



CITY OF HOUSTON

Legal Department

John Whitmire

Mayor

Arturo G. Michel
City Attorney
Legal Department
P.O. Box 368
Houston, Texas 77001-0368
City Hall Annex
900 Bagby, 4th Floor

T. 832.393.6491
F. 832.393.6259
www.houstontx.gov

April 25, 2025

The Honorable Oscar Longoria, Chairman
House Subcommittee on Workforce
P.O. Box 2910
Austin, TX 78768

Dear Chairman Longoria and Members of the Committee:

I am writing to express the City's strong concerns regarding some of the proposed language in HB 875. HB 875 contains several provisions that would negatively impact the City's ability to develop strategies and proposals to address the major public works issues the City faces every day.

As currently written, Section 1 of the Bill would impact the City's ability to schedule construction projects at the same location. The definition of "project" is written in such a manner that multiple construction projects occurring at the same location could conceivably count as one project, even if those separate projects were not related. While phasing of construction projects would preclude such an issue, it is not uncommon for different construction projects to perform different work at the same location. As well, the time limit is an issue because the Bill states that it applies to all projects within 12 months. One project could be completed within six months, and another could conceivably start at the same location there months later. Because of the generality of the phrase "construction project for a municipality at one location within 12 months of the date the work begins," the two projects could be considered one, even though they are not.

In addition, Section 1 of the Bill would also impact the City's ability to protect workers on municipal projects. Workers' compensation is a way to make sure that all employees working on municipal projects are protected. Since public funds are being used for the project, it sends a strong message about the value of a municipality's people if it does not require workers' compensation. Not requiring the coverage sends the message that nothing is more important the project completion, even if it means that workers are injured completing the project. In addition, workers' compensation coverage is a way to ensure that construction projects stay under budget. The contractor's cost of paying for worker injuries would likely be passed onto a municipality in some manner, whether directly or indirectly.

As currently written, Section 1 of the Bill would impact the City's ability to be good stewards of public funds on municipal projects. With workers' compensation coverage no longer required, it is conceivable that longer construction times could become the new norm. As workers get injured, the construction contractor could conceivably be in a continuous hunt for new workers, and with less workers available, there are less resources to complete the work. As well, performance bonds are a crucial hedge against construction contractor bankruptcy. By accessing a surety, a municipality can keep a project continuously moving, so that the public is not impacted by the bankruptcy, and the resulting delay in project completion. With no surety, a municipality would need to reserve more funds for completion. Whether those reserve funds are needed or not, simply reserving them could delay other, unrelated projects.

Finally, "one percent of the total amount of a municipality's most recently adopted budget" can still be a large sum of money. The City of Houston's most recent budget is over \$4,000,000,000.00, and 1% of that amount is \$40,000,000.00. Most City projects are bid at and completed for less than \$40,000,000.00, and not requiring a performance bond would put almost all of the City's projects at risk.

The City strongly urges you and your colleagues to consider amendments to address the foregoing issues raised by HB 875, whether by limiting the affected municipalities by population (so that the Bill only applies to municipalities with a population of less than 500,000) or by altering the applicable percentage of budget (so that the Bill would only impact 0.1% (1/10 of one percent) of budget, which would impact City projects with a budget of less than \$4,000,000.00). Doing so will allow City officials to continue to be good stewards of taxpayer money and protect its citizens.

Thank you for your time and consideration.

Sincerely,

DocuSigned by:

A handwritten signature in black ink that reads "Arnold Colunga". The signature is written in a cursive style. It is enclosed within a blue rectangular border that is part of a DocuSign verification box.

4E64BCF099CD4D0...

Arnold Colunga

Senior Assistant City Attorney

City of Houston Legal Department