

# Local Government Public Works Contracting Report

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# Executive Summary

In accordance with [ESSB 5418](#) Section 16, the Capital Projects Advisory Review Board (CPARB) was directed to review the public works contracting processes for local governments, including the small works roster and limited public works processes provided in [RCW 39.04.155](#), and report to the governor and appropriate committees of the legislature by November 1, 2020. One of the primary goals of the study was to address the many requests to the Washington State Legislature for increasing various contracting thresholds, along with other local government contracting concerns.

As the designee to study the outlined concerns, CPARB and the Department of Enterprise Services (DES) hired the Municipal Research and Services Center of Washington State (MRSC) as staff to complete the study. In addition, CPARB formed a committee comprised of both business representatives and public agency representatives to help analyze the information from the study and formulate proposed recommendations for CPARB's review. CPARB considered the proposed recommendations at meetings between October 2020 and May 2021 and voted on a set of recommendations to pass along to the Legislature as the product of this study. There were also proposed recommendations developed by MRSC and the Committee that CPARB did not come to consensus on, and those proposals are included under the [Recommendations](#) section of the report.

A summary of key findings include:

- It is possible to estimate that agencies are using more rigorous processes for projects they determine require it, even though under state law they may have authority to exercise a less rigorous process.
- For both the small works roster and below statutory requirement thresholds, there are inconsistencies in application across agency types. The recommendations listed below address working towards uniformity and consistency for these thresholds.
- Businesses raised some concerns around thresholds, but most concerns were not on what dollar amount the threshold was, but the clarity and transparency of competition processes.
- Recommendation (no. 2) proposes that an inflation factor should be implemented statewide using the Construction Cost Index (CCI) at a five-year interval for the small works roster.
- Identified barriers of participation of minority and women businesses enterprises (MWBE) include:
  - Bid and contract paperwork and requirements are difficult for small and MWBE businesses to understand and compete for
  - Lack of availability of MWBEs in rural areas and it is difficult for agencies and firms to know how to find new businesses
  - Lack of understanding by MWBEs of where to look for opportunities or not being contacted for opportunities

Through CPARB's Local Government Committee work, stakeholder engagement, and discussions with the CPARB Board, CPARB was able to reach consensus and voted unanimously on the following recommendations to improve uniformity and efficiency in local government public works contracting:

- Adjust port district and irrigation district small works roster statutes to refer to [RCW 39.04.155](#).
- Small works roster threshold increases by statewide inflation factor at five-year intervals.
- Remove retainage and bond requirements for projects under \$5,000.
- Create a centralized list of rosters.

- Create a list of certification/registration programs for disadvantaged, small and veteran-owned businesses.
- Define small business in the public works contracting statute as defined in [Chapter 39.10 RCW](#).
- Coordinate schedule for significant outreach events between public agencies and other stakeholders.
- Provide professional assistance to local government for contracting guidance and marketing and outreach to contractors.

Additional recommendations that did not receive unanimous support are discussed in the report. This study did not include in-depth analysis or recommendations regarding the base threshold amount for the small works roster. These ideas and others were considered and may warrant future studies.

# Statement of Purpose and Scope

To support the legislative directive in [ESSB 5418](#) which passed in 2019, the Capital Projects Advisory Review Board (CPARB) and Department of Enterprise Services (DES) initiated this report to review the public works contracting processes for local governments, including the small works roster and limited public works processes provided in [RCW 39.04.155](#). For a summary of the report requirements see the Final Bill Report [ESSB 5418](#), pg. 6.

DES hired the Municipal Research and Services Center of Washington State (MRSC) to complete the report. MRSC created a scope of work based on the legislative direction including seven core sections:

- Identification of Most Common Local Government Contracting Procedures
- Development of a Matrix of Public Works Contracting Bid Thresholds
- Analysis of Estimated Project Cost Comparison to Contracting Thresholds
- Analysis of Potential Application of Regional Inflation Index to Contracting Thresholds
- Rates of Participation in Small Works and Limited Public Works Contracting
- Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes
- CPARB Coordination and Final Report

Each of these tasks aids in the general purpose of the included report: to complete a comprehensive review of local government bid limits with the intent to develop considerations and guidance for an appropriate standardized method of adjustment to contract thresholds. The entire scope of work for the project is included as [Appendix A](#).

This report is limited to local government public works contracting. For the purposes of this report, local government is defined as city, county and special purpose districts and therefore does not include Labor and Industries data on state agencies, universities, or colleges. According to data analysts from Washington State Labor and Industries, 700-800 agencies representing cities, counties, and special purpose districts completed public works projects from 2013 to 2019.

# Methodology

This section of the report details the methodology of each data collection effort by the team, including:

- Literature Review
- Stakeholder Interviews
- Data Collection
- Public Agency and Business Survey
- CPARB Committee Formed to Develop Recommendations

Each of the data collection efforts by the MRSC project team directly relates to the bill outlining the report. The questions posed in the interviews and survey both directly relate to the report scope and bill language as shown below. The report scope, stakeholder interviews and survey questions are available in [Appendix A](#), [B](#) and [C](#), respectively.

**Figure A.** ESSB 5418 Citation

5418 Citation	Public Works Project Task Item	Stakeholder Interviews	Survey Questions
(a) Identification of the most common contracting procedures used by local governments;	Task 3: Identification of Most Common Local Government Contracting Procedures:	Questions 1, 2, 4, 10	Questions 3, 7
(b) Identification of the dollar amounts set for local government public works contracting processes;	Task 4: Development of an Annotated Matrix of Public Works Contracting Bid Thresholds	—	Question 4
(c) Analysis of whether the dollar amounts identified in (b) of this subsection comport with estimated project costs within the relevant industries;	Task 5: Analysis of Estimated Project Cost Comparison to Contracting Thresholds	Question 2	Questions 5, 6
(d) An analysis of the potential application of an inflation based increaser, taking regional factors into consideration, to the dollar amounts identified in (b) of this subsection, for example: (i) Applying the implicit price deflator for state and local government purchases of goods and services for the United States as published by the bureau of economic analysis of the federal department of commerce; and (ii) Adjusting the bid limit dollar thresholds for inflation, on a regional basis, by the building cost index during that time period;	Task 6: Analysis of Potential Application of Regional Inflation Index to Contracting Thresholds	Question 3	Question 8
(e) Recommendations to increase uniformity and efficiency for local government public works contracting and procurement processes;	Task 8: Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes	Questions 5, 8, 9, 11	Questions 9, 11, 25

5418 Citation	Public Works Project Task Item	Stakeholder Interviews	Survey Questions
(f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes;	Task 7: Rates of Participation in Small Works and Limited Public Works Contracting	Question 7	Questions 12, 13, 14, 26, 30
(g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.	Task 8: Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes	Questions 6, 7	Questions 10, 19, 20, 21, 22, 23, 24, 25, 26, 27

## LITERATURE REVIEW

MRSC reviewed applicable data and previous studies done in the area of Washington State public works contracting. This process was intended to ensure that the MRSC project team is fully aware of the current processes, major studies completed, and interested parties. Reviewing the literature listed below assisted in the project team’s development of stakeholder interview and survey questions.

### **Previous Studies Reviewed**

- Washington State Office of Minority and Women Owned Enterprise. *Washington State Disparity Study*, Colette Holt & Associates, 2019.
- Washington State Department of Commerce. *The Impact of Rural Procurement*, Thurston Economic Development Council, 2018.

### **Other Materials Reviewed**

- [Engrossed Substitute Senate Bill 5418](#) (2019) and related materials, including recorded sessions of the Senate and House Local Government Committees
- MRSC publications and webpages including:
  - *Special Purpose Districts, 2003*
  - *City Bidding Book*
  - *County Bidding Book*
  - Contracting Requirements tool, webpage
  - Public Works Contracting, webpage
- Summary of Local Government Bidding Thresholds

## STAKEHOLDER INTERVIEWS

MRSC conducted a series of stakeholder interviews to discuss the following areas of interest in regards to public works contracting:

1. Decision-making considerations in the choice of contracting procedures



2. Typical projects within each relevant industry and whether these projects are within small works roster bid thresholds
3. Potential impacts of regional bid thresholds
4. Specific challenges for both businesses and local governments posed by current contracting processes
5. Factors that drive up the costs of public works projects
6. Steps that local governments take to ensure competition in the contracting process.

Interviews were held between late 2019 and early 2020 and included 30 represented stakeholder agencies and businesses.

Stakeholder participants were selected in a multi-step process. First, the team contacted the agencies identified in the scope of work as key agencies to interview. These agencies included: the Department of Enterprise Services (DES), the Capital Projects Advisory Review Board (CPARB), Washington State Procurement Technical Assistance Center (PTAC), the County Road Administration Board (CRAB) and the Washington State Association of County Engineers (WSACE).

The scope further defined cities, counties, special purpose districts and businesses as key interview participants. The project team determined the local government agencies that were spending the most money and doing the most public works projects (port districts, school districts, cities and counties) and prioritized contact with a variety of agencies within these groups. Rural and smaller agencies were intentionally included to ensure a wider understanding of impacts. To identify business and labor organizations to solicit, key agency contacts were consulted and groups that identified themselves at the legislative hearings were reviewed.

Each interview participant was asked a similar set of questions, designed to include the above six areas of interest to glean any further information that would benefit this report. Some interviewees, depending on the agency they represented, were asked divergent questions to understand their interests and the impact of any proposed changes to the contracting process. All participants were informed of the intent to include the interviews in this report.

Interviewees included stakeholders from state, local government and businesses. These interviews were not designed to be comprehensive but rather to provide some early insights into the contracting process from a variety of perspectives to supplement development of the survey. Individuals from the following agencies were interviewed:

### **State**

- Washington State Senate
- Washington State House of Representatives
- Department of Enterprise Services (DES)
- Capital Projects Advisory Review Board (CPARB)
- County Road Administration Board (CRAB)
- Washington State University (WSU)
- Washington State Transportation Improvement Board (TIB)
- Washington State Office of Minority and Women Owned Business Enterprise (OWMBE)

### **Local Government**

- Washington State Association of County Engineers (WSACE)
- Washington State Public Ports Association (WPPA)
- Association of Washington Cities (AWC)
- City of Kirkland
- City of Newcastle
- City of Pasco
- City of Yakima
- City of Mukilteo<sup>1</sup>
- Town of Twisp
- San Juan County
- King County
- Franklin-Pierce School District
- Clover Park School District
- Auburn School District
- Highline School District
- Northshore School District
- Kitsap Transit<sup>1</sup>
- Port of Edmonds

### **Business**

- Washington State Procurement Technical Assistance Center (PTAC)
- Lincoln Construction
- Mechanical Contractors of Western Washington
- Casseday Consulting<sup>1</sup>

## **DATA COLLECTION**

### **Data Sources**

MRSC identified multiple data sources to find the most comprehensive insight available regarding public works contracting. The main source of data was from Washington State Labor & Industries. MRSC analyzed 184,454 records of public works projects from FY July 2013 – June 2019. The data provided specific project information such as: the agency, the business/contractor completing the work and the cost of the project.

MRSC supplemented the Labor and Industries data by primarily collecting data from the Office of Minority and Women Owned Businesses. The team received 3,449 names of certified businesses with OWMBE and 1,459 veteran-owned business names. Businesses in the OWMBE database were linked by their UBI number to the

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<sup>1</sup> A small sub-set of interviews, as marked, were conducted post-survey participation to add further insight to survey question answers

Labor and Industries data to assist in understanding Disadvantaged Business participation rates in public works contracting.

The project team also collected pertinent data from the following sources: Office of Veterans Affairs, Washington State Auditor's Office, Department of Enterprise Services, and CPARB's previous data collection efforts.

### **Additions to Data**

To complete the necessary analysis, MRSC formatted additional data fields to expand the information as follows:

**Agency Type:** MRSC pulled the entire list of agency names from the Labor and Industries database and grouped them by agency types. These included: City, County, School District, Water/Sewer District, Irrigation District, etc. Categorizing agencies within the data set allowed the team to analyze data based on statutory threshold groupings. Some agencies, based on the name or status in Labor & Industries, were unable to be identified as an agency type. These agencies were categorized as "Other" and account for less than 1% of projects and dollars.

**Threshold Data:** MRSC added a data field showing the small works roster threshold based on the agency type for each agency that has thresholds established by statute.

## **PUBLIC AGENCY AND BUSINESS SURVEY**

In order to get additional feedback and data from agencies and businesses, MRSC conducted a survey to collect information from local government employees and businesses on the barriers they face in public works contracting and potential improvements to the current process. This information is meant to broaden the more detailed stakeholder interviews and data collection efforts, in order to confirm our results and fill in any informational gaps. A copy of the survey questions is included as [Appendix C](#). The complete methodology for the creation of the survey questions, along with each questions' legislative citation, is included as [Appendix D](#).

Following the survey, the project team phoned select agencies and businesses to conduct more detailed interviews to dive into particular issues or comments the participant mentioned in the survey. These conversations centered around minority and women business representation and barriers, internal policies, raising thresholds and more.

## **CPARB COMMITTEE**

After the data collection phase of the project was completed, CPARB created a committee with the goal of bringing together a diverse group of stakeholders to discuss the report findings and develop recommendations. This committee met six times over the course of 2020, with two extensive follow up meetings that occurred in Spring 2021, and drafted eleven possible recommendations to put forward to the CPARB board. The board reviewed and voted on which recommendations to submit to the legislature.

# Explanation of Public Works Contracting Types

This section provides a brief overview of the contracting procedures available to various local governments in Washington State. Most public works fall into three categories, separated by dollar amount thresholds: 1) below statutory bid limits, 2) small works roster, and 3) formal competitive bidding. It is important to note that agencies are always allowed to use a more competitive process if internal policy requires it, or the project is complex enough to warrant it. For example, an agency may elect to use a formal bidding process for a project that falls in their small works roster threshold. In addition to the three most common procedures, there are also a number of exemptions and special case procedures, including unit price contracting, emergency contracting, etc.

## **BELOW BID THRESHOLDS: MINIMAL COMPETITION AND USE OF AGENCY EMPLOYEES**

Below an agency's statutory bid thresholds, an agency would use an internally acceptable solicitation process as defined in their policies to award small public works contracts, or may use their own employees to complete public works projects. Some agencies have further restrictions on this type of work. For example, work done by city employees cannot exceed, in total, 10% of the total public works budget.

When internal policies allow, agencies may seek quotes directly from individual contractors.

There is no requirement to seek multiple quotes, but most agencies do so anyway, down to some practical limit established in their policies. For example, City of Monroe's purchasing policy (2018) states that where public works projects are below \$2,500 only one quote is necessary; projects up to \$40k have a requirement to solicit quotes but no specific quantity of quotes is identified; and projects over \$40k are to use the small works roster process. Public works contracting requirements still apply to these projects, such as withholding retainage, obtaining a contract bond, and meeting bidder responsibility criteria, as there are specific statutes that govern if and when such requirements can be waived.

### ***Process Uniformity and Efficiency***

At times, an agency may not receive a response to a bid solicitation. There can be multiple reasons for this to occur: the available pool of contractors may be busy with other projects; there might be something within the specifications that causes contractors concern about bidding; the solicitation may not have reached an appropriate category of contractors; or the work might be in a location that has logistical challenges for a contractor who has to travel.

Some of these situations might be resolved by some additional research on the part of the public agency to determine what caused the lack of responses. If there is something the public agency can amend or clarify that would subsequently cause bidders to have an increased interest in participating in a bid, they could revise their specifications, or advertise the opportunity in another manner, in order to solicit again for competitive bids. However, if the agency learns that there was simply little interest in the project, rebidding likely will not provide any increased participation. At that time, it would be helpful for an agency to have authority to negotiate directly with a contractor they can locate who would consider performing the work.

As an example, code cities have been given this authority in [RCW 35.23.352](#), which reads as follows:

*If no bid is received on the first call the council or commission may re-advertise and make a second call, or may enter into a contract without any further call or may purchase the supplies, material or equipment and perform the work or improvement by day labor.*

## **INFORMAL COMPETITION: SMALL WORKS ROSTERS**

State statutes allow many agencies to follow less stringent competitive requirements for projects below a certain threshold by selecting businesses from a small works roster. (Agencies are only eligible if their statutes specifically authorize the use of a roster.)

Eligible agencies can use the small public works roster process for projects below \$350,000 (or \$300,000 for port districts and irrigation districts).

## **FORMAL COMPETITIVE BIDDING**

For projects above defined statutory thresholds, or in the absence of other authorized procurement methods, formal competitive bidding is required. These solicitations can be more rigorous or time-intensive, and likely apply to larger and more complex contracts and purchases. The exact formal procedures are laid out in each agency's enabling statutes. Usually, the statutes require public advertisement for a specified time and in a particular manner, sealed bids, and public bid openings. The contract must be awarded to the responsible bidder with the lowest bid.

## **ALTERNATIVE CONTRACTING: UNIT PRICE CONTRACTING**

A unit priced public works contract, previously referred to as an "on call" public works contract, is when a local government contracts for an unknown number of small public works projects over a fixed period of time ("indefinite quantity, indefinite frequency").

Each agency that is authorized to use unit priced contracts has a separate enabling statute (see below). However, the different statutes all provide the same definition of a unit priced contract:

*"[A] competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the [agency type], under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work."*

While traditional public works contracts are awarded for specific projects/scopes with a specific total dollar value, unit priced contracts are not associated with a particular project, do not guarantee any amount of work, and do not establish a total dollar value (although the contract may cap the dollar value at a certain level over the life of the contract). Instead, the agency agrees to pay a defined "unit price" for certain types of anticipated (but unplanned) work or trades over a certain time period.

When a specific project is identified, individual work orders are authorized based upon either a "not-to-exceed" time and materials basis or a negotiated lump sum amount using the previously established unit prices.

Unit priced contracts allow public agencies to contract for multiple or recurring small public works projects over time without having to bid each project separately. This saves the agency time and money, especially for unanticipated projects that may arise at the last minute. Unit priced contracts are often used for repair, renovation, or maintenance of public facilities, all of which fall under “public work” as defined in [RCW 39.04.010](#).

## **ALTERNATIVE CONTRACTING: JOB ORDER CONTRACTING**

Job order contracts are authorized under [RCW 39.10.420](#) et seq. Until 2019, job order contracts were only authorized for certain larger public agencies. However, effective July 28, 2019, all public agencies are authorized to use job order contracting.

Job order contracts generally have a wide scope of services, encompassing all conceivable construction tasks/projects, and have a more rigorous solicitation process. Job order contracts require at least 90% of the work to be subcontracted, making them less suitable for smaller agencies and small public works projects.

## **ALTERNATIVE CONTRACTING: DESIGN BUILD CONTRACTING**

This alternative contracting process combines different phases of the public works project by contracting with a single entity to do both design and building of a project. This process reduces the risk for public owners by overlapping design and construction.

## **ALTERNATIVE CONTRACTING: GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GCCM)**

GCCM contracting process is a collaborative process with the public owner, contractor and architect. Contractors are hired early on during the design phase to assist in the scheduling and cost of the project. Construction may begin before the final design is ready, allowing for a shorter timeline and effective delivery of complex public works projects.

# Most Commonly Used Contracting Procedures

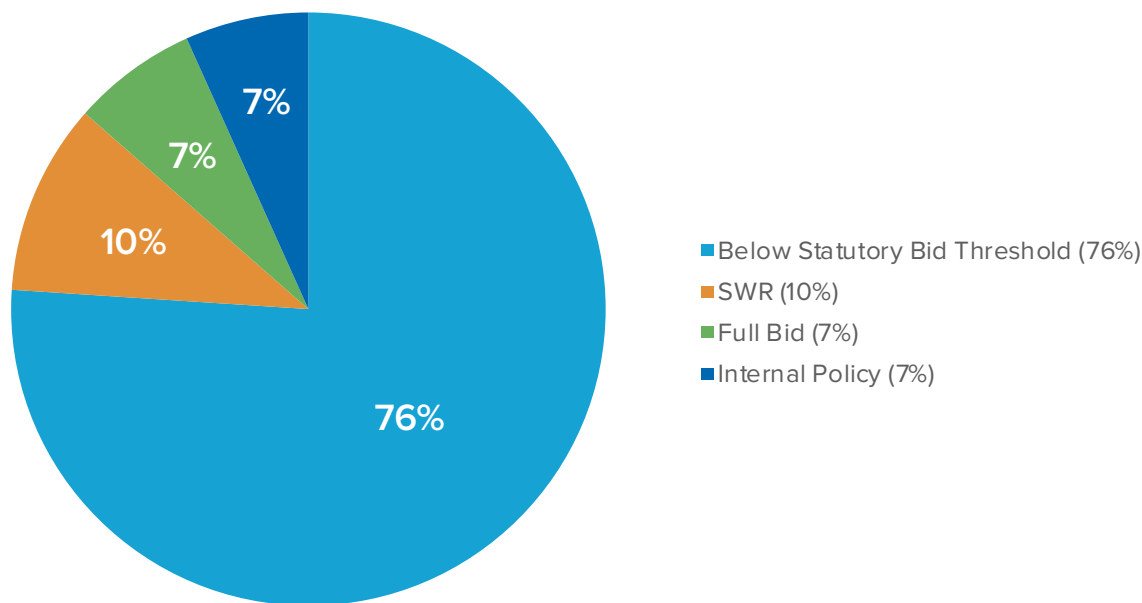
To understand the public works landscape, it is critically important to know which of the defined public works contracting procedures are being used most often. Because the historical data through Labor and Industries does not include a field to indicate contracting procedure, the team applied two separate approaches to this question: using dollars as a proxy for contracting procedure, and agency reporting on average use through the survey. During the course of this report, Labor and Industries implemented new fields in their forms to gather this information from prime contractors. This data is also analyzed in this section.

## **Using Dollars as an Indicator of Actual Contracting Method**

Labor and Industries tracks the total cost of each public works project. This data, combined with the statutory thresholds, allowed the MRSC project team to trace what process was possible for each project. However, this data set does not allow us to approximate use of alternative contracting methods, as these overlap the other various contracting methods.

The graph below displays projects from 2016-2019 separated into the ‘below statutory bid threshold’ process, small public works roster process, and full competitive bid **assuming** each agency used the most flexible process for every contract. For example, a city public works project totaling \$150,000 will be counted in the small public works roster process regardless of the contracting method actually used, as the actual method used is not currently identified in any state data set for that time period. Although this is not an actual depiction, it is the closest approximation possible using the available data.<sup>2</sup>

**Figure B.** Count of Public Works Projects by Contracting Procedure, Fiscal Year 2013-2019

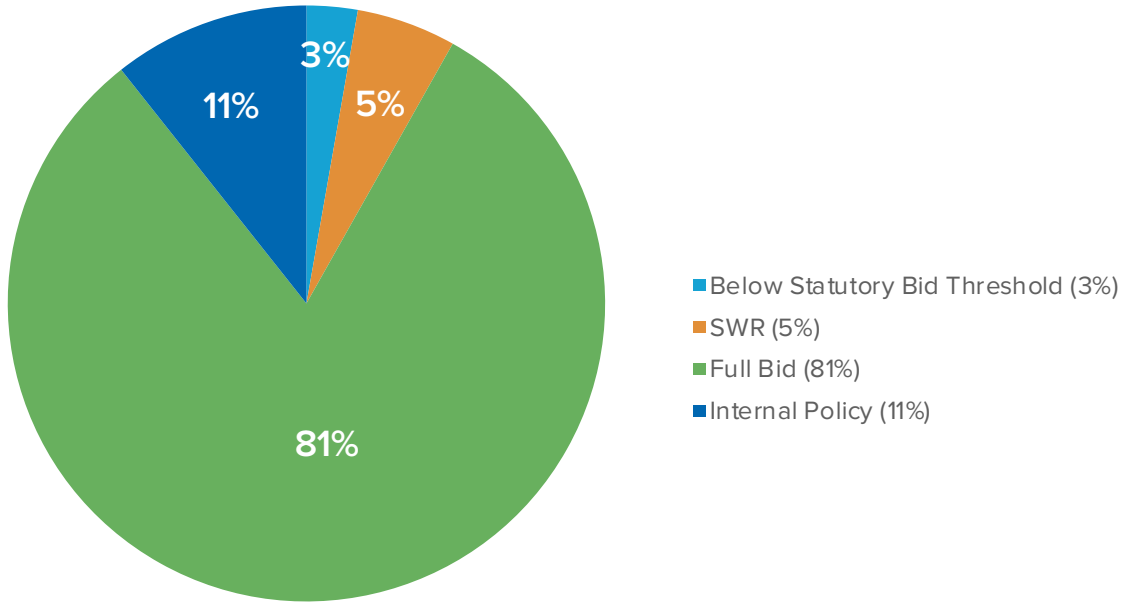


The largest count of projects fall under the ‘below statutory required bid’ category and the lowest count is in

<sup>2</sup> The Washington State Department of Labor and Industries has begun to collect contracting method in new entries to their database. However, this field is not available in the current data set for 2013-2019.

the full competitive bid category. However, the inverse is true looking at the dollars spent.

**Figure C.** Contract Amount of Public Works Projects by Contracting Procedure, Fiscal Year 2013-2019

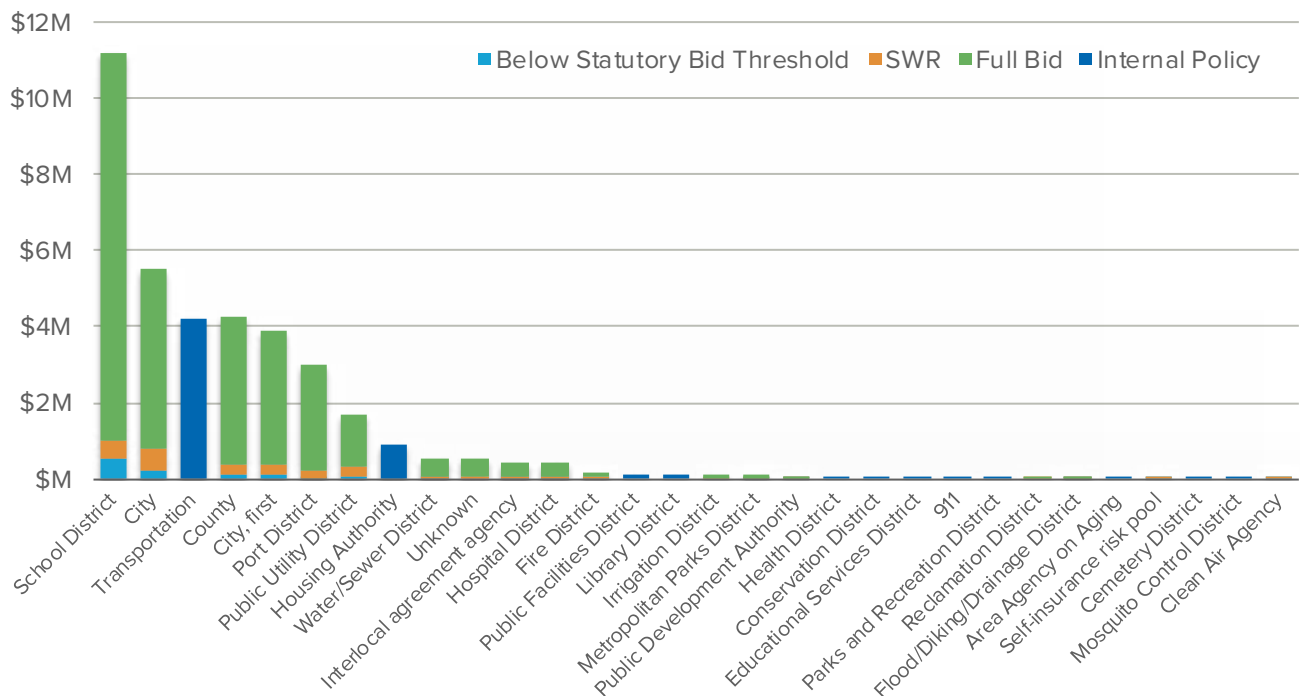


Eighty one percent of all dollars spent by local government agencies are contracted through the formal bid process.

**Differences Between Agency Type**

School Districts make up most of the local government public works projects by contract amount, followed by cities, transportation authorities and counties.

**Figure D.** Contract Amount of Public Works Projects by Agency Type, Fiscal Year 2013-2019



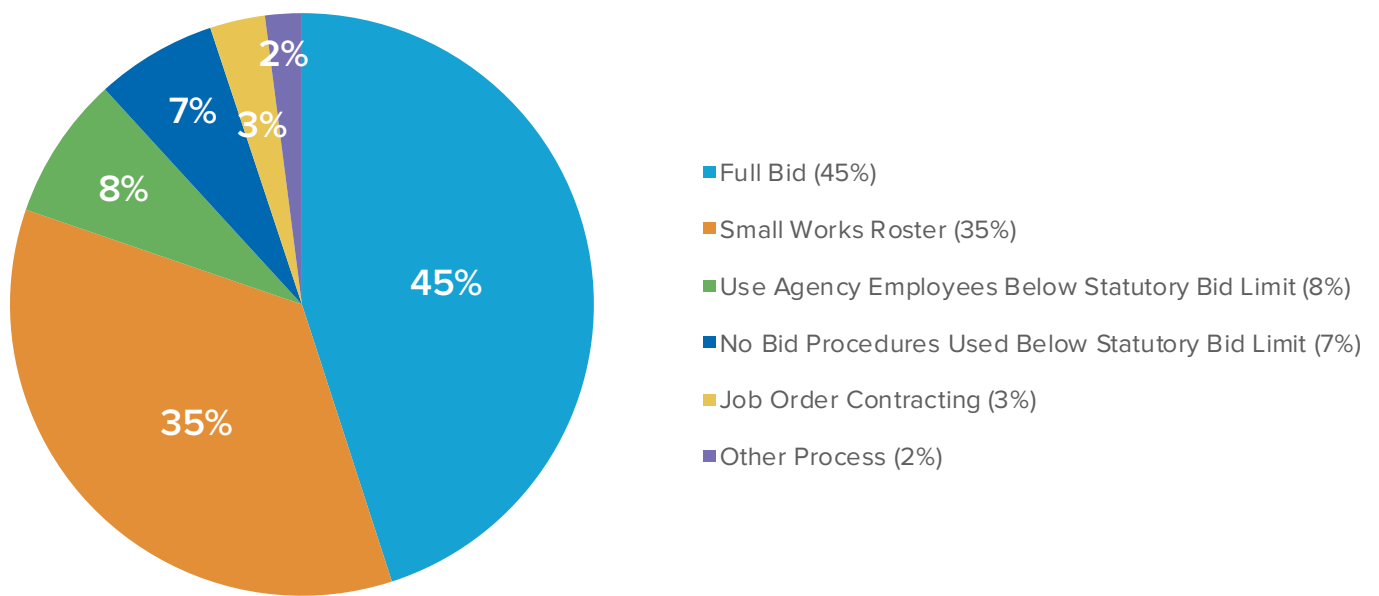


School districts, cities and other agency types with large levels of public works spending own and build lots of infrastructure: buildings, roads, and pipelines. The data shows the majority of school district spending, especially in the formal bid process, is construction and large remodels of school buildings. It is also important to note that there are a larger number of school districts, transportation authorities and cities than some of the agency types with lower public works spending including cemetery districts and clean air agencies.

**Agency Reporting**

Because the above model is a proxy for an actual contracting method, local government agencies were surveyed to capture their most common contracting methods. When asked which process is commonly used, local government employees stated use of the formal competitive bid process as most common.

**Figure E.** Survey Results<sup>3</sup>: Approximately what percent of your public works projects are done using the following processes?



There are a variety of reasons that public agencies are using formal bid over other statutorily allowed processes. Agencies could be using the formal bid in lieu of the small works roster process. Many surveyed participants mentioned formal bid allows them to have more transparency and better competition.

It is important to note that these results could also be the result of who took the survey: participants from one department of an agency may report different percentages than another department. To ensure the survey could be responded to in one sitting, this question asked for an estimated use of each contract method as a percentage against all contract methods used by the agency. As such, it is not a perfect analysis.

**Labor and Industries Data FY 2019**

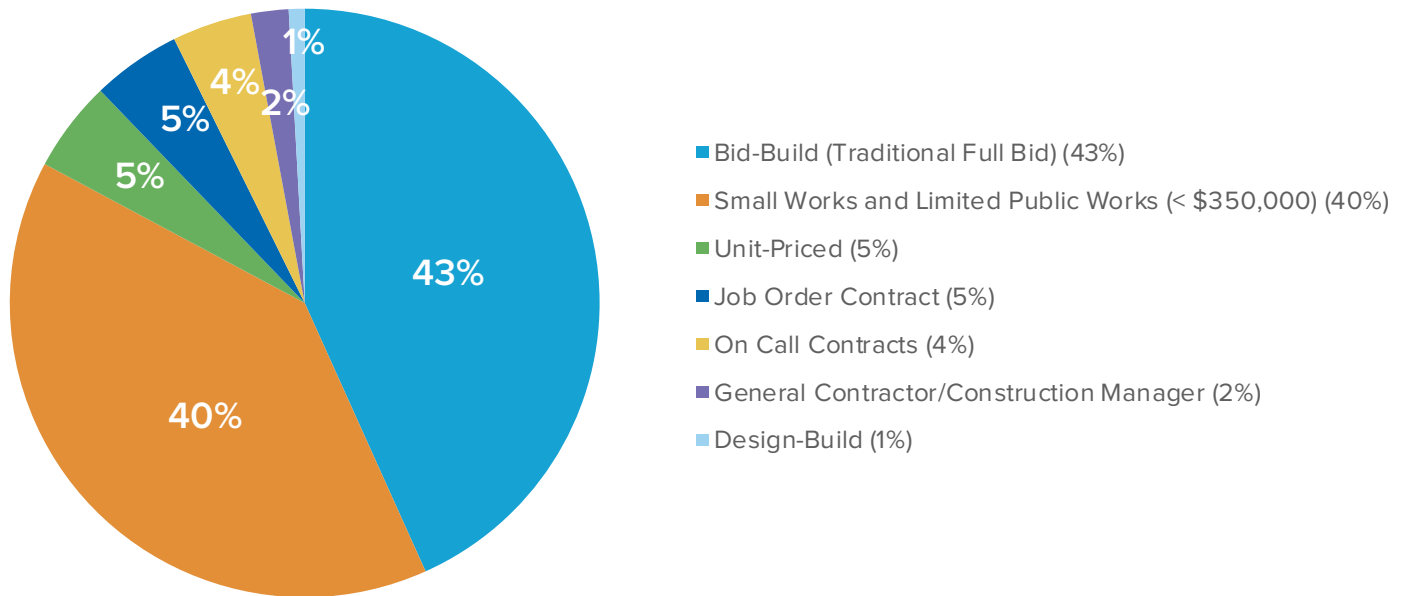
In July 2019, Labor and Industries added a ‘contract type’ field to their prime contractor form ‘Intent to Pay Prevailing Wages.’ This field requests that the contractor select which contracting procedure was used in the bidding process:

<sup>3</sup> Graphic excludes survey participants who entered ‘0’ in every category, resulting in a total score of ‘0’ percent.

- Bid-Build Traditional (referred to elsewhere in this report as full bid)
- Small Works
- Limited Public Works
- Unit-Priced Contracting
- “On-Call” Contracts
- Job Order Contracting (JOC)
- General Contractor/Construction Manager (GCCM)
- Design-Build

For the purposes of this report, the below chart combines limited public works and small works roster into one category. Both processes require the small works roster.

**Figure F.** Prime Contractor Intent to Pay Prevailing Wages, Contract Type: July 1, 2019 – June 30, 2020



It is important to note that Figure F does not include any work done by agency employees as the agency is not required to fill out an intent form with Labor and Industries. Figure E is the only data source that includes an estimate of work performed by agency employees use compared to other contracting types. In addition, this data is being collected through the project prime contractor and not the public agency. Contractors may not always be familiar with what contract type was followed and some categorization may be incorrect.

As also noted in the agency survey, many projects in Figure F are being bid as traditional full bid projects even if they may have been eligible for a more flexible process. This, again, points to the fact that public agencies can set their own more restrictive internal policies that require full bid at lower dollar amounts.

# Public Works Bid Thresholds

## BID MATRIX

The project team was tasked with indicating whether or not changing thresholds would be a benefit to all stakeholders and what the best process for changing those thresholds should be. First, there must be a definition of the current threshold landscape. Thresholds for cities, counties and many special purpose district groups are set by the legislature. Included below is a bid matrix which displays the current bid thresholds, limits for use of agency employees and authority for public works contracting for each agency type.

**Figure G.** Bid Thresholds for Public Works Projects

The lower threshold is the amount below which the local government may use any internally acceptable method of awarding small public works contracts. For contracts between the lower threshold and the uppermost threshold (generally \$350,000, but \$300,00 for some agencies), most statutes allow the local government to use a small works roster. For amounts above an agency's small works threshold, the local government must use the formal competitive bidding process. If the local government is not using the small work roster process, it must use the formal competitive bidding process for any project over the lowest bid threshold.

Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Area Agency on Aging	Most restrictive of establishing jurisdictions		74.38.050	Most restrictive of establishing jurisdictions
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, code, second class and towns	\$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).
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 jurisdictions; if NA then by policy

Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Fire district	\$30,000	\$350,000	52.14.110	Not authorized
Flood/diking/drainage districts (formed under RCW 85.38)	\$5,000	\$350,000	85.38.190	\$5,000
Flood/diking drainage districts (formed under RCW 85.05, 85.06, 85.08, 85.15)	No statutory requirement for competitive bidding.			
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
Interlocal agreement agency	Most restrictive of establishing jurisdictions		39.34	Most restrictive of establishing jurisdictions
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 are provided by contractor
Library district	None; established by policy		27.12	Most restrictive of establishing jurisdictions; 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 jurisdictions; if NA then by policy
Metropolitan parks district	\$20,000	\$350,000	35.61.135	\$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 35.21.745	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	Max \$300,000 of material
Reclamation district (over 1 million acres)	All public works must be formally bid		89.30.154	Not authorized
Behavioral Health Organization (BHO) [formerly Regional Support Network (RSN)]	Statutes of creating county		71.24.300 71.05.025	Statutes of creating county
School district	\$100,000	\$350,000	28A.335.190	\$75,000

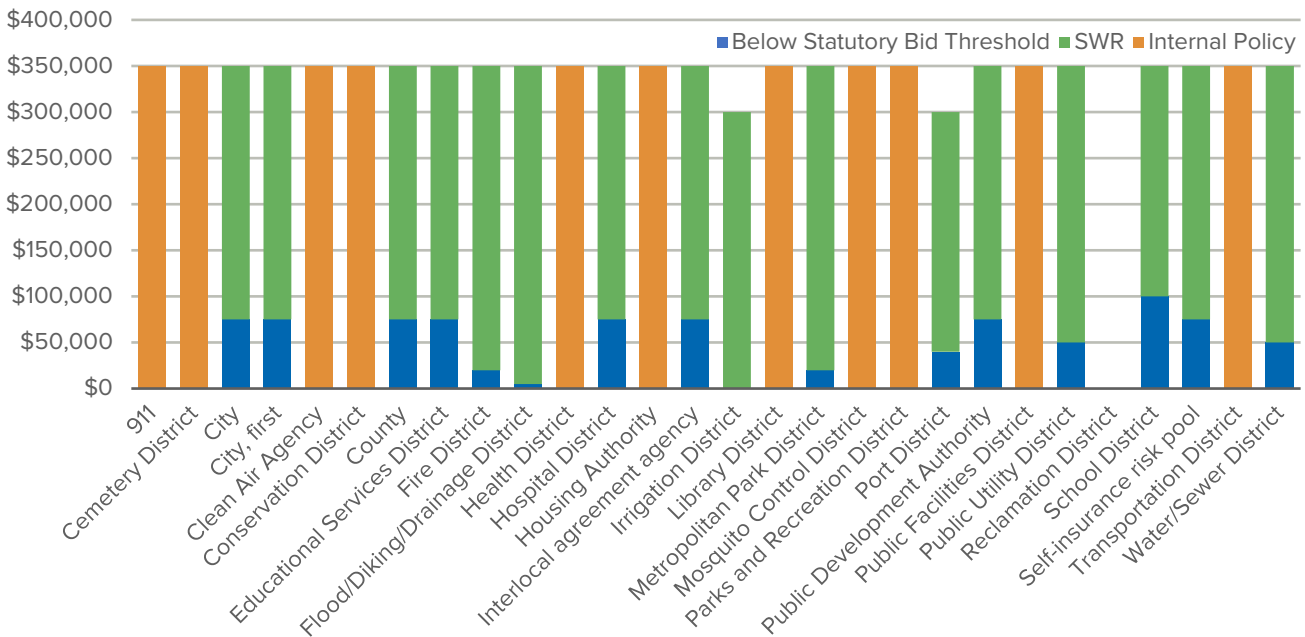
Government Type	Bid Threshold	Small Works Roster Threshold	Applicable RCW	Limits for Work by Agency Employees
Self-insurance risk pool	Most restrictive of establishing jurisdictions		48.62	Most restrictive of establishing jurisdictions
State college or university	\$45,000 (1 craft) \$90,000 (>1 craft)	\$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. Agencies should consult legal counsel when assessing applicable laws.

Some special purpose groups, as displayed in the above matrix, have adopted the use of small works roster processes without specific statutory authority, and have set this practice via internal policy. When surveying public agencies, the team asked how these internal policies are established. The majority of participants created their own internal policy.

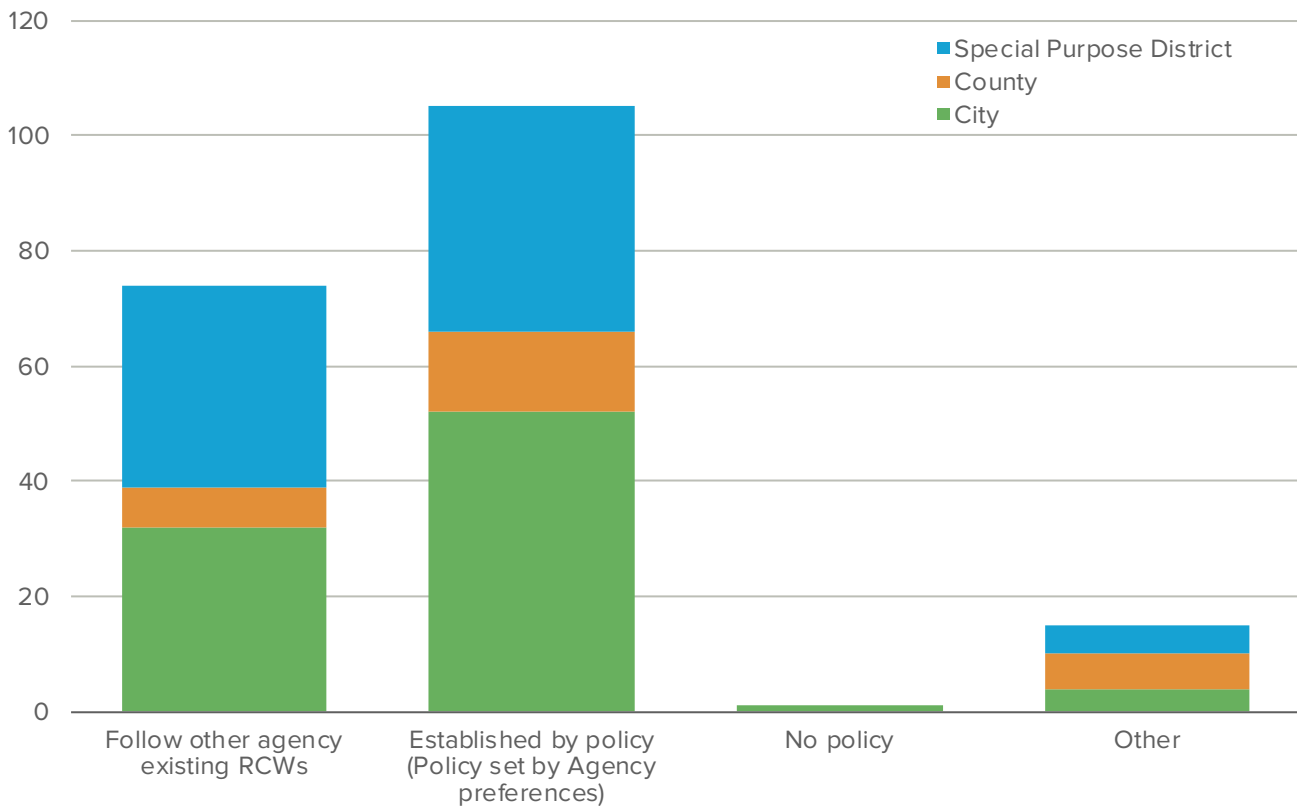
Below is a visualization of the bid matrix.

**Figure H. Contracting Process Allowed by Agency Type**



The threshold amounts below statutory bid requirements are inconsistent across the various agency types. The graph also demonstrates that the small works roster threshold was inconsistent for port districts and irrigation districts, as their limits are tied to a separate authorizing statute. Certain agency types do not have thresholds defined in any statute, which deviates from the applied parameters for most other agencies, who then set those limits internally by policy.

**Figure I.** Survey Results: If your thresholds are not set by statute and are set by internal policy instead, how do you establish those thresholds?



The project team contacted several agencies that responded in this manner and determined that many of the policies are established by the agencies' governing body (council, commission, executive board) at the level they would like to establish approval authority. These levels vary greatly between agencies. This is a measure meant to mitigate risk and allow more transparent communication between elected officials and agency staff. It is also important to note that agencies that have statutory limits shown in the bid matrix also have the ability to set alternate internal policies with lower than the statutory bid limits. For example, all cities have a statutory limit set by RCW but, as shown in the above chart, over 50 participants representing cities mentioned they have established an alternate internal policy.

# Public Works Bid Threshold Changes and Potential Inflation Index

## RAISING THRESHOLDS

The current practice to raise a threshold is for the agency(s) to lobby the legislature for a change. While this process allows agencies an opportunity to explain how an increased threshold will benefit them. However, the result can be narrow in the scope of its application to other agencies who are not lobbying at that time but might also share the same benefit. This independent solicitation for threshold increases can further complicate an already complex local government bidding landscape.

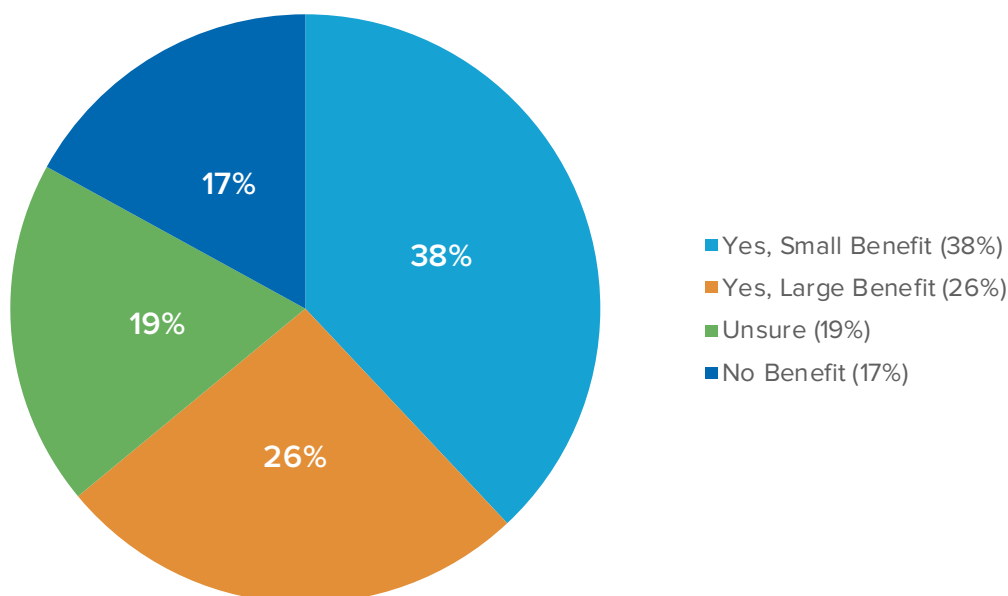
When discussing raising public works thresholds, there are two distinct threshold levels: the maximum threshold for using the small works roster process and the threshold below which there is no statutory bid requirement where an agency's internal policies are used and the use of the agency's employees is an option.

The idea of an increase in thresholds may be met with reluctance by some agencies who use these limits to minimize project risk. As a project threshold is increased, potentially resulting in more projects at higher costs being solicited and awarded with fewer procedural requirements, there is a concern that abuses to the contracting process will ensue. Some agencies, as mentioned in the previous section, have set more restrictive internal policies if they are uncomfortable with such perceived risks. Thresholds, however, are likely separate from the approval functions in most agencies. Others may not wish to create distinct approval processes separate from amounts set by designated bidding thresholds.

### Small Public Works Roster Threshold

When surveyed, the majority (64%) of local government participants indicated that they would benefit from an increase to the small public works roster threshold.

**Figure J.** Survey Results: Do you think your agency would benefit from an increase to the small works roster limit, which is currently set at \$350,000 for most agencies?



Most of the participants, when prompted to describe the benefit, cited that raising the threshold would increase efficiency, save time, relieve administrative burden, increase flexibility and save the taxpayers money. Below are some selected comments from participants. The full list is available in [Appendix E](#).

*“An increase would benefit us [by] relieving us the burden of advertising which costs and more importantly add to the timelines of getting a project under construction. In my agency, the formal bid procedures can add between 6-7 weeks to awarding a project depending on the commissioner's meeting schedule”*

*“We are a small district with limited staff. The formal bid process is time consuming and expensive.”*

*“A higher limit – around \$500K would encompass many maintenance and support contracts that are now subject to formal bidding. – Saves time and cost.”*

Twenty one percent of participants indicated that they would have no benefit from an increased threshold. Participants cited a few reasons for seeing no benefit, namely that they do not use the small works process currently, have an internal policy that would require revision to see any benefit, or that they do not have a volume of work near the threshold.

*“Our Council has capped what the city manager can approve to \$100,000”*

*“Most of our projects are very small in dollar amount. Very few projects are over \$350,000”*

*“We've not typically used the small works roster. We've found we don't effectively engage with quality contractors via our roster...”*

Fifteen percent of participants indicated they were unsure if they would see a benefit. Participant comments had similar themes as those who stated no benefit: they were unsure if their governing body would increase the internal threshold, do not currently use the small works roster, etc.

*“City's formal bid requirement is at \$45,000. Unsure if City would modify policy/procedure to use small works roster instead.”*

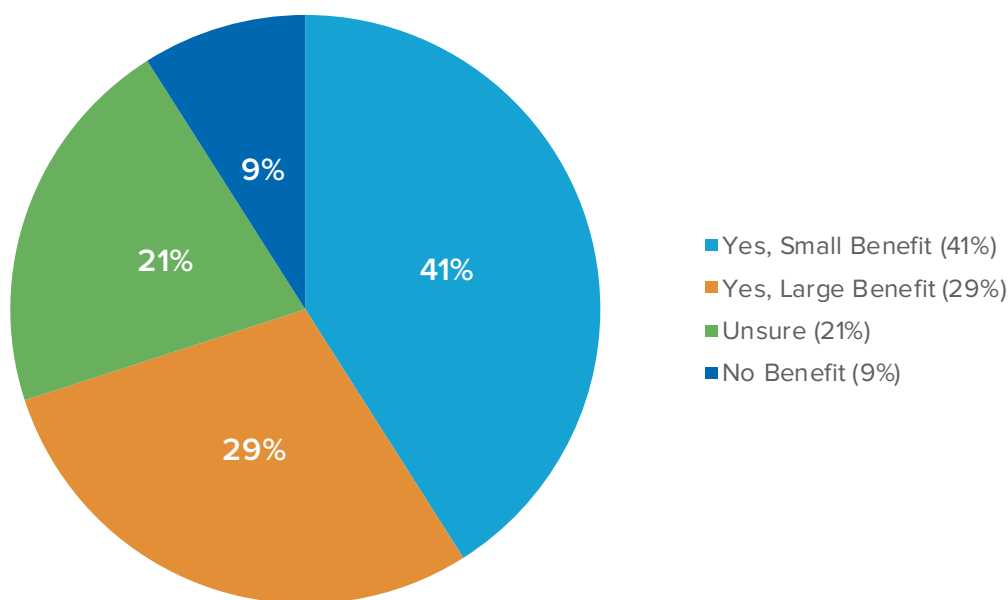
*“Most of our projects fall below our \$300,000 threshold so I do not believe that it would benefit us.”*

## **Statutory Bid Threshold**

Similar to the small works roster threshold, the majority (70%) of local government participants would see a benefit to raising the statutory bid threshold where their own internal policies would apply.



**Figure K.** Survey Results: Do you think your agency would benefit from an increase to your statutory bidding threshold?



Participants listed similar reasons to those stated in the previous section why raising this threshold would be beneficial including saving time, decreasing administrative burden, increasing flexibility and saving money. Many participants simply answered this prompt by responding “same as small works roster threshold” or similar statements. Comments that differ from the small works roster threshold centered around the efficiency of using agency crews. Below are some selected comments from participants. A full list of comments is available in [Appendix F](#).

*“It would allow for faster procurement processes. We have difficulties getting formal bids, most contractors prefer informal quotes.”*

*“Ability to perform in-house work with [higher] thresholds is often a common need for an agency our size. Bid limits present limitations on what can be done internally and with rising construction costs, bid limits should also be adjusted.”*

*“With prices going up for labor & materials yearly, increasing to higher thresholds ensures we can transact efficiently with what the market is dictating.”*

Twenty one percent of participants were unsure of what benefit they would receive from this threshold being increased. Most comments from participants noted that their internal policies are lower or set separately than by the legislature so these would need to also be updated to see any benefit:

*“Again, not sure if Council would be comfortable with giving staff approving authority of contracts over \$350K”*

*“Again, our counsel’s reluctance to allow us to use statutory bid limits and limiting us to the bid limits in our 2008 ordinance.”*

Nine percent of participants responded that they would receive no benefit from this threshold being raised. Participants noted that their current thresholds were working well for them and, similar to above comments, believed their governing body would not be interested in raising their internal threshold:

*“The current thresholds are working for us.”*

*“We don't have statutory limits. I also don't think that our Executive Director or our Board of Directors would be comfortable with raising the thresholds.”*

## **Business Interest in Raising Thresholds**

A critical voice when discussing the idea of raising thresholds are the contractors that participate in public works projects. Throughout conversations with businesses, the following themes arose.

### **Concerns Over Transparency**

Many business participants and state agencies advocating for businesses (including PTAC) addressed an overall concern for transparency in the public works bidding process. Many business participants are not concerned with the threshold level. However, when public works projects are awarded, they are concerned that the process is fair and transparent.

Business participants were also concerned about the transparency of soliciting threshold increases. Business community members interviewed were concerned that thresholds were raised for different public agencies without a streamline, transparent process with clear logic applied. There is a perception that when new thresholds are proposed, the new threshold amount does not have a well-documented reason for being approved. Business participants interviewed suggested having clearer guidelines when public agencies go through this process, including justification data related to construction material cost, labor cost, etc.

### **Burdensome Requirements**

As the price of a project increases, so do the requirements for bidding and completing that project. Many of those requirements are placed on businesses to file forms, submit additional bid documents, etc. Participants representing large business that were interviewed see formal bidding as a way to ensure quality and ensure a capable contractor is being hired. The perception is that keeping thresholds where they are increases quality. However, many smaller businesses and their advocates believe that raising thresholds is a good thing, creating more opportunity for those businesses that don't have the staff to manage the administrative paperwork required but have the expertise to complete the work.

## **UNIFORM THRESHOLDS**

Public agencies in Washington, as displayed in the bid matrix, have very disparate bid thresholds. This practice, as highlighted by business participants, is complex and makes it difficult and confusing to understand which bid process is allowed. For example, a \$75,000 project for a city is eligible to use the small works roster. For a school district, the same project would fall under statutory bid thresholds so the individual school's internal policy would apply. For an irrigation district, the project would be required to be formally bid.

Creating uniform thresholds could take several forms:

### **Simplify**

The legislature could move to create less groupings around thresholds but still have multiple 'levels' or allow for 'create your own policy' special purpose districts to maintain internal policies. In this example, Port Districts, Public Utility Districts, Metropolitan Park Districts and others may move to the \$75,000 threshold, and Port Districts and Irrigation Districts may move to the \$350,000 small works threshold. Simplifying in this manner

would require that the legislature conduct a comprehensive review of current RCWs naming thresholds and setting limits to ensure that when the controlling RCW (currently [RCW 39.04.155](#) for the small works process) is updated, all intended agencies are included in that update.

### ***Simplify by Agency Size/Budget***

When conducting interviews, there was some interest in re-drafting thresholds entirely to establish new thresholds based on agency budget and size. For example, large ports, first class cities and large counties may be given the same thresholds while small agencies would be given lower thresholds. Those in favor of this method agreed that this may be a way to mitigate risk while also giving those who need more flexibility the chance to use more flexible processes. This would be the most complicated undertaking in terms of updating the law and would require a complete overhaul of the public works controlling RCWs.

There were also many dissenting voices to this method. Public agencies are, currently, members of associations that are agency specific that assist with training and best practices. These groups would find it difficult to manage such varied requirements, and a new structure for public works support would need to be put in place. Others, especially smaller cities, argued that this method assumes that smaller agencies are not capable of being allotted the same flexibility as larger agencies which is false. Capability is not something that can be measured by budget. This could also result in lower buying power for smaller agencies as they cannot offer the same simplified bid packet or benefit from the cost-savings of a more flexible process as larger agencies for the same project.

### ***Uniform Thresholds***

This method would create thresholds that all cities, counties and special purpose districts are to follow. It would require a comprehensive review of all controlling RCWs to update and ensure that they can be updated by one controlling RCW in the future. Because of opposition to lowering thresholds, this would likely require all agencies to be given the current highest thresholds in the RCW. Currently, school districts have the highest threshold amounts at \$100,000 for the lower statutory bid threshold and \$350,000 for the small works roster threshold. This would be a large increase in the lower threshold for most agencies. It would also require all special purpose districts given authority to create their own thresholds to review and edit their procurement policy to ensure compliance.

Many agencies liked the idea of uniform thresholds, creating equal buying power for local government. Creating a controlling RCW for all local government could serve as a model for further procurement policy implementation, such as new alternative contracting methods. However, concerns were raised about the ability to implement this threshold change, as the RCW review would be difficult and complex. There were also concerns around whether the \$100,000 threshold is appropriate for all agencies, as this could create greater risk for smaller agencies.

Uniform thresholds would be ideal if the legislature applies an inflation index to update thresholds in the future. With the current threshold landscape, it is slightly more complex to put the inflation index in place and manage the thresholds as they grow.

## **REGIONAL INFLATION INDEX**

This report was tasked with looking at applying a regional inflation index to current thresholds. However, there is no established regional split geographically nor a regional inflation rate. The closest thing to a regional inflation rate in Washington State is the Cost of Living Index created by the Council for Community

and Economic Research. This data is not specific to public works and does not list construction as one of the industries it uses to calculate cost of living. It also does not include labor or wage information. There have been efforts by the state to price labor differently throughout the state by means of the prevailing wage program. It is possible that with more time and resources put into creating a regional inflation index, the prevailing wage model could be applied.

However, in the initial stakeholder interviews for this report, many public agencies raised concerns around a regional inflation rate. Agencies were concerned about how regions would be split, and if regional differences would stop contractors from traveling to different regions. There were questions regarding whether the inflation rate is different enough between different counties/regions for there to be a need to split it, especially from larger cities in the eastern half of the state. Agencies that exist in multiple counties (i.e. school district borders or health districts) were worried about adding complexity to the threshold process.

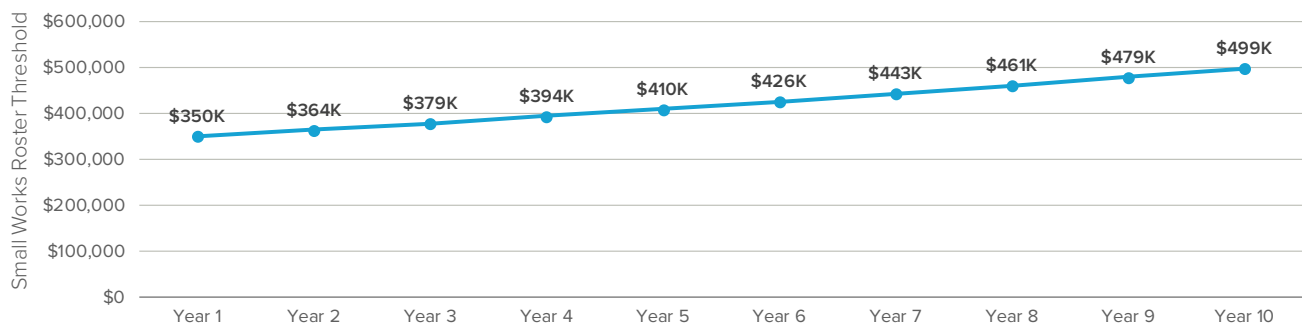
There were relatively no positive benefits raised for a regional inflation index. Small and large rural and eastern Washington agencies alike were concerned about their buying power if a regional index was created. Therefore, the inflation index, if applied, will serve our state better by being applied uniformly to the entire state.

## STATEWIDE INFLATION INDEX

Because a regional inflation rate is not possible to model due to current research, and the argument that inflation is likely minimally different if not the same across the state, below is a model based on the Construction Cost Index for Seattle. The Construction Cost Index measures inflation according to factors of materials and labor in the construction field, the cost on which most public works projects are based.

The below chart uses the past 10-year average inflation rate, averaged at 4%, to model what the next ten years could look like, starting at the base threshold of \$350,000. The 10-year average is used as an example but inflation could be averaged at different intervals.

**Figure L. Small Works Threshold Adjusted for Inflation (CCI 10 Year Average)**



When public agencies were asked whether they would receive a benefit from such an inflation rate, the results were generally positive (68%). Many participants mentioned the inflation rate would create greater efficiencies, saving time and money. Below are some selected comments from participants. A full list of comments is available in [Appendix G](#).

*“This will allow us to work efficiently within the market including keeping the contractors/bidders competitive.”*

*“It would allow us to use the roster for similar scale projects as it would account for inflation and also potentially reduce administrative burdens if there was a planned schedule for increases that could be built into policy and internal thresholds rather than having to react to legislation.”*

*“This would be nice to keep up with the rising costs of doing business, while keeping a competitive and efficient contracting process in place.”*

Participants also pointed out that using the inflation rate would allow for better planning.

*“It would provide a “known” quantity rather than it being unknown each year whether there would be a change in threshold”*

*“Pre determined (predictable) rates allow for additional planning”*

*“It would assist us in our CIP and TIP planning efforts”*

There were a variety of other positive comments, including: it would be positive in the same way as any increase to the thresholds, and that it ‘just makes sense.’

Few participants had a negative reaction to the idea of increasing thresholds by inflation (6%). Most of the concerns centered around the administrative burden of having to update internal policies year over year:

*“Initially, the impact would be that we would require a change to our internal resolution that sets policy. We would need to provide background and explanation to our commission and update internal documents and templates. We could write policy in such a way that the automatic increase is considered if the commission will approve a resolution written in that way. Otherwise, each year the increase occurs, we would need to take the same steps in presenting the changes to commission, and update all internal documents. Level of impact would be based on our commissioners”*

*“I think its not good as a matter of public policy to plan according to inflation. It creates an expectation of inflation that is very hard to reverse. I think the larger trend is going to be of global deflation which is supported by the demographic trends.”*

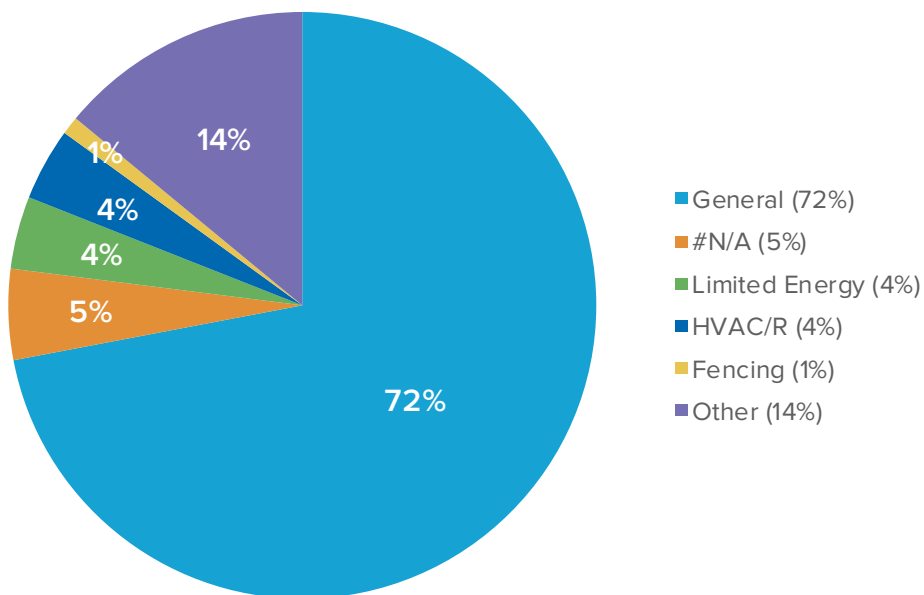
The rest of the participants (26%) were unsure of the benefit or did not mention the impact but had suggestions if the inflation index were to be put in place. Suggestions from participants included:

- Reviewing inflation yearly
- Reviewing inflation once every 10-20 years
- Ensuring thresholds are only increased by \$25,000 increments
- The starting threshold should be adjusted first before implementing inflation
- A state agency should be named to control and calculate the inflation rate for thresholds so they’re easier to manage on a local level

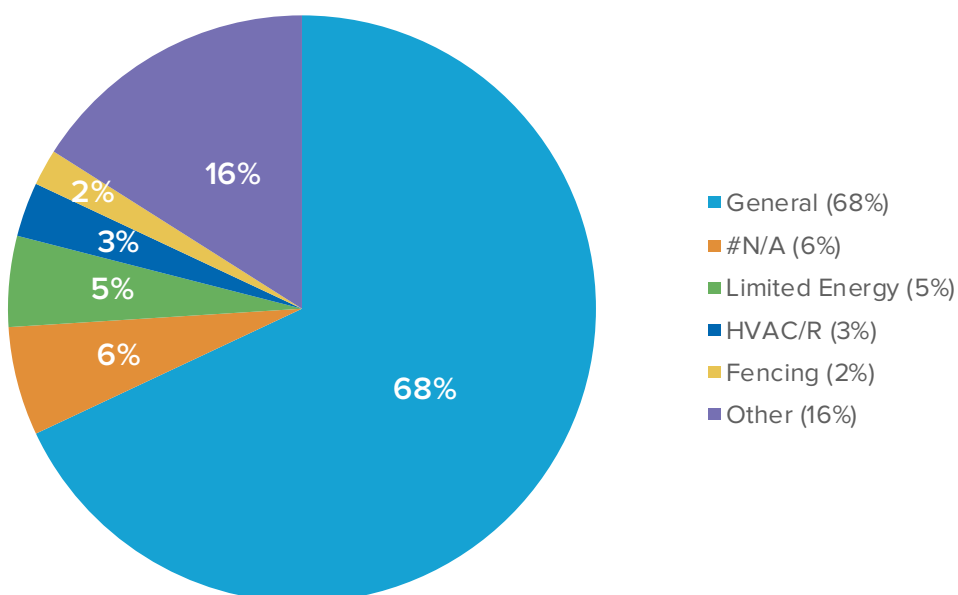
# Common Projects

When discussing raising thresholds, it is important to understand what projects are currently being done within each category of work. Labor and Industries data is limited in this regard, as it does not have a work category for the project and only asks a business to identify a larger business category. Furthermore, the business is required to make one selection so, if they have more than two specialties, they will enter “general” as their category.

**Figure M.** Public Works by Business Type, Fiscal Year 2013-2019



**Figure N.** Public Works by Business Type, Fiscal Year 2020



A large majority of contractors working on public works are categorized as 'general'. The '#N/A' category noted in the above graph represents work done by contractors that did not specify their business type.

Each participating agency in our interviews was asked to discuss their most typical projects and which threshold those projects fell under. Typical projects for the agency varied widely depending on agency type and location. Common projects included: asphalt repair/road maintenance, HVAC, and building maintenance. Generally, most projects fell well below the small works roster threshold especially for smaller agencies.

Very few agencies discussed having any projects near the current small works roster threshold. Most of their formally bid projects were much larger. Small agencies reported very few (1-2 per year) formally bid projects. Formal bid projects mentioned in the interview included street repair and building remodel/construction.

# Small and Disadvantaged Business Participation and Barriers to Participation

## SMALL BUSINESS PARTICIPATION RATES

There is no definition of small business in Washington State public works statutes applicable to local government. Due to the lack of definition, it makes it difficult to understand small business participation in public works projects. The Office of Minority and Women Owned Business Enterprises currently uses the U.S. Small Business Association size standards to determine if a business is small which includes two measurements: an overall business size of \$23.98 million in gross receipts over a three-year average, and the size standards according to a businesses' NAICS code. Some local governments (including King County) have also defined small business for their own program registrations using different standards. Furthermore, the purchasing statute of [RCW 39.26.010](#) for state agencies defines micro-business as “any business entity, including a sole proprietorship, corporation, partnership, or other legal entity, that: (a) Is owned and operated independently from all other businesses; and (b) has a gross revenue of less than one million dollars annually as reported on its federal tax return or on its return filed with the department of revenue.”

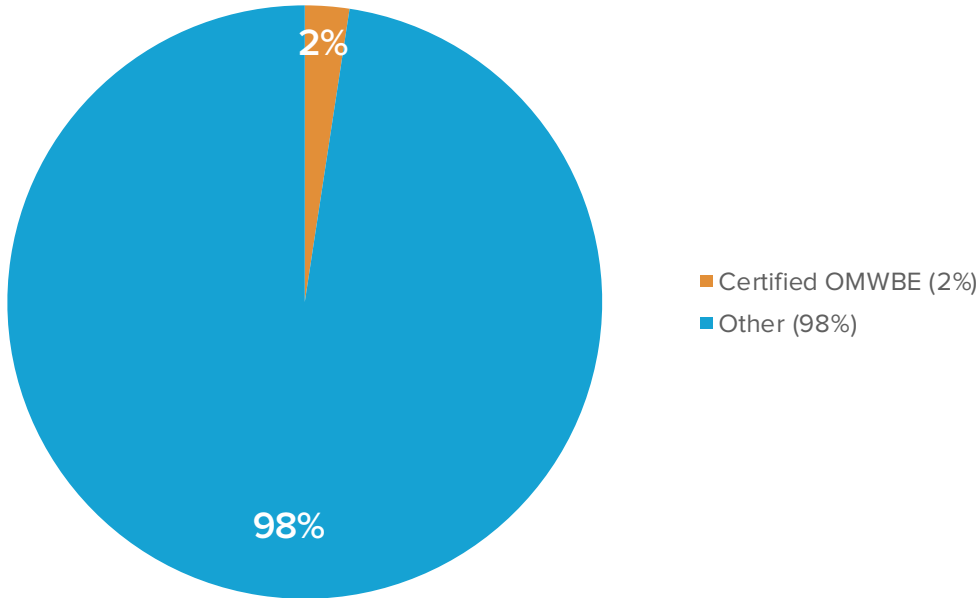
In our current data collection efforts through Labor and Industries, there is no indication of whether a contractor is a small business. Because of the lack of a clear indicator or definition, it is not possible to show the average participation rates for small businesses in local government public works.

## MINORITY AND/OR WOMEN OWNED BUSINESS PARTICIPATION RATES

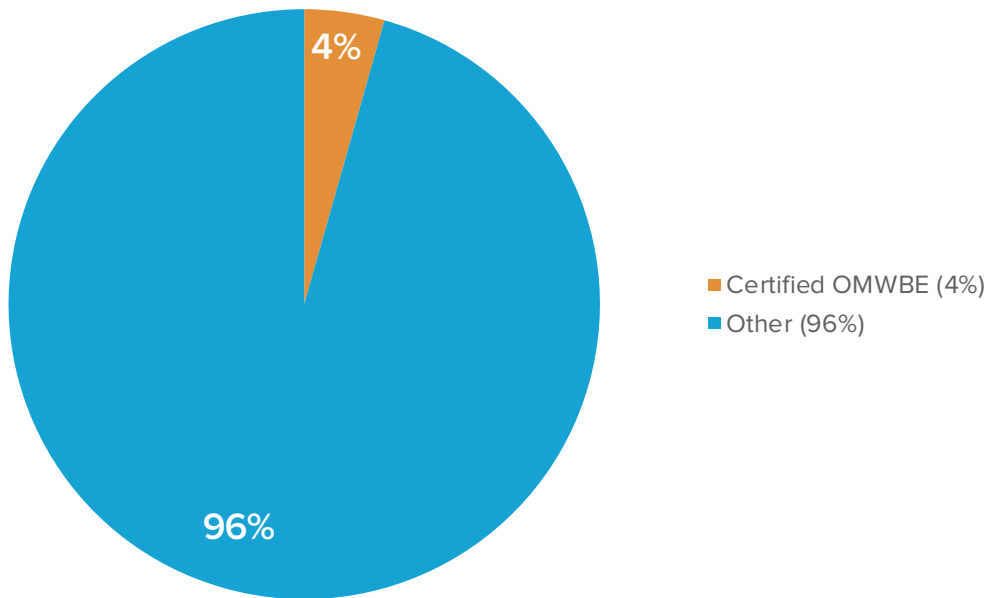
The following participation rates were compiled by matching prime contractor information in the L&I database to current OMWBE certification status via their Unified Business Identifier (UBI#). According to data from fiscal 2013 – 2019, minority and women-owned businesses were the prime contractor in four percent of projects, totaling two percent of total dollars spent.



**Figure O.** Prime Contractor Dollars, Fiscal Year 2013-2019



**Figure P.** Prime Contractor Volume, Fiscal Year 2013-2019



This data only represents OMWBE certified firms that were listed as the prime contractor on the report. Sub-contractor data is reported separately in the L&I database and is difficult to link to the OMWBE database.

## **BARRIERS TO PARTICIPATION**

### **Public Agencies**

When Public Agencies were asked what they perceive the barriers of participation for minority and/or women-owned businesses to be, the following were common answers. Many of the barriers identified by public agencies and businesses echo the findings of the Washington State Disparity Study, indicating that the same barriers that exist for state projects may affect local governments. A full list of agencies' comments is available in [Appendix H](#).

#### ***Lack of Availability***

Many public agencies voiced their concern that there are not many, or any, minority and/or women-owned businesses in their area. Because of the lack of available certified businesses, they are unable to reach or create any diversity goals:

*“There are not many 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.”*

*“Very limited choices in the Tri-City region for minority and women owned businesses, which can significantly increase the project cost.”*

*“We are a small community, isolated on the Olympic Peninsula. The percentage of minority and women owned business is very low. Having to wade through the requirements is onerous, and produces no results.”*

#### ***Difficult to Know Status***

Agencies also indicated that it can be difficult to understand the status (veteran, minority and/or women-owned, etc.) of a business:

*“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.”*

*“Clearly identified as being disadvantaged on the roster.”*

*“Difficult to identify on the roster lists”*

The Office of Minority and Women Owned Business Enterprises (OWMBE) does maintain a list of certified minority and/or women-owned businesses. Some individual local governments (City of Seattle, King County, etc.) have programs in which small, minority and/or women owned businesses may register. When using the OMWBE database, agencies find this system difficult to navigate and would like to see a centralized listing to be able to quickly identify these businesses. Some of these programs have different required qualifications to be placed on the list. For example OWMBE uses the Federal Small Business Administration (SBA) standards for determining if the business is small and is limited to minority and women-owned businesses. King County's Small Contractor program, however, requires a business to meet 50% of the SBA standards and is open to all business, regardless of ownership. Due to the different definitions and places to look, it can be difficult to find information.

#### ***Outreach***

Agencies identified the need for additional outreach to market specifically to disadvantaged businesses. However, this process takes additional time and resources which may not be available, especially for small works projects:

*“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.”*

*“No local events or advertisement by agencies to attract with MWBE businesses”*

*“Time consuming for small projects to contact business.”*

### **Requirements**

Agencies also identified the volume of requirements, both administrative and financial, may be difficult for a small business to comply with. Requirements for a specific project (prevailing wage, bond payments, etc.) and general procurement (registering for a roster, getting certified as OWMBE) were identified:

*“The ability to follow and comply with all prevailing wage laws and requirements.”*

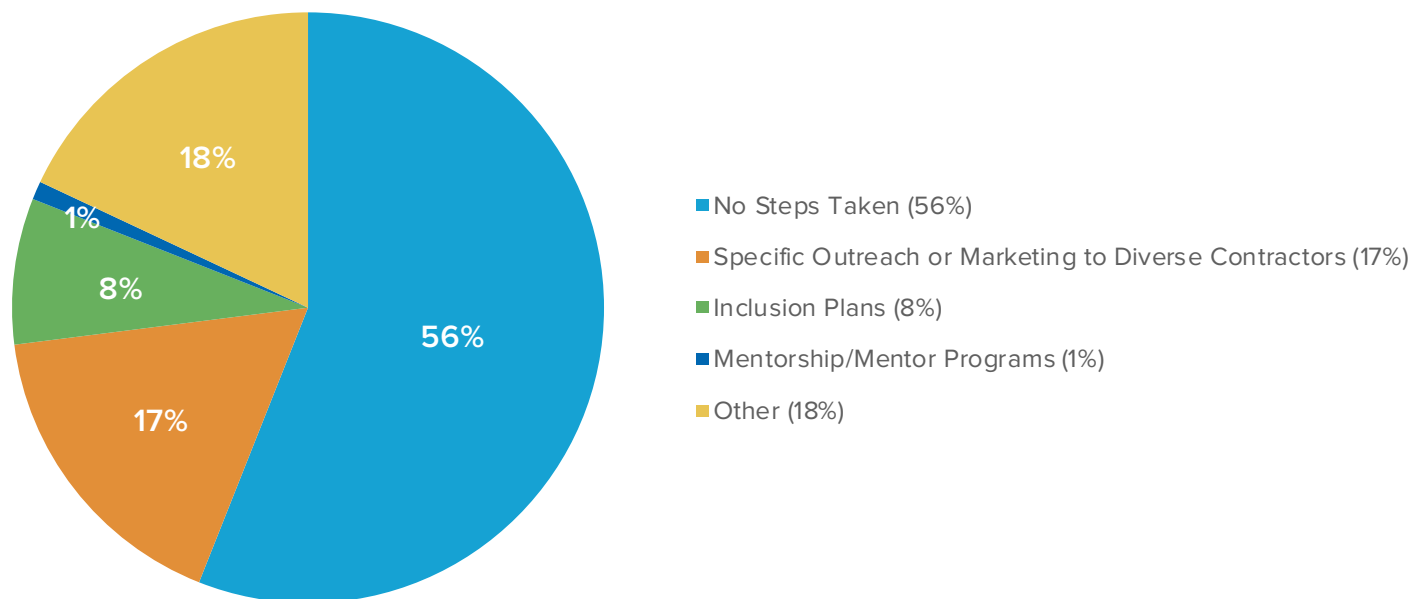
*“Some small business contractors can't afford the required bonds and insurance for small works contracts.”*

*“No one bids because of the amount of paperwork and reqs. by the county.”*

### **Public Agency Efforts**

The survey asked each public agency to identify any current efforts to increase minority and/or women-owned business participation in their public works projects. Of the 364 respondents to this question over half (56%) have not taken any steps to diversify their contractor pool.

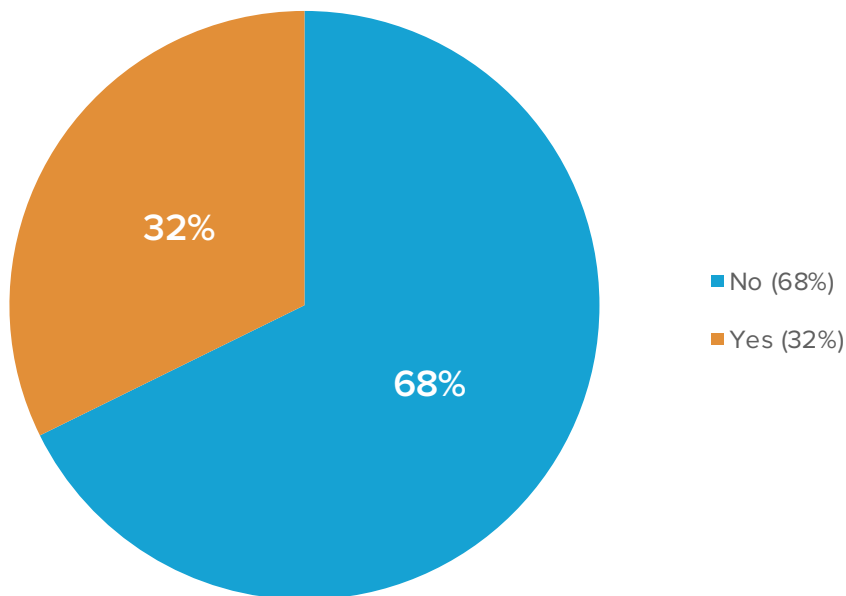
**Figure Q. Agency Steps to Diversify Contractors**



The largest identified step respondents are taking (17%) is specific targeted outreach to diverse contractors. Eight percent have inclusion plans as part of the bidding process and one percent have implemented mentorship programs. Those respondents that shared they have taken other steps (18%) mentioned they integrate inclusive language in their contracts and rely on contractors or consultants to find diverse sub-contractors.

Agencies were also asked to identify whether they have current diversity goals as an organization. Currently, there is no mandate for local governments to have diversity goals, except when using federal dollars, but some agencies have implemented them. Of the 192 respondents to this question, 62 (32%) identified that they do have diversity goals in place.

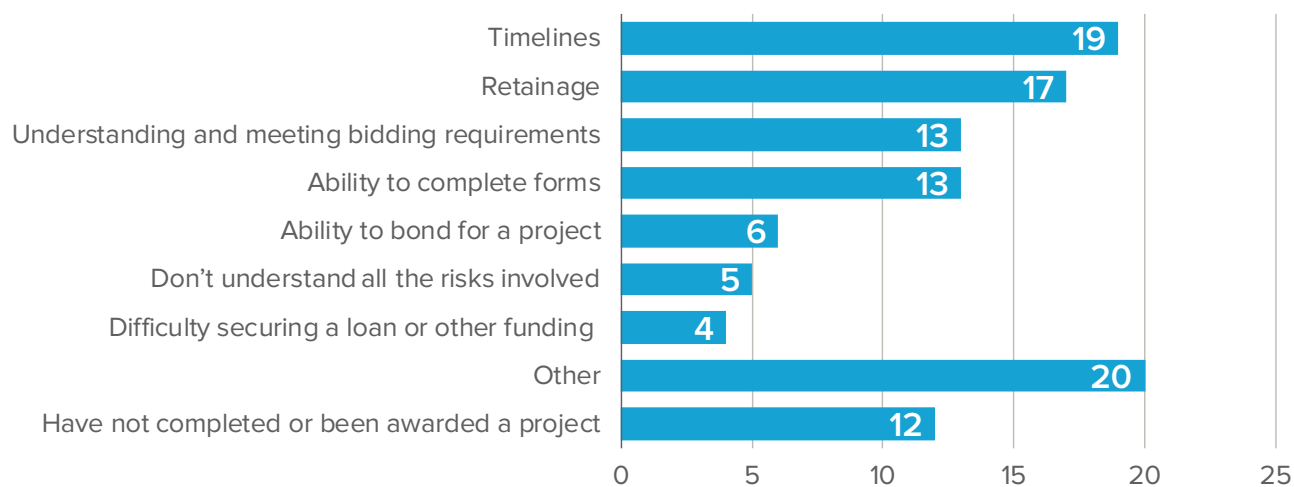
**Figure R. Diversity Goals**



**Businesses**

Business participants were asked to identify, in general, what challenges they face when completing public works projects. The most commonly identified challenges were: timelines, retainage, understanding and meeting bidding requirements and the ability to complete all required paperwork and forms.

**Figure S. Business Challenges Completing Public Works Projects**



Businesses were also surveyed on the topic of barriers to the small works roster in general and, specifically, barriers for minority and/or women-owned businesses. Of the 95 businesses that participated in this survey,

18 identified as minority and/or women-owned businesses, 6 identified as veteran-owned businesses and 67 identified as small businesses (all minority, women and/or veteran-owned businesses identified as small). The next section identifies some of the common themes. All comments related to barriers to the small works roster in general are available in [Appendix I](#) and all comments related to barriers specific to minority and/or women-owned businesses are available in [Appendix J](#).

### **Barriers to Small Works Roster: Not Enough Projects**

Business participants expressed concern that the small works roster takes time to get on with few benefits. They are not receiving many bid opportunities after getting on a small works roster:

*“Hard work to get on roster, often resulting in little or no work.”*

*“Poor selection of projects for small businesses.”*

*“Not enough projects going out to all to bid.”*

Agencies who use the small works roster may send invitations to bid to at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a way that will equitably distribute the opportunity. Using this process, contractors do not hear about every project that comes through the roster (although it is important to note that if the project exceeds \$250,000, the public agency must notify all businesses in the category of work on their roster that quotes are being sought). This practice may contribute to the lack of small works roster opportunities seen by businesses. It is also possible that as other alternative contracting processes are made available to local governments (including unit-price contracting, job order contracting, etc.) less projects in general are made available through the small works roster process. For example, at the time of this report the City of Seattle did not currently use a small works roster in favor of job order contracting and formal competitive bid.<sup>4</sup>

### **Paperwork and Requirements**

Business participants identified the amount of paperwork to be too arduous to complete for small projects. The extra time spent on submitting the roster application and bid requirements can be costly to small businesses. They also identified the requirements and paperwork to be confusing and hard to keep updated:

*“Increased paperwork”*

*“No one help you through the process for the first time”*

*“I’m in favor of small works rosters, although it takes a lot of time to keep up, and make sure we’re on all the ones we should be on.”*

*“Public notice of availability to bid/propose; requirements from RFPs that create a huge expense for bidders.”*

### **Lack of Information**

Businesses want more clarification on when a bid is taking place, the scope of the project, who won the bid and more information about the bid process:

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<sup>4</sup> Although the City of Seattle does not currently use a small works roster process, they plan to, within the next year, evaluate the feasibility of re-implementing especially for smaller value contracts under the limited public works statute where they can further target solicitation to small businesses.

*“There is not enough information about the job.”*

*“Need better visibility of when cities are going for bid.”*

In interviews with businesses and local governments, there was a clear desire from businesses to increase transparency about who is winning awards, when projects are out for bid, etc. at all project cost levels.

### **Barriers to Minority and/or Women-Owned Businesses: Paperwork and Requirements**

Common to all businesses, barriers to participation were paperwork and extra requirements. Businesses who are minority and/or women owned businesses identified the amount of paperwork to get on the roster and complete bid packets was arduous for a small business. Some businesses identified that finding and completing projects that have sub-contractor requirements for diverse businesses was a difficult process that increased cost:

*“Red tape bull, to many hoops to jump through. Raises the cost to most PW projects x 2”*

*“The increased paperwork required could be driving businesses away from small projects.”*

*“That if they are small companies, it's hard to dedicate the time the amount of paperwork takes to complete. It can also be difficult to work within strict time confines.”*

*“Limits that apply to how much a woman-owned business can make that allow for certification”*

### **Lack of Availability**

Similar to public agencies, businesses identified that there are not many minority and/or women owned businesses in their area to contract with. They also identified that it may be difficult to judge the quality of a business.

*“Just not that many in the landscape business.”*

*“It is very difficult to find UDBE firms that have the expertise or experience needed on a project. The OWMBE database search function is onerous and often does not produce any results for the category I am searching.”*

*“Lack of qualified service providers (contractors).”*

### **Barriers Identified by Minority and/or Women-Owned Businesses**

The above questions were asked of every business that answered the survey, regardless of certification or ownership. Below are the comments received from self-identified minority and/or women-owned businesses. Although echoing the above points, multiple respondents also mentioned bonding and payment requirements, and the need for further training to understand the process as barriers.

### **What barriers do you see participating on the Small Works Roster?**

Some barriers were identified by Minority and/or women-owned businesses while five out of 12 commenters mentioned they saw no barriers to entry. Identified barriers included the need for more training, the difficulty of on-call work, and too much paperwork. The full list of answers to this question can be viewed in [Appendix I](#), answers received from minority and/or women-owned businesses are marked with an asterisk(\*)

*“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”*

*“No one helps you through the process for the first time”*

*“I’m in favor of small works rosters, although it takes a lot of time to keep up, and make sure we’re on all the ones we should be on.”*

*“My company’s employees and myself need to receive some paperwork training.”*

**What barriers do you see to increasing diverse businesses (women- and minority-owned) participation in public works contracting?**

Many barriers were identified by minority and/or women-owned businesses including: understanding contracts, too much paperwork, bonding and deposit payments, certification requirements, and being unaware of projects. The full list of answers to this question can be viewed in [Appendix J](#), answers received from minority and/or women-owned businesses are marked with an asterisk(\*).

*“Limits that apply to how much a woman-owned business can make that allow for certification”*

*“To much paperwork”*

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

*“Probably bonding”*

**OWMBE Certification**

Of the 18 minority and/or women-owned businesses that completed the survey, eight have identified as either having certification or currently in the process of gaining certification from the Washington State Office of Minority and Women Owned Business Enterprise. Businesses identified multiple reasons for not getting certified including not knowing how, not understanding the benefit, not qualifying or having plenty of work without it. All comments from businesses on this topic are available in [Appendix K](#).

**Barriers Identified by Veteran-Owned Businesses**

Of the six veteran-owned businesses that participated in the survey, only four answered the question: What Barriers do you see participating on the Small Works Roster? Two respondents identified barriers: lack of qualified workers and the lack of a centralized roster list. The full list of answers to this question can be viewed in [Appendix I](#), answers received from veteran-owned businesses are marked with a carrot(^).

*“The MRSC small works roster is great. Establishing a presence on MRSC connects to many jurisdictions. One barrier is reaching the other jurisdictions not on MRSC individually.”*

*“Lack of qualified workers”*

# Increasing Efficiency

The survey asked both public agency and business participants what changes would make the small works roster process more effective. This survey question, alongside individual interviews, highlighted many efficiencies in the small works roster as well as efficiencies to the public works contracting process in general.

## SMALL WORKS ROSTER

### Public Agencies

One hundred and two public agency respondents answered the survey question “What improvements do you think could be made to the small works roster process to make it more effective?” Below is a summary of common themes from participants. The full list of responses is available in [Appendix L](#).

#### ***Decrease Requirements***

Many respondents noted that there are a large volume of requirements (both for themselves and businesses) that can make the process burdensome: paperwork for prevailing wage, advertising requirements, the number of quotes required, etc.

*“In the last year, it has become more difficult to participate in public works contracting with the adoption of the mandatory training and recently certified payrolls. I would like to see Washington adopt a similar program to Oregon where prevailing wage starts at projects over 50K.”*

*“Remove the advertising requirement in the RCW. Allow Cities to take a minimum of two sealed bids and allow local contractors to remain on a list indefinitely (or at least for 3 to 5 year periods.)”*

*“The county would benefit by not making the process so time consuming - and on par with larger projects.”*

#### ***Need More Bidders/Contractors in the Pool***

Public agency respondents highlighted that their small works roster did not have enough contractors or, even if the list of contractors was long, did not have enough responsive bidders. This was especially true for rural areas, which see fewer bidders and fewer contractors willing to travel to their jobsites.

*“We operate in a very rural area and most times have to encourage contractors to get signed up.”*

*“We don't seem to get much response from Roster contractors - unsure if that is because of outdated contact information or they are uninterested in our projects. I think it would be helpful to have alternate contact information or know when it was last updated.”*

*“Rural communities struggle to hire contractors”*

#### ***Better Categorization***

Public agencies found that many of their small works roster do not have the correct category they need or that businesses register under the wrong category of work, making it difficult to find the correct businesses available to solicit work.



*“Contractors and consultants registering for their actual field of expertise. Some seem to check a lot of boxes to be put into consideration for work.”*

*“Prohibit contractors from indicating they do all kinds of work that they, in fact, are not interested in performing.”*

*“Many of the contractors in a given category are not relevant to the project I want to advertise. We are hesitant to use the SWR because we think there would be better outreach advertising locally and in the DJC - Portland.”*

### **Sort by Location/Region**

Many respondents indicated that they wish they could sort businesses on their rosters by their location or have a regional/location preference to local businesses. It should be noted that such preferences are explicitly prohibited.

One exception found in [RCW 39.30.040](#), allows a unit of local government to consider sales and B&O tax revenues when evaluating bids for supplies, materials or equipment to determine the low bidder. However, the RCW does not apply to public works contracting.

*“Advertise locally when a small project that wouldn't interest contractors or vendors from across the state.”*

*“List contractor specific to a location”*

*“Regionalize the contractors, so that only contractors that could reasonable do the work without traveling great distance are on the list.”*

### **Increase Threshold**

Some respondents noted that the small works roster would be more efficient if the threshold was raised to a larger dollar amount. Some also noted that it would be more efficient to raise the minimum threshold for limited public works, as it is more efficient to finish projects in-house.

*“Increase dollar limit for both small works and limited public works”*

*“Increase the value of materials level for work we can do ourselves instead of contracting out.”*

*“Increase the threshold so it can be used more often.”*

### **Increase Marketing/Outreach**

Some respondents noted that the small works roster could be more efficient if there was more marketing and outreach to contractors to join the roster. This is likely a similar sentiment to those who mentioned a lack of contractors and a desire to see more responsible bidders on the list.

*“More information and flexibility to market projects to contractors. It is unclear how to find contractors interested in certain projects.”*

*“Having different avenues of reaching out to contractors to invite them to bid on small works contracts would make the process more effective.”*

*“Increase outreach to contractors and particularly WMBE contractors and suppliers.”*

### **Other Suggestions**

Many other suggestions were made that are difficult to categorize or only mentioned once or twice in the comments received. These suggestions include: better automation of the small works roster process, extend the eligibility time of a business once registered, quality control of business information, etc.

Eighteen respondents (17%) mentioned that they did not have any efficiencies to share or thought the current process worked well.

### **Businesses**

Fifty two business respondents answered the survey question “What change or improvements do you think could be made to the public works contracting process to make it more effective?” Below is a summary of the common themes from participants. The full list of responses is available in [Appendix M](#).

#### **Too Much Paperwork/Reduce Requirements**

Many businesses noted the amount of paperwork or various requirements were too burdensome and they did not have enough time to view and complete the paperwork and requirements for bids. Respondents also noted that the current requirements put a lot of burden and risk onto contractors, which make projects more expensive.

*“Duplication, streamline and reduce the amount of paperwork needed. Having to do duplicate certified payrolls. Eliminate LCP Tracker. One on one training and education. More advance notice on pre-bid walk throughs. More time to review RFQs and put together bid.”*

*“Simplified paper work”*

*“A reduction in the required paperwork would always be helpful. Also, risk equates to opportunity for the contractor but it drives up the contractor's cost. Consider having agencies deal with risk. For example, with traffic control - instead of going lump sum and dumping all risk on contractor, either itemize traffic control or make it force account with a set amount.”*

#### **Lack of Information and Data Transparency**

Businesses would like to see more data transparency (who bid, who won an award, etc.) and more information before submitting a bid proposal to a public agency. Some are not sure how they stood against other bidders and have trouble understanding what they should be doing to be more competitive in the future. There is also a lack of information in terms of how to view and bid on available work and businesses want to be more aware of the opportunities in public works contracting.

*“Transparency of submittals received - we'd like agencies to post the submittals they receive on projects and scoresheets. Some agencies don't do debriefs so having this transparency is helpful as our firm evaluates how to do better...”*

*“More honesty between engineers and owner on project prior to bidding.”*

*“Sponsor instructional classes on how to navigate the process and how to get information on available work”*

### **Qualified vs. Lowest Bidder**

Some respondents mentioned they would like to see a different approach to bidding that awarded to the best fit or more qualified bidder, not the lowest bidder on a project.

*“Not always accepting the lowest bid. We had an existing contract with PCLS and when it went out to bid there were 4 bids. The 3 highest bids were within 1% of each other and the lowest bid was 50% less and they accepted it.”*

*“I think maybe to consider the bidders not necessarily the lowest one”*

*“Eliminate the low bidder process and go with the best fit.”*

### **Receive Payments/Release Retainage Faster**

Some respondents mentioned that they would like to see faster payment on retainage and invoices as well as faster timelines for closing out a project. We also heard this concern in our interview process, where businesses, especially smaller businesses with less capital, mentioned that it can be difficult to continue or move on to the next project until they have received payment

*“Pay on invoices faster.”*

*“The timeline of retainage is long standing, it would be nice that once we file our affidavit of wages and are approved that our retainage would be released that would make it nice for subcontractors”*

*“Agency review time to close out project and release retainage”*

### **Other Suggestions and Comments**

Many other suggestions were made that are difficult to categorize or only mentioned once or twice in the comments received. These suggestions included: longer timelines to submit bid proposals, increasing on-call contracting, and changing rules around work done by agency forces.

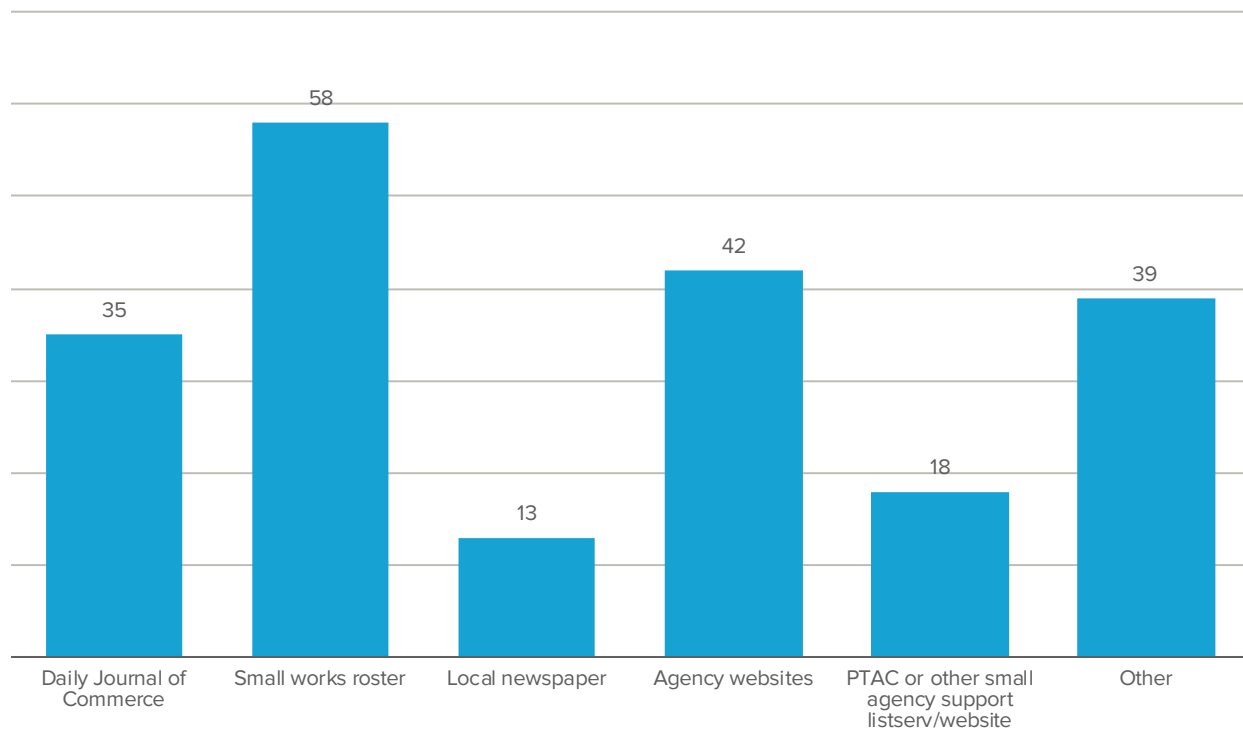
## **OTHER EFFICIENCIES**

### **Newspaper Requirements**

During our interview phase we heard multiple public agencies express their desire to get rid of the newspaper specific advertising requirements for formal bids. Agency participants mentioned that this would make the formal bid process less expensive and more efficient as newspaper deadlines mean that this process takes more time than posting on their own website, etc. Some agencies also noted that they don't believe many businesses are getting information from the physical newspaper.

Due to this feedback, the survey asked businesses where they receive information for upcoming bids to understand if there is a reliance on the newspaper bid notifications for businesses to see job opportunities.

**Figure T. Public Works Project Notification Source**



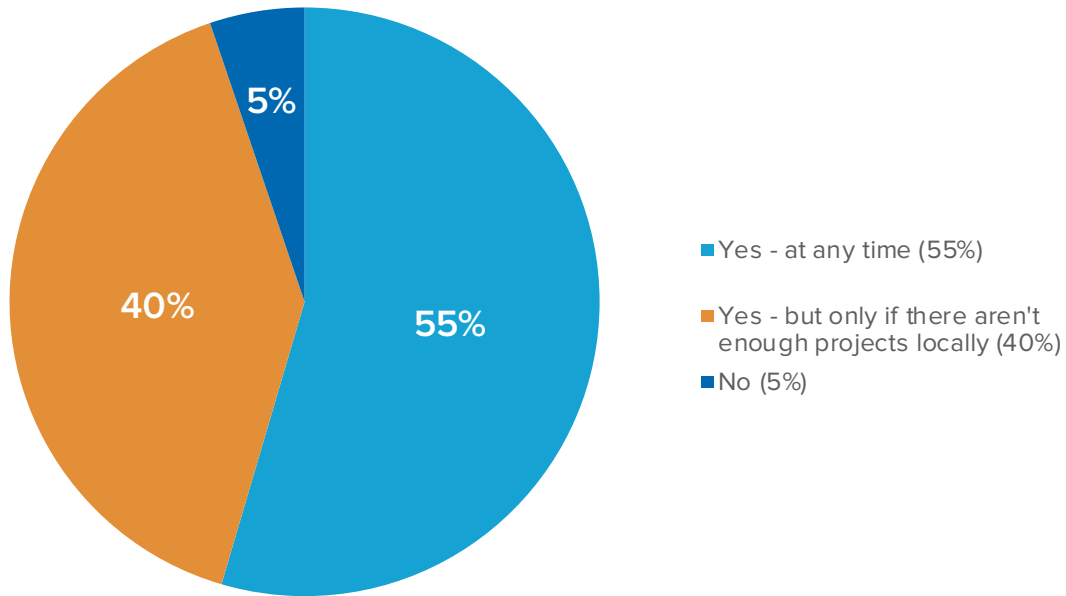
Only 13 respondents noted that they use the local newspaper to find job opportunities while the majority used the small works roster, individual agency websites and the Daily Journal of Commerce. Other answers included invitations and direct contact from agencies and prime contractors. This was a multiple-choice question and the majority of respondents selected multiple options. Zero respondents only selected the local newspaper as a source of information. It is important to note that this survey was conducted over the internet and distributed through MRSC and partner business lists, meaning those who rely on the physical newspaper may have been under-represented. In addition, there were concerns expressed about the impact to local newspapers if bid notifications were to move to another platform.

### **Travel Incentives/Rural Location Incentives**

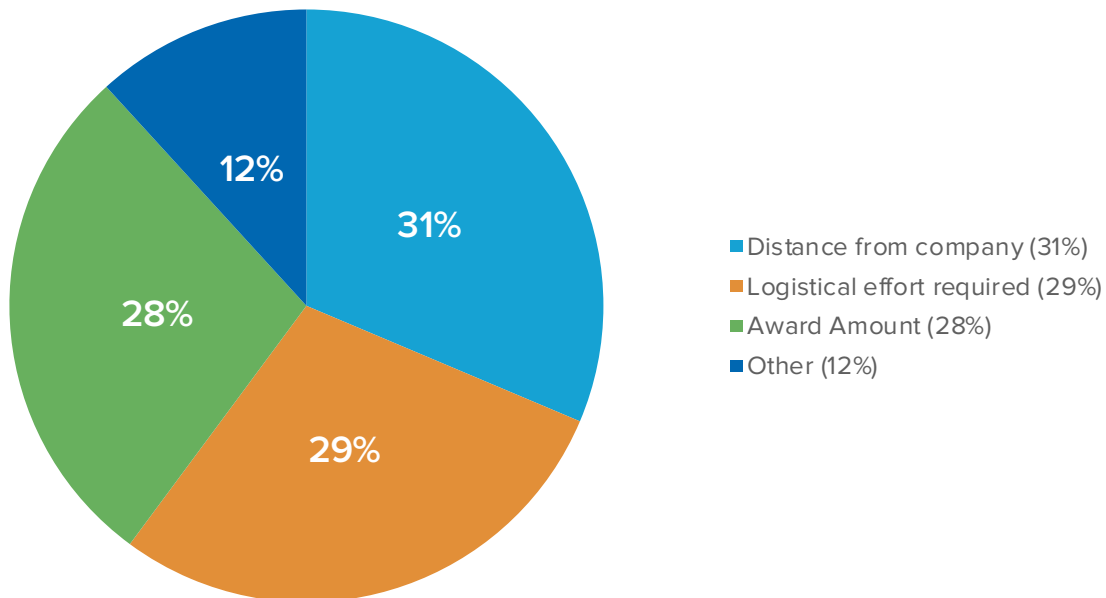
During interviews and in the survey, rural agencies particularly mentioned the difficulty in getting responsive bidders to bid on projects in rural locations. Things like ferry costs and other travel expenses make bidders less eager to bid, according to public agencies. Businesses are likely including these extra travel costs in their bid responses. Agency participants suggested creating travel incentives so contractors would be paid extra for their travel expenses.

The survey asked business participants whether they would travel for work opportunities, and what considerations they would make when determining to bid on a project that would require travel.

**Figure U. Are Businesses Willing to Travel?**



**Figure V. Business Considerations When Traveling**

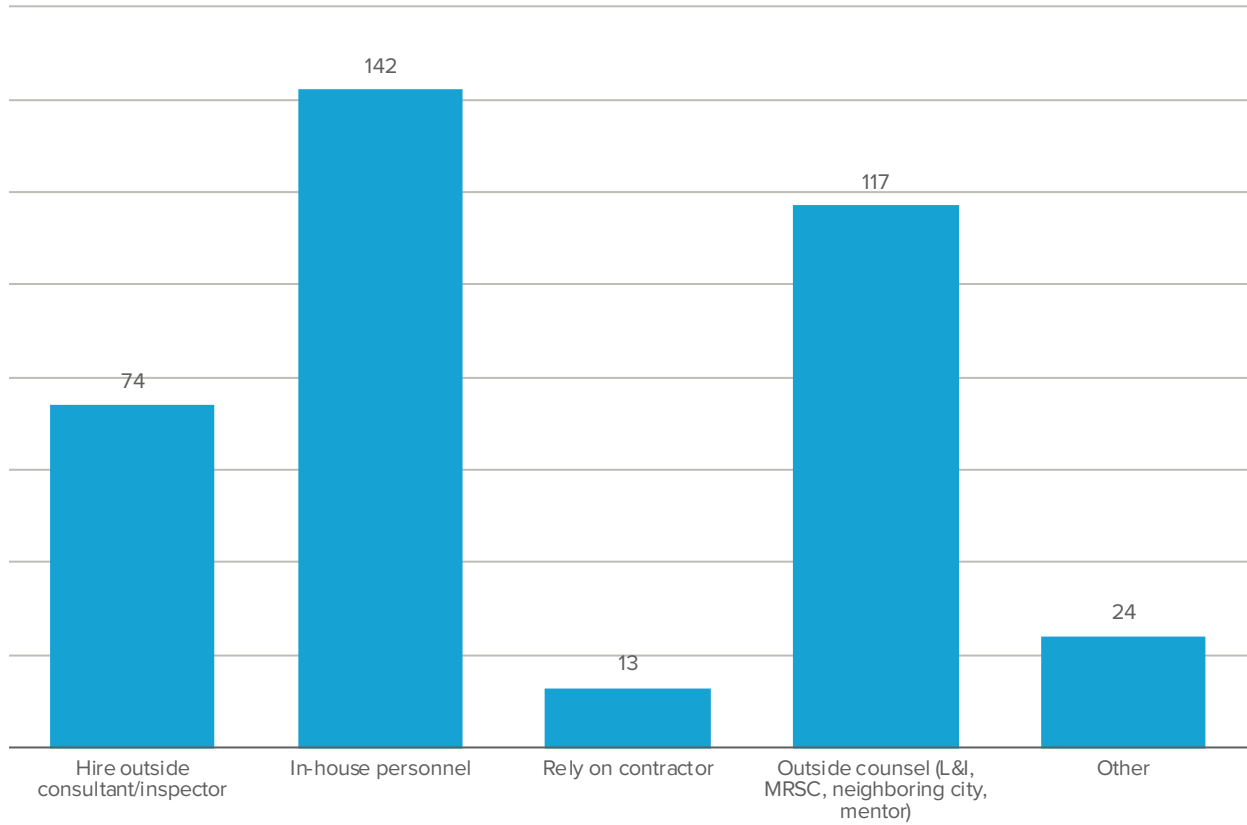


About half of respondents (55%) said they were willing to travel at any time for public works projects. The reasons for deciding to travel seem to split evenly between distance, effort and award amount. This likely means, confirming what we heard from rural agencies, that smaller projects, like those on the small works roster, that are far from urban centers are difficult to get contractors to bid on.

## Training Opportunities for Public Works Staff

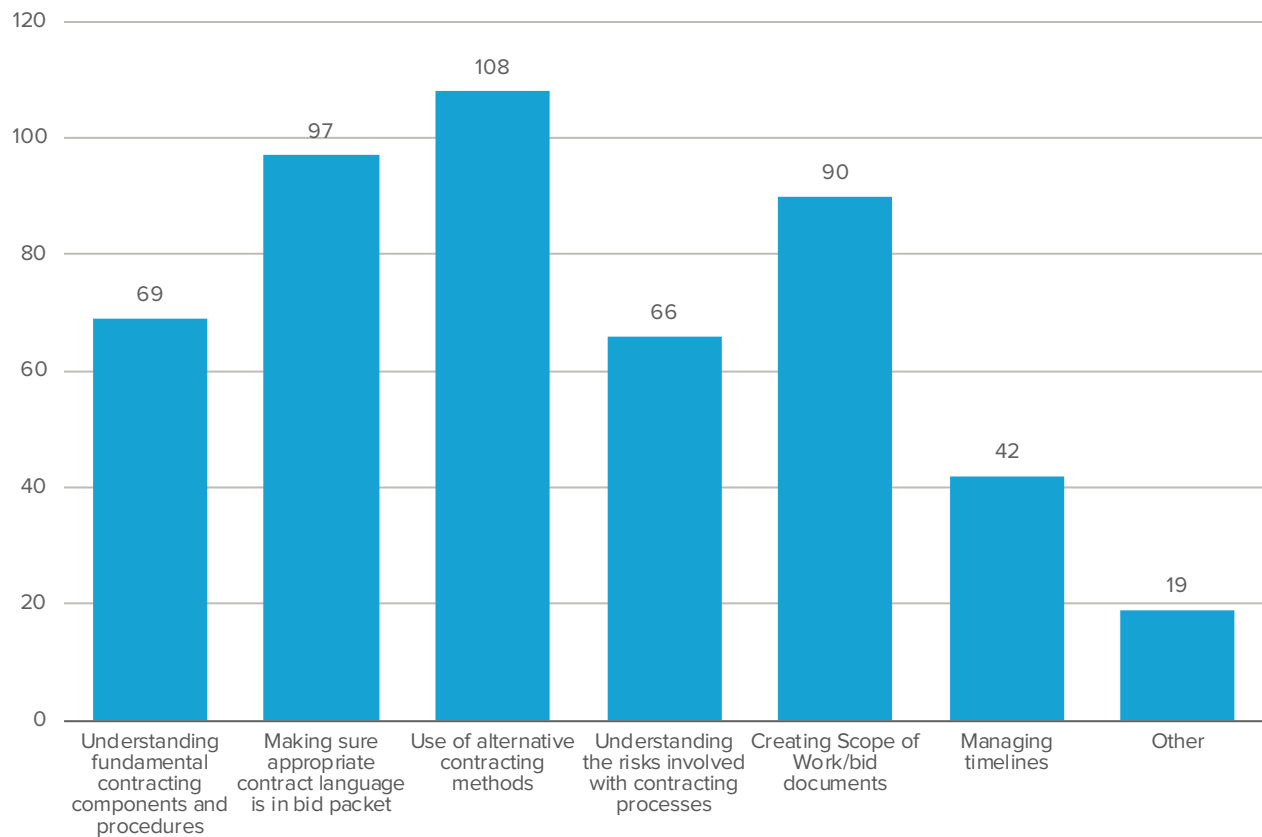
Public agency participants noted in interviews that they wish there was more support for agencies when doing public works contracting. We asked public agencies what resources they currently use to ensure they are meeting all bidding requirements.

**Figure W.** Resources for Ensuring Bidding Requirements Met



The majority of respondents listed in-house personnel and outside counsel resources as their source of knowledge on bidding requirements. Few respondents relied on their contractors. The survey also asked public agencies what training or technical assistance would be helpful moving forward.

**Figure X. Training or Technical Assistance Needs**



The most popular responses were training on the alternative contracting methods, ensuring contracts have all appropriate language and assistance in creating scope of work and other bidding documents. In interviews, public agencies specifically identified their new ability to use unit price contracting as something they needed more training on.

# Recommendations

In October 2020, MRSC presented CPARB with eleven proposed recommendations that were based on the MRSC report findings and voted on by the CPARB Local Government Public Works Study Committee (the “Committee”). Not all recommendations received unanimous support from the CPARB, and CPARB requested additional Committee work. At CPARB’s meeting in May 2021, CPARB came to consensus on recommendations to include in the report, which did not include all the proposed recommendations.

CPARB’s unanimously approved recommendations are the official CPARB recommendations in this report. However, this report also includes a discussion of proposed recommendations developed by MRSC and the Committee that CPARB either did not have adequate time to consider or did not come to consensus on. A brief explanation is provided for each proposed recommendation that was not adopted by CPARB. Additionally, please note that several of these recommendations would require identifying state resources, such as initial and ongoing funding and departmental management and maintenance, each of which the report identifies by notation.

Based on the findings outlined in the final report and further discussion, the local government committee and the project team compiled the below listed actions for submittal to the CPARB Board to consider as proposed legislative recommendations.

1. Adjust port district and irrigation district statutes to refer to [RCW 39.04.155](#)
2. Tie threshold increases to statewide inflation factor based on the Construction Cost Index (CCI)
3. Expand the ‘no-bid response’ process to all agencies
4. Give unit price contracting authority to all public agencies
5. Remove retainage and bond requirements for projects under \$5,000
6. Create a centralized list of small works rosters
7. Create a list of certification/registration programs for disadvantaged businesses
8. Define small business in the public works contracting statute
9. CPARB update to supplemental bidder responsibility guidelines
10. Coordinate schedule for significant outreach events between public agencies and other stakeholders
11. Provide professional assistance to local government for contracting guidance and marketing and outreach to contractors

## CPARB UNANIMOUSLY ADOPTED RECOMMENDATIONS

### **Recommendation 1: Adjust port district and irrigation district small works roster statutes to refer to RCW 39.04.155 (Small Works Roster).**

Port districts and irrigation districts’ authorizing statutes refer to dollar values (currently \$300,000) for a small works roster threshold. Revise authorizing statutes [RCW 53.08.130\(2\)](#) (a, b) and [RCW 87.03.436](#) to refer to [RCW 39.04.155](#) and remove any reference to threshold dollar amounts. Doing so would create uniformity in administering the small works roster thresholds and make future increases to the thresholds more efficient. This is consistent with other local government agency statutes.



For more information on the current thresholds and the impact of increasing these thresholds, see the [Uniform Thresholds](#) section of the report.

**Discussion Points**

CPARB and the Committee were unanimously in favor of moving this recommendation forward. Stakeholders were in agreement that it is more effective to tie the small works roster threshold to the controlling statute.

**Recommendation 2:**

- a. Implement a review of the small works roster thresholds every five years.**
- b. Implement the use of a statewide inflation factor based on the Construction Cost Index (CCI) to apply escalation at five-year intervals.**

CPARB’s recommendation was developed from the original proposed recommendation to tie small works roster threshold escalations to a state-wide inflation factor based on CCI.

The Committee identified three decision points involved with this action: 1) when/how often would escalations occur, 2) how the suggested changes are calculated, and 3) who prepares legislative revisions at the designated intervals.

An option was suggested, and adopted by CPARB, to use a five-year interval to advance the recommended threshold escalations for the small works roster. For purposes of the following example, the report uses this suggested interval to illustrate the potential increases to the threshold.

To make the calculations for recommended escalations, start with threshold levels as they exist presently. Verify the state-wide inflation factor (at this time intended to be the Construction Cost Index) and make a calculation that applies the inflation factor to the existing threshold for each year that has passed to determine the new threshold amount.

**Example Chart**

Column A	Column B	Column C	Column D	Column E	Column E
Small Works Roster	Threshold on 1/1/21	Inflation factor	Calculated threshold (Yr. 1) 1/1/22 (Column BxC)	Calculated threshold (Yr. 2) 1/1/23 (Column DxB)	Possible Recommended threshold increase
SWR threshold	\$350,000	4%	\$364,000	\$378,560	\$380,000

This example chart uses 4% as the inflation factor which was annualized over the past ten years (2010-2019).

The time period to be included as part of the escalation amount to be applied may need to be given consideration as well.

For example, if the recommendation demonstrated above were to be initiated for action in 2024 (Yr. 3), it may be desirable to make the 2024 (Yr. 3) calculation and add it to the actioned increase so as not to miss a year of inflation in the year of implementation.

Some businesses (particularly large businesses) were opposed to applying an inflation factor. When more projects are under the small works roster threshold, the agency may choose to offer a specific opportunity to only five contractors on their list, as authorized in the statute. Some businesses would like to restrict that option and require open access for all projects to all listed contractors, especially if the threshold moves above the \$350,000 amount.

For more information on this topic, agency responses and the methodology behind using the CCI as an inflation indicator, see [Statewide Inflation Index](#) and [Appendix G: Survey Comments Inflation Rate Benefit](#) sections of the report.

### ***Discussion Points***

The Committee was in favor of moving this forward. There was extensive discussion on implementation. The proposed process was broken out into five decision points: 1) intervals between applied escalation, 2) whether escalations should be tied to an inflation factor, 3) statewide vs regional inflation factor, 4) automatic application vs legislative review of a proposed escalation amount, and 5) which inflation factor was most appropriate to use (CCI vs CPI).

- For both the intervals between escalation and use of an inflation factor consideration, CPARB took the consensus opinion of the Committee and voted unanimously on moving both suggestions forward.
- Two voices at the Committee level had a preference for creating a regional inflation factor. Other Committee members and the Board noted that there was no regional index and that trying to implement a regional application would create more problems than it would resolve if uniformity and efficiency were the goal. During the CPARB vote, the two dissenting voices changed their votes to make the recommendation for a statewide factor unanimous.
- Regarding an automatic application of escalation amounts, there was a split vote at the Committee level with the majority in favor of having the inflation factor applied automatically. At the CPARB level, it was determined that implementing an automatic escalation would require identifying state resources to maintain and determined this should be resolved through the legislature.
- CPARB determined that the CCI was the most appropriate factor to use as the inflation index, as the costs considered within the index are more aligned with public works projects.

### **Recommendation 5: Remove retainage and performance bond requirements for projects under \$5,000.**

Withholding retainage and requiring performance bonds were identified as barriers to small and minority- and women-owned businesses, as well as causing more paperwork and less efficiency for local government. Experts at Washington State Labor and Industries and local governments who were consulted believe the suggested \$5,000 exception would alleviate some administrative burden and barriers for small projects, while not significantly increasing risk for local governments. These recommendations would require a review and alteration to [RCW 60.28.011](#) and [RCW 39.08.010](#).

For more information on this topic, see the [Barriers to Participation](#) section of the report.

### ***Discussion Points***

The Committee was unanimously in favor of moving this forward. There was discussion about whether a higher amount would be more beneficial, but the prevailing thought was that \$5,000 would not be so great as to create undue risk to agencies who must accept responsibility for the protections otherwise offered. Discussion also included the benefit of having smaller projects less encumbered by these requirements, making it easier for new or small business entities to enter public contracting.

### **Recommendation 6: Create a centralized list of small works rosters**

Business participants, in particular small businesses, have difficulty navigating the current local government contracting processes. Because each public agency is authorized to maintain their own roster, businesses have trouble understanding how to find rosters, what is required of the contractor in a roster process and the benefit to the business of each roster.

This potential recommendation would require any agency, collection of agencies, or roster service to register in a centralized list of all small works rosters in the state so businesses can see what rosters are available and the agencies each roster represents. This recommendation requires the legislature to identify the appropriate group or state agency to create and maintain this list. Funding would also need to be identified and allocated to achieve this effort.

For more information, see the [Barriers to Participation](#) and [Increasing Efficiency](#) section of the report.

### ***Discussion Points***

The Committee was unanimously in favor of moving this forward. Primary discussion centered around who would capture and maintain this information, and whether the requirement to self-report would represent a burden to agencies that would need to provide the information. At the CPARB level, it was noted that passage of recommendation 11 (public works resources) would provide a vehicle to complete this work.

### **Recommendation 7: Create a list of certification/registration programs for disadvantaged businesses.**

The Office of Minority and Women Owned Business Enterprises is the only certifying organization in the State of Washington for this classification of contractor types. However, many local governments have their own programs requiring registration for small, minority, women, and veteran owned businesses. Some qualifying businesses have difficulty discerning the differences of certification with the state and registration in other programs, as well as what the benefits might be to them from each. It is difficult to understand the value of each program type.

The recommendation is to require any agency, collection of agencies, or service to register in a centralized list of all small business, minority, women, disadvantaged business enterprises and veteran-owned programs in the state so businesses can see what certification resources are available. This recommendation requires the legislature to identify the appropriate group or state agency to create and maintain this list. Funding would also need to be identified and allocated to achieve this effort.

For more information, see the [Barriers to Participation](#) section of the report.

### ***Discussion Points***

The Committee was unanimously in favor of moving this forward. There was discussion about how to capture and maintain this information in a manner that connects businesses to the resource most appropriate to the intended purpose. At the CPARB level, it was noted that passage of recommendation 11 (public works resources) would provide a vehicle to complete this work.

### **Recommendation 8: Define small business in the public works contracting statute (RCW 39.04) consistent with the definition in RCW 39.10.**

There is no small business definition in the public works contracting statute for local government. Because of this lack of definition, it makes it difficult to track small business participation in local government public works contracts. It is recommended that 1) a small business definition be inserted into [RCW 39.04.010](#), and 2) explicitly refer to the definition found in the state goods and services statute [RCW 39.26.010](#). (Note: this definition was included and passed in 2021 legislation for the alternative public works statute, [RCW 39.10.210](#), which also references the definition of state statute [RCW 39.26.010](#)).

For more information, see the [Small Business Participation Rate](#) section of the report.

### ***Discussion Points***

The Committee was in favor of moving this forward. The necessity for having a definition available in the public works statute ([Chapter 39.04 RCW](#)) that is consistent with state and other contracting statutes was unanimous. A definition had been identified early on as needing to match that of the state statute. CPARB agreed that the language to be used should replicate that used for [Chapter 39.10 RCW](#).

### **Recommendation 10: Coordinate schedule for significant outreach events between public agencies and other stakeholders.**

Business participants identified that there seems to be a lack of coordination for large conferences, meetings and events for businesses and public agencies to connect. Business participants, especially smaller businesses, mentioned seeing multiple important events on the same day and expressed difficulty determining which one to attend.

Designate to or establish an agency, collection of agencies or service as a resource to create a calendar of major outreach events as a central source for businesses to find outreach information and to ensure similar events do not conflict. This recommendation requires the legislature to identify the appropriate group or state agency to create and maintain this calendar. Funding would also need to be identified and allocated to achieve this effort.

### ***Discussion Points***

The committee was unanimously in favor of moving this forward. The nature of the work involved led to further discussion about who would be responsible for the coordination of information, and likely the creation and maintenance of website resources and links. At the CPARB level, it was noted that passage of recommendation 11 (public works resources) would provide a vehicle to complete this work.

### **Recommendation 11: Provide professional assistance to local government for contracting guidance and marketing and outreach to contractors.**

Throughout the interview process, many agencies suggested that they needed more resources around public contracting, including scope writing and how to market to a diverse set of contractors. Data collection also suggested that some public agencies needed more training on what public contracting processes were available and how to develop them. For example, many employees from cities answered that they were not eligible to use unit price contracting, when statutorily they are. Then, they need assistance in understanding the considerations that must be addressed in order to write an appropriate scope of work and bid request.

Designate or establish an agency, collection of agencies or service as a resource to provide assistance to public agency employees, specifically in the areas of writing scope and bid documents, marketing and outreach. This recommendation requires the legislature to identify the appropriate group or state agency to create and maintain this service. Funding would also need to be identified and allocated to achieve this effort.

There was some opposition to this potential recommendation from business participants. They are unclear why more state resources would need to be used for this purpose and held an assumption that current resources already exist for similar purposes.

For more information, see the [Increasing Efficiency](#) section of the report.

#### ***Discussion Points***

The Committee was in favor of moving this forward. There was one dissenting voice, however, who had concerns on whether this was an effective use of tax dollars. For those in support, there was a desire expressed for these efforts to be made available collaboratively with organizations currently involved in supporting public works. At the CPARB level there was recognition of the benefits of broadly providing resources to support public works for both public owners and contractors. This recommendation has a requirement for funding in order to advance implementation.

## **PROPOSED RECOMMENDATIONS NOT ADOPTED BY CPARB**

Several suggestions were submitted to the CPARB Board to be considered for approval as recommendations to the legislature, however, the time and scope of the project did not allow the Board adequate time and information to review them all, and subsequently a vote could not be initiated for all proposed recommendations. The suggestions not adopted by CPARB are listed in the section below so that future review efforts might benefit from the identification of these issues by the local government contracting committee:

### **Proposed Recommendation 3: Expand the ‘no-bid response’ process to all local government agencies.**

Code cities are authorized in [RCW 35.23.352\(1\)](#) to negotiate a contract with a single contractor when they receive no bids in any contracting process. This eliminates the necessity to rebid for a contract at the option of the city.

Irrigation districts have statutory direction in [RCW 87.03.435](#), when no bid is received on the first call to either re-advertise and make a second call or solicit a minimum of three contractors and award the contract to the lowest responsible bidder.

Other local government agencies are looking for similar means to ease the administrative burden in the contracting process.

Expand this no-bid response process to all local government agencies to further decrease administrative burden for agencies and increase uniformity in the public works contracting process.

For more information, see the [Increasing Efficiency](#) section of the report.

### ***Discussion Points***

The Committee was in favor of moving this forward. There was one dissenting vote with a concern around controls that would need to be implemented to prevent misuse. Detailed review and exploration around possible options was not able to occur due to time constraints. At the CPARB level it was determined that because of the necessity for further research this suggestion could not be put forth as a recommendation at this time.

### **Proposed Recommendation 4: Provide unit price contracting authority to all local government agencies.**

PUDs, cities, port districts, water & sewer districts, transportation benefit districts, and counties with purchasing departments are authorized to use unit-price contracting. The current process for authorizing additional local government types to use this contracting process is dependent on each agency petitioning the legislature.

Expand unit price contracting to all local government agencies in one authoring statute to increase efficiency and increase uniformity in local government public works contracting.

This proposed recommendation received some resistance, as it is perceived by some that public agencies are currently extending the use of unit price contracting to work not originally anticipated when the authorization passed into law.

The authorizing statutes granted the contracting authority apparently for public works anticipated on a recurring basis to meet business or operational needs of the agency, according to the verbiage of the statutes. Some projects being performed using this contract method are thought by some to be outside of this description of work. It is possible that more clarity in the authorizing statutes may be needed to address these concerns.

If the legislature chooses not to grant authority to all local government agencies, it was discussed that the legislature, at a minimum, grant this authority to all counties (to include those without purchasing departments), as many county governments believe this was an oversight in drafting the previous legislation that was passed (ESSB 5418 [2019], [RCW 36.32.235](#)), and was not an intentional risk consideration.

### ***Discussion Points***

The Committee was in favor of moving this forward. There was one dissenting vote with a concern for controls to prevent misuse and one abstention. A variety of agencies have already been given unit price contracting authority through individual agency statutes. Such authority has been a result of a number of legislative petitions on an agency-by-agency basis. At times, it has appeared that a limited number of agencies might be implementing practices that push the boundaries of the statutory definition for this contracting process, and clarity of use was encouraged. At the CPARB level it was determined that more research would need to be conducted to offer this as a recommendation.

### **Proposed Recommendation 9: CPARB update of supplemental bidder responsibility guidelines.**

Public agency participants that were interviewed and surveyed expressed an interest in better understanding what supplemental criteria was allowed to ensure a responsible bidder. The content of the CPARB guidelines

on this issue have not been updated since 2014. Funding should be made available to review and update these guidelines for better guidance to public agencies and to ensure supplemental criteria are appropriately utilized.

### ***Discussion Points***

The Committee was in favor of moving this forward. There were questions about whether updates to the guidelines were already under the purview of DES and if it was necessary to take action within this study. At the CPARB level there was not sufficient discussion to move this forward as a legislative recommendation.

## **POTENTIAL FUTURE STUDIES**

In addition to the above recommendations, this study found many areas of study that may be beneficial to review in the future, subject to CPARB's resources or funding identified by the legislature. These include related topics to local government public works and small business participation that were not included in the assigned scope of this report.

### **Future Study Suggestion 1: Review thresholds below statutory designation**

The procedures for designating the lower level for statutory thresholds for public works is currently unclear.

Study the process for setting this threshold and the impact of creating a more uniform threshold for all agency types.

For more information, see the [Public Works Bid Thresholds](#) section of the report.

### **Future Study Suggestion 2: Review structure of current types of local government**

When a new local government type is authorized, it is unclear how their procurement thresholds (or lack of) are set. Review and study this process to set logic for establishing procurement thresholds.

For more information, see the [Public Works Bid Thresholds](#) section of the report.

### **Future Study Suggestion 3: Impact of a master statute for public works contracting.**

Each local government type has certain public works contracting rules and thresholds established through their own authorizing statutes.

Review and study the impact and process to create one master statute.

For more information, see the [Public Works Bid Thresholds](#) section of the report.

### **Future Study Suggestion 4: Review consolidation of county thresholds.**

There are currently four different statutes outlining county public works requirements based on their organizational structure.

Review the impact of creating one uniform threshold for all counties.

For more information, see the [Public Works Bid Thresholds](#) section of the report.

**Future Study Suggestion 5: Increase base small works roster threshold amount. \*Priority\***

In order to understand what the base small works roster threshold should be, there needs to be better data collection that connects contracting type to project type. Labor and Industries established a method to start collecting this data in FY 2019-2020.

Future review and study are suggested using this data and other analysis to determine whether specific projects should be within specific contracting types, and to discuss the impact of increasing the base small works roster threshold.

For more information, see [Increasing Efficiency](#), and [Public Works Bid Thresholds](#) sections of the report.

**Future Study Suggestion 6: Evaluate advertisement requirements for formal competitive bids (i.e., newspapers vs. other forms). \*Priority\***

Review and study current advertising requirements for potential efficiencies including, but not limited to, changing the newspaper requirement to a different centralized source or other format.

For more information, see [Increasing Efficiency](#) section of the report.

**Future Study Suggestion 7: Review impact of centralized statewide roster.**

Business participants find the current network of roster systems difficult to navigate.

Review and study the impact of creating one statewide roster for all local government agencies.

For more information, see [Barriers to Participation](#) and [Increasing Efficiency](#) sections of the report.

**Future Study Suggestion 8: Determine potential program for sub-contractors to express interest in projects.**

On the small works roster and in other bid processes, small businesses feel as though they are unable to express interest because they are not set up to be a prime contractor.

Study and review the potential for creating a platform or process for contractors to express interest in becoming a sub-contractor.

Supporting comments are found in the [Barriers to Participation](#) section of the report.

**Future Study Suggestion 9: Evaluate possibilities for electronic solicitations for all competitive bidding (only specifically authorized in the small works roster statute). \*Priority\***

Electronic bidding is not specifically authorized in statutes and conflicts in part with requirements for sealed bids. However, recent statutory updates to electronic signature requirements and technological advances have proven that electronic bids can be sealed and provide other efficiencies as well.

Review the impact and potentially change statutes to acknowledge electronic submissions for all public works bids.



**Future Study Suggestion 10: Expand data collection efforts by L&I (contract types) and OMWBE (participation rates) through a sustained funding model.**

Labor and Industries and the Office of Minority and Women Owned Business Enterprises are spearheading data collection efforts that are critical to continued study in the area of local government procurement.

Continue to expand on these data collection efforts to ensure future studies suggested in this section can be successful.

**Future Study Suggestion 11: Identify how state and OMWBE studies relate to local government.**

Many studies currently issued by the state and state agencies are state process specific but are seen as a possible example for local government.

Review and study what requirements at the state level are relevant to local government and identify resources to aid in their possible implementation at the local government level. Funding would be necessary.

# Appendix

## **APPENDIX A. MRSC SCOPE OF WORK**

### **Comprehensive Review of Public Works Contracting Processes**

#### ***Task 1: Project Scoping and Management***

MRSC will work with the Department of Enterprise Services (DES) to confirm the scope, timeline, methodology and format for the report to the Washington State Legislature on public works contracting process. MRSC will coordinate with DES staff throughout the project and will hold regular project team meetings to ensure coordination of project staff. MRSC will conduct a literature review of recent, relevant studies of bidding, purchasing and contracting studies within Washington and of Washington State laws and administrative codes related to public works contracting.

Deliverable: Monthly Project Updates, including % complete reporting

#### ***Task 2: Stakeholder Interviews***

MRSC will conduct 18-20 stakeholder interviews with representatives from DES, the Capital Projects Advisory Review Board (CPARB), Washington State Procurement Technical Assistance Center (PTAC), the County Road Administration Board (CRAB), the Washington State Association of County Engineers (WSACE), local government public works and procurement staff from cities, counties and special districts, and key small business representatives on the subject of public works contracting processes. The purpose of the interviews will be to identify: (1) decision-making considerations in the choice of contracting procedures; (2) typical projects within each relevant industry and whether or not these projects are within small works roster bid thresholds; (3) potential impacts of regional bid thresholds; (4) specific challenges for both businesses and local governments posed by current contracting processes; (5) factors that drive up the costs of public works projects; and steps that local governments take to ensure competition in the contracting process.

Deliverable: Summary of Findings of Stakeholder Interviews

#### ***Task 3: Identification of Most Common Local Government Contracting Procedures***

MRSC will prepare an analysis of the 2018 Washington Department of Labor and Industries database of over 30,000 public works contracts to determine the distribution of local government contracts within each of the bid thresholds. MRSC will compare the results of this analysis to the distribution of contracting procedures used by a representative sample of local governments to verify the most common contracting procedures overall and by type of government.

Deliverable: Data-driven documentation of the most common local government public works contracting procedures, with description of methodology

#### ***Task 4: Development of an Annotated Matrix of Public Works Contracting Bid Thresholds***

MRSC will develop an annotated matrix of public works contracting bid thresholds that includes the threshold limits for counties, each class of city, and each type of special district. The matrix will include annotations of RCW citations and any relevant legislative history. Where bid thresholds are not established in the RCWs, the matrix will include information on common and/or best practices within that class of local government.

Deliverable: Annotated matrix of public works contracting bid thresholds

**Task 5: Analysis of Estimated Project Cost Comparison to Contracting Thresholds**

MRSC will gather public works project cost data from the Labor and Industries database and local government CIPs related to the relevant industries of water, wastewater, stormwater, transportation, solid waste, and buildings and facilities. MRSC will analyze the cost data to determine the type and scope of the projects that fit within each of the contracting process thresholds. MRSC will use information gathered during the stakeholder interviews to help define the most common project types within each of the relevant public works industries.

Deliverable: A data analysis showing the distribution and type of project within each of the contracting thresholds.

**Task 6: Analysis of Potential Application of Regional Inflation Index to Contracting Thresholds**

MRSC will research the current inflation indices that are established on a regional basis within Washington State, including Labor and Industries prevailing wage indices. MRSC will also review research on the relationship between the actual variation in bid costs for public works projects from year to year and the annual Building Cost Index (cost of building materials). MRSC will model the impact of applying a regional inflation index to contracting thresholds over a 10-year period using the Seattle Building Cost Index and applying an agreed upon regional price index and the common contracting thresholds identified in Task 4. MRSC will also apply information gathered in stakeholder interviews to the analysis of the potential use of a regional inflation index.

Deliverable: Modeling of results of the use of a regional inflation index to contracting thresholds over 10 years and a summary of the benefits and costs of such an approach.

**Task 7: Rates of Participation in Small Works and Limited Public Works Contracting**

MRSC will analyze the Labor and Industries database of public works contracts to determine the number and dollar awards of contracts awarded to minority and women-owned businesses, within the small and limited public works contracting processes as a percentage of all small and limited public works contract awards.

Deliverable: Data analysis of participation rates in small works and limited public works contracting processes.

**Task 8: Recommendations for Public Works Contracting and Procurement, including Identification of Barriers to Participation in Small Works Roster and Limited Public Works Contracting Processes**

Based on initial data and stakeholder information developed in Tasks 1 – 6, MRSC will develop a preliminary list of recommendations for improving the uniformity and efficiency for local government public works contracting processes and a preliminary list of barriers to participation rates in the small and limited public works processes. MRSC will develop a survey instrument for gathering information from both local government public works contracting staff and contracting businesses in public works industries. Based on the stakeholder interviews, the instrument will include a protocol for an on-line survey and follow up telephone calls that will be conducted as needed to ensure participation rates.

The survey will be tested for clarity, ease of use, and consistency of responses. The revised, tested survey will be customized and sent directly to local government public works contracting staff and to business representatives in public works industries.

The analysis of survey results will identify the most effective recommendations for improving public works contracting processes and the most challenging barriers to small and limited works contracting processes.

Deliverable: Report on survey findings and a set of public works contracting recommendations that have been vetted by experts and practitioners in the field.

***Task 9: CPARB Coordination and Final Report***

MRSC will make two presentations to CPARB during the course of the study. The first will present the scope of the project and preliminary report findings and the second, in August 2020, will review the draft of the final report. MRSC will develop a final report that encompasses the data, analysis, and recommendations from Tasks 1-8. The scope anticipates two rounds of revisions – one round based on comments and suggestions from stakeholders and one final round based on DES and CPARB feedback.

Deliverable: Report on Public Works Contracting Processes in Washington State

## **APPENDIX B: STAKEHOLDER INTERVIEW QUESTIONS**

### **Initial Stakeholder Questions**

- 1. *What considerations do you make when choosing a contracting procedure? What do you do when the project is close to a threshold (below threshold v SW Roster v Formal bid)?***
- 2. *There are many industries and types of work done during public works projects including: water/ wastewater, transportation, buildings and facilities; and solid waste. What are your “typical” projects within each of these relevant industries? Are these types of projects within the Small Works Roster thresholds?***
- 3. *Imagine if bid thresholds were created by a combination regional inflation rates and costs. How would that impact your organization?***
- 4. *What specific challenges do you face in the current contracting processes (below threshold v. SW Roster v. Formal bid)?***
- 5. *What factors drive up the costs of public works projects?***
- 6. *What steps do you take to ensure competition in the contracting process?***
- 7. *Does your organization have diversity goals? What are the barriers to meeting those goals? If not, what barriers do you see while engaging with M/W businesses?***
- 8. *We know there’s a challenge with getting legislature to update threshold levels over time. What kind of process do you think might be helpful to address that? Do you have any ideas?***
- 9. *Some users of the Small Works Roster don’t know if people on Roster are qualified to do the work. What improvements do you think could be made to the SW Roster process to make this easier?***
- 10. *Do you use your own agency forces? What projects do they work on? Do you get close to your threshold? Do you track their work?***
- 11. *Do you have any further comments or suggestions on this subject?***

## APPENDIX C. SURVEY QUESTIONS

### Survey Questions – Public Agency

**1. What type of entity do you work for?**

- City
- County
- Special purpose district (school district, fire district, water district, hospital district, etc.)
- Private business
- University or institute of higher education [if selected, take the respondent to a custom end page thanking them for their participation but explaining that we are only collecting information from local governments and businesses]
- State agency [if selected, same result as universities above]

**2. Please enter your information below. We will only use your contact information if we have any follow-up questions for you.**

- Name
- Agency or Business Name
- Email

**3. Approximately what percent of your public works projects are done using the following processes?**  
*[If you do not use a particular process, just enter “0” for that line]*

- Formal competitive bid
- Small works roster
- Job order contracting
- Use agency forces below statutory bid limit
- No bid procedures below statutory bid limit
- Other process

**4. If your thresholds are not set by statute, and are set by internal policy instead, how do you establish those thresholds?**

- Follow other existing RCWs
- Established by policy
- No Policy
- N/A – My agency’s thresholds are set by statute
- Other (please specify)

**5. Do you think your agency would benefit from an increase to the small works roster limit, which is currently set at \$350,000 for most agencies?**

- Yes – large benefit
- Yes – small benefit
- No benefit
- Unsure

**5a. Please explain why an increase in the small works roster limit would or would not benefit your agency.**

**6. Do you think your agency would benefit from an increase to your statutory bidding thresholds?**

- Yes – large benefit
- Yes – small benefit
- No benefit
- Unsure

**6a. Please explain why an increase in your statutory bidding thresholds would or would not benefit your agency.**

**7. If your agency is authorized to use unit price contracting, have you done so?**

- Yes
- No
- Not applicable

**8. If public works bidding thresholds were automatically increased every 5 years according to inflation, what would the impact be on your organization?** The numbers below are hypothetical examples based on inflation trends shown in the Construction Cost Index over the past 20 years (roughly 3.5% per year). These numbers are for demonstration purposes only.

Year	Adjusted Small Works Threshold
2020	\$350,000
2025	\$410,000
2030	\$500,000
2035	\$600,000
2040	\$730,000

**9. Rate the opportunity level of the following factors for increasing public works efficiency.** When answering this question, consider the factors that drive up the cost or reduce the efficiency of public works projects and could potentially be addressed through statutory or policy changes. [matrix – high opportunity, medium opportunity, small opportunity, no opportunity]



- Prevailing wages
- ROW acquisition
- Rural location (transportation of equipment to rural places, etc.)
- Newspaper ads and other requirements
- Material costs
- Contract administration, paperwork, closeout time (“red tape”) etc.
- Environmental regulations
- Other (please specify)

**10. What are barriers to increasing participation in the small works roster including the limited public works process?**

- Not enough contractors available on my Roster
- Insufficient response from Roster contractors
- Insufficient resources to market to additional contractors
- Other (please specify)

**11. What improvements do you think could be made to the small works roster process to make it more effective? [open-ended]**

**12. Does your agency have diversity goals for Public Works contracts?**

- Yes
- No
- Unsure

**13. What barriers do you see to engaging with minority- and women-owned businesses on your Small Works Roster? [open-ended]**

**14. Has your agency taken any specific steps to increase participation by diverse contractors? [select all that apply; order will be randomized except for final “other” category]**

- Specific outreach or marketing to diverse contractors
- Inclusion Plans
- Mentorship/mentor programs
- No steps taken
- Other (please specify)

**15. In which areas of public works contracting could you use training or technical assistance? [select all that apply; order will be randomized except for final “other” category]**

- Understanding fundamental contracting components and procedures
- Making sure appropriate contract language is in bid packet

- Use of alternative contracting methods
- Understanding the risks involved with contracting processes
- Creating Scope of Work/bid documents
- Managing Timelines
- Other (please specify)

**16. What resources do you rely on to assure public works construction requirements are met?** *[select all that apply; order will be randomized except for final “other” category]*

- Hire outside consultant/inspector
- In-house personnel
- Rely on contractor
- Outside counsel/legal (L&I, MRSC, neighboring city, mentor)
- Other (please specify)

**17. Do you have any other thoughts or considerations regarding public works contracting in Washington State?** *[Challenges you face, suggested changes or improvements, etc.]*

## Survey Questions – Business

**1. What type of entity do you work for?**

- City
- County
- Special purpose district (fire district, water district, hospital district, etc.)
- Private business
- University or institute of higher education *[if selected, take the respondent to a custom end page thanking them for their participation but explaining that we are only collecting information from local governments and businesses]*
- State agency *[if selected, same result as universities above]*

**2. Please enter your information below. We will only use your contact information if we have any follow-up questions for you.**

- Name
- Agency or Business Name
- Email

**3. What Industry type is your business?** *[open ended]*

**4. What size public works projects do you typically pursue?** *[Check all that apply]*

- \$0 – \$10,000
- \$10,000 – \$50,000

- \$50,000 – \$150,000
- \$150,000 – \$350,000
- \$350,000 – \$500,000
- \$500,000 or greater

**5. How do you learn about public works projects?** *[select all that apply]*

- Daily Journal of Commerce
- Small works roster
- Local newspaper
- Agency websites
- PTAC or other small business support listserv/website
- Other (please specify)

**6. What barriers do you perceive when considering to bid on a public works project as opposed to private sector projects?** *[select all that apply; order will be randomized except for final “other” category]*

- Prevailing wage
- Required training
- Required documents
- Ability to complete forms
- Other (please specify)

**7. Are you willing to travel in order to complete public works projects?**

- Yes
- No

*7a. If so, what considerations do you make when deciding to bid on those projects?* *[select all that apply]*

- Distance from company
- Award Amount
- Logistical effort required
- Other (please specify)

**8. After being awarded a project, what specific challenges or risks do you face in completing a public works project?** *[select all that apply; order will be randomized except for final “other” category]*

- Understanding and meeting bidding requirements
- The ability to bond for a project
- Don’t understand all the risks involved
- Timelines
- Difficulty securing a loan or other funding for the project

- Retainage
- Ability to complete forms
- Other (please specify)
- N/A; Have not completed or been awarded a project

**9. Rate the opportunity level of the following factors for increasing public works efficiency?** [matrix – high opportunity, medium opportunity, small opportunity, no opportunity]

- Prevailing wages
- Rural location (transportation of equipment to rural places, etc.)
- Material costs
- Contract administration, paperwork, closeout time (“red tape”) etc.
- Environmental regulations
- Other (please specify)

**10. What change or improvements do you think could be made to the public works contracting process to make it more effective?**

**11. What are barriers to increasing participation in the small works roster including the limited public works process?**

**12. What barriers do you see participating on the Small Works Roster?**

**13. Is your business considered a small business?** [Fewer than 500 employees]

- Yes
- No

**14. Is your business Veteran owned?**

- Yes
- No

**15. Is your business minority or women owned?**

- Yes
- No

**15a. If yes, have you certified with the Office of Women and Minority owned Business Enterprises (OWMBE)? Why or why not?**

**16. Do you have any other thoughts or considerations regarding public works contracting in Washington State?** [Challenges you face, etc.]

## APPENDIX D. SURVEY QUESTION METHODOLOGY AND CITATIONS

### Demographic Questions

#### **1. What type of entity do you work for? [multiple choice]**

This question is meant to show the survey participant the correct set of questions (public agency employee vs. Business) and filter out any out-of-scope participants (state agency/university employees). This allows us to gain access to our partner mailing lists without having to ask them to filter (which may be impossible for some) their lists to eligible agencies. All survey invitations directly from MRSC will only be to eligible, in-scope agencies.

#### **2. Please Enter your information below. We will only use your contact information if we have any follow-up questions for you. [asks for Name, Agency/Business Name, and Email Address]**

The survey is designed to receive high-level data. We are collecting contact information in the event that we will reach out to participating entities after the fact to gather more detail regarding their answers. The business survey will ask, in addition, for the business industry type.

### Public Agency Questions

The below questions will only appear in the survey if the participant selects an eligible agency type in the first question.

#### **3. Approximately what percent of your public works projects are done using the following processes? [if you do not use a particular process, please enter '0' for that line]**

SB 5418 Citation: a) Identification of the most common contracting procedures used by local governments.

This question is designed to capture the most common contracting procedures used by local governments. We determined an estimated percentage would best address this question so we can determine how typical each contracting procedure is without having to request participants come up with exact numbers. This allows the participants to continue through the survey easily without compromising on the data.

Please note that we have not included “unit price” contracting because it is not a separate bidding process and uses either the formal process or small works roster process.

#### **4. If your thresholds are not set by statute and are set by internal policy instead, how to you establish those thresholds? [multiple choice]**

SB 5418 Citation: b) Identification of the dollar amounts set for local government public works contracting processes.

This question was designed to understand, for those agencies that do not have statutory limits, how those limits are created.

#### **5. Do you think your agency would benefit from an increase to the small works roster limit, which is currently set at \$350,000 for most agencies?**

##### **5a. Please explain why an increase in the small works roster limit would / would not benefit your agency.**

SB 5418 Citation: c) Analysis of whether the dollar amounts identified in (b) of this subsection comport with estimated project costs within the relevant industries.

During the initial stakeholder interviews, many participants questioned the need to raise the small works roster limit. MRSC has included this question to try and understand what types of agencies would like to see this threshold increased and how much benefit they would receive. This will ensure that we understand the full rationale for creating an inflation factor and can best identify the need to raise the limits over time.

**6. Do you think your agency would benefit from an increase to your statutory bidding thresholds?**

**6a. Please explain why an increase in your statutory bidding thresholds would / would not benefit your agency.**

SB 5418 Citation: c) Analysis of whether the dollar amounts identified in (b) of this subsection comport with estimated project costs within the relevant industries.

Similar to the previous question, this question was included to understand the benefit of raising the statutory bidding threshold and what agencies would see the increase as a benefit.

**7. If your agency is authorized to use unit price contracting, have you done so?**

SB 5418 Citation: a) Identification of the most common contracting procedures used by local governments.

Unit-price contracting is relatively new to most agencies in Washington State. This question was included to understand if agencies are aware they are eligible to use the new procedure and whether or not they are taking advantage of the new option.

**8. If public works bidding thresholds were automatically increased every 5 years according to statewide inflation, what would the impact be on your organization?** *The numbers below are hypothetical examples based on inflation trends shown in the Construction Cost Index over the past 20 years (roughly 3.5%). These numbers are for demonstration purposes only.*

SB 5418 Citation: d) An analysis of the potential application of an inflation based increaser, taking regional factors into consideration, to the dollar amounts identified in (b) of this subsection, for example.

This question is included to gauge the value of raising the threshold limits over time and how that would impact agencies, using either a regional factor or a statewide factor.

**9. Rate the opportunity level of the following factors for increasing public works efficiency.** *When answering this question, consider the factors that drive up the cost or reduce the efficiency of public works projects and could potentially be addressed through statutory or policy changes. [matrix – high opportunity, medium opportunity, small opportunity, no opportunity, unsure]*

SB 5418 Citation: e) Recommendations to increase uniformity and efficiency for local government public works contracting and procurement processes.

MRSC has included this question to understand efficiencies in the public works contracting process. The answers included are the most common factors identified by our interview participants. MRSC hopes to use this data to make further recommendations in our report for future study and potential efficiencies.

**10. What are barriers to increasing participation in the small works roster including the limited public works processes?**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question is included to directly address the citation above and understand what barriers public agencies perceive to increasing participation on the small works roster and limited public works processes.

**11. What improvements do you think could be made to the small works roster process to make it more effective? [open-ended]**

SB 5418 Citation: e) Recommendations to increase uniformity and efficiency for local government public works contracting and procurement processes;

This question has been included to find potential efficiencies for the small works roster process specifically.

**12. Does your agency have diversity goals for Public Works contracts?**

SB 5418 Citation: f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes.

This question is designed to quickly understand if a public agency has diversity goals in place. When agencies answer yes to this question, MRSC's intention is to allow for follow up with those agencies (if permission is granted) to learn more about their intent and specific diversity goals to see if they have any potential insight into how to increase minority and women owned businesses' participation.

**13. What barriers do you see to engaging with minority- and women-owned businesses on your Small Works Roster?**

SB 5418 Citation: f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes.

MRSC wanted to include an open-ended question specifically regarding participation of minority and women owned businesses on the small works roster to directly respond to the citation above.

**14. Has your agency taken any specific steps to increase diversity among its contractors?**

SB 5418 Citation: f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes.

MRSC recognizes that there are some efforts to increase participation that do not require formalized diversity goals. This question is designed to capture if an agency is specifically working to increase diversity without set goals. The multiple choice answers here are the efforts MRSC is currently aware of that agencies are implementing. We hope that this data will help us to fully realize the efforts being made to increase minority and women owned business participation.

**15. In which areas of public works contracting could you use training or technical assistance in?**

**16. What resources do you rely on to assure public works bidding requirements are met?**

No bill citation – Legislative request/recommendation.

In our conversations with the legislature, there was a question surrounding what assistance is needed by public agencies and what resources they currently have available to them in developing public works projects. These questions are designed to highlight if there is a need for assistance and if the study should recommend future efforts to fully define that need.

**17. Do you have any other thoughts or considerations regarding public works contracting in Washington State?** *[Challenges you face, suggested changes or improvements, etc.]*

We have included this question as a 'catch-all' to give the participant a space to include any final thoughts or considerations regarding this project and the public works contracting process.

## **Business Questions**

The majority of the questions on the business survey surround the barriers to participating in public works projects. Although the bill citation specifically calls out small works roster participation, many businesses (including those interviewed in our initial stakeholder interviews) do not view small works projects differently than projects done through formal bid, limited process, etc. Therefore, MRSC has elected to ask these questions in a broad sense to gain an understanding of the business perspective on public works contracting.

**18. What industry is your business in?**

No citation – demographic question.

**19. What size public works projects do you typically pursue?**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question is included to understand what size projects businesses are most interested in pursuing. This will assist in determining if business interest matches public agency need to ensure that increasing participation in public works projects is possible.

**20. How do you learn about public works projects? (Select all that apply)**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

Many of the efficiencies heard during our public agency stakeholder interviews included changing advertising rules. MRSC designed this question to understand where businesses hear about public works projects to ensure that this recommendation would work for both the agency and business.

**21. What barriers do you perceive when considering to bid on a public works project as opposed to private sector projects?**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question directly links to the citation above to ensure the project team is aware of all barriers that businesses see when considering a bid. The listed multiple choice answers are those requirements that a business must complete to bid on a government contract that do not apply when competing for similar work in the private sector.



**22. Are you willing to travel in order to complete public works projects?**

**22a. If so, what considerations do you make when deciding to bid on those projects?**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

Rural agencies, when interviewed, were concerned that their bids were not competitive because contractors are unwilling to travel. MRSC designed this question to understand the business communities' willingness to travel for public works projects and what extra considerations are made when determining whether to bid on projects further away.

**23. After being awarded a project, what specific challenges or risks do you face in completing a public works project?**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question is designed to identify, once a contractor is awarded a bid, what risks or challenges they face in completing a public works project. These factors may also play a role in participating in future bids.

**24. Rate the opportunity level of the following factors for increasing public works efficiency. When answering this question, consider the factors that drive up the cost or reduce the efficiency of public works projects and could potentially be addressed through statutory or policy changes. [matrix – high opportunity, medium opportunity, small opportunity, no opportunity, unsure]**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

MRSC has included this question to understand efficiencies in the public works contracting process and to see if public agency projects and private sector projects line up in terms of cost for the contractor, and how they differ.

**25. What change or improvements do you think could be made to the public works contracting process to make it more effective?**

SB 5418 Citation: e) Recommendations to increase uniformity and efficiency for local government public works contracting and procurement processes.

g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question has been designed to give participating businesses a space to identify any further improvements or considerations they see when looking at the public works contracting process.

**26. What barriers to you see to increasing diverse businesses (women-and-minority owned) participation in public works contracting? [open-ended]**

SB 5418 Citation: f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes;

g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question has been included to directly answer, in the business perspective, the above bill citations.

**27. What barriers to you see participating on the small works Roster? [open-ended]**

SB 5418 Citation: g) Barriers to improving the participation rate in the small works roster and limited public works contracting processes.

This question was included to catch any barriers businesses perceive while participating on the small works roster. The question is a direct ask from the above citation.

**28. Is your business considered a small business? (Fewer than 500 employees)**

**29. Is your business veteran owned?**

No citation

These two questions were included as demographic questions. This will assist the project team in analyzing previous questions by understanding if answers differ between different groups of businesses.

**30. Is your business minority or women owned?**

**30a. If yes, have you certified with the Office of Women and Minority owned Business Enterprises (OWMBE)? Why or why not?**

SB 5418 Citation: f) Rates of participation of all contractor types, including qualified minority and women-owned and controlled businesses, in the small works roster and limited public works contracting processes.

This question, along with the follow up, is designed to identify those businesses completing the survey that are minority and women owned to filter those results and highlight their barriers to participation.

**31. Do you have any other thoughts or considerations regarding public works contracting in Washington State? [Challenges you face, suggested changes or improvements, etc.]**

We included this question as a 'catch-all' to give the participant a space to include any final thoughts or considerations regarding this project and the public works contracting process.

## APPENDIX E. SURVEY COMMENTS: SMALL WORKS ROSTER THRESHOLD INCREASE

### Please explain why an increase in the small works roster limit would / would not benefit your agency.

Open-ended question. Comments have been categorized by the respondents answer to the previous question: Do you think your agency would benefit from an increase to the small works roster limit, which is currently set at \$350,000 for most agencies?

#### Yes - Large Benefit

##### **Large Benefit – Increase Efficiency (Save time, money, effort)**

- A higher limit - around \$500K would encompass many maintenance and support contracts that are now subject to formal bidding. - Saves time and cost.
- As a small entity, any increase in limits would provide time efficiencies.
- BENEFIT BY SAVING ADDITIONAL TIME AND EFFORT
- Easier time bidding projects.
- Efficient, faster start up to construction
- If STA used a small works roster this \$ threshold would be a very big benefit. I would approximate that 75-80% of the procurements I do each year fall under this threshold. It would save a significant amount of my time to be able to use a roster. At this time, if it is \$7M or \$7k I go through nearly the same process and spend just as much time to get competitive bids/quotes because we don't have a roster. As a smaller community it can be difficult to get enough competitive quotes or bids for smaller projects from available and qualified contractors. As a PTBA it was only recently (a year or so ago I believe) that the use of small works rosters was allowed so we just haven't dedicated the time to doing it yet.
- It would allow for faster procurement processes. We have difficulties getting formal bids, most contractors prefer informal SWR quotes.
- The larger threshold would save time, money and effort soliciting work.
- We are a small agency. The cost of projects has increased substantially since the limit was set, requiring a formal bid process. The work involved in managing a formal bid process is a burden on our small agency.
- We are a small entity, and an increase in small works roster limit would reduce cost and time compared to formal bidding.
- We do paving projects in the \$300-500 thousand dollar range. It is the same three or four pavers every time. Most are simple overlays. Going through the bid process takes time.
- We go through Small Works Contracts quickly, increasing the dollar amounts would decrease the amounts we execute.
- We have limited staff and funds, therefore using the small works roster saves valuable staff time and advertising funds compared to formal bid process.
- Simplify and expedite the process of smaller scale projects.
- Small Works Roster process would decrease the time and expense needed to post project, receive, evaluate and select proposals
- Takes less time to choose off of SWR than going out for formal bid, as well as costs less money!
- Reduce bid time and effort

- Repairs to existing sewer infrastructure (i.e. sewer line and manhole rehabilitation) can often exceed the current small works roster limit, thereby requiring formal bid and further increasing the repair cost.
- Our annual budget is \$26,000 a year. Bidding requires a huge expense to us. Most of our projects are through grants with the RCO.
- Our resources are limited so the Roster is critical to reduce administrative and contracting costs.
- It would make it easier to contract for smaller jobs.
- It would reduce time spent on project estimates, scheduling, award and completing the project.
- Limits are from years ago and need to be updated. Time saving.
- Many projects we have are in this price range. We send bids to all prospective contractors on our list (which is free to join) that are of applicable trades/specialties which allows competition, yet allows for expedited/less difficult contracting and approval processes.
- Increase in competitive bidding allows for potential savings.
- The District has a variety of projects that are close to \$350,000, up to around \$500,000. The current SW process is helpful, results in competitive bids while requiring less administrative support and document preparation.
- An increase would benefit us by relieving us the burden of advertising which costs and more importantly add to the timelines of getting a project under construction. In my agency, the formal bid procedures can add between 6-7 weeks to awarding a project depending on the commissioner's meeting schedule.
- We have been working on large capital projects for eight years now and will be returning to regular, annual water main upgrade projects that are typically \$500,000. We would use our small works roster process and complete two or three of these projects each year. There is a substantially smaller overhead cost associated with small works projects which would allow us to complete more projects annually.
- Cost have gone up, the increase would allow for the adjustments needed to keep up with inflation since the dollar amount was set many years ago.
- We are a small district with limited staff. The formal bid process is time consuming and expensive.
- Cost for water and sewer work has gone up 33 percent. As a public agency you can save a lot of money by using the small works process and still let everyone bid that wants to work in your District. Costs in the public bid are up 33 percent. You can pay \$300.00 a foot to replace a 8" main and that is a hardship on our customers.
- Time and cost savings.
- Most of our projects are small or emergency in nature. Raising the SWR limit would help us expedite projects.
- Ports are still set at \$300,000 per statute 53.08.120. An increase would benefit our agency as the legislature has stated for other agencies, it bring modernization and efficiency to procurement departments and consistency among all agencies.
- We are small and understaffed with only two public assets on an island with little to no resources, would be more efficient to increase the limit.
- As a port, we're still at 300,000. Small works with our limited staff helps move the projects much more quickly. Our small contractors also appreciate the simpler small works process.

### ***Large Benefit – More Flexibility***

- As a small agency we need the MRSC to have as much flexibility in developing the program as possible. We depend upon the MRSC for the small works roster.
- More flexibility when using the Small Works contract.

### **Large Benefit – Other**

- A small works roster project is much easier to manage in terms of preparing the bid package. Many times we have a project that is extremely simple to complete, like a utility extension, but costs more than the current threshold of \$350,000 simply because of the length of the project. Therefore, we have to put more time and effort into preparing a full bid package, which adds cost and time to simple projects.
- Cost of materials and labor continue to rise, but the limit does not.
- I think the roster reaches more contractors.
- Spokane Transit Authority
- It allows the owner to hand pick three firms that can potentially provide a superior product than just the lowest bidder.
- It would benefit our agency because the cost of advertising is expensive, and the time it takes to award a job is lengthy.
- It would help us to get projects completed more quickly for a competitive price. It also would support King County's goal to support equity and social justice initiatives and provide economic opportunities for small businesses and WMBE's and provide those businesses with experience so they can become competitive for larger contracts.
- Project costs are directly influenced by federal & state laws related to labor and material. This results in high project costs. Most current projects that we would classify as "small works" exceed \$350,000, and are typically closer to \$500,000. However, if one threshold is increased, all contracting thresholds should be increased.
- The City uses the Small Works roster in most of our projects.
- We can quote up to the current SW threshold. Raising the threshold would decrease the number of formal bids we have to conduct.
- With the increasing costs of public works projects today, many projects that used to fit the criteria for using the small works roster now exceed the threshold forcing small entities on even smaller budgets to use the more expensive and time-consuming competitive bid process.
- Would be able to easily provide more work to DBE firms.

### **Yes - Small Benefit**

#### ***Small Benefit – Increase Efficiency (Save time, money, effort)***

- Expedited bidding process with marginal cost savings.
- For small districts like JBWD, it saves on costs associated with publishing and record keeping.
- It saves money in advertisement costs and in time.
- It would ease the administrative burden on staff. I would like to see the threshold increase to \$500,000.
- Save on advertising costs.
- Savings in time in our internal processes.
- Small agency. Few people. Less paperwork.
- Small works bidding is a little simpler than the formal bid process.
- Small works roster process is faster, less cumbersome and costly, to use. Updating the threshold keeps pace with inflation. However, the number of projects that would fall in a new threshold is relatively small.

- SWR is a streamlined process compared to the Design-Bid-Build Delivery method. However, I think its likely that projects above 350K would require some amount of engineered drawings.
- There are some efficiencies and signature authority follows the SWR limits.
- Use of the roster allows us to get projects started/completed quicker, and it's an easier process to use.
- Using the small works process saves time, it is a much faster process than formal bidding.
- We don't have many project above the current threshold but competitive bidding is extremely time consuming. Being such a small agency, we don't have staff dedicated to purchasing procedures full time so have to pull people from other projects.
- Save in the costs for advertising and project manager fees.
- Small works process is faster and less costly.
- We are an island district and contractors are limited and off-island contractors are significantly more expensive due to ferry and travel time costs.
- It would decrease contracting complexity for medium sized projects.
- An increase would allow us to reduce administrative cost on a larger portion of our projects.

#### ***Small Benefit – More Flexibility***

- Added flexibility.
- An increase just allows us more freedom to choose which method to procure the services. Some smaller contracts still warrant a formal competitive bid. The small works roster allows us to get a contract awarded faster.
- It is nice to have multiple ways to deliver projects. The Small Works Roster and Job Order Costing help us stretch our limited staffing resources.
- Provides for a little more flexibility - it is not particularly difficult to wander above the \$350 k threshold.

#### ***Small Benefit – Other***

- \$350,000 covers a substantial amount of work, and most of our non-agency force functions. Slightly higher would work, but open competition for projects is good for transparency and access to public contracts.
- \$350,000 is a good limit. However most road improvements exceed this amount pretty quickly. This is where we would use a formal bid process.
- For a project of \$350K, most smaller cities would be using state or federal funding which would require formal bidding regardless of the high small works roster threshold.
- Larger pool of contractors.
- Local policy requiring city council award limits the time benefits derived from the small works roster process.
- More projects would fall into small works contracting.
- Our capital program is not that large, so the benefit isn't that significant.
- Our experience with the types of projects we engage for these amounts is driven by the Federal Acquisition Regulations and/or Grant requirements.
- Our internal procedures makes the small works roster process almost as cumbersome as formally bidding the project.
- Reduce the formal bid process.
- Sometimes the limit exceeds \$350,000.

- The SWR we use encompasses many disciplines. Increasing the limit will expose our projects to more vendors/contractors. Also would increase efficiency in transacting.
- The vast majority of our bids fall under the small works limits, so we'd probably increase our use of the SWR, but since we already use it a lot, it would be a minor improvement.
- To keep pace with inflation, and some of our projects on the horizon are close to this limit.
- Typically a project in the \$300K range will be a formal bid process.
- Using the SWR hasn't saved us a lot of time. In some situations when we've solicited to the entire category of contractors it has created a huge increase in work because the lowest bidder turns out to be a small contractor far from our location and we've had issues with them defaulting on their contracts.
- We are a small city. Most projects are small. Statutory protections for large projects are valuable.
- We don't use the SWR process very often. Port's are still at the \$300,000 threshold due to our RCW not being updated.
- We have had to rebid several job that attempted to utilize the roster. Contractors are treating as spam or ignoring. Had to rebid using formal bid, costing extra weeks.
- We just expanded our main treatment plant significantly, and added another plant in a different city. The value of our infrastructure is well over 1 Billion dollars. A major emergency can eat up a lot of that \$350,000 limit. Perhaps a percentage based on the value of your infrastructure or agency, would better serve everyone's needs.
- We typically have two ranges of projects. Projects with a value of \$100,000-\$500,000 and projects over \$1.2 million. Increasing the small works roster limit to match the project ranges would better align with the projects we typically complete.
- We have very few projects over \$350,000.
- We are in a very rural area; we have a hard time getting contractors who will do all of the paperwork required for any job at all.
- Change of conditions and change orders are unavoidable during construction, if the limit increased, you would not have to worry going over the limit when change order happen.
- We have very few projects that sit at the threshold. We are either well over the threshold or down at the multi craft threshold. The level of benefit would depend on how much the threshold would be increased.
- Limited amount of our projects are near the current threshold. Contracts are either way under or way over.

## **No Benefit**

### ***No Benefit – Do not use SWR Process***

- Do not have small works roster and do not use MRSC roster.
- We've not typically used the small works roster. We've found we don't effectively engage with quality contractors via our roster. However, we've recently changed to the MRSC roster so it may be more effective in the future.
- The SWR is not effective in our county. no one responds.
- We primarily use Job Order Contracting for work up to \$500,000.
- Currently do not use.

***No Benefit – Internal Policy is set differently***

- Local policy restricts to federal limits.
- Our Council has capped what the city manager can approve to \$100,000.
- Our formal bid limit is \$100K.
- Our formal bid threshold is set at \$100,000 so we wouldn't be able to use the Small Work Process over \$100,000.
- Over about 200k, we do competitive bidding.
- We would generally go through an open/advertised bid process for anything above \$65,000.
- No benefit because at that level, we would always use a bid process anyway. We are a small system serving just under 10,000 people.
- Our policy for informal bid selection from small works roster has a much lower threshold than \$350K.
- Most projects in this range are bid competitively.

***No Benefit – Limited number of projects near SWR threshold***

- Formal bid for most projects.
- Most of our projects are grant funded which require a more extensive bidding process.
- Most of our small work roster projects are below \$350,000 and due to our size most likely would not be more.
- Most of our small works projects are already under the limit.
- We are a small hospital district and do not manage projects above \$350K under our small works policy.
- We do not have jobs that reach \$350,000.
- We have one large paving contract a year. The difference in the limit wouldn't affect a large number of projects.
- We have very few projects that reach the current threshold.
- We rarely exceed this amount, if at all.
- We rarely have projects that exceed \$300,000.
- Current budget forecast does not foresee large projects or tasks benefiting from an increased cap.
- We are a small port and rarely if at all need to have a limit above the stated one.
- Most of our projects are very small in dollar amount. Very few projects are over \$350,000.

***No Benefit - Other***

- No tax base here.
- Pend Oreille County uses MRSC rosters for our small works roster. Rosters membership is not common for the contractors in our area. Formal bidding can yield a better pool of willing contractors.
- Pool is too small.
- The \$350,000 small works roster limit seems appropriate--any projects above that threshold should probably go through formal competitive bidding process.
- The process is nearly the same amount of work for us so \$350,000 is good.
- The small works roster is a great tool, but doesn't necessarily expedite work.
- Would not benefit--we are a very small special purpose port district.



## ***Unsure***

- City's formal bid requirement is at \$45,000. Unsure if City would modify policy/procedure to use small works roster instead.
- Currently our internal policy sets the threshold at \$200,000.
- For larger jobs the City desires to use the competitive bid process.
- It depends on the PA's office's position with whether we can take advantage of the new limit. Most of our projects are less than \$500,000. This would mean we would rarely have to go out to bid, although we might choose to in order to solicit more interest.
- Not sure if Council would be comfortable with giving staff approving authority of contracts over \$350K.
- Small works is faster than the formal bid but the addition of apprentice requirements makes it less agile.
- Sometimes the quality of the contractors in the small works roster is not as high those we get through bidding. We also see more irregularities in the small works bids.
- The City of Seattle does not currently use a small works roster.
- Unsure on this question. We use the small works contracting/purchasing for the smaller scale projects. Larger projects are competitively bid.
- We have a tree service and all the jobs we have done have not been large ones.
- We have few projects, and most are in the \$40K-80K range. One upcoming project is likely to be \$500K+.
- Most of our projects fall below our \$300,000 threshold so I do not believe that it would benefit us.

## APPENDIX F. SURVEY COMMENTS: STATUTORY BIDDING THRESHOLD INCREASE

### **Please explain why an increase in your statutory bidding thresholds would / would not benefit your agency.**

Open-ended question. Comments have been categorized by the respondents answer to the previous question: Do you think your agency would benefit from an increase to your statutory bidding thresholds?

Many commenters wrote “same as above” indicating their reasoning for this threshold change is the same as their reasoning for the question: Please explain why an increase in the small works roster limit would / would not benefit your agency.

#### **Yes - Large Benefit**

##### ***Large Benefit – Efficiencies (Save time, money, effort)***

- A lot of our contracts are for small(er) items of work that need to be accomplished. This allows us to get the contract awarded quickly with minimal administration, allowing savings for the taxpayer and serves the needs internally much faster.
- Again, it would ease the administrative burden to staff. We appreciate the recent increase. A reduction in the requirements for retainage and bonds outside the SWR process would be extremely helpful.
- An increase to goods and services would allow for more work to get done faster.
- As a small entity, any increase in limits would provide time efficiencies.
- BENEFIT BY SAVING ADDITIONAL TIME AND EFFORT.
- Bidding takes longer due to the time it takes to post the bid documentation, wait, hold the pre-bid meeting, wait, hold the bid opening, wait, get Commission approval.
- Easier time bidding projects.
- Formal bidding takes significant agency administrative resources that could be better spent managing a public works project. I am not aware of any significant issues with contractors not being aware of opportunities or not being fairly selected to perform the work.
- Higher thresholds would also serve to keep smaller projects from having to be approved by Council (always on consent calendar) saving time and cost.
- Increasing the bidding thresholds would allow for larger materials purchases without having to go through the full bid process, greatly saving time.
- It would allow for faster procurement processes. We have difficulties getting formal bids, most contractors prefer informal quotes.
- Limited Public Works Process is being used for many of our unit priced (on-call) contracts. The \$50,000 threshold limits most of our contracts to one year only. If the threshold was higher we could have multi-year contracts saving bidding time and allowing continuity. Retainage and bonding requirements beyond the threshold limit creates a financial burden for smaller contractors.
- Limits are from years ago and need to be updated. Time saving. Same as above
- Our resources are limited so the Roster is critical to reduce administrative and contracting costs.
- Reduced effort, staff time and associated cost in advertising.
- Schedules continue to be a difficult part of projects, and any changes that can be made to ease the contracting burden and keep things moving along would be valuable.

- There are so many utility tasks our maintenance crews could accomplish in much less time and with much less cost if the statutory bidding limits were increased. For example, extending a water line 200 feet to connect to another line so as to increase operating pressures and possibly adding a single fire hydrant along the way for better fire safety purposes would be simple to do. But because just the material costs exceed the statutory bid thresholds, we are forced to prepare a small works or formal bid package for small projects like this. We could serve our community needs much faster and with less cost if the thresholds were increased.
- Like above costs have gone up 25 to 33 percent on supplies and materials.
- Cost of projects ever increasing and what was enough when the thresholds were set are not appropriate for today's projects.
- We can do work internally at a lower cost than contractors.
- I am considering an option of hiring an construction crew and have district staff install sewer mains. I am under the impression anything above \$50k requires public bid. An increased amount would save our ratepayers \$ when it comes to connection charges if we could successfully run this.
- An increase would benefit our agency as the legislature has stated for other agencies, it bring modernization and efficiency to procurement departments and consistency among all agencies.
- An increase would allow us to reduce administrative time and cost on a larger portion of our projects.
- Ability to perform in-house work with hire thresholds is often a common need for an agency our size. Bid limits present limitations on what can be done internally and with rising construction costs, bid limits should also be adjusted.

#### **Large Benefit - Other**

- An increase to the non-competitive threshold would allow departments to choose who they want without creating detailed specifications. Often, a department needs to call a contractor to get work done fast. Bidding is great for demonstrating fiscal responsibility to the public but it also slows down the process.
- I feel this would be the same positive benefit as with increasing the small works roster limit. The increase in statutory bidding thresholds would allow us to bid higher dollar amount contracts and thus process fewer of them each year.
- It would give our project managers more flexibility in getting quotes and selecting their contractor based on work and the company. In addition it would save a lot of staff time without having to prepare bid documents. On the other hand the negative would be a decrease in competitive prices if we weren't doing a formal bid process.
- It would help with keeping the same contractor for all jobs.
- Keep pace with inflation.
- Most contractors are not interested in bidding on PW projects, due to the paperwork. Larger limit would allow internal policy to increase its limits allowing for the smaller contractor to have opportunity to bid.
- My answer to this is in regards to the purchasing limits. We are currently held at \$7,500 which is quite low in today's marketplace.
- Our internal process are very restrictive.
- Same as above.
- See above
- See answer above.

- The recent change to day labor thresholds is weird. They should be consistent with first class cities.
- The statutory limit needs to reflect the rise that has occurred over the years for today's public works projects.
- Without a lot of paperwork.
- We use statutory bidding thresholds as standards and guides to establish our agency guidelines.
- With projects becoming more expensive, an increase in statutory limits for bidding thresholds is long overdue.
- A variety of R&R type projects fall in a lower cost category, perhaps \$75-100K. There are a variety of smaller contractors that thrive on these smaller projects, some specializing in certain activities. The District generally rotates through qualified contractors for work that does not require bidding.
- Same as above.
- See answer to previous question.
- Bring in a larger number of qualified bidders.
- Sometimes getting any bidders on relatively small projects is a challenge. An increase would help us get a contractor.

**Yes - Small Benefit**

- Again simplify and expediting the process.
- Allows greater flexibility to get projects completed by City staff, and allows us to call out contractors to get small projects done quickly by contractors that we know are qualified to do the work.
- Allows more flexibility
- Allows more work to be done by internal forces: eliminating bidding related time constraints and additional costs.
- An established standard is more legally defensible.
- Could use small works roster for larger scale projects.
- If the thresholds are increased it will provide more flexibility in our contracting procedures.
- Increased flexibility is better, but not a large benefit.
- It would allow for a little more informal (advertised) bidding.
- It would be nice to have the lower threshold limit of \$2,500 increased to say \$5,000 to \$8,000. We have had trouble with estimated project costs in the \$3,000 - \$8,000 dollar range that it is hard to find the minimum 3 quotes on.
- It would be nice to have the option in some cases. In other cases, the dollar amounts add up quickly and should be better controlled and more transparent.
- Less staff work, but likely increase in cost of work.
- Limits should be tied to inflation. Erosion of authority makes some process less relevant, costing the public more in process than any potential savings.
- Maybe.
- On the low end - when to bid, minimum number of bids, etc.
- Our limit is so small because we are a small city that it makes it hard to do anything with our own forces. It would help us to determine based on available staff than statutory thresholds.
- Provides maximum flexibility for how to get work done with the resources we have.
- Same as above.

- Same as response above.
- Same reason as above.
- Streamlined 3 quote process below thresholds by policy.
- There would be a time savings.
- We do not have that many projects but with an increase in bidding thresholds it would be a benefit to not needing formal bids.
- We do some much work in-house it would make some difference, but not a large benefit.
- We have a \$0 threshold for Public Works.
- We normally bid below thresholds, but there are some instances where a higher threshold would allow us to be more responsive and take advantage of certain situations that happen infrequently.
- We still get individual quotes but don't necessarily need a bid bond. We do need a payment and performance bond in all cases.
- With prices going up for labor & materials yearly, increasing to higher thresholds ensures we can transact efficiently with what the market is dictating.
- Work would be completed quicker but potential impact to vendor pool and equitable distribution of funds.
- Yes, smaller jobs typically need to be performed quicker.
- Our thresholds for formal bid are set per RCW. Increasing them would reduce admin. Effort.
- Small benefit because our small projects rarely reach the threshold.
- There is work we are qualified and able to complete that we cannot do in house. We would like the option as this helps our crew be cross trained and better prepared for an emergency.
- We are extremely small operating on a limited tax budget with part-time personnel. Under the current RCW, all port districts MUST competitively bid public works projects. We are so remote , rarely, if anyone responds. Our projects often go on for years because of this.
- As above - more local contractors would be willing to bid which then goes back into our local community.
- Same as the previous above reason.
- Yes it would benefit us because right now as a Port District we do not have a minimum threshold we work from. Our threshold starts at zero so anything small has to be bid out.
- Any increase would provide a benefit however it would be small as we do not bid out very many projects that are below the small works threshold.

**No Benefit**

- Essentially the same process is used if SWR or below SWR threshold.
- Same reason as above
- Same.
- STA's procurement policy is dictated by thresholds that FTA requires therefore I see little to no benefit from the state changing theirs as we would be held to the more restrictive FTA thresholds.
- The bid process, through the eyes of a very small city, is anathema... we'd do almost anything to avoid it.
- They are adequate with the use of job order contracting
- We don't have jobs that reach that level

- We don't have statutory limits. I also don't think that our Executive Director or our Board of Directors would be comfortable with raising the thresholds.
- We recently increased to follow Pierce County. We are happy with our current thresholds.
- No benefit because we generally work well under the limits as they are.
- We do not need an increase.
- The current thresholds are working for us.

***Unsure***

- Again, not sure if Council would be comfortable with giving staff approving authority of contracts over \$350K.
- Again, our counsel's reluctance to allow us to use statutory bid limits and limiting us to the bid limits in our 2008 ordinance.
- For the projects we do, the current limits seem to be working fine.
- I don't understand the term, "statutory bidding thresholds."
- The City would need a policy change to use it.
- We use the FTA standards as established by OFM and published in 2 CFR 200.

## APPENDIX G. SURVEY COMMENTS: INFLATION RATE BENEFIT

Public Agency Question: If public works bidding thresholds were automatically increased every 5 years according to inflation, what would the impact be on your organization?

Open-ended question. Below are the answers provided for Question #10, broken into categories.

### ***Positive Benefit: Greater Efficiencies (time, money, effort)***

- BENEFIT BY SAVING ADDITIONAL TIME AND EFFORT
- An increase in the threshold would remove many extra costs and time barriers that can go with the competitive bidding process thus increasing the efficiency of completing a public works project.
- Make it more affordable to do projects without full engineering to go to bid.
- Make the bidding process more efficient.
- That would help expedite contracting practices.
- This will allow us to work efficiently within the market including keeping the contractors/bidders competitive.
- This would be a benefit to our organization and save some time associated with full bid procedures.
- This would be a savings for the City.
- We would be able to get more contracts done faster through the small works process.
- Departments could carry on their normal, authorized, activities without the delays of going back to the Board.
- It would allow us to use the roster for similar scale projects as it would account for inflation and also potentially reduce administrative burdens if there was a planned schedule for increases that could be built into policy and internal thresholds rather than having to react to legislation.
- Greater efficiencies in procurement.
- Hypothetically speaking, if STA's procurement policy was able to reflect state thresholds I believe regular increases to the threshold would be aid in reducing staff time and effort for small projects. I also believe it could open the door to more contractors that are suited for small works, it might give them more confidence and stability in working with public agencies.
- This would be nice to keep up with the rising costs of doing business, while keeping a competitive and efficient contracting process in place.
- This regular increase would help us reduce our advertising costs by allowing us to go directly to known companies interested in serving us.
- It would save time and money.
- Possibility that the contracting process could be shortened
- It would help us expedite projects and help assure the quality of work desired.
- Faster delivery and completion of projects.
- It would allow us to move quickly on small works projects, while keeping up with inflation.

### ***Positive Benefit: Better Planning***

- These would be more realistic projections going forward.
- Pre determined (predictable)rates allow for additional planning.

- It would provide a "known" quantity rather than it being unknown each year whether there would be a change in threshold.
- It would assist us in our CIP and TIP planning efforts.

**Positive Benefit: Other**

- Having more projects be eligible for small works would be beneficial.
- Connecting threshold small benefit
- Increases to inflation is a logical approach.
- It would be beneficial.
- It would be helpful. Our thresholds are tied to the RCW so we would benefit from these increases
- It would better match construction rise in material pricing to maintain continuity in the amount of work being completed within a comparable scope.
- It would help us continue to use the small works process by keeping up with inflation.
- It would make sense to adjust based on inflation. It would help us to stay current, but on the other hand it would be another step of training for staff to re-learn the thresholds constantly.
- Maintaining the "level of work" to be allowable for internal forces to perform. Without the adjustment for inflation, projects allowable to be performed by internal forces become smaller and smaller under one fix threshold. Its analogue to loss of "purchasing power"
- Small benefit
- The impact would be positive.
- The original intent of the thresholds would be preserved - the costs of construction naturally increase via inflation.
- This could greatly affect my business and would support the use of DBE firms in competitive position and meaningful project work.
- This makes sense. We would prefer to have a predictable inflation factor, rather than wait for legislative action.
- This would be a positive change. Most of the current contracting and purchasing thresholds were established in the 80's I believe, and an annual increase would keep pace with inflation without requiring time-consuming statutory changes.
- This would be beneficial to my organization
- This would work.
- Tying thresholds to inflation is positive in that it keeps the thresholds up to date without legislative action.
- Very positive impact
- We would benefit if it continued to increase as above.
- With the decrease in state-shared revenues and the increase in cost for large projects, this adjustment every five years only makes sense, especially for small entities.
- Would certainly benefit from increased SWR threshold.
- Yes, this would be great. We need to keep up with today's costs not costs from many years ago.
- A number of our smaller projects would be eligible for consideration as a small works roster project. As we are working to complete a number of fish passage projects, this could greatly benefit those projects.
- I believe automatic adjustment of bidding thresholds with inflation would benefit my organization, though some (small works) thresholds need to be adjusted now.



- It would be great, especially if you could provide a form ordinance that we could adopt. I think we could persuade our PA's office to present it for approval if they don't have to do the leg work drafting a new ordinance.
- It would make sense to do so.
- Less formal bids, more competition.
- The impact would be positive.
- As many of our stations continue to age, we may have more projects that exceed the threshold. Any increase, would be beneficial for such projects.
- It would be a blessing.
- It would help. However, the replacement value of our infrastructure would also be increasing at those rates, so the benefit may be very little.
- Keep the process viable at increase efficient and bidder interest in the smaller jobs we have to do.
- Slight benefit.
- That inflation criteria would be great.
- This would be beneficial to reduce the number of projects that fall into a more restrictive method simply from inflation.
- Yes, positively.
- Would probably start using SWR.
- Small benefit.
- Small impact.
- Yes
- It would be beneficial.
- This would be a benefit to our agency.
- That would be extremely helpful. Construction costs have almost doubled from 2015 to 2020. We need our bidding thresholds to follow suit.
- We've had smaller projects that could meet these thresholds and the impact would be that smaller companies would be more competitive. Our local area would benefit by using local construction companies. They wouldn't have to travel, etc. so hopefully prices would be lower on the projects.
- This would simply keep up with market costs and maintain the intent of the law.
- It would make sense to keep public works pegged to inflation.
- Great benefit as we would be able to do more economic development projects in rural Pend Oreille County.
- Helpful but not certain as we are a small town with smaller projects mostly.
- The threshold increases would eventually reach more of our significant capital projects. Could be a benefit in several years.

### ***Concerns over Updating Policies***

- Currently our small works threshold is set in our internal purchasing policy. If it changes every year we would frequently have to revisit the policy, unless our Council would be in favor of referring to the state adopted thresholds.
- The work would involve updating manuals, forms and informing/training staff. Our code is tied to the 39.04.155 as amended

- We would just need to update the language in our purchasing policies and procedures to match the public works bidding thresholds.
- Would cause all contract document templates, policies, procedures and Code to be revised.
- We would be in favor of this, but may need to re-craft our policy to refer to statute
- Need to update District policy every five years but the concept is good.
- Initially, the impact would be that we would require a change to our internal resolution that sets policy. We would need to provide background and explanation to our commission and update internal documents and templates. We could write policy in such a way that the automatic increase is considered if the commission will approve a resolution written in that way. Otherwise, each year the increase occurs, we would need to take the same steps in presenting the changes to commission, and update all internal documents. Level of impact would be based on our commissioners

### ***Other Concerns***

- An automatic increase could possibly reduce the opportunity to use the Public Works Contracting system since we are a small community.
- I think its not good as a matter of public policy to plan according to inflation. It creates an expectation of inflation that is very hard to reverse. I think the larger trend is going to be of global deflation which is supported by the demographic trends.
- We may have to start applying our apprenticeship requirements to our small works contracts which may create a hardship for the small contractors.
- We feel that bidding projects competitively secures a better price for the City as opposed to using Small Works Roster.

### ***Like Concept but Unsure of Benefit***

- It's a good idea but it would mostly just be staying even.
- Little impact but I support the concept.
- Not much, but I can see how it would be beneficial. It saves money on advertising for those smaller projects.
- Not sure, but in theory raising the threshold makes it easier. In practice, use of the roster raises issues for us unrelated to amount threshold.
- Small impact because of the limited number of projects we have each year, but still appreciated because costs for all future projects will be affected by inflation.
- It probably wouldn't benefit our agency but raising the limits seems like a good idea to keep up with the rising costs of construction.
- Its possible that more projects would fall within the Small Works threshold. However, if actual costs of projects increase by a similar amount (the idea behind the CCI), then theoretically, "more" projects may not qualify, but rather, the same number of qualified projects would simply be maintained. On the contrary, if the threshold is not increased over time, then less projects will qualify, making the roster less useful to agencies.
- It might help somewhat but it appears that the bid limit is increasing at the same level of inflation is occurring so the same projects will still have to go out for formal bid process.
- This would be a good start but increase of more would be helpful. Looks like you are using the CPI look at the Engineering index to see how it works out as well. Maybe raise every year based on the Engineer or CPI or every two years but add the off year number to stay ahead of the curve. Example 2021 maybe 2.0 but 2022 is 3.2 so raise it by 5.2 in 2022. Then you do not have to keep going back to look at it.

### ***Unsure of Benefit/Very Little Impact***

- Again - projects in our town that approach the \$300K - \$400K range are formal bids.
- Again, not sure if Council would be comfortable with giving staff approving authority of contracts over \$350K.
- Can't predict an impact since we're not taking advantage of this yet.
- I am not sure.
- Impact would be minimal.
- No
- No direct impact, would potentially allow for costs saving by not having to bid larger projects out.
- No Impact.
- Other circumstances would dictate if there was a benefit or not.
- No impact as stated above.
- Not sure.
- Not sure how this would affect our agency because sometimes we aren't able to get bidders to give us bids on SWR projects. The bigger issue is the limits put on self performed work.
- Not much.
- The upper threshold limits would really not affect our agency as we abide by the purchasing/contracting guidelines.
- For these levels to make any difference we would have to change our district policies about small works projects vs facilities capital projects.
- Needs to align with federally funded project limits.
- Not much.
- Unsure.
- It is hard to know what projects we will have in the future. At this point, we do not have significant projects planned after 2023. Most other projects that might come up are most likely going to be under \$350,000.
- Little/no impact due to few projects at these levels.
- Most projects do not meet the thresholds so little impact.
- No impact.
- No impact--we would likely continue to formally bid projects greater than \$350,000.
- None
- Not a lot. We rarely have projects that exceed \$300,000, and when they do, they exceed by a lot.
- Not sure if management would still use the SWR.
- None
- For an organization of our size, projects of this scope would be subject to competitive bidding anyway.
- Not much impact. Most of our projects are either much below the current threshold or quite a bit over.
- Min. impact as most of our projects exceed 1 million
- Not applicable.
- No impact.
- Not sure.

- Difficult to say. Currently, we have no projects in the 6-year CIP that are at or near either threshold showing in 2020 or 2025. But increasing with inflation sounds reasonable.
- Not much of an impact for us since our projects currently are not reaching this big of threshold.

### ***Recommendations***

- I would recommend rounded numbers like 425, 750, etc. rather than the 410, 730.
- Recommend annual increases.
- This would help but why stagger the increases over 5 year periods? Why not over one years periods until a maximum is reached?
- It would be great, especially if you could provide a form ordinance that we could adopt. I think we could persuade our PA's office to present it for approval if they don't have to do the leg work drafting a new ordinance.
- I'm in favor of this, but after moving the threshold to \$450-\$500K.
- Indexing the SWR threshold over time should be done, and should be re-evaluated every 10-20 years to ensure it does not outpace inflation.
- I would start the 2025 amount shown above enacted now verses 2025

### ***Miscellaneous***

These answers did not fit into any of the above categories.

- 35000
- Assuming the numbers reflect inflation, I imagine it would keep us trending on a similar schedule.
- What additional level of controls will be required to ensure proper use of public funds @ this level?
- The increased thresholds would definitely change the way we bid some of our larger projects.

## **APPENDIX H. SURVEY COMMENTS: BARRIERS FOR M/WBE (PUBLIC AGENCY RESPONSES)**

Public Agency Question: What barriers do you see to engaging with minority- and women-owned businesses on your Small Works Roster?

Open-Ended. 131 comments. Sorted into theme categories based on response.

### ***Lack of Availability***

- Not enough contractors in a given category.
- There are not many 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.
- There are very few women and no minority owned businesses on Lopez.
- Limited competition in Eastern Washington.
- There aren't many that do the work we need done.
- Availability and quantity of resources.
- Limited number within our service area.
- There are too few so it is hard to meet a quota
- Limited number of minority- and women-owned businesses.
- Our location and availability of qualified MWOB in the area
- Lack of available qualified contractors.
- W/MBE businesses, particularly WBE seem to be too busy in this area.
- No barriers just lack of availability.
- There may be a limited number of them, especially in rural areas.
- Very limited choices in the Tri-City region for minority and women owned businesses, which can significantly increase the project cost.
- Pend Oreille is small county with little diversity in local contractors
- Our rural location and lack of contractors willing to come here.
- Limited number of contractors meeting minority- and women-owned businesses for our specific projects
- We are a small community, isolated on the Olympic Peninsula. The percentage of minority and women owned business is very low. Having to wade through the requirements is onerous, and produces no results.
- Our area is limited
- Remoteness of our jurisdiction, lack of diversity in the area.
- Rural area with small population base.
- Depending on industry or location of project, sometimes there just aren't any MBE/WBE businesses available.
- Small number of contractors on roster.
- Availability in our area.
- There are not that many in our county/region. If there were, then it would not be a barrier.
- Not very many minority- and women-owned businesses in our area.

- Lack of qualified people in our area.
- Not enough availability of contractors.
- Small community.
- Not enough qualified minority/women businesses on the roster. Some businesses on the roster just do not do good work when hired.
- Not enough on roster.
- A significant lack of certified DBE firms in our area, and the paperwork challenges in becoming certified.
- We are in a rural area, and there are simply too few listed contractors within reasonable service distance to pick and choose for the sake of diversity.
- The barrier is to get people willing to serve a community that is 45 minutes from contractors.
- Availability/interest in our area from M/WBEs.
- The City of Brewster has limited contractors willing to do public works contracts. They can work for private contracts with less hassle.
- Limited amount in my area.
- Just the limited amount of these business in general and of those even fewer that want to go through all of the necessary steps to be able to do a public work.
- Interest level
- Unsure on the diversity goals. Have seen on projects I've gone out to bid for encourage minority and women owned businesses. As far as on a SWR, with a limited pool for SOME applicable trades/specialties, it may further limit competition.
- Not enough interest by minority and women-owned businesses.
- We don't have hardly any minority and women owned businesses in our area.
- In our area the workers and owners are all middle aged white males.
- We would gladly diversify if we could only get responses from anyone.
- There are not very many, if any, in my area. I shouldn't have to worry about paying extra to get one to do my job -- and I am a woman saying this. Business is business, low price does the job. Our citizens should get the most for their tax dollars.
- Our agency is located in a rural farming community, and the availability of skilled construction workers that are WBE, DME, and MBE is limited.
- We have not experienced this since there are not very many of them applying for our roster.
- We do not have much participation by minority- and women-owned business, regardless of our attempts at reaching them. Looking for new ideas to reach new M&WOB.

### **Outreach**

- 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.
- More active recruitment of target communities needs to happen.
- No local events or advertisement by agencies to attract with MWBE businesses.
- Time consuming for small projects to contact business.

- Awareness of our project although we advertise and send to MBE/DBE plan centers. Large number of qualified non-MBE/DBE contractors in our area.

### **Requirements**

- 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.
- Small business lack of training in government procurement.
- Another reporting/administrative requirement.
- Too many legal and filing requirements. Prevailing wage requirements.
- 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 resources to complete the 'necessary' paperwork and process or they don't want to.

### **Clear Ability to tell if DBE or not**

- 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.
- Clearly identified as being disadvantaged on the roster.
- Difficult to identify on the roster lists.
- We don't have a lot of bidders. A lot of businesses labeled as minority owned or women owned are falsified like the owner doesn't run the business, her husband does.
- I'm not aware if the existing MRSC SWR can screen out or accommodate this requirement.

### **Other Barriers**

- The cost is usually more when using a minority and women-owned businesses.
- Lack of understanding. Overall contractors do not know or choose to ignore the bids with MBE/WBE goals
- WSDOT sets the diversity goals for our public works projects. Since WSDOT doesn't allow the use of our Small Works Roster for our public works projects the diversity goal doesn't relate to our roster process. If WSDOT did allow the use of the roster; sometimes the goal is larger than the minority's available in our region.
- For federal loans they are required but not required. This is odd. Either make us all do it or make no one do it.
- Limited number of companies with some trades, required to work with some companies that have no history with your low bidder, poor performance of DBE companies and little ability to remove them from the roster.
- We are open to have any contractor bid. If I recall when the minority and women business opened up a few years back several companies were pushing the limits and created smaller companies under their umbrella. Who will monitor this. We are all for getting the lowest responsible bidder to complete our work.
- We always satisfy DBE regulations as obligated by agreements and law. We seek to hire DBE contractors on all projects. However, if a contractor is not qualified and the project is funded through local funds only, we won't hire that contractor.
- Not getting responses when advertised. I don't limit my distribution. It's usually to the entire Category list of contractors. I don't look at this issue and consider in our decision.

- See the Declaration of Independence: "All men are created equal." Diversity is good if considered by good men (and women).
- We have overall agency goals, but not specific contract goals. Barrier is that they are not categorized by this. See answer to previous question.
- No guarantee that they will be responsive to our bids.
- Lack of resources including personnel expertise to implement a program that would set goals and recruit new businesses.
- Lack of participation from contractors. Plus, 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.
- The same barriers as have always confounded government processes where they have social engineering goals woven into the requirements. If we want to put an end to all the "ism's" out there, we need to quit creating new categories of "protected classes" to put things in. Race, color, creed, national origin and all the rest do not belong in the mix as "requirements."
- Our low dollar limits allows for many PMs to get 3 quotes from the vendors they tend to prefer.
- 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.
- 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".
- When bidding jobs with state/federal \$, then yes.
- Severely limits the qualified contractors if this is required. If points are added to MWBE bid evaluation then may increase project cost.

### ***Unsure***

- Unknown
- Not tracked
- I'm not certain I don't manage this requirement.
- Unsure.
- We use MRSC to create rosters for each project, assuming that MRSC has engaged minority-owned businesses for inclusion.

### ***None/No Barriers***

- None (27 comments).
- No barriers, but currently not much diversity on the island.
- None that are apparent. We get WMBE participation regularly.
- None, I think it would benefit them. If they're willing to sign up and track it.
- This has not been an issue.
- I don't see any barriers.
- No barriers. (2 comments).
- None, we open to all.



- No not use SWR currently.
- None. Everyone is encouraged to apply. We do not discriminate.
- There shouldn't be any barriers.
- We haven 't used the small works roster that much in our past.
- No barriers, most contracts include language for these classes if necessary.
- None, other than tracking. We normally are assigned goals on federally funded projects.

## **APPENDIX I. SURVEY COMMENTS: BARRIERS TO SMALL WORKS ROSTER PARTICIPATION (BUSINESS RESPONSES)**

Business Question: What Barriers do you see participating on the Small Works Roster?

Open-ended. 48 Comments. Sorted into theme categories based on response. Self-identified minority and/or women-owned business responses indicated by an asterisks (\*). Self-identified veteran-owned business responses indicated by a carrot (^).

### ***Not enough projects***

- Hard work to get on roster, often resulting in little or no work.
- Poor selection of projects for small businesses.
- Not enough projects going out to all to bid.

### ***Too much paperwork/difficult process***

- Increased paperwork
- \*No one help you through the process for the first time.
- \*I'm in favor of small works rosters, although it takes a lot of time to keep up, and make sure we're on all the ones we should be on.
- \*My companies employees and myself need to receive some paperwork training.

### ***Don't Meet Requirements***

- Requiring personal income/wealth limits
- We have grown in size so no longer meet the requirements
- We are a larger company, hard to be competitive.

### ***Lack of Information***

- There is not enough information about the job.
- Need better visibility of when cities are going for bid.

### ***Other Barriers***

- \*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.
- Doesn't seem like there are many roster projects available. Our firm submits on the roster, but it seems like we're submitting qualifications into a black hole... nothing comes of it.
- ^I'm not sure what Small Works Roster you are referring to. Is this a state-wide list?
- The number of company's requests are sent to.
- ^The MRSC small works roster is great. Establishing a presence on MRSC connects to many jurisdictions. One barrier is reaching the other jurisdictions not on MRSC individually.
- \*Get more unrelated not sure when related work might be available in my field unable to easily filter out other stuff

- Public notice of availability to bid/propose; requirements from RFPs that create a huge expense for bidders.
- \*I've been reviewing opportunities and waiting for the right one to bid on that fits within our areas of expertise.
- Same answer as previous.
- There is no vetting of subcontractors or small business. Capabilities/experience
- Playing favorites with certain contractors because it's easier to stick with a couple contractors in stead of shopping around.
- There are so many requests different
- Timelines is our only issue. It is unfair to other clients that have made deposits on their project to be bumped for a Small Works Project.
- No action, only maybe contacted two or three a year
- The contractor needs to be responsible for follow-up, questions, etc - not assume a government agency will contact them.
- Government
- ^Lack of qualified workers
- \*We also are a small business, we have been taken advantage of, since they need their quota for minority-women-small business. Some of the ways (they will condense their schedule and cause are small crew to work crazy hours then deny there overtime pay..... So many other things that has made us more cautious when bidding these jobs.

### **No Barriers**

- \*^None (13 commenters).
- Nothing extra ordinary.
- \*N/A (2 commenters).
- None that I see. But I'm always open to seeing more jobs to bid on. I want to see everything that comes available in my categories.
- No barriers.

## **APPENDIX J. SURVEY COMMENTS: BARRIERS TO M/WBE (BUSINESS RESPONSES)**

Business Question: What barriers do you see to increasing diverse businesses (women-and-minority owned) participation in public works contracting?

Open-ended. 51 commenters. Sorted into theme categories based on response. Self-identified minority and/or women-owned business responses indicated by an asterisks (\*). Self-identified veteran-owned business responses indicated by a carrot (^).

### ***Paperwork***

- Red tape bull, to many hoops to jump through. Raises the cost to most PW projects x 2
- The increased paperwork required could be driving businesses away from small projects.
- \*Limits that apply to how much a woman-owned business can make that allow for certification
- \*To much paperwork
- That if they are small companies, it's hard to dedicate the time the amount of paperwork takes to complete. It can also be difficult to work within strict time confines.

### ***Focus on Quality not DBE Status***

- Emphasizing "diverse businesses" rather than competency. Provide education, financing, bonding help for diverse businesses to compete.
- \*MWBE does not equate to QUALITY. Selection should be qualifications based, not status based
- Competency of a defined privileged class when contract demands performance is a conflicting standard.

### ***Lack of Availability***

- Unintended incentives for MWBE firms staying as small/niche firms. Difficulties in finding MWBE firms and ability of firms to complete work in a timely way because of a limited number of firms.
- Just not that many in the landscape business.
- ^It is very difficult to find UDBE firms that have the expertise or experience needed on a project. The OWMBE database search function is onerous and often does not produce any results for the category I am searching.
- Lack of qualified service providers (contractors).
- The business entities are not out there and readily available. Some knowing that a project has to meet certain percentage thresholds raise pricing which in the end is not a benefit to the project, or the goals you want to achieve.
- Lack of Women and Minority Businesses in a busy marketplace (i.e. they are all busy too.)
- ^Lack of qualified workers

### ***Other Barriers***

- Since most of them are small businesses I would say being competitive with cost. We use some business that are women or minority owned but do not want to go through the process to be certified. I do not know what the process is or if it is cumbersome for them.
- \*Exempt diverse businesses from PLAs or CWAs.

- As a small business, one barrier we experience is that we're a small business, but not M/WBE or SCS. Many agencies only give preferential treatment to M/WBE firms and not other Small Businesses.
- Bidding process.
- \*A lot of times the entity says this, but as a WBE we've never been contacted to meet some of these diversities. I don't believe it's effective; just something written on paper.
- ^If equity is truly desired, remove special treatment of women and minority owned firms. As this is not likely, barriers that are ingrained in society seem to be the overall barrier. Seattle Public Schools' current proposal to eliminate gifted student programs will not likely remove barriers.
- \*Size ability to sub often before through old boys network.
- Unrealistic WMBE contracting capacity is the underlying key flaw in the system. Prime contractors cannot directly impact 1.) lack of experience 2.) WMBE cash flow 3.) WMBE bonding 4.) WMBE insurance 5.) lack of WMBE business training. Mentor/ protege programs have the potential to help with 1. & 5. but 2.,3. & 4. need to be addressed directly instead of defaulting to Prime Contracting community to "just figure it out".
- Washington's moving toward the "underutilized DBE" goal at the expense of other qualified WBE/MBE doesn't help. Also, emerging small businesses need to be included in the goals.
- I think it's improved greatly in the last 10 years.
- \*800 page RFQ's, reading and understanding them. Understanding the contracts and how they apply.
- \*The bond or security deposit.
- \*More jobs women can do as a contractor, more opportunities
- \*Most government programs do nothing to increase diversity, other than drive up costs. Programs to favor individual groups of people only end up discriminating against others.
- Experience.
- \*Many minorities like myself are not made aware of the opportunities available. The financial resources are sometimes not readily accessible for minority owned companies.
- Lack of training / support to complete paperwork for contract, government agencies, etc correctly and on time.
- Making minor 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.
- Potential employees have not been properly prepared by public school systems for work.
- \*We are one on these companies, this does help us to obtain work. We also are a small business, we have been taken advantage of, since they need their quota for minority-women-small business. Some of the ways (they will condense their schedule and cause are small crew to work crazy hours then deny there overtime pay... So many other things that has made us more cautious when bidding these jobs.
- \*Probably bonding.

### **Unsure**

- Unknown

### **No Barriers**

- \*^None (7 commenters)
- N/A (3 commenters)

- Gender has nothing to do with it. If they are a viable company that can compete, why not?
- I really don't see a barrier. Anyone has the same right to participate.
- None, everyone has the same amount of God given minutes in a day as I have, it's all in how you use them.
- No barriers.

## **APPENDIX K. SURVEY COMMENTS: OMWBE CERTIFICATION (BUSINESS RESPONSES)**

Business Question: If [you are a minority and/or women-owned business], Have you certified with the Office of Minority and Women owned Business Enterprises? Why or Why not?

Open-ended. 22 comments. Grouped by yes, no and other responses.

### **Yes**

- Yes (4 commenters)
- Yes, thought it would get us more exposure.
- Yes, I've certified.
- Yes we do, Lots of paperwork to get started. OWMBE # M5M8422004 SCS #1172.

### **No**

- We have not applied for the certification because we were waiting for over 3 years of business banking records. We are applying for the certification in 2020.
- We are husband and wife owned. Have not taken the time to do this. We primarily work with private parties and homeowners.
- Wasn't sure what the benefits were.
- No, I was not aware of this. My wife is a partial owner, so I will look into this.
- No, lack of information.
- Earnings more than allowed for certification.
- No, don't know how!
- No. I don't think we technically qualify, even though we are 50% women owned.
- Too much paperwork, we find plenty of work without certification.

### **Other**

- Our firm has minority status only in the City of Seattle. This is a good example of lack of consistency with industry standards.
- In the process.

### **N/A**

- N/A (3 commenters).

## **APPENDIX L. SURVEY COMMENTS: EFFECTIVE SMALL WORKS ROSTER (PUBLIC AGENCY RESPONSES)**

Public Agency Question: What improvements do you think could be made to the small works roster process to make it more effective?

Open-ended. 102 responses. Comments grouped into theme categories based on response

### ***Decrease Requirements (L&I Training, Paperwork, Advertising etc.)***

- In the last year, it has become more difficult to participate in public works contracting with the adoption of the mandatory training and recently certified payrolls. I would like to see Washington adopt a similar program to Oregon where prevailing wage starts at projects over 50K.
- Remove the advertising requirement in the RCW. Allow Cities to take a minimum of two sealed bids and allow local contractors to remain on a list indefinitely (or at least for 3 to 5 year periods).
- The amount of paperwork required on prevailing wage jobs seems to be the biggest complaint I hear about, and see.
- The county would benefit by not making the process so time consuming - and on par with larger projects.
- On smaller contracts sending to 3 contractors instead of 5 would be an improvement. It's hard to find 5 for specialty work sometimes.
- Reduce State requirements for reporting and prevailing wage.
- If the goal is to encourage small businesses, we need to make the requirements less burdensome. Like up to a certain threshold no prevailing wage requirements.
- Make process easier for small contractors to process, report small works.
- Perhaps L&I or other agency could collect small works roster t&c agreements once a year and then the t&c's could be eliminated from each individual contract. Way too much paperwork for small projects.
- Decrease number of quotes required
- Raising contractor participation by eliminating the prevailing wage requirements.
- Keep it simple. The competitive spirit of the law is important, the continued addition of requirements and "streamlining" of certain processes makes it all the more difficult for small contractors to perform. They want to do the work called out in the job. Some of the smaller companies have no administrative help so they do the work to keep themselves whole and get behind in the paperwork, documentation and processing of files.
- Make it easier for the contractors and the agencies to do the paperwork. Faster response from State agencies to contractors can be paid timely.
- Make it easier for contractors to join the roster.
- Streamline the process so more contractors want to be a part of it.

### ***Need more contractors Listed/Get more bidders on the list***

- Not sure. I continue to give out the MRSC website for contractors to join, but we lack bidders on many of our bids.
- Not much in rural Washington
- Get more contractors signed up and interested in using it



- We operate in a very rural area and most times have to encourage contractors to get signed up.
- We don't seem to get much response from Roster contractors - unsure if that is because of outdated contact information or they are uninterested in our projects. I think it would be helpful to have alternate contact information or know when it was last updated.
- Rural communities struggle to hire contractors
- More local contractors; more contractors in general

### ***Better Categorization***

- Sometimes it is hard to find exactly what we are looking for. An example, I was looking for a graphic designer and I had to open many of the qualifications but still found it hard to find what I was looking for.
- Contractors and consultants registering for their actual field of expertise. Some seem to check a lot of boxes to be put into consideration for work.
- Prohibit contractors from indicating they do all kinds of work that they, in fact, are not interested in performing.
- Many of the contractors in a given category are not relevant to the project I want to advertise. We are hesitant to use the SWR because we think there would be better outreach advertising locally and in the DJC - Portland.
- Sometimes the mechanism by which we sort particular types of contractors or work is frustrating and doesn't bring up the contractors we need. Contractors may need more help in listing their area of expertise so they appear in the correct category/s
- Ensure the contractors are selecting the correct criteria to be put in the correct rosters.
- More efficient criteria match so that pulling a list of companies off the roster isn't so enormous. Narrow down the job needed so we don't have to contact 50 companies that pull up on the list when only 15 may offer the job we need completed.
- The biggest issue I encounter is contractors state they are provide every type of work, when that is not practical. If I need a fence, hundreds of contractors appear, when many of them are not at all interested in building a fence. Also, it would be nice to search by locale.

### ***Sort by Location***

- Include an option for sorting available firms by location (or at least by region). It takes a lot of time to wade through the list and eliminate firms that are outside of the Puget Sound area.
- Advertise locally when a small project that wouldn't interest contractors or vendors from across the state.
- Establish service area filters and remove general contractors from maintenance/repair, since they almost never bid on that type of work.
- List contractor specific to a location
- Regionalize the contractors, so that only contractors that could reasonable do the work without traveling great distance are on the list.
- Enable initial searches to group contractors by distance from the job site location. Unless we download the data and sort it ourselves, we just see an alphabetical list of contractors who provide the services we select. Big pain.
- Have the contractors broken out by county.

- Get rid of it and just allow for us to post to our websites and allow bidders to bid - take away the legal ad and keep in the limits for bonds, retainage. But managing the roster when every contractor is on it anyways, seems like a waste of time.
- The ability to solicit from contractors within a certain mile range from our project location.
- Radius limits on allowed bidders. Local bidders tend to understand the costs associated with a particular area better than those, say "on the other side of the mountains"
- Ability to sort by location within State - West vs East etc. More info on qualifications of contractors or experience.
- Have contractors by region or county.
- Many contractors show up on our list that do not respond. It appears that many contractors are far away from us and may not be responding due to distance factors, so why show up on our list?
- Indicate location of contractor. Mobilization costs are make out-of-town/county contractors noncompetitive for most small works jobs.

### ***Increase Thresholds***

- Increase dollar limit for both small works and limited public works
- Increase the value of materials level for work we can do ourselves instead of contracting out.
- Increase the threshold so it can be used more often.
- Increase dollar ceiling, although the bigger players may take advantage
- Increase contract dollar thresholds
- Lower limit threshold increased above \$2,500.
- Raise limit
- I would like to see an increase in the minimum threshold for small works roster. I know it increased just last year. I could make the argument that it should be more in the neighborhood of \$75,000-\$100,000.
- To start with raise the public works limit. Raise the in house work limit to allow small projects to be performed in house. This would allow agencies to employ more staff and get more project completed. The State's infrastructure is in poor shape.

### ***Increase Outreach/Advertising***

- More information and flexibility to market projects to contractors. It is unclear how to find contractors interested in certain projects.
- Having different avenues of reaching out to contractors to invite them to bid on small works contracts would make the process more effective.
- Increase outreach to contractors and particularly WMBE contractors and suppliers.
- Advertise the small works roster to contractors
- Marketing to draw in local contractors into roster
- Most small contractors who want to perform public works contracts aren't aware of it.
- Being on the east side of the mountains has limitations, over time population growth will help to minimize this but maybe additional outreach to other contractors in the area could be of benefit if they exist.

### **Other Recommendations**

- Define "equitable distribution"
- A better roster and significantly higher dollar amounts.
- Continue to encourage contractors to register on the roster bringing the agency better bid results; and continue to hone the category choices to fine tune for better bid results. Also require contractors to update their categories each year - since new ones are being added. This will also help get better bid results by reaching the correct contractors for the job.
- Make it applicable to all forms of PW contracting and eliminate the trade/non-SWR options.
- Would need to modify local policies to allow administrative award of SWR contracts rather having to go through a formal city council award process.
- Using the email contacts to advertise a Scope of Work quickly and efficiently helps greatly. I like the format of the SWR display and process.
- Create more of an automated process of sending out notices for solicitation to contractors on the roster. Right now users need to hunt through info pages for the appropriate contacts
- Some form of quality control or policing to keep addresses current. The roster tool is very robust but can use some updating and checking for bad email addresses. Could this be automated, done quarterly? I just did an advertisement to over 1000 contractors using the roster, got a small percentage of bouncebacks, but that can still overwhelm one's email.
- Consider that there are small state agencies with limited resources financially and personnel
- Categorize by certifications such as small and disadvantaged business. Now we have to go into the company's record to see what certifications they have
- Not require annual sign-ups. Make the sign-up good for 10 years.
- Also, to be able to solicit a quote (if your looking for a final one to meet the minimum requirement) from a Contractor/Vendor that is not on your roster however, is a licensed contractor that is considered responsible.
- Get rid of it.
- Mandate vendors submit at least three bids per year to remain on roster(s).
- A better (meaning both easier and more quickly) way of filtering the roster to meet my City's needs; not the system's needs.
- Make towns accountable for justification of spending foolishly
- Available responsibility criteria, continued monitoring of contractor status
- If there was a way to get companies to have some sort of investment in the process. Maybe forcing them to re register every year or two. Maybe dropping those vendors that haven't responded to an invitation in a year or two. Also, agencies should be able to remove vendors that fail to perform. We recently had a vendor "win" a Bid and then say no thanks we don't want to do that.
- Making sure contractors are able to self perform work or state that they are a general contractor, and have contractors identified by region they typically work in, so we do not end up trying to get bids for small works from contractors that are across the state and do not respond to our requests.
- Low end contracting needs to be updated and made easier for the \$5K - \$20K projects. Also, need greater detail on service/task order based contracting.

- Unsure why only limited contractors respond. A means to have 'registered' bidders would help to know who is interested in bidding the work. Otherwise all potential notices to bidders must involve an e-mail to all.
- Consistent bid requirements, doing away with the 3 v 5 bidder response requirements. Clear concise prevailing wage requirements based on the type of work being considered. More Small Works / Prevailing Wage webinar training available.
- A common statewide small works roster would be helpful. In Washington state, if L&I managed the roster, we could eliminate the step of vetting potential bidders through L&I for wage compliance and safety violations.
- We have a separate small works roster process than MRSC. Several years ago when we were using the MRSC roster, we were told by the state auditor that we could offer a small works project to any 5 contractors on our list rather than go through our 212 contractors that were on our small works roster from the MRSC. However, the next time we used the small works roster, we could not use any of the first 5 contractors we use previously. And so on, until we went through the entire list. Many of the contractors on the MSRC small works contractor list did not even work remotely close to our area. We want to use contractors that want to work with us and therefore, dropped out of MRSC and are managing our own small works roster. Unfortunately, we have only had one project we have done since we left MRSC but we hope to do more and intend to send out all projects to all contractors on our small works contractor list.
- A lot of the vendors on any given list are not really qualified for the specific work we are looking for. There is a lot of time wasted figuring out which vendor to submit a RFP to.
- Small Works tend to be more expensive than a simple bid request
- Develop a way to thin the pool of binders,
- Add a provision that includes all very small special purpose districts that is realistic for rural America.
- Extend the time period of eligibility once on the small works roster.

***No Improvements Noted/Works Well as is***

- I think it's fine but that's just my opinion :)
- Cannot think of any at this time.
- Not sure (3)
- Haven't really used it yet.
- No changes.
- Unknown (2).
- We are very pleased with the process as supported by MRSC.
- Not sure what can be done to improve it.
- None at this time.
- I'm not sure. We are packaged with other communities/agencies in our area which tends to maximize the potential for contractors, it may be a lack of awareness.
- The small works roster process works really well for our city.
- None (2).
- As STA has not been able to go through the process I cannot provide an opinion on this.
- I think it works pretty well.

## **APPENDIX M. SURVEY COMMENTS: EFFECTIVE PUBLIC WORKS CONTRACTING (BUSINESS RESPONSES)**

Business Question: What change or improvements do you think could be made to the public works contracting process to make it more effective?

Open-ended. 54 comments. Comments grouped by theme categories based on response.

### ***Relax Requirements/Paperwork***

- Remove prevailing wage. Some bidder responsibility criteria could be eliminated, i.e., apprenticeship training, prevailing wage training
- These answers are for Design only: The RFQ/SOQ process is terrible, too much bureaucracy within agencies to get projects done efficient and in the public interest
- Simpler filing for intents and affidavits
- Duplication, streamline and reduce the amount of paperwork needed. Having to do duplicate certified payrolls. Eliminate LCP Tracker. One on one training and education. More advance notice on pre bid walk throughs. More time to review RFQs and put together bid
- Less paperwork
- Simplified paper work
- Simple paper work
- Mechanics, delivery drivers, truck drivers should be except from prevailing wage laws. Although of times these are needed in emergent situations and availability
- I think that for a small company such as ours, it would be beneficial to raise the limit of a combined intent and affidavit to \$4,000.00 instead of the \$2500.00 limit currently in place.
- Less paper work, they prevailing wages are a joke it is a corrupt system to give work to unions
- Change the focus from convenience to Lnl to convenience to contractors.
- A reduction in the required paperwork would always be helpful. Also, risk equates to opportunity for the contractor but it drives up the contractor's cost. Consider having agencies deal with risk. For example, with traffic control - instead of going lump sum and dumping all risk on contractor, either itemize traffic control or make it force account with a set amount.

### ***Go with most qualified, not lowest bidder***

- More qualification-based selections - ideally a mix of cost and qualifications - similar to more private sector projects.
- More structure around the QBS (qualifications based selection) process for consulting
- Not always accepting the lowest bid. We had an existing contract with PCLS and when it went out to bid there were 4 bids. The 3 highest bids were within 1% of each other and the lowest bid was 50% less and they accepted it.
- I think maybe to consider the bidders not necessarily the lowest one
- Eliminate the low bidder process and go with the best fit.

### ***Better flow of information/More Information Available to Contractors***

- Transparency of submittals received - we'd like agencies to post the submittals they receive on projects and scoresheets. Some agencies don't do debriefs so having this transparency is helpful as our firm evaluates how to do better. - Insurance limits - some agencies are requiring higher and higher insurance limits, which are very costly for Small Business firms to obtain. The staff at agencies driving risk management need to understand the implications and effects of its risk aversion practices on consulting firms, then work towards a happy medium.
- More honesty between engineers and owner on project prior to bidding.
- Sponsor instructional classes on how to navigate the process and how to get information on available work
- Have someone readily available to answer questions
- A workshop or tutorial guiding through the initial bidding process.
- Easier access to all jobs that get listed. Make it easy and put them all in one place
- Updating product data to current availability and efficiency.
- One place online we're I can find public work jobs.
- A bidding list, planholders list of contractors.
- Knowledge of needs, clear understanding of prevailing wage and various other contract needs.
- Documentation needs to be clear, concise, easily understood. There's repetitive information, conflicting directions, too much legal ease text. Many companies feel it just takes more effort than its worth.
- Allow a more open bidding process with better more communication with customer
- The budget for these projects are not always stated in the request for bids.
- When posting a project, make it a requirement to post job location, so we don't have to open several documents to see the job is out of our normal work area.
- Only include in RFP what is applicable to the specific project at hand.

### ***Receive Payment/Release Retainage Faster***

- Pay on invoices faster.
- The time line of retainage is long standing, it would be nice that once we file our affidavit of wages and are approved that our retainage would be released that would make it nice for subcontractors
- Agency review time to close out project and release retainage
- Administrative burdens and slow pay issues.

### ***Other Comments***

- I think the processes that are in place are working effectively. I like that everything is done electronically.
- Many public works owners rely on PLAs or CWAs, which typically hurt and create barriers for small businesses. I recommend adding language to these documents that would exempt MWDBEs.
- Remove contradictions that "require no discrimination" while requiring preference (discrimination) for certain racial, gender, etc.
- Break out subs work for newly engineered or emerging green products vendors
- Continuing efforts for Partnering between Agencies & Contractors Reduce administrative burden

- Allow ultra small firms to bill using an all inclusive fully loaded billing rate. Eliminate the need for ultra small firms to calc ICR annually.
- Reduced turn-around timelines for contract execution; public/private agreement on Indemnification clauses.
- Increase number of pre-qualified on-call/IDIQ contracts to reduce number of time consuming of RFQ/SOQ exercises for individual projects
- County and State Road Maintenance Crews and Organizations having to play by the same rules as the private sector and quite competing against the private sector for work. Such as the Washington State TIB funds, local County workers performing street maintenance work on City streets not paying prevailing wages, not having their work inspected, not being held to the same standard as the Private Contractors.
- I like public works projects as everyone bidding is held to the same criteria. The labor cost are the same for the same for all. They are easy to bid on.
- Requirements for agencies to always provide accurate taxability information at bid and/or contract submission. Too often it is up to the contractor to hunt down this info.
- So far our experience has been good. We only had 1 project that we had to cancel because the city had a ridiculous timeline for completion. We had other jobs that were ahead of theirs and they were unwilling to change the completion date. The project was not done for another 7 months. If they had been willing to change completion date by 3 weeks, our company would have saved the city \$15,000.00
- Longer bid timeline
- Search for local SDVOB
- When your company has done a few of these jobs, the contracting process is ok, it's after you get these jobs and the Contractor or Company that your work for can become a real nightmare.
- Get rid of "buy American" clause. Very difficult to find materials or components that are only made in USA anymore, and they are more expensive, drive up job costs.
- No Comment.
- N/A (2 commenters).
- None.

