

HOUSE BILL REPORT

SHB 2427

As Passed Legislature

Title: An act relating to local government modernization.

Brief Description: Concerning local government modernization.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Springer, Stokesbary, Fitzgibbon, Muri, Appleton and Kilduff).

Brief History:

Committee Activity:

Local Government: 1/19/16, 2/3/16 [DPS].

Floor Activity:

Passed House: 2/16/16, 95-2.

Senate Amended.

Passed Senate: 3/4/16, 45-3.

House Concurred.

Passed House: 3/10/16, 96-1.

Passed Legislature.

Brief Summary of Substitute Bill

- Authorizes local agencies (*e.g.*, counties, cities, towns, special purpose districts, etc.) to use electronic signatures, and to send and accept electronic records and signatures in accordance with standards, guidelines, or policies adopted by the local agency.
- Authorizes hospital administrators of certain county hospitals to issue warrants when authorized to do so by the county legislative authority and the county treasurer.
- Authorizes bids submitted to counties for purchases or public works that are let by contract on a competitive basis to be submitted in either hard copy or electronic form.
- Specifies that persons designated to monitor fare payment by a municipal corporation or a city-owned transit system may issue a citation on a form approved by the Administrative Office of the Courts for the civil infraction of:
(1) failing to pay the required fare; (2) failing to produce proof of payment; or
(3) failing to depart the bus or other mode of public transportation.

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.

- Increases the thresholds governing when advertisement and formal sealed bidding may be dispensed with for county purchases of materials, equipment, or supplies.
- Requires a city to advise the county of the city's desire to be included or excluded from a public transportation benefit area by means of adopting an ordinance.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Appleton, Chair; Gregerson, Vice Chair; Griffey, Assistant Ranking Minority Member; Fitzgibbon, McBride, Peterson and Pike.

Minority Report: Do not pass. Signed by 2 members: Representatives Taylor, Ranking Minority Member; McCaslin.

Staff: Michaela Murdock (786-7289).

Background:

Electronic Signatures and Records – State Agencies.

In 2015 the Legislature enacted Engrossed Substitute Senate Bill 5810 (chapter 72, Laws of 2015) authorizing state agencies to accept electronic signatures with the same force and effect as that of a signature affixed by hand, unless specifically provided otherwise by law or agency rule. Each state agency may determine whether and to what extent it will create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures. A state agency is not required to send or accept electronic records or electronic signatures for an agency transaction.

The Chief Information Officer (CIO) within the Office of Financial Management (OFM) must establish policies, standards, or guidelines for electronic submission and receipt of electronic records and signatures, and the CIO should encourage and promote consistency and interoperability among state agencies. The CIO is required to establish a website that maintains or links to an agency's rules and policies for electronic records and signatures.

Unless otherwise provided by law or rule or the context clearly indicates otherwise, when referred to in the Revised Code of Washington for governmental affairs and authorized by agency rule or policy:

- the term "signature" includes electronic signatures;
- the term "writing" means a record; and
- the term "mail" includes the use of mail delivered through an electronic system, such as electronic mail or secure mail transfer.

"Electronic signature" is defined as an electronic sound, symbol, or process attached to or logically associated with a contract or other record and executed or adopted by a person with

the intent to sign the record. "Record" is defined as information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

County Hospitals.

The legislative authority of any county may establish, provide, and maintain county hospitals. The board of trustees of a county hospital may enter into a contract with the board of regents of a state university to provide hospital services under the direction of a hospital administrator, render medical services in connection with the hospital, and conduct teaching and research activities by the university in connection with the hospital. There are two state universities authorized to teach medicine as a major line and to maintain a school of medicine: The University of Washington; and Washington State University.

Every county maintaining a county hospital must establish a county hospital fund into which unrestricted moneys for hospital services must be deposited. The county may maintain other funds for restricted moneys. Obligations of the hospital must be paid by the county treasurer from the funds established for the hospital. The county treasurer must provide a monthly report to the county legislative authority of receipts, disbursements, and the fund balance for the county hospital funds.

County Purchases and Public Works – Advertisement and Competitive Bidding.

In general, county contracts for the purchase of materials, equipment, or supplies or for public works must be awarded through advertisement and formal sealed bidding.

Advertisement and formal sealed bidding may be dispensed with:

- for purchases of less than \$5,000, if the county legislative authority by order dispenses with advertisement and formal sealed bidding;
- for purchases between \$5,000 and \$25,000, if the county legislative authority uses a uniform process specified in other statute to award contracts; and
- for public works involving less than \$40,000, if the county legislative authority by order has dispensed with advertisement and competitive bidding.

For purchases and public works subject to advertisement and competitive bidding, bids must be in writing and filed with the clerk of the county legislative authority. An advertisement must be published in the official newspaper of the county announcing the bidding process, including providing the time and place where bids will be opened and the deadline by which bids must be received. For public works, the advertisement must also be published in a legal newspaper of general circulation in the part of the county where the work will be conducted, unless certain criteria are met. Advertisements must be published at least once 13 days before the last date when bids will be accepted.

Counties With a Population of 400,000 or More – Contracts for Purchases and Public Works.

In counties with a population of 400,000 or more that have established a county purchasing department, the purchasing department must enter into leases of personal property, purchase all supplies, material, and equipment, and contract for all public works on a competitive basis

for all departments of the county, except for purchases paid through the county road fund or equipment rental and revolving fund.

Advertisements must be published in the official county newspaper, and also under certain conditions, a legal newspaper of general circulation in the part of the county where the work will be conducted. The advertisement must provide information about the bidding process, including stating the time and place where bids will be opened and the deadline for receiving bids. Advertisements must be published at least 13 days before the last date when bids will be accepted. Bids must be in writing and filed with the county clerk.

Public Transit Systems – Fare Payment Monitor.

Metropolitan municipal corporations and city-owned transit systems may designate persons to monitor fare payment who are equivalent to, and authorized to exercise all powers of, civil infraction enforcement officers. A metropolitan municipal corporation and a city-owned transit system may employ personnel to monitor fare payment, contract for services to monitor fare payment, or both.

Persons designated to monitor fare payment may:

- request proof of payment from passengers;
- request personal identification from a passenger who does not produce proof of payment when requested;
- issue a citation that conforms to requirements established in statute (*e.g.*, states that a specific civil infraction has been committed by the named person, states that a civil infraction is a noncriminal offense, and provide options for responding to the notice and necessary process for exercising those options); and
- request that a passenger leave the bus or other mode of public transportation when the passenger does not produce proof of payment.

Metropolitan municipal corporations and city-owned transit systems must keep records of citations.

Metropolitan municipal corporations are municipal corporations containing two or more cities, at least one of which has a population of 10,000 or more, that are organized to perform specific functions, such as provide metropolitan public transportation.

Public Transportation Benefit Area.

A public transportation benefit area (PTBA) is a special-purpose district authorized to provide public transportation service within all or a portion of a county or counties. In general, "public transportation service" means the transportation of packages, passengers, and their incidental baggage by means other than by chartered bus or sight-seeing bus, together with the terminals and parking facilities necessary for passenger and vehicular access to and from such systems. It also means passenger-only ferry service for those PTBAs eligible to provide passenger-only ferry service. A PTBA may collect fares for service and, with approval of the majority of the voters within the area, impose sales and use tax.

A PTBA is created, or its boundaries modified, through a conference process attended by: (1) elected representatives selected by the legislative body of each city within the county; and (2) the county legislative authority or authorities. Before convening a public hearing on the creation or modification of a PTBA, the county governing body must delineate the proposed boundaries of the PTBA and provide a copy of this delineation to each city within those boundaries. Each city must then advise the county governing body, on a preliminary basis, whether it desires to be included or excluded from the PTBA. The county governing body must then revise the boundaries to reflect the wishes of each city. The revised delineation must be considered by the conference at the public hearing on the creation or modification of the PTBA.

Summary of Substitute Bill:

Electronic Signatures and Records – Local Agencies.

Local agencies, which include counties, cities, towns, and special purpose districts, are authorized to accept electronic signatures with the same force and effect as that of a signature affixed by hand, unless specifically provided otherwise by law or agency rule. Each local agency may determine whether and to what extent it will create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures. Local agencies are not required to send or accept electronic records or electronic signatures for an agency transaction.

Local agencies electing to send and accept electronic records and signatures must establish policies, standards, or guidelines for submission and receipt of electronic records and signatures. The local agency must take into account reasonable access by and the ability of persons to: (1) participate in governmental affairs or transactions; and (2) rely on transactions conducted electronically with agencies.

County Hospitals.

Hospital administrators of county hospitals, where a contract has been executed between the hospital and the board of regents of a state university to provide hospital services and provide for teaching and research activities by the university, are authorized to issue warrants when allowed by the county legislative authority and the county treasurer.

County Purchases and Public Works – Advertisement and Bids.

For all county purchases that must be made through advertisement and formal sealed bidding, and for purchases or public works contracts in counties that have established a county purchasing department, the advertisement for bids must provide:

- the time and place where bids will be opened;
- the time after which bids will not be received;
- a concise summary in plain language of the character of the work to be done, or the materials, equipment, supplies, or services to be furnished;
- the uniform resource locator (URL) Internet address to a website established and maintained by the county that provides further information;

- the name and phone number of the appropriate county official to contact for further information; and
- that specifications for the work, materials, equipment, supplies, or services may be viewed at the county clerk's office.

Also, bids are authorized to be made in hard copy or electronic form, as specified by the county.

County Purchases – Thresholds.

The thresholds that govern when advertisement and formal sealed bidding may be dispensed with for the purchase of materials, equipment, or supplies by counties are increased.

Advertisement and formal sealed bidding may be dispensed with:

- for purchases of less than \$10,000 (increased from \$5,000), if the county legislative authority by order dispenses with advertisement and formal sealed bidding; and
- for purchases between \$10,000 and \$50,000 (increased from between \$5,000 and \$25,000), if the county legislative authority uses a uniform process specified in statute to award contracts.

Public Transit Systems – Fare Payment Monitor.

Provisions governing fare payment monitors employed or contracted by a metropolitan municipal corporation or city-owned transit system are modified. Persons designated to monitor fare payment by a municipal corporation or a city-owned transit system may issue a citation for a civil infraction established in statute for: (1) failing to pay the required fare; (2) failing to produce proof of payment; or (3) failing to depart the bus or other mode of public transportation when requested to do so by the fare payment monitor. Additionally, the form for the notice of civil infraction must be approved by the Administrative Office of the Courts.

Public Transportation Benefit Area.

In advising a county legislative authority, on a preliminary basis, whether it desires to be included or excluded from a PTBA that is proposed to be created or to have its boundaries modified, a city must advise the county by means of an ordinance adopted by the legislative body of the city.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The state asks a lot of local partners, and often local governments must carry out the expectations and mandates of the state without financial support. Any opportunity to lessen financial burdens and create efficiencies in the operation of local governments should

be taken. This bill will help streamline processes of local governments, particularly those in larger counties.

For example, King County has a goal to eliminate paper documents and focus on electronic and digital technology. Under the bill, King County will be able to better work toward achieving that goal and to modernize and make more efficient the county's procurement processes (*e.g.*, using electronic signature and records submittals, the updated dollar thresholds for competitive bidding, and online advertisements for bids).

Public works project contractors in this state already review proposals online or electronically, and yet counties still rely on hard copy bids. By using electronic records, contractors will avoid having to reproduce paper copies, or deal with late submittals resulting from bad traffic or mail delays. Counties will benefit by not having to manage, circulate, and store paper documents, and they will be able to spend more time and resources on larger projects and help small businesses. Current dollar thresholds in statute were established in 1991. Fare monitors will be allowed to issue electronic tickets. Harborview Hospital will be authorized to issue its own warrants, rather than relying on the county treasurer, which will create additional efficiencies.

There is support for local government modernization, including renovating fire departments and ensuring that businesses are arson-free zones.

(Opposed) None.

Persons Testifying: Representative Springer, prime sponsor; April Putney, King County; Ken Guy, King County Department of Executive Services; and Betsy P. Elgar, Friends of Betsy P. Elgar Committee.

Persons Signed In To Testify But Not Testifying: None.