

Capital Projects Advisory Review Board's
Local Government Public Works Study Committee (5418)

Meeting Summary April 15, 2021 Start time: 1:00 PM

In Attendance:

Jon Rose (MRSC) Chair

Andy Thomspson (Granite Construction) Vice Chair

Members: Kristin Hall (Snohomish PUD), Chris Herman (WPPA), Laura Herman, proxy for Jolene Skinner (L&I), Keith Michel (Forma Construction), Michael Transue (MCA), Lisa van der Lugt (OMWBE), Garrett Buckingham (Evergreen Health); Andy Thompson (Granite Construction), Karen Mooseker (Mukilteo SD), Matthew Hepner (CEW). Quorum confirmed

Participants: Judy Isaac (MRSC), Nancy Deakins (DES), Tiffany Scroggs (PTAC), Olivia Yang (WSU)

1. Roll call
2. Approval of Agenda

Andy Thompson moved to approve the agenda; Kristin Hall seconded;

Discussion followed with clarification that further work was required following the March 18 committee meeting in order to prepare for this meeting. Summary of the alternatives to consider were required, with the intention of trying to arrive at agreement within the committee. Request for new comments. None offered.

Motion unanimously carried. Agenda approved.

Update – Andy Thompson
Andy T. opened with a welcome.

1. Small works roster threshold increases

Jon Rose – provided presentation. MRSC was to compile the perspectives from the conversation in last meeting, taking stock of the viewpoints from Legislators, contractors, public agencies, partner agencies.

The presentation screen showing decision matrix starts out with potential for small works roster (SWR); could be set to review every 5 years. Legislators get multiple requests currently to increase the base.

Objection was voiced citing unfairness where a suggestion surfaced that small owners could not manage larger projects well as the threshold increases. Remark was made that raising the threshold to \$500k or \$750k was not the issue. This issue is - should inflationary increases be applied.

A suggestion was offered that perhaps there should only be an 'open review' rather than tying an increase to an inflation factor. Question surfaced on whether small diverse business opportunities degrade if thresholds don't keep up with inflation. Another comment anticipated that 'open review' could introduce discussion for larger increases than provided by an inflation factor.

Clarification requested by Chris H (Ports) whether scope of study was for an actual SWR base threshold increase or to just review the process, which now includes the possibility of increasing through an inflation factor. It was confirmed that the study does not include raising the base SWR threshold.

The committee previously discussed the possibility of a regional inflation factor as a method to apply to the SWR for increases. Comments were that different regions provide different levels of purchasing

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power, rural areas likely having greater purchasing power. The fact was noted that there is no regional inflation index academically accepted, and this would require that one be created. This would be difficult, and then still requires determination on how to implement. Regional lines not necessarily aligned with county or other boundaries, making for further confusion; creates a question of fairness.

If a statewide factor is anticipated, is it automatic or is it a guide for legislators to review at 5 year intervals? Worked with L&I economist – CCI follows type of projects applicable to the SWR vs. the CPI.

Time check by Andy T. Asking for feedback, proposal to create a problem statement (i.e. this is why the legislators are challenged. Each path of consideration leads to different and/or additional concerns.) Anything missed?

Olivia offered a couple thoughts. Part of HB1259 was removed because the committee was to give an opinion; not enabling legislators, harmonizing all owners. Possible problem to understand concerns to increase the roster limit. Big/small owner – if too big for roster, still have problem with bids.

Jon indicated small agency wears many hats, may do few projects. Not as well versed, fewer resources. SWR has fewer statutory requirements; waivers available. Efficiency, but creates risk. Easier for small business to participate in small works, possibly more guardrails needed to keep owner protected.

Some agencies require more strict processes through their own code or policy. How often is trouble really encountered.

Michael T: SWR easier, faster, subjective. Hesitant with threshold increase - not appropriate for large increase to those with small budgets. Perhaps a percentage of budgets.

Want policy to address percentage to small agencies.

Andy - Context is important.

Some aspects of raising threshold possibly not part of the study. It's important and necessary, but not mandated.

C Herman – Owners and advocacy with legislators currently looking at policies increasing thresholds, and present policy to increase equity and opportunity. Some conversations had advanced since SB 5418, information is not updated.

Interest in having such a conversation with legislators. Does the question need to be addressed here, or outside conversations influence the decision.

Jon – What legislators asked us to do, the charge of the project per Walter, Rebecca, Rep. Pollett, inflation factor is part of the study. Conversations were held about increase. Guidance is to focus on the mandate of SB 5418.

Include a few paragraphs on pros and cons of increasing in comparison to the decision tree. Lay out concerns. Use as roadmap for an increase. Encapsulate this conversation into the report.

Jon – Heard the request to toss in sentences regarding the collective perspectives on where folks may want to go. Not in our scope of the study. Have had no conversation surrounding this topic. Tossing into the report may interrupt what we're trying to accomplish.

Michael – Keep scope narrowed, increase limits, increase participation – how impacts OMWBE and disadvantaged businesses, if that's the argument; scope is barriers to participation.

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Keith – narrowed question – using an inflation matrix. Attempt to reach consensus to support blanket increase.

No blanket increase ever existed. Legislators get requests to increase – question is how to minimize.

Base threshold should be reviewed, but here only looking at the number of requests coming in. Then how does the base threshold keep pace with inflation. Not to delegitimize the conversation, but the base threshold is not part of the problem statement in SB 5418.

Garrett – Narrow discussion to legislators request regarding increases. \$350k limit for most randomly set initially. We could reach consensus.

Discussion point – get to consensus for recommendation. Hear policy concern, but advocate that owners are subject to laws that are set. How policy impacts UW vs small city - puts handcuffs on agency for the sake of a small city or town. This conversation always comes up as owners are interested in moving the threshold up.

Participation questions are anecdotal. Large agencies don't use the roster to max capacity.

Other data in future years will reveal more about participation.

Lot of talk outside of the committee, technical understanding varies, but one entity may vary in how they administer the roster vs another agency.

Increase by inflation or blanket, which is less cumbersome.

Higher limit makes sense, with strings attached, and revise some of the other requirements, such as selecting five contractors as long as other contractors are notified. If opportunities get out, participation will increase. Those who hand select create the roster limitations. Broader application should be utilized.

Olivia – next change is in 2 years from now, gives us time to work within immediate scope on how to make increases; take the additional time to address other factors.

Garrett – all owners want this discussion; more robust discussion is needed on base threshold.

Nancy – include for future study.

Michael – future study recommendation 5. Fair to put forward recommendation 1-11, and future studies should be identified as more information is needed.

What dollar amount being discussed in the decision tree. Discussion could go in various directions if inflation factor used vs. a general discussion of an increase. But regional factor creates sawtooth limits.

Time check – 2 hours left. Does Committee have enough knowledge to take a vote on the decision tree?

Yes/no on the matrix line. **Andy – motion to follow through the decision matrix with a yes/no vote**

Michael T – second

Discussion: Clarify the process, majority keeps moving forward through the matrix or else stops.

Friendly amendment – go through a left-to-right review

All in favor – all; no dissenting votes. Motion carried.

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Vote results:

Name	Blue – 5 Year Review	Green – Inflation Index	Yellow – State vs Regional	Orange – Guided vs Auto	Recommend Resources
C Herman	Y	Y	Statewide	Guided	Y
A Thompson	Y	Y	Regional ⁱ	Auto	Y
Skinner/Herman	Y	Y ⁱⁱ	Statewide	Guided	Y
K Mooseker	Y	Y	Statewide	Auto	Y
M Transue	Y	Y	Regional ⁱⁱⁱ	Auto ^{iv}	Y
K Michel	Y	Y	Statewide	Guided	Y
G Buckingham	Y	Y	Statewide	Guided	Y
K Hill	Y	Y	Statewide	Auto ^v	N ^{vi}
M Hepner	Y	Y	Statewide	Abstain	Y
L Van du Lugt	Y	Y ^{vii}	Statewide	Auto	Y

ⁱ Partly out of respect to other Trade position

ⁱⁱ With concerns: Waiving retainage in SWR processes has potential fiscal impact. Potential that collection may be required from public agencies.

ⁱⁱⁱ Driven by agency size

^{iv} With legislators review

^v Same as iv

^{vi} Not comfortable with potential dollar amounts

^{vii} With concerns: Actual effect of providing increased opportunities

Additional Comments

How would regional index be created, complexities. Review CPI to assess?

C Herman – confirmed there is a recommendation already approved by the Board for allowing waiver of retainage for projects under \$5000 outside of the small works roster.

Michael T – not convinced increases in roster thresholds will actually equate to increased access to smaller businesses

Andy T – voted out of respect to agency who makes decision for other agencies

Garrett B – discretion to public agency – creating same problem; causes confusion; split counties; need clear statute interpretation

Projects are 2/3 material, 1/3 only is labor – Regional review necessary?

2. Resources and Funding

Concept for Resource: Create resources for partnership among OWMBE, PTAC and MRSC to support local government. Two FTEs across each organization – est \$1M.

MRSC – Specialized procedure guidance, scope writing, supplemental criteria review, maintaining list of all rosters used in the state.

PTAC – tech assistance for businesses, DOD funds currently for federal, funding for local government for same process guidance, marketing strategy, consulting hours for businesses to partner with local government;

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OMWBE – additional support connecting at local government level; mentorship, apprentice, inclusion plans, facilitate minority or women outreach and language access. Lisa: some of this already under way, continued funding expected, funding around tech assistance. Synchronicity with other sources desired. Supplemental budget, OMWBE has other funding requests. Doing data collection, starting up other divisions in 6-9 mos.

Michael T – should be coordination of efforts, tie into one website. Follow up – review impact of centralized roster – check work as it moves along.

Motion by Michael T : Accept recommendation on local government resources with \$1M funding ask to include groups coordinating on recommendations #1, 5, 7; suggestion to revise motion to indicate the groups should coordinate efforts to the fullest extent possible. (difficult to make that happen, who keeps it current, statutory? Maybe through referrals or links)

Michale T – accepted revision to motion as noted

Andy T – second.

Discussion

Tiffany S – PTAC - federal government funds to provide tech assistance in 2012. Greater demand than can perform and federal funds are maxed out. Congress needs to allow more to meet demand, this effort will help mandate help for business sell to local government. Oregon currently does this through Commerce, fund is less encumbered, matches federal funds.

All in favor – C Herman, A Thompson, Skinner/Herman, K Mooseker, M Transue, K Michel, G Buckingham, M Hepner, L Van du Lugt; dissenting votes; K Hill. Motion carried.

Andy T – Small business need to know where to go, esp DBE, busy. With fund staff would quickly provide benefit of communication for small business. Return on effort is worth it.

Time check. Can't make it all perfect, plenty of nuances, but leading the effort even if other pick up on work identified in this study. For future, get the right people in the room up front, get active participation to avoid delays.

Michael – heavy lifting done by MRSC, DES. Good discussions.

DES – proposed efforts are hybrid of recommendations, combinations. MRSC to talk with DES and Rebecca on documents for CPARB meeting.

MEETING ADJOURNED AT 3:20 PM