

HOUSE BILL REPORT

HB 2892

As Reported By House Committee On:

Transportation Policy & Budget

Title: An act relating to the contracting of department of transportation services.

Brief Description: Authorizing department of transportation contracting out of maintenance services.

Sponsors: Representatives Mitchell, Fisher, K. Schmidt, Radcliff, Hankins, Zellinsky, Backlund, Skinner, Chandler, Mielke, Sherstad, Thompson and D. Sommers.

Brief History:

Committee Activity:

Transportation Policy & Budget: 2/9/98 [DPS].

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Fisher, Ranking Minority Member; Backlund; Buck; Cairnes; Chandler; DeBolt; Johnson; McCune; Murray; Radcliff; Robertson; Skinner and Zellinsky.

Minority Report: Without recommendation. Signed by 10 members: Representatives Cooper, Assistant Ranking Minority Member; Constantine; Gardner; Hatfield; O'Brien; Ogden; Romero; Scott; Sterk and Wood.

Staff: Reema Shawa (786-7301).

Background: The Department of Transportation's (DOT) 1997-99 expenditure authorization for its maintenance program is \$242 million. This money funds activities such as roadway maintenance and repair, drainage maintenance and slope repair, roadside and landscape maintenance, and snow and ice control.

According to the DOT, only 2 percent of routine maintenance activities is contracted out due to limitations in current law that restrict the department from contracting out work that has traditionally been done by state employees.

In contrast, the DOT does contract out "project" work which is over \$30,000. Project work would include highway construction, alterations, repair and improvements, but would exclude routine maintenance activities. If the estimated project cost is less than \$30,000, the department can use state employees to complete the work.

Summary of Substitute Bill: The DOT is authorized to contract out maintenance services which have historically been done by state employees, such as, but not limited to, snow and ice control, roadway maintenance and repair, and bridge and tunnel maintenance. The department's contracting out of maintenance services is exempt from the provisions in RCW 41.06.380 which states that only those services contracted out prior to 1979 can continue to be contracted out, provided that no such contract leads to the termination of classified employees or positions.

The DOT is required to notify the director of the maintenance program and any exclusive bargaining representative who represents any employee whose employment status will be directly affected by such a contract. Together, the director of the maintenance program and the exclusive bargaining representative may offer an alternative bid on the proposed contract, provided that the alternative proposal be based upon the following minimum bid items: the current certified prevailing wages established by the Department of Labor and Industries (L&I); an overhead factor of no less than 66 percent of the base prevailing wage rate; equipment charges which reflect the current, fair market value for equipment rental rates; sales tax; and business and occupation tax.

Alternative offers must be submitted as a sealed bid to the secretary of transportation, who will consider these alternatives in making the final decision to contract out. If the DOT makes the decision to contract out any maintenance services, the decision to do so is not bargainable.

The DOT is required to submit an annual report to the Legislative Transportation Committee (LTC) at the end of each fiscal year, disclosing all of the maintenance service contracts awarded during the last fiscal year.

The department is required to conduct a three-year maintenance contracting out pilot project which will commence on July 1, 1998, and conclude on June 30, 2001. The pilot project may include any of the following maintenance services: drainage maintenance and slope repair, roadside and landscape maintenance, bridge and urban tunnel maintenance, rest area maintenance, and third party damages and disaster maintenance. The results of the study will be submitted to the LTC for review by August 1, 2001.

Substitute Bill Compared to Original Bill: RCW 40.06.380 was repealed in the original bill. However, due to the far reaching ramifications of this action, the substitute bill leaves the statute intact and instead simply exempts the DOT's contracting out of its maintenance services.

New language is added which provides specific criteria as to what must be contained in any alternative bid submitted by the director of the maintenance program and the exclusive bargaining representative on a proposed contract.

The requirement placed on the DOT to submit an annual report disclosing all of the maintenance contracts awarded in the past fiscal year is added in the substitute.

The additional requirement for the DOT to commence a three-year maintenance contracting out pilot project is also added.

A technical amendment changes every reference to "alternative proposal" in subsection (3) to "alternative competitive bid."

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill will allow the private sector to compete with the state on a level playing field.

Testimony Against: None.

Testified: Duke Schaub, Associated General Contractors of Washington.