

SENATE BILL REPORT

SB 5470

As of February 13, 2015

Title: An act relating to municipal procurement of water services.

Brief Description: Concerning municipal procurement of water services.

Sponsors: Senators Warnick and Lias.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 2/12/15.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Staff: Diane Smith (786-7410)

Background: Some water districts and some municipal water purveyors store water in above-ground water tanks. These tanks are considered by some to have unique needs for design, management, equipment, maintenance, financing, and so forth. Water districts and municipalities suggest a need for the option to contract out for these services.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Explicit authority is given to water districts and municipalities to contract for asset management services for their water storage assets. A water storage asset is defined as the water storage structure and associated distribution systems, such as the water tank, tower, well, meter, or water filter. Water storage asset management services are defined as the financing, designing, improving, operating, maintaining, administering, or managing of a water storage asset. Asset management services may include inspection, cleaning, maintenance, repair, and testing of the water storage assets.

Contracting for these services and equipment is by public announcement requesting proposals. The district or municipality establishes the criteria for the best proposal. A fair and reasonable contract may be negotiated with the firm that submits the best proposal.

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: Especially smaller jurisdictions have found that hiring a company to manage their water tanks is a way to give those cities and towns some needed cost certainty in their budget planning. These water tanks are very expensive to refurbish, repair, and maintain. Just the cost for an inspection is \$10,000 before any actual work is done. Refurbishment is in the \$100,000 to \$150,000 range. These contracts are front-loaded for the first three years. Thereafter, the annual costs are level and cover maintenance, inspections, testing, and refurbishment. Upon request, the Municipal Research and Services Center opined that there is no explicit statutory authority for municipalities to enter into these contracts. The bill will eliminate the specter of state audit findings.

Persons Testifying: PRO: Michael Shaw, Randy Moore, Utility Services, Inc.; Jim Hemberry, Mayor, city of Quincy.