

# SENATE BILL REPORT

## SB 5671

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As of February 21, 2019

**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:** Senators Wagoner, Palumbo, Holy, Hobbs and Honeyford.

**Brief History:**

**Committee Activity:** Local Government: 2/14/19.

**Brief Summary of Bill**

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

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Staff:** Greg Vogel (786-7413)

**Background:** A fire protection 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.

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 not exceeding \$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;

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- 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 having 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.

**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 not exceeding \$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.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The last time the bid threshold for equipment and supply purchasing was adjusted was in 2001. A lot has changed in terms of cost of living adjustments over those years. To compound this lack of adjustment, a recent state audit interpreted that districts are not only obligated to consider single purchases, but also consider the effects of an annual purchase in a particular category. For instance, all office supplies are grouped together in a category. This expands the formal bidding process to almost everything a district does day-to-day, almost to the point of having to hire a full-time purchasing person. The district would rather spend resources on fire protection.

CON: The expansion and exception to competitive bidding requirements should be limited and studied on the front end before going further. Inflationary increases are appropriate to look at, however, a summarized review of these bid and procurement bills should be made. Effects and efficacy should be looked at, so that procedures are doing things they're intended to do. A study should be undertaken to understand the reasons for the increases. Are the reasons related to inflation, more flexibility, or current revenue limitations?

**Persons Testifying:** PRO: Steve Guptill, Snohomish County Fire District #7; Roger Ferrtis, Washington Fire Commissioners Association.

CON: Michael Transue, Mechanical Contractors Association of Western Washington.

**Persons Signed In To Testify But Not Testifying:** No one.