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Oppose EHB 2257 — Protectionism In State Contracts

BACKGROUND

Engrossed House Bill 2257 would rewrite our state's procurement laws in a way that would lead to design and construction project delays, increase costs, cause trade retaliation and not create any new Washington jobs.

EHB 2257 WILL LEAD TO PROJECT DELAYS AND CONTRACT DISPUTES

EHB 2257 would add new, undefined criteria to current state procurement procedures. It requires contracts to be in the "best interests" of the state. Unfortunately, this standard is vague and could lead to contract challenges, disputes and lawsuits. If a construction company is selected that is not the lowest responsible bidder, then it would be grounds for a lawsuit challenging the contract award. Likewise, if the most qualified architecture or engineering firm is not selected, it would be cause for a contract challenge. Such disputes would delay projects and increase costs.

EHB 2257 WILL INCREASE CONSTRUCTION COSTS

In addition, EHB 2257 would increase the price of construction materials and services. Many necessary construction materials are only affordable from international sources. Structural steel, for instance, is predominantly manufactured out of the country. Other products such as concrete rely upon international sources for affordable component materials. Equipment, finish materials and related construction materials also have many international suppliers who are price competitive and of high quality.

The initial fiscal note on the bill was \$4.5 million. AIA/WA believes that estimate is very low. It has been revised to state that the agencies cannot accurately guess the size of the impact. The agencies agree there will be a big cost impact on state construction, but with the bill being vaguely written, the exact amount is hard to determine.

RESULTING TRADE RETALIATION WILL HURT WASHINGTON'S ARCHITECTURE FIRMS

Protectionist measures, like EHB 2257, will not create jobs in Washington, but could cause them to be lost. Washington is one of the largest states for exporting of architectural and design services. The average architect is licensed in about 3 states. Even smaller architecture firms work internationally. With Canada to the north and easy access to Mexico, Central America and Asia, Washington architects are doing more international work than ever. If other countries or other states pass similar measures that prevent Washington architecture firms from competing fairly in their jurisdictions, Washington will lose jobs.

CASE STUDY – CITY OF SEATTLE'S CENTRAL LIBRARY

Under EHB 2257, the City of Seattle's new Central Library as it exists today would not have been built. Seattle set a goal of finding the best architect in the world to design the building. Many local firms competed for the job, but in the end Rem Koolhaas of the Netherlands was selected. The result is a work of art and architecture that not only serves as a state of the art library but also is winning architectural awards from across the globe, including a 2005 American Institute of Architects (AIA) national Honor Award for Outstanding Architecture.

It is important to note that Koolhaas partnered with a Seattle-based firm, LMN Architects. LMN provided vital support for the project and ended up earning about half of the design fees for the project. The project also used many Washington-based subcontractors. So, even though a foreign architect was selected, much of the investment went to creating Washington jobs. And, in the end, Seattle has a new landmark that has increased civic pride and is being recognized across the globe for the quality of the work.