

Buying and Bidding

Ensuring your government follows Washington purchasing laws



Brought to you by the Center for Government Innovation,
a service of the Office of the Washington State Auditor

April 2026

Center for
Government
Innovation

Table of Contents

<u>Buying and Bidding: An introduction</u>	3
<u>Defining our terms</u>	4
<u>Important points before you get started</u>	5
<u>Essentials for making a purchase</u>	8
<u>First step: Develop a cost estimate</u>	8
<u>Alternatives to formal sealed bidding on purchases</u>	14
<u>Essentials for public works projects</u>	17
<u>First steps: Develop plans, specs and estimates</u>	17
<u>Terms used in planning and bidding steps for public works projects</u>	22
<u>Alternatives to formal sealed bidding on public works contracts</u>	32
<u>Essentials for procuring services</u>	38
<u>Architecture and engineering services</u>	38
<u>Personal services</u>	39
<u>Purchased services</u>	40
<u>Use of federal funds on procurements</u>	41
<u>Additional online resources</u>	42

About this 2026 edition

This edition of the *Buying and Bidding Guide* contains changes to state law for responsible bidder criteria and additional guidance for prevailing wages, unit price contracting, and procuring under federal awards, among many other minor clarifications and improvements. Please discard any earlier versions of this guide you may have downloaded to ensure you are using our most up-to-date advice!

Disclaimer

This resource is provided for informational purposes only. It does not represent prescriptive guidance, legal advice, an audit recommendation, or audit assurance. It does not relieve governments of their responsibilities to assess risks, design appropriate controls, and make management decisions.

Buying and Bidding: An introduction

Procurement laws address how local governments solicit bids and award contracts, and purchase goods or services. These laws exist for four key reasons:

- To prevent fraud, collusion and favoritism in the awarding of public contracts
- To enable governments to obtain the best work or supplies at the most reasonable prices
- To provide a fair forum for those interested in undertaking public projects
- To promote openness in government

It is important to Washingtonians that local governments comply with these laws, because they want assurance that their government spends tax dollars wisely. It's also important to the contracting community, which would like a fair and equal opportunity to participate in government contracts. Competitively bid contracts help governments ensure they pay reasonable prices because contractors compete to win the work. For these reasons, our Office regularly reviews whether governments comply with state procurement laws during our audits.

The laws concerning bidding and purchasing are complex, and we receive many questions and issue frequent audit recommendations to local governments on both state and federal requirements. This guide sets out the basics of purchasing and bidding to help you comply with state law, no matter your government type, size or complexity. It also includes some information about procuring services and purchasing with federal funds. However, this guide does not cover federal procurement laws comprehensively, so you should refer to additional guidance when using federal money.

To keep this guide to a reasonable length, we have not included the full text of any laws. Instead, look for a clickable link to the source in the Revised Code of Washington (RCW) or Washington Administrative Code (WAC). If you have any doubts about which procedure to follow for your project or purchase, you can submit questions to our Help Desk or reach out to your legal counsel.

If you are reading this handbook while connected to the internet, clicking a link that looks like this:

[RCW XX.YY](#)

will take you right to the source.

Defining our terms

What's the difference between spending on purchases vs. public works or ordinary maintenance?

Purchases usually refer to the procurement of equipment, materials or supplies not connected to a public works project. "Public works" are defined in law ([RCW 39.04.010\(5\)](#)) this way:

Public works includes all work, construction, alteration, repair or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.

A local government bids any equipment, materials or supplies needed for a public works project along with the rest of the project and follows public works bid guidance.

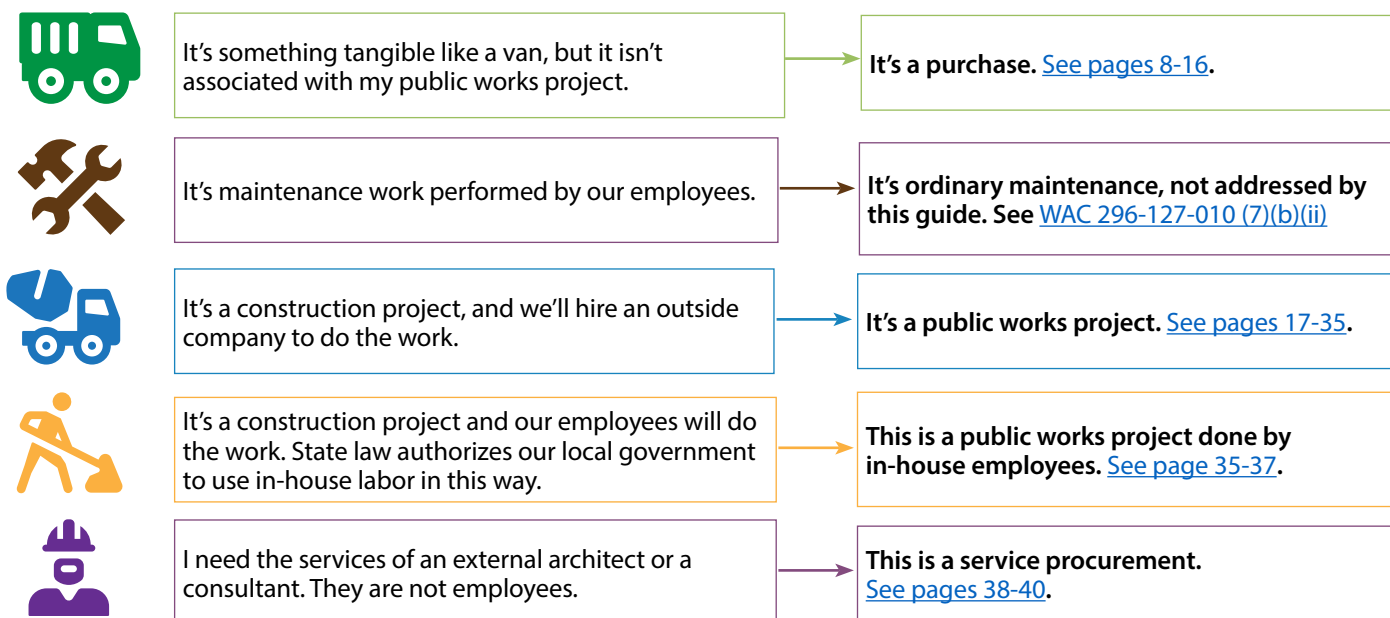
State law defines "ordinary maintenance" this way (although not defined in the public works statutes, you can find one possible definition in the prevailing wage statutes):

Maintenance work performed by the regular employees of the state or any county, municipality, or political subdivision created by its laws.

As you can see, state law considers any work, construction, alteration, repair or improvement that does not qualify as ordinary maintenance as a public work. Some governments might hire contractors to carry out public works, and others might use in-house employee labor when the law allows it.

Finally, you might need to procure professional services such as those provided by architects, or personal services such as those provided by a consultant. You also might need to purchase other services, such as contract with a plant operator for an electric plant. State law will guide some of these procurements as well, although in general state law has less requirements for service procurements than it does for a public works project or a purchase of goods.

I'm about to spend money! How do I know which laws apply?



Important points before you get started

Procurements come in two basic types: A government's own locally funded project or purchase, or a project conducted with a partner, whether public or private.

When you pay for a project with only your funds, state laws and your policy will guide you. If your policy is more limiting than state law, then you should follow it over state law requirements. But when other parties become involved in either the project or the funding, you should proceed with caution. Consider these examples:

- **A government and a private company finance a project together.** As part of granting permission for a new housing development, a city has required the developer to make certain improvements to half of an adjoining road. However, the city would like the entire road resurfaced, so it contracts with the developer to complete the additional work at the same time.

How to proceed: If a government funds part of a project involving a private company, the government's bid laws apply to the entire project. Prevailing wage requirements might also apply.

- **One government contributes funding to another's project.** A sewer district is preparing to install new sewer lines, and the county engineer recommends the county install new sidewalks at the same time. The county contracts with the sewer district to complete this additional work.



How to proceed: When multiple government types collaborate financially on a project, the *most restrictive* bid requirements applies. In this case, the project must comply with both the sewer district and the county's bid laws (or whichever is most strict).

- **A government applies federal award money to an in-progress construction contract.** A county is constructing a new public health building. Partway through, the county decides to use federal award funds to pay for some of the construction contract costs.

How to proceed: When using federal funding, you must apply the most restrictive of state, federal or local requirements from start to finish. To apply federal funds partially through this construction project, the county should have considered and applied the most *restrictive requirements* when it first procured the goods and services. For more on federal awards, [see page 41](#).

Essentially, under any of these three circumstances, the most restrictive requirements apply to you and your project or procurement. This is especially important if you receive federal funding or anticipate that you might. Try to establish your controls so that procurement procedures always comply with the most restrictive of local, state or federal requirements relevant to the project. By doing so, if you receive federal funding after awarding the contract, you can still use federal money to pay those contract costs.

Federal award requirements

You can find procurement requirements for these in Subpart D of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – 2 CFR §200* (Uniform Guidance).

For state agencies, see [2 CFR §200.317](#) through [§200.327](#).

For local governments, see [2 CFR §200.318](#) through [§200.327](#).

Resource

Guide: [Essentials of Managing federal awards – A Compliance Handbook \(PDF\)](#)



Good project management can help you comply with the law

Don't forget to use sound project management practices to ensure you comply fully with all applicable requirements from start to finish. These might include:

- A tool such as a compliance checklist, to help you and your staff complete all important steps
- A well-organized project records filing system; to help ensure you have the records you need to demonstrate compliance
- Ongoing compliance training, to help you and your staff stay aware of changing requirements

For more on contracting best practices, refer to the Municipal Research & Services Center (MRSC) [Public Works Contracting Best Practices \(PDF\)](#) for local governments in Washington state. MRSC also has additional procurement-related publications you may also want to review on the [MRSC website](#).

For ongoing compliance training, MRSC has many offerings year-round, both online and in person. The Washington Department of Labor and Industries also offers awarding agency training covering state prevailing wages and more. In addition, our Office offers training on the various federal award requirements, including procurement and federal prevailing wages, through the Washington Finance Officers Association (WFOA). For more information about these and other procurement-related educational opportunities, visit their websites for more information as follows:

- [MRSC training](#)
- [Washington's Department of Labor and Industries training](#)
- [WFOA training](#): look at conference and non-conference training web pages



Essentials for making a purchase of materials, equipment or supplies

First step: Develop a cost estimate

Begin by estimating the cost of the purchase to determine whether it exceeds your local government's bid threshold. Consider the following when developing an estimate:

- **Include sales tax unless the statute specifically instructs you to exclude it.** Note the Public Utility District's (PUDs) statute instructs them to exclude it. However, this is only for the purpose of applying the bid threshold; PUDs must still pay the tax. In rare instances, state law does not require certain government types to pay sales tax (see sidebar for several examples).
- **Evaluate whether it is a one-time procurement or if you will purchase similar items throughout the year.** For similar or "like-kind items," estimate how much you expect to purchase during the year to determine if you will exceed the bid threshold. Typical "like-kind" items include tires, fuel, uniforms and furniture. You should consolidate such purchases on an entity-wide basis before determining whether bidding requirements apply. For example, if you budget for or anticipate an expenditure of a similar or like-kind item, then follow the procurement requirements for that budgeted or anticipated amount.
- **Monitor your cost estimate and how it compares to actual costs.** If your cost estimate was under the bid threshold, but the actual purchase cost will exceed that threshold, then you need to publicly bid the purchase. In addition, before putting it out to bid, you need to reevaluate and revise your original estimate.

Exceptions

PUD bid threshold excludes sales tax under [RCW 54.04.070\(1\)](#)

Housing authorities do not pay sales and use tax on purchases under [WAC 458-20-189](#).

Transit agencies might not pay sales and use tax for certain purchases like [zero-emission busses](#) and [paratransit vehicles \(RCW 82.08.994, 82.08.0287\)](#)

Next, find your bid thresholds

The purchasing bid thresholds vary based on the government type, the value of the procurement, and potentially the nature of the procurement. You can find your requirements by using the MRSC tool, "[Find your contracting requirements](#)."

You can also look up your requirements in **Table 1** on the following page. Notes are on [pages 11-12](#).

To use **Table 1**: A local government may use any internally acceptable method for procuring purchases less than the lower threshold in column two. If your purchase is between the lower threshold and the purchase contract threshold in column three, you may have the ability to use the purchase contract process (described in [RCW 39.04.190](#)). Or your enabling statutes might provide for an alternative process, such as obtaining three quotes. For purchases more than the purchase contract threshold, you must use the formal competitive bidding process. If you do not use the purchase contract method or an alternative process, then you must formally competitively bid any purchases more than the lower bid threshold.

Table 1 – Bid thresholds for purchases under Washington state law

Notes are on pages 11-12

Government type	Bid threshold		Purchase contract threshold	Notes	RCW reference
Air Pollution Control Authority (Clean Air Agency)	None; established by policy				70A.15
Area Agency on Aging (AAA)	See note			1	74.38
Behavioral Health – Administrative Service Organization	Laws of creating county			2	71.24.025
City, First Class	None; established by charter or ordinance			3	35.22.620
City, Code, Population 20,000 or more	None; established by charter or ordinance			3	35.22.620 (as referenced by 35A.40.210)
City, Code, Population less than 20,000	\$40,000		\$50,000	4, 5	35.23.352 (as referenced by 35A.40.210)
City, Second Class, and Towns	\$40,000		\$50,000	4, 5	35.23.352
Conservation District	None; established by policy				89.08
County	\$10,000		\$50,000	4, 5	36.32.245
Diking and Drainage District established under RCW Chapter 85	None; established by policy				85
Educational Service District (ESD)	No specific requirement			6	28A.310
Fire District	\$75,500		\$150,000	4, 7	52.14.110
Flood Control District established under 86.09	None; established by policy				86.09
Health District	None; established by policy			2	70.46
Hospital District	Publicly bid materials more than \$75,000; establish policy to procure equipment and supplies.			5	70.44.140
Housing Authority	None; established by policy				35.82
Interlocal agreement agency	Most restrictive law of creating entities			2	39.34.080
Irrigation District	\$0		\$50,000	4, 8	87.03.437
Library District	None; established by policy				27.12
Mosquito Control District	None; established by policy				17.28

Table 1 – Bid thresholds for purchases under Washington state law (continued)

Notes are on pages 11-12

Government type	Bid threshold		Purchase contract threshold	Notes	RCW reference
Park & Recreation District established under 36.69	None; established by policy				36.69
Parks District, Metropolitan	\$40,000	\$50,000		4, 5	35.61.135
Port District	None; established by policy				53.08.120
Public Development Authority (PDA)	Laws of creating city or county			2	35.21.730
Public Facilities District (PFD)	None; established by policy			2	36.100.030 , 35.57.020
Public Utility District (PUD)	\$30,000	\$120,000		4, 9	54.04.082 , 54.04.070
Reclamation District more than one million acres	None; established by policy				89.30.154
Reclamation District established under RCW 87.03	\$0	\$50,000		4, 8	87.03.437
Regional Planning Council: Regional Transportation Planning Organizations (RTPO) and Metropolitan Planning organization (MPO)	Most restrictive law of creating entities; MPOs must establish a procurement policy			2	35A.63.040 , 36.70A , 36.70.060 , 36.64.080 , 47.80.020 , 23 U.S.C. §§ 134-135
Regional Support Network (RSN)	Laws of creating county			2	71.24.300
School District	\$40,000	\$75,000		5, 10, 11	28A.335.190
	(Limits do not apply to book purchases)				
Self-Insurance Risk Pool	See note			12	48.62 , WAC's 200-100-220 & 200-100-020 (8)
State College or University	\$10,000	\$100,000		13	28B.10.029
Transportation Authority established under RCW 36.57 or 36.57A	None; established by policy				36.57 or 36.57A
Transportation Benefit District established under RCW 35.21.225 or 36.73	Laws of creating city or county			2	35.21.225 or 36.73
Water-Sewer District	\$40,000	\$50,000		4	57.08.050

Table 1 notes

1. AAAs must establish written competitive procurement processes as required by the current [DSHS Policy and Procedure Manual for AAA Operations](#).
2. If a city, county or other local government created your agency, you must follow the purchasing statutes for that jurisdiction. If one or more governments created your agency, such as by using the interlocal agreement act, you should follow the most restrictive purchasing statutes applying to each of your establishing jurisdictions.
3. These cities do not have statutory requirements for the purchase of materials, supplies and equipment. The city's charter provisions or ordinances govern such purchases. Non-charter cities should set the competitive bid process by ordinance.
4. Formally bid purchases over the secondary threshold (in the third column) if the local government adopted the purchase contract process detailed in [RCW 39.04.190](#) by resolution. Otherwise, formally bid all purchases over the primary threshold (in the second column).
5. Must award to the lowest responsible bidder.
6. If an ESD is contracting on behalf of a school district, then school district bid laws apply.
7. Fire districts may award based on best value, but they must document how the contract meets best value criteria. MRSC maintains a copy of [the 2018 Washington Attorney General letter \(PDF\)](#).
8. The irrigation district board may, by resolution, adopt a policy to waive formal sealed bidding procedures for purchases less than \$50,000 ([RCW 87.03.437](#)).

9. PUDS may purchase up to \$12,000 of the same kind of materials each month without a contract, but must bid anything more than this amount ([RCW 54.04.070](#)). The PUD should define “same kind” by resolution.
10. The school board of directors should establish procedures for securing phone or written quotes. The procedures must require quotes from at least three different sources for purchases between \$40,000 and \$75,000 ([RCW 28A.335.190](#)). School districts would use this option in lieu of the purchase contract process provided for other government types.
11. School district bus purchases fall under a different statute – refer to [RCW 28A.335.190](#) (7), which references [28A.160.195](#). Under this process, the Office of Superintendent of Public Instruction obtains price quotes and creates a vendor list for districts to buy from.
12. A risk pool should follow [WAC 200-100-220](#) and [WAC 200-100-020\(8\)](#) if it is on the Washington Department of Enterprise Services’ (DES) “list of approved programs” at either of these two web pages:
 - [DES: Health and Welfare Programs](#)
 - [DES: Joint Property and Liability Programs](#)

If your risk pool is on the list of approved programs, you should obtain three quotes for purchases between \$5,000 and \$50,000 and formally bid purchases more than \$50,000. If your risk pool is not on the list of approved programs, then it should follow the most restrictive procurement requirements of the governments that created it.
13. Colleges and universities must obtain three vendor quotes for procurements between \$10,000 and 100,000 to ensure they establish a competitive price. They must invite at least one quote each from a certified minority- and a certified woman-owned vendor that otherwise qualifies to perform the work ([RCW 28B.10.029](#)).

Next, consider the requirements for your procurement

Table 2 – Summarizes the basic or minimum requirements for purchases subject to public bidding.

Requirement	How it applies
Advertisement	Varies by government type but commonly: Publish a notice in the local newspaper at least once; typically no less than 13 days before the due date for bids.
Specifications	<p>Make specifications available to all interested parties. Governments must also obtain governing body approval of specifications, if required by policy.</p> <p>Note: State law does not recognize – implicitly prohibiting – the granting of preferences to local vendors when local governments purchase goods, supplies or services. The Attorney General concluded that municipalities cannot allow a 5% preference to local bidders (AGO 1961 No. 41).</p> <p>State law does allow certain preferences in RCW 39.30.040, such as for products made from recycled materials and consideration of tax revenue when considering the low bidder.</p>
Negotiation	Provide no opportunity for negotiation (between the local government and responding vendors).
Bid opening	<p>Depends on government type; laws might require local governments to read bids publicly at a fixed time and place (this is not intended to require an open public meeting with the governing body). It is best to properly secure the bids to avoid tampering before the public opening.</p> <p>Best practices include:</p> <ul style="list-style-type: none"> • Adopt a formal, documented process in which a designated person opens and records the bids • Publicly announce the time and place for the bid opening • Make sure two employees participate in the bid opening • Record details of the bid opening on a specified form • Provide bidders with at least seven days between any bid changes and a bid opening deadline • Ensure all bidders agree to a specific time period for which they guarantee their bid
Bid award	State laws require some local governments to award the contract to the lowest responsible bidder. Otherwise, they may award based on best value. If the latter, keep records showing what criteria you used to decide “best value” and an analysis of how you evaluated the bids.

Alternatives to formal sealed bidding on purchases

Governments may want to use an alternative to formal bidding, but you should make sure state law permits it for your situation. Depending on your circumstances, state law may allow you to use one of these four alternatives:

- Use the purchase contract process
- Piggyback on another government's contract
- Claim an exception to bid law
- Use statewide contracts offered by Washington State Department of Enterprise Services (DES)

Purchase contract process (vendor list)

Local governments may use the purchase contract process if their governing statutes permit it. When using the purchase contract process, a local government advertises with the intent of compiling a list of interested vendors. Then, as purchase needs arise throughout the year, the local government contacts vendors to request quotes. [Table 3](#) outlines the requirements for the purchase contract process.

Table 3 – Using the purchase contract process

Requirement	How it applies
To authorize	By resolution, establish procedures for obtaining telephone or written quotes
Advertisement	At least twice a year in a newspaper of general circulation within the local government's jurisdiction
Adding contractors to the roster	State law does not specify a process, so governments should develop a process in policy
Threshold at which you can use the roster	Varies by government type. See Table 1 : Bid thresholds for purchases
Statutory reference	39.04.190
Process for obtaining quotes	Obtain quotes from at least three different vendors
Awarding contracts	To the lowest responsible bidder
Records	Record and make available the bid quotations, for public inspection and inquiries

If you lack resources to develop your own roster, consider using another government’s roster. Just make sure you have an interlocal agreement that clearly identifies which entity is responsible for implementing the purchase contract process provisions. MRSC also maintains a [roster for local governments to use](#).

Piggybacking onto another government’s contract

Piggybacking is an alternative to conducting your own public bidding process, if you meet the requirements in the Interlocal Agreement Act (see sidebar). In a piggybacking arrangement, a public agency or group of public agencies acts as an awarding entity, procuring goods or services in a competitive environment and extending the pricing to other entities who can then “piggyback” onto its contract. It is commonly used to procure goods.

Interlocal Agreement Act:
[RCW 39.34.030](#)

SAO resource: [Piggybacking Under Washington State Law \(PDF\)](#)

We have assembled information about piggybacking in a guide (see sidebar). It includes answers to frequently asked questions and an optional compliance checklist.

Exceptions to competitive bidding

In some cases, you might qualify for an exception from conducting public bidding. **Table 4** details the possible exceptions for purchases. When choosing a bid law exception, make sure you select the appropriate one for your circumstances. In some cases, these statutes outline an alternative process you must follow. Make sure to research and follow all related requirements for using the exception. Lastly, support your conclusions reached and keep documentation for audit purposes.

Table 4 – Bid law exceptions for purchases

Exception type	Description and statute reference
Emergencies	Emergencies are defined and requirements described in 39.04.280 .
Sole source: Purchases that are clearly and legitimately limited to a single (sole) source of supply	39.04.280(1)(a)
Special facilities and market conditions: Work with your legal counsel to determine if circumstances would qualify	39.04.280(1)(b)
Purchase of insurance or bonds	39.04.280(d)
Irrigation districts: Exchange of bonds in payment for labor and material	87.03.435(2) , 87.03.210
Irrigation districts: Contracts with the U.S.	87.03.435(3)(a)

Table 4 – Bid law exceptions for purchases (continued)

Exception type	Description and statute reference
Auction purchases	39.30.045
Purchases from another local government	39.33.010
School district, certain purchases	Books 28A.335.190(2) School buses 28A.160.195 From class II inmate work programs operated by Department of Corrections 28A.335.190(3)
County purchase of election materials	Such as ballots or voting machine labels 36.32.245(4)
Data processing and telecommunications equipment, software and services	Special process under 39.04.270

Statewide contracts offered by DES

State law allows local governments to use and purchase from DES contracts, but they must first enter into a master usage contract agreement with DES (see sidebar). Local governments must comply with DES’s requirements when purchasing from a statewide contract. You can visit their website to learn more about how to use DES contracts. Local governments do not need to comply with the requirements of the Interlocal Agreement Act for these transactions (see sidebar).

Authorization: RCWs [39.26.050](#) and [39.26.060](#)

DES website: [How to use DES contracts](#)

Interlocal Agreement Act: [RCW 39.34.030](#)



Essentials for public works projects

First steps: Develop plans, specifications and estimates

In the case of a public works project, you will need to complete certain steps before inviting bids on the work. They include developing and approving plans, project specifications, and a cost estimate. (The sidebar has links to state and federal laws.) The cost estimate will drive which procurement process you should use, based on requirements in your governing statutes.

The cost estimate should include all project costs but subtract discounts and donated non-monetary items or labor. Unless the authorizing statute states otherwise, include sales tax in the cost estimate. You should also include all materials, supplies, equipment or labor (at the prevailing wage rate; [see pages 22-24](#)).

Note the small works roster and the Public Utility District's (PUD) statutes excludes sales tax, for purpose of applying bid thresholds. In these instances, governments must still pay the tax. In other instances, governments may not pay sales tax at all (see sidebar for several examples).

If your local government collaborates with another government to complete a public works project, make sure your cost estimate includes all costs for all parties involved. Each government must approve the plans, specifications and cost estimate before it takes any further procurement action.

Next, find your bidding thresholds

Requirements for conducting competitive bidding on public works projects vary based on government type, the project's cost, and potentially the nature of the project. You can use the Municipal Research and Services Center (MRSC) tool, "[Find your contracting requirements](#)." Or you can look up your requirements in [Table 5](#) on the following page.

To use [Table 5](#): A local government may use any internally acceptable method of awarding small public works contracts below the lower threshold in column 2 or 3. For projects between the lower threshold and \$350,000 (column 4 threshold), a local government may use a small works roster process if it has adopted the related provisions. Otherwise, it must use the formal competitive bidding process for any projects over the lower bid threshold in column 2 or 3. For amounts above the small works roster threshold, a local government must use the formal competitive bidding process.

Some governments have two different lower thresholds. In these instances, if your project involves a single craft or trade, then apply the threshold in column 2. If your project involves more than one craft or trade; then apply the threshold in column 3.

Required steps

State: [RCW 39.04.020](#)

Federally funded projects: [2 CFR §200.324](#) and all the federal procurement standards [200.317 - 200.327](#)

Exceptions

Small works roster thresholds exclude tax, [RCW 39.04.152](#)

PUD bid threshold excludes tax: [54.04.070\(2\)](#).

Housing authorities do not pay sales and use tax [WAC 458-20-189](#).

Cities and counties may be exempt from paying sales tax on certain road related materials ([RCW 82.08.0275](#) and [WAC 458-20-171](#))

Table 5 – Bid thresholds for public works projects, by government type

Notes are on page 20

Government type	Bid threshold		Small Works Roster threshold	Notes	RCW reference
	One craft/trade	More than one craft/trade			
Air Pollution Control Authority (Clean Air Agency)	None; established by policy			1	70A.15
Area Agency on Aging (AAA)	See note			2	74.38
Behavioral Health – Administrative Service Organization	Laws of creating county			3	71.24.025
City, First Class	\$75,500	\$150,000	\$350,000		35.22.620
City, Second Class and Towns City, Code	\$75,500	\$150,000	\$350,000	4	35.23.352 (as referenced by 35A.40.210)
Conservation District	None; established by policy			1	89.08
County, with purchasing department	\$0		\$350,000	4	36.32.235 , 36.32.240
County, without purchasing department	\$40,000		\$350,000	4	36.32.250
Diking and Drainage District established under RCW Chapter 85	None; established by policy				85
Educational Service District (ESD)	None; established by policy			1, 5	28A.310
Fire District	\$75,500	\$150,000	\$350,000	6	52.14.110
Flood Control District established under RCW 86.09	\$0		\$350,000	4	86.09.178
Health District	None; established by policy			1, 3	70.46
Hospital District	\$75,000		\$350,000		70.44.140
Housing Authority	None; established by policy			1	35.82 ; 35.82.076 , AGO 2009 No 2
Interlocal agreement agency	Most restrictive law of creating entities			3	39.34
Irrigation District	0		\$350,000	4, 7	87.03.435-436
Library District	None; established by policy			1	27.12
Mosquito Control District	None; established by policy			1	17.28

Table 5 – Bid thresholds for public works projects, by government type (continued)

Notes are on page 20

Government type	Bid threshold		Small Works Roster threshold	Notes	RCW reference
	One craft/trade	More than one craft/trade			
Park & Recreation District	None; established by policy			1	36.69
Park District, Metropolitan	\$20,000		\$350,000		35.61.135
Port District	\$40,000		\$350,000	4	53.08.120 53.08.135
Public Development Authority (PDA)	Laws of creating city or county			3	35.21.730
Public Facilities District (PFD)	None; established by policy			1, 3	36.100.030 , 35.57.020
Public Utility District (PUD)	\$75,500	\$150,000	\$350,000	9	54.04.070
Reclamation District more than one million acres	\$0		\$350,000	4	89.30.154
Reclamation district formed under RCW 87.03	\$0		\$350,000	4	87.03.435-436
Regional Planning Councils: Regional Transportation Planning Organizations (RTPO) and Metropolitan Planning organization (MPO)	Most restrictive law of creating entities. MPOs must establish a procurement policy.			3	35A.63.040 , 36.70A , 36.70.060 , 36.64.080 , 47.80.020 , 23 U.S.C. §§ 134-135
Regional Support Network (RSN)	Laws of creating county			3	71.24.300
School District	\$100,000		\$350,000	4, 8	28A.335.190
Self-Insurance Risk Pool	Most restrictive law of creating entities			3	48.62
State College or University	\$90,000	\$110,000	\$350,000	4	28B.10.350 , 28B.50.330
Transportation Authority established under RCW 36.57 or 36.57A	None; established by policy			1	36.57A
Transportation Benefit District established under RCW 35.21.225 or 36.73	Laws of creating city or county			3	35.21.225 , 36.73
Water-Sewer District	\$75,500	\$150,000	\$350,000		57.08.050

Table 5 notes

1. Local governments must competitively bid most public works according to [RCW 39.04](#), but it does not specify the process or thresholds they should follow. When the local government's enacting laws also do not specify the thresholds or process, the local government should establish its own policy guiding competitive bidding.
2. AAAs must establish written competitive procurement processes as required by the current [DSHS Policy and Procedure Manual for AAA Operations](#).
3. If a city, county or other local government created your agency, then you must follow the procurement statutes for that jurisdiction. If one or more governments created your agency, such as using the interlocal agreement act, they must follow the most restrictive procurement statutes applying to each of your establishing jurisdictions.
4. Must award contract to the lowest responsible bidder. (Port Districts must also award contracts to the lowest bidder when based on plans and specifications on file, or to the best bidder submitting his or her own applications.)
5. If the ESD is contracting on behalf of a school district, then school district bid laws apply.
6. When fire district public works projects require three or more specialty contractors, the district must retain the services of a general contractor, [RCW 52.14.120](#).
7. Apply the irrigation district bid limits on a per-contract basis, not a per-project basis. This means even if the entire project exceeds the threshold, bidding is not required unless an individual contract exceeds the threshold. A district can also split projects such that district personnel can do some of the work.
8. School district "construction work" does not include certain services, such as construction management services, value engineering, constructability review, building commissioning, and other construction-related professional and personal services ([RCW 28A.335.190](#)). A school district should procure these services using a competitive qualification-based procurement process pursuant to RCW 39.80 or RCW 39.10, whichever is applicable to the method of project delivery.
9. PUDs must reject any bids that are more than 15% over the engineer's estimate.

Next, consider the requirements for your procurement

Table 6 – If you use a formal competitive bidding process, Table 6 summarizes the basic or minimum requirements.

Requirement	How it applies
Advertisement	Varies by government type but commonly: Publish a notice in the local newspaper at least once; typically no less than 13 days before the due date for bids. In certain circumstances, you may want to give more notice to potential bidders. Such notice must include all statutorily required details.
Specifications	<p>The governing body must approve plans and specifications before the government takes any action. Note that specifications must address “prevailing wages” (see page 22).</p> <p>Note: State law does not recognize – implicitly prohibiting – the granting of preferences to local vendors when local governments purchase goods, supplies or services. The Attorney General concluded that municipalities cannot allow a 5% preference to local bidders (AGO 1961 No. 41).</p> <p>State law does allow certain preferences in RCW 39.30.040, such as for products made from recycled materials and consideration of tax revenue when considering the low bidder.</p>
Bid opening	<p>Governments must open and publicly read submitted bids at a fixed time and place (this is not intended to require an open public meeting with the governing body). It is best to properly secure the bids to avoid bid tampering before making them public.</p> <p>Best practices include:</p> <ul style="list-style-type: none"> • Adopt a formal, documented process in which a designated person opens and records the bids • Publicly announce the time and place for the bid opening • Make sure two employees participate in the bid opening • Record details of the bid opening on a specified form • Provide bidders with at least seven days between any bid changes and a bid opening deadline • Ensure all bidders agree to a specific time period for which they guarantee their bid
Bid bond	Varies by government type but commonly: A deposit of at least 5% of the bid in the form of a surety bond, cash, cashier’s check or certified check (see pages 25-27).
Bid award	<p>Unless there is good cause to reject any or all bids, the local government must usually award the contract to the lowest responsible bidder with a responsive bid (see page 28).</p> <p>The term “responsive” is referred to in several public works statutes, but state law does not technically define the term. Generally speaking, it means the bid is consistent with the specifications and fully conforms to the mandatory submittal requirements.</p>

Terms used in planning and bidding steps for public works projects

Prevailing wages

Local governments, and their contractors, carrying out public works projects by contract must comply with state prevailing wage laws (see sidebar for related statutes). This includes all types of construction, maintenance or repair, including:

- Private construction performed under a contract for rental, lease or purchase by the local government
- Public building service maintenance contracts, such as janitorial contracts covering janitors, waxers, shampooers and window cleaners
- Off-site work such as custom fabrication for the public works project
- Landscape construction and grounds maintenance
- Small projects including small works roster projects (no minimum dollar amount)
- Contractors subcontracting out all work
- Emergency work (even if you use a bid exception, prevailing wages will still apply)

The law provides certain exceptions, for example, state law:

- Does not require local governments to pay prevailing wage when using in-house employee labor for public works projects
- Does not require local governments to pay prevailing wages to sole owners and their spouses, any partner who owns at least 30% of a partnership, and certain officers owning at least 30% of a corporation (see sidebar). These entities must still comply with all other prevailing wage requirements for non-qualifying employees as well as complete the necessary paperwork, including the intents to pay prevailing wages, affidavits of prevailing wages paid, and certified payrolls.
- May permit certain exceptions for conservation, diking, drainage, reclamation and irrigation districts (see sidebar)

State prevailing wage laws apply to all public works contracts regardless of size or dollar amount. Table 7 describes the basic requirements set out in state law.

Required steps

Prevailing wages: [RCW 39.12](#)

Private construction: [RCW 39.04.260](#)

Public building service maintenance contracts: [RCW 39.12.020](#) and [WAC 296-127-023](#)

Exceptions

Use of employee labor, sole proprietors or certain business owners: [WAC 296-127-026](#)

Conservation Districts refer to the [MRSC Conservation Handbook \(PDF\)](#)

Diking and drainage, and reclamation districts: [RCW 39.04.010\(4\)](#)

Irrigation districts: [WAC 296-127-030](#)



Table 7 – Requirements for prevailing wages

Requirement	Description
Use required language in your bid documents and contracts	Local government awarding agencies, contractors and subcontractors involved in public works projects must include prevailing wage requirements in bid documents and contracts. You can communicate wage rates in your bid specifications and contract documents using one of two methods; refer to page 5 of the Washington State Labor and Industries' (L&I) Prevailing Wage Law publication for details (see sidebar, below).
Obtain the Statement of Intent to Pay Prevailing Wages forms *	You should obtain and review the "Intent" forms from the contractor and subcontractors ideally before their work begins, but at least before payment. Make sure you have controls to monitor the various subcontractors working on the project, as they may change over time.
Obtain assurance from the contractor with each invoice	Each invoice the contractor submits to you for payment must state, "the prevailing wages have been paid in accordance with the prefiled Statement or Statement(s) of Intent to Pay Prevailing Wages on file with the public agency."
Obtain the Affidavit of Wages Paid forms *	You must obtain the "affidavit" forms from the contractor and all subcontractors before you release retainage, or if you did not withhold retainage, then before final project acceptance. Typically, the primary contractor provides the forms for itself and its subcontractors.

*State law allows for an alternative filing process for public works projects up to \$5,000 (including tax). Contractors can submit a combined intent and affidavit form online. However, L&I does impose limits on the use of this option. For more details, refer to the L&I Washington State Prevailing Wage Law publication (see sidebar).

Local governments have the option to create the project in L&I's awarding agency portal. You should consider doing this to ensure L&I has accurate and complete information about your project.

State requirements

Submit weekly certified payrolls:
[RCW 39.12.120](#)

Additional resources:

[L&I Washington State Prevailing Wage Law publication \(PDF\)](#)

[L&I awarding agency portal](#)

[L&I workshops and training center](#)

State law also requires each contractor and subcontractor to submit weekly certified payroll records to L&I at least once a month. L&I requests local governments:

- Review the certified payroll records to ensure contractors and subcontractors report all appropriate laborers and mechanics. One significant risk is that the contractor misclassified workers, applying a lower wage rate than state law required. For example, if you have an electrical project, you might check that the contractor reported journey-level electricians.
- Notify L&I if the contractor did not submit certified payroll reports as expected
- Report any concerns to L&I

For contracts fully or partially funded with federal awards, local governments may also need to comply with the Uniform Guidance wage rate requirements, more commonly referred to as federal prevailing wages (see sidebar). Refer to your federal award's terms and conditions and any applicable federal statutes or regulations that may affect the federal program to determine if you must comply with the federal labor standards. If you are unsure, check with your awarding agency.

If these requirements apply to you, and you spend any federal funds on a public works project, then you must comply with both state requirements and federal regulations for prevailing wages. You will find many differences between these two sets of regulations. We cover the federal requirements in our handbook, *Essentials of Managing Federal Awards* (see sidebar). In this resource, we provide summaries for three key federal wage rate requirements including: contractual clauses, weekly certified payroll reports, and monitoring and enforcing of all contracts.

For additional assistance, the U.S. Department of Labor's website offers live prevailing wage trainings and recorded webinars (see sidebar).

Federal requirements:

Uniform Guidance, [2 CFR §200.327](#), which refers to further details in [Appendix II to Part 200 \(D\)](#). This appendix incorporates the federal labor standards into the Uniform Guidance, also found at [29 CFR §5](#)

Additional resources:

[SAO's Essentials of Managing Federal Awards Compliance Handbook \(PDF\)](#): Section 2, Chapter 12

The [U.S. Department of Labor's website](#) offers live prevailing wage trainings and recorded webinars.



Bid bonds or deposits

A bid bond or deposit provides some guarantee that the contractor will honor their bid at the quoted price and enter into the contract. If the contractor fails to do so, the bid bond or deposit provides compensation to the local government, potentially for the difference between the winning bid and next lowest bid. Some government types must require bid bonds or deposits, but others lack such requirements. If your enabling statute is silent, then your policy should address it. It is good business practice to require a bid bond.

State law does not require bid bonds for small works roster projects (as described on page [33](#)).

Table 8 – Details the requirements by government type for bid bonds.

Notes are on page 27

Government type	Bid bond required	Notes	RCW reference
Air Pollution Control Authority (Clean Air Agency)	No		70A.15
Area Agency on Aging (AAA)	Maybe	1	74.38
Behavioral Health – Administrative Service Organization (BH-ASO)	Yes		71.24.025 (refer to law of creating county)
City, First Class	No	2, 3	N/A
City, Code	Yes		35.23.352 (referenced by 35A.40.210)
City, Second Class and Towns	Yes		35.23.352
Conservation District	No	2	N/A
County road contracts	Yes		36.77.030
County, non-road contracts	Yes		With a purchasing department, 36.32.235(5) Without a purchasing department, 36.32.250
Diking and Drainage District established under RCW Chapter 85	No	2	N/A
Educational Service District (ESD)	No	2	N/A
Fire District	No	2	N/A
Flood Control District established under 86.09	Yes		86.09.178
Health District	No	2	N/A
Hospital District	Yes		70.44.140(1)

Table 8 – Details the requirements by government type for bid bonds. (continued)

Notes are on page 27

Government type	Bid bond required	Notes	RCW reference
Housing Authority	No	2	N/A
Interlocal agreement agency	Maybe	Most restrictive laws of creating entities	For entity to evaluate
Irrigation District	Maybe	4	87.03.435(1)
Library District	No	2	N/A
Mosquito Control District	No	2	N/A
Park & Recreation District	No	2	N/A
Parks District (Metropolitan)	Yes		35.61.135(1)
Port District	Yes		53.08.130
Public Development Authority (PDA)	Maybe	Laws of creating city or county	For entity to evaluate
Public Facilities District (PFD)	Maybe	Established by policy	For entity to evaluate
Public Utility District (PUD)	Yes		54.04.080
Reclamation District (more than one million acres)	Yes		89.30.154
Reclamations Districts formed under RCW 87.03	Maybe	4	87.03.435(1)
Regional Planning Councils: Regional Transportation Planning Organizations (RTPO) and Metropolitan Planning organization (MPO)	Maybe	Most restrictive laws of creating entities	For entity to evaluate
Regional Support Network (RSN)	Maybe	Laws of creating county	71.24.300
School District	No	2	N/A
Self-Insurance Risk Pool	Maybe	Most restrictive laws of creating entities	For entity to evaluate
State College or University	No	2, 4	For entity to evaluate, consider 39.26.190
Transportation Authority established under RCW 36.57 or 36.57A	No	2	N/A
Transportation Benefit District established under RCW 35.21.225 or 36.73	Maybe	Laws of creating city or county	For entity to evaluate
Water-Sewer District	Yes		57.08.050

Table 8 notes

1. AAAs must establish written competitive procurement processes as required by the current [DSHS Policy and Procedure Manual for AAA Operations](#).
2. Your policy should address bid bonds or deposits, as your enabling statutes do not impose a requirement.
3. The city's charter provisions or ordinances govern bid bonds. Several city charters, as well as some ordinances, require bid bonds.
4. Per the statute referenced, the board "may," and not "shall," require bid bonds. This is only required if stated in the bid documents.



Responsible bidder determination

A responsible bidder is one who meets a set of “responsibility criteria” as defined in state law (see sidebar). You must verify a number of criteria before you award a contract to a bidder, such as whether your bidder is licensed or registered to do that kind of work, has industrial insurance coverage for employees, and is registered with the Department of Revenue to do business and collect excise taxes in Washington state. Some items to note:

- **New requirements in 2026 and 2027:** The legislature recently made changes to responsible bidder criteria. They added two new requirements effective July 1, 2026; one requires the contractor to submit an apprentice utilization plan, and another stipulates that the contractor must not have had its minor work permit revoked. They also modified the requirement referring to public works training effective July 1, 2027.
- **Vendor prequalification:** Some governments may want to prequalify vendors before they allow them to bid on a project. State law does not allow this in most cases, although we know of several exceptions (see sidebar).
- **Supplemental criteria:** You may adopt supplemental criteria for determining bidder responsibility. You will also find examples in the Capital Projects Advisory Review Board’s Bidder Responsibility Guidelines (see sidebar). You should not use supplemental criteria to impose a requirement for local sourcing of a product ([see more on preferences on page 21](#)).

We publish a checklist to help you execute and document the responsible bidder evaluation in our online resource (see sidebar).

If your bidder does not meet all responsibility criteria, refer to the referenced statute for more information.

Statute

Responsible bidder criteria:
[RCW 39.04.350](#)

2025 House bills [1549](#) and [1644](#) (will modify statute referenced above)

Exceptions for prequalification

The Department of Transportation:
[RCW 47.28.070](#)

Public Utility Districts:
[RCW 54.04.085](#)

Resources

Capital Projects Advisory Review Board’s
[Bidder Responsibility Guidelines \(PDF\)](#)

SAO resource: [Responsible bidder checklist](#)



Performance bonds

A performance bond is issued by a bank or other financial institution, and it helps protect you from situations in which the contractor stops work unexpectedly, forcing you to make alternative arrangements to complete the project. State law says that, in general, state and local governments must require a performance bond whenever they enter into a contract for public works.

Even diking and drainage districts, although broadly excluded from the definition of a municipality in the public work statutes, may need to comply with performance bond requirements depending upon their statutory authority (see sidebar).

State law does include some exceptions for small projects (see sidebar). For projects less than \$150,000, local governments may retain 10% of the contract amount in lieu of a performance bond at the contractor's option. However, the local government assumes some liability in doing so. In addition, for small public works contracts valued at less than \$5,000, the small works roster provisions do not require performance bonds (see sidebar).

State law has some additional authority for certain government types (see sidebar). Cities, towns, transits, passenger-only ferry districts and PUDs can set an amount less than the contract price, but not less than 25% of the contract price.

Retainage and retainage bonds

In most cases, a local government must withhold retainage or accept a retainage bond from a contractor as assurance that the contractor will pay the subcontractors and complete the job satisfactorily. If withholding retainage, the government would withhold a percentage of the contract price from the money the contractor earned. Then, after the contractor satisfactorily completes the project, the local government releases the amount accumulated, plus interest, to the contractor. **Table 9** provides a summary of retainage requirements from project start through completion. Certain government types might have different retainage requirements due to their statutory authority. For example, diking and drainage districts must withhold a higher percentage. You should check your governing statutes for any additional guidance.

Statute

Performance bonds: [RCW 39.08](#)

Diking and drainage districts: RCWs [85.05.180](#) and [85.06.180](#)

Exceptions

Small works roster: [RCW 39.04.152\(5\)](#)

City, town, transits and passenger-only ferry districts: [39.08.030\(1\)](#)

PUDs: [54.04.080](#)

Statute

Retainage: [RCW 60.28](#)

Diking and drainage districts: RCWs [85.06.180](#) and [85.06.200](#)

Table 9 – Requirements for retainage

Requirement	Description
Collecting retainage	Typically, the amount retained may not exceed 5% of the money earned by the contractor. A local government would withhold retainage from every progress payment. Alternatively, a contractor may submit a retainage bond, and state law may require it in some situations (for example, road projects funded with federal dollars).
Small projects	Small works roster provisions allow local governments to waive retainage requirements, but you assume some liability in doing so. Small works roster provisions do not require retainage for projects less than \$5,000. (see page 33).
Holding the retainage	At the option of the contractor, the local government must: <ul style="list-style-type: none"> a) Retain the money in a fund by the public body b) Deposit it in an interest-bearing account, such as a bank c) Place it in escrow with a bank or trust company You must pay any interest earnings to the contractor.
Before releasing retainage	Before a local government can release retainage for projects more than \$35,000, it must notify the Department of Revenue, the Employment Security Department, and the Department of Labor and Industries to ensure the contractor fully paid all taxes, increases and penalties due.
At project end	At the end of the project and once it has resolved all contract items satisfactorily, the local government will release retainage to the contractor.

Unit-priced contracts

As defined in the various enabling statutes, “a unit-priced contract is a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the government, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work.”

In other words, if authorized, you can call upon a contractor to repeatedly do certain work at a predefined price, over the course of one or more years.

Local governments have used unit-priced contracts for work such as tree trimming, road resurfacing and installing a municipal broadband network. You might hear these contracts referred to as “on-call contracts” as well, although state law does not use this term.

The various enabling statutes contain similar requirements:

- Within your invitation to bid, you must include specific details about the type and quantity of work the contractor will perform. (You will need this information to prepare a cost estimate and obtain bids based on defined specifications.)

- Within your invitation to bid, you must also specify how you will issue work assignments.
- Whenever possible, you must invite at least one proposal from a certified minority or woman contractor (this requirement applies to all eligible agencies except PUDs).
- You must award the contract to the lowest responsible bidder.
- You and your contractor must comply with prevailing wage requirements. You must update prevailing wage rates annually and obtain annual intents and affidavits of prevailing wages paid.

Table 10 – Details the government types who may award unit-priced contracts, their enabling statute and contract term limits.

Local government type	Statutory authorization	Initial contract term	Renewal period
First class city	35.22.620	Up to three years	One additional year
Second class city or town	35.23.352	Up to three years	One additional year
Code city	35.23.352 , 35A.40.210	Up to three years	One additional year
County with purchasing department	36.32.235	Up to one year	One additional year (see exception for county ferry vessel)
Port district	53.08.120	Up to three years	One additional year
Transit district	39.04.235	Up to one year	One additional year
Public utility district	54.04.070	Up to three years	One additional year
Water-sewer district	57.08.050	Up to one year	One additional year

Alternatives to formal sealed bidding on public works contracts

Governments may want to use an alternative to formal bidding, but you should make sure state law permits it for your situation. Depending on your circumstances, state law may allow you to use one of these four alternatives:

- Small works rosters
- Piggybacking on another government’s contract
- Claiming an exception to bid law
- In-house employee labor to complete the public works project

Small works rosters

Local governments may use the small works roster procedure instead of formal sealed bidding for public works projects, up to the small works roster threshold. This procedure involves advertising the option for contractors to sign up for the government’s list of potential contractors interested in work. A government may maintain one roster list, or several such as for different specialties, work categories or geographic areas. As governments proceed to have projects throughout the year, they notify contractors on their list and invite them to submit quotes for the work.

Governments may use the statewide MRSC roster, or that of another government (if they enter into an interlocal agreement and clearly identify the lead entity). State law for small works rosters changed significantly as of July 1, 2024; [Table 11](#) outlines the requirements.

Table 11 – Using a small works roster for public works projects

Requirement	How it applies
To authorize	Resolution or ordinance authorizing its use
Advertisement	At least once a year, publish a notice in a newspaper of general circulation and solicit contractors for the roster. You must also, at least once a year, provide the Office of Minority and Women’s Business Enterprises’ directory of certified firms a notice of the existence of the roster and solicit contractors for the roster.
Adding contractors	You should add contractors at any point in the year, when responsible contractors request you to add them and provide necessary records. Contractors must also agree to receive emails and indicate if they meet the definition of a small business or one that is minority-, women- or veteran-owned.

Table 11 – Using a small works roster for public works projects (continued)

Requirement	How it applies
Project threshold	Up to \$350,000; this threshold excludes sales tax. See Table 5: Bid thresholds for public works projects.
Statutory reference	RCW 39.04.151 and 39.04.152 . At their discretion, local governments may also refer to model procedures outlined at WAC 200-330-010 through 200-330-060 . However, the statewide MRSC roster must comply with the WACs.
Process for obtaining quotes	Governments must invite bids from all contractors on the applicable roster that are interested in working in the applicable geographic area. If the project is less than \$150,000 (not including sales tax), the government may opt to use the direct contracting method described in the next row.
Optional direct contracting method (projects less than \$150,000)	<p>Governments may use direct contracting for projects less than \$150,000 (excluding sales tax), but they must have a “utilization plan” covering small and minority-, women- and veteran-owned businesses. If they use direct contracting, they must also notify those firms on the applicable roster.</p> <p>How a government directly contracts depends on the number of companies on the applicable roster:</p> <ul style="list-style-type: none"> • More than six: You must direct-contract with one of the small businesses on the applicable roster that has indicated interest in performing work in the applicable geographic area. As projects arise, you must also rotate through the contractors on the appropriate small works roster and use different contractors on different projects (assuming qualified contractors are available who may perform within budget). • Less than six: You may direct contract with any contractor on the applicable roster. <p>Anyone engaging in direct contracting may not favor certain contractors by repeatedly awarding contracts without documented attempts to direct contract with other contractors on the applicable roster.</p>
Bonds	Bid bonds are not required, but good business practice. Performance bonds are typically required for projects more than \$5,000.
Retainage	Retainage is required for projects more than \$5,000; however there is an option to waive it if the local government assumes liability for contractor nonpayment. You must provide notice of any retainage deduction or waiver in the bid solicitation.
Awarding contracts	To the lowest responsible bidder with the lowest responsive bid.
Records	Make any bid quotes you obtained publicly available.
Annual notice	Governments must publish a list of small works contracts awarded and contractors contacted for direct negotiation. For details about the reporting requirements refer to RCW 39.04.200 .

Note: Federal requirements do not allow local governments to use the direct contracting method under federal rules as it does not comply with [2 CFR §200.320](#). For more information, refer to the Uniform Guidance [federal procurement standards](#).

For more information about state requirements, refer to MRSC’s [Small Public Works Roster Manual 2024](#).

Piggyback onto another government’s contract

Piggybacking is an alternative to conducting your own public bidding process, provided you meet the requirements in the Interlocal Agreement Act (see sidebar). In a piggybacking arrangement, a public agency or group of public agencies acts as an awarding entity, procuring goods or services in a competitive environment and extending the pricing to other entities who can then “piggyback” onto its contract. While permissible, local governments rarely use piggybacking to contract for public works projects.

If you do piggyback for a public works project, make sure your project plans and specifications are the same as the contract you want to use; only quantities may differ. For example, you might piggyback for a roofing project if you do not need additional work not considered in the original contract, such as a gutter system. We have assembled information about piggybacking in a guide (see sidebar). It includes answers to frequently asked questions and an optional compliance checklist.

Interlocal Agreement Act:
[RCW 39.34.030](#)

SAO resource: [Piggybacking Under Washington State Law \(PDF\)](#)

Exceptions to competitive bidding

In some cases, you might qualify for an exception from conducting public bidding. **Table 12** details the possible exceptions for a public works project. You may notice that we do not list a sole source option for public works projects (this applies to purchases only).

When choosing a bid law exception, make sure you select the appropriate one meeting your circumstances. In some cases, the statute will outline an alternative process you must follow. Make sure to research and follow all related requirements for using the exception. Lastly, support your conclusions reached with any applicable documentation and keep it for audit purposes.

Table 12 – Bid law exceptions for a public works project

Exception type	Description and statute reference
Emergencies	Emergencies are defined and requirements described by 39.04.280 .
City, county or port district pollution control facilities	70A.210.110
Water pollution facilities	Special process under 70A.140.040
First-class city electrical distribution and generating systems on public rights of way or on municipal property	35.22.640

Table 12 – Bid law exceptions for a public works project (continued)

Exception type	Description and statute reference
City, town or county: solid waste handling systems, plants, sites	Special process under RCW 35.21.156 (city or town); RCW 36.58.090 (county)
Building engineered systems	Special process under RCW 39.04.290
Energy saving performance	Special process under RCW 39.35A
Irrigation districts: Exchange of bonds in payment for labor and material	87.03.435(2)
Irrigation districts: Contracts with the U.S.	87.03.435(3)(a)
Contracts with qualified community service organizations (volunteer labor)	For some types of public improvements and applies to certain government types: 35.21.278
Projects covered by insurance	When insurance covers part or all of the cost of a public works project, applicability of procurement requirements depends on who enters into the contract. If the government contracts directly with the vendor, then the government’s bid laws apply. If the contract is between the vendor and the insurance carrier, then you must conduct further analysis. If public money is used for a public work, private insurance companies must follow the government’s bid requirements.

Using in-house employee labor for public works projects

State law allows many local governments to use their own employees on public work projects. The enabling statutes of some local governments provide this additional authority, often subject to various statutory limitations. When calculating the cost of the project to apply these limitations, you must include all materials, sales tax and labor costs. You should not divide a project into units of work or classes of work, in order to avoid the statutory limitations. **Table 13** describes the government types, a summary of the authorization and limitations, and statutory references. In all cases, refer to the referenced statute for more details.

Table 13 – Use of employee labor authority and limitations

Government type	Summary of authorization and limitations	RCW reference
First class cities	<p>Per-project limits, and totals cannot exceed 10% of public works construction budget (include any public works that a county performs for a city under 35.77.020 in the limit calculation).</p> <p>(Includes special provision for work that is an accepted industry standard practice under prudent utility management, as of June 2024. It includes a materials limit but note the many exclusions.)</p>	35.22.620
Second-class cities or towns or code cities	<p>Per-project limits but no total limit.</p> <p>(Includes special provision for work that is an accepted industry standard practice under prudent utility management, as of June 2024. It includes a materials limit but note the many exclusions.)</p>	35.23.352
Counties (all)	<p>Counties may use employee labor for road construction, subject to a cap based on the county's population and motor vehicle fuel tax distribution factor (see statute for details).</p> <p>County road-related electrical work is subject to a per project limit of \$40,000.</p>	36.77.065
County without a purchasing department	Any non-road public works project. No statutory limits.	36.32.250
Counties with a purchasing department	<p>For counties with populations less than 400,000: Totals cannot exceed 10% of public works construction budget.</p> <p>For counties with populations more than 400,000, per project limits apply. In addition, totals cannot exceed 10% of public works construction budget.</p>	36.32.235



Table 13 – Use of employee labor authority and limitations (continued)

Government type	Summary of authorization and limitations	RCW reference
Fire Districts	<p>Fire protection districts may provide maintenance services in conjunction with their authority in RCW 52.12.031, but this does not give them authority to perform public works using their own forces.</p> <p>As of June 30, 2024, state law allows fire districts to use employee labor for prudent utility management purposes only, subject to limits based on materials cost. It is unclear what is meant by prudent utility management purposes in the context of a fire district; work with your legal counsel to determine what constitutes prudent utility management and to evaluate how the statutory requirements may or may not apply to you.</p>	<p>52.12.031 (authority)</p> <p>52.14.110</p>
Irrigation Districts	No dollar limits	87.03.435
Port Districts	Port districts may use their employees for public works projects but must first determine whether they can accomplish any construction project costing more than \$40,000 at a lower price if they contracted out.	53.08.120 , 53.08.135
Public Utility Districts	Special provision for work that is an accepted industry standard practice under prudent utility management; it includes a materials limit but note the many exclusions.	54.04.070
School Districts	Per-project limits	28A.335.190
Water-Sewer Districts	Special provision for work that is an accepted industry standard practice under prudent utility management, as of June 2024. It includes a materials limit but note the many exclusions.	57.08.050

Essentials for procuring services

In this section, we will cover three types of services and when competitive processes apply. We will cover architectural and engineering services, personal services and purchased services. If state law does not require a competitive process for a certain service type, then we urge you to establish your own written policies and procedures. Remember, the public expects governments to make a reasonable effort to hire qualified service providers at reasonable prices. Documenting how you intend to handle these procurements is the best way to ensure you will accomplish those objectives.

Architecture and engineering services (A&E)

You must undertake competitive negotiations for all A&E services (state law does not specify a dollar threshold, see sidebar). A&E services include professional services for architecture and engineering provided by architects, landscape architects and engineers, and land surveyors. State law focuses on local governments hiring the most highly qualified firm to provide the services required for the proposed project. (This law only applies if you hire external contractors for A&E work, it does not apply to governments using their own employees.)

To start with, you must advertise that you require A&E services in advance of hiring a consultant. You can:

1. Advertise as needs arise, such as before each project; or
2. Announce generally to the public your projected requirements for any category or type of professional service (usually once a year)

When advertising generally, a government would typically publish an annual advertisement to create a roster of interested firms, by category or type of professional service. Firms interested in doing future work would submit a statement of qualifications and performance data, at least annually. Then, as work arises during the year, the government evaluates the qualifications and performance data on file and contacts one or more firms to undertake discussions about the project.

Some items to note:

- You must establish your own criteria for evaluating firms and keep records of the evaluation and selection process to demonstrate that you awarded the contract to the most qualified firm. You should keep these records for audit purposes.
- State law includes requirements involving the participation of minority- and women-owned firms and veteran-owned firms. Make sure you understand and follow all requirements.
- Price is secondary during the selection process. First, you select the most qualified firm and then attempt to negotiate a fair and reasonable price.

Statutes

A&E services: [RCW 39.80](#)

If using any federal funds, Uniform Guidance, [2 CFR §200.320](#) and the [other federal procurement standards](#)

Exceptions

Conservation districts: [RCW 89.08.220](#)

If you use any federal funds, note that federal regulations impose some additional responsibilities beyond state requirements (see sidebar on page 38). You must comply with federal requirements regardless of the project size due to the state's zero-dollar threshold for A&E competitive processes (this becomes your federal simplified acquisition threshold). Some of those additional responsibilities include:

- You must advertise on a per-project basis only and publicize your evaluation factors and their relative importance.
- You must have written procedures for conducting technical evaluations of the proposals you received and making selections.

Personal services

Personal services are essentially services using professional or technical expertise provided by a consultant, for example to accomplish a specific study, task or scope of work. Generally, you are not required to competitively solicit personal services, with the following exceptions (see sidebar for statutory references):

- Ports must establish policies to competitively procure personal service contracts. For example, a port might hire a consultant to do a moorage rate study.
- Self-insurance risk pools must use a formal competitive solicitation process to select consultants, including actuaries. They must also establish and maintain written procedures for contracting with third-party administrators. These requirements apply only to risk pools operating property and liability programs.
- Public facility districts must follow various requirements when procuring these types of services. However, rules vary based on the district's governing statutes.
- Community colleges and four-year universities must formally procure services more than \$100,000.
- If you use any federal funds on the service procurement, federal regulations do include competitive procurement requirements.

Statutes

Ports: [53.19.090](#)

Self-insurance Risk Pools:
[WAC 200-100-215](#), [WAC 200-100-038](#)

Public Facility District created by city or town: [35.57.070](#); created by county: [36.100.180](#)

Community Colleges/Universities:
RCW [28B.10.029\(1\)\(c\)\(iii\)](#)

Uniform Guidance [2 CFR §200.320](#) and all the federal procurement standards [200.317-200.327](#)

Purchased services

Purchased services are those a vendor provides to accomplish routine, continuing and necessary functions, such as:

- Operating a physical plant, like a hydroelectric dam, when you contract with a private company to manage it
- Contracting out routine equipment maintenance and repair, such as for computer hardware or maintenance

Generally, state law does not require local governments to competitively procure purchased services, with the following exceptions:

- When the service includes a public works project: You should carefully evaluate whether your purchased service actually qualifies as a public works project, which has competitive bidding requirements. For example, if the plant operator operates the hydroelectric dam and also performs repairs, then state law would deem the repairs a public work. Similarly, painting a building might seem like a service, but state law considers it a building repair or improvement.
- Transit authorities must competitively bid when contracting with private companies to provide public transportation.
- Using federal funds will likely trigger competitive procurement requirements. Check the federal procurement standards for guidance.

Additionally, some purchased service maintenance contracts still require the payment of prevailing wages even if you do not procure them as public works.

For additional resources on this topic, see MRSC's [Contracting for Services manual \(PDF\)](#).

Statutes

Transit Authorities: [36.57A.080](#), [36.57.040](#) or [81.112.070](#)

Uniform Guidance [2 CFR §200.320](#) and all the federal procurement standards [200.317-200.327](#)



Using federal funds on procurements

The Uniform Guidance federal procurement standards stipulate how you must procure goods and services that you purchase under a federal award. In addition to state and local requirements, you must also comply with federal procurement requirements even if you use only a small portion of federal funds toward the purchase or project. You can find the federal procurement standards at [2 CFR §200.317-200.327](#).

To minimize future compliance issues, ensure your government has its own documented procurement procedures that include all local, state and federal requirements. This is not only a best practice, but a federal requirement. And before procuring goods and services under a federal award, ensure your staff understand these procedures well enough to follow them.

Some federal procurement requirements are stricter than state-level requirements. For example, federal requirements do not allow the direct contracting option for projects less than \$150,000 (an option under the small works roster provisions). Federal requirements are stricter for service procurements too, imposing competitive processes for all types of services.

You can find more information in our [Essentials of Managing Federal Awards Compliance Handbook: \(PDF\)](#)

- Section 2, Chapter 7 federal procurement standards
- Section 2, Chapter 8, suspension and debarment
- Section 2, Chapter 12, federal prevailing wage rates (Davis-Bacon and related acts)



Additional online resources

Publications from MRSC

The Municipal Research & Services Center (MRSC) offers local governments a variety of helpful publications around procurement and contracting.

- [The City Bidding Book \(PDF\)](#) and [The County Bidding Book \(PDF\)](#). All government types might benefit from some of the information contained in these guides, but apply the guidance cautiously if yours is not a city or county government.
- [Public Works Contracting Best Practices \(PDF\)](#) for local governments in Washington state.
- [Small Works Roster Manual](#) for local governments in Washington state.
- [Contracting for Services Manual \(PDF\)](#) for local governments in Washington state.

For a list of all MRSC purchasing and contracting publications, visit [the MRSC Purchasing and Contracting webpage](#).





“Our vision is to increase **trust** in government. We are the public’s window into how tax money is spent.”

– Pat McCarthy, State Auditor

Washington State Auditor’s Office
P.O. Box 40031 Olympia WA 98504

www.sao.wa.gov

1-564-999-0818



Office of the Washington State Auditor