

# HOUSE BILL REPORT

## SB 5631

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### 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:** Senators Becker and Frockt.

### Brief History:

#### Committee Activity:

Higher Education: 3/14/17, 3/22/17 [DP];

Capital Budget: 3/30/17, 4/3/17 [DP].

#### 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.
- Repeals the expiration date on the UW alternative contracting process.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass. Signed by 7 members: Representatives Hansen, Chair; Pollet, Vice Chair; Haler, Orwall, 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 Legislature enacted the UW alternative contracting process with a 2014 sunset review by the Joint Legislative Audit Review Committee (JLARC) and an initial expiration date of June 30, 2015. The JLARC recommended in their review that the Legislature reauthorize the alternative process and made a few recommendations regarding improving project timeliness and tracking the use of minority- and women-owned subcontractors. The UW alternative contracting process was reauthorized for an additional two years, with an expiration date of June 30, 2017.

### 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.

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### **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; and
- 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.

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**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 Senate Bill is identical to the House Bill, and this is a critical bill that removes the sunset expiration date. It also implements the recommendations from the Joint Legislative Audit and Review Committee, including that the UW should track the use of the OMWBE's certified businesses. The alternative contracting process outperforms in terms of getting contracts done, and this work takes a specialized workforce. This bill is about two things: inclusiveness and transparency. The critical care roster has existed for seven years, and in that seven years there has not been a minority- or woman-owned firm on the roster. This is severe underutilization on the university's part. The UW could do targeted outreach and be more aggressive about informing the OMWBE businesses about the Roster. The UW has identified a minority-owned firm that was not aware of the Roster that is now submitting their qualifications. This firm will be vetted by the evaluation committee and may or may not make the Roster, but at least now there is a minority-owned firm as a candidate. This is about connecting with women- and minority-owned businesses so they can get their voices heard.

(Opposed) None.

**Persons Testifying:** Senator Becker, prime sponsor; and Joe Dacca and Jim Evans, University of Washington.

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

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**HOUSE COMMITTEE ON CAPITAL BUDGET**

**Majority Report:** Do pass. Signed by 17 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye, Johnson, Koster, Kraft, Macri, Morris, Reeves, Ryu, Sells, Steele, Stonier and J. Walsh.

**Staff:** Christine Thomas (786-7142).

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

No new changes were recommended by the committee.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The critical care roster of qualified contractors saves time and money for technical projects of medical facilities at the University of Washington (UW). Reauthorizing the process allows the UW to maintain a roster of highly qualified, technically qualified contractors to work on unique facilities such as the UW and Harborview Medical Centers. Including the Office of Minority and Women's Business Enterprises in the alternative contracting process provides more transparency and inclusion in the process.

(Opposed) None.

**Persons Testifying:** Joe Dacca and Jim Evans, University of Washington; and Ian Goodhew, University of Washington School of Medicine.

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