

CAPITAL PROJECTS ADVISORY REVIEW BOARD

SB 6167 Adopting the Recommendations of CPARB Regarding Local Government Procurement Rules

(Special Purpose Districts, First-Class and Second-Class Cities, & Public Utility Districts)

FACT SHEET

Background

The 2023 Legislature passed Substitute House Bill 1621 standardizing several issues and updating construction project dollar limits for self-performed work within multiple public entities, including first and second-class cities, public utility districts (PUDs), water-sewer districts, and fire districts instead of contracting out. The effective date of the bill was delayed to June 30, 2024, to allow the Capital Projects Advisory Review Board (CPARB) to review and make recommendations to the Legislature by December 31, 2023.

CPARB created a committee of stakeholders including members of the public, private industry, labor, and subcontractors to consider the impacts of this bill and find recommendations. The committee met biweekly from June to December 2023 and submitted their recommendations to CPARB. The [CPARB Recommendations on SHB 1621 Report](#) shares areas where CPARB had unanimous recommendations. CPARB intends to hold deeper conversations with impacted stakeholder groups to address remaining areas of concern for more recommendations to be submitted by October 31, 2024.

Recommendation from CPARB:

1. Allow standardized threshold limits of \$75,500 for a single trade and \$150,000 for multiple trades for work performed by regularly employed public employees for a trial period of two years: July 2024 to June 2026 with a sunset review to continue the use.
Any work above these limits will need to be sent out for bid. Raising the thresholds creates uniformity amongst the agencies and accounts for inflation and price escalation factors.
2. Delay implementation to July 1, 2025, of all other sections in SHB 1621 (other than recommendation #1, the \$75.5k/\$150k implementation) so CPARB can continue stakeholder work and make additional recommendations by October 31, 2024.

Key Points

- Public entity stakeholder representatives stated SHB 1621's purpose is to address the need for flexibility to perform work with regularly employed staff to address an emergent circumstance.
- Labor, private industry, and subcontractor stakeholder representatives do not support SHB1621's purpose or effective date. By increasing thresholds for self-perform work by public entities, this bill reduces the number of public bid project opportunities for public contractors, and small and disadvantaged businesses.
- Proposed future stakeholder work would discuss the following:
 - Removing all bidder responsibility determination references outside of criteria already set in state law (RCW 39.04.010 and 39.04.350) and update language to reference the law.
 - Exceptions to the public employee work thresholds on projects up to \$300k, Prudent Utility Management definition and exclusions of equipment in the limits.
 - Consider striking the term 'Prudent Utility Management' for special purpose districts and cities, as it may not be applicable in the same manner as for PUDs.
 - Continue stakeholder discussions towards limiting all project costs to the \$300,000 threshold instead of the "equipment" and "material" distinctions as currently defined in 'Prudent Utility Management.'
 - Consider implementing reporting requirements to the state auditor to track the frequency and reasons for public entities choosing self-performing the work.