

CAPITAL PROJECTS ADVISORY REVIEW BOARD

Via Teams

Meeting Minutes

December 14, 2023

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MEMBERS PRESENT

Janice Zahn (*Chair*)
Keith Michel (*Vice Chair*)
Lekha Fernandes/Sarah Erdmann
Bobby Forch
Bruce Hayashi
Janet Jansen
Santosh Kuruvilla
Karen Mooseker
Mark Nakagawara
Matt Rasmussen
Mark Riker
Linneth Riley Hall
John Salinas II
Kara Skinner
Robin Strom
Josh Swanson
Rep. Steve Tharinger
Robynne Thaxton/Bill Kent
Olivia Yang

REPRESENTING

Ports
General Contractors
OMWBE
Disadvantaged Businesses
Architects
State Government
Engineers
School Districts
Cities
Counties
Const. Trades Labor
Transportation
Specialty Contractors
Ins./Surety Industry
General Contractors
Construction Trades Labor
House (D)
Private Industry
Higher Education

MEMBERS ABSENT

Corey Fedie
Senator Bob Hasegawa
Irene Reyes
Rep. Mike Steele
Senator Judy Warnick
Vacant

REPRESENTING

Public Hospital Districts
Senate (D)
Private Industry
House (R)
Senate (R)
Specialty Contractors

Staff & Guests are listed on the last page

CALL TO ORDER & ROLL CALL FOR QUORUM

Chair Janice Zahn called the virtual meeting of the Capital Projects Advisory Review Board (CPARB) to order at 8:02 a.m.

A roll call of members confirmed a meeting quorum.

WELCOME BOARD MEMBERS & INTRODUCTIONS

Chair Zahn welcomed everyone to the meeting.

APPROVE AGENDA – *Action*

Vice Chair Michel reviewed the agenda noting some minor agenda adjustments for adequate time to discuss the Board's legislative recommendation in response to SHB 1621.

John Salinas II moved, seconded by Santosh Kuruvilla, to approve the agenda as adjusted. A voice vote approved the motion unanimously.

APPROVE MEETING MINUTES - OCTOBER 12, 2023 AND NOVEMBER 8, 2023 - *Action*

Vice Chair Michel invited a motion to approve the October and November meeting minutes.

Janet Jansen and Linneth Riley Hall joined the meeting at 8:10 a.m.

Bruce Hayashi moved, seconded by Kara Skinner, to approve the October 12, 2023 and the November 8, 2023 minutes as presented. A voice vote approved the motion unanimously.

INVITATION FOR PUBLIC COMMENTS – *Information*

Vice Chair Keith Michel invited public comments. No public comments were offered.

CHAIR REPORT – *Information*

Chair Zahn reported on her attendance to several Board committee meetings. The Board held a special meeting on November 8, 2023 to discuss SHB 1621. Most of this meeting will focus on finalizing recommendations in response to SHB 1621. Chair Zahn shared that she and Vice Chair Michel briefed Senator Hasegawa on potential recommendations the Board will consider in response to SHB 1621. Dependent upon the outcome of the Board's recommendation on SHB 1621, it is likely engagement with legislators will be necessary to promote the Board's recommendations for legislative changes.

BOARD ENGAGEMENT

Board Member Opening Thoughts/Shared Commitments – Discussion

Chair Zahn reviewed the Board’s Shared Commitments published on each meeting agenda. She thanked members for their continued support of the Shared Commitments and invited opening comments from members.

Members individually shared their respective thoughts concerning the SHB 1621 discussion, potential recommendations, and appreciation of the hard work completed by many individuals to develop the recommendations. Several members shared their optimism while also admitting to some exhaustion while appreciative of the Board’s leadership and efforts by members and participants on the SHB 1621 Review Committee.

Legislative Bill Awareness – Information

Chair Zahn described efforts in preparation of the legislative session in January to maintain a bill tracking spreadsheet posted on the CPARB website and updated weekly. As the next session is a 60-day session with the next Board meeting scheduled on February 8, 2024, it is likely most bills would have passed through one of the chambers. Subsequently, bill tracking may be more useful for members to review frequently.

Talia Baker advised that bill information is updated twice weekly on Wednesdays and Fridays. She reviewed a final bill activity report for the 2023 legislative session for the benefit of new members and encouraged members to contact her with information on new bills of interest. During the session, the report will include highlights of any changes, bill sponsors, and the status of each bill. During the last session, a link on the site was added for members to participate in meetings on a bill throughout the session. The dashboard will be posted in early January for the 2024 session and will include bills carried forward from the 2023 session.

SHB 1621 REVIEW COMMITTEE REPORT – Information/Action

Chair Zahn outlined the review and deliberation process for the committee’s report.

Committee Co-Chairs Keith Michel and Mark Nakagawara reviewed the results of the report and facilitated the Board’s discussion on the proposals.

Karen Mooseker disconnected from the meeting at 8:33 a.m.

Co-Chair Michel reported the Legislature passed SHB 1621 during the 2023 legislative session. The bill included a statement directing CPARB to provide recommendations on the bill by the end of 2023. CPARB established a review committee to develop a report of recommendations to improve the bill prior to its effective date in mid-2024. Since April 2023, the committee has met bi-weekly. Committee membership included industry stakeholders representing diversity within the industry and in the various roles relating to the bill. The committee reviewed separate elements of the entire bill and identified provisions for the Board’s consideration to adjust or improve. The review enables conversations around technical aspects of the bill and through a process of voting attain consensus on a set of recommendations for moving a bill forward to the Legislature to meet the year-end deadline.

Co-Chair Michel summarized the proposed bill. The bill affects several public entities and includes adjustments on thresholds for self-performed work in certain circumstances for public utility districts (PUDs), first- and second-class cities, water and sewer districts, and fire districts. The bill as passed includes language from other sections of the RCW to form the body of the bill in terms of circumstances and definitions of self-performed options and when they could be exercised by the public entities. The legislation standardized and increased single trade and multiple trade projects to \$75,000 and \$150,000 respectively to afford those public entities the same options as other public agencies to create alignment and consistent thresholds. Additionally, a new increased threshold of \$300,000 was included for self-performed options when the work falls under Prudent Utility Management. That language is used by PUDs and is included in the RCW. The committee identified whether the definition was appropriate for the diversity of various public entities. For example, Prudent Utility Management does not necessarily describe the various types of projects of first- and second-class cities. The committee identified potential alternative language for the definition with the intent to effectively narrow circumstances when the \$300,000 increased threshold would apply.

Within the current definition of Prudent Utility Management, another definition was included for “material and equipment” that effectively is excluded from the \$300,000 limit within the bill. Both definitions, which also speaks to “exclusion” are identified and included in the committee’s report for the Board’s consideration as to whether the definition should be modified or excluded within the project limit.

Other provisions in the bill include language depicting bidder responsibility criteria for second-class cities. The committee compared the language to existing bidder responsibility criteria in RCW 39.04.350 that the Board assisted in developing. The committee supports retaining that version within the RCW for responsibility criteria.

The proposed bill provides balance between public entities. Although SHB 1621 attempts to provide an option to perform work when circumstances reflect it is in the best interest of the entity and the public, a gap exists of what could occur (except during an emergency) because of the lack of an existing avenue to perform the work quickly and efficiently by a public entity when circumstances are urgent or warranted. However, because of interests from labor, small businesses, and subcontractors, an increase in self-performed thresholds essentially reduces what would otherwise be a public bid opportunity. The committee and the Board recognize that it is an important element of supporting small businesses throughout the state and in developing and improving diversity and inclusion. The proposed bill wrestles with the balance of those two opposing priorities, which is why the Board's review and attention is so important.

Co-Chair Michel invited questions and comments from members.

Olivia Yang asked about the two opposing positions that need resolution. Co-Chair Michel replied that the first choice preferred by labor, specialty subcontractors, and small business representatives was ensuring the bill does not become effective and should not have been passed during the last session because it lacked a stakeholder process. The absence of stakeholders compromised the need for the bill in terms of how it was developed.

Mike Riker said the summarization was accurate in terms of labor's position because of its intrusion into private contracting and its subjectiveness in terms of terminology and financial need. The labor community constantly fights against "construction workers are paid too much." It is not a good policy as it would lead to such arguments on each project.

Co-Chair Michel noted that in terms of balance with respect to public entity representatives, the bill was proposed and supported during the session because it effectively would help bridge the gap and provide a mechanism to perform work.

Co-Chair Nakagawara noted the gap is a rare occurrence and some municipalities are limited to incidences of \$150,000 if it is a multiple trade issue as it enables entities to utilize employee crews. The legislation was intended to provide an opportunity where the entity could utilize public employee crews that are readily available to address exigent needs increasing vulnerabilities to financial loss or property damage. The legislation is not intended for municipal crews to assume a new public works wing of projects that should have been bid. On behalf of Seattle, the City likely could not withstand the regular use of the \$300,000 threshold as it would negate required and vital maintenance activities. It speaks to those rare instances where an entity might have a potential need.

Bobby Forch said his concern is the potential of utilizing the higher threshold to circumvent traditional bidding. In some cases, emergency situations can be created. Often, it might be used to expedite a process. How the threshold might be utilized is troublesome.

Co-Chair Nakagawara said although he understands the concern, the premise of the proposal was not intended to cause problems but would be employed on an as-needed basis. Very few public entities have significant bandwidth to reallocate \$300,000 in resources from ordinary maintenance without other obligations suffering. There are however, circumstances when municipalities experience a significant event, such a sewer break, or other incident requiring immediate response to avoid impacts to operations or customers.

Mr. Forch said his comments are based on personal experience as an individual who has worked on city crews for many years, as well as an employee who administered those projects at a city. The other aspect of the proposal is the size of the threshold, which is substantial. If the goal is directing small companies to the small works roster and other projects, he questioned whether the higher threshold would enable other entities to participate through an emergency process.

Co-Chair Nakagawara explained that when the city has competitive bid waivers during an emergency process it still requires time to contact and identify available contractors. The city scenario speaks to having crews at the ready to address exigent situations. Mr. Forch said his concern surrounds the variety of situations that would be applicable. Co-Chair Nakagawara noted that there are instances when staff are available and immediately available to address the issue. He does not perceive municipalities using the provision regularly because of the current authority of \$150,000 for self-performed work if the project involves multiple trades.

Linneth Riley Hall asked whether the committee considered limiting the number of occurrence entities could utilize the higher threshold and whether labor could support some type of limitation. Co-Chair Nakagawara said he does not believe

the committee considered that option but would likely agree to explore the option. The statute currently caps self-performance work at 10% and it is unlikely municipalities would risk the loss of gas tax revenue by voluntarily exceeding 10%. Cities might be willing to consider a certain number of occurrences per year. He does not anticipate regular usage of the provisions because most municipalities do not have the capacity without sacrificing the backend of other obligations.

Mr. Riker said during one of the committee meetings, members discussed the opportunity to more clearly define emergency requirements and the processes required for emergency response to satisfy city needs. However, the bill was not vetted by CPARB, which had been the traditional pathway for threshold increases in the past. Although he agrees the intent is for a consistent use of the \$300,000 threshold, what could happen is municipalities becoming comfortable with a \$300,000 prompting requests for even higher thresholds thereby reducing opportunities for the small business contracting community. Labor's opposition is based on the lack of a vetting process for the legislation and loose language that is subjective in its definition as to when it could be employed. Although he understands and trusts that the intent is not to continuously use the higher threshold, the result would be municipalities using the option more frequently over time.

Karen Mooseker rejoined the meeting at 8:52 a.m.

Ms. Riley Hall asked whether labor would support limiting the number of occurrences each year.

Robin Strom disconnected from the meeting at 8:53 a.m.

Mr. Riker responded that consideration of a cap on the number of projects per year could be worthy of a discussion; however, given the limited time of review, the option might not be appropriate. It could be possible for the Board to ask the Legislature not to implement the bill, repeal the bill, or enable a full vetting of the bill prior to passage.

Sarah Erdmann said she shares some of the sentiments mentioned by Mr. Riker as it likely opens the door for continued requests for increases. She is interested in learning about the process and whether there are some assurances the provision would not be overly utilized. She questioned the problem the legislation is attempting to solve if the provision is not used often and the reason for increasing the existing limit. Additionally, she suggested improving the definition of an emergency.

Co-Chair Michel replied that in terms of an emergency, the intent of the proposal is to provide a mechanism to prevent emergencies. Examples include a water system experiencing a loss affecting a number of households creating public inconvenience and costs, utility infrastructure requiring attention unknowingly, adjacent projects providing opportunities for some efficiencies through maintenance or improvements to systems, and liability related to unsafe sidewalks or lack of ADA accessibility. In terms of emergencies, municipalities are able to waive competitive bid requirements, which does not solve the problem because different types of delivery methods need to accomplish the work quickly. Public interests, security, and utility services can be at stake. SHB 1621 was intended to support options for public entities.

Ms. Erdmann asked whether the current limit has been identified as not sufficient to support the needs of emergent issues. Co-Chair Nakagawara said there have been instances where limitations hampered the ability to address issues immediately using internal crews.

Josh Swanson agreed with the broader labor question because the proposal would require more conversations and vetting with other advocates and labor. He asked whether the limitation for cities also applies to all public entities or only to cities, as well as how the 10% limitation is factored. Co-Chair Nakagawara responded that the 10% limitation applies to an agency's capital budget allocated each year. He is unsure as to how it affects other public entities.

Ms. Yang remarked that CPARB has been asked to submit a report to the Legislature on the bill by the end of the year. Some agreement has been attained with several issues still in contention. One option could include the submitting a report on items of support and issues not fully supported deferred for continued review with the possibility of deferring implementation.

Chair Zahn recommended pursuing the discussion and aim for a consensus on the issues supported by the committee while acknowledging that some issues remain unresolved. The Board has convened several meetings to receive input on the status. The new bill passed during the last session is effective in mid-2024. The Board was asked to review and provide a recommendation on the bill. Ultimately, any bill resulting from the Board's recommendations will require a legislative sponsor.

Senator Tharinger advised that the Board would need to develop bill language to address recommended changes followed by legislative action. It is unusual for a bill passed by the Legislature to be deferred to the Board for review and

comments. The bill was passed unanimously by both chambers with no opposition. He believes the major issue was acknowledgement of the increase in construction costs resulting in increasing the threshold to address the current reality of the market. He understands Mr. Riker's position that the process lacked stakeholder input. As he was not a sponsor or co-sponsor, he is unable to speak to those concerns other than acknowledging that other unions and labor supported the bill as it provides some efficiencies and the ability to respond to emergencies as costs are higher and legislators agreed the contracting process should be more flexible. The advantage of a review by CPARB is for broader representation of the issues; however, the issues may not be as complicated as some are contending.

Co Chair Michel reviewed options the Board could consider:

1. Delay implementation to July 1, 2025 of SHB 1621
2. Recommend a trial period of 2 years with a review to continue its use.
3. Recommend completely striking SHB 1621 in lieu of further stakeholder work.
4. Recommend changes in language.

Kara Skinner disconnected from the meeting at 9:10 a.m.

Co-Chair Michel recognized Michael Transue as a member of the committee who was a valuable contributor.

Mr. Transue reported he represents the Mechanical Contractors Association (MCA). MCA agrees with the comments regarding OMWBE small business inclusion. He referred to the Board's work on the Small Works Roster and the option for direct contracting. MCA supports implementing a policy before implementation of the Board's SHB 1621 recommendations. MCA appreciates the comments on diversity, equity, and inclusion but is uncertain as to how more self-performed work fosters and supports those policies. One of the recommendations surrounded Prudent Utility Management and not extending that procurement method to the three types of entities. An alternative proposal was the \$300,000 threshold with three requirements. He agreed with Mr. Riker that the terms require additional review. The \$300,000 limit for a large first-class city is much different than \$300,000 for a PUD with a budget of \$6.8 million. A large delta exists between a larger first-class city and a smaller second-class city or town. He agreed with the Chair's approach similar to the Board's process for the Local Government Report. Additionally, the committee agreed with \$75,000 for a single trade and \$150,000 for multiple trades as part of the statute. Mr. Riker would likely disagree as he voted against that specific recommendation. MCA's concerns surround the broadness of the provisions.

Co-Chair Nakagawara agreed that the threshold for all entities regardless of size was somewhat odd. However, not implementing SHB 1621 would be detrimental to the entities. The increase in threshold would benefit the other entities.

Ms. Yang requested clarification as to whether there are some provisions within SHB 1621 that are supported, such as the limits (except for disagreement by labor). She asked whether the unresolved issue is the definition of Prudent Utility Management and its cap.

Mr. Riker replied that the in-house performance of \$300,000 and the hazy definitions of exigent, financial need, and other unclear definitions are issues of concern.

Co-Chair Nakagawara clarified that the \$300,000 threshold is included because the existing definition of Prudent Utility Management includes \$300,000 in addition to other hazy language. The recommendation is replacing the existing definition of Prudent Utility Management existing in the current PUD statute.

Mr. Riker offered that the first option would be acceptable to labor as the non-inclusion of equipment within the \$300,000 threshold could be problematic because some equipment can be extremely expensive.

Co-Chair Michel pointed out that existing language in SHB 1621 currently allows for the exclusion of materials and equipment within the \$300,000 threshold creating a wide range of total project costs. The committee attained consensus on a recommendation to eliminate exclusion. Co-Chair Nakagawara added that committee members regardless of their support of the bill overall, were unanimous in the recommendation that Prudent Utility Management or subsequent replacement language was problematic to some degree. A majority of the committee supported raising the threshold for PUDs as it was viewed as more reasonable and less concerning. The existing definition of Prudent Utility Management is highly problematic mainly because equipment could increase the cost of projects, which speaks to the reason cities offered the language because many entities are not familiar with the term. A majority approval was attained for increasing the threshold for single trade from \$40,000 to \$75,000; however, the main issue pertained to Prudent Utility Management as a definition and replacement language.

Co-Chair Michel agreed the thresholds of \$75,000/\$150,000 create consistency across public entities, similar to the work of the Small Works Committee striving to standardize the small works threshold limit to create consistency. Since Prudent Utility Management was at risk for more potential misuse, the alternative language is narrower intentionally.

Ms. Yang queried the Board on whether there is consensus on the proposal to increase the threshold to \$75,000/\$150,000. Mr. Riker advised that he voted against the proposal; however, it was not the major point of contention. He would be willing to accept the proposal with the right compromise opportunity.

Kara Skinner rejoined the meeting at 9:23 a.m.

Ms. Yang requested clarification of the proposed language for the thresholds of \$75,000/\$150,000 and whether the common interpretation applies only to in-house staff or allows for no bidding. Co-Chair Nakagawara said the proposal pertains to work completed by regularly employed public employees.

Lekha Fernandes joined the meeting at 9:25 a.m.

Ms. Yang asked whether a proposal of either including language that would allow regularly employed public employees or contracting directly could be a compromise for labor. Mr. Riker responded that language in the bill speaks to “shall be by contract.”

Nancy Deakins noted that “shall be by contract” applies to projects exceeding the thresholds.

John Salinas commented that as a representative of specialty contractors, vague language, language open to interpretation, other entities having larger thresholds, and not requiring contractors are all provisions not supported by his constituency. Over the last six months after spending much time in discussions with other groups, it appears the bidding process is providing fewer opportunities by cities for work he and his constituents perform. The policy could further reduce the number of projects available to his firm and to the groups he represents. The issues surround the vagueness, expansion of limits, vagueness associated with higher limits, no sales tax, no equipment, as well as expanding the provisions to more entities, which are troubling to both him and his constituents.

Ms. Riley Hall asked whether there are any circumstances preventing the Board from revisiting the bill or continuing committee meetings to discuss issues of concurrence and unresolved issues to present changes later. The action by the Board will set the precedent for how the Board addresses issues moving forward.

Chair Zahn recommended accepting the written report from the Project Review Committee in lieu of receiving an update to afford more time for the Board’s discussion on the SHB 1621 recommendations. PRC Chair, Kyle Twohig, concurred with the request.

Robin Strom rejoined the meeting at 9:37 a.m.

Chair Zahn recessed the meeting at 9:38 a.m. for a break. After re-establishing a quorum, Chair Zahn reconvened the meeting at 9:48 a.m.

Chair Zahn recommended guiding the Board through the recommendations by the committee to enable preparation of the report to the Legislature to meet the deadline while recognizing from the Board’s conversation that the topic has not been concluded and more discussions will be necessary.

Representative Tharinger expressed appreciation for the conversation and the level of detail and concerns addressed. The Chair’s approach is appropriate, as he would send a letter to the prime sponsor on issues of agreement and issues requiring additional efforts. He is unsure whether it would be possible to incorporate the recommendations in legislation during the upcoming short session. It might entail readdressing the bill after the Board conducts further work and can achieve consensus around the issues and propose changes during the next biennium. He stressed the importance of communicating to the prime sponsor and other sponsors, as well as to the legislative committees reviewing the recommendations.

Co-Chair Michel responded to comments prior to the recess. Continuing committee discussions and the stakeholder process is a viable option to recommend to the Legislature. However, a continuing process would likely not eliminate some of the opposition to the bill as a whole as recognized early in the process by the committee. Opposition will continue to exist and it is likely continuing discussions would not have any affect but could serve as a good next step. Some of the consensus for improvements in the bill are issues that should be supported by the Board. Some of the recommendations are compromises for different industry constituencies as they represent a middle ground between opposing priorities.

Ms. Riley Hall questioned the appropriateness of the Board voting on a path forward. She proposes moving consensus recommendations and continue efforts on those issues not achieving consensus.

Representative Tharinger offered that it appears some of the issues might never be resolved, which is likely the responsibility of the Legislature. He suggested forwarding background information on those issues to the Legislature because the Board could spend quite a bit of time and effort and not resolve differences. The Board could forward all recommendations forward reflecting the votes with a request for a response from the Legislature. A future process might enable an opportunity for groups and stakeholders to work with legislators. It appears from the committee's efforts and the Board's discussion, information on the votes surrounding particular issues would be helpful to provide to legislators. He thanked the Board for its thoughtful work and the diversity represented on the Board to delve into issues. The work completed and moved forward to the Legislature would be very helpful.

Representative Tharinger disconnected from the meeting at 9:58 a.m.

Mr. Swanson agreed with Representative Tharinger's comments with respect to moving consensus recommendations forward. During the break he participated in a conversation with others representing labor interests. Much of the discussion focused on the \$75,000/\$150,000 thresholds and labor is flexible with the recommendation, as well as the three other options in the report (1, 2, & 4) that are relevant to the conversation.

It was pointed out that the recommendation cites \$75,500 as the threshold rather than \$75,000. Ms. Deakins affirmed the legislation cites \$75,500 and not \$75,000.

Co-Chair Michel requested confirmation of Mr. Swanson's recommendations to support some of the easier targets, additional improvements to the bill, and delay the implementation date to enable further conversations. Mr. Swanson affirmed the interpretation.

Mr. Riker agreed with the \$75,500/\$150,000 implementation in mid-2024 and delaying the remaining issues to afford time for continued work on Option 4 (clean up language in the PUD statute). Redefine equipment as it applies to the greater construction industry. Prudent Utility Management in the PUD statute does not include labor costs and only material up to \$300,000. He conceded that it was late in the committee's discussion when it finally became clear as to the explanation of the emergency component, which entailed identifying some of labor's challenges with respect to that particular issue. He would like to ensure that the emergency component is protected so public safety is always protected regardless of the incident or the value of the incident. He supports implementation of \$75,500/\$150,000 thresholds and delaying remaining issues for continued work.

Linneth Riley Hall disconnected from the meeting at 10:01 a.m.

Co-Chair Michel summarized the four items considered "low-hanging fruit." They include standardizing thresholds of \$75,500 and \$150,000 with associated trade limits, eliminating alternative bidder responsibility criteria from RCW 16.21, not extending Prudent Utility Management to entities cited in the bill and utilize alternative language, and removing the exclusion from the \$300,000 limit.

Mr. Riker asked whether agreement for the exclusion from the \$300,000 also assumes agreement with the \$300,000 threshold increase. Co-Chair Michel said the dollar value could be part of ongoing discussions of the bill. Mr. Riker preferred continuing discussions on the issue as labor has some problems with the increase in thresholds. Co-Chair Michel said he perceives the importance of the conversation but with any threshold amount, there should be no ambiguity or a vague exclusion.

Ms. Yang cited the four recommendations and recommended the report to the Legislature should clearly state that outstanding issues should be referred to a Board's committee for further review and discussion to establish an expectation of required action moving forward by the committee. Additionally, given the short session and in deference to Representative Tharinger's comments that the Legislature is responsible for resolving the issues, it would be preferable to forward recommendations that do not require additional resolution by the Legislature.

Co-Chair Michel responded that the proposed four items are changes the committee recommends during the upcoming legislative session to enable entities to plan as the legislation is scheduled for implementation in summer 2024. It would be important for any modifications to occur during the 2024 session for clarity by entities affected while enabling the opportunity to continue ongoing conversations with a proposed alternative implementation date for remaining issues.

Chair Zahn questioned whether Ms. Yang's proposal commits the Board to provide a follow-up report at some point, such as December 2024. Ms. Yang said the report could reflect that the Board would propose another amendment to SHB 1621 in 2025 covering the remaining issues. Chair Zahn said the suggestion would indicate the Board's work is not completed and would require a follow-up report and recommendation. Ms. Yang affirmed that her recommendation includes that intent to enable participation by other stakeholders to assist in resolving the issues.

Mr. Riker said the recommendation to implement \$75,500/\$100,000 thresholds and continue working on the remaining issues and delaying implementation of the bill is the request from labor.

Co-Chair Michel said the additional conversations would center on alternative language for Prudent Utility Management rather than the proposed alternative language.

Chair Zahn requested clarification as to the involvement by second-class city stakeholders as SHB 1621 extends the authorities by second-class cities to first-class cities. She asked whether the proposal modifies language for the new city authority or changes provisions adopted many years ago for second-class cities. Co-Chair Michel responded that based on the committee's task for proposed recommendations to SHB 1621, the committee stopped short of changing any provisions external to SHB 1621. However, the issue could be flagged within the report as identification of an issue that might benefit from further discussion.

Ms. Yang asked Co-Chair Nakagawara for his response. Co-Chair Nakagawara said the committee's task was to address SHB 1621. He did not discuss the responsibility language with any representatives from second-class cities; however, he also believes the Association of Washington Cities (AWC) believed the committee's work was not the vehicle to address the language as other pertinent issues in SHB 1621 were difficult and the committee had failed to resolve all issues.

Chair Zahn invited feedback from other members prior to taking any action on the proposal.

Matt Rasmussen supported the proposal for implementing the thresholds and recommending a delay in the implementation of SHB 1261 pending additional efforts by the committee.

Chair Zahn encouraged consideration of a motion.

Robynne Thaxton joined the meeting at 10:17 a.m.

Josh Swanson moved to recommend implementing the \$75,500/\$150,000 thresholds and continue to address Options 1, 2, & 4 contained within the committee's report.

Discussion ensued on the intent and clarity of the motion.

Mr. Swanson offered a friendly amendment to include a recommendation to move forward on the "low lying fruit," continue efforts with respect to the \$300,000 discussion, and approve the thresholds of \$75,500/\$150,000.

Mark Riker seconded the motion as amended by Mr. Swanson.

Discussion ensued on clarifying the delayed implantation date for the balance of the issues, such as an additional year. Since the motion includes Option 2, it would entail adding an expiration date or a two-year trial period from the implementation date. It was noted that if the Board is committed to resolving the remaining issues for consideration during the 2025 legislative session it could result in superseding Option 2. Should the Board finalize recommendations prior to the 2025 session, the recommendation could include superseding language for the two-year review. Any legislation supported by the Board for the 2025 legislative session would be effective July 1, 2025 effectively cancelling the two-year period ending in 2026.

Mr. Swanson suggested including the recommendations as a friendly amendment to the motion.

Chair Zahn stressed the importance of a clear motion. Ms. Yang explained that the two-year trial begins in the middle of the biennium from 2024 to 2026 if the Board is able to deliver proposed legislation to the Legislature for the January 2025 session. If approved and enacted, the legislation would be effective in July 2025. To simplify the recommendation, she asked whether labor would be amenable to removing Option 2. Mr. Riker responded that retaining Option 2 is a backstop that provides some comfort level.

Chair Zahn said the discussion included a recommendation for additional review by the Board. The motion should include language that reflects that further stakeholder work could be pursued by CPARB with additional recommendations by October 31, 2024, as opposed to December 31, 2024.

Co-Chair Michel supported the recommendation because it would enable the committee to continue its work.

Following discussion on recommended changes to the motion, Ms. Yang restated a suggested motion:

CPARB recommends the Legislature move forward with the \$75,000/\$150,000 thresholds for a period of two years (July 2024 – 2026) and enable continuing discussions by the Board on other issues (Options 1,2,4) for recommendations for the 2025 legislative session to discuss PUD \$300,000, definition, responsible bidder language not extending, and no exclusion to self-performed threshold.

Josh Swanson and Mike Riker as makers of the motion accepted the friendly amendments to the motion.

Chair Zahn called for the vote on the amended motion.

A voice vote approved the motion unanimously.

Ms. Yang offered to rejoin the committee as a member. Co-Chair Michel acknowledged the need for new voices during the discussions.

Chair Zahn suggested the Board should also authorize the committee Co-chairs to finalize the report based on the Board's discussion and authorize leadership and staff to finalize a cover letter to the Legislature describing the Board's bill recommendations within the report.

Chair Zahn moved, seconded by Robynne Thaxton, to authorize Janice Zahn, Keith Michel, Nancy Deakins, and Talia Baker to draft and finalize a letter on the Board's behalf to the Legislature to accompany the finalized report. A voice vote approved the motion unanimously.

Mr. Riker recommended adding Josh Swanson as a member of the committee because his schedule often prevented him from participating in earlier committee meetings. He would like to ensure one labor representative is present at all meetings. Mr. Swanson agreed to serve on the committee.

Discussion ensued on ensuring no quorum of the Board exists during committee meetings. Ms. Baker confirmed no quorum issues with the addition of two CPARB members.

Co-Chair Michel commented on the importance of ensuring the committee membership is balanced between public owners and small business interests. A main component of the conversations will center on improving alternative language. He suggested recruiting some specialty interests. Ms. Baker recommended include fire district representation.

Chair Zahn recommended acting on the appointments of specific members and authorize additional placeholders for other representation.

Mark Riker moved, seconded by Mark Nakagawara, to appoint Josh Swanson and Olivia Yang to serve on the SHB 1621 Review Committee.

Ms. Deakins recommended appointing Mr. Swanson as an alternate in the interests of the committee's ability to attain a meeting quorum. Ms. Thaxton noted that a proposed change to the Board's bylaws recommends for those positions reserved for stakeholder groups that lack an appointed individual that the position would not count towards a quorum.

Chair Zahn said the committee has had no issues achieving a quorum.

A voice vote approved the motion unanimously.

Chair Zahn acknowledged the work of the PRC, Board Development, Small Works, and the BE/DBI Committees for their efforts. The Board's discussion on SHB 1621 affected reports from each of the committees. She thanked the Co-Chairs of the Board Development Committee for providing a written report on the proposed changes to the bylaws. The proposal will be considered during the February meeting. She reviewed remaining agenda topics and deferred them to the February meeting. The Budget Report is posted on the CPARB website.

ADMINISTRATIVE

February 8, 2024 Draft Agenda – Review and Discussion

Vice Chair Michel reviewed a draft of the proposed February meeting agenda. Members offered recommended changes to the agenda:

- Minutes 12/14/2023

- Legislative updates
- Committee/Workgroup Reports:
 - Board Development
 - Education Connections
 - GC/CM Best Practices (confirm any action required)
 - BE/DBI
 - PRC
 - SHB 1621 Review Committee (w/action for adding members)
 - Project Feedback Process Workgroup
 - Small Works Committee
- Update Bylaws from Board Development Committee (Action)
- PRC Appointment – Owner Public Hospital Districts
- New Business
- Budget Report
- Recap of Action Items

CLOSING THOUGHTS of Board Members - Information

Chair Zahn invited members to share closing thoughts. Closing thoughts centered on appreciation for the Board’s collaboration, working together, contributions, and for achieving a consensus on the Board’s recommendation to the Legislature. Members conveyed holiday wishes to everyone.

ADJOURNMENT

With there being no further business, Chair Zahn adjourned the meeting at 11:00 a.m.

Staff & Guests

Liz Anderson, Washington PUD Association	Art McCluskey, Washington Department of Trans.
Talia Baker, Department of Enterprise Services	Jessica Murphy, City of Seattle
Nancy Deakins, Department of Enterprise Services	Diane Pottinger, North City Water District
Brandy DeLange, Association of Washington Cities	Linda Shilley, Pierce Transit
Quinn Dolan, Centennial Contractors	Jolene Skinner, Department of Labor and Industries
Bill Frare, Department of Enterprise Services	Michael Transue, Mechanical Contractors of America
Valerie Gow, Puget Sound Meeting Services	Kyle Twohig, Spokane County
Jeff Gonzalez, Department of Enterprise Services	Jerry Vanderwood, Assn. of General Contractors
Don Laford, Skillings Connolly	Rob Wettleson, Forma Construction
Monique Martinez, Department of Enterprise Services	

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