

Multiple Agency Fiscal Note Summary

Bill Number: 1897 HB	Title: Public works and procurement
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	813,535	0	266,088	0	266,088
Office of Minority and Women's Business Enterprises	0	210,000	0	168,000	0	168,000
Total \$	0	1,023,535	0	434,088	0	434,088

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Joint Legislative Audit and Review Committee	1.1	298,100	298,100	.0	0	0	.0	0	0
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	3.3	0	813,535	1.1	0	266,088	1.1	0	266,088
Office of Minority and Women's Business Enterprises	3.0	0	963,314	3.0	0	953,908	3.0	0	953,908
Department of Enterprise Services	.0	0	221,740	.0	0	0	.0	0	0
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	7.4	\$298,100	\$2,296,689	4.1	\$0	\$1,219,996	4.1	\$0	\$1,219,996

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 Impact

NONE

Prepared by: Gwen Stamey, OFM	Phone: (360) 902-9810	Date Published: Final 2/14/2017
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 47360

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1897 HB	Title: Public works and procurement	Agency: 014-Joint Legislative Audit and Review Committee
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.9	1.2	1.1	0.0	0.0
Account					
General Fund-State 001-1	142,000	156,100	298,100	0	0
Total \$	142,000	156,100	298,100	0	0

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:

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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.

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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: Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Preparation: John Woolley	Phone: 360 786-5184	Date: 02/03/2017
Agency Approval: Keenan Konopaski	Phone: 360-786-5187	Date: 02/03/2017
OFM Review: Derek Rutter	Phone: (360) 902-0409	Date: 02/06/2017

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.

The bill makes changes to the statutes directing the operations of the Office of Minority and Women's Business Enterprises (OMWBE) and the provisions of the public works, small works roster and limited public works process. The bill includes a study directive to JLARC to review the impacts of the changes to the small works roster and limited public works processes included in the bill.

JLARC STUDY DIRECTIVE

By December 1, 2018, JLARC is to:

- Review progress in the rates of participation of certain groups, including qualified MWBE businesses, minibusinesses, and microbusinesses in the small works roster and limited public works contracting processes.
 - Review barriers to improving the participation rate of qualified MWBE owned and controlled businesses and the growth of minibusinesses and microbusinesses in the small works roster and limited public works processes.
- The bill directs the study to include recommendations for the furtherance of practices addressed in the bill related to the small works roster and limited public works contracting processes.

BILL SECTIONS

- 1: Makes changes to definitions by defining contractor and debarment.
- 2: Establishes a new reporting requirement for OWMBE related to utilization of MWBE contractors by state agencies and educational institutions.
- 3: Strikes language related to a violation of the chapter.
- 4: Establishes penalties for businesses committing acts prohibited by the chapter.
- 5: Authorizes the director of OWMBE to apply for subpoenas.
- 6: Includes civil penalties as funds that are to be deposited into the MWBE account.
- 7: Makes changes to OWMBE reporting requirements.
- 8: Includes the JLARC study directive and makes changes to provisions of the public works, small works roster and limited public works process statute. Included is an increase in the dollar limit for small works roster projects from \$300,000 to \$500,000 and limited works from \$35,000 to \$150,000.

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.

The report is to be completed by December 1, 2018.

For the purposes of this fiscal note, JLARC staff assume that the bill would become effective July 1, 2017. JLARC staff would begin our analysis in early 2018, working with six months of implementation data.

In addition to JLARC analyst efforts to complete the study, this fiscal note includes costs associated with hiring experts in survey design and implementation to assist in addressing the study's directive to identify barriers to improving participation.

JLARC estimates its costs to be divided between a) JLARC staff costs, and b) the costs associated with engaging external experts to assist JLARC staff in completing its assignment.

a) JLARC estimates its costs based on audit months (approximately \$16,000 per audit month). JLARC estimates it will take 17 audit months to complete the assignment required by this bill.

b) Consultant Costs: JLARC anticipates engaging consultant(s) to design and conduct a survey to assist in identifying barriers to participation. We estimate consultant costs of \$26,000.

JLARC assumes comparable consultant efforts and costs made available for previous studies, and estimated costs reflect JLARC's recent experience in contracting with external entities for similar work.

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2017 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS.

HOWEVER, ADDITIONAL RESOURCES TO COVER CONSULTANT COSTS OF \$26,000 WOULD NEED TO BE PROVIDED.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2017-19 costs are calculated at approximately \$16,000 per audit month.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.9	1.2	1.1		
A-Salaries and Wages	79,900	101,200	181,100		
B-Employee Benefits	25,300	32,100	57,400		
C-Professional Service Contracts	22,000	4,000	26,000		
E-Goods and Other Services	13,400	17,000	30,400		
G-Travel	1,400	1,800	3,200		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$142,000	\$156,100	\$298,100	\$0	\$0

III. B - 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 2018	FY 2019	2017-19	2019-21	2021-23
Research Analyst	95,283	0.6	0.8	0.7		
Support staff	65,053	0.3	0.4	0.4		
Total FTE's	160,336	0.9	1.2	1.1		0.0

Part IV: Capital Budget Impact

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.

Judicial Impact Fiscal Note

Bill Number: 1897 HB	Title: Public works and procurement	Agency: 055-Administrative Office of the Courts
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Part I: Estimates



No Fiscal Impact

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Legislative Contact	Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Preparation:	Renee Lewis	Phone: 360-704-4142	Date: 02/03/2017
Agency Approval:	Ramsey Radwan	Phone: 360-357-2406	Date: 02/03/2017
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 02/06/2017

Request # 1897 HB-1

Part II: Narrative Explanation

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

Several sections under RCW 39.19 would be amended regarding the use of OWMBE identified contractors.

There is no impact to the courts or to AOC.

II. B - Cash Receipts Impact

II. C - Expenditures

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 1897 HB	Title: Public works and procurement	Agency: 100-Office of Attorney General
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Legal Services Revolving Account-State 405-1	379,050	434,485	813,535	266,088	266,088
Total \$	379,050	434,485	813,535	266,088	266,088

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	3.0	3.5	3.3	1.1	1.1
Account					
Legal Services Revolving Account-State 405-1	379,050	434,485	813,535	266,088	266,088
Total \$	379,050	434,485	813,535	266,088	266,088

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:

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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.

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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: Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Preparation: Steve Reinmuth	Phone: 360-586-7730	Date: 02/08/2017
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 02/08/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/09/2017

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.

The bill amends chapter 39.19 RCW to increase utilization of the Office of Minority & Women Businesses (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 assessment. It also creates a new investigative and enforcement division within OMWBE and provides them with certain investigative and subpoena authority.

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 agencies are OMWBE, Department of Enterprise Services (DES), and the Washington State Department of Transportation (WSDOT). The AGO will bill all clients for legal services rendered.

These cash receipts represent the AGO 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.

AGO AGENCY ASSUMPTIONS:

1. OMWBE will be billed \$133,044 in FY 2018 and in each FY thereafter.
2. DES will be billed \$110,870 in FY 2018 and FY 2019.
3. WSDOT will be billed:
FY 2018: \$135,136.
FY 2019: \$190,571

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.

In order to provide legal services for OMWBE, DES and WSDOT, the AGO estimates a workload impact of:

FY 2018: 1.60 Assistant Attorney General (AAG), 0.80 Legal Assistant (LA) and 0.25 Paralegal (PL) at a cost of \$379,050..

FY 2019: 1.85 AAG, 0.92 LA and 0.25 PL at a cost of \$434,485.

FY 2020 and in each FY thereafter: 0.60 AAG at a cost of \$133,044.

AGO Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on July 1, 2017.

2. The AGO Agriculture & Health (AHD) division has reviewed this bill and determined it will not increase or decrease the division's workload in representing the Department of Commerce (COM). This bill imposes some additional requirements on state agencies and local government contracting for goods & services. Questions while COM implements the law are assumed to be very limited and can be provided with existing resources. No costs are included in this request.

3. The AGO Government Compliance & Enforcement (GCE) division has reviewed this bill and determined it will not result in a significant level of workload in representing the Joint Legislative Audit & Review Committee (JLARC). This bill would require JLARC to review the implementation of the changes to the small works roster and prepare a report to the Governor and Legislature by December 1, 2018. Although this new requirement can give rise to an occasional advice request from JLARC, this request is minor and provided within existing resources. No JLARC costs are included in this request.

Assumptions for the AGO GCE Legal Services for OMWBE:

1. The AGO will bill OMWBE for legal services based on the enactment of this bill.
 2. GCE concurs with OMWBE's assumption that this bill will result in up to 7 new enforcement cases each year, beginning FY 2018. Additionally, GCE anticipates up to 1 new administrative appeal each year.
 3. 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.
 4. OMWBE cases are assumed to always be document-intensive, and hearings are usually scheduled for 3 to 5 days each.
 5. Based on GCE's past experience with the services expended in representing OMWBE in similar enforcement cases, it is anticipated that the new litigation generated by this bill will utilize approximately 1,080 AAG hours in FY 2018 and each year thereafter.
3. Total workload impact for 0.60 AAG at a cost of \$133,044 in FY 2018 and in each FY thereafter.

Assumptions for the AGO Transportation & Public Constriction (TPC) Legal Services for the Washington State Department of Transportation (WSDOT):

1. The AGO will bill WSDOT for legal services based on the enactment of this bill.
2. There will need to be a review of contract language for WSDOT, and legal advice associated with the contract revisions.
3. Increased bid protests for WSDOT will occur, and there will likely be requests for client advice and legal representation associated with those protests.
4. Increased contract-related litigation and increased work associated with debarment procedures are assumed.
5. TPC has not had a chance to talk with WSDOT about the estimated FTE numbers.

6. Total workload impact:

FY2018: 0.50 AAG, 0.25 PL and 0.25 LA at a cost of \$135,136.

FY2019: 0.75 AAG, 0.25 PL and 0.37 LA at a cost of \$190,571.

Assumptions for the AGO TPC Legal Services for the Department of Enterprise Services (DES):

1. The AGO will bill DES for legal services based on the enactment of this bill.
2. There will need to be a review of contract language for DES, and legal advice associated with the contract revisions.
3. Increased bid protests for DES will occur, and there will likely be requests for client advice and legal representation associated with those protests.
4. Increased contract-related litigation and increased work associated with debarment procedures are assumed.
4. Total workload impact: 0.50 AAG and 0.25 LA in FY 2018 and FY 2019 at a cost of \$110,870 per FY.

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 - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	3.0	3.5	3.3	1.1	1.1
A-Salaries and Wages	242,937	278,124	521,061	170,932	170,932
B-Employee Benefits	79,570	90,979	170,549	55,546	55,546
C-Professional Service Contracts					
E-Goods and Other Services	50,843	58,877	109,720	35,710	35,710
G-Travel	3,050	3,485	6,535	2,100	2,100
J-Capital Outlays	2,650	3,020	5,670	1,800	1,800
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$379,050	\$434,485	\$813,535	\$266,088	\$266,088

III. B - 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 2018	FY 2019	2017-19	2019-21	2021-23
Assistant Attorney General	100,128	1.6	1.9	1.7	0.6	0.6
Legal Assistant III	48,060	0.8	0.9	0.9	0.3	0.3
Management Analyst 5	73,140	0.4	0.5	0.4	0.2	0.2
Paralegal II	63,036	0.3	0.3	0.3		
Total FTE's	284,364	3.0	3.5	3.3	1.1	1.1

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Government Compliance & Enforcement Division (G	133,044	133,044	266,088	266,088	266,088
Transportation and Public Construction (TPC)	246,006	301,441	547,447		
Total \$	379,050	434,485	813,535	266,088	266,088

Part IV: Capital Budget Impact

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.

None.

Individual State Agency Fiscal Note

Bill Number: 1897 HB	Title: Public works and procurement	Agency: 147-Office of Minority and Women's Business Enterprises
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
OMWBE Enterprises Account-State 453-1	105,000	105,000	210,000	168,000	168,000
Total \$	105,000	105,000	210,000	168,000	168,000

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
Account					
OMWBE Enterprises Account-State 453-1	486,360	476,954	963,314	953,908	953,908
Total \$	486,360	476,954	963,314	953,908	953,908

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:

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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.

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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: Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 02/09/2017
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 02/09/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/09/2017

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 three 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 three 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 be an experienced CPA, experienced investigator, and an entry level attorney (for legal writing).

Section 6 clarifies that 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. The estimate for FY 18 and FY 19 (the first and second year) is 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 20 onward the expectation is 12 violations per year in the following years for a total of \$84,000. 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.

In reviewing HB 1897, the Office of Minority and Women's Business Enterprises (OMWBE) estimates it will

need 3.0 additional staff to satisfy HB 1897's purpose of increasing the regulatory oversight and accountability of OMWBE. Hiring for these 3.0 positions would begin July 1, 2017, with the recruitment 90 days prior. The total costs for staff in FY 18 are estimated at \$280,800, and \$288,180 for the following fiscal years.

Travel costs estimated at \$15,720 per year.

Additional costs of \$20,000 in Office of Administrative Hearings (OAH), and \$133,044 in Attorney General costs are anticipated each fiscal year. The anticipation is 6-7 hearings per year - the cost estimate is based on 6-7 hearings estimated at about \$3,000 per hearing.

CALCULATIONS:

OBJ A&B Salary and benefits for 3 staff : \$280,800 for FY18, and \$288,180 for the following fiscal years

OBJ E Goods and Other Services: OAH services of \$20,000/fiscal year, Attn Gen services of \$133,044/fiscal year, and other related costs of \$20,010 per year

OBJ G Travel: \$15,720 per year

OBJ J Capital Outlays: \$16,786 in first year (for items such as desks and computers). These are considered one time costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	208,212	214,428	422,640	428,856	428,856
B-Employee Benefits	72,588	73,752	146,340	147,504	147,504
C-Professional Service Contracts					
E-Goods and Other Services	173,054	173,054	346,108	346,108	346,108
G-Travel	15,720	15,720	31,440	31,440	31,440
J-Capital Outlays	16,786		16,786		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$486,360	\$476,954	\$963,314	\$953,908	\$953,908

III. B - 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 2018	FY 2019	2017-19	2019-21	2021-23
CPA WMS 3	85,188	1.0	1.0	1.0	1.0	1.0
Investigator 4	123,024	2.0	2.0	2.0	2.0	2.0
Total FTE's	208,212	3.0	3.0	3.0	3.0	3.0

Part IV: Capital Budget Impact

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 1897, 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.

Individual State Agency Fiscal Note

Revised

Bill Number: 1897 HB	Title: Public works and procurement	Agency: 179-Department of Enterprise Services
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
Account					
Enterprise Services	110,870	110,870	221,740	0	0
Account-Non-Appropriated 422-6					
Total \$	110,870	110,870	221,740	0	0

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: Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Preparation: Ronell Witt	Phone: (360) 407-9321	Date: 02/13/2017
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 02/13/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 02/14/2017

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.

The bill amends chapter 39.19 RCW to increase utilization of the Office of Minority & Women Businesses (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 assessment. It also creates a new investigative and enforcement division within OMWBE and provides them with certain investigative and subpoena authority.

Subsection 8(6) directs the Department of Enterprise Services to work with the municipal research and services center to notify local governments of the authority to use the small works process and provide guidance on how to use that authority. The direction to work with the municipal research and services center is complementary with current outreach efforts made to local governments therefore, this section has no 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.

This legislation will result in additional Attorney's General Office (AGO) for review of contract language, possible increases in bid protests and increased litigation associated with debarment procedures. The AGO assumes it will take a .5 of an attorney to complete this work for the next two fiscal years.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	110,870	110,870	221,740		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$110,870	\$110,870	\$221,740	\$0	\$0

Part IV: Capital Budget Impact

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.

Individual State Agency Fiscal Note

Bill Number: 1897 HB	Title: Public works and procurement	Agency: 405-Department of Transportation
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Preparation: Elise Greef	Phone: 360-705-7541	Date: 02/13/2017
Agency Approval: Doug Vaughn	Phone: 306-705-7500	Date: 02/13/2017
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 02/14/2017

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.

The bill amends chapter 39.19 RCW regarding the Office of Minority & Women Businesses (OMWBE). The bill requires OMWBE to annually identify those state agencies and educational institutions in the lowest quintile of utilization of minority and women-owned contractors by percentage of contracts issued, in the lowest quintile by dollar value, and that are performing significantly below their established goals. Identified agencies must meet with OMWBE to review plans, tools, and actions to increase participation.

The bill provides for new non-compliance penalties on contractors including withholding payment, decertifying or debaring the contractor, suspending or terminating the contract, or imposing civil penalties. It also creates a new investigative and enforcement division within OMWBE and provides them with certain investigative and subpoena authority.

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.

No cash receipt impact.

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.

The expenditure impact is indeterminate. The department will incur costs to reimburse the Attorney General's Office (AGO) for the following services: review of contract language for WSDOT and legal advice associated with contract revisions, increased bid protests that require AG advice and legal representation, and increased contract-related litigation and work associated with debarment procedures. The AGO estimates these amounts to be \$135,000 in FY 2018 and \$191,000 in FY 2019, for a total 2017-19 cost of \$326,000 in Program U, Charges from Other Agencies.

The OMWBE will incur costs to implement the bill, estimated by that agency at approximately \$381,000 to \$393,000 per fiscal year from FY 2018 and beyond. Assuming the OMWBE spending authority is provided from an account other than the OMWBE Enterprises Account (453), there would be no fiscal impact to WSDOT; if appropriated from Account 453, some portion of the costs could be passed on to WSDOT's Program U in the form of rate adjustments. Therefore, the impact is indeterminate.

Finally, in the event WSDOT is identified as an agency meeting criteria for OMWBE review, there could be additional staff time to consult with OMWBE, to review tools and procedures, and to plan actions to increase participation. It is assumed this activity would fall within the realm of current staff duties.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1897 HB	Title: Public works and procurement
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Indeterminate expenditure impacts to invite additional bids and to wave retainage requirements and assume project liability
- ☒ Counties: Indeterminate expenditure impacts to invite additional bids and to wave retainage requirements and assume project liability
- ☒ Special Districts: Indeterminate expenditure impacts to invite additional bids and to wave retainage requirements and assume project liability
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Local governments have the option to waive the retainage requirements and to assume project liability
- ☒ Key variables cannot be estimated with certainty at this time: The total number of local governments that may waive retainage requirements and assume project liability

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Buck Lucas	Phone: 360/725-5040	Date: 02/07/2017
Leg. Committee Contact: Kirsten Lee	Phone: 360-786-7133	Date: 02/02/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/07/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/07/2017

Part IV: Analysis

A. SUMMARY OF BILL

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

This legislation would increase the accessibility of public works contracts by minority and women-owned businesses. In addition, processes involved in local government small works roster projects would be revised, including to publish bid quotations via electronic means and the option to waive retainage requirements.

Section 8 -- Requires local governments to solicit bids from at least five contractors on small works rosters. Under current law, local government have the option to invite additional bids. The final bid quotations received must be published via electronic means, rather than information transmitted by telephone request only.

Local governments may waive retainage requirements for small works projects and assume liability for a contractor's potential nonpayment.

The Municipal Research and Services Center (MRSC) would notify local governments authorized to use small works rosters and to provide guidance on how to use the authority under this standard.

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.

This legislation would have an indeterminate expenditure impact on local governments. The local option to waive the retainage for small works roster projects and to assume the liability for these contracted works poses the greatest possibility of expenditures for local governments. Local governments may also experience additional expenditures to inform up to five contractors and invite bids, and to publish via electronic means the results of bid quotations received electronically, which is a move away from current practice whereby bid quotations are available upon phone request. The magnitude of local government expenditures is indeterminate and would vary based on the magnitude of local governments affected, the jurisdiction's electronic capacity to publish bid quotations electronically, the availability of minority and women-owned businesses that may participate or receive consideration under this standard, and by the number of local governments that do not currently invite additional project bids and under this standard must. For these reasons, local government expenditures are indeterminate and cannot be clearly calculated.

Court impacts, including judicial costs, clerk costs, and court fees, are described in fiscal notes prepared by AOC. Local government fiscal notes include city and county expenditures for law enforcement investigations and arrests, indigent defenders, county prosecutors and jail costs. Please see the AOC fiscal note for a discussion of impacts to city and county courts.

RETAINAGE COSTS:

Under current law, contractors on the small works roster are responsible for a maximum \$15,000 retainage fee. If a local government waives the retainer and assumes liability for the project, costs unpaid by the contractor would be both payable by the local government, and available for a right of recovery against the contractor. The number of public works projects, as defined under this standard, that local governments would undertake is indeterminate, as are the number of public works projects that a local government would waive retainage and assume project liability. The total liability that a local government may be responsible for is also indeterminate.

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.

This legislation would not result in local government revenue impacts.

SOURCES:

Local Government Fiscal Note for HB 2933, 2016
City of Bainbridge Island