

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1621 HB	<b>Title:</b> Local government procurement
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Auditor	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Auditor	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

# Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1621 HB	<b>Title:</b> Local government procurement	<b>Agency:</b> 095-Office of State Auditor
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Elizabeth Allison	Phone: 360-786-7129	Date: 01/30/2023
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 02/01/2023
Agency Approval: Janel Roper	Phone: 564-999-0820	Date: 02/01/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/06/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The following sections within this bill may result in adjustments being made to the State Auditor's Office audits of local governments.

Section 1 (8) Provides a standard definition of "lowest responsible bidder" for public utility districts, cities, towns, water-sewer districts, and fire protection districts.

Section 2 (1) Increases contract limits that need competitive bidding to \$150,000 with two trades or crafts involved (Stays the same for single crafts).

Section 2 (7) Increased purchase limits for supplies, materials, etc.

Section 2 and Section 3 Allows certain employees of first-class cities, second-class cities, water/sewer districts, and fire protection districts to do work under \$300,000 without a contract.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Based on the language in the bill the State Auditor's Office is unable to determine with any certainty the actual impact on audit effort. Audit work required would be dependent on the size of the local government's procurement project(s) and the applicable compliance areas. Further, the number of governments that would have applicable procurement projects that would require additional audit work is unknown.

Any additional work related to this legislation would be billed as part of our scheduled audits, to the applicable local government using the current local hourly billing rate.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1621 HB

**Title:** Local government procurement

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: First and second class cities
- Counties:
- Special Districts: Water-sewer districts, fire protection districts
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 02/03/2023
Leg. Committee Contact: Elizabeth Allison	Phone: 360-786-7129	Date: 01/30/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/03/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/06/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This legislation would amend various RCWs in order to standardize certain local government procurement rules and thresholds. There is no fiscal impact for local government jurisdictions.

Sec.1(2) amends RCW 54.04.070 to raise the public work project contract threshold for district commission projects to \$150,000 for more than one craft/trade and \$75,500 for a single craft/trade.

Sec.1(8) amends RCW 54.04.070 to add the definition of “lowest responsible bidder” to be the lowest bid that meets the criteria listed in RCW 39.04.350 unless the district commission provides a written finding describing non-performance which then allows the commission to choose the second lowest bidder within five percent of lowest bid; meeting the same criteria.

Sec.2(1) amends RCW 35.23.352 to raise the threshold in which second-class cities and towns may construct public works projects, as defined in RCW 39.04.010, without calling for bids to \$150,000 for more than one craft/trade and \$75,000 for a single craft/trade.

Sec.2(7) amends RCW 35.23.352 to raise the materials, supplies, or equipment purchasing threshold requiring a contract to \$40,000. Any purchase of materials, supplies, or equipment with an estimated cost less than \$50,000 shall be made using the process provided in 39.04.190.

Sec.2(15) amends RCW 35.23.352 to allow a second-class city or town the option to use its employees to perform work under “prudent utility management” without a contract. Prudent utility management is further described as work performed with regularly employed personnel using materials that are not valued over \$300,000, not including the value of individual items of equipment (as defined).

Sec.3(12) amends RCW 35.22.620 to allow a first-class city or town the option to use its employees to perform work under “prudent utility management” without a contract. Prudent utility management is further described as work performed with regularly employed personnel using materials that are not valued over \$300,000, not including the value of individual items of equipment (as defined).

Sec.3(13) amends RCW 35.22.620 to add the definition of “lowest responsible bidder” to be the lowest bid that meets the criteria listed in RCW 39.04.350 unless the city provides a written finding describing non-performance which the allows the city to choose the second lowest bidder within five percent of lowest bid which meets the same criteria.

Sec.4(1) amends RCW 57.08.050 to raise the threshold in which water-sewer public works contracts shall be competitively bid to \$150,000 for more than one craft/trade and \$75,000 for a single craft/trade.

Sec.4(7) amends RCW 57.08.050 to allow a water-sewer district the option to use its employees to perform work under “prudent utility management” without a contract. Prudent utility management is further described as work performed with regularly employed personnel using materials that are not valued over \$300,000, not including the value of individual items of equipment (as defined).

Sec.4(8) amends RCW 57.08.050 to add the definition of “lowest responsible bidder” to be the lowest bid that meets the criteria listed in RCW 39.04.350 unless the city provides a written finding describing non-performance which the allows the city to choose the second lowest bidder within five percent of lowest bid which meets the same criteria.

Sec.5(1) (a) amends RCW 52.14.110 to raise the purchasing thresholds for materials, supplies, or equipment for fire protection districts to \$75,000 and allows districts to use the resolution process provided in 39.04.190 to award contracts for purchases under \$150,000. Formal sealed bids are not required.

Sec.5(1) (b) amends RCW 52.14.110 to raise the threshold to \$150,000 for fire station and other building public works construction/improvements for more than one craft/trade and \$75,000 for a single craft/trade. Formal sealed bids are not required.

Sec.5(2) amends RCW 52.14.110 to allow fire protection districts the option to use its employees to perform work under “prudent utility management” without a contract. Prudent utility management is further described as work performed with regularly employed personnel using materials that is not valued over \$300,000, not including the value of individual items of equipment.

Sec.5(3) amends RCW 52.14.110 to add the definition of “lowest responsible bidder” to be the lowest bid that meets the criteria listed in RCW 39.04.350 unless the city provides a written finding describing non-performance which allows the city to choose the second lowest bidder within five percent of lowest bid which meets the same criteria.

## **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This legislation would have no impact on local government expenditures.

The proposed amendments would provide consistency in the procurement rules that are used by first-class, second-class, public utility, and special purpose districts.

## **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This legislation would have no impact on local government revenues.