

Public Hospital Districts: Procurement in 2024

Association of Washington Public Hospital Districts

September 18, 2024



Presenter

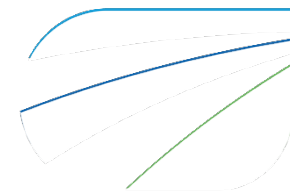


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Agenda

- General Procurement Overview;
- The latest changes to procurement laws and how they apply to public hospital districts;
- Useful MRSC Tools for Procurement.

Procurement



Purchasing, renting, leasing, or otherwise obtaining any supplies, services, or construction; includes all functions that pertain to the procurement, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration. The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, storekeeping, salvage, and disposal operations.

Source: NIGP

Types of Procurement



Public Works



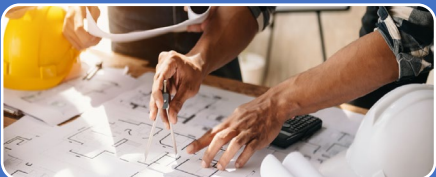
Goods, Equipment, Supplies, Materials



Purchased Services



Personal Services



Professional Services (A&E)

Types of Procurement



Public Works

Public Work



RCW 39.04.010

“Public work” means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.



Public Work: Competitive Bidding Overview



- If estimated cost is \$75,000 or less, you may use a minimal competition process, a small works roster, or formal competitive bidding.
- If estimated cost is more than \$75,000 but less than \$350,000, you may use a small works roster or formal competitive bidding.
- If estimated cost is more than \$350,000, you must use formal competitive bidding.



Changes for Public Works



SB 5268: Modifications to Small Works Roster



Small Works



Informal procurement process using a pre-defined list for contracting public works estimated to cost up to \$350,000.



Small Works Roster



For solicitation of contractors for small public works projects

- **Any government agency can use a roster (your own, or join one)**
- **Annual advertisement**
- **Contractors can join at any time**
- **Segregated by trade, agency, or geographic region**



Small Works Roster laws first put in place:



SB 5268 Purpose



- **Administratively efficient**
- **Promote small and diverse businesses**
- **Maintain labor protections**



SB 5268 Key changes



New Small
Business
Certification



Establishes
statewide small
works roster



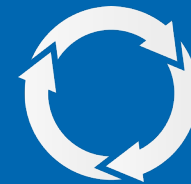
Clarifies
language



Standardizes cost
thresholds and
adds direct
contracting



Requires small
business utilization
plan – each
agency creates



Builds in future
market updates

SB 5268 New Small Business Certification:

Office of Minority & Women's Business Enterprises

- ✓ New Public Works Small Business Enterprise (PWSBE) Certification Program
 - Race & gender neutral
 - No additional fees for (state-certified) businesses
 - MBE, WBE, MWBE, CBE, SEDBE
- ✓ Public Works Small Business Certification rules
(WAC 326-20-087)



SB 5268 Established statewide roster

MRSC Roster designated as the official Statewide Roster

- ✓ Intended as a single sign-up process for businesses
- ✓ Centralized reporting for agencies
- ✓ Enhanced platform



SB 5268 Statewide & Independent Rosters



- Integrate OMWBE certification data
- Follow rules on rotation, outreach and program eligibility





SB 5268 Standardized Thresholds

Updated Solicitation Process [RCW 39.04.152](#): Small Works Roster Projects up to \$350,000

- Agency estimate does **not** include sales tax
- Agency invite **all** Contractors from the applicable roster





SB 5268 Optional Direct Contracting

Updated Solicitation Process [RCW 39.04.152](#) : Under \$150,000

- **Direct contract:** Agencies may direct contract through negotiation with a contractor from the appropriate roster
- **Notification:** Agencies must notify all contractors on the roster
- **Rotation:** Agencies must rotate and not select the same firm repeatedly
- **Small business preference:** Six or more rule



SB 5268

Six or more rule – optional direct contracting

Under \$150,000

Certified Small Business



Not Certified

No small business

Contract with any



6 or more small

Contract with small



5 or less small

Contract with any



SB 5268 Retainage and Bonding Changes



For contracts greater than \$5,000:

- Agencies may reduce or waive retainage
- Agencies take on liability for unpaid wages and taxes.
- Agencies no longer allowed to waive performance and payment bonds



SB 5268 Retainage and Bonding Changes (cont.)



For contracts less than \$5,000:

- No retainage or bonds required



Department of Labor & Industries

- ✓ Updated prevailing wages rules for contracts under \$5,000 (WAC 296-127-050)
- ✓ Providing education and technical assistance to public works firms



SB 5268 Small Works Roster Notification

Effective July 1, 2024



Estimated Project Cost	Contractors Notified
\$0 to \$350K	Notify All on Roster Category
-OR-	
Less than \$150K	Optional Direct Contract Through Negotiation with a Contractor From Roster Category

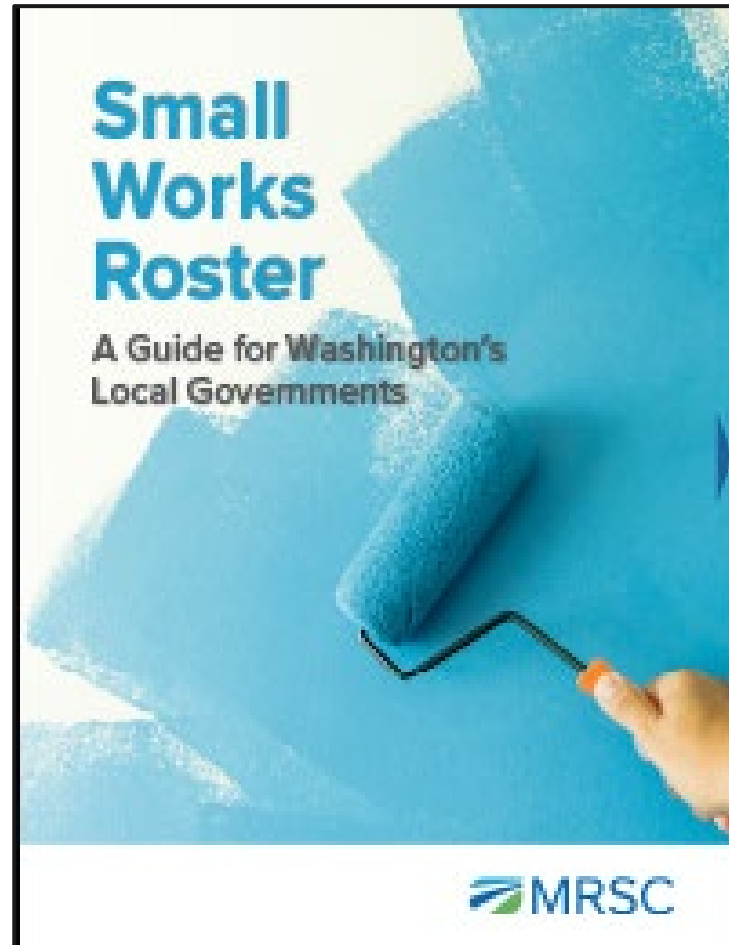
Department of Enterprise Services

- ✓ Small Public Works contracting rules (WAC 200-330)
 - Rotation
 - Documentation
 - Responsibility criteria
- ✓ Creating bidding templates



Washington State
DEPARTMENT OF
ENTERPRISE SERVICES

MRSC Small Works Roster Resource



[Small Works Roster Guide](#)

HB 1050: Apprentice Utilization





Apprentices on Public Works

RCW 39.12.021

Apprentice workers employed upon public works projects for whom an apprenticeship agreement has been registered and approved with the state apprenticeship council pursuant to chapter 49.04 RCW, must be paid at least the prevailing hourly rate for an apprentice of that trade. Any worker for whom an apprenticeship agreement has not been registered and approved by the state apprenticeship council shall be considered to be a fully qualified journey level worker, and, therefore, shall be paid at the prevailing hourly rate for journey level workers.

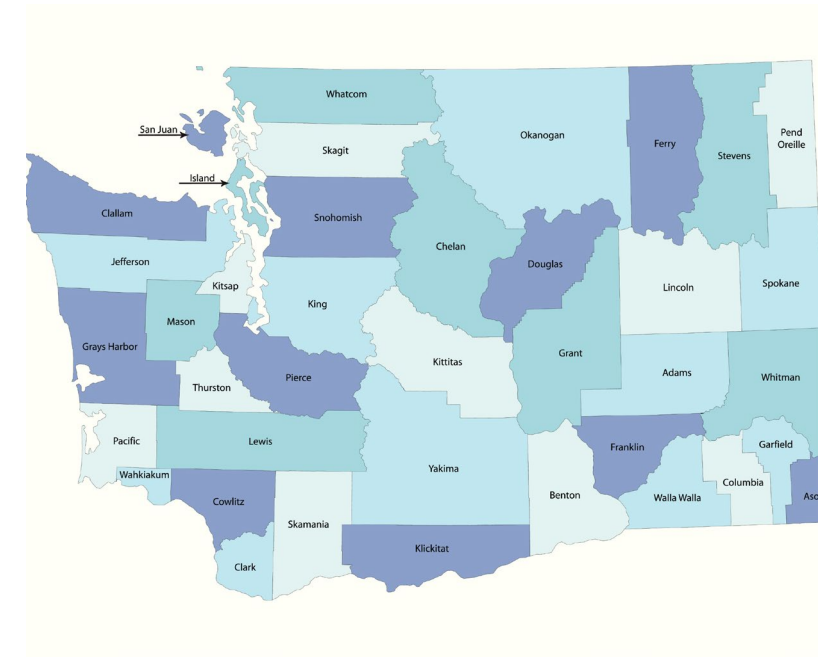
HB 1050: Key Updates



Effective July 1, 2024:

Apprenticeship utilization requirements apply to a “municipality”:

- Counties
- Cities
- Towns
- Port districts
- Other public agencies
 - **Public Hospital District**





HB 1050: Municipality Public Works Requirements

Require no less than 15% of total labor hours be performed by apprentices.

July 1, 2024

Contracts estimated to cost more than \$2 million

July 1, 2026

Contracts estimated to cost more than \$1.5 million

July 1, 2028

Contracts estimated to cost more than \$1 million

Current MRSC Apprenticeship Resources



Part 1: Apprentice Utilization Requirements and Prevailing Wage Reporting

- [Presentation Slides](#)
- [Awarding Agency AUR Info Sheet](#)
- [Recording Link](#)

Part 2: Implementing Apprentice Utilization Requirements

- [Presentation Slides \(Updated\)](#)
- [Questions and Answers Summary](#)
- [Payment Cover Page Example](#)
- [Webinar Handout \(Sample Language, Documents, and Templates\)](#)
- [Recording Link](#)

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Upcoming Trainings

MRSC produces virtual webinars every month, several virtual workshops throughout the year, and a small number of in-person events across Washington State. Below is the list of all currently planned trainings; additional information will be added as it becomes available.

MRSC also provides a number of other training opportunities, including a [PRA/OPMA e-learning course](#) for city elected officials. Learn about the latest training opportunities and local government news by [signing up](#) for our e-newsletters.

Missed a webinar? Visit our [On-Demand Webinars](#) page to view recordings of previous webinars.

Now Open for Registration



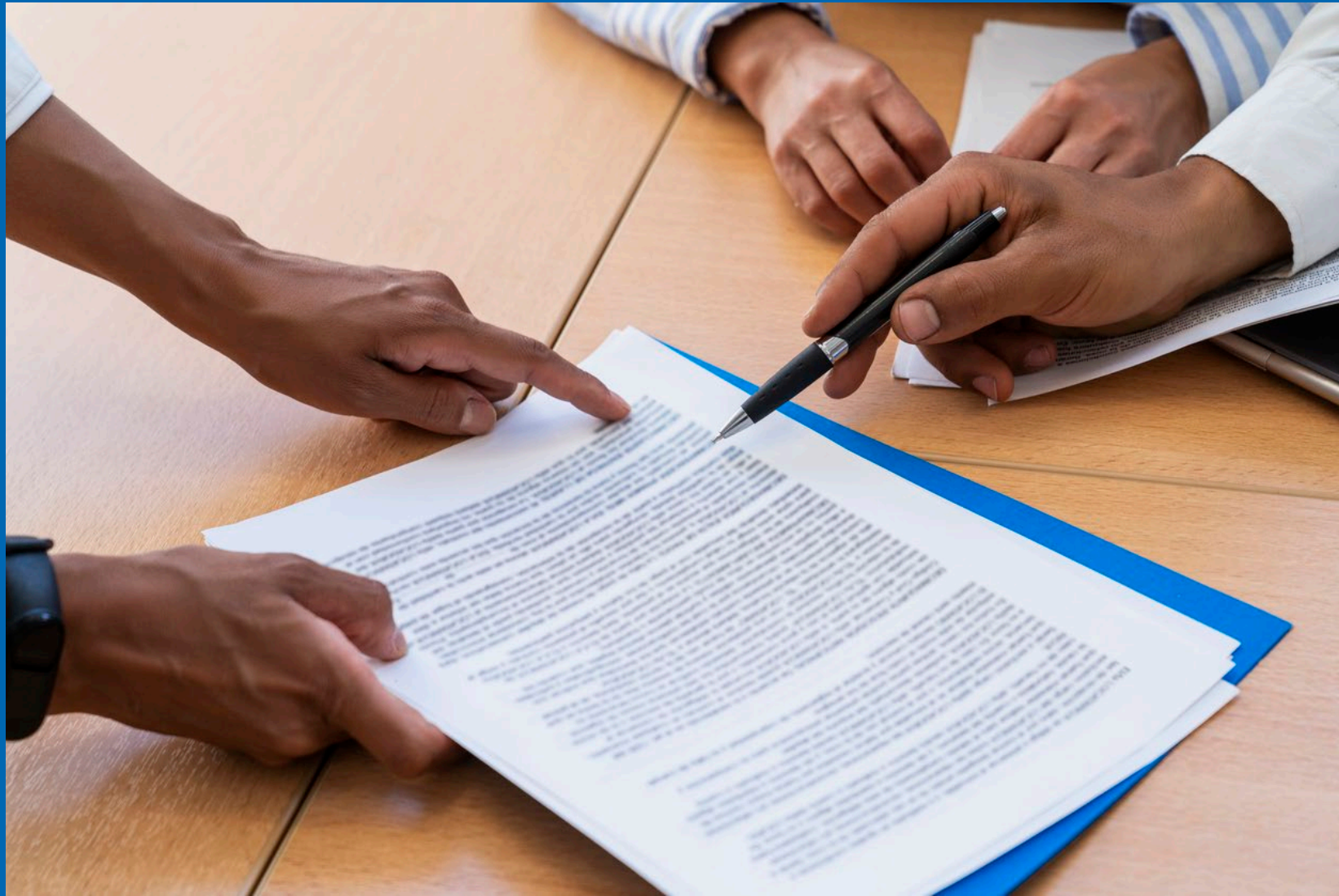
(FREE) Using L&I's Prevailing Wage Intents and Affidavits Portal
Wednesday, September 18 | 11 AM - 12:30 PM | Online

MRSC - On-Demand Webinars

WHAT'S
NEW



SB 6192 Construction Project Change Orders





SB 6192:Key Updates

Effective June 6, 2024, RCW 39.04.360 amended with updated requirements for additional work and change orders on public and private construction projects.



SB 6192:Key Updates (cont.)

- For any additional work by a contractor, subcontractor, or supplier not in dispute, a change order must be issued within 30 days after receipt from the contractor for issuance of a change order.
- Within ten days of receipt of a change order from the agency or upper-tier contractor, the contractor or subcontractor must issue change orders to lower-tier subcontractors impacted by the change.
- The agency, contractor, subcontractor, or private owner must pay their proportionate share of any interest owed for the non-issuance of a change order.

MRSC Blog Resources



CLICK ON EACH LINK TO LEARN MORE

[2023 Legislative Session Outcomes for Procurement and Contracting, Part 1](#)

[2023 Legislative Session Outcomes for Procurement and Contracting, Part 2](#)

[2024 Legislative Session Outcomes for Procurement and Contracting](#)

Types of Procurement



Goods, Equipment, Supplies, Materials

Materials, Supplies, Equipment: Competitive Bidding Overview



- State law does not establish any specific bid limits or competitive processes that public hospitals must follow for *supplies* and *equipment*.
- For *supplies* and *equipment*, if your estimated purchase is \$15,000 or less, you may use a vendor list in the process provided by RCW 39.04.190 or formal competitive bidding established by your policy.
- For purchases of *materials*, you should follow your public works bidding requirements.



See AWPHD Legal Manual pg. 93

Types of Procurement



Purchased Services

Purchased Services



- Provided by vendors for routine, necessary, and continuing functions, mostly relating to physical activities.
- Usually repetitive, routine, or mechanical in nature, support day-to-day operations, involve the completion of specific tasks or projects, and involve minimal decision-making.
- Prevailing wage requirements apply to some purchased services.



Purchased Services Examples



- Delivery/courier Service
- Landscaping and building maintenance
- Herbicide application
- Recycling/disposal/litter pickup service
- Vehicle inspection, lubricating, and repair services

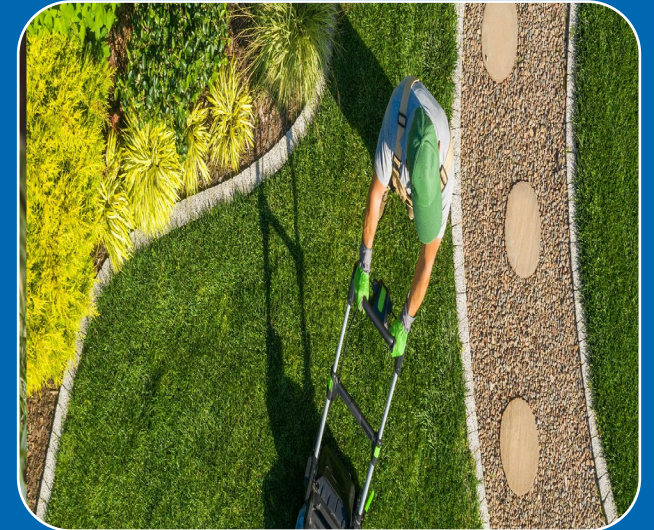


Purchased Services Contract Requirements



Public Hospital Districts have no statutory requirements for soliciting purchased service contracts.

Suggested competitive procedures and dollar limit thresholds are available in “Table D-Soliciting for Purchased Services” of MRSC's publication Contracting for Services.



Types of Procurement



Personal Services



Personal Services

- Involves technical expertise provided by a consultant to accomplish a specific study, project, task, or other work.
- Activities and products are mostly intellectual in nature.
- Does not include architecture and engineering (A&E) services





Personal Services Examples

- Meeting Facilitation
- Strategic Planning Development
- Management Analysis
- Legal Services
- Comprehensive Plan



Personal Services Contract Requirements



Public Hospital Districts have no statutory requirements for soliciting purchased service contracts.

Suggested competitive procedures and dollar limit thresholds are available in "Table C- Soliciting for Personal Services" of MRSC's publication Contracting for Services.



Types of Procurement



Professional Services (A&E)



A&E Professional Services

Architecture and Engineering (A&E) Services under the general statutory definitions of:

- Architecture ([RCW 18.08](#))
- Engineering ([RCW 18.43](#))
- Land surveying ([RCW 18.43](#))
- Landscape architecture ([RCW 18.96](#))



A&E Professional Services Contract Requirements



State statutes do not establish formal competitive requirements . All local governments must follow the uniform requirements of RCW 39.80.

Unlike other types of contracts which are awarded to the lowest responsible bidder, A&E contracts are awarded primarily based on qualifications, rather than cost, a process known as "qualifications-based selection" (QBS).

Suggested competitive procedures and dollar limit thresholds are available in "Table B-Soliciting for Professional Architecture & Engineering Services" of MRSC's publication Contracting for Services.



Procurement Tools



To navigate procurement requirements, you just need a couple tools from the MRSC website!





THE Website Procurement Tools

[Find Your Contracting Requirements](#)

[Purchasing and Contracting](#)

[MRSC - Sample Documents](#)
[Sample Documents](#)

Don't forget to check the
[AWPHD Legal Manual!](#)

After Today's Training



The MRSC Digging Into Public Works Project provides free public works training virtually and in multiple locations around the state.

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You can also reach Josh by email:
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