

SENATE BILL REPORT

ESHB 1410

As of March 20, 2015

Title: An act relating to modifying provisions governing the competitive bidding process of water-sewer districts.

Brief Description: Modifying provisions governing the competitive bidding process of water-sewer districts.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Takko, Muri, Kilduff, Zeiger, Manweller, Pike, Stanford and Condotta).

Brief History: Passed House: 3/03/15, 97-0.

Committee Activity: Government Operations & Security: 3/12/15.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Karen Epps (786-7424)

Background: Water-sewer districts (Districts) provide water and sewer services to incorporated and unincorporated areas. Districts are established through a petition, public hearing, and voter approval process and are each managed by a board of elected commissioners. District powers include the authority to purchase, construct, maintain, and supply waterworks to furnish water to inhabitants, and to develop and operate systems of sewers and drainage.

Competitive bidding is required for all work ordered by a District with an estimated cost in excess of \$20,000. Any purchases by the District of materials, supplies, or equipment, which has an estimated cost in excess of \$40,000 must be let by contract. Purchases with an estimated cost of \$50,000 or more must be made by competitive bidding. As an alternative to the competitive bidding process for contracts that exceed the estimated cost threshold, a District may let works contracts using the small works roster process. Competitive bidding requirements may be waived if an applicable exemption applies to the purchase or public work.

Summary of Bill: The limit for work ordered by a District that requires competitive bidding is increased from \$20,000 to \$50,000.

Appropriation: None.

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.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill raises the competitive bid limit from \$20,000 to \$50,000 so the water-sewer district can do work in house. This bill is designed to bring the amount up to something that is reasonable. A district cannot lay a lot of pipe or install a fire hydrant for under \$20,000. Contractors are often reluctant to bid on a project that costs \$21,000 because it is challenging to make money on a project that small. Public works projects have additional requirements that add to the overhead costs. The additional costs to the district to manage the public works contract could be as high as the project cost itself on a project that costs \$21,000. This means more costs to the ratepayer. The current bid limit has not kept up with the increased costs of doing business. The current bid limit causes districts to bid out projects that could be done better and more cost effectively in house. The small works roster does not always work because the contractors on the list are still not interested in bidding on these small projects. This bill will allow a district to take on smaller projects that will instruct and teach employees to do the work in the event of an emergency.

CON: There are concerns about increasing the amount of work that is done in house. The private sector should do construction work and the public sector should do ordinary maintenance and repair as needed. New construction should be done by the private sector. In the private section, a \$20,000 job is a significant job. The small works roster allows districts to contact contractors on the roster about bidding on smaller projects in order to address the difficulty of using the formal bid process on smaller projects. Use of the small works roster allows for a streamlined process to get work out to the private sector.

Persons Testifying: PRO: Representative Takko, prime sponsor; Steve Lindstrom, Sno-King Water-Sewer District Coalition; Jeff Johnson, Regional Water Cooperative of Pierce County; Randy Black, Lakewood Water District Larry Jones, Alderwood Water and Wastewater District.

CON: Larry Stevens, Mechanical Contractors Assn., National Electrical Contractors Assn.

Persons Signed in to Testify But Not Testifying: No one.