

# HOUSE BILL REPORT

## ESB 5993

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**As Reported by House Committee On:**  
Labor

**Title:** An act relating to public works contracts and projects.

**Brief Description:** Concerning public works contracts and projects.

**Sponsors:** Senators King, Fain, Litzow, Braun, Schoesler, Parlette, Warnick, Sheldon, Hewitt, Becker and Brown.

**Brief History:**

**Committee Activity:**

Labor: 3/17/15, 3/19/15 [DPA].

**Brief Summary of Engrossed Bill  
(As Amended by Committee)**

- Provides that the apprentice utilization requirement for Department of Transportation public works applies to projects estimated to cost \$3 million or more, rather than \$2 million or more, for five years beginning July 1, 2015.
- Requires the Department of Labor and Industries to establish the prevailing rate of wage using collective bargaining agreements.

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### HOUSE COMMITTEE ON LABOR

**Majority Report:** Do pass as amended. Signed by 4 members: Representatives Sells, Chair; Gregerson, Vice Chair; Moeller and Ormsby.

**Minority Report:** Without recommendation. Signed by 1 member: Representative McCabe.

**Staff:** Joan Elgee (786-7106).

**Background:**

Apprentice Utilization.

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*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.*

Bid specifications for public works estimated to cost \$1 million or more must require that at least 15 percent of the labor hours be performed by apprentices. For public works by the Department of Transportation (DOT), however, the requirement applies to public works estimated to cost \$2 million or more.

The DOT, and other awarding agencies, may adjust the apprentice utilization requirement for a specific project if the contractors have demonstrated a good faith effort to comply. The DOT must adjust the requirement if there is a demonstrated lack of availability of apprentices in specific geographic areas or a disproportionately high ratio of material costs to labor hours.

"Public work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance that is executed at the cost of the state or any municipality.

#### Prevailing Wage.

State law requires that prevailing wages be paid to laborers, workers, and mechanics employed upon all public works and under all public building service maintenance contracts. The prevailing wage is the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, or mechanics in the same trade or occupation.

State law directs the industrial statistician at the Department of Labor and Industries (L&I) to establish the prevailing rate of wage for various trades and occupations. A process is established in rule. Surveys are sent to businesses that employ workers within the trade or occupation being surveyed and labor unions representing workers in those trades and occupations. Interested parties may also submit survey forms. When the rate calculated in the survey process matches the rate of a collective bargaining agreement during the survey period, the prevailing wage rate is adjusted based on changes to the collective bargaining agreement. Alternative methods of establishing the rate maybe used in some circumstances.

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### **Summary of Amended Bill:**

#### Apprentice Utilization.

For DOT contracts advertised for bid from July 1, 2015, until June 30, 2020, the 15 percent apprentice utilization requirement applies to contracts estimated to cost \$3 million, rather than \$2 million, or more. Beginning July 1, 2020, the apprentice utilization requirement again applies to contracts of \$2 million or more.

#### Prevailing Wage.

The prevailing rate of wage must be established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements for those trades and occupations that have collective bargaining agreements. For those that do not have collective bargaining agreements, the prevailing rate of wage must be established by wage and hour surveys, or by other methods if wage and hour surveys are not feasible.

The L&I must provide registered contractors with the option of completing a wage survey electronically.

**Amended Bill Compared to Engrossed Bill:**

The amended bill adds the provision requiring use of collective bargaining agreements to establish the prevailing rate of wage and strikes a provision creating a state coordinator position for the Helmets to Hardhats program in the DOT.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill contains an emergency clause and takes effect on July 1, 2015.

**Staff Summary of Public Testimony:**

(In support) This bill is one of eight transportation reform bills in the overall transportation package and is agreed upon. Apprenticeships are supported but requiring apprentices is an unreasonable obstacle for small contractors. Changing the apprentice threshold to \$3 million will help small contractors. The small contractors will be able to use apprentices as they are able. The bill should go further since prevailing wage is a cost driver but the agreements on the bill are respected.

(In support with amendment(s)) A transportation package is needed. Apprenticeship is key to the construction industry but the \$3 million threshold is okay. Helmets to Hardhats and electronic reporting are supported. Washington is a leader in placing veterans in construction. The offsite prefab piece and lowered apprenticeship percentages in the original bill are not supported. House Bill 1231 should be included in the bill.

(With concerns) Apprenticeship is used as a business model but the Legislature should not increase the requirements.

(Opposed) None.

**Persons Testifying:** (In support) Duke Schaub, Associated General Contractors; and Mike Ennis, Association of Washington Business.

(In support with amendment(s)) Lee Newgent, Washington State Building and Trades.

(With concerns) Larry Stevens, Mechanical Contractors of Western Washington and Electrical Contractors of Washington.

**Persons Signed In To Testify But Not Testifying:** None.