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## Local Government Committee

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### HB 1989

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

**Sponsors:** Representatives Dent and Takko.

#### Brief Summary of Bill

- Authorizes a municipality or water district to negotiate a fair and reasonable water storage asset management service contract that includes inspection, cleaning, maintenance, repair, and testing services.
- Establishes procedures for publishing notice of contract requirements and negotiating the contract.

**Hearing Date:** 2/12/15

**Staff:** Michaela Murdock (786-7289).

#### **Background:**

##### Water-Sewer Districts.

Special purpose districts are limited purpose local governments separate from a city, town, or county government. Water-sewer districts (districts), a type of special purpose district, are created to further public health and safety and to furnish water, sewerage, and drainage services to persons within and without the district. Districts have many statutorily enumerated powers, including the power to construct, condemn and purchase, maintain, and operate waterworks, systems of sewers, systems of reclaimed water, and systems of drainage.

##### Districts—Contract and Competitive Bidding.

All work ordered by a district, which has an estimated cost in excess of \$20,000, must be let by contract and competitive bidding. Notice calling for bid proposals must be published in a newspaper of general circulation in the district. Competitive bidding requirements may be waived if an applicable exemption applies to the work. Contracts let by competitive bidding

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must be awarded to the lowest responsible bidder. Alternatively, a district may let contracts using the small works roster process.

#### 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 may not have public employees perform public works projects: (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.

Statute also exempts specific service contracts from contract and competitive bidding requirements: (a) the selection of persons or entities to construct or develop water pollution control facilities or to provide water pollution control services; and (b) the selection of persons or entities to construct or develop solid waste handling facilities or to provide solid waste handling services.

#### Second Class Cities.

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 of Bill:**

Municipalities and water districts are authorized to negotiate a fair and reasonable water storage asset management service contract. Services provided under the contract may include inspection, cleaning, maintenance, repair, and testing of the water storage asset. A "water storage asset" is defined as water storage structures and distribution systems, such as a water tank, tower, well, meter, or water filter.

Under the new procurement procedures, the municipality or water district:

- must publish their requirements to procure asset management services;
- may negotiate a fair and reasonable service contract with the firm that submits the best proposal that meets procurement requirements;
- may terminate negotiations if the municipality is unable to negotiate a satisfactory service contract with the firm; and
- may select another firm and continue negotiations until a contract is reached or the selection process is terminated.

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

**Appropriation:** None.

**Fiscal Note:** Requested on February 9, 2015.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.