

Capital Projects Advisory Review Board
Legislation Writing\Drafting Committee
Minutes 7/7/2022

Meeting Location: via Zoom

Join Zoom Meeting from PC, Mac, Linux, iOS, or Android:

<https://wsu.zoom.us/j/94900556396?pwd=Y3Z6ajkrR21abUkrVXlhd0Njd2tRUT09&from=addon>

Meeting ID: 949 0055 6396

Passcode: 955065

Members: (10 members, 1-2 alternates; 6 = quorum)

<input type="checkbox"/> Nancy Deakins, DES Owner-State	<input checked="" type="checkbox"/> Irene Reyes, Private Industry\DBEs
<input checked="" type="checkbox"/> Bill Dobyns, General Contractors	<input type="checkbox"/> Lisa van der Lugt, OMWBE
<input checked="" type="checkbox"/> Andrew Greene, Perkins Coie	<input checked="" type="checkbox"/> Olivia Yang, Higher Education
<input type="checkbox"/> Erik Martin, Counties	<input type="checkbox"/> (Vacant, Construction Trades Labor)
<input checked="" type="checkbox"/> Scott Middleton, MCAWW	
<input checked="" type="checkbox"/> Mark Nakagawara, Cities	

Alternates:

<input checked="" type="checkbox"/> Rachel Murata, OMWBE (<i>alternate</i>)	<input checked="" type="checkbox"/> Maja Huff, Washington State University
<input checked="" type="checkbox"/> Penny Koal (<i>alternate</i>)	<input type="checkbox"/>

Guests:

<input checked="" type="checkbox"/> Melissa Van Gorkom	<input type="checkbox"/>
<input type="checkbox"/> Robynne Thaxton	<input checked="" type="checkbox"/> Kara Skinner
<input type="checkbox"/> Santosh Kuruvilla	<input checked="" type="checkbox"/> Jolene Skinner
<input checked="" type="checkbox"/> Erin Frasier	<input checked="" type="checkbox"/> Linda Lee Womack
<input type="checkbox"/>	<input type="checkbox"/>

Agenda

3:00 pm Members Gather
3:02 pm Approve past meeting minutes + today's agenda
3:10 pm Meeting topic: Definition of small/diverse business (cont.)
4:00 pm Adjourn

Item 1: **Members gather**

- Call to Order
- Quorum confirmed

Action by: Committee
Status: Approved and complete

Item 2: **Approve past meeting minutes + today's agenda**

Action by: Committee
Status: Approved

Item 3: **Meeting topic: Definition of small/diverse business**

Statewide definition for small business that targets the businesses we want to serve

- After calibrating the appropriate criteria thresholds to certify truly small business, it might be logical to have OWMBE be the state certifying body for small business, since they already certify minority- and women-owned business and have the administrative structure for certification, reporting, and administration.
- The potential downside for certifying small business independent of race or gender is there may be a risk of taking away opportunities from minority- and women-owned businesses.
 - Given OWMBE's mission (and CPARB's goals) of promoting women- and minority-owned small businesses, it may not make sense to take race and gender out of the equation by creating a separate certification for small business.
 - Some members shared the idea that support for small business will typically support minority- and women-owned business, as they are often also small.
 - It was also shared that mandatory preferences for race and gender may be considered defensible by CPARB.
 - Members discussed how utilization of certified small business should be considered separately from certified minority- and women-owned business utilization goals, whether mandatory or aspirational.
 - When it comes to utilization goals, placing an emphasis on minority- and women-owned businesses that are also small is a working example that's on the table.

Criteria (firm revenue, owner net worth, number of employees, other)

- Using the criteria OWMBE uses to certify minority- and women-owned businesses and making it gender- and race-neutral, you are left with annual revenue, # of employees, and the owners' net worth. What those thresholds are varies depending on the category the business is in.
- The committee looked at current threshold numbers for construction and AE services and discussed whether they are at the appropriate levels. For instance, the maximum annual gross revenue for construction is currently set at \$16 million, which multiple members agreed was too low to be paired with the maximum employee number of 49, given the current market and the tendency of construction to involve mostly subcontracted work. One member suggested that a more appropriate maximum annual gross revenue for a general contracting company of that size would be in the hundreds of millions.
- **Question proposed:** if the group can write a definition for small business that the Small Works Roster would use, leaving the threshold at \$350K, what is the biggest firm that should be doing that work?

Certified, registered, self-identified

- DES currently has an option for self-certification as a small business, as do UW and City of Seattle. On the other hand, OWMBE has a rigorous certification process for women- and minority-owned businesses. It would simplify things for small businesses (thus, removing a

barrier) to have a “one-stop shop” certification or registry that strikes the right balance between rigor and accessibility.

- Jolene Skinner walked the members through her current utilization data based on employee numbers, by way of worker compensation insurance reporting.
 - This data included tracking how many projects within each bracket for contract total dollar amount were prime-only, as well as what was the percent utilization for prime-only, OMWBE certified minority-/women-owned business.
 - She shared that she is working on collating data from a three-year period, going back to October 2018, and that these numbers are pulled looking at 4 consecutive quarters together to correct for seasonal workers.
 - Members requested that the data be displayed in a way to help them calibrate thresholds to better support truly small businesses. Jolene said that she would look for data comparing firms’ sizes (based on employee number) to the number and cost of projects completed by those firms per year. [AI]

Action by: Committee
Status: Complete

Item 4: Next Meeting Topic: Meeting #3 – Prompter payment for subcontractors

- Guest: Kara Skinner

Action by: Committee
Status: Approved

Item 5: Next steps and action items

- The next meeting (meeting #3) will be focused on the topic of prompter payment for subcontractors. Members will reconvene on today’s topic (definition and certification of small business) at meeting #4. Language will be then developed on both issues for members to discuss at meeting #5.
- Jolene Skinner will continue gathering data for discussion at committee meeting #4 (details noted under Item 3).
- Scott Middleton will check in with Dan (last name?).
- Irene Reyes will bring some questions on company size and annual gross revenue to the Small Works Roster. Olivia Yang will provide the questions.
- When the group reconvenes on the topic of small business, they will use the data gathered by Jolene, Scott, and Irene to begin triangulating appropriate threshold levels for small businesses in the construction category, then in AE services.

Adjourn at 3:55 pm