

HOUSE BILL REPORT

HB 2937

*As Reported By House Committee on:
Appropriations*

Title: An act relating to fire protection contracts.

Brief Description: Modifying requirements for fire protection contracts.

Sponsor(s): Representatives Belcher and Bowman; by request of Department of Community Development.

Brief History:

Reported by House Committee on:
Appropriations, February 10, 1992, DPS.

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 28 members: Representatives Locke, Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Appelwick; Belcher; Bowman; Braddock; Brekke; Carlson; Dorn; Ebersole; Ferguson; Fuhrman; Hine; Lisk; May; Mielke; Nealey; Peery; Pruitt; Rust; D. Sommers; H. Sommers; Sprengle; Valle; Vance; and Wang.

Staff: Nancy Stevenson (7137).

Background:

Under current statute, the state is required to contract with local jurisdictions for fire protection services when a state owned facility lies within a local jurisdiction's boundaries. The Department of Community Development (DCD) is required to present in each budget request how much is needed to cover these contracts.

Prior to 1991, funds were appropriated to DCD and passed through to local jurisdictions. In fiscal year 1990, nearly 90 cities received \$437,000 in funds ranging from \$100 to \$191,000. Funds were allocated on a square footage basis.

The governor's proposed budget for the 1991-93 biennium did not include pass-through funding and assumed passage of legislation to repeal the requirement for fire service

contracts. The legislation did not pass. Instead, the Legislature appropriated \$500,000 to DCD to provide funding to communities which had 15 percent or more of their assessed valuation in state owned property. Five communities: Bellingham, Electric City, Ellensburg, Olympia and Walla Walla would have received funding.

The 1992 governor's supplemental budget and the House budget strike the \$500,000 appropriation to DCD as a part of the 2.5 percent across-the-board allotment plan reductions.

In 1989, the city of Ellensburg sued claiming the state had failed to provide sufficient money for necessary fire protection services. The trial court ruled in favor of Ellensburg, indicating the state should pay \$1.1 million in "back pay" plus allocations per the court's formula in the future. This amounts to \$318,000 for fiscal year 1991. The state appealed the case to the Supreme Court. A decision is expected in three to nine months.

Summary of Substitute Bill:

A process is established for state agencies to negotiate fire protection service contracts with local jurisdictions. Specifically, in cities or towns where the estimated value of state owned facilities constitutes 10 percent or more of the total assessed property valuation, the agency owning such a facility is required to contract with the city or town to provide a negotiated share of the cost of fire protection services. The contract must provide for annual payments to the city or town.

DCD is required to adopt valuation procedures. Cities and towns must notify DCD and the appropriate state agency each year regarding their intent to negotiate fire protection contracts based upon the valuation procedures.

In negotiating contracts, if the local jurisdiction and the state agency cannot reach an agreement, the director of DCD recommends a resolution to the director of Office of Financial Management (OFM) who then arbitrates the matters in dispute.

The existing statutory requirements regarding fire service contracts are repealed.

Substitute Bill Compared to Original Bill: The arbitration provisions are changed, specifying that a neutral third party arbitrates disputes instead of the director of OFM. Technical changes are made to clarify that existing contracts are not affected. Also, changes are made to clarify that when a state agency or institution and a city

or town may contract for fire services and when such agencies are required to negotiate a contract. A state agency is required to negotiate a contract if state facilities make up more than 10 percent of a city or town's assessed valuation.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: The bill is needed to protect the state against future claims. The state and various cities need to be able to negotiate fire service contracts. Concerns were expressed regarding a neutral third party being provided to arbitrate disputes arising from the negotiation process.

Testimony Against: None.

Witnesses: Meg Van Schoorl, DCD (pro); Doug Williams, City of Ellensburg (pro with concerns); Charles Kindt, Medical Lake (pro with concerns); Dick Cushing, City of Olympia (pro with concerns); and Jim Reinhold, City of Cheney (pro with concerns).