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City Council Regular Meeting**Meeting Date:** 02/06/2017**Recommended by:** Larry Rains**Prepared by:** Steven Turner, Management Analyst**Finance Director Review:** Celina Morris**City Attorney Review:** Brett Wallace**Approved by:** Larry Rains**Date Submitted:** 01/30/2017**Type of Action Requested:** Resolution

SUBJECT:

A resolution of the Mayor and City Council, opposing HB 2143 relating to public contracts and procurement.

RECOMMENDATION:

Staff recommends the Mayor and City Council approve the resolution to oppose HB 2143 which would reduce the threshold for where bids must be called for items of construction, reconstruction, or maintenance services of any street, road or bridge, including materials and equipment from \$150,000 (as adjusted annually) to a fixed value of \$25,000.

DISCUSSION:

The proposed law (HB 2143) amends Sections 28-6713, 32-1121 and 34-201 of Arizona Revised Statutes relating to public contracts. The amendment makes the law effective in Counties over 50,000 people. It also states that the construction, reconstruction, or maintenance of any street, road, bridge, water or sewer work may be performed either with or without the use of the agent's regularly employed personnel without advertising for bids if the total costs of the work does not exceed \$25,000. This is a substantial decrease in the current threshold, which had a baseline of \$150,000 and is currently just over \$200,000 per year.

Rural communities already face a difficult task in securing competitive bids for this type of work as compared to urban areas. The cost of mobilization alone is much higher in rural areas which impacts the bids that the City receives for its projects. This would prevent the City's crews from doing any street work or maintenance which would negatively impact the City's budget. As a result, the burden on taxpayers would increase or the City would be unable to complete as many roadway projects annually, resulting in additional deterioration of City infrastructure.

Below are a few examples of road projects that have been completed by City Staff that would be negatively impacted by HB 2143:

Early Rd. prep work for double chip seal:

- Cost through City resources - \$45,499
- Cost through 3rd party contractor - \$192,385

1st Street Paving project:

- Cost through City resources - \$77,536
- Cost through 3rd party contractor - \$161,699

Crack Sealing project:

- Cost through City resources - \$132,025

- Cost through 3rd party contractor - \$390,150

FISCAL IMPACT:

While there would be no fiscal impact from approving or denying the resolution, the negative impact to the City of Casa Grande if HB 2143 were to be approved would be significant because the City would need to obtain bids for these local right-of-way projects in lieu completing these projects with City crews using City equipment.

ALTERNATIVES:

Do not approve the resolution.

Attachments

[CM R-Opposition to HB 2143 re Public Contracts and Procurement](#)

[HB 2143](#)
