

# FINAL BILL REPORT

## EHB 1989

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Synopsis as Enacted

**Brief Description:** Concerning water storage asset management services.

**Sponsors:** Representatives Dent and Takko.

**House Committee on Local Government**  
**Senate Committee on Agriculture, Water & Rural Economic Development**

### **Background:**

#### Municipal Water Systems.

Cities and towns may provide for the sewerage, drainage, and water supply of a city or town, and may establish, construct, and maintain water supply systems and systems of sewers and drains within or without their corporate limits.

#### First Class Cities.

A first class city may contract for public works pursuant to public notice and a call for competitive bids. Subject to limitations, a city may also have public works performed by city employees or a county. "Public works" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the city's cost.

A city must let a contract using competitive bidding procedures for any public works project: (a) in excess of \$90,000, when more than a single craft or trade is involved; or (b) in excess of \$45,000, when a single craft or trade is involved, the project is street signalization, or the project is street lighting. The competitive bidding requirements for a city may be waived by the city legislative authority if an exemption applies to the work or contract. The city may also let contracts using a small works roster process.

Procurement of the following types of service contracts are exempt from contract and competitive bidding requirements: (1) the selection of persons or entities to construct or develop water pollution control facilities or to provide water pollution control services; and (2) the selection of persons or entities to construct or develop solid waste handling facilities or to provide solid waste handling services.

#### Second Class Cities.

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*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.*

A second class city must use contract and competitive bidding for public works when the estimated cost of the work or improvement: (a) exceeds \$65,000 and more than a single craft or trade is involved; or (b) exceeds \$40,000, and a single craft or trade is involved, the project is street signalization, or the project is street lighting. Public works below these thresholds may be let by contract or day labor without calling for bids. "Public works" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the city.

When a contract is subject to competitive bidding requirements, the city must publish notice calling for sealed bids and let the contract to the lowest responsible bidder. In lieu of other contract procedures, the city may also let contracts using a small works roster process.

#### Towns.

Towns are authorized to contract for supplying water for municipal purposes, and to acquire, construct, repair, and manage pumps, aqueducts, reservoirs, or other works necessary or proper for supplying water for use of the town, its inhabitants, or irrigating purposes. In letting contracts, towns are authorized to use the same procedures as second class cities.

#### **Summary:**

Municipalities are expressly authorized to contract for asset management service of their water storage assets (*i.e.*, water storage structures and associated distribution systems, such as water tanks, towers, wells, meters, or water filters). Municipalities may negotiate a fair and reasonable water storage asset management service contract with firms that submit the best proposals. Services provided under the contract may include financing, designing, improving, operating, maintaining, repairing, testing, inspecting, cleaning, administering, or managing the water storage asset.

If a municipality chooses to contract for asset management services, the municipality:

- must publish advance notice of its requirements to procure asset management services;
- may negotiate with the firm that submits the best proposal based on criteria established by the municipality;
- must terminate negotiations if the municipality is unable to negotiate a satisfactory contract; and
- may select another firm to continue negotiations with until a contract is reached, or may terminate the selection process.

If the municipality chooses to negotiate a contract under these procurement procedures, no other statutory procurement requirements apply.

#### **Votes on Final Passage:**

House	97	0	
Senate	48	0	(Senate amended)
House	96	0	(House concurred)

**Effective:** July 24, 2015