

# Capital Projects Advisory Review Board's

## Local Government Public Works Study Committee (5418)

*Meeting Summary July 23, 2020 (Meeting #3)*

### 1. In Attendance:

Jon Rose (MRSC) Chair

Andrew Thompson (Granite Construction) Vice Chair

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

Participants: Judy Isaac (MRSC), Sarah Bollard (MRSC), Yelena Semenova (DES), Nancy Deakins (DES) Laura Herman (L&I), Allan Johnson (DOC), Dale Colbert (PTAC), Melissa Van Gorkom, Rebecca Keith (City of Seattle), Elisa Young (City of Seattle), Matthew Hepner (CEW)

### 1. Agenda:

- a. Small Business Preferences
- b. Improving Small Business Access
- c. Recommendations

### 2. Prior Discussion Take-Aways:

- a. Reviewed slide materials

### 3. Review: Phased Approach

- a. Reviewed slide materials
- b. Phase two requires more information gathering

### 4. Review Procurement Laws

- a. Reviewed slide materials
- b. Last meeting there was discussion on if there was a reason for thresholds, thus reviewing the current reasoning

### 5. Review: Small Business Definition

- a. Reviewed slide materials
- b. Department of Commerce may have a definition of small business, MRSC to look into this issue
- c. Federal definitions may be 50 employees or based on financial standards
- d. Potential Recommendation: create a small business definition in statute

### 6. Defining the Conversation

- a. Reviewed slide materials

### 7. Balancing Interests

- a. Reviewed Slide Materials

### 8. Small Business Preferences

- a. Reviewed slide materials

### 9. Improving Access for Small Business

- a. Reviewed slide materials
- b. What is meant by requirements? Could be bonding, insurance, paperwork, etc.

## **10. Accessing Opportunities**

- a. Reviewed slide materials
- b. Small businesses wish it were more centralized, meaning they could do one 'signing up' and express interest in all local government public works
- c. Do we know if a prime contractor can be incentivized to use subs on the same small works roster? MRSC has not heard that conversation having happened as of today. This could be potential recommendation
- d. Where is this data coming from? This is a distillation of the information received from surveys and interviews from both businesses and local governments

## **11. Limited Resources**

- a. Reviewed slide materials

## **12. Adjusting Requirements to Participate in Opportunities**

- a. Reviewed slide materials
- b. Many of the options shift the risk or burden onto the agency
- c. Are there ways to adjust insurance based on project cost? MRSC believes this is controlled by the public agency. Often times there is a standard that if it is changed it has to involve all parties.
  - i. A million dollars seems to be the minimum in the industry
- d. Insurance may not be a state law, it may be important to look at state statute and what the legislature is currently controlling

## **13. Outreach and Education**

- a. Reviewed slide materials
- b. "There are lots of pieces of the quilt but there is no quilt" PTAC, King County, other workforce councils are working to do outreach and education but there is no one that has a state-funded resource to primarily assist
- c. Important to remember that in order to fully understand how many businesses are available and if they're participating is better data collection

## **14. Recommendations?**

- a. WSDOT, a few years ago, looked into giving credit to prime contractors who have proven utilization of small businesses
  - i. Potentially have prime contractors use the small works roster to find their sub-contractors
  - ii. MRSC may reach out to WSDOT to learn more about this program and why it went away
- b. There is a definition of small business 39.26.010 (50 or fewer employees, or reach a money limit) or be certified by OWMBE
- c. Mandates are difficult for counties and, likely other public agencies, as it can be difficult to meet them even if they believe in the reason for it
- d. When you digest the feedback do you see regional differences that need to be addressed? Definitely see different situation depending on region. There are not as many minority and/or women-owned businesses in rural areas (but there may be many veteran-owned and small businesses).
- e. Is there a correlation between the thresholds and increasing participation? There have been statements made that if you change the thresholds, there may be increased

participation for small and minority-and-women owned businesses. Not that we heard from small businesses.

- i. May be important to focus on just identifying barriers and let them know that we are not seeing a correlation between the thresholds (and their uniformity) and barriers for small businesses, or look into that correlation only
- f. Small jurisdictions (small ports) are helping small businesses with 'the paperwork' because they need qualified folks for the job
- g. Is this increasing small businesses at all or just in the prime position? The statute asks us to look at small works roster which would be the prime, but could be both
- h. We may not be in the best position to try to solve these barriers, just identify them and put them in front of the legislature.
- i. May not be able to find recommendations before November 1<sup>st</sup>, we may not have enough time to really do it justice.
- j. May want to look into what other states are doing in this area, particularly New York.
- k. There are other bills and efforts being made to addressing barriers based on the disparity study that were kept separate from this bill
- l. May need to focus specifically on current legislation and how that creates barriers (performance bonds and prevailing wage, potentially)
- m. Identifying the problem – helping agencies find OWMBE listing easier, or potentially the King County program
- n.
- o. State-wide disparity study did recommend raising a threshold but a procurement threshold (direct buy). OWMBE is also really focusing on better data collection
- p. Businesses are not focused on thresholds; they just have trouble understanding the complex rule system
- q. MRSC to look to see if any disparity study has come across a link between small works roster/thresholds and increasing minority and women owned business participation
- r. Need to focus on barriers, making sure they're identified clearly, and ensuring that none of them are connecting to raising or changing thresholds and threshold uniformity