## SENATE SUBSTITUTE

FOR

## SENATE COMMITTEE SUBSTITUTE

FOR

## SENATE BILL NO. 10

## AN ACT

To repeal sections 67.5050, 67.5060, and 208.480, RSMo, and to enact in lieu thereof two new sections relating to sunset dates.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 67.5050, 67.5060, and 208.480, RSMo,

- 2 are repealed and two new sections enacted in lieu thereof, to
- 3 be known as sections 67.5050 and 67.5060, to read as follows:

67.5050. 1. As used in this section, the following

- 2 terms mean:
- 3 (1) "Construction manager", the legal entity that
- 4 proposes to enter into a construction [management-at-risk]
- 5 manager-at-risk contract under this section;
- 6 (2) "Construction manager-at-risk", a sole
- 7 proprietorship, partnership, corporation, or other legal
- 8 entity that assumes the risk for the construction,
- 9 rehabilitation, alteration, or repair of a project at the
- 10 contracted price as a general contractor and provides
- 11 consultation to a political subdivision regarding
- 12 construction during and after the design of the project.
- 2. Any political subdivision may use the construction
- 14 manager-at-risk method for: civil works projects such as
- 15 roads, streets, bridges, utilities, water supply projects,
- 16 water plants, wastewater plants, water distribution and
- 17 wastewater conveyance facilities, airport runways and
- 18 taxiways, storm drainage and flood control projects, or
- 19 transit projects commonly designed by professional engineers

- 20 in excess of two million dollars; and noncivil works
- 21 projects such as buildings, site improvements, and other
- 22 structures, habitable or not, commonly designed by
- 23 architects in excess of three million dollars. In using
- 24 that method and in entering into a contract for the services
- of a construction manager-at-risk, the political subdivision
- 26 shall follow the procedures prescribed by this section.
- 27 3. The political subdivision shall publicly disclose
- 28 at a regular meeting its intent to utilize the construction
- 29 [management at-risk] manager-at-risk method and its
- 30 selection criteria at least one week prior to publishing the
- 31 request for qualifications. Before or concurrently with
- 32 selecting a construction manager-at-risk, the political
- 33 subdivision shall select or designate an engineer or
- 34 architect who shall prepare the construction documents for
- 35 the project and who shall comply with all state laws, as
- 36 applicable. If the engineer or architect is not a full-time
- 37 employee of the political subdivision, the political
- 38 subdivision shall select the engineer or architect on the
- 39 basis of demonstrated competence and qualifications as
- 40 provided by sections 8.285 to 8.291. The political
- 41 subdivision's engineer or architect for a project may not
- 42 serve, alone or in combination with another, as the
- 43 construction manager-at-risk. This subsection does not
- 44 prohibit a political subdivision's engineer or architect
- 45 from providing customary construction phase services under
- 46 the engineer's or architect's original professional service
- 47 agreement in accordance with applicable licensing laws.
- 48 4. The political subdivision may provide or contract
- 49 for, independently of the construction manager-at-risk,
- 50 inspection services, testing of construction materials,
- 51 engineering, and verification of testing services necessary
- 52 for acceptance of the project by the political subdivision.

- 53 5. The political subdivision shall select the construction manager-at-risk in a two-step process. 54 The 55 political subdivision shall prepare a request for qualifications, for the case of the first step of the two-56 57 step process, that includes general information on the project site, project scope, schedule, selection criteria, 58 59 and the time and place for receipt of proposals or 60 qualifications, as applicable, and other information that may assist the political subdivision in its selection of a 61 62 construction manager-at-risk. The political subdivision shall state the selection criteria in the request for 63 proposals or qualifications, as applicable. 64 The selection 65 criteria may include the construction manager's experience, past performance, safety record, proposed personnel and 66 methodology, and other appropriate factors that demonstrate 67 the capability of the construction manager-at-risk. 68 69 political subdivision shall not request fees or prices in 70 step one. In step two, the political subdivision may request that five or fewer construction managers, selected 71 solely on the basis of qualifications, provide additional 72 information, including the construction manager-at-risk's 73 74 proposed fee and its price for fulfilling the general 75 conditions. Qualifications shall account for a minimum of 76 forty percent of the evaluation. Cost shall account for a 77 maximum of sixty percent of the evaluation.
- 78 6. The political subdivision shall publish the request 79 for proposals or qualifications by publication in a 80 newspaper of general circulation published in the county 81 where the political subdivision is located once a week for 82 two consecutive weeks prior to opening the proposals or 83 qualifications submissions or by a virtual notice procedure 84 that notifies interested parties for at least twenty various

- purchases, design contracts, construction contracts, or
  other contracts each year for the political subdivision.
- 87 For each step, the political subdivision shall receive, publicly open, and read aloud the names of the 88 89 construction managers. Within forty-five days after the 90 date of opening the proposals or qualification submissions, the political subdivision or its representative shall 91 92 evaluate and rank each proposal or qualification submission 93 submitted in relation to the criteria set forth in the 94 request for proposals or request for qualifications. 95 political subdivision shall interview at least two of the top qualified offerors as part of the final selection. 96
- 97 The political subdivision or its representative shall select the construction manager that submits the 98 99 proposal that offers the best value for the political subdivision based on the published selection criteria and on 100 101 its ranking evaluation. The political subdivision or its representative shall first attempt to negotiate a contract 102 103 with the selected construction manager. If the political 104 subdivision or its representative is unable to negotiate a 105 satisfactory contract with the selected construction 106 manager, the political subdivision or its representative 107 shall, formally and in writing, end negotiations with that 108 construction manager and proceed to negotiate with the next 109 construction manager in the order of the selection ranking 110 until a contract is reached or negotiations with all ranked 111 construction managers end.
  - 9. A construction manager-at-risk shall publicly advertise, in the manner prescribed by chapter 50, and receive bids or proposals from trade contractors or subcontractors for the performance of all major elements of the work other than the minor work that may be included in the general conditions. A construction manager-at-risk may

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- 118 seek to perform portions of the work itself if the 119 construction manager-at-risk submits its sealed bid or 120 sealed proposal for those portions of the work in the same 121 manner as all other trade contractors or subcontractors. 122 All sealed bids or proposals shall be submitted at the time 123 and location as specified in the advertisement for bids or 124 proposals and shall be publicly opened and the identity of 125 each bidder and their bid amount shall be read aloud. 126 political subdivision shall have the authority to restrict 127 the construction manager-at-risk from submitting bids to perform portions of the work. 128
- The construction manager-at-risk and the political 129 130 subdivision or its representative shall review all trade contractor, subcontractor, or construction manager-at-risk 131 132 bids or proposals in a manner that does not disclose the 133 contents of the bid or proposal during the selection process 134 to a person not employed by the construction manager-atrisk, engineer, architect, or political subdivision involved 135 136 with the project. If the construction manager-at-risk submitted bids or proposals, the political subdivision shall 137 determine if the construction manager-at-risk's bid or 138 proposal offers the best value for the political 139 140 subdivision. After all proposals have been evaluated and 141 clarified, the award of all subcontracts shall be made 142 public.
- 143 If the construction manager-at-risk reviews, 144 evaluates, and recommends to the political subdivision a bid or proposal from a trade contractor or subcontractor but the 145 political subdivision requires another bid or proposal to be 146 147 accepted, the political subdivision shall compensate the construction manager-at-risk by a change in price, time, or 148 guaranteed maximum cost for any additional cost and risk 149 150 that the construction manager-at-risk may incur because of

- the political subdivision's requirement that another bid or proposal be accepted.
- 153 12. If a selected trade contractor or subcontractor
- 154 materially defaults in the performance of its work or fails
- 155 to execute a subcontract after being selected in accordance
- 156 with this section, the construction manager-at-risk may
- itself, without advertising, fulfill the contract
- 158 requirements or select a replacement trade contractor or
- 159 subcontractor to fulfill the contract requirements. The
- 160 penal sums of the performance and payment bonds delivered to
- 161 the political subdivision shall each be in an amount equal
- 162 to the fixed contract amount or guaranteed maximum price.
- 163 The construction manager-at-risk shall deliver the bonds not
- 164 later than the tenth day after the date the fixed contract
- amount or guaranteed maximum price is established.
- 166 13. Any political subdivision engaged in a project
- 167 under this section, which impacts a railroad regulated by
- 168 the Federal Railroad Administration, shall consult with the
- 169 affected railroad on required specifications relating to
- 170 clearance, safety, insurance, and indemnification to be
- 171 included in the construction documents for such project.
- 172 14. This section shall not apply to:
- 173 (1) Any metropolitan sewer district established under
- 174 Article VI, Section 30(a) of the Constitution of Missouri;
- 175 (2) Any special charter city, or any city or county
- 176 governed by home rule under Article VI, [Section 18]
- 177 Sections 18(a) to 18(r) or 19 of the Constitution of
- 178 Missouri that has adopted a construction manager-at-risk
- 179 method via ordinance, rule or regulation.
- 180 [15. Notwithstanding the provisions of section 23.253
- to the contrary, the provisions of this section shall expire
- 182 September 1, 2026.]

67.5060. 1. As used in this section, the following terms mean:

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- 3 (1) "Design-build", a project delivery method subject 4 to a three-stage qualifications-based selection for which 5 the design and construction services are furnished under one 6 contract;
- (2) "Design-build contract", a contract which is 7 8 subject to a three-stage qualifications-based selection process similar to that described in sections 8.285 to 8.291 9 10 between a political subdivision and a design-builder to furnish the architectural, engineering, and related design 11 services and the labor, materials, supplies, equipment, and 12 13 other construction services required for a design-build project; 14
- 15 (3) "Design-build project", the design, construction, 16 alteration, addition, remodeling, or improvement of any 17 buildings or facilities under contract with a political 18 subdivision. Such design-build projects include, but are 19 not limited to:
  - (a) Civil works projects, such as roads, streets, bridges, utilities, airport runways and taxiways, storm drainage and flood control projects, or transit projects; and
- 23 (b) Noncivil works projects, such as buildings, site 24 improvements, and other structures, habitable or not, 25 commonly designed by architects in excess of seven million 26 dollars;
- 27 (4) "Design-builder", any individual, partnership,
  28 joint venture, or corporation subject to a qualification29 based selection that offers to provide or provides design
  30 services and general contracting services through a design31 build contract in which services within the scope of the
  32 practice of professional architecture or engineering are
  33 performed respectively by a licensed architect or licensed

- engineer and in which services within the scope of general contracting are performed by a general contractor or other legal entity that furnishes architecture or engineering services and construction services either directly or through subcontracts or joint ventures;
- 39 "Design criteria consultant", a person, corporation, partnership, or other legal entity duly 40 licensed and authorized to practice architecture or 41 professional engineering in this state under chapter 327 who 42 43 is employed by or contracted by the political subdivision to assist the political subdivision in the development of 44 project design criteria, requests for proposals, evaluation 45 46 of proposals, the evaluation of the construction under a design-build contract to determine adherence to the design 47 criteria, and any additional services requested by the 48 political [subdivisions] subdivision to represent its 49 50 interests in relation to a project. The design criteria consultant may not submit a proposal or furnish design or 51 52 construction services for the design-build contract for which its services were sought; 53
- "Design criteria package", performance-oriented 54 (6) program, scope, and specifications for the design-build 55 project sufficient to permit a design-builder to prepare a 56 57 response to a political subdivision's request for proposals for a design-build project, which may include capacity, 58 durability, standards, ingress and egress requirements, 59 performance requirements, description of the site, surveys, 60 soil and environmental information concerning the site, 61 interior space requirements, material quality standards, 62 design and construction schedules, site development 63 requirements, provisions for utilities, storm water 64 retention and disposal, parking requirements, applicable 65 66 governmental code requirements, preliminary designs for the

- 67 project or portions thereof, and other criteria for the
  68 intended use of the project;
- 69 (7) "Design professional services", services that are:
- 70 (a) Within the practice of architecture as defined in 71 section 327.091, or within the practice of professional 72 engineering as defined in section 327.181; or
- 73 (b) Performed by a licensed or authorized architect or 74 professional engineer in connection with the architect's or 75 professional engineer's employment or practice;
- 76 (8) "Proposal", an offer in response to a request for 77 proposals by a design-builder to enter into a design-build 78 contract for a design-build project under this section;
- 79 (9) "Request for proposal", the document by which the 80 political subdivision solicits proposals for a design-build 81 contract;
- 82 (10) "Stipend", an amount paid to the unsuccessful but 83 responsive, short-listed design-builders to defray the cost 84 of participating in phase II of the selection process 85 described in this section.

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- 2. In using a design-build contract, the political subdivision shall determine the scope and level of detail required to permit qualified persons to submit proposals in accordance with the request for proposals given the nature of the project.
- 91 3. A design criteria consultant shall be employed or 92 retained by the political subdivision to assist in 93 preparation of the design criteria package and request for proposal, perform periodic site visits to observe adherence 94 95 to the design criteria, prepare progress reports, review and approve progress and final pay applications of the design-96 builder, review shop drawings and submissions, provide input 97 in disputes, help interpret the construction documents, 98 99 perform inspections upon substantial and final completion,

- 100 assist in warranty inspections, and provide any other 101 professional service assisting with the project 102 administration. The design criteria consultant may also evaluate construction as to the adherence of the design 103 104 The consultant shall be selected and its contract criteria. 105 negotiated in compliance with sections 8.285 to 8.291 unless the consultant is a direct employee of the political 106 subdivision. 107
- 108 The political subdivision shall publicly disclose 109 at a regular meeting its intent to utilize the design-build method and its project design criteria at least one week 110 prior to publishing the request for proposals. Notice of 111 112 requests for proposals shall be advertised by publication in a newspaper of general circulation published in the county 113 114 where the political subdivision is located once a week for 115 two consecutive weeks prior to opening the proposals, or by 116 a virtual notice procedure that notifies interested parties 117 for at least twenty various purchases, design contracts, 118 construction contracts, or other contracts each year for the political subdivision. The political subdivision shall 119 publish a notice of a request for proposal with a 120 description of the project, the procedures for submission, 121 122 and the selection criteria to be used.
  - 5. The political subdivision shall establish in the request for proposal a time, place, and other specific instructions for the receipt of proposals. Proposals not submitted in strict accordance with the instructions shall be subject to rejection.

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128 6. A request for proposal shall be prepared for each
129 design-build contract containing at minimum the following
130 elements:

- 131 (1)The procedures to be followed for submitting 132 proposals, the criteria for evaluating proposals and their
- 133 relative weight, and the procedures for making awards;
- The proposed terms and conditions for the design-134 135 build contract, if available;
- 136 The design criteria package; (3)

- 137 A description of the drawings, specifications, or (4)138 other information to be submitted with the proposal, with 139 guidance as to the form and level of completeness of the 140 drawings, specifications, or other information that will be acceptable;
- A schedule for planned commencement and completion 142 143 of the design-build contract, if any;
- 144 Budget limits for the design-build contract, if (6) 145 any;
- Requirements including any available ratings for 146 (7) 147 performance bonds, payment bonds, and insurance, if any;
- The amount of the stipend which will be available; 148 (8) 149 and
- Any other information that the political 150 subdivision in its discretion chooses to supply including, 151 but not limited to, surveys, soil reports, drawings of 152 existing structures, environmental studies, photographs, 153 154 references to public records, or affirmative action and 155 minority business enterprise requirements consistent with 156 state and federal law.
- 7. The political subdivision shall solicit proposals 157 in a three-stage process. Phase I shall be the solicitation 158 of qualifications of the design-build team. Phase II shall 159 160 be the solicitation of a technical proposal including conceptual design for the project. Phase III shall be the 161 proposal of the construction cost. 162

- 163 The political subdivision shall review the 164 submissions of the proposals and assign points to each 165 proposal in accordance with this section and as set out in the instructions of the request for proposal. 166
- 167 9. Phase I shall require all design-builders to submit 168 a statement of qualification that shall include, but not be 169 limited to:
- 170 Demonstrated ability to perform projects 171 comparable in design, scope, and complexity;
- 172 (2) References of owners for whom design-build projects, construction projects, or design projects have 173 174 been performed;
- 175 Qualifications of personnel who will manage the 176 design and construction aspects of the project; and
- 177 The names and qualifications of the primary design consultants and the primary trade contractors with whom the 178 179 design-builder proposes to subcontract or joint venture. 180 The design-builder [may] shall not replace an identified 181 contractor, subcontractor, design consultant, or subconsultant without the written approval of the political 182
- 183 subdivision.
- 184 The political subdivision shall evaluate the qualifications of all the design-builders who submitted 185 186 proposals in accordance with the instructions of the request 187 for proposal. Architectural and engineering services on the 188 project shall be evaluated in accordance with the requirements of sections 8.285 and 8.291. Qualified design-189 builders selected by the evaluation team may proceed to 190 phase II of the selection process. Design-builders lacking 191
- 192 the necessary qualifications to perform the work shall be
- 193 disqualified and shall not proceed to phase II of the
- process. This process of short listing shall narrow the 194
- 195 number of qualified design-builders to not more than five

- 196 nor fewer than two. Under no circumstances shall price or
- 197 fees be a part of the prequalification criteria. Design-
- 198 builders may be interviewed in either phase I or phase II of
- 199 the process. Points assigned in phase I of the evaluation
- 200 process shall not carry forward to phase II of the process.
- 201 All qualified design-builders shall be ranked on points
- 202 given in phases II and III only.
- 203 11. The political subdivision shall have discretion to
- 204 disqualify any design-builder who, in the political
- 205 subdivision's opinion, lacks the minimum qualifications
- 206 required to perform the work.
- 207 12. Once a sufficient number of no more than five and
- 208 no fewer than two qualified design-builders have been
- 209 selected, the design-builders shall have a specified amount
- 210 of time in which to assemble phase II and phase III
- 211 proposals.
- 212 13. Phase II of the process shall be conducted as
- 213 follows:
- 214 (1) The political subdivision shall invite the top
- 215 qualified design-builders to participate in phase II of the
- 216 process;
- 217 (2) A design-builder shall submit its design for the
- 218 project to the level of detail required in the request for
- 219 proposal. The design proposal shall demonstrate compliance
- 220 with the requirements set out in the request for proposal;
- 221 (3) The ability of the design-builder to meet the
- 222 schedule for completing a project as specified by the
- 223 political subdivision may be considered as an element of
- 224 evaluation in phase II;
- 225 (4) Up to twenty percent of the points awarded to each
- 226 design-builder in phase II may be based on each design-
- 227 builder's qualifications and ability to design, contract,

- and deliver the project on time and within the budget of the political subdivision;
- 230 (5) Under no circumstances shall the design proposal contain any reference to the cost of the proposal; and
- 232 (6) The submitted designs shall be evaluated and
  233 assigned points in accordance with the requirements of the
  234 request for proposal. Phase II shall account for not less
  235 than forty percent of the total point score as specified in
  236 the request for proposal.
- 237 14. Phase III shall be conducted as follows:
- 238 (1) The phase III proposal shall provide a firm, fixed 239 cost of design and construction. The proposal shall be 240 accompanied by bid security and any other items, such as 241 statements of minority participation as required by the 242 request for proposal;
- 243 (2) Cost proposals shall be submitted in accordance 244 with the instructions of the request for proposal. The 245 political subdivision shall reject any proposal that is not 246 submitted on time. Phase III shall account for not less 247 than forty percent of the total point score as specified in 248 the request for proposal;
- 249 (3) Proposals for phase II and phase III shall be
  250 submitted concurrently at the time and place specified in
  251 the request for proposal, but in separate envelopes or other
  252 means of submission. The phase III cost proposals shall be
  253 opened only after the phase II design proposals have been
  254 evaluated and assigned points, ranked in order, and posted;
- 255 (4) Cost proposals shall be opened and read aloud at
  256 the time and place specified in the request for proposal.
  257 At the same time and place, the evaluation team shall make
  258 public its scoring of phase II. Cost proposals shall be
  259 evaluated in accordance with the requirements of the request
  260 for proposal. In evaluating the cost proposals, the lowest

- 261 responsive bidder shall be awarded the total number of 262 points assigned to be awarded in phase III. For all other 263 bidders, cost points shall be calculated by reducing the 264 maximum points available in phase III by at least one 265 percent for each percentage point by which the bidder 266 exceeds the lowest bid and the points assigned shall be added to the points assigned for phase II for each design-267 268 builder;
- 269 If the political subdivision determines that it is (5) 270 not in the best interest of the political subdivision to 271 proceed with the project pursuant to the proposal offered by 272 the design-builder with the highest total number of points, the political subdivision shall reject all proposals. 273 274 this event, all qualified and responsive design-builders 275 with lower point totals shall receive a stipend and the 276 responsive design-builder with the highest total number of 277 points shall receive an amount equal to two times the stipend. If the political subdivision decides to award the 278 279 project, the responsive design-builder with the highest number of points shall be awarded the contract; and 280
  - (6) If all proposals are rejected, the political subdivision may solicit new proposals using different design criteria, budget constraints, or qualifications.

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284 15. As an inducement to qualified design-builders, the 285 political subdivision shall pay a reasonable stipend, the 286 amount of which shall be established in the request for 287 proposal, to each prequalified design-builder whose proposal is responsive but not accepted. Such stipend shall be no 288 less than one-half of one percent of the total project 289 290 budget. Upon payment of the stipend to any unsuccessful 291 design-builder, the political subdivision shall acquire a 292 nonexclusive right to use the design submitted by the design-293 builder, and the design-builder shall have no further

- liability for the use of the design by the political subdivision in any manner. If the design-builder desires to retain all rights and interest in the design proposed, the design-builder shall forfeit the stipend.
- 16. (1) As used in this subsection, "wastewater or water contract" means any design-build contract that involves the provision of engineering and construction services either directly by a party to the contract or through subcontractors retained by a party to the contract for a wastewater or water storage, conveyance, or treatment facility project.
- 305 (2) Any political subdivision may enter into a 306 wastewater or water contract for design-build of a 307 wastewater or water project.
- 308 (3) In disbursing community development block grants
  309 under 42 U.S.C. Sections 5301 to 5321, the department of
  310 economic development shall not reject wastewater or water
  311 projects solely for utilizing wastewater or water contracts.
- 312 (4) The department of natural resources shall not 313 preclude wastewater or water contracts from consideration 314 for funding provided by the water and wastewater loan fund 315 under section 644.122.
- 316 (5) A political subdivision planning a wastewater or 317 water design-build project shall retain an engineer duly 318 licensed in this state to assist in preparing any necessary 319 documents and specifications and evaluations of design-build 320 proposals.
- 321 17. The payment bond requirements of section 107.170
  322 shall apply to the design-build project. All persons
  323 furnishing design services shall be deemed to be covered by
  324 the payment bond the same as any person furnishing labor and
  325 materials. The performance bond for the design-builder
  326 shall not cover any damages of the type specified to be

- covered by the professional liability insurance established by the political subdivision in the request for proposals.
- 18. Any person or firm performing architectural,
  engineering, landscape architecture, or land-surveying
  services for the design-builder on the design-build project
  shall be duly licensed or authorized in this state to
  provide such services as required by chapter 327.
- 19. Any political subdivision engaged in a project
  under this section which impacts a railroad regulated by the
  Federal Railroad Administration shall consult with the
  affected railroad on required specifications relating to
  clearance, safety, insurance, and indemnification to be
  included in the construction documents for such project.
  - 20. Under section 327.465, any design-builder that enters into a design-build contract with a political subdivision is exempt from the requirement that such person or entity hold a license or that such corporation hold a certificate of authority if the architectural, engineering, or land-surveying services to be performed under the design-build contract are performed through subcontracts or joint ventures with properly licensed or authorized persons or entities, and not performed by the design-builder or its own employees.
    - 21. This section shall not apply to:

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- 351 (1) Any metropolitan sewer district established under 352 Article VI, Section 30(a) of the Constitution of Missouri; or
- 353 (2) Any special charter city, or any city or county
  354 governed by home rule under Article VI, [Section 18]
  355 Sections 18(a) to 18(r) or 19 of the Constitution of
  356 Missouri that has adopted a design-build process via
  357 ordinance, rule, or regulation.

358	[22. The authority to use design-build and design-
359	build contracts provided under this section shall expire
360	September 1, 2026.]
	[208.480. Notwithstanding the provisions
2	of section 208.471 to the contrary, sections
3	208.453 to 208.480 shall expire on September 30,
4	2029 <b>.]</b>