

Capital Projects Advisory Review Board's

Local Government Public Works Study Committee (5418)

Meeting Summary March 18, 2021 Start time: 1:00 PM

1. In Attendance:

Jon Rose (MRSC) Chair

Andy Thomspen (Granite Construction) Chair

Members: Kristin Hall (Snohomish PUD), Chris Herman (WPPA), Jane Wall (WSAC), Jolene Skinner (L&I), Amy Stenvall (on behalf of Karen Moosekar) (Mukilteo School District), Keith Michel (Forma Construction), Michael Transue (MCA), Lisa van der Lugt (OMWBE), Garrett Buckingham (Evergreen Health); Andy Thompson (Granite Construction), Jon Rose (MRSC), Amy Stenvall, Matthew Hepner (CEW)

Participants: Laura Herman (L&I), Judy Isaac (MRSC), Nancy Deakins (DES); Rebecca Keith (City of Seattle), Tiffany Scroggs (PTAC), Yelena Semenova (DES), Olivia Yang (WSU), Janice Zahn (Port of Seattle),

1. Roll call
2. Approval of Agenda

Keith Michel moved to approve the agenda; Kristin Hall seconded; motion unanimously carried.

3. Update – Rebecca Keith

Rebecca recapped activity to date and reconfirmed the purpose of the Committee.

The big picture focus is to report back to legislators as required in SB 5418 on matters pertaining to public works contracting. Partially, this includes a recommendation for review of bid limits including the small works roster threshold rather than having these continue to be reviewed by legislators on a case-by-case basis.

Following a deep dive by MRSC, the committee went through an intensive effort in the past summer to review the research and developed possible recommendations for review by CPARB. CPARB was also in the process of reauthorization during this time, and the November 2020 deadline was extended to address lingering member questions. In February 2021, a commitment to legislators was made to provide the report in May 2021. Focus is structured to address the legislator's problem statement regarding thresholds. CPARB must also report to legislators on the barriers to the participation rate by small business and minority and women owned business, but there is no need requirement to provide the fix. The reauthorization included small business and MWBE in the workplan (referenced as Section 20).

4. Jon Rose/MRSC – thresholds

Review of previous presentation material covering existing thresholds, particularly small works roster, as well a recap of the potential recommendation for threshold increases following an inflation index process.

Discussion ensued pertaining to consideration of a statewide inflation factor vs a regional factor which may sawtooth the threshold levels and produce unintended consequences, use of the

Construction Cost Index (CCI) as an appropriate index or not; intervals for increases and whether those might be automatic or subject to legislator approval to implement at designated intervals.

Some thoughts presented were the perception that a statewide index based on a Seattle index would create too much of a variance for areas in the state that did not actually experience that rate of inflation. Conversely, regional attempts to increase roster thresholds may create a multitude of thresholds that would cross boundaries of different agency types making it difficult to manage and confusing to contractors, and higher pay rates for some regions that could draw work away from agencies in lower pay rate areas.

Clarification that the legislative directive is to review how to address increases to roster, not to reset the existing threshold. There is no discernible logic for the current amount. Resetting the baseline may be a study for the future.

Discussion in front of legislation previously was there was possibly too much freedom with increased thresholds. Are smaller agencies capable of dealing with the selection considerations? This raised the ire of smaller agencies who contend their abilities are not a correlation to their size.

Comments were made that indicate an increase in threshold is an opportunity for smaller and diverse businesses to enter the field of public works where otherwise there is too much bureaucracy to contend with.

Suggestion offered that agencies need to be aware of the risk of some opportunities and may not understand the risk. Projects below \$500k make up approx. 70% of the projects. Waivers of retainage and bonds leaves agency liable.

Reinforces the necessity for addressing training, compliance issues, to assist businesses and awarding agencies in using alternate programs.

5. Jon Rose – Assistance programs

Legislators expressed an interest in opportunities for agencies and contractors to become better informed on project work in areas such as

Agency	Business
Supplemental criteria	Bidder responsibility
Scope development	Waiver of contract requirements
Evaluation of bid and RFP responses	Understanding certifications
	Making appropriate connections

These ideas may be unfunded mandates. They call for effort and money. PTAC and OMWBE are likely business service providers, MRSC public agency provider.

There is a need for educating and supporting public owners. Perhaps a less experienced owner could implement an Interlocal Agreement with a larger/more experienced owner in this effort.

There may be some state resources that don't extend to local government at this time.

Question becomes how to address the costs. This would need to be worked through more. What is a possible budget, who are the partners that do this work, who owns and coordinates? Would this be established for all agencies or defined to provide limited resources to most needy.

What are the next steps for the committee – is there an action item or vote?

No value in a vote if no consensus/

Additional discussion arose on raising threshold. Recognizing that an option with beneficial outcome may outweigh the potential downside of implementation. Reiteration that one option may be the statewide inflation calculation with the legislators reviewing at designated intervals and making a Go/No Go decision. Some agreement on this as it addresses the request of the legislators. Another idea is use of some other tool besides an index that provides the same option to legislators.

Too much put back on legislators may not meet their request, may not stop agencies still coming with requests. Need to make it a tangible process to take this off the legislator's plate.

More consideration needed. Suggestion to prepare two versions to talk through at next meeting. MRSC to prepare and make available two weeks before next meeting on April 15.

MEETING ADJOURNED AT 3:00 PM.