



TO: Elizabeth Pauli, City Manager
FROM: Andrew Cherullo, Finance Director
COPY: Economic Development Committee; Kim Bedier, Acting Director Community and Economic Development Department
VIA: Patsy Best, Procurement and Payables Division Manager, Finance
SUBJECT: Small Works Roster (SWR) Tacoma Municipal Code (TMC) 10.27, Proposed Revisions
DATE: March 30, 2018

SUMMARY:

This memorandum summarizes the proposed revisions to the City of Tacoma Municipal Code (TMC) 10.27 to update the Small Works Roster Program to be consistent with the estimated contract amount thresholds and bond waiver authority established by Washington State Law, and to provide program incentives for City of Tacoma Certified Small Business Enterprise (SBE) members to participate in Small Works Roster projects.

BACKGROUND:

RCW 39.04.155 establishes the means by which public agencies can establish a roster for contractors who may participate in an expedited public works and improvement bid process. The RCW allows the program to be used for solicitations with an estimated contract amount less than \$300,000. The state legislature recently confirmed in an amendment to RCW 39.08.010 that the City may waive bond requirements for any contract \$150,000 and less.

TMC 10.27, Small Public Works Contracts, objectives include increased opportunity to bid for the City of Tacoma's public works projects where the cost is \$200,000 or less, to provide an orderly and efficient method of awarding work and to equitably distribute work among qualified contractors and to comply with the provisions of Washington State law for establishing small works rosters.

TMC 10.27 allows bonds to be waived on contracts of \$100,000 or less and provide prompt payment benefits for contractors with annual revenues below \$250,000 who are awarded contracts of \$100,000 or less (paid within ten business days).

Traditionally, the Small Works Roster provides opportunities to contractors who are registered to perform specific categories of work. The program is designed to provide a uniform set of procedures for awarding contracts of a certain size. The program does not limit eligibility based on the size of the contractor.

TMC 1.07, Small Business Enterprise, establishes a bid evaluation credit for City of Tacoma certified SBE participation on informal and formal public works construction contracts.

TMC 1.06.268, Contracting Authority, requires governing body approval for all contracts over \$200,000.

ISSUE:

The City's current Small Works Roster Program (TMC 10.27) is limited to contracts of \$200,000 or less, however, state law (RCW 39.04.155) allows Small Works Roster contracts of up to \$300,000. Several



other local jurisdictions have raised their Small Works Roster limits and governing body approvals to the \$300,000 state threshold. The City is not consistent with industry standard and best practice.

The state legislature recently confirmed in an amendment to RCW 39.08.010 that the City may waive bond requirements for any contract valued \$150,000 and less. TMC 10.27 only allows bonds to be waived for contracts of \$100,000 or less for contractors whose annual revenues are below \$1,000,000. The City's bonding requirements are not consistent with state law and provide less benefits for small businesses.

Small businesses must compete with large businesses for City of Tacoma Small Works Roster contracts. TMC 10.27 does not currently establish a bid evaluation credit for City of Tacoma certified SBE participation on small work roster projects. There is no benefit for Certified Small Business Enterprises (SBE) registered on the Small Works Roster.

ALTERNATIVES:

Leave TMC 10.27 as it is written.

FISCAL IMPACT:

The potential cost impact is currently a 5% project cost increase from the lowest responsive bidder if the SBE is within 5% of a non-SBE.

RECOMMENDATION:

Increase the TMC 10.27 threshold from \$200,000 to the threshold established in RCW 39.04.155(1) consistent with the Washington State Law (currently \$300,000) and correspondingly exempt Small Works Roster contracts from the usual governing body approval requirements up to the threshold established in RCW 39.04.155(1).

Allow the waiver on bonding according to the threshold established in RCW 39.08.010 (currently \$150,000).

Establish a bid evaluation credit consistent with TMC 1.07.070.C.1.b (currently 5%) for certified SBE(s) who bid on Small Works Roster projects.

Provide prompt payment benefits to Small Works Roster contractors with annual revenues below \$300,000 (currently \$250,000).

Following state law provisions will provide greater incentive for SBE contractors in Tacoma to participate in the Small Works Roster Program. Exempting Small Works Roster contracts from governing body approval requirements will provide an expedited procurement process for small public works construction projects consistent with the intent of RCW 39.04.155.

Bonding waivers, expedited payment and a SBE bid evaluation credit will provide City SBEs the opportunity to compete fairly with larger contractors registered on the roster. This will further the City's policy objective under TMC 10.27.010 to afford the opportunity for full participation in the City's free enterprise system.