

# HOUSE BILL REPORT

## HB 1670

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### As Reported by House Committee On: Local Government

**Title:** An act relating to bid limits for purchases and public works by fire protection districts.

**Brief Description:** Concerning bid limits for purchases and public works by fire protection districts.

**Sponsors:** Representatives Eslick, Sutherland, Griffey, Lovick, Dufault, Stanford and Mead.

#### **Brief History:**

##### **Committee Activity:**

Local Government: 2/8/19, 2/13/19 [DP].

#### **Brief Summary of Bill**

- Increases the bid limits for purchases and contract work ordered by a fire protection district.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 6 members: Representatives Pollet, Chair; Peterson, Vice Chair; Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Goehner and Senn.

**Staff:** Yvonne Walker (786-7841).

#### **Background:**

A fire protection district (district) is a type of special purpose district created to provide fire prevention, fire suppression, and emergency medical services within a district's boundaries, which can include incorporated and unincorporated areas. Generally, districts serve residents outside of cities or towns, except when cities and towns have been annexed into a district or when the district continues to provide service to a newly incorporated area.

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*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.*

A district has the powers and authorities of a municipal corporation and is generally managed by a board of commissioners. The districts finance their activities and facilities by imposing regular property taxes, excess voter-approved property tax levies, and benefit charges.

A formal sealed bid procedure must be used for purchases and contracts for purchases made by the board of commissioners. Formal sealed bidding is not required for:

- the purchase of materials when such materials, equipment, or supplies have an estimated cost that does not exceed \$10,000. However, whenever the estimated cost does not exceed \$50,000, the commissioners may by resolution use the alternative bidding process available for municipalities;
- contracting for work involving the construction or improvement of a fire station or other buildings where the estimated cost does not exceed \$20,000;
- contracts using the small works roster process; and
- any contract for purchases or public work which are exempt from competitive bidding requirements.

Municipalities are offered an alternative process for competitive bidding of purchases through a vendor list process. The process may be used only by those municipalities that have statutory authorization. Statutes governing which municipalities may use the process must include the maximum dollar thresholds for contracts awarded under the process. Contracts awarded using this process do not need to be advertised.

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### **Summary of Bill:**

The bid threshold limits for purchases and contracts for work ordered by a district are increased.

A formal sealed bid is not required for:

- the purchase of materials when such materials, equipment, or supplies have an estimated cost that does not exceed \$40,000 (instead of \$10,000) or when the estimated cost does not exceed \$75,000 (instead of \$50,000) when using the alternative bidding process; and
- contracting for work involving the construction or improvement of a fire station or other buildings where the estimated cost does not exceed \$30,000 (instead of \$20,000).

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**Appropriation:** None.

**Fiscal Note:** Available.

**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 statute establishes a threshold for bidding for districts. The last time the district bid limits were increased for supplies and materials was in 2001. The last time bid limits were increased for contracting work for construction was in 2009. A lot has changed in the purchasing world since that time.

In 2001 there was an incentive to limit the tax growth. The combination of growing a district's revenue stream as well as the increase of the expense of items over the years has made it difficult for districts to maintain an efficient operation. Recently, a state auditor's interpretation changed the way they interpret bid thresholds. This has led to districts doing bidding for virtually everything they do every day. This has become cumbersome and expensive.

The bid adjustments in this bill are the same bid adjustments that were made for school districts. This bill makes good government sense.

(Opposed) None.

**Persons Testifying:** Representative Eslick, prime sponsor; Steve Guptill, Snohomish County Fire District 7; and Roger Ferris, Washington Fire Commissioners Association.

**Persons Signed In To Testify But Not Testifying:** None.