

# FINAL BILL REPORT

## ESHB 1417

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Synopsis as Enacted

**Brief Description:** Regarding irrigation district administration.

**Sponsors:** House Committee on Local Government (originally sponsored by Representatives Manweller, Fagan and Warnick).

**House Committee on Local Government**  
**Senate Committee on Agriculture, Water & Rural Economic Development**

### **Background:**

Irrigation districts (districts) may be organized to construct, purchase, improve, maintain, or operate irrigation works or systems. Districts are governed by an elected board of directors (board), and each director serves a three-year term.

### Powers of the Irrigation District.

All districts that operate and maintain an irrigation system have numerous enumerated powers, which include authority to:

- purchase and sell electricity to residents of the district;
- acquire and operate dams, canals, plants, transmission lines, and other power equipment and generate and transmit electricity;
- acquire and operate hydroelectric facilities for the generation of electricity and sell electricity generated at facilities;
- acquire and maintain a system of drains, sanitary sewers, and sewage disposal or treatment plants;
- assume indebtedness to the United States under the federal reclamation laws;
- acquire, install, and maintain water mains and fire hydrants for firefighting purposes;
- contract with other entities to jointly acquire and maintain electrical power, irrigation water, domestic water, drainage, and sewerage works; and
- acquire and operate a water-sewer district's water system that is wholly within the irrigation district's boundaries to provide water for domestic use of district residents.

### Sale or Lease of Irrigation District Personal Property.

Districts may sell or lease personal property owned by the district when the board determines that the property is not needed by the district and authorizes the property's sale or lease.

Districts may sell or lease personal property owned by the district when the board determines

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that the property is not needed by the district and authorizes the property's sale or lease. For property valued at less than \$500, notice of the sale or lease must be published in a newspaper of general circulation once a week for three consecutive weeks at least 20 days prior to the date of the sale or lease. The notice must state: (1) the intention of the board to sell or lease the property; (2) the time and place at which proposals for the sale or lease will be considered; and (3) the time and place at which the sale or lease will occur. Any property so sold or leased must go to the highest and best bidder.

#### Adding Lands to Irrigation Districts of 200,000 or More Acres.

Five or a majority of title holders of an area of land may petition a district that is comprised of 200,000 or more acres for inclusion in the district. To bring the petition, the land proposed to be included must be susceptible to irrigation from the district's water supply and system of works.

When a petition is filed, the board must schedule a hearing on the petition to be held not less than 30 days, but not more than 45 days from the date of filing. Notice of the hearing must be published prior to the hearing date. The hearing must be held at the time and place specified in the notice, and any adjournment may not exceed 30 days in all. At the hearing, the board may determine all matters pertaining to the petition, including denying the petition, granting the petition, or denying or granting any portion of it. In granting any petition, the board must find that: (1) all or part of the land proposed to be added is susceptible to irrigation from the district; (2) the land will benefit from the irrigation; and (3) not more than 50 percent of holders of title to the land have filed timely, written objections.

#### Irrigation Districts that May Designate a Treasurer.

In general, the treasurer of the county in which a district office is located is, by virtue of his or her office, treasurer of the district. However, a district may designate a treasurer under certain circumstances. To be able to designate a treasurer, a district must:

- lie in more than one county and have had assessments in each of two of the preceding three years of \$500,000 or more;
- lie in more than one county and be governed by a board of joint control created under applicable statute;
- lie in only one county and have had assessments, tolls, and miscellaneous collections in each of two of the preceding three years of \$2 million or more; or
- lie in only one county and have the approval of the county treasurer to designate a treasurer.

#### Delinquent Irrigation District Assessments.

After 36 months from the time that irrigation district assessments become delinquent, or after 24 months if the assessment is for a local improvement district, the district treasurer (treasurer) must prepare certificates of delinquency (certificates) for properties with unpaid assessments, costs, and interest. Preparation of a certificate initiates the district's foreclosure proceedings. Certificates may be made for individual properties or issued in one general certificate for all delinquent properties.

For each property for which the treasurer has prepared a certificate, the treasurer must order a title search to determine or verify the legal description of the property and the parties of interest.

For districts with 200,000 or more acres, the board, upon receiving a certificate from the treasurer, compares the amount of the delinquent assessment to the cost of foreclosure. Examples of foreclosure costs include title search costs, court filing fees, costs of service, and attorneys' fees. In reviewing the certificate, the board may determine that it is not in the best interests of the district to foreclose the delinquent assessment.

#### Competitive Bidding for Irrigation District Contracts.

Unless otherwise exempted by statute, purchases of any materials, supplies, or equipment by a district must be based on competitive bids. As standard procedure, a district must solicit formal sealed bids. The board may, however, adopt a policy waiving formal sealed bidding procedures for purchases of materials, supplies, or equipment in an amount established by the board that does not exceed \$40,000 for each purchase.

For purchases that cost up to \$50,000, exclusive of sales tax, the board may adopt a policy to use the purchase contract process authorized in statute for municipalities. Under such a policy, the board may obtain telephone or written quotes from at least three vendors on an established vendor list and award the purchase contract to the lowest responsible bidder. The estimated cost of the purchases must be within a range of amounts established by the board, up to \$50,000.

#### Federal Reclamation Projects and Irrigation Districts.

The United States Bureau of Reclamation (Bureau) is a federal agency engaged in water and electricity generating projects in 17 western states. The Bureau manages, develops, and protects water and related resources and is the nation's largest wholesale water supplier. The Bureau is the second largest producer of hydroelectric power in the west and has constructed more than 600 dams and reservoirs.

#### **Summary:**

##### Powers of the Irrigation District.

Districts are granted authority to approve and condition placement of hydroelectric generation facilities on water conveyance facilities operated or maintained by the district, when placement of the hydroelectric generation facilities is made by entities other than the district.

##### Notice of Sale or Lease of Irrigation District Personal Property.

The dollar threshold above which notice of a sale or lease of district personal property must be published in accordance with statute is increased from \$500 to \$10,000.

##### Hearings on Petitions to Add Lands to Irrigation Districts.

For petitions to add lands to a district of 200,000 or more acres, the amount of time within which the board must schedule a hearing is increased. A hearing must be held not less than 30 days, but not more than 180 days (increased from 45 days) from the date the petition was filed. Also, any adjournment of the hearing may not exceed a total of 180 days (increased from 30 days).

##### Certificates of Delinquency.

Provisions related to district treasurers' initiation of foreclosure proceedings on delinquent assessments are modified. First, the requirement that treasurers of all districts order a title search of property for which a certificate of delinquency has been prepared to verify the legal description of the property is eliminated. Second, a provision allowing a board of a district with 200,000 acres or more to determine, after reviewing a certificate of delinquency, that commencing foreclosure proceedings it is not in the best interests of the district is eliminated. Finally, prior to preparing a certificate of delinquency, the treasurer of a district that has designated its own treasurer is required to provide the district board with a list of properties that may be subject to foreclosure for delinquent assessments. The board must review the list and may determine that it is not in the best interests of the district to commence foreclosure proceedings against the delinquent assessment liens. A county treasurer is not precluded from proceeding with foreclosure on parcels otherwise delinquent and, in those actions, collecting delinquent assessments due under irrigation district authority.

Competitive Bidding for Irrigation District Contracts.

When a board adopts a policy to waive formal sealed bidding procedures for purchases of materials, supplies, or equipment, the maximum amount that the board may set for each purchase is \$50,000 instead of \$40,000.

**Votes on Final Passage:**

House	96	0
Senate	47	1

**Effective:** June 12, 2014