

HOUSE BILL REPORT

HB 1693

As Reported by House Committee On:

Higher Education
Capital Budget

Title: An act relating to the University of Washington's alternative process for awarding contracts.

Brief Description: Concerning the University of Washington's alternative process for awarding contracts.

Sponsors: Representatives Pollet and Tarleton.

Brief History:

Committee Activity:

Higher Education: 2/6/15, 2/13/15 [DP];

Capital Budget: 2/23/15 [DPS].

Brief Summary of Substitute Bill

- Extends provisions related to terminating the alternative process as of June 30, 2020, extends repealing the alternative process as of June 30, 2021, and includes an emergency provision to make this effective June 29, 2015.
- Adjusts the \$5 million cap for using the alternative process for awarding medical construction contracts for inflation.
- Requires the University of Washington (UW) to publish its notice of the existence of rosters to its website.
- Requires the UW to review postselection processes to improve postselection startup of construction activities, prevent delays, and capture potential cost savings.
- Requires the UW to provide biennial training and support to help certified minority or certified woman-owned contractors (MWBES) qualify for subcontracting work, and report on outreach to and participation by the MWBEs.

HOUSE COMMITTEE ON HIGHER EDUCATION

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: Do pass. Signed by 9 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Reykdal, Stambaugh and Tarleton.

Minority Report: Do not pass. Signed by 2 members: Representatives Holy and Van Werven.

Minority Report: Without recommendation. Signed by 1 member: Representative Hargrove.

Staff: Megan Wargacki (786-7194).

Background:

The Legislature created an alternative process in 2010 that allows the University of Washington (UW) to pre-qualify contractors for certain critical patient care facility construction projects. These projects must cost \$5 million or less. The alternative process allows the UW to limit distribution of bid solicitations to contractors that have demonstrated their ability to complete complex projects in a patient care environment.

The Legislature enacted the alternative process with a June 30, 2015 termination date under the provisions of Washington's Sunset Law. The Sunset Law requires the responsible organization to develop performance measures and to collect data to demonstrate how well the program is performing. In 2014 the Joint Legislative Audit and Review Committee (JLARC) conducted a performance audit to verify the program's performance in the year preceding the termination date and made recommendations on whether to continue the program. The JLARC recommended that the Legislature continue the alternative process because its use is reducing contracting time, and contractor quality ratings have improved. The report also included three recommendations for the UW, two to improve the timeliness of these projects at Harborview Medical Center, and one to improve tracking the use of minority-owned and woman-owned subcontractors (MWBES).

Summary of Bill:

The \$5 million cap for using the alternative process for awarding medical construction contracts is adjusted for inflation from the 2015 fiscal year as determined by the Office of Financial Management in the capital budget cost estimating instructions.

The UW must review postselection processes with any entities for which it operates medical and hospital facilities subject to this law, in order to improve postselection startup of construction activities, prevent delays, and capture potential cost savings. The UW must provide at least biennial training and support to help certified MWBEs qualify for subcontracting work on a roster project. The UW must report to the Capital Projects Advisory Review Board a description of outreach to the MWBEs, and a description of participation by the MWBEs as contractors or subcontractors in projects using the alternative process.

The JLARC must conduct an evaluation of the alternative process, including any improvement to participation by the MWBEs, and any time and cost savings to the university by December 1, 2019, and every five years thereafter.

Provisions related to termination and repealing of the alternative process for awarding medical construction contracts are repealed. An emergency provision is included to make the repealer section of the bill take effect June 29, 2015.

Appropriation: None.

Fiscal Note: Available.

Effective Date: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2 relating to the termination and repealing of the alternative process for awarding medical construction contracts, which takes effect June 29, 2015.

Staff Summary of Public Testimony:

(In support) The audits and recommendations by the JLARC should be brought before the Legislature so that the Legislature can act on them. The construction of medical facilities is unique. The UW has a strong commitment to working with the MWBEs in the prequalification process. By maintaining a roster of over 12 contractors, the UW is able to work with these contractors to identify quality subcontractors appropriate for the contract. This process allows the UW to work with a more diverse group of contractors than under a traditional process. The benefit to removing the \$5 million cap allows projects to grow with inflation. It is important to remove the sunset to provide assurance that the UW can use the process in the future.

(Opposed) None.

(Information Only) The JLARC reviewed the alternative process as part of the sunset review and provided some recommendations to the Legislature.

Persons Testifying: (In support) Representative Pollet, prime sponsor; Genesee Adkins and Alan Nygaard, University of Washington.

(Information only) Valerie Whitener, Joint Legislative Audit and Review Committee.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt,

Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff, Kochmar, Peterson, Riccelli and Walsh.

Staff: Christine Thomas (786-7142).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Higher Education:

The substitute bill requires the UW to publish its notice of the existence of rosters to its website instead of newspapers of general circulation. It removes the requirement that the JLARC conduct an evaluation of the alternative process. It also extends the termination and repeal dates for the alternative process for awarding contracts, rather than repealing them altogether.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2 relating to the termination and repealing of the alternative process for awarding medical construction contracts, which takes effect June 29, 2015

Staff Summary of Public Testimony:

(In support) The alternative contracting process for medical facilities allows the UW to work with specific contractors and potential bidders to allow opportunities for MWBEs. This allows for informal discussions to take place to identify competent MWBE contractors that would not be available through traditional design-bid-build contracting. Current law has been demonstrated to be effective and the bill supports continuing the alternative process. It was suggested that the JLARC review was not necessary and that providing the JLARC with the same reports that are provided to the Office of Minority and Women Owned Businesses and the Capital Projects Advisory Review Board would be sufficient.

(Opposed) None.

(Information Only) The JLARC evaluates the alternative process to look for best practices in addition to reporting the data.

Persons Testifying: (In support) Representative Pollet, prime sponsor; and Genesee Adkins, University of Washington.

(Information Only) Valerie Whitener, Joint Legislative Audit and Review Committee.

Persons Signed In To Testify But Not Testifying: None.