

SENATE BILL REPORT

EHB 2618

As Reported by Senate Committee On:
Governmental Operations, February 27, 2014

Title: An act relating to public works projects of code cities.

Brief Description: Modifying provisions governing public works projects of code cities.

Sponsors: Representatives Gregerson, Ryu, Takko and Jinkins.

Brief History: Passed House: 2/17/14, 61-36.

Committee Activity: Governmental Operations: 2/25/14, 2/27/14 [DP, w/oRec].

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass.

Signed by Senators Benton, Vice Chair; Hasegawa, Ranking Member; Conway, Dansel, McCoy and Rivers.

Minority Report: That it be referred without recommendation.

Signed by Senator Roach, Chair.

Staff: Karen Epps (786-7424)

Background: There are several classifications of cities and towns under Washington law: (1) first-class cities; (2) second-class cities; (3) code cities; (4) unclassified cities; and (5) towns. A town is defined as a community with a population of less than 1500 at the time of organization.

Generally, the powers of cities and towns are limited to those powers that are (1) expressly granted by statute or by the constitution; (2) necessarily implied in or incident to powers expressly granted; and (3) essential to the declared purposes and objects of the municipal corporation. Code cities have broad statutory home-rule authority in matters of local concern.

Public works includes all work, construction, alteration, and repair or improvement, other than ordinary maintenance, that is executed at a cost to the state or a municipality. A city, code city, or town may construct public works projects by contract without bidding out the project when the cost does not exceed \$65,000 for projects involving more than one trade or

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craft, and \$40,000 for projects involving only a single craft or trade or if the project is street signalization or street lighting.

Summary of Bill: A code city with a population of 20,000 or more (Code City) may have public works performed by city employees in any annual or biennial budget period at an amount equal to or less than 10 percent of the public works construction budget, including any amounts in a supplemental public works construction budget for the same budget period. A Code City may not have city employees perform public works projects in excess of:

- \$125,000 if more than one trade or craft is involved in the project; or
- \$60,000 if only a single craft or trade is involved in the project, or if the project is street signalization or street lighting.

Appropriation: None.

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 is a great efficiencies bill. This bill will allow cities with a population of 20,000 or more to do more in-house, small public works projects. This bill was amended in the House to address concerns around these limits. The threshold of \$65,000 on the bid limit is raised to \$125,000. In 2002 the Legislature approved multi-craft bid limits up to \$90,000. Taking that figure and adjusting for inflation, that gets the number to \$125,000. This bill will not take any jobs away from contractors. The city of Kent will spend \$13 million on infrastructure projects with contractors and subcontractors in a given year, but for smaller parking lots or paving jobs, this bill will allow those projects to be done by city staff. There was a bill in 2009 that had the unintended consequence of removing the \$90,000 limit. This bill also contains the 10 percent limit as an additional safeguard. This bill is a responsible middle ground bill. These are jobs that probably would not occur otherwise because it is not cost effective to bid them out. Cities have a public works department, they have the equipment, they have the manpower, and there is work that they can do cheaper and more effectively than can be done by an outside contractor. This bill will bring that work back in-house, but it does not mean there will be more city employees. This bill allows for better use of taxpayer dollars. This bill is good for taxpayers and good for cities.

CON: Government should not do this work. There should not be government contracting. These projects should go out to bid. If there are issues with a project going out to bid, those problems should be addressed. This bill is not the way to address that issue. Cities can use the small works roster where cities can send small works out on the roster without having to go through the complicated, costly bid process. Adding inflation to the statutes just creates more inflation. Going out to bid to a private contractor is the best way to get the best price for taxpayers.

Persons Testifying: PRO: Representative Gregerson, prime sponsor; Doug Levy, cities of Everett, Issaquah, Kent, Lake Stevens, Puyallup, Redmond, Renton; Anthony Murietta, Teamsters #763.

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