

Engaging the Disadvantaged Business Community in WSDOT contracting



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Secretary of Transportation

The Past

- Western States Paving decision
- I-200
- Passive approach by WSDOT
- Anger and distrust in community



A Proactive Approach

- New administration, new perspective, new urgency
- Moved from passive to active engagement
- Moving from conflict to conciliation
- Relationship building



Results to date

Since signing the Conciliation Agreement (March 2014) -

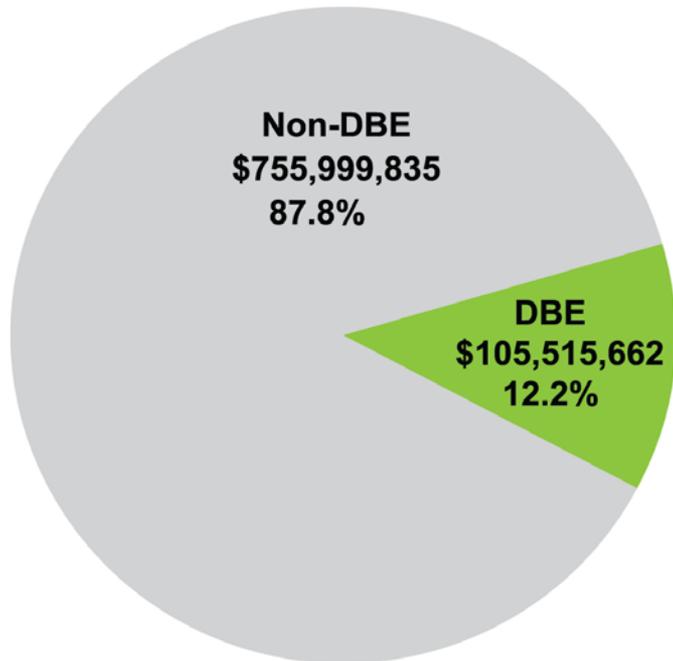
- WSDOT awarded 864 contracts and subcontracts to DBEs through September 30, 2015



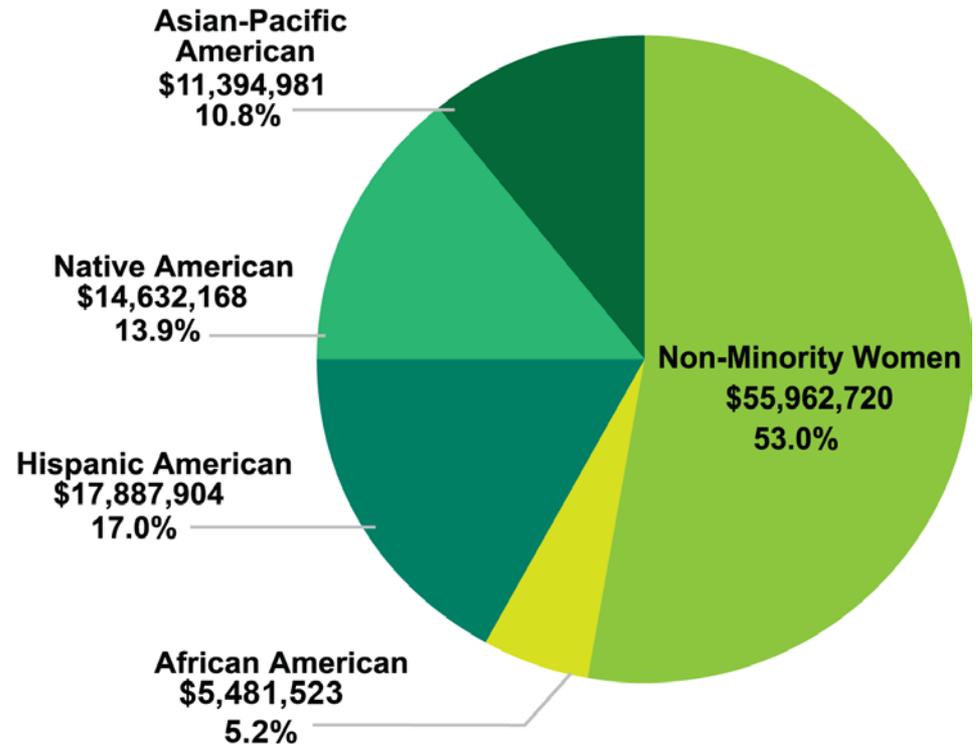
Results to date

- Those contracts total \$105,515,662

**DBE Participation
in WSDOT Contracts
from 4/01/14 to 9/30/15**

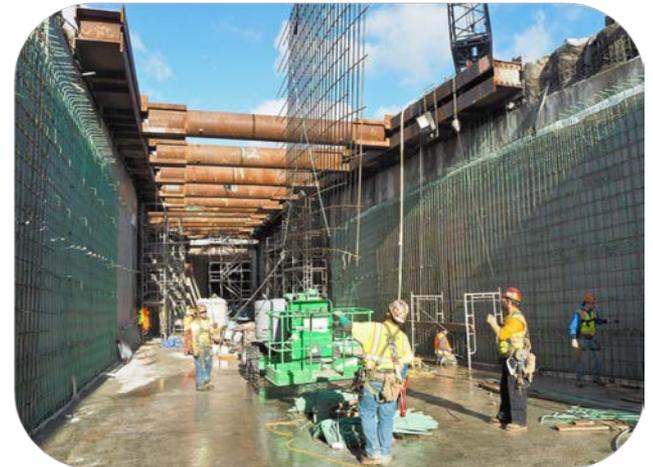


DBE by Ethnicity and Gender



Results to date – AWWV Project

- Since Conciliation Agreement
 - 51 new signed DBE contracts totaling \$28,209,292
 - 20 new DBE subcontractors on project
- 102 DBE firms with contracts as of 10/31/15
- Alaskan Way Viaduct totals as of 10/31/15:
 - \$102.6 million in DBE commitments
 - \$91 million in DBE payments
 - \$71 million in verified payments



We have work to do

- More work for DBE community
- Prompt payment for work
- Caucasian WBE waiver
- DBE support services
- Connecting Washington state funded program



Prompt Pay - Status

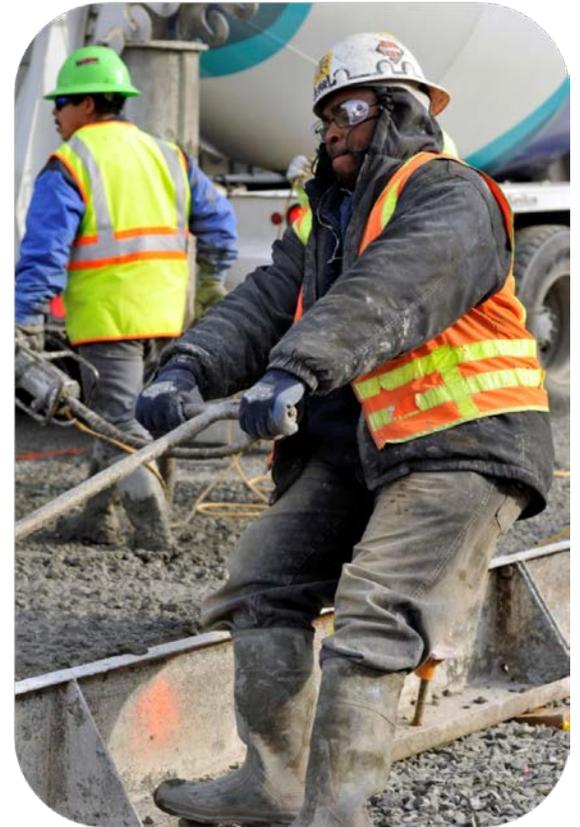
- Approximately 4,000-5,000 subcontractor payments made annually
- 75 payment inquiries since Conciliation Agreement
 - Less than 1% of the total subcontractor payments
 - 58 are resolved
 - 11 found to be contractual disputes
 - Contract amount, work quality, etc.
 - Being resolved through other mechanisms
 - 5 are failure to comply with conditions of the subcontract
 - 1 is unresolved
 - Payment has been deferred from the Prime contractor

Prompt Pay - Actions

- Changes to WSDOT contract language
 - Prime payment information made available to DBE by project engineer
 - Withholding notice requirements made contractual (prime to sub and owner)
 - Payment to prime is deferred if sub withholding is not remedied in 30 days
 - Primes are required to include a dispute resolution process in their subcontracts

Prompt Pay - Actions

- Online system in place for DBE payment reporting
- Changed the reporting period from every quarter to every month
- Training for staff
- Training for contracting community



Prompt Pay – Future Actions

- Prime contractor payment information online
- Complaint tracking system
- Monitor and consider improvements to expedite prime contractor payments
- Monitor prompt pay specification effectiveness over the next construction season

Caucasian Women Owned DBE Waiver

- 2012 Disparity Study data determined that Caucasian Women Owned Businesses (WBE) participation did not experience disparity.
- Waiver request submitted to FHWA - March 28, 2014 proposed to exclude Caucasian WBE's from race-conscious DBE participation.
- FHWA requested an updated waiver request on October 20, 2015:
 - WSDOT submitted the updated waiver on November 9, 2015.
 - To implement the waiver WSDOT must have USDOT approval.

Caucasian Woman Owned DBE Waiver – Future Actions

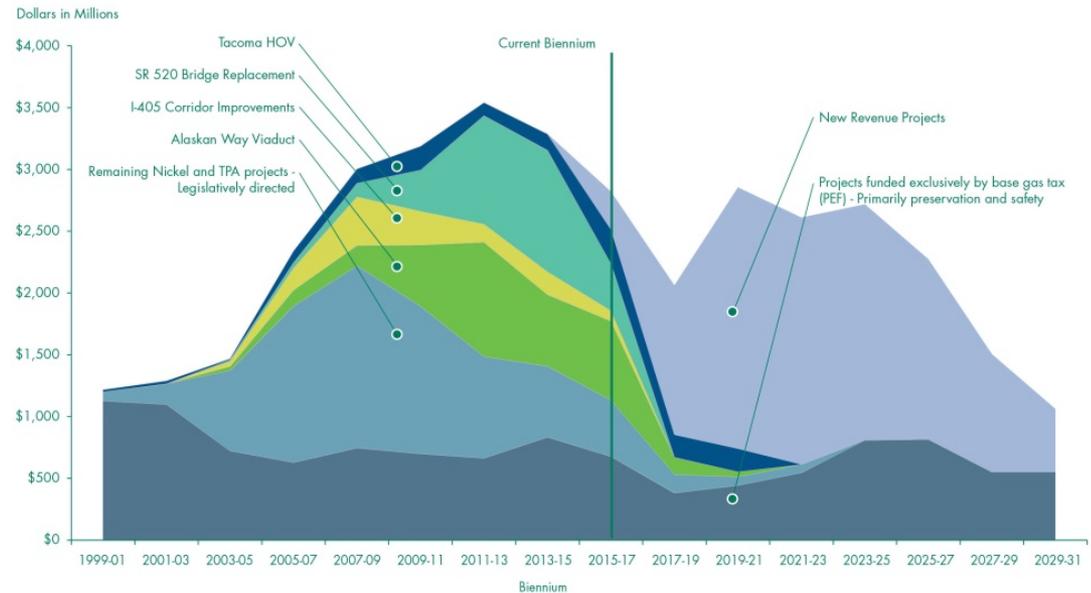
- Potential for legal challenge
- Changes to OMWBE directory
- Notice to contractors
- Changes to monitoring and reporting
- New Disparity Study

DBE Support Services

- New delivery model
 - In-house business advisor
 - Governmental partners
 - External consultants for targeted technical assistance
- DBE Support Services Statement of Work approved by FHWA for FFY 2016
- \$287,273 budgeted

Connecting Washington

- Ramping up next biennium
- Little federal participation
- Not subject to federal DBE requirements
- Working with Diversity Sub-Cabinet on state program



Summary

- Moved from passive to active engagement
- Getting good results
- Still work to do
- State program being developed



Thank you!