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**SUBSTITUTE SENATE BILL 5684**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senator Hasegawa)

AN ACT Relating to small works rosters; amending RCW 39.04.010; adding new sections to chapter 39.04 RCW; creating a new section; repealing RCW 39.04.155; and providing a contingent effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 39.04.010 and 2008 c 130 s 16 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Award" means the formal decision by the state or municipality notifying a responsible bidder with the lowest responsive bid of the state's or municipality's acceptance of the bid and intent to enter into a contract with the bidder.

(2) "Contract" means a contract in writing for the execution of public work for a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the small works roster process in ((~~RCW 39.04.155~~)) sections 2 and 3 of this act.

(3) "Municipality" means every city, county, town, port district, district, or other public agency authorized by law to require the execution of public work, except drainage districts, diking districts, diking and drainage improvement districts, drainage improvement districts, diking improvement districts, consolidated diking and drainage improvement districts, consolidated drainage improvement districts, consolidated diking improvement districts, irrigation districts, or other districts authorized by law for the reclamation or development of waste or undeveloped lands.

(4) "Public work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein. All public works, including maintenance when performed by contract shall comply with chapter 39.12 RCW. "Public work" does not include work, construction, alteration, repair, or improvement performed under contracts entered into under RCW 36.102.060(4) or under development agreements entered into under RCW 36.102.060(7) or leases entered into under RCW 36.102.060(8).

(5) "Responsible bidder" means a contractor who meets the criteria in RCW 39.04.350.

(6) "Small business" means a business that is certified by the office of minority and women's business enterprises in accordance with RCW 39.19.030(7)(b).

(7) "State" means the state of Washington and all departments, supervisors, commissioners, and agencies of the state.

NEW SECTION. **Sec.**  A new section is added to chapter 39.04 RCW to read as follows:

(1) A state agency or an authorized local government may utilize a statewide small works roster in accordance with subsection (2) of this section or create and maintain one or more small works rosters for different specialties, categories of anticipated work, or geographic areas served by contractors on the roster that have registered for inclusion on that particular roster.

(a) The small works roster shall consist of all responsible contractors who have requested to be on the list and, where required by law, are properly licensed or registered to perform such work in this state in accordance with RCW 39.04.350.

(b) A state agency or authorized local government establishing a small works roster must require contractors desiring to be placed on the roster to indicate if they meet the definition of women and minority-owned business as described in RCW 39.19.030(7)(b), veteran-owned business as defined in RCW 43.60A.010, or small business as defined in RCW 39.04.010, and to keep current records of any applicable licenses, certifications, registrations, bonding, insurance, or other appropriate matters on file with the appropriate agency as a condition of being placed on the roster and award of contract.

(c) At least once a year, the state agency or local government must publish in a newspaper of general circulation and provide the office of minority and women's business enterprises' directory of certified firms a notice of the existence of the roster and solicit contractors for the roster.

(d) Responsible contractors must be added to an appropriate roster at any time they submit a written request and the necessary records.

(e) The contractor must agree and be able to receive notifications and other communications via email.

(f) State agencies or authorized local governments using a small works roster may not break a project into units or construct a project by phases if done for the purposes of avoiding maximum dollar amounts set in section 3 of this act.

(2) The department of commerce through the municipal research and services center shall develop a statewide small works roster in compliance with subsection (1) of this section by June 30, 2024. The municipal research and services center must develop criteria for the statewide roster with collaboration from affected state and local agencies. The statewide roster must have features to filter the roster by different specialties, categories of anticipated work, or geographic areas served by contractors. The roster must also indicate if the contractor is designated as a small business as defined in RCW 39.04.010.

(3) The department of commerce shall provide funding to the municipal research and services center as appropriated to maintain and publicize a small works roster and work with the municipal research and services center to notify state and local governments authorized to use small works rosters of the statewide roster authority and to provide guidance on how to use the authority. The guidance may take the form of a manual provided to local governments.

(4) A state agency establishing a small works roster shall adopt rules implementing this section. A local government establishing a small works roster shall adopt an ordinance or resolution implementing this section. Procedures included in rules adopted by the department of enterprise services in implementing this section must be included in any rules providing for a small works roster that is adopted by another state agency, if the authority for that state agency to engage in these activities has been delegated to it by the department of enterprise services under chapter 43.19 RCW. An interlocal contract or agreement between two or more state agencies or local governments establishing a small works roster to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the provisions of this subsection.

NEW SECTION. **Sec.**  A new section is added to chapter 39.04 RCW to read as follows:

(1) This section provides uniform small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property that may be used by state agencies and by any local government that is expressly authorized to use these provisions. These provisions may be used in lieu of other procedures to award contracts for such work with an estimated cost of $350,000 or less excluding state sales tax. The small works roster process includes the direct contract provisions authorized under this section and any local government authorized to award contracts using the small works roster process under this section may award contracts using the direct contract provisions of this section. State agencies and authorized local governments using small works rosters must establish procedures for implementing this act.

(2) State agencies and authorized local governments must document good faith efforts annually implementing subsections (6) and (7) of this section.

(3) Invitations for bids or direct contract negotiation must include, at a minimum, an estimate for the scope of work including the nature of the work to be performed as well as the materials and equipment to be furnished. Detailed plans and specifications need not be included.

(4) The department of enterprise services must develop and make available on its public-facing website templates for bid invitations, bidding, and contracting that may be used by state agencies, authorized local governments, and contractors.

(a)(i) For small works roster projects with an estimated cost less than $350,000, not including sales tax, state agencies and authorized local governments may contract by securing written or electronic quotations to assure that a competitive price is established and to award contracts to the responsible bidder with the lowest responsive bid.

(ii) A state agency or authorized local government contracting through a small works roster shall invite bids notifying all contractors on the applicable roster that have indicated interest in performing work in the applicable geographical area.

(b) For small public works projects with an estimated cost less than $150,000, not including sales tax, to increase the utilization of small businesses, state agencies and local governments are encouraged to and may direct contract with small businesses as defined in RCW 39.04.010, before direct contracting with other contractors on the appropriate small works roster without a competitive process as follows:

(i) If there are two to three contractors meeting the definition of small business on the applicable roster, the state agency or authorized local government must direct contract with one of those small businesses on the applicable roster that have indicated interest in performing work in the applicable geographical area.

(ii) If there are more than three contractors meeting the definition of small business on the applicable roster, the state agency or authorized local government may invite bids from any contractor on the applicable roster.

(iii) It is the intent of the legislature to increase utilization of small, minority, women, and veteran-owned businesses. Each state agency and authorized local government shall establish a women, minority, and veteran-owned business and small business utilization plan. A state agency or authorized local government engaging in direct contracting may not favor certain contractors on the appropriate small works roster by repeatedly awarding contracts without documented attempts to direct contract with other contractors on the appropriate small works roster.

(iv) If the state agency or authorized local government elects not to use the methods outlined in this subsection, it may not use direct contracting and must invite bids by electronically notifying all contractors on the applicable roster that have indicated interest in performing work in the applicable geographical area as described in this section.

(5) For small public works contracts under $5,000, there is no requirement for retainage or performance bonds. Small public works contracts valued at more than $5,000 shall be subject to performance bond requirements set forth in chapter 39.08 RCW and retainage requirements set forth in RCW 60.28.011(1)(a), provided, however, that the awarding state agency or local government may reduce or waive retainage requirements, thereby assuming the liability for the contractor's nonpayment of: (a) Laborers, mechanics, subcontractors, materialpersons, and suppliers; and (b) taxes, increases, and penalties pursuant to Titles 50, 51, and 82 RCW that may be due from the contractor for the project. Any such waiver will not affect the rights of the state agency or local government to recover against the contractor for any payments made on the contractor's behalf. For small public works contracts awarded through a bid solicitation, notice of any retainage reduction or waiver must be provided in bid solicitations.

(6) After an award is made, the bid quotations obtained shall be recorded, publicly available, and available by request.

(7) Annually, a state agency or authorized local government must publish a list of small works contracts awarded and contractors contacted for direct negotiation pursuant to RCW 39.04.200.

NEW SECTION. **Sec.**  RCW 39.04.155 (Small works roster contract procedures—Limited public works process—Definitions) and 2019 c 434 s 5, 2015 c 225 s 33, 2009 c 74 s 1, & 2008 c 130 s 17 are each repealed.

NEW SECTION. **Sec.**  Sections 2, 14, and 15, chapter . . ., Laws of 2023 (Substitute Senate Bill No. 5268) are null and void if this act becomes law.

NEW SECTION. **Sec.**  This act takes effect only if chapter . . ., Laws of 2023 (Substitute Senate Bill No. 5268) is enacted by June 30, 2023.

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