

1 **Capital Projects Advisory Review Board**

2 **Business Equity/Diverse Business Inclusion Committee**

3 Meeting Summary September 11, 2020

4 **1. Committee co-chair Walter Schacht called the meeting to order at 11:03 a.m. A quorum**
5 **was established.**

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7 **2. Welcome and introductions.** Co-chair Walter Schacht welcomed the attendees.

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Committee members in attendance unless otherwise noted:

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- 10 • Walter Schacht, Schacht Aslani Architects CPARB Co-chair
 - 11 • Lisa van der Lugt, OMWBE CPARB Co-chair
 - 12 • Bill Frare, DES CPARB
 - 13 • (absent) Irene Reyes, The Glove Lady CPARB
 - 14 • Janice Zahn, Port of Seattle CPARB
 - 15 • Olivia Yang, Washington State University
 - 16 • (absent) Cheryl Stewart, AGC Eastern Washington
 - 17 • Chip Tull, Hoffman Construction
 - 18 • Aleanna Kondelis, University of Washington
 - 19 • Brenda Nnambi, Sound Transit

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Other attendees include:

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- 21 • Rebecca Keith, City of Seattle CPARB
 - 22 • John Salinas, Salinas Construction CPARB
 - 23 • Sarah Erdmann, OMWBE
 - 24 • Prabh Kaur, OMWBE
 - 25 • Dan Seydel, Platinum Business Group
 - 26 • Jolene Skinner, Department of Labor and Industries
 - 27 • Tammie Wilson, Department of Labor and Industries
 - 28 • Stephanie Caldwell, Absher Construction
 - 29 • Curt Gimmestad, Absher Construction

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31 **3. Review and approve agenda.** Co-chair Schacht briefly reviewed the agenda for today noting
32 that our primary task today is to review the outline of the draft report that we will present to the
33 board. The draft outline is included on the agenda to aid discussion.

34 a. Approval of today's agenda—Motion (Bill Frare), Second (Aleanna Kondelis), Passed to
35 approve the meeting agenda.

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37 **4. Reauthorization update.** Rebecca Keith shared an update regarding the Reauthorization
38 Committee meeting that occurred yesterday, Sept. 10, 2020. The Reauthorization Committee
39 took the language that was approved for the Design-Build statute and included it in the GCCM
40 statute. The language clarifies the evaluation of past performance and takes into consideration
41 the needs and support of minority and women-owned businesses. During a previous meeting with
42 Representative Tamiko Santos, the Representative asked "how do you incorporate the concerns
43 of equity and diversity into everything you do?" She said don't tell me you're only parking things in
44 the committee, make sure you're doing it holistically. Which is something we should think about in
our work inside and outside of the committee. Next step, we will ask CPARB to vote to approve

45 the legislation at their Oct. 8, 2020 meeting. If approved, we'll move this into a bill and put it
46 before the legislature.

- 47 a. Lisa van der Lugt asked Rebecca Keith what the next steps are in response to
48 Representative Santo's recommendations?
- 49 b. Rebecca Keith responded that in addition to not simply parking all the issues within this
50 committee, the GCCM and the JOC committees are working on best practices that follow
51 the format that the Design-Build group used which includes a section dedicated to
52 inclusion, diversity, and competition to help provide clarity and promote diversity and
53 inclusion.
- 54 c. Co-chair Schacht noted that we're asking this committee to make recommendations to
55 the board about how to increase diversity and inclusion throughout its regular operations.
56 And added, while not explicit, we do anticipate providing recommendations to the board
57 about how to increase diversity and inclusion at all levels.
- 58 d. Lisa van der Lugt shared that she reviewed the PRC membership requirements and there
59 are plenty of opportunities to improve those requirements to increase diversity and
60 inclusion.
- 61 e. Co-chair Schacht noted we should discuss the PRC candidate review that happened at
62 the board meeting yesterday and asked Lisa van der Lugt to provide an overview of the
63 discussion and review of the application to fill the women and minority business position
64 for the board.
- 65 f. Lisa van der Lugt shared her perspective of the application review which included a
66 person who met the requirements on paper with the technical skillset, however during the
67 interview, there were several responses that concerned her due to incorrect information
68 or not answering the question.
- 69 g. (Note: two CPARB members who are owners of certified MWBE firms voted against the
70 candidate, Sherry Harris. One CPARB member who is the owner of a certified MWBE
71 firm voted in favor of the candidate.)
- 72 h. Co-chair Schacht noted that our charge is not to re-review what happened but it's
73 important to understand instances as they arise and how can we recommend
74 improvements to the board as they seat these critical roles.
- 75 i. Janice Zahn offered that this may be a good lesson learned to be included in our
76 recommendations. As board members, we need to have and model the qualifications we
77 are requiring and also there is some work we can do to better prepare applicants and
78 interviewees on the requirements of the interview. For example, specific questions
79 regarding the applicant's affiliation with the seat they are applying to fill.
- 80 j. Co-chair Schacht suggested that based on the above conversation that we add a fourth
81 section to the CPARB report (Section 6 below) to address these recommendations.
82 Recommendations for further review and consideration are as follows:
 - 83 i. An interview question should include the applicants' role specific to the position
84 (e.g. as a WMBE), their experience working in the community as it related to the
85 role (e.g. as a WMBE), and working with others in this role (e.g. as a WMBE
86 working with other WMBE's).
 - 87 ii. An interview question clarifying whether a candidate adequately represents their
88 stakeholders.
 - 89 iii. Process to consider stakeholder representation – both geographic and specific to
90 the role.

93 **5. WSU Small Business/Design-Build Initiative.** Olivia Yang provided the context of the initiative.
94 Design-build has \$2 million floor per HB 1295. WSU is a leader in the development of design-
95 build including best practices that were included in 1295 and every year (except 2020) WSU
96 hosts a design-build forum in Pullman, and as an agency, WSU has been a part of the evolution
97 of the practice of design-build over the years. WSU has a significant deferred maintenance
98 backlog estimated at \$1.4 billion as of 2017. WSU receives funding from the State's Minor Capital
99 fund, which is capped at \$2 million per project. This funding is used every year to address
100 maintenance and improvements. WSU believes that the best use of these dollars is to have the
101 key team members on board early to allocate dollars to a project, for example, replacing building
102 automated system panels, and to walk through the building or project site and assess what needs
103 to be done. This is a streamlined and efficient process and makes the dollars go further. WSU
104 has received interest from smaller firms that are bidding on their design-bid-build projects. They
105 are interested in pursuing and being competitive in design-build. Olivia shared that when she
106 sees proposals come through, she always wishes that she could have sat down with the
107 contractors prior to submitting their proposal to help them through the proposal effort. Therefore,
108 WSU is proposing a pilot program to demonstrate and help the smaller firms in their community
109 learn about the different types of procurement. This will help them figure out a curriculum for
110 teaching different procurement methods and train up interested firms.

- 111 a. Co-chair Schacht added that this pilot is focused on small businesses and creating more
112 opportunities for people to get in the design-build game, which we hope will create
113 opportunity and inclusion.
- 114 b. Olivia Yang clarified that the purpose of this program is to capture as many companies as
115 possible, so there is no official "small business" requirement, no requirement to be small
116 in order to complete. The only requirement is that the company is interested in being a
117 firm that does up to \$1-2 million design-bid-build and they want to learn skills to move to
118 design-build.
- 119 c. Sarah Erdmann shared OMWBE's certification process to be a small business, which
120 includes only small businesses. OMWBE uses a two-prong approach for certification. (1)
121 They assign North American Industry Classification Codes and cross-reference the code
122 with the Small Business Administration which provides gross proceeds and size
123 standards. (2) They have a gross revenue threshold of \$23.98 million from a three-year
124 average. If the company exceeds this threshold then they do not receive the small
125 business designation.
- 126 d. Olivia Yang added that the value in this program is to evaluate their curriculum and be
127 able to get real-time feedback on how to improve and make this program effective for
128 small businesses.
- 129 e. Lisa van der Lugt expressed concern about the lack of accountability for including
130 MWBEs.

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132 **6. Draft CPARB report outline.** Co-chair Schacht walked through a more robust outline including
133 further detail than what is included in the meeting notes below.

- 134 a. (1) Legislative proposals: If we believe other statutory requirements should be made,
135 then the door is still open to doing that however that's not what we've heard in the past
136 several meetings. The next section goes through the data that Labor and Industries
137 collect that can inform our efforts.
 - 138 i. Co-chair Schacht clarified that if there are other statutory recommendations then
139 we'll need to target those to the next legislative session since it will take time to
140 work through those. We should also think through whether those
141 recommendations should in fact be statutory or can be addressed in a best
142 practice manual.

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- ii. Rebecca Keith added that we've heard from legislators repeatedly that this will be a difficult legislative session, so the bill ready to go so it can be voted on in October and legislators can review the bill in advance. She also conveyed a few activities that are going on concurrently including the GCCM and JOC committees which are working on best practices, and we have an MRC study that is working to identify barriers to participation for women and minority-owned businesses and they have identified a number of barriers that we need to figure out how to implement.
 - iii. Janice Zahn noted that if the best practices are capturing all the activities and findings from all our concurrent work, then that's great.
 - iv. Rebecca Keith asked how will we align the different efforts and ensure they are coordinated, and the recommendations are aligned?
 - v. Co-chair Schacht shared that CPARB has best practice guidelines for design-build that specifically address the issue of encouraging competition and increasing participation. Design-build allows public bodies to be very targeted about the level of participation. They don't have to publicly bid the work after selecting the design-builder. They can select individual trades to achieve the target.
- b. (2) Increasing opportunities for firms to compete: Includes OMWBE model inclusion plans. The purpose of this section is not to include a catalog of all inclusion plan information but to describe the development, use, and implementation of an inclusion plan to help educate public bodies.
- i. Sarah Erdmann shared that OMWBE has resources including fact sheets and FAQs about forecasting, inclusion plans, and other important topics including the findings from the disparity study. Do we want to limit this section to just inclusion plans, or do we want to open it up to other resources and information that we have available?
 - ii. Janice Zahn noted that we would want to include all resources available so we can have the best and most effective outreach and education.
 - iii. Aleanna Kondelis noted that while we certainly want the resources from OMWBE, we also want practice application tools and information from our public owner partners who apply this work such as Sound Transit.
 - iv. Janice Zahn asked how do we best leverage the different delivery methods to maximize the ability to do the inclusion, outreach, and equity work? Some delivery methods will have more opportunities, for example, design-build has more inclusion opportunities than competitive bid sub-packages for GCCM or design-bid-build. Are there other items within the statute that we'll want to recommend? There are more opportunities that we are not leveraging.
 - v. Co-chair Schacht replied that if there are other statutory recommendations, then we'll need to target the next legislative session.
 - vi. AI – Sarah Erdmann to work with Brenda Nnambi to gathering information for this section.
 - vii. AI – Participants can review this draft outline and provide feedback.
 - viii. AI – Include recommendations from the disparity study.
 - ix. Co-chair Schacht offered that scholarships for AGC Education Foundation Design-Build and GCCM workshops may not be a good fit in this section but should be included somewhere.
 - x. Olivia Yang and others suggested and offered that scholarships could also come from private companies including the general contractors and others. Additionally, in pre-pandemic times, the value of the workshops was also to meet

- 193 owners in addition to the content of the workshops. There is also a need to help
194 small firms understand the necessary skills, in addition to the people and a
195 directory can address this need.
- 196 xi. Curt Gimmestad added that many of the workshops will be online, which we can
197 then engage interested people statewide and at a lower cost (or free).
- 198 c. (3) Government agencies
- 199 i. Co-Chair Schacht reviewed the third proposed section where OMWBE will share
200 their Business Diversity Management System. We'll also include Labor and
201 Industries data collection to help inform this section.
- 202 d. (4) new section: CPARB and PRC candidate identification and selection
- 203 i. Process to Identify candidates and solicit applications
- 204 1. Opportunities to increase diversity
- 205 ii. Process to review PRC candidate applications
- 206 1. Board meeting procedures
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- 208 **7. Wrap up.** Co-chair Schacht summarized the next steps including:
- 209 a. Action items
- 210 i. Co-chair Schacht to update the report outline and share the documents reviewed
211 today and the updated outline with the committee to review ahead of the next
212 meeting.
- 213 ii. Sarah Erdmann to work with Brenda Nnambi to gathering information for the
214 outline - Section 2 OMWBE model inclusion plans.
- 215 b. Next meeting
- 216 i. We'll schedule a follow-up meeting in a month or so.
- 217 ii. Ahead of that meeting, we'll have everyone review the documents we discussed
218 today and provide comments that we can then discuss at our next meeting where
219 perhaps we can finalize our outline.
- 220 c. The goal is to have this report completed by the end of 2020.
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- 222 **8. Adjourn.** The committee M/S/A to adjourn the meeting at 12:56 p.m.
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