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Statement of Purpose and Scope

To support the legislative directive in ESSB 5418 which passed in 2019, the Capital Projects Advisory Review Board (CPARB) and Department of Enterprise Services (DES) initiated this study to review the public works contracting processes for local governments, including the small works roster and limited public works processes provided in RCW 39.04.155. For a summary of the study requirements see the Final Bill Report ESSB 5418, pg. 6.

DES hired the Municipal Research and Services Center of Washington State (MRSC) to complete the study. MRSC created a scope of work based on the legislative direction including 7 core sections:

- Identification of Most Common Local Government Contracting Procedures
- Development of a Bid Threshold Matrix of Public Works Contracting Bid Thresholds
- Analysis of Estimated Project Cost Comparison to Contracting Thresholds
- Analysis of Potential Application of Regional Inflation Index to Contracting Thresholds
- Rates of Participation in Small Works and Limited Public Works Contracting
- Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes
- CPARB Coordination and Final Report

Each of these tasks' aids in the general purpose of the included study: to complete a comprehensive review of local government bid limits with the intent to develop considerations and guidance for an appropriate standardized method of adjustment to contract thresholds. The entire scope of work for the project is included as **Appendix A**.

This study is limited to local government public works contracting. For the purposes of this study, local government is defined as city, county and special purpose districts and therefore does not include Labor and Industries data on State, university, college or other agencies. According to data from Washington State Labor and Industries, 2,269 agencies representing cities, counties, and special purpose districts completed public works projects from 2013 to 2019.

Methodology

This section of the report details the methodology of each data collection effort by the team, including:

- Literature Review of previous work
- Stakeholder Interviews
- Data Collection
- Public Agency and Business Survey
- CPARB Committee and Final Recommendations

Each of the data collection efforts by the project team directly relates to the bill outlining the study. The questions posed in the interviews and survey both directly relate to the study scope and bill language as shown below.

Figure A. ESB 5418 Citation

5418 Citation	Public Works Project Task Item	Stakeholder Questions	Survey Questions
<i>(a) Identification of the most common contracting procedures used by local governments;</i>	Task 3: Identification of Most Common Local Government Contracting Procedures:	Questions 1, 2, 4, 10	Questions 3, 7
<i>(b) Identification of the dollar amounts set for local government public works contracting processes;</i>	Task 4: Development of an Annotated Matrix of Public Works Contracting Bid Thresholds		Question 4
<i>(c) Analysis of whether the dollar amounts identified in (b) of this subsection comport with estimated project costs within the relevant industries;</i>	Task 5: Analysis of Estimated Project Cost Comparison to Contracting Thresholds	Question 2	Questions 5, 6
<i>(d) An analysis of the potential application of an inflation based increaser, taking regional factors into consideration, to the dollar amounts identified in (b) of this subsection, for example: (i) Applying the implicit price deflator for state and local government purchases of goods and services for the United States as published by the bureau of economic analysis of the federal department of commerce; and (ii) Adjusting the bid limit dollar thresholds for inflation, on a regional basis, by the building cost index during that time period;</i>	Task 6: Analysis of Potential Application of Regional Inflation Index to Contracting Thresholds	Question 3	Question 8
<i>(e) Recommendations to increase uniformity and efficiency for local government public works contracting and procurement processes;</i>	Task 8: Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes	Questions 5, 8, 9, 11	Questions 9, 11, 25
<i>(f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes;</i>	Task 7: Rates of Participation in Small Works and Limited Public Works Contracting	Question 7	Questions 12, 13, 14, 26, 30
<i>(g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.</i>	Task 8 Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes	Questions 6, 7	Questions 10, 19, 20, 21, 22, 23, 24, 25, 26, 27

Literature Review

MRSC reviewed applicable data and previous studies done in the area of Washington State Public Works Contracting. This process was intended to ensure that the project team is fully aware of the current processes, major studies completed, and interested parties. Reviewing the literature listed below assisted in the project team’s development of stakeholder interview and survey questions.

Previous Studies Reviewed

- Washington State Office of Minority and Women Owned Enterprise. *Washington State Disparity Study*, Colette Holt & Associates, 2019.
- Washington State Department of Commerce. *The Impact of Rural Procurement*, Thurston Economic Development Council, 2018.

Other Materials Reviewed

- ESB5418 text and recorded hearings
- MRSC publications and webpages including:
 - Special Purpose Districts, 2003
 - City Bidding Book
 - County Bidding Book
 - Contracting Requirements tool, webpage
 - Public Works Contracting, webpage
- Washington State Auditor's Office, Bidding Thresholds

Stakeholder Interviews

MRSC conducted a series of stakeholder interviews to discuss the following areas of interest in regards to public works contracting:

1. Decision-making considerations in the choice of contracting procedures
2. Typical projects within each relevant industry and whether or not these projects are within small works roster bid thresholds
3. Potential impacts of regional bid thresholds
4. Specific challenges for both businesses and local governments posed by current contracting processes
5. Factors that drive up the costs of public works projects
6. Steps that local governments take to ensure competition in the contracting process.

Interviews were held between late 2019 and early 2020 and included 30 represented stakeholder agencies and businesses.

Stakeholder participants were selected in a multi-step process. First, the team reached out to the various agency types identified in the scope of work as key agencies to interview. These agencies included: The Department of Enterprise Services (DES), The Capital Projects Advisory Review Board (CPARB), Washington State Procurement Technical Assistance Center (PTAC), The County Road Administration Board (CRAB) and the Washington State Association of County Engineers (WSACE).

The scope further defined cities, counties, special purpose districts and businesses as key interview participations. The project team then determined the local government agencies spending the most money and doing the most projects in public works (port districts, school districts, cities and counties) and prioritized reaching out to a variety of agencies within these groups. Rural and smaller agencies were intentionally included in these categories to ensure a wider understanding of impacts at this level. To identify business and labor organizations to solicit, key agencies contacts were utilized and groups that identified themselves at the legislative hearings.

Each interview participant was asked a similar set of questions, designed to include the above six areas of interest and glean any further information that would benefit this report. Some interviewees,

depending on the agency they represented, were asked divergent questions to understand their interest and impact to any changes that might be proposed to the contracting process. All participants were informed of the intent to include the interviews in this study.

Interviewees included stakeholders from state, local government and businesses. These interviews were not designed to be comprehensive but rather to provide some early insights on the contracting process from a variety of perspectives and supplement development of the survey. Individuals from the following agencies were interviewed:

State

- Washington State Senate
- Washington State House of Representatives
- Department of Enterprise Services (DES)
- Capital Projects Advisory Review Board (CPARB)
- County Road Administration Board (CRAB)
- Washington State University (WSU)
- Washington State Transportation Improvement Board (TIB)
- Washington State Office of Minority and Women Owned Business Enterprise (OWMBE)

Local Government

- Washington State Association of County Engineers (WSACE)
- Washington State Public Ports Association (WPPA)
- Association of Washington Cities (AWC)
- City of Kirkland
- City of Newcastle
- City of Pasco
- City of Yakima
- City of Mukilteo*
- Town of Twisp
- San Juan County
- King County
- Franklin-Pierce School District
- Clover Park School District
- Auburn School District
- Highline School District
- Northshore School District
- Kitsap Transit*
- Port of Edmonds

Business

- Washington State Procurement Technical Assistance Center (PTAC)
- Lincoln Construction
- Mechanical Contractors of Western Washington

- Caseday Consulting*

**A small sub-set of interviews, as marked, were conducted post-survey participation to add further insight to survey question answers*

Data Collection

Data Sources

MRSC identified multiple data sources to find the most comprehensive insight to public works contracting available. The main source of data was from Washington State Labor & Industries. MRSC analyzed 184,454 records of public works projects from FY July 2013 – June 2019. The data included important information for this project including: the agency, the business/contractor completing the work and the cost of the project.

MRSC supplemented the Labor and Industries data by collecting data from the Office of Minority and Women Owned Businesses and the Office of Veteran Affairs. The team received 3,449 names of certified businesses with OWMBE and 1,459 veteran-owned business names. Businesses in the OWMBE database were linked by their UBI number to the Labor and Industries data to assist in understanding Disadvantaged Business participation rates in public works contracting.

The project team also collected supplemental data from the following sources: Washington State Auditor's Office, Department of Enterprise Services, and CPARB's previous data collection efforts.

Additions to Data

MRSC, to complete the necessary analysis, created additional fields to supplement the information, which include:

Agency Type: MRSC pulled the entire list of agency names from the Labor and Industries database and grouped them by agency types. These included: City, County, School District, Water/Sewer District, Irrigation District, etc. Categorizing agencies within the data set allowed the team to analyze data based on statutory threshold groupings. Some agencies, based on the name or status in Labor & Industries were unable to be identified as an agency type. These agencies were categorized as *Other* and account for less than 1% of projects and dollars.

Threshold Data: MRSC added a field showing threshold levels based on the agency type coded for those agencies that have statute-set thresholds.

Public Agency and Business Survey

In order to get additional feedback and data from agencies and businesses, MRSC created a survey to collect information from local government employees and businesses on the barriers they face in public works contracting and potential improvements to the current process. This information is meant to supplement the more detailed stakeholder interviews and data collection efforts, in order to confirm our results and fill in any gaps in the project team's thinking. Information collected in this survey will be aggregated and shared in the final report. A copy of the survey questions is included as **Appendix B**. The complete methodology for the creation of the survey questions, including each questions' legislative citation, is included as **Appendix C**.

Following the survey, the project team reached out to select agencies and businesses to conduct more detailed phone call interviews to dive into particular issues or comments the participant mentioned in

the survey. These conversations centered around DBE business representation and barriers, internal policies, raising thresholds and more.

CPARB Committee

After the data collection phase of the project was completed, CPARB created a committee with the goal of bringing together a diverse group of stakeholders to discuss the study findings and propose recommendations for the legislature.

Explanation of Public Works Contracting Types

This section provides a brief overview of the contracting procedures available to various local governments in Washington State. Most public works fall into three categories, separated by dollar amount thresholds: below statutory bid limits, small works roster, and formal competitive bidding. It is important to note that agencies are always allowed to use a more competitive process if internal policy requires it, or the project is complex enough to warrant it. For example, an agency may elect to use a formal bidding process for a project that falls in their small works roster threshold. In addition to the three most common procedures, there are also a number of exemptions and special case procedures, including unit price contracting, sole source purchases, etc.

Below Bid Limits: Use of Agency Forces and Minimal Competition

Below an agency's statutory bid limits, competitive bidding is not required, and an agency may use their own forces to complete public works projects. Some agencies have further restriction on this type of work. For example, work done by city forces cannot exceed, in total, 10% of the total public works budget.

When competitive bidding is not required, agencies may seek quotes directly from individual vendors. (For certain agencies, these vendors may be chosen from a small works roster or vendor list as described in the next section.)

There is no requirement to seek multiple quotes, but most agencies do so anyway, down to some practical limit established in their policies. Kirkland and Woodland, for instance, require multiple bids for public works projects over \$7,500 but allow single bids for any projects smaller than that. Similarly, Kirkland does not require written quotes for purchases less than \$7,500, but informal phone quotes are encouraged.

Informal Competition: Small Works Rosters

State statutes allow many agencies to follow less stringent competitive requirements for projects below a certain threshold by selecting businesses from a small works roster. (Agencies are only eligible if their statutes specifically authorize the use of a roster.)

Eligible agencies can use the small public works roster process for projects below \$350,000 (or \$300,000 for port districts and irrigation districts).

Formal Competitive Bidding

Above defined statutory thresholds, or in the absence of other authorized procurement methods, formal competitive bidding is required. Typically these solicitations are more rigorous or time-intensive, and likely apply to larger and more complex contracts and purchases.

The exact formal procedures are laid out in each agency's enabling statutes. Usually, the statutes require public advertisement for a specified time and in a particular manner, sealed bids, and public bid openings. The contract must be awarded to the lowest responsive, responsible bidder, and the bid results must be published.

Alternative Contracting: Unit Price Contracting

A unit priced public works contract, sometimes called an "on call" public works contract, is when a local government contracts for an unknown number of small public works projects over a fixed period of time ("indefinite quantity, indefinite frequency").

Each agency that is authorized to use unit priced contracts has a separate enabling statute (see below). However, the different statutes all provide the same definition of a unit priced contract:

"[A] competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the [agency type], under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work."

While traditional public works contracts are awarded for specific projects/scopes with a specific total dollar value, unit priced contracts are not associated with a particular project, do not guarantee any amount of work, and do not establish a total dollar value (although the contract may cap the dollar value at a certain level over the life of the contract). Instead, the agency agrees to pay a defined "unit price" for certain types of anticipated (but unplanned) work or trades over a certain time period.

When a specific project is identified, individual work orders are authorized based upon either a "not-to-exceed" time and materials basis or a negotiated lump sum amount using the previously established unit prices.

Unit priced contracts allow public agencies to contract for multiple or recurring small public works projects over time without having to bid each project separately. This saves the agency time and money, especially for unanticipated projects that may arise at the last minute.

Unit priced contracts are often used for repair, renovation, or maintenance of public facilities, all of which fall under "public work" as defined in [RCW 39.04.010](#).

Alternative Contracting: Job Order Contracting

Job order contracts are authorized under RCW 39.10.420 et seq. Until 2019, job order contracts were only authorized for certain larger public agencies. However, effective July 28, 2019 all public agencies are authorized to use job order contracting.

Job order contracts generally have a wider scope, encompassing all conceivable construction tasks/projects, and have a more rigorous solicitation process. Job order contracts require at least 90% of the work to be subcontracted, making them less suitable for smaller agencies and small public works projects.

Alternative Contracting: Design Build Contracting

This alternative contracting process combines different phases of the public works project by contracting with a single entity to do both design and building of a project. This process reduces the risk for public owners by overlapping design and construction.

Alternative Contracting: General Contractor/Construction Manager (GCCM)

GCCM contracting process is a collaborative process with the public owner, contractor and architect. Contractors are hired early on during the design phase to assist in the scheduling and cost of the project. Construction may begin before the final design is ready, allowing for a shorter timeline and effective delivery of complex public works projects.

Most Commonly Used Contracting Procedures

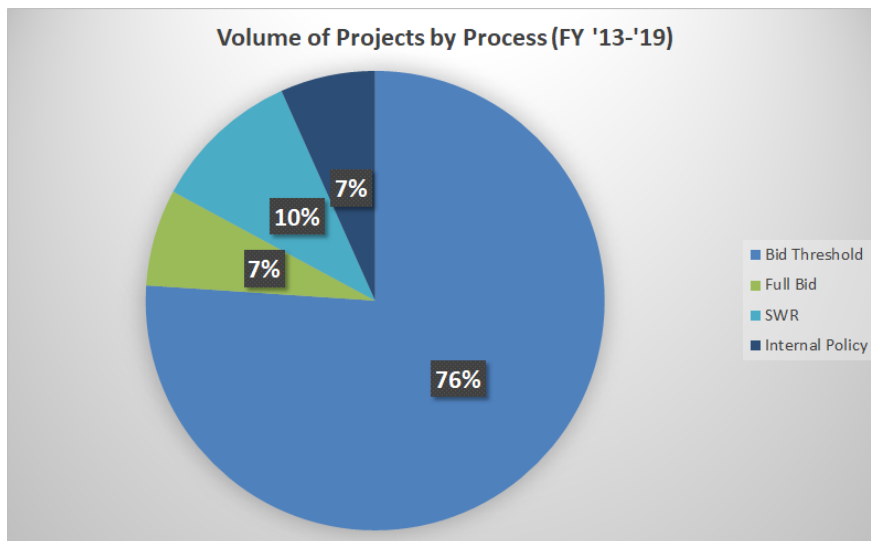
To understand the public works landscape, it is critically important to know which of the defined public works contracting procedures are being used most often. Because the current available data through the Labor and Industries data does not include a field to indicate contracting procedure, the team applied two separate approaches to this question: using dollars as a proxy for contracting procedure, and agency reporting on average use through the survey.

Using Dollars as a Proxy: Legislative Allowance

Labor and Industries tracks the total cost of each public works project. This data, combined with the statutory thresholds, tracks *what process was possible* for each project. However, this data set does not allow us to approximate use of alternative contracting methods, as these overlap the other various contracting methods.

The below graph displays projects from 2016-2019 broken up between the 'below required bid' process, small public works roster process, and full competitive bid *assuming each agency used the most flexible process for every contract*. For example, a city public works project totaling \$150,000 will be counted in the small public works roster process regardless of the contracting method actually used, as the actual method used is not currently tracked in any state data set. This is the closest approximation possible using currently available data.¹

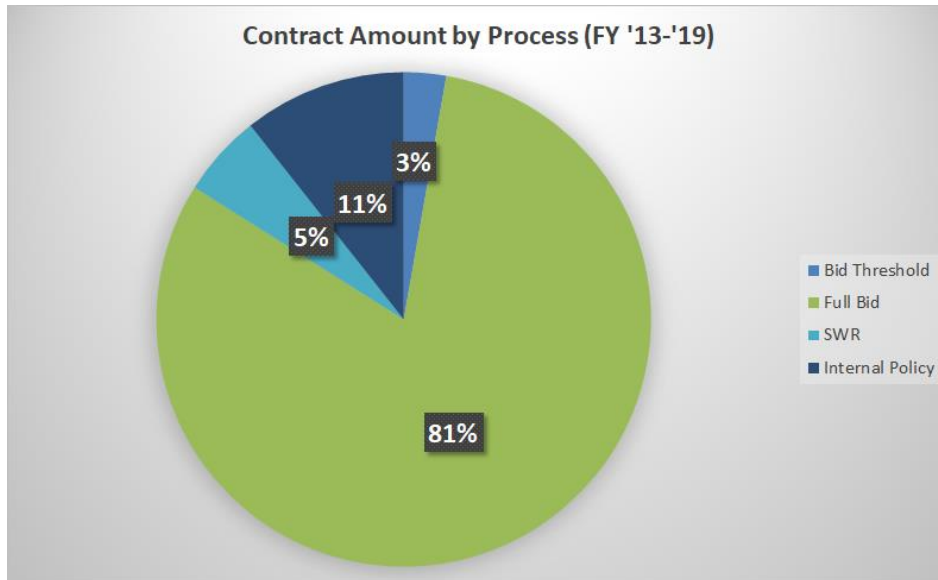
Figure B. Count of Public Works Projects by Contracting Procedure, fiscal year 2013-2019



¹ The Washington State Department of Labor and Industries has begun to collect contracting method in new entries to their database. However, this field is not available in the current data set for 2013-2019.

The largest count of projects fall under the 'below required bid' category and the lowest count is in the full competitive bid category. However, the inverse is true looking at the dollars spent.

Figure C. Contract Amount of Public Works Projects by Contracting Procedure, fiscal year 2013-2019

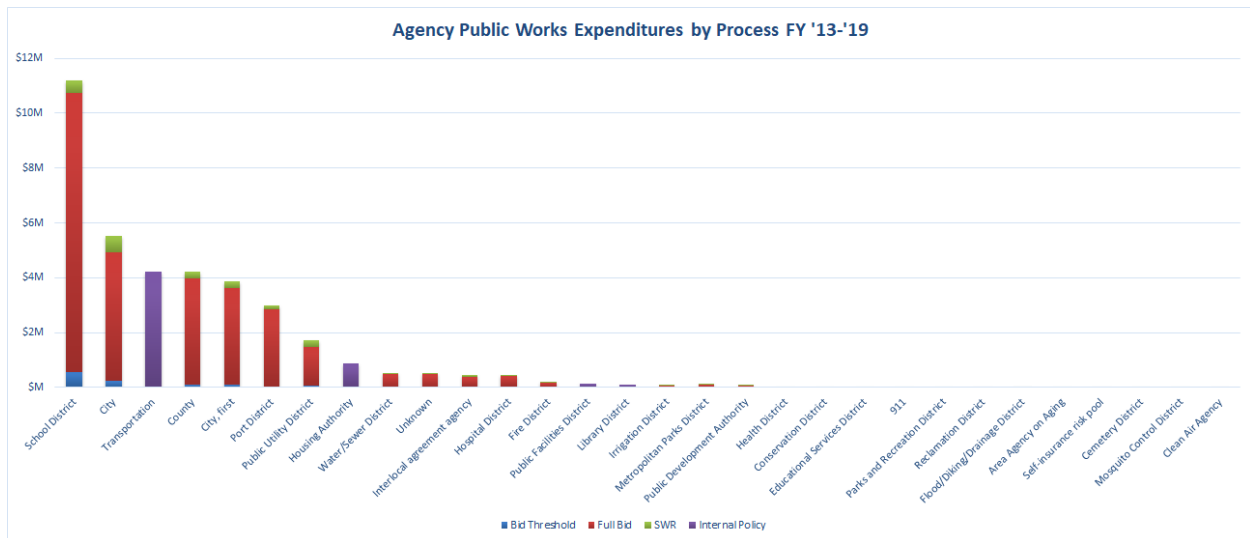


81% of all dollars spent by local government agencies are contracted through the formal bid process.

Differences between Agency Type

School Districts make up most of the local government public works projects, followed by cities, transportation authorities and counties.

Figure D. Contract Amount of Public Works Projects by agency type, fiscal year 2013-2019



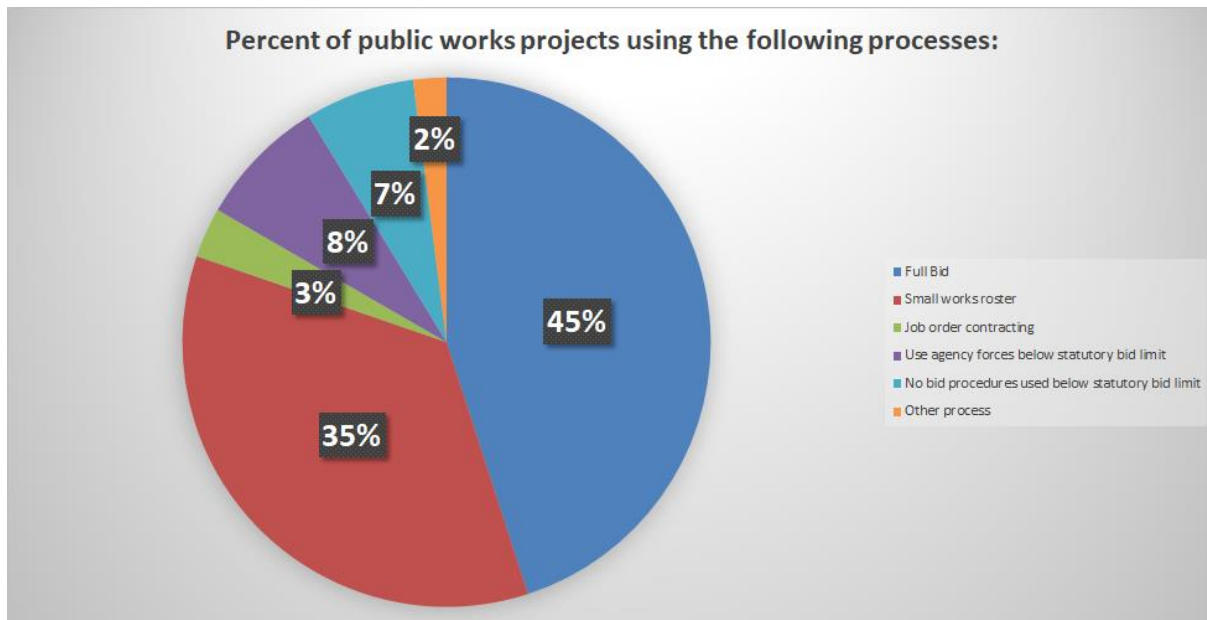
School districts, cities and other agency types with large levels of public works spending own and build lots of infrastructure: buildings, roads, pipelines, etc. The data shows the majority of school district spending, especially in the formal bid process, is building and large remodels of school buildings. It is

also important to note that there are also a larger volume of school districts, transportation authorities and cities than some of the agency types with lower public works spending including cemetery districts and clean air agencies.

Agency Reporting

Because the above model is a proxy for contracting method, local government agencies were surveyed to capture their most common contracting methods. When asked which process is commonly used, local government employees stated use of the formal competitive bid process as most common.

Figure E. *Approximately what percent of your public works projects are done using the following processes?* Survey Results²



There are a variety of reasons that public agencies are using formal bid over other statutorily allowed processes. Agencies could be using the formal bid in lieu of the small works roster process. Many surveyed participants mentioned formal bid allows them to have more transparency and better competition.

It is important to note that these results could also be the result of who took the survey: participants from one department of an agency may report out different percentages than another department. To ensure the survey could be responded to in one sitting, this question is also based on estimated perception of the contracting method used, not perfect analysis.

Public Works Bid Thresholds

Bid Matrix

The project team was tasked with indicating whether or not changing thresholds would be a benefit to all stakeholders and what the best process for changing those thresholds should be. First, there must be

² Graphic excludes survey participants who entered '0' in every category, resulting in a total score of '0' percent.

a definition of the current threshold landscape. Thresholds for cities, counties and many special purpose district groups are set by the legislature. Included below is a bid matrix which displays the current thresholds, day labor limits and authority for public works contracting for each agency type.

Figure F. Bid Thresholds for Public Works Projects

Bid Thresholds for Public Works Projects

The lower threshold is the amount below which the local government may use any internally acceptable method of awarding small public works contracts. For contracts between the lower threshold and the uppermost threshold (generally \$350,000, but \$300,00 for some agencies), most statutes allow the local government to use a small works roster. For amounts above an agency’s small works threshold, the local government must use the formal competitive bidding process. If the local government is not using the small work roster process, it must use the formal competitive bidding process for any project over the lowest bid threshold.

Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Area Agency on Aging	Subject to state bid requirements of RCW 43.19		74.38.050	Follows state requirements of RCW 43.19
City, first class	\$75,500 (1 craft) \$150,000 (>1 craft)	\$350,000	35.22.620	Per project: \$75,500 (1 trade), \$150,000 (>1 trade). NTE 10% of public works budget.
City, second class and towns city code	\$75,500 (1 craft) \$116,155 (>1 craft)	\$350,000	35.23.352 35A.40.210	Per project: \$75,500 (1 trade), \$116,155 (>1 trade). NTE 10% of public works budget.
Conservation district	None; established by policy		89.08	No statutory limits - set by policy
County, population >400k with purchasing department	\$0	\$350,000	36.32.235	Per project: \$45,000 or \$125k for Riverine or stormwater project (1 trade), \$90,000 or \$250k for Riverine or stormwater project (>1 trade). NTE 10% of public works budget.
County, population <400,000 with purchasing department	\$0	\$350,000	36.32.240 36.32.235	Per project: \$45,000 or \$125k for Riverine or stormwater project (1 trade), \$90,000 or \$250k for Riverine or stormwater project (>1 trade). NTE 10% of public works budget.
County without purchasing department	\$40,000	\$350,000	36.32.250	Allowed for non-road projects; road project limits set according to population and motor vehicle fuel tax factor

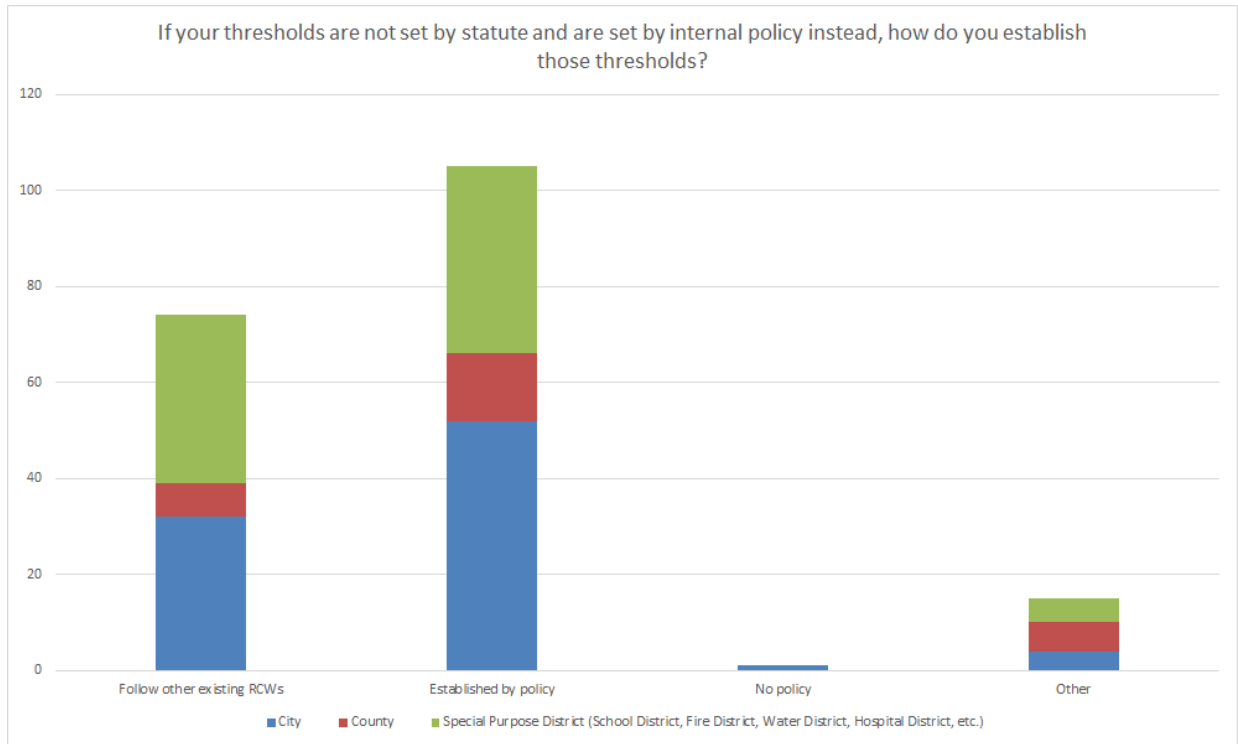
Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Educational service district (ESD)	None; established by policy (unless contracting on behalf of a school district, in which case school district bid laws apply)		28A.310	Most restrictive of establishing jurisdiction; if NA then by policy
Fire district	\$20,000	\$350,000	52.14.110	Not authorized
Flood/diking/drainage district	\$5,000	\$350,000	85.38.190	\$5,000
Health district	None; established by policy		70.46	No statutory limits - set by policy
Hospital district	\$75,000	\$350,000	70.44.140	\$75,000
Housing authority	None; established by policy		35.82; AGO 2009 No. 2	No statutory limits - set by policy
Interlocal agreement agency	Most restrictive of establishing jurisdiction		39.34	Most restrictive of establishing jurisdiction
Irrigation district	\$0	\$300,000	87.03.435-436	No limit; must bid materials used by employees; must follow public works bid process when materials unless provided by contractor
Library district	None; established by policy		27.12	Most restrictive of establishing jurisdiction; if NA then by policy
Mosquito control district	None; established by policy		17.28	No statutory limits - set by policy
Park and recreation district	None; established by policy		36.69	Most restrictive of establishing jurisdiction; if NA then by policy
Metropolitan parks district	\$20,000	\$350,000	35.61.135	\$20,000
Port district	\$40,000	\$300,000	53.08.120	Allowed for all projects, except when over \$40k, must make a determination whether cost is lower performed by contract
Public development authority (PDA)	Statutes of creating city or county		35.21.730	Statutes of creating city or county
Public facilities district (PFD)	None; established by policy		36.100.030 35.57.020	No statutory limits - set by policy

Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Public utility district (PUD)	\$50,000	\$350,000	54.04.070	\$300,000
Reclamation district (over 1 million acres)	All public works must be formally bid		89.30.154	Not authorized
Regional support network (RSN)	Statutes of creating county		71.24.300	Statutes of creating county
School district	\$100,000	\$350,000	28A.335.190	\$75,000
Self-insurance risk pool	Most restrictive of establishing jurisdiction		48.62	Most restrictive of establishing jurisdictions
State college or university	\$45,000 (1 craft) \$90,000 (>1 craft)	\$350,000	28B.10.350 28B.50.330	\$45,000 (1 craft) \$90,000 (>1 craft)
Transportation authority (under RCW 36.57 or 36.57A)	None; established by policy		36.57A	No statutory limits - set by policy
Transportation authority (under RCW 35.21.225 or 36.73)	Statutes of creating city or county		35.21.225 36.73	Most restrictive of establishing jurisdictions
Water-sewer district	\$50,000	\$350,000	57.08.050	\$50,000

Note: "Craft" refers to professional trades. The bid threshold is thus based on the number of professional trades required to complete a project.

Some special purpose groups, as displayed in the above matrix, have been given the authority to use the small works roster and limited public works methods without specific statutory authority, but must set this practice via internal policy. When surveying public agencies, the team asked how these internal policies are established. The majority of participants created their own internal policy.

Figure G. *If your thresholds are not set by statute, how do you establish those thresholds?* Survey Results



The project team followed up with some agencies that responded in this manner and determined that many of the policies are established by the agencies governing body (city council, commission, executive director) at the level they would like to impose approval authority, the amount varying greatly between agency. This is a measure meant to mitigate risk and allow more transparent communication between elected officials and agency staff. It’s also important to note that agencies that do have statutory limits shown in the bid matrix also have the ability to, and many do, set internal policies that are lower than the statutory limit. For example, all cities have a statutory limit set by RCW but, as you can see in the above chart, over 50 participants representing cities mentioned they have established an alternate internal policy.

Public Works Bid Threshold Changes and Potential Inflation Index

Raising Thresholds

The current practice in raising a threshold has been for the agency(s) to lobby for a change. While this process allows an opportunity to explain how an increased threshold will benefit the lobbying agency(s), it can be narrow in the scope of its application to other agencies who are not lobbying at that time but might also share the same benefit. This independent solicitation for threshold increases can further complicate an already diverse local government bidding landscape.

The idea of an increase in thresholds may be met with reluctance by some agencies who use these limits as a means to minimize project risk. As a project threshold is increased, potentially resulting in more projects at higher costs being solicited and awarded with fewer procedural requirements, there is a concern that abuses to the contracting process will ensue. Some agencies, as mentioned in the previous section, have set more restrictive internal policies if they are uncomfortable with such

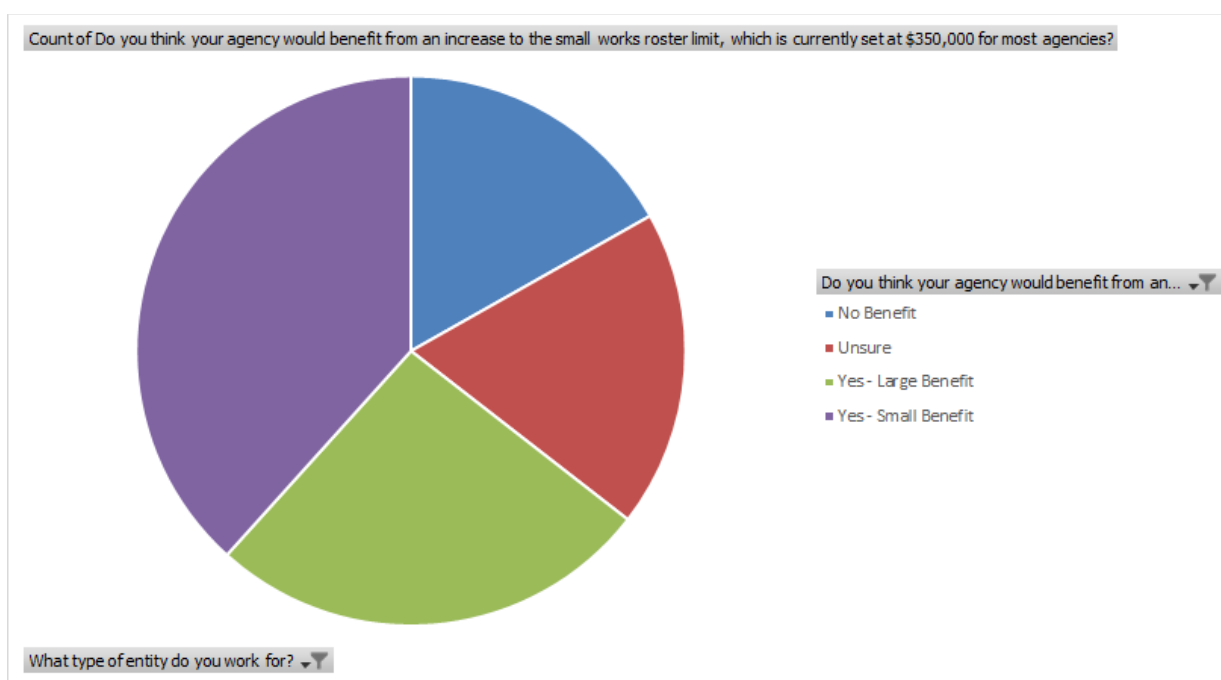
perceived risks. Thresholds, however, are likely separate from the approval functions in most agencies. Others may not wish to create distinct approval processes separate from amounts set by designated bidding thresholds.

When discussing raising thresholds, there are two distinct threshold levels: the maximum threshold for using the small works roster process and the threshold below which there is no statutory bid requirement where use of the agency's own forces is an option.

Small Public Works Roster Threshold

When surveyed, the majority (64%) of local government participants indicated that they would benefit from an increase to the small public works roster threshold.

Figure H. Do you think your agency would benefit from an increase to the small works roster? Survey Results



Most of the participants, when prompted to describe the benefit, cited that raising the threshold would increase efficiency, save time, relieve administrative burden, increase flexibility and save the taxpayers money. To highlight these trends, here are some selected comments from participants. The full list of comments is available in Appendix D.

"An increase would benefit us [by] relieving us the burden of advertising which costs and more importantly add to the timelines of getting a project under construction. In my agency, the formal bid procedures can add between 6-7 weeks to awarding a project depending on the commissioner's meeting schedule"

"We are a small district with limited staff. The formal bid process is time consuming and expensive."

"A higher limit - around \$500K would encompass many maintenance and support contracts that are now subject to formal bidding. - Saves time and cost."

21% of participants indicated that they would have no benefit from an increased threshold. Participants cited a few reasons for seeing no benefit, namely that they do not use the small works process currently, have an internal policy that would require revision to see any benefit, or that they do not have a volume of work near the threshold.

“Our Council has capped what the city manager can approve to \$100,000”

“Most of our projects are very small in dollar amount. Very few projects are over \$350,000”

“We’ve not typically used the small works roster. We’ve found we don’t effectively engage with quality contractors via our roster...”

15% of participants indicated they were unsure if they would see a benefit. Participant comments had similar themes as those who stated no benefit: they were unsure if their governing body would increase the internal threshold, do not currently use the small works roster, etc.

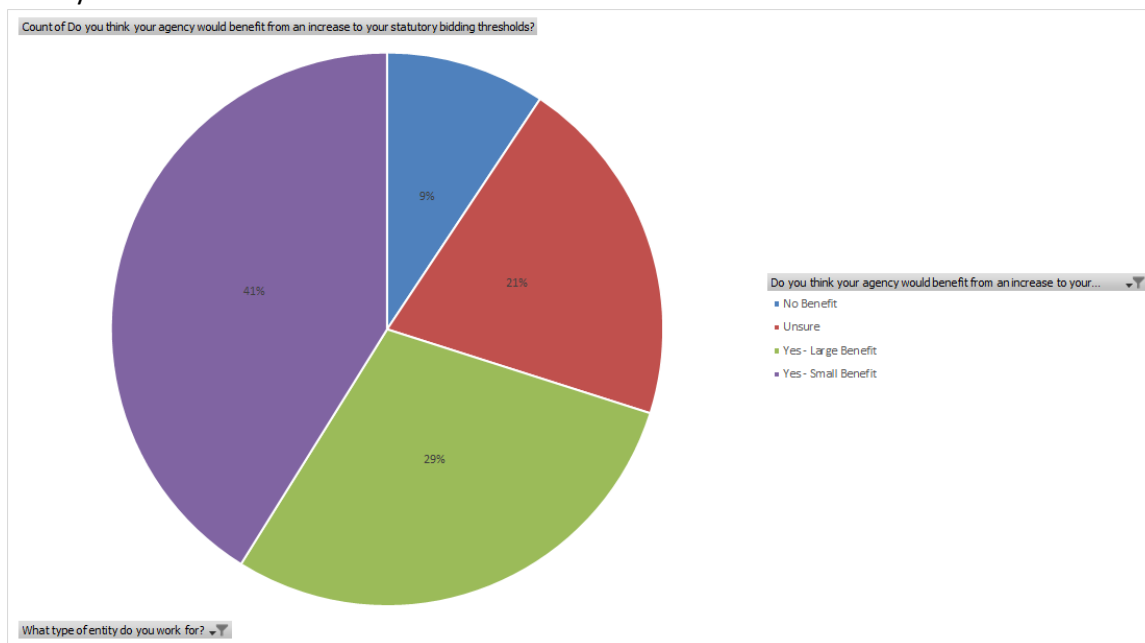
“City’s formal bid requirement is at \$45,000. Unsure if City would modify policy/procedure to use small works roster instead.”

“Most of our projects fall below our \$300,000 threshold so I do not believe that it would benefit us.”

Statutory Bid Threshold

Similar to the small works roster threshold, the majority (70%) of local government participants would see a benefit to raising the statutory bid threshold.

Figure I. Do you think your agency would benefit from an increase to your statutory bidding threshold?
Survey Results



Participants listed similar reasons to why raising this threshold would be beneficial including saving time, decreasing administrative burden, increasing flexibility and saving money. Many participants simply answered this prompt by responding “same as small works roster threshold” or similar statements. Differing from the small works roster threshold, many comments centered around the efficiency of agency crews. Below are some selected comments from participants; a full list of comments are available in Appendix E.

“It would allow for faster procurement processes. We have difficulties getting formal bids, most contractors prefer informal quotes.”

“Ability to perform in-house work with hire thresholds is often a common need for an agency our size. Bid limits present limitations on what can be done internally and with rising construction costs, bid limits should also be adjusted.”

“With prices going up for labor & materials yearly, increasing to higher thresholds ensures we can transact efficiently with what the market is dictating.”

21% of participants were unsure of what benefit they would receive from this threshold being increased. Most comments from participants noted that their internal policies are lower or set separately then the legislature so would need to also be updated to see any benefit:

“Again, not sure if Council would be comfortable with giving staff approving authority of contracts over \$350K”

“Again, our counsel's reluctance to allow us to use statutory bid limits and limiting us to the bid limits in our 2008 ordinance.”

9% of participants responded that they would receive no benefit from this threshold being raised. Participants noted that their current thresholds were working well for them and, similar to above comments, believed their governing body would not be interested in raising their internal threshold:

“The current thresholds are working for us.”

“We don't have statutory limits. I also don't think that our Executive Director or our Board of Directors would be comfortable with raising the thresholds.”

Business Interest in Raising Thresholds

Another critical voice when discussing the idea of raising thresholds are the contractors that take on public works projects. Throughout conversations with businesses the following themes appeared.

Concerns over Transparency

Many businesses and state agencies advocating for businesses (including PTAC) addressed an overall concern for transparency in the public works bidding process. Many businesses were not concerned about what the threshold was (they just met the requirements necessary if they wanted to submit a bid) but when public works projects are awarded, that the process is fair and transparent.

Another concern about transparency raised by business participants had to do with the transparency of the threshold process. Businesses interviewed were concerned that thresholds were raised for different public agencies without a streamline, transparent process with clear logic applied. There is a perception that when new thresholds are proposed, the new threshold amount does not have a well-documented

reason for being approved. Businesses interviewed suggested having clearer guidelines when public agencies go through this process, including data for construction material cost, labor cost, etc.

Burdensome Requirements

As the price of a project increases, so do the requirements for bidding and completing that project. Many of those requirements are placed on businesses to file forms, submit bid documents, etc. Large businesses that were interviewed see this as a way to ensure quality and ensure a capable contractor is being hired. The perception is that keeping thresholds where they are increases quality. However, many smaller businesses and their advocates believe that raising thresholds is a good thing, creating more opportunity for those businesses that don't have the staff to manage the administrative paperwork required but have the expertise to complete the work.