

Report on Emerging and Rising Small Business Certification Designations

Washington State Department of Transportation & the Washington State Office of Minority & Women's Business Enterprises

Overview

Per Engrossed Substitute Senate Bill 5161, Sections 107(2) and 218(4), the Washington State Department of Transportation (WSDOT) and the Washington State Office of Minority & Women's Business Enterprises (OMWBE) have created two new small business certification designations: Emerging and Rising. These designations are aimed at encouraging participation by smaller firms in state contracts and providing greater visibility and opportunity to businesses that meet specific size criteria.

- Emerging: Firms with annual revenue under \$3 million.
- Rising: Firms with annual revenue under \$10 million.
- Both designations require an existing OMWBE certification and are applied only to WSDOT state-funded contracts exceeding \$50 million.

For contracts under \$50 million, WSDOT will default to a Public Works Small Business Enterprise (PWSBE) goal. In this context:

- Small (PWSBE) and Veteran goals are mandatory on all state contracts.
- Minority and Women goals remain voluntary.
- Emerging goals count only Emerging firms, while Rising goals count both Emerging and Rising firms.

Current Status

As of this report, the Washington State Office of Minority & Women's Business Enterprises has launched the Emerging and Rising designations.

- WSDOT has not had any contracts with sufficient scope to set the new designation goals. We anticipate contracts of eligible size later this winter and spring that meet the state-funded \$50 million threshold, which could allow us to implement the Emerging and Rising designations.
- Preparation: Our teams are evaluating these opportunities and identifying potential Emerging and Rising certified firms for participation in these contracts, in alignment with OMWBE best practices.

Best Practices for Implementation

To maximize the effectiveness of the Emerging and Rising designations once qualifying contracts are available, we recommend:

1. **Early Engagement:** Identify Emerging and Rising certified firms during the pre-bid phase to ensure meaningful inclusion.
2. **Subcontracting Opportunities:** Structure large contracts to provide clearly defined subcontracting opportunities that allow small firms to perform a commercially useful function.
3. **Outreach and Communication:** Proactively communicate contract opportunities to certified firms and provide guidance on proposal requirements.
4. **Monitoring and Documentation:** Track participation carefully to ensure accurate reporting for Emerging and Rising goals and to maintain compliance.
5. **Evaluation and Adjustment:** Review outcomes after each contract to refine strategies and improve future inclusion efforts.

Conclusion

While WSDOT currently has no contracts qualifying for the Emerging or Rising small business designations, we are actively preparing for upcoming opportunities this winter and spring. By partnering with OMWBE and following our own best practices, we aim to provide meaningful participation to Emerging and Rising certified firms, strengthening small business engagement and supporting equal access to state contracts.

For questions regarding this report, please contact Earl Key, WSDOT Senior Director of Transportation Equity, at Earl.Key@wsdot.wa.gov or Lekha Fernandes, OMWBE Director, at Lekha.Fernandes@omwbe.wa.gov.