



**STATE OF WASHINGTON**  
**Capital Projects Advisory Review Board**

# *Local Government Public Works Contracting Study– CPARB Update*

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July 23, 2020

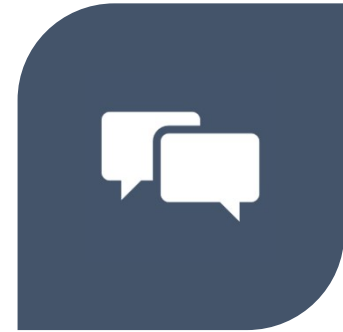
# Agenda



SMALL BUSINESS  
PREFERENCES



IMPROVING SMALL  
BUSINESS ACCESS



DISCUSSING  
RECOMMENDATIONS

# Participation Ask

- **Need:** Committee to discuss important themes from the survey
- **Time commitment:** Five two-hour meetings over the period from May 2020 to September 2020

May 28th



RAISING  
THRESHOLDS

June 25th



CREATING  
UNIFORMITY FOR  
THRESHOLDS

July 23rd



SMALL BUSINESS  
INCLUSION

August 6th



MINORITY AND  
WOMEN OWNED  
INCLUSION

August 27th



WRAP UP

# Prior discussion take-aways

- Expedited processes confusing due to complex system of rules
- Options to simplify structure\*
- Debate between flexibility and risk mitigation
- Standard statewide increases tied to inflation may make sense
- Evaluation of phased approach to recommendations

## \* Simplification Options Identified



# Review: Phased Approach

**Changes can be done in implemented phases:**

Thresholds example:

**Phase 1:**

- (1) Commitment to specific time period for increases based on inflation
- (2) Oversight responsibility

**Phase 2:**

- (1) Evaluation of statutory impact for uniform thresholds (history of current thresholds)
- (2) Impact to internal policies
- (3) Timing for change
- (4) Viability of controlling statute

# Review: Procurement laws

## **Intended to serve two purposes for governments:**

- (1) Prevent fraud, collusion and favoritism in awarding of public contracts
- (2) Prevent carelessness, promote openness in government and enable governments to obtain the best work or supplies at the most reasonable prices

# Review: Small Business Definition

## **Don't have a small business definition**

- (1) May want to increase participation but must define first
- (2) OMWBE has a definition for certification purposes based on federal standards (only state standard identified)
- (3) No standard for local government though some entities have internal standard (King County, Seattle)

# Small Business Preference

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A blue-toned photograph of a business meeting. Several people in professional attire are standing and talking. In the foreground, a desk is visible with a laptop, a calculator, a notebook, a pen, and a white mug. The scene is overlaid with a complex network of glowing white lines and dots, suggesting a digital or interconnected environment. A large, semi-transparent white circle is positioned on the left side of the image, containing the title and bullet points.

## Defining the conversation

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- What incentives or disincentives can we recommend to increase small business participation in projects
- Optional vs mandatory considerations

# Balancing Interests



- Reduced administrative burden
- Access to jobs
- Clarity of rules



## Small Business preferences

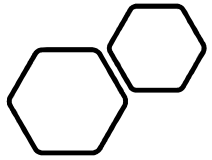
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- No specific callout in statute promoting access for small business
- Unless mandatory, success may be tied to solutions that also empower agencies



# Improving Access

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# Improving Access for Small Business

01

Identifying and  
expressing interest  
in opportunities

02

Adjusting  
requirements to  
participate in  
opportunities

03

Outreach and  
Education

- *“Easier access to all jobs that get listed. Make it easy and put them all in one place”*
- *“Hard work to get on Roster, often resulting in little or no work.”*
- *“Need better visibility of when cities are going for bid.”*

## Accessing opportunities

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- Multiple sources to register with to express interest
- Lack of data regarding outcomes of solicitations
- SWR forces small businesses to be primes vs subs



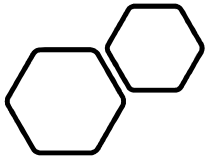


# Limited Resources

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“It is very difficult for a very small business to be profitable with on-call work.

We are not big enough to be able to dedicate a crew to such work, which means we cannot always be as responsive as the owner would like us to be”



- *“The ability to follow and comply with all prevailing wage laws and requirements.”*
- *“Some small business contractors can't afford the required bonds and insurance for small works contracts.”*
- *“No one bids because of the amount of paperwork and reqs. by the county.”*

## Adjusting requirements to participate in opportunities



INSURANCE

Ability to  
reduce  
insurance  
requirements



PERFORMANCE  
BOND

Remove  
requirement  
below \$5K



LENGTHEN  
SOLICITATION TIMES

Require  
minimum  
response time



BID SOLICITATIONS

Terms and  
conditions



*"My companies employees and myself need to receive some paperwork training."*

*"A workshop or tutorial guiding through the initial bidding process (would be helpful)."*

*"More active recruitment of target communities needs to happen."*

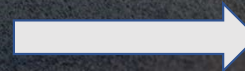
# Outreach and Education

## **Provide resources for small businesses to leverage**

- No state funded resource with primary mission to assist local government connect with small businesses
- Additional PTAC resources (expand mandate to aid local government)
- L&I training resources (systems, getting an account, contacts)
  - Prevailing wage training already required

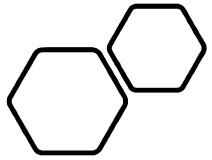
## **Agency Outreach**

- Networking opportunities: Project Open Houses
- Marketing to encourage participation



*"Time consuming for small projects to contact business."*

*"It would take additional time/resources to look up and reach out to just DBE contractors. Typically we just send out bid requests to all contractors in the applicable category."*



# Improving Access for Small Business

01

Identifying and  
expressing interest  
in opportunities

02

Adjusting  
requirements to  
participate in  
opportunities

03

Outreach and  
Education

Recommendations?



# Appendix

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# Neighboring States

## Oregon

- Oregon Certification Office for Business Inclusion and Diversity certifies:
  - Small Businesses
  - Minority / Women Owned
  - Veteran Owned
  - Disadvantaged Businesses
- Oregon notifies DBE's of all procurements over \$10,000 (unclear if this rule is specific to only state agencies or local government as well).
- Local governments widely use the ORPIN Procurement portal so information is more centralized and easier to find jobs.

## Idaho

- Idaho does not have a state-wide DBE certification or database.
- The Idaho Department of Transportation has a DBE Certification program specifically for projects using federal dollars

# Defining Thresholds

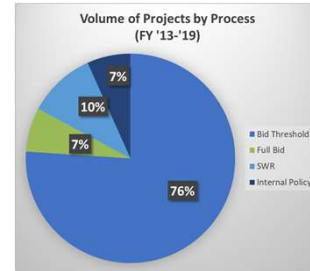
- Two primary public works thresholds
  - Bid Threshold
  - SWR
- Take a variety of forms across agency types

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
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

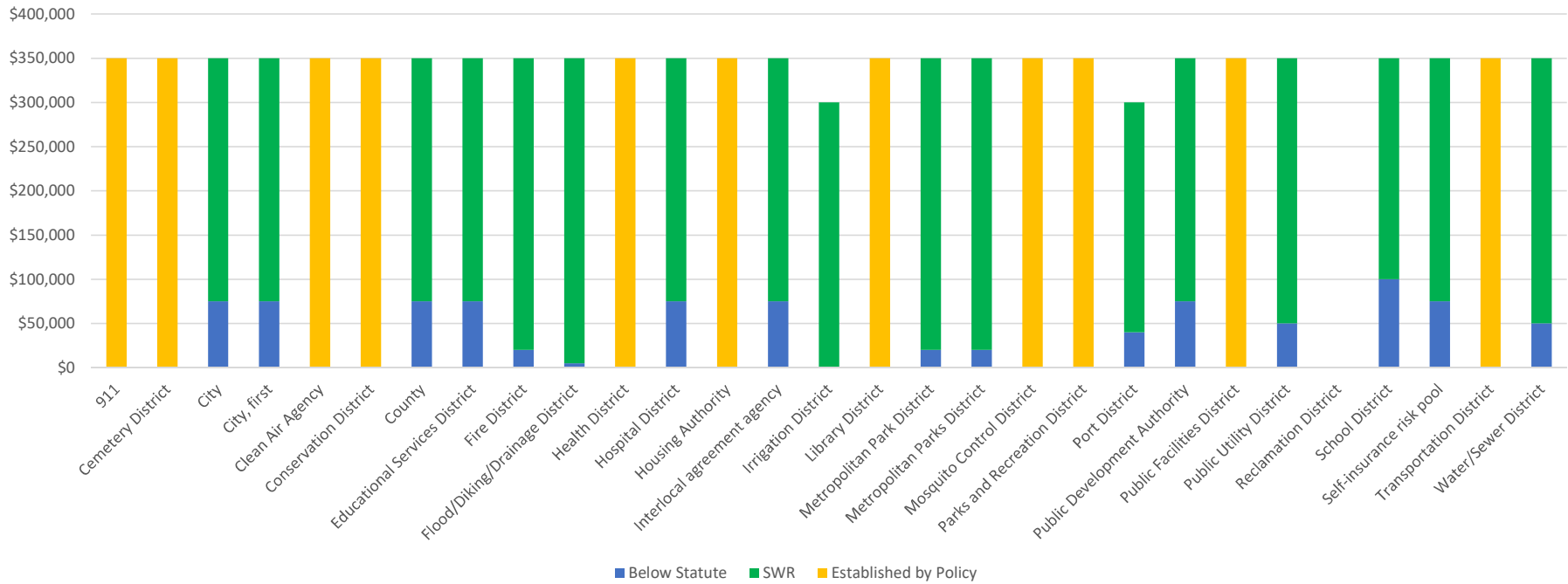
Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Interlocal agreement agency	Most restrictive of establishing jurisdiction		39.34	Most restrictive of establishing jurisdiction
Irrigation district	\$0	\$300,000	87.03.435-436	No limit; must bid 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	35.61135	\$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
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.

# Current Expedited Process Structure



Expedited Process Allowance by Government Type



# Simplification Options Identified

## Consolidation

Maintain varying implementation methods but tidy up outliers

Example: Ports SWR to \$350K from \$300K, Statutory threshold much more varied

## Group by Agency Size/Budget

Set thresholds based on Agency size or Budget to give large agencies greater flexibility

Example: Seattle SWR to \$500K, Port Townsend to stay at \$350K

## Uniform Thresholds

Singular thresholds that all agencies follow

Example: All cities, counties, SPD's at \$350K, own process below \$75K

## Maintain current process

Ad hoc structures based on distinctly negotiated processes



# CCI Inflation Adjustment

Small Works Threshold adj. for Inflation (Seattle Metro CCI 10 Yr Avg)

