution of the board at the time the county road construction budget is adopted, elect instead to construct or improve county roads by day labor in an amount not to exceed \$38,500 on any one project, including labor, equipment, and materials.

For counties with 50,000 or more people, the current limits are as follows:

- A county with an annual county road construction budget of \$4 million or more may accumulate a day labor road construction budget no larger than \$800,000 or 15 percent of the county's total annual county road construction budget, whichever is greater.
- A county with an annual county road construction budget between \$1.5 million and \$4 million may accumulate a day labor road construction budget no larger than \$525,000 or 20 percent of the county's total annual county road construction budget, whichever is greater.
- A county with an annual county road construction budget between \$500,000 and \$1.5 million may accumulate a day labor road construction budget equal to \$250,000 or 35 percent of the county's total annual county road construction budget, whichever is greater.
- A county with an annual county road construction budget less than \$500,000 may accumulate a day labor road construction budget equal to \$250,000. In lieu of this

limit, such a county may, by resolution of the governing board of the county at the time the county road construction budget is adopted, elect to construct or improve county roads by day labor in an amount not to exceed \$35,000 on any one project, including labor, equipment, and materials.

The County Road Administration Board (CRAB) sets standards of good practice for counties. The CRAB requires an annual review of each county's operations practices and results to assure that standards are being considered and met. Failure to meet the standards can result in withholding of the primary revenue source, state fuel tax.

It is a violation of the CRAB's standards of good practice for a county to adopt a road construction budget which unreasonably exceeds road construction expenditures, thereby permitting day labor limits to be exceeded.

Fuel taxes are allocated to counties based on a computation performed by the CRAB. That computation is a function of population weighted by incorporation status, estimates of annual road costs, funding need based on road revenue from other sources, and a revenue stability factor. Allocation factors are provided to counties on or before September 1 of each year and used by the Office of the State Treasurer to adjust allocations on January 1 of each year.

If the cost of a day labor construction project exceeds \$2,500, the governing board of the county must publish in the newspaper a brief description of the work to be done and the engineer's estimate of the project's cost. Following completion of the project, the county must publish in the newspaper the actual cost of the work.

Summary of Bill:

The phrase "day labor" is replaced with "county forces."

Existing county categories and day labor limits are replaced.

The total amount of road construction project costs performed annually with county forces may be no more than the following:

- For counties with fewer than 30,000 people, the limit is \$700,000, plus \$700,000 multiplied by the previous year's motor vehicle fuel tax distribution factor for the county. On January 1, 2012, the base amount for this calculation is increased to \$800,000.
- For counties with between 30,000 and 150,000 people, the limit is \$1.15 million, plus \$1.15 million multiplied by the previous year's motor vehicle fuel tax distribution factor for the county. On January 1, 2012, the base amount for this calculation increases to \$1.25 million.
- For counties with between 150,000 and 400,000 people, the limit is \$1.75 million, plus \$1.75 million multiplied by the previous year's motor vehicle fuel tax distribution factor for the county.
- Counties with more than 400,000 people may have no more than \$3.25 million, plus \$3.25 million multiplied by the previous year's motor vehicle fuel tax distribution factor for the county.

Language is deleted which makes adopting a road construction budget which unreasonably exceeds expenditures a violation of the CRAB's standards of good practice. Existing language is retained in which it is a violation of the CRAB's standards of good practice to exceed day labor limits.

Project costs triggering the requirement to publish information in the newspaper are increased from \$2,500 to \$10,000.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) County engineers need certainty when preparing annual budgets for road construction. The current process makes it difficult to predict how much may be spent on county employees performing road construction projects and can put county gas tax distributions in jeopardy. Also, under current law, a county can inadvertently go over budget and have to cancel jobs. The bill solves all of these problems.

(Opposed) None.

Persons Testifying: Jim Potts, Rural Counties Legislative Affairs; Gary Rowe, Washington State Association of Counties; and Briahna Taylor, Snohomish County.

Persons Signed In To Testify But Not Testifying: None.