

Construction Cost Escalation Committee

Report to CPARB

September 11, 2025

Page 1 of 1

Committee Chair\Co-Chairs:

Olivia Yang

Committee meeting dates since last CPARB meeting:

08/27/2025, 08/13/2025, 07/16/2025, 07/02/2025, 06/18/2025

Current Activity\Specific Issues being addressed:

1. Purpose of a small works roster.
The small works roster was originally intended to reduce the transaction costs of public owners in procuring small dollar construction. Over time it has also been thought of as a way to facilitate entry by small businesses in public works.
2. Use of a small works roster.
 - a) SHB 1306 encouraged the use of a Statewide Small Works Roster (SWR) administered by Municipal Research Service Center (MRSC).
 - b) The Statewide SWR is funded by the State through the Department of Commerce and may become a fee-based service to public owners and contractors (except certified firms).
 - c) All firms are eligible to apply to be on the statewide SWR.
3. Inflation.
 - a) Various indices were used to determine actual inflation since 2019. These included the Construction Cost Index and the Consumer Price Index.
 - b) These indices concluded that inflation since 2019 resulted in an increase of \$350,000 from \$406K to over \$500,000.
 - c) MRSC has calculated the escalation of \$350,000 based on different indices.
4. Potential outcomes of increases.
 - a) There was considerable discussion around escalation from 2025 to 2030. Raising the threshold to as high as \$1M was proposed.
 - b) There was concern that a threshold of \$1M may invite medium or larger contractors to be on the SWR and potentially put small businesses firms at a bidding disadvantage. The counter point to this is that volatility in the marketplace looking ahead is real. The new threshold for SWR must be realistic.
5. Pilot
A small group of public owners will pilot projects greater than the new threshold. The pilot will test, among other issues, the impact of a higher threshold on the make-up of contractors on the roster (did medium and larger firms get on the roster and put the small businesses at a disadvantage?)
6. Status
During the August 27th committee meeting, the following consensus structure was agreed upon:
 - a) The various index calculations will be reviewed by stakeholder groups to inform them of their proposed new threshold.
 - b) A group of public owners have agreed to pilot projects higher than the new threshold,
 - c) MCA has proposed sideboards for the pilots. Public Owners are reviewing.