

CAPITAL PROJECTS ADVISORY REVIEW BOARD

Construction Cost Escalation

Regarding Small Works Rosters

**Report to the Legislature
October 2025**

CAPITAL PROJECTS ADVISORY REVIEW BOARD

The Capital Projects Advisory Review Board (CPARB), authorized by RCW 39.10, reviews alternative public works contracting procedures and provides guidance to state policymakers on ways to further enhance the quality, efficiency and accountability of all public works contracting methods.

STATEMENT OF PURPOSE

Per RCW [39.04.154](#) CPARB must review construction cost escalation data and make recommendations to the appropriate legislative committees on adjustments to the contracting thresholds for small works rosters per RCW [39.04.152](#).

EXECUTIVE SUMMARY

The Legislature passed 2SSB 5268 in 2023 making changes to RCW 39.04.152 which authorizes the use of the Small Works Roster (SWR)

In addition, RCW 39.04.154 requires the CPARB to review of the SWR threshold.

Beginning in 2025 and every five years thereafter, the capital projects advisory review board must review construction cost escalation data for Washington state, readily available in industry publications, roster utilization, and other appropriate data and metrics, and make recommendations to the appropriate committees of the legislature on adjustments to the contracting thresholds described in RCW [39.04.152](#).

After productive and collaborative discussions with stakeholders, CPARB's Construction Cost Escalation Committee brought the following recommendation for CPARB to consider:

- Increase the SWR threshold from \$350,000 to \$530,000 effective July 1, 2026.
- Incorporate an increase of \$30,000 annually to the SWR threshold, calculated from July 1, 2026, through July 1, 2030.

These recommendations were discussed and unanimously approved by CPARB.

REPORT

In the May 2025 meeting, the Capital Projects Advisor Review Board (CPARB) created the construction cost escalation committee to meet with stakeholders and submit recommended changes to the 2019 (\$350,000) threshold.

Members of the Committee included:

- Olivia Yang, Higher Education Chair
- Theresa Bauccio-Teschlog, Cities
- Robert Blain, Counties
- Garrett Buckingham, Public Hospitals
- Ron Endlich, Transit
- Erin Frasier, Labor
- Bruce Hayashi, Architects
- Karen Mooseker, School Districts
- Angela Peterson, Ports
- Irene Reyes, Association of Small/Diverse Businesses
- Michael Transue, Specialty Contractors
- Justin Vena, General Contractors (SWR)

The committee met every two weeks beginning June 18, 2025.

The issues discussed by the committee included:

1. Purpose of a Small Works Roster.
The SWR policies are intended to reduce the transaction costs to public owners in procuring small dollar construction. These policies also serve to facilitate and encourage entry by small businesses of all types into public works contracting arena with the hopes of them stepping into larger and larger public works contracts over time.
2. Use of a Small Works Roster.

- a) SHB 1306 (2023 legislative session) encouraged the use of a statewide SWR to be administered by and housed at the Municipal Research Service Center (MRSC).
 - b) Many agencies utilize their own SWR due to specificity of work types and restrictions.
 - c) A single SWR was recognized by the legislature as removing barriers to small business in entering public works.
 - d) The statewide SWR is funded by the State budget through the Department of Commerce – the funding was removed by the final 2025-27 Budget. Therefore, the program is currently a fee-based service to public owners and contractors (*except Public Works Small Business Enterprise certified firms*).
 - e) All responsible contractors are eligible to apply to be on the statewide SWR.
3. Inflation.
- a) Various indices were looked at to determine the appropriate SWR increase since 2019. These included the Construction Cost Index and the Consumer Price Index.
 - b) MRSC calculated the escalation of \$350,000 based on these different indices. *See Appendix A*
 - c) These indices concluded that inflation since 2019 resulted in an increase from \$350,000 to between \$452,000 to \$523,000.
4. Potential Outcomes Resulting from the Proposed Increases.
- a) There was considerable discussion around prospective escalation from 2025 to 2030. Raising the threshold to as high as \$1M was proposed and discussed.
 - b) There was concern that a threshold of \$1M may invite medium or larger contractors to be on the SWR, which could have the effect of drowning out and discouraging small, certified, veteran, minority and women-owned business firms thereby putting them at a bidding disadvantage. The counter points are that volatility in the construction marketplace looking ahead is real and unpredictable. The new threshold for SWR must be realistic.

5. Status.

During the September 24, 2025, committee meeting a tentative consensus was reached.

- The SWR threshold could be increased from \$350,000 to \$500,000 retroactively as of July 1, 2025.
- There was further discussion about future escalation through 2030. There was a proposal for a \$50,000 a year increase through 2030.
- The next review period will be in 2030.

Public owners believe this provides a reasonable look prospectively regarding future anticipated costs of labor and materials increase at rates that may be greater than those in the past.

Small businesses believe that the higher threshold increases would allow for a path towards larger projects and an ability to build up bonding capacity and that small businesses will continue to bid and remain competitive at the higher thresholds.

Labor encouraged use of the apprentice utilization requirements at the higher thresholds to support workforce development and prepare firms for existing requirements on larger projects (RCW 39.04.320).

During the October 8, 2025, committee meeting there was a minority opinion that the annual increase should be set at 4% through 2030. This opinion is based on concern that the escalation is based on past indices.

A final consensus was reached by CPARB to recommend the following:

1. The SWR threshold will be increased from \$350,000 to \$530,000 in 2026 as informed by various escalation indices and eliminating the consideration of retroactive threshold increases.
2. The SWR threshold will incorporate an increase of \$30,000 annually, calculated from July 1, 2026, through 2030. These thresholds will be: *See Appendix B for RCW Amendment.*
 - a) \$530,000, beginning July 1, 2026;
 - b) \$560,000, beginning July 1, 2027;
 - c) \$590,000, beginning July 1, 2028;
 - d) \$620,000, beginning July 1, 2029; and
 - e) \$650,000, beginning July 1, 2030

RESOURCES

1. RCW [39.04.154](#)
2. RCW [39.04.152](#)
3. [2SSB 5268](#): 30 NEW SECTION. Sec. 16. Beginning in 2025 and every five years thereafter, the capital projects advisory review board must review construction cost escalation data for Washington state, readily available in industry publications, roster utilization, and other appropriate data and metrics, and make recommendations to the appropriate committees of the legislature on adjustments to the contracting thresholds described in section 15 of this act.
4. Committee Homepage: <https://des.wa.gov/about/committees-groups/capital-projects-advisory-review-board-cparb/construction-cost-escalation-committee>
5. US & WA Construction Trends and Outlook by Ken Simonson: <https://des.wa.gov/sites/default/files/2025-05/2025-05-08-5-CPARB-US-WA-ConstructionTrendsOutlookKenSimonson.pdf>
6. DES Small Works Roster Templates and Instructions: <https://www.des.wa.gov/services/facilities-and-leasing-management/public-works-design-construction/changes-small-works-roster>

APPENDICES

- A. Bureau of Labor Statistics
- B. Proposed Amendment to RCW 39.04.152
- C. Committee Members, Contributing Stakeholders and CPARB Members

PROPOSED AMENDMENT TO RCW 39.04.152**RCW 39.04.152 Uniform small works roster provisions—Invitations for bids—Retainage, performance bonds—Bid quotations—List of small works contracts awarded.**

(1) This section provides uniform small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property that may be used by state agencies and by any local government that is expressly authorized to use these provisions. These provisions may be used in lieu of other procedures to award contracts for such work with an estimated cost, not including sales tax, of less than \$530,000, beginning July 1, 2026; \$560,000, beginning July 1, 2027; \$590,000, beginning July 1, 2028; \$620,000 beginning July 1, 2029; and \$650,000, beginning July 1, 2030. ~~of \$350,000 or less excluding state sales tax.~~ The small works roster process includes the direct contract provisions authorized under this section and any local government authorized to award contracts using the small works roster process under this section may award contracts using the direct contract provisions of this section. State agencies and authorized local governments using small works rosters must establish procedures for implementing chapter 395, Laws of 2023.

(4)(a)(i) For small works roster projects ~~with an estimated cost less than the \$350,000, not including sales tax,~~ state agencies and authorized local governments may contract by securing written or electronic quotations to assure that a competitive price is established and to award contracts to the responsible bidder with the lowest responsive bid.

- *Effect: Increases the Small Works Roster threshold from \$350,000 to \$530,000 as of July 1, 2026.*
- *Effect: Increases the Small Works Roster threshold by an additional \$30,000 each succeeding year until 2030 when the Capital Projects Advisory Review Board must review appropriate data and metrics and make recommendations to the appropriate committees of the legislature for adjustments to the contracting thresholds again (See RCW 39.04.154).*

CONSTRUCTION COST ESCALATION COMMITTEE MEMBERS, CONTRIBUTING STAKEHOLDERS, AND CPARB MEMBERS

Committee Members:

- Olivia Yang, Higher Education Chair
- Theresa Bauccio-Teschlog, Cities
- Robert Blain, Counties
- Garrett Buckingham, Public Hospitals
- Ron Endlich, Transit
- Erin Frasier, Labor
- Bruce Hayashi, Architects
- Karen Mooseker, School Districts
- Angela Peterson, Ports
- Irene Reyes, Association of Small/Diverse Businesses
- Michael Transue, Specialty Contractors
- Justin Vena, General Contractors (SWR)

Committee Stakeholders:

- Steven Ellis, Association of Washington Cities
- Theresa Gonzalez
- Melanie Harding, Municipal Research Service Center
- Chris Harman, Washington Public Ports Association
- Brent Ludeman
- Brianna Morin, Association of Washington Cities
- Jon Rose, Municipal Research Service Center
- Brian Ross, Western Washington University
- Paul Schut, Energy Northwest
- Axel Swanson, Washington Association of Counties

CPARB Members:

- Linneth Riley-Hall, Transit, Chair
- Keith Michel, General Contractors, Vice Chair
- Robert Blain, Counties
- Garrett Buckingham, Public Hospital Districts
- Lekha Fernandes, Office of Minority & Women's Business Enterprises
- Bobby Forch, Jr., Diverse Business Enterprises
- Erin Fraiser, Construction Trades & Labor
- Bob Hasegawa, Washington State Senate
- Santosh Kuruvilla, Engineers
- Karen Mooseker, School Districts
- Heather Munden, Ports
- Mark Nakagawara, Cities
- Irene Reyes, Private Industry
- Steven Russo, Specialty Contractors
- John Salinas, II, Specialty Contractors
- Kara Skinner, Insurance/Surety
- Mike Steele, Washington State House of Representatives
- Robin Strom, General Contractors
- Steve Tharinger, Washington State House of Representatives
- Robynne Thaxton, Private Industry
- Judy Warnick, Washington State Senate
- Olivia Yang, Higher Education