Multiple Agency Fiscal Note Summary

Bill Number: 2469 HB	**Title:** Small works rosters.

Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	150,000	0	298,000	0	298,000
Office of Minority and Women's Business Enterprises	0	105,000	0	189,000	0	168,000
Total $	**0**	**255,000**	**0**	**487,000**	**0**	**466,000**
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.5	0	150,000	1.1	0	298,000	1.1	0	298,000
Office of Minority and Women's Business Enterprises	2.0	893,539	893,539	4.0	1,436,782	1,436,782	4.0	1,436,782	1,436,782
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Total $	**2.5**	**893,539**	**1,043,539**	**5.1**	**1,436,782**	**1,734,782**	**5.1**	**1,436,782**	**1,734,782**
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Minority and Women's Business Enterprises	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

FNPID: 58527

FNS029 Multi Agency rollup

Prepared by: Ramona Nabors, OFM	**Phone:** (360) 902-0547	**Date Published:** Final 1/21/2020

Individual State Agency Fiscal Note

Bill Number: 2469 HB	Title: Small works rosters.	Agency: 100-Office of Attorney General

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Legal Services Revolving Account-State 405-1		150,000	150,000	298,000	298,000
Total $		150,000	150,000	298,000	298,000

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	1.1	0.5	1.1	1.1
Account					
Legal Services Revolving Account-State 405-1	0	150,000	150,000	298,000	298,000
Total $	0	150,000	150,000	298,000	298,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Kyle Raymond	Phone: 360-786-7190	Date: 01/13/2020
Agency Preparation:	Michael Shinn	Phone: 360-759-2122	Date: 01/16/2020
Agency Approval:	Edd Giger	Phone: 360-586-2104	Date: 01/16/2020
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 01/19/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 amends RCW 39.19.020 to add a definition of "debar."

Section 2 amends RCW 39.19.060 to require the Office of Minority and Women's Business Enterprises (OMWBE) to notify all state agencies and educational institutions in the lowest quintile of using minority and women-owned businesses as percentage of contractors or of dollar-value of awarded contracts, and to meet with the agencies to review plans for increasing participation.

Section 3 amends RCW 39.19.080 to remove paragraph (2) making persons violating the chapter to penalties under RCW 39.19.090. That provision is replaced by additions in Section 4.

Section 4 amends RCW 39.19.090 to revise language regarding penalties available to the state. Imposition of penalties for violating RCW 39.19.080 are made mandatory, and options for penalties specified. Disqualification from participating in state contracts is made a mandatory penalty rather than permissive. Rulemaking for imposing penalties is required. An audit and review committee unit is created for detecting and investigating fraud under the act. The unit is provided with authority to take evidence, subpoena witnesses and require records be produced. A minimum of three percent of businesses awarded contracts under the chapter must be reviewed by the unit annually.

Section 5 is a new section. The section allows the director to apply for a superior court order approving and authorizing subpoenas in advance of issuance. Notice to investigated persons is not required prior to subpoena issuance.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Cash receipts are assumed to equal the Legal Service Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is OMWBE. The AGO will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Assumptions for the AGO Government Compliance & Enforcement (GCE) division's Legal Services for OMWBE:

1. This bill is assumed effective 90 days after the end of the 2020 legislative session.

2. The AGO will bill OMWBE for legal services based on the enactment of this bill.

3. GCE provides both litigation support and legal advice to OMWBE.

4. This bill would amend chapter 39.19 RCW to increase utilization of OMWBE-certified contractors by public agencies in the contracting process and provides new processes for debarment from bidding on public contracts and for monetary penalty assessments. Additionally it creates a new audit and review unit within OMWBE and provides the unit and Director with certain investigative and subpoena authority.

5. Although this bill repeals two statutes that contain certain enforcement responsibilities for the AGO, this will not have any impact as the AGO has never acted under these statutes.

6. OMWBE assumes this bill will result in up to 7 new enforcement cases each year, beginning in FY 2021. GCE concurs with this assumption. Additionally, GCE anticipates up to 1 new administrative appeal each year.

7. The AGO assumes this new litigation generated by this bill will be document-intensive, and hearings would be scheduled for multiple days.

8. Based on past experience with the services expended in representing OMWBE in similar types of enforcement cases, and assuming an average of 6 new cases each year, GCE assumes that each new case will utilize 180 Assistant Attorney General (AAG) hours to litigate. Therefore, new litigation generated by this bill will utilize 1,080 AAG hours (6 x 180) in FY 2021 and each year thereafter.

9. The AGO assumes that the new investigative and subpoena authority granted to OMWBE under this bill will result in 10 hours of legal advice beginning in FY 2021 and each year thereafter. This bill will require OMWBE to engage in rulemaking. GCE assumes this rulemaking will be completed during FY 2021 and require 25 AAG hours of legal advice.

10. Total workload impact:
FY 2021: 0.62 AAG and 0.31 Legal Assistant (LA) at a cost of $150,000.
FY 2022 and in each FY thereafter: 0.61 AAG and 0.31 LA at a cost of $149,000.

Note: Agency administration support FTEs are included in the tables below, using a Management Analyst 5 as a representative classification.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
405-1	Legal Services Revolving Account	State	0	150,000	150,000	298,000	298,000
		Total $	0	150,000	150,000	298,000	298,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		1.1	0.5	1.1	1.1
A-Salaries and Wages		97,000	97,000	192,000	192,000
B-Employee Benefits		33,000	33,000	66,000	66,000
E-Goods and Other Services		18,000	18,000	36,000	36,000
G-Travel		1,000	1,000	2,000	2,000
J-Capital Outlays		1,000	1,000	2,000	2,000
Total $	0	150,000	150,000	298,000	298,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Assistant Attorney General	108,156		0.6	0.3	0.6	0.6
Legal Assistant 3	54,108		0.3	0.2	0.3	0.3
Management Analyst 5	88,644		0.2	0.1	0.2	0.2
Total FTEs			1.1	0.6	1.1	1.1

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Government Compliance & Enforcement Division (GCE)		150,000	150,000	298,000	298,000
Total $		150,000	150,000	298,000	298,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2469 HB	Title: Small works rosters.	Agency: 147-Office of Minority and Women's Business Enterprises

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
OMWBE Enterprises Account-State 453-1		105,000	105,000	189,000	168,000
Total $		105,000	105,000	189,000	168,000

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	4.0	2.0	4.0	4.0
Account					
General Fund-State 001-1	0	893,539	893,539	1,436,782	1,436,782
Total $	0	893,539	893,539	1,436,782	1,436,782

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Kyle Raymond	Phone: 360-786-7190	Date: 01/13/2020
Agency Preparation:	Paul Bitar	Phone: 360-407-8129	Date: 01/16/2020
Agency Approval:	Paul Bitar	Phone: 360-407-8129	Date: 01/16/2020
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 01/21/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill will increase the regulatory oversight and accountability by the Office of Minority and Women's Business Enterprises (OMWBE).

Section 4 (1) (a) states that if a person, firm, corporation, or business does not comply with a contract requirement the state may impose one or more penalties.

Section 4 (1) (b) states if a person firm, corporation, or business commits any of the prohibited activities in RCW 39.19.080, the state must impose one of the above mentioned sanctions. The fiscal note assumption is that four additional staff will be needed to satisfy these investigations and subsequent requirements.

Section 4 (1) (c) requires that if a penalty is imposed and then an entity willfully repeats violations, exceeding a single violation, OMWBE must disqualify the contractor from further participation in state contracts for a period of three years. The monitoring and enforcing of these violation and sanctions will require the above mentioned additional staff.

Section 4 (3) requires OMWBE to adopt, by rule, criteria for the imposition of penalties. This section allows the rule to incorporate the debarment process authorized for the Department of Enterprise Services in RCW 39.26.200.

Section 4 (4) (a) allows for OMWBE to establish the investigative unit for the purposes of detecting and investigating fraud and violations. Per this bill section, the office must employ qualified personnel for the unit. OMWBE has determined they should include two experienced investigators, one contract specialist, and one entry level attorney (for legal writing). OMWBE assumes that each investigator would review 3-4 investigations per year and that the agency would receive a total of between 6-7 per year based on historical data. The number of investigations would most likely increase over time due to the fact that OMWBE is seeing an increase in certifications.

Section 4 (4) (b) and (c) authorize OMWBE to hold sensitive information, such as discoverable items and subpoenas, for use by its investigation unit. OMWBE would need to update its IT security to ensure that it meets the requirements to hold this data.

Section 6 clarifies that the OMWBE account (managed by the State Treasurer) will receive the civil penalties imposed under RCW 39.19.090 and will deposit receipts to this account. This account is for expenditures for defraying all or part of the costs of the office in administering this chapter (bill).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The fiscal note assumption is that a portion of the costs incurred by OMWBE will be reimbursed by the collection of fines from entities in violation. OMWBE assumes fines will first be assessed in FY 21. During FY 21 and FY 22, OMWBE estimates approximately 15 violations per year and subsequent imposed fines of not more than $7,000 each for a total of $105,000 for each of the first two fiscal years. For FY 23 onward the

expectation is 12 violations per year for a total of $84,000 per year. The slight reduction is anticipated from removing violating entities from contractual participation.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

OBJECT A & B
In reviewing HB 2469, the Office of Minority and Women's Business Enterprises (OMWBE) estimates it will need 4.0 additional staff to satisfy HB 2469's purpose of increasing the regulatory oversight and accountability of OMWBE. Hiring for these 4.0 positions would begin July 1, 2020, with the recruitment 90 days prior. The total costs for staff (Objects A and B) in FY 21 are estimated at $412,070, and $412,070 for the following fiscal years.

OBJECT C
HB 2469 would require OMWBE to incur IT costs to update its server security to ensure it meets the requirements to hold sensitive information such as discoverable items and subpoenas. OMWBE estimates a one-time implementation cost of $150,000 in FY 21.

OBJECT E
In FY21, OMWBE estimates that it will incur an additional $73,431 in Goods and Service costs (Object E) related to the four new FTEs, and $71,511 each year thereafter.

Additional costs include $20,000 per year in Office of Administrative Hearings (OAH), $150,000 in Attorney General (ATG) costs in FY 2021, and $149,000 in ATG costs each year thereafter. The anticipation is 6-7 hearings per year - the cost estimate is based on 6-7 hearings estimated at about $3,000 per hearing. Due to the creation of the investigative unit, the number of hearings may increase in later fiscal years, but the potential increase in volume is unknown.

Ongoing maintenance costs related to OMWBE's updated server security are estimated at $50,000 per year, starting in FY 21. This would be needed to ensure that the agency meets security requirements associated with holding discoverable items and subpoenas.

OBJECT G
Travel costs estimated at $15,810 per year, starting in FY 21.

OBJECT J
The addition of four new FTEs will necessitate the purchase of new computer equipment and furniture. This is estimated to be a one-time cost of $22,228 in FY21.

*See attached document titled "Cost Estimate Detail 2469 HB" for additional information on costs described above.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	0	893,539	893,539	1,436,782	1,436,782
		Total $	0	893,539	893,539	1,436,782	1,436,782

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		4.0	2.0	4.0	4.0
A-Salaries and Wages		301,104	301,104	602,208	602,208
B-Employee Benefits		110,966	110,966	221,932	221,932
C-Professional Service Contracts		150,000	150,000		
E-Goods and Other Services		293,431	293,431	581,022	581,022
G-Travel		15,810	15,810	31,620	31,620
J-Capital Outlays		22,228	22,228		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	893,539	893,539	1,436,782	1,436,782

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Attorney	90,000		1.0	0.5	1.0	1.0
Contract Specialist 2	65,592		1.0	0.5	1.0	1.0
Investigator 3	71,756		2.0	1.0	2.0	2.0
Total FTEs			4.0	2.0	4.0	4.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Per HB 2469, OMWBE would be required to amend WAC 326-08 to include debarment as a reason for the procedures. There would also need to be a fines/sanction schedule, and rules governing the investigation unit outlined in Section 4 of the bill.

Cost Estimate Detail 2469 HB

Salaries: (A)	Range/ Step	Salary Per Month	Number Needed	FY 2021	Number Needed	FY 2022
Investigator 3	L	$6,063.00	2	$145,512	2	$145,512
Contract Specialist 2	L	$5,466.00	1	65,592	1	65,592
Attorney	N/A	$7,500.00	1	90,000	1	90,000
Total Salary			**4**	**$301,104**	**4**	**$301,104**

Benefits: (B)	Percentage of salary/rate	Number Needed	FY 2021	Number Needed	FY 2022
OASI	0.062		18,668		18,668
Retirement (PERS employer rate)	0.1286		38,722		38,722
Medicare	0.0145		4,366		4,366
Health Insurance ($916/mo)	976	4	46,848	4	46,848
Industrial Insurance					
Class 4902 - Office Workers	480	4	1,920	4	1,920
Paid Family Leave Insurance (Gross x .4% x .3667)	0.0015	4	442	4	442
Total Benefits			**$110,966**		**$110,966**

Goods & Services:	Amount per Employee	Number Needed	FY 2021	Number Needed	FY 2022
Supplies (EA)	$600	4	$2,400	4	$2,400
Communications (EB)					
Phone Line (Olympia area)	540	4	2,160	4	2,160
Switched Long Distance Service	125	4	500	4	500
Centurylink Voice Mail	42	4	168	4	168
Internet - VPN - One time set up fee	180	4	720	0	0
Internet - VPN Soft/Cert	108	4	432	4	432
Network/Desktop/Phone Support	3,500	0	0	0	0
Email,Vault license & Filtering	59	4	235	4	235
Vault Storage - 2GB per person	30	4	122	4	122
Other (cell phone, pager, etc.)	1,080	4	4,320	4	4,320
Printing (Business Cards) (EF)	25	4	100	4	100
Training (EG)	1,000	4	4,000	4	4,000
Public & Historic Facilities (EK) (if new FTE)	252	4	1,008	4	1,008
Payroll Processing (EL)	240	4	960	4	960
Personnel Service Fee (EN-020)	0.0008		241		241
(% of classified salaries)					
Personnel Labor Relations Fee (EN-010)	0.001		211		211
(if a new Represented FTE)					
Software Licenses (EY)	500	4	2,000	4	2,000
One-time Costs:					
Phone Line/Data Cable Installation	300	4	1,200	0	0
Space Rent (ED)	5,956.50	4	23,826	4	23,826
Parking (EK) (Avg. Campus rate)	52.50	4	210	4	210
Small Agency Human Resources (EN)	1,630.96	4	6,524	4	6,524
Small Agency Financial Services (EK)	4,005.40	4	16,022	4	16,022
State Data Network (EL)	109.92	4	440	4	440
Enterprise Systems Rates (EL)	520.54	4	2,082	4	2,082
Security Gateway (EL)	592.06	4	2,368	4	2,368
Real Estate Services (EK)	44.37	4	177	4	177
DES Risk Management Fee (EP)	196.22	4	785	4	785
OFM Central Services (ER)	55.00	4	220	4	220
Total Goods & Services			**$73,431**		**$71,511**

Travel: (G)	Amount per Employee	Number Needed	FY 2021	Number Needed	FY 2022
15 days per year, $151 per day (low cost area rate)	2,265	4	9,060	4	9,060
Private Car Mileage					
1500 miles @ $.575 per mile	863	4	3,450	4	3,450
Misc travel (parking)	375	4	1,500	4	1,500

Airfare (1 flight per year to Spokane)	250	4	1,000	4	1,000
Other Estimated Misc Costs	200	4	800	4	800
Total Travel			**$15,810**		**$15,810**

Equipment: (J)	**Amount per Item**	**Number Needed**	**FY 2021**	**Number Needed**	**FY 2022**
Desk System	1,887	4	7,548	0	0
Desk Chair	500	4	2,000	0	0
Side Chair	235	4	940	0	0
File Cabinet	360	4	1,440	0	0
Bookcase	300	4	1,200	0	0
Laptop w/ LCD, Dock, Cable, Mouse, Keyboard	2,000	4	8,000	0	0
Ergonomic Keyboard	50	4	200	0	0
Security Lock	30	4	120	0	0
Phone	195	4	780	0	0
Total Equipment			**$22,228**		**$0**

Other costs:	**Amount per Item**	**Number Needed**	**FY 2021**	**Number Needed**	**FY 2022**
Professional Service Contracts: (C)					
IT Updated Server Security Implementation	150,000	one-time cost	150,000	0	
Goods and Services: (E)					
Hearings - Office of Administrative Hearings	$3,000 per hearing	6-7 hearings	20,000	6-7 hearings	20,000
Attorney General Expenses		ATG estimate	150,000	ATG estimate	149,000
IT Updated Server Security Maintenance	50,000	annual cost	50,000	annual cost	50,000
Total Other Costs			**$370,000**		**$219,000**

Total Request	**$ 893,539**	**$ 718,391**

Individual State Agency Fiscal Note

Bill Number: 2469 HB	Title: Small works rosters.	Agency: 179-Department of Enterprise Services

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

[ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

[ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

[ ] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:	Kyle Raymond	Phone: 360-786-7190	Date: 01/13/2020
Agency Preparation:	Kenneth McBroom	Phone: (360) 407-8261	Date: 01/16/2020
Agency Approval:	Ashley Howard	Phone: (360) 407-8159	Date: 01/16/2020
OFM Review:	Jennifer Masterson	Phone: (360) 902-0579	Date: 01/20/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill establishes debarment procedures and other penalties for the Office of Minority and Women's Business Enterprises (OMWBE) to implement against public works contractors who provide public works and goods and services that interfere with, or fraudulently obtain, certification as a minority or women's business enterprise. This bill also adjusts the dollar thresholds for public works contractors to participate in the limited public works and small works roster processes.

Section 8(1) changes the maximum dollar threshold for the small work roster process from $350K to $500K.

Section 8(2)(c) relates to inviting selected contractors to bid on projects who are part of the small works roster. The Department of Enterprise Services (DES) does not currently utilize this process, therefore, there is not fiscal impact.

Section 8(3)(a) changes the maximum dollar threshold for awarding contracts under the limited public works process from $50K to $150K.

The changes to small works rosters and limited public works can be completed as part of routine business process. Therefore, there is not fiscal impact.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2469 HB	**Title:** Small works rosters.

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

[X] Cities: Indeterminate decrease in costs due to expansion of projects to which the small works roster applies

[X] Counties: Same as above

[ ] Special Districts:

[ ] Specific jurisdictions only:

[ ] Variance occurs due to:

Part II: Estimates

[ ] No fiscal impacts.

[ ] Expenditures represent one-time costs:

[ ] Legislation provides local option:

[X] Key variables cannot be estimated with certainty at this time: Number of projects that will meet requirements for the small works roster

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Alice Zillah	Phone: 360-725-5035	Date: 01/20/2020
Leg. Committee Contact: Kyle Raymond	Phone: 360-786-7190	Date: 01/13/2020
Agency Approval: Rebecca Duncan	Phone: 360-725-5040	Date: 01/20/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/21/2020

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

Sec. 1 amends RCW 39.19.020. "Debar" means to prohibit a contractor, individual, or other entity from submitting a bid, having a bid considered, or entering into a state contract during a specified period of time as set forth in a debarment order.

Sec. 8 amends RCW 39.04.155. Small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property apply to work with estimated costs of $500,000 or less. Small works roster provisions to award contracts for work, construction, alteration, repair, or improvement projects estimated to cost less than $150,000 may use the limited public works process provided under this subsection. Public works projects awarded under this subsection are exempt from the other requirements of the small works roster process provided under subsection (2) of this section.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

The bill would result in indeterminate cost savings to local governments as a result of decreasing the need for competitive processes, by expanding the contracts which can be instituted under the small works roster (SWR). Because the cost of a competitive process varies depending on complexity, the cost savings cannot be estimated.

There is no data available to estimate how many public works projects (with costs up to $300,000 currently) have used SWR process to hire contractors, nor is there data to estimate how many new projects ranging up to $500,000 would include a SWR process per this bill. Generally, SWR bids are much less costly than formal competitive bids or "Design-Bid-Build" processes. For projects up to $500,000, bids must be solicited from at least five contractors, and for projects up to $150,000, bids must be solicited from at least three contractors. Additionally, local governments may assume liability for a contractor's nonpayment of goods and services, and may recover any payments made on a contractor's behalf for limited SWR processes.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The legislation would have no revenue impacts for local government.

SOURCES:
Local Government Fiscal Note HB 2722, 2016