



STATE OF WASHINGTON
Capital Projects Advisory Review Board

Local Government Public Works Contracting Study– CPARB Update

August 6, 2020

Agenda



DIVERSE BUSINESS
PREFERENCES



UNDERSTANDING DIVERSE
BUSINESS BARRIERS



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

Point of order

Identify committee chair

01

Identifying and
expressing interest
in opportunities

02

Adjusting
requirements to
participate in
opportunities

03

Outreach and
Education

Prior discussion take-aways

- Barriers exist that impact small business participation in Public Works*
 - No specific callout in statute promoting access for small business
 - Unless mandatory, success may be tied to solutions that also empower agencies
 - Opinion that recommendations should focus on barriers related to uniformity and thresholds
-

Diverse Business Preference

Balancing Interests



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

Race and gender conscious mandatory goals

- Washington State must follow a prescriptive legal path to use a race or gender conscious measures
- No specific callout in statute promoting access for diverse business at the local level
- Unless mandatory, success may be tied to solutions that also empower agencies



Diverse Business Barriers

“Many minorities like myself are not made aware of the opportunities available. The financial resources are sometimes not readily accessible for minority owned companies.”

Diverse Business Barriers


- Availability / Notification of projects
- Return on effort
- Paperwork requirement
- Contracting Requirements
 - Insurance, bonding
- Certification Requirements
 - Multiple Certification Issuers
 - Value perception



Certification Barriers

- “Businesses that are minority- and/or women- owned businesses don't always volunteer that information or get certified as such. The process is arduous, and they either don't have the staff (and) resources to complete the 'necessary' paperwork and process or they don't want to”
- “We use the MRSC roster exclusively. We also consult Seattle's and King County's register of MWBE contractors. A single source for combined contractor and MWBE info would be helpful.”
- “Some folks don't register as DBE because they don't want to be labeled that way”
- “Why go through all that if there's I-200 out there?”






Agency Barriers

- Lack of DBE availability
- Clear Ability to tell if DBE or not
 - Multiple certification issuers
- Cost of Outreach
 - Identification of value proposition
 - Focus on low bid

“There are not many (DBE’s) in our geographic area that are registered which makes it challenging to meet goals or it means that the same companies are being used repeatedly not distributing the work”



What's Your Story?

Competing narratives:
DBE availability

Leveraging data to answer the
following questions:

- What were agency needs?
- Who was contacted?
- Who responded?
- Who got the award and with what criteria?

Agency Value Proposition



Better contractors are already under contract on larger projects. Being effectively forced to use less proficient contractors charging higher prices than their competition due to 'set-aside'.



Severely limits the qualified contractors if this is required. If points are added to MWB bid evaluation, then may increase project cost



"...we are in the 9th Circuit where contract goals are not allowed unless your agency has done a disparity study. Only the large agencies can afford those."



"Making (minority) participation mandatory will increase the cost of work. We award our subcontracts based on price. If minority subcontractors are competitive, they will have opportunity to participate."

A photograph of two men in business attire. The man on the left is Black and the man on the right is white with glasses. They are both smiling and looking at each other. The man on the left has his hand on the shoulder of the man on the right. The background is blurred, suggesting an office or professional setting. An orange horizontal bar is located in the top left corner of the image.

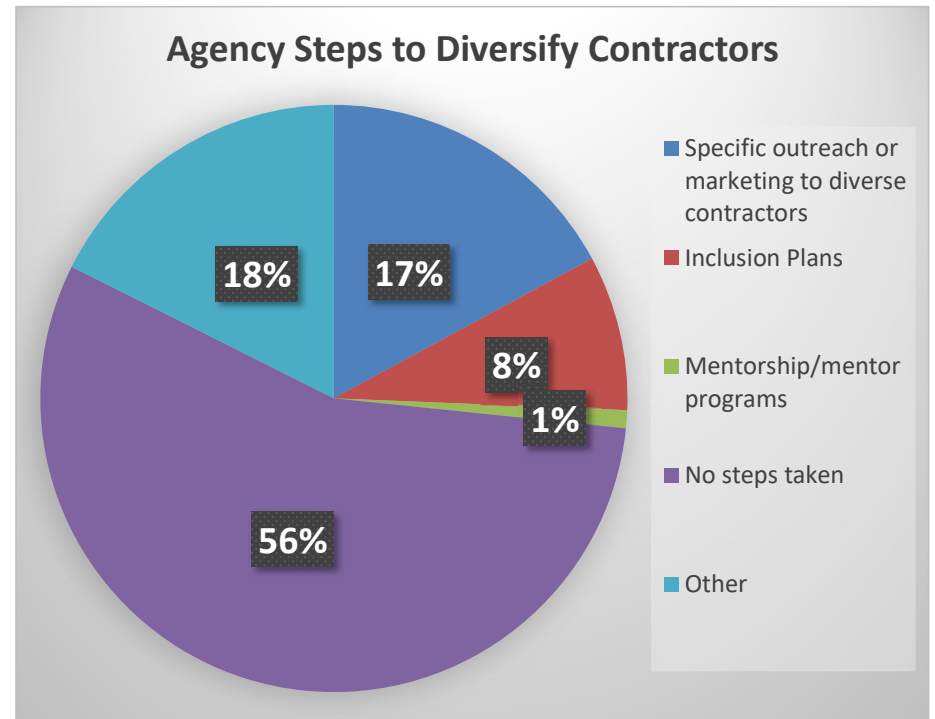
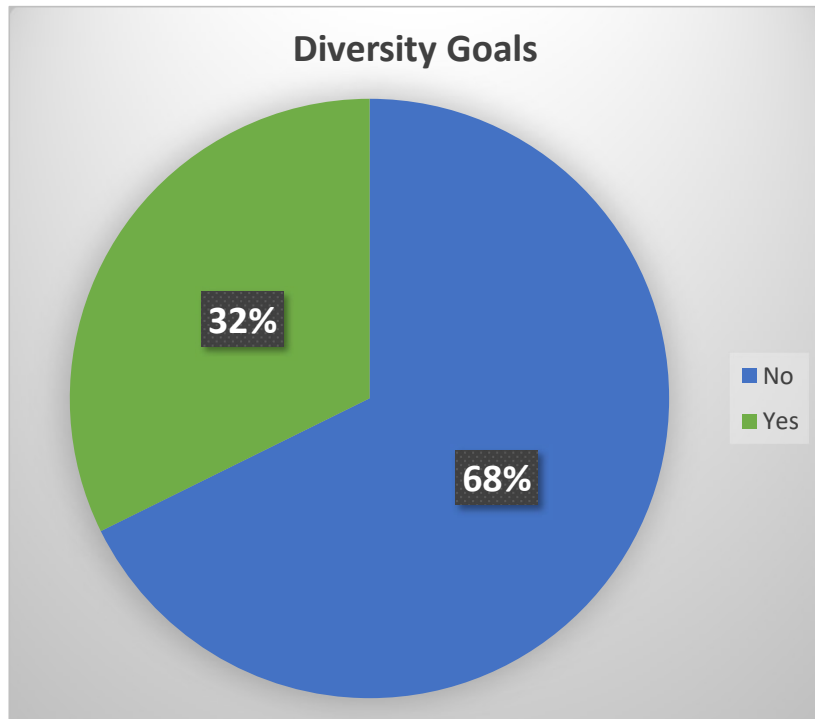
Voluntary DBE encouragements

- Voluntary inclusion goals and plans
- Hosting and attending outreach and networking events
- Technical assistance and business development counseling
- Electronic monitoring and tracking systems
- Mentor protégé program
- Changes in contract language, contract requirements and solicitations
- Online improvements to access contract information and requirements
- Training

Diverse Business Inclusion

“We only set & meet diversity goals when required. This would need to be made part of the RCWs with diversity goal percentage requirements based on city population size or project valuation size.”

364 Respondents



Neighboring States

Oregon

- Oregon Certification Office for Business Inclusion and Diversity certifies Small, OMWBE, Veteran 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 to access centralized job postings

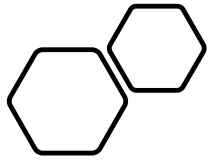


Idaho

- 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



Potential Recommendations



Improving Access for Diverse Business

01

Identifying and
expressing interest
in opportunities as a
DBE

02

Adjusting
requirements to
participate in
opportunities

03

Outreach and
Education

Potential Recommendations

Identifying and Expressing Interest

- Improve visibility of projects
- Consolidate DBE identification
 - Consolidated list of certification programs
 - Define small business

Adjusting Requirements

- Retainage and bond requirements – Under \$5K
- Evaluate restrictive supplemental criteria – Update CPARB guidance

Outreach and Education

- Identification of diverse/small business advocate with local government mandate
- Data collection to articulate specifics and magnitude of problems
 - Identification of common reasons DBE's not awarded contracts

Discussion

