

Capital Projects Advisory Review Board's

Local Government Public Works Study Committee (5418)

Meeting Summary May 28, 2020 (Meeting #1)

1. In Attendance:

Jon Rose (MRSC) Chair

Andrew Thompson (Granite Construction) Vice Chair

Members: Chris Herman (WPPA), Karen Moosekar (Mukilteo School District), Michael Transue (MCA), Jolene Skinner (L&I), Keith Michel (Forma Construction), Jane Wall (WSAC), Kristin Hall (Snohomish PUD)

Participants: Yelena Semenova (DES), Sarah Bollard (MRSC), Judy Isaac (MRSC), Laura Herman (L&I), Matthew Hepner (CEW), Elisa Young (City of Seattle)

2. Agenda

- a. Introduction to the Study
- b. Data Review
- c. Discussion

3. Introduction to Study

- a. Purpose of the committee: Discuss what we consider the more complex issues of this study and help drive final recommendations for the legislature
- b. Today's discussion is on raising thresholds
- c. Future Meeting Schedule:
 - i. June: Uniform Thresholds
 - ii. July: Small Business Inclusion
 - iii. August: Minority and Women Owned Inclusion
 - iv. August: Wrap Up

4. Methodology/Introduction to Data Review

- a. Data Sources
 - i. 30 stakeholder interviews
 - ii. L&I Public Works Data Analysis
 - iii. Conducted survey
- b. Out of Scope
 - i. State agencies
 - ii. Colleges, universities
 - iii. Specific to public works not purchasing
- c. Things to Remember
 - i. 225 agencies out of 700+ responded to our survey
 - ii. Does not represent all opinions
- d. Questions on Methodology
 - i. Survey we're referring to is attached in the appendix, included in meeting invite email

- ii. L&I: Total number of awarding agencies? when looking over the data, we rely on contractor's are providing the name of the awarding agency and incorrectly naming the awarding agency (for example: they might enter "Olympia High School" as it's own agency, when it should be included as part of "Olympia School District") L&I estimates we are looking at, in reality, 700-800 agencies. Starting to clean-up that data, removing ability for contractors to provide that misinformation
- iii. Since we are formed as a CPARB committee what notes are being provided?
 - 1. Notes are being created to be posted on CPARB website.

5. Data Review

- a. Public Works Processes
 - i. Formal Bid
 - ii. Small Works Roster
 - iii. Below Statutory Limit
 - iv. Alternative Processes
 - 1. L&I Suggestions to add: Emergency contracts (39.04.280), limited public works, and note that the law is silent under statutory bid thresholds
- b. Defining Thresholds
 - i. Would there be a benefit to making these thresholds uniform?
 - ii. Michael will provide a table created to show the complexity
- c. Most Commonly Used PW Procedures
 - i. Important to note these numbers are based on what is possible under statute
 - 1. Kind of wow that the volume of projects are under the statutory bid limit
 - 2. Some agencies do, to mitigate their own risk, will have lower limits they create internally
 - ii. Question: Do you have any breakdown of the 76%? What types of projects, what agencies? HVAC, Security Fence, etc??
 - 1. L&I: If the work is being done within the agency, it's not going to be included in the L&I dataset.
 - 2. MRSC: The graph with agencies should read billions not millions
 - 3. Ports: Port Districts did not have a bid threshold before 2019 so no projects should be in that sliver
 - 4. General consensus to see breakdown the 'below threshold' contracts to see what kinds of projects these are
 - 5. Action will be taken by MRSC after the meeting to add additional corrections and data points to final report
- d. Implementation of Thresholds
- e. Comparing survey data to statutory limits
 - i. Andy: Inherent bias to the information that doesn't include the alternative bid contracting procedures. A little misleading, needs more explanation. Asking, where are all the other processes?

- ii. MRSC to discuss next steps with Andy over how to incorporate or talk about this section
- f. Benefits of Small Works Roster
- g. Why change the process by lifting limits?
 - i. Not sure if 'formal' is the right word, may need to be more specific about what we're talking about
 - ii. Action will be taken by MRSC after the meeting to add addition corrections and data points to final report
- h. Agency Benefits, Concerns and Business Interests
 - i. Retainage can be waived in the small works/limited public works projects – benefit to the small businesses because less money up front in bond payments
 - ii. L&I: Law is unclear about the waiver below the statutory limits
 - iii. L&I is currently gathering data on whether the waivers are being given for bonds (for FY20)
 - iv. Ports: Landscaping issues in the prevailing wage rates – maybe agencies increased own staff to keep cost down

6. Discussion

- a. If a particular limit should be raised, under what conditions should thresholds be raised?
 - i. Agencies should articulate why the increase is needed
 - ii. Would need to apply to the entire state
 - iii. Runs into some issues with varying levels of expertise at different agencies – large city may have lots of expertise over a small special purpose district. GCCM was originally limited to larger agencies that had the right level of expertise
 - 1. Smaller agencies just don't have all the staff that are required to be done under certain procurement methods
 - 2. Larger agencies have larger volume so more experience but also more things to juggle
 - iv. Is there an opt-in mechanism that could demonstrate competency?
 - 1. Committee looked into GCCM certification for agencies
- b. Maybe look at other states and how their bid limits are created?
 - i. MRSC to research out-of-state methods for bid limit increase
- c. Is more autonomy a goal for different agency types or should they be consistent?
- d. There is a risk to constant interpretation – more alignment and consistency would provide some efficiency
- e. What problem are we trying to solve by raising thresholds? Is it actually a problem today?
- f. Need to investigate participation rate of small businesses and minority-and-women owned businesses
 - i. Data will be shared on participation rates of small business and minority-and-women owned businesses at future meetings on those topics