

# HOUSE BILL REPORT

## HB 1861

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**As Passed House:**  
March 8, 2017

**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, Haler, Stanford, Tharinger and Santos.

**Brief History:**

**Committee Activity:**

Higher Education: 2/14/17, 2/17/17 [DP].

**Floor Activity:**

Passed House: 3/8/17, 52-45.

**Brief Summary of Bill**

- Requires the University of Washington (UW) to consult with and include the Office of Minority and Women's Business Enterprises in the alternative contracting process for construction projects on critical patient care or specialized medical research facilities.
- Removes the expiration date on the UW alternative contracting process.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass. Signed by 6 members: Representatives Hansen, Chair; Pollet, Vice Chair; Haler, Sells, Stambaugh and Tarleton.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Holy, Ranking Minority Member; Van Werven, Assistant Ranking Minority Member.

**Staff:** Megan Mulvihill (786-7304).

**Background:**

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*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.*

The University of Washington's Alternative Contracting Process.

The Legislature created an alternative process for the University of Washington (UW) to award contracts for construction and remodeling projects on critical patient care or highly specialized medical research facilities in 2010. The projects must cost less than \$5 million. The UW maintains a list of prequalified contractors for these projects, known as the Critical Patient Care and Specialized Medical Research Facilities Roster (Roster). The Roster is published once a year in a newspaper with a statement soliciting qualified contractors. Eligible contractors who wish to be added to the list must keep current records of their licenses, certifications, registrations, bonding, and insurance on file with the UW. There is an evaluation committee who determines which contractors are added to the Roster based on various criteria, such as the contractor's past performance on similar projects and the contractor's capacity to complete the project.

The Office of Minority and Women's Business Enterprises.

Washington's Office of Minority and Women's Business Enterprises (OMWBE) was established in 1983 to promote equity and increase participation in public contracting and procurement for small businesses owned by minorities, women, and disadvantaged persons. The OMWBE certifies and maintains a list of small businesses that qualify.

**Summary of Bill:**

The UW must publish the Roster with the OMWBE, in addition to a newspaper. The UW must receive input from the OMWBE about the records of the contractors eligible to be placed on the Roster. The evaluation committee must include one representative from both the minority-owned business community and the women-owned business community. In addition, the evaluation criteria used by the evaluation committee must also include:

- The contractor's record of including the OMWBE's certified minority, women, veteran, and small businesses.
- The contractor's past history of using small, disadvantaged, minority, women, and minority women business enterprises over the past five years on projects of \$5 million or less, and the contractor's proposed outreach plan and commitment to include such business enterprises.

The UW's business diversity program must establish aspirational goals for small, disadvantaged, minority, women, and minority women business enterprises for each roster based on the projected subcontracting opportunities.

The annual report the UW provides to the Capital Projects Advisory Review Board must include use rates of the OMWBE's certified small, disadvantaged, veteran, women, and minority-owned businesses on projects. The UW must also require contractors to solicit proposals from the OMWBE's certified firms.

The expiration date of June 30, 2017, for UW's alternative contracting process, is repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on June 30, 2017.

**Staff Summary of Public Testimony:**

(In support) The UW's medical facilities have an exemption from normal contracting processes because of the unique characteristics of the renovations and projects. Many of these renovations are done while patients are still using the facilities. This exemption expires soon so it needs to be renewed. A recent Joint Legislative Audit and Review Committee study showed that this alternative process works well and saves time and money on these special medical projects. Prior to using the Roster, the bid was running around 60 days, but now it is around 39 days. Also, the performance reviews of the contractors have improved. It is an important tool to keep the UW medical facilities competitive.

Recent negotiations with minority and small business contractors are reflected in the bill. These changes would improve access to minority-owned and women-owned businesses for participation in these projects and help the UW vet contractors for their use of these types of businesses. Hopefully it will also lead to minority and women contractors being added to the Roster.

(Opposed) None.

**Persons Testifying:** Representative Pollet, prime sponsor; and Joe Dacca, Jim Evans, and Ian Goodhew, University of Washington.

**Persons Signed In To Testify But Not Testifying:** None.