

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0398-01
Bill No.: SB 102
Subject: Political Subdivisions; Contracts
Type: Original
Date: February 3, 2009

Bill Summary: This proposal creates the "Political Subdivision Services Bidding Standards Act."

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Metropolitan Community College, Administrative Hearing Commission, Linn State Technical College, Lincoln University, Cass County, Missouri Department of Conservation, Missouri Western State University, Missouri Southern State University, University of Missouri, St. Charles Community College, Missouri Department of Transportation, Office of Administration** and the **St. Louis County** assume that there is no fiscal impact from this proposal.

Officials at the **City of Cape Girardeau** assume this would slow down the procurement process and result in increased costs for those goods and services.

Officials at the **City of Centralia** assume additional costs of \$2,418 per year for advertising.

Officials at the **St. Charles R-VI School District** assume to advertise four times can easily cost over \$500 per advertisement in the St. Louis area. The cost of advertising could easily exceed the value of the service being sought if there is no minimum value as there is for construction. The impact is unknown.

Officials at the **City of Republic** assume that the City makes approximately 500 contracts per year which would cost 500 contracts/agreements x 4 weeks of advertising x \$40 per advertisement = \$80,000. Additionally employee time for preparing bid tab - approx 10 hours x 500 contracts = 5,000 hours. Department Head and City Clerk preparation time and bid opening time - 3 hours x 500 contracts = 1,500 hours annually.

Officials at the **Special School District of St. Louis** assume the cost will depend on the final details. They estimate that their advertising costs will increase by at least \$75,000 per year and the time line to complete projects will be extended by several weeks due to the required bidding.

Oversight assumes an unknown impact to local government funds.

Officials at the **University of Central Missouri** assume costs of \$10,000 annually in additional advertising costs, with additional cost being incurred in staff time and project delay costs at about 3% of contract value.

ASSUMPTION (continued)

Officials at the **Missouri State University** assume increases as follows:

1. Print Advertising (Based on recent 12 month history) increase of \$10,000 annually if conducted only for bids above \$25,000 per current policy, or increase of \$60,000 if advertising is required for all bids as indicated in the proposal. Bids would be advertised one time a week in one publication for a period of four weeks.
2. Labor for Additional Staff (based on Missouri statewide average from 2008 Chamber of Commerce Survey) \$40,705 annually for an additional buyer, and \$27,444 for one technician.
3. Total annual increase of up to \$128,000.

Oversight assumes that the costs of this proposal to Colleges and Universities is not state revenue. Additionally, Oversight assumes that the Colleges and Universities will raise tuition to cover costs associated with this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
LOCAL GOVERNMENT FUNDS			
<u>Costs- bidding procedures</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Small Business</u>			

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act creates the "Political Subdivision Services Bidding Standards Act". Contracts for services by any political subdivision shall be advertised and bids solicited and awarded in compliance with any federal, state, and local law specifically written for such political subdivision. If a political subdivision is not covered by a specific federal, state, or local law, it shall comply with the advertising and bidding requirements outlined in this act when soliciting bids and awarding contracts.

Contracts for services shall be advertised in advance of the acceptance of bids, once per week for four consecutive weeks, with the first ad appearing at least 30 days in advance of the stated deadline for acceptance of bids. For contracts worth over \$50,000, bids shall also be advertised by providing information to at least one organization which regularly provides information to contractors providing the service needed. Ads and solicitations must include the submission deadline.

Unless otherwise specified by law, a contract shall be awarded to the lowest qualified responsible bidder. The bidder's qualification shall be determined by his or her education and training. However, the political subdivision may reject the low bidder based on the bidder's failure to provide a performance or payment bond, nonperformance on previous contracts, or other reasons specified as to the bidder's inability to adequately perform the contract. The reason for rejection shall be provided to the bidder within five business days of the rejection.

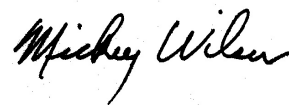
No contract shall be awarded in violation of certain requirements, including opening bids in advance of the advertising deadline, accepting bids that are unwritten, accepting bids after the advertised deadline, and failing to hold bids confidential. A person submitting a bid, or who would have submitted a bid except for such violations, may seek equitable relief and monetary damages for monetary losses.

Electronic bidding shall be allowed if it meets the standards of confidentiality. Nothing in this act shall require acceptance of a bid which exceeds the amount estimated by the political subdivision for the contract. Nor shall the act prohibit a political subdivision from contracting without bidding if there is an immediate danger to the public; however, the political subdivision shall produce a written public record documenting the need to contract for such services without competitive bidding.

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

Metropolitan Community College
Administrative Hearing Commission
Linn State Technical College
Lincoln University
City of Centralia
Cass County
Missouri Department of Conservation
City of Republic
Missouri Western State University
Missouri Southern State University
University of Central Missouri
University of Missouri
Missouri State University
St. Charles Community College
Missouri Department of Transportation
St. Louis County
City of Cape Girardeau
St. Charles R-VI School District
Office of Administration
Special School District of St. Louis



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