

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4252-10  
Bill No.: HCS for SS for SCS for SB 904  
Subject: Property, Real and Personal; Public Buildings; State Departments  
Type: Original  
Date: May 5, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Missouri Senate** assume this proposal would result in minimal costs which could be absorbed by present appropriations.

Officials from the **Office of the Attorney General** assume that any potential costs arising from this proposal could be absorbed with existing resources.

Officials from the **Missouri House of Representatives** assume this proposal would have no fiscal impact on their organization.

Officials from the **Office of the Governor** assume should not result in additional costs or savings to the Governor's Office.

Officials from the **Office of the Lieutenant Governor** and the **Department of Agriculture** assumed a previous version of this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Natural Resources** assume this proposal would have no fiscal impact on their organization.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Facilities Management, Design and Construction** (FMDC) assume the proposal would have no significant fiscal impact as it relates to their organization.

Officials from the **Office of the Secretary of State** (SOS) assumed this proposal would modify the requirements for the management, design, and construction of state buildings. The Office of Administration could promulgate rules. The Administrative Rules Division would publish those rules in the Missouri Register and the Code of State Regulations. Based on experience with other divisions the rules, regulations and forms could require publication of approximately 75 pages in the Missouri Register and 50 pages in the Code of State Regulations. The estimated cost of a page in the Missouri Register is \$23, and the estimated cost of a page in the Code of State Regulations is \$27. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.  $((75 \times \$23) + (50 \times \$27) = \$3,075)$

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **University of Missouri** stated that their current procurement system has data bases in purchasing and construction for all known vendors and contractors that have expressed interest in bidding University products or work. When a product or project is put on the market for bidding, each vendor or contractor that has expressed interest in that type of product or work is faxed or emailed the advertisement for bids. This is the way 99% of the bidders for University products and work know of a request for bids from the University. The University is saving approximately \$150,000 annually in advertising cost by implementing the above system.

The above procedures have been in place for approximately 9 months in purchasing and we are preparing to implement the same in construction. We are currently coordinating campus and System web sites to make sure all the projects will be listed on the web site before we implement this system in construction.

The University has a listing of every project currently being bid on its web pages. The University also places general advertisements monthly in several newspapers around the State that directs interested bidders to the University web sites if they are interested in bidding University work.

ASSUMPTION (continued)

The proposed legislation would allow the State to use design/build for construction; however, the language is very specific about what procedures must be used if design/build is to be used. The proposed procedures require a three-step process that only provides 40% for price. The University uses a two-step process and usually allocates 50% for price. University officials stated the proposed system would take longer to implement and would cost time and money.

The University will be using design/build as its primary delivery system. The University is currently handling approximately \$200,000,000 annually. A two month delay per project in completion could be expected with the proposed system. If \$150,000,000 is handled by design/build at a 4% inflation rate, two months delay would equal \$1 million annually in additional cost.

**Oversight** assumes the proposal would result in an unknown increase in advertising costs for the University in excess of \$100,000 per year, and the proposed design-build process could result in unknown additional costs to the University if the process results in delays in contracting projects. However, the proposal would not result in an increase in appropriations from any state fund, and Oversight has not included these potential costs in this fiscal note.

Increase in Board of Public Buildings Bonding Limit

In response to a similar proposal, officials from the **Office of Administration, Division of Accounting** (OA) assumed the proposal would have no fiscal impact on their organization, and state that personnel costs related to a bond issue would be approximately \$36,000, one-time costs related to the bond issue would be approximately \$150,000, and annual debt service would be approximately \$14 million for the additional \$120 million in bonds.

**Oversight** notes that this proposal would only increase the maximum for Board of Public Buildings bonds, which could allow for the issuance of additional bonds in the future. Oversight has not shown a fiscal impact for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses involved in construction, building maintenance, or other public works projects.

DESCRIPTION

This proposal would amend the requirements for management, design and construction of state buildings.

- A. One member from the Senate and one member from the House would be appointed to the Board of Public Buildings.
- B. The south parking lot on the Capitol grounds would be restricted to press and handicapped parking. One half the spaces would be reserved for press parking and the balance would be handicapped parking.
- C. The revenue bond limit for the Board of Public Buildings would be increased from \$655 million dollars to \$710 million dollars.

DESCRIPTION (continued)

- D. The Director of the Division of Facilities Management, Design, and Construction could authorized design-build contracts in certain instances. The Director could determine whether a design-build procurement process is necessary for certain projects; authorize the division to contract with consultants to prepare proposals, review documents, resolve disputes, and make inspections; create an evaluation team within the division to review design-build proposals; and develop a three-phase process in which proposals would be solicited. The first phase would involve the soliciting of qualified design builders, the second phase would narrow the field of qualified design builders, and the third would be the bid submission. The Division would be required to reimburse unsuccessful bidders for costs incurred during the proposal submission process.

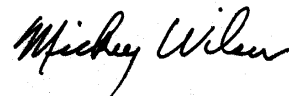
These provisions would apply only to the Chillicothe Reception and Diagnostic Center as a pilot project.

- E. The Missouri Development Finance Board would be created, to replace the Missouri Economic Development, Export, and Infrastructure Board. The Director of the Department of Natural Resources, one member of the House of Representatives, and one Senator would be added to the membership of the existing board, who would serve the balance of their current terms on the new board.
- F. A one-year exemption from the requirements of Section 701.450 regarding equal restroom facilities for women and men at public amusement facilities would be provided for Busch Stadium.
- G. The Curators of the University of Missouri would be required to follow the same bidding and procurement provisions as state agencies when engaged in the design and construction of facilities or the purchase of supplies and services.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Senate  
Missouri House of Representatives  
Office of the Governor  
Office of the Lieutenant Governor  
Office of the Secretary of State  
Office of the Attorney General  
Office of Administration  
    Division of Facilities Management, Design and Construction  
Department of Agriculture  
Department of Natural Resources  
University of Missouri



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Director  
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