

SENATE BILL REPORT

SB 5191

As of January 31, 2019

Title: An act relating to public utility districts' contracts for work or materials.

Brief Description: Concerning public utility districts' contracts for work or materials.

Sponsors: Senators Takko, Sheldon, Hawkins, Short and Wagoner.

Brief History:

Committee Activity: Local Government: 1/31/19.

Brief Summary of Bill

- Increases contract thresholds for public utility districts.
- Requires prevailing wage rates to be those in effect at the beginning date for each contract year.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Bonnie Kim (786-7316)

Background: Public Utility Districts. A public utility district (PUD) is a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. PUDs are governed by a board of either three or five elected commissioners. PUDs are authorized to establish rates and charges for providing water and sewer services.

Public Utility Districts and Contracts. PUDs must contract for the following:

- any items of similar materials, equipment, or supplies estimated to cost more than \$15,000;
- any items of similar materials, equipment, or supplies estimated to cost more than \$7,500, if purchased within a single calendar month; and
- any work ordered by a district commission estimated to cost more than \$25,000.

Contracts are not required for work accepted as an industry practice under prudent utility management. Prudent utility management means performing work with regularly employed personnel utilizing material of a worth not exceeding \$150,000 in value without a contract.

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.

This limit does not include the value of individual items of equipment purchased or acquired and used as one unit of a project.

Unit price contractors must pay prevailing wages for all public works. Prevailing wages for all work performed pursuant to each work order must be the rates in effect at the time the individual work order is issued.

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

Summary of Bill (Proposed Substitute): Contract thresholds for PUDs are increased as follows:

- any items of similar materials, equipment, or supplies estimated to cost more than \$30,000;
- any items of similar materials, equipment, or supplies estimated to cost more than \$12,000, if purchased within a single calendar month; and
- any work ordered by a district commission estimated to cost more than \$50,000.

Prudent utility management means performing work with regularly employed personnel utilizing material of a worth not exceeding \$300,000 in value without a contract. This limit does not include the value of individual items of equipment, regardless of whether they are purchased or acquired and used as one unit of a project.

Equipment is defined to include a conductor, cabling, wire, pipe, or lines used for electrical, water, fiber optic, or telecommunications.

Prevailing wage rates must be those in effect at the beginning date for each contract year. Unit priced contracts must have prevailing wage rates updated annually. Intents and affidavits for prevailing wages paid must be submitted annually for all work completed within the previous 12-month period of the unit priced contract.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Proposed Substitute: PRO: This bill increases cost limits for when public bids are required to reflect reasonable amounts for today. These bid limit thresholds were last updated in 2008 and costs have increased significantly since that time. This bill will allow PUD crews to execute works that require timely response with certain expertise. This bill provides PUDs opportunity to perform work and provide services more efficiently. The majority of our thousands of purchases and projects throughout the year will not be affected by this bill.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Nicolas Garcia, Washington Public Utility Districts Association; Shaun Seaman, Chelan County PUD.

Persons Signed In To Testify But Not Testifying: No one.