

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5857-05
Bill No.: SS for SCS for HCS for HB 2376 with SA 1
Subject: Contracts and Contractors; Political Subdivisions; Transportation - Department of
Type: Original
Date: May 11, 2016

Bill Summary: This proposal relates to construction management.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Sections 67.5050, 67.5060 and 227.107

Officials at the **Office of Administration's Facilities Management, Design and Construction**, the **Department of Economic Development**, the **Department of Labor and Industrial Relations**, the **Department of Natural Resources**, the **Department of Higher Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Health and Senior Services** and the **Department of Conservation** each assume no fiscal impact from this proposal.

In response to a previous version, officials at the **Missouri Department of Transportation** assumed no fiscal impact from this proposal.

Officials at the **City of Kansas City**, the **City of Columbia**, the **Missouri State University**, the **University of Central Missouri**, the **University of Missouri Systems**, the **Callaway County Commission**, the **State Technical College of Missouri**, the **Metropolitan St. Louis Sewer District** and the **Northwest Missouri State University** each assume no fiscal impact to their respective entities from this proposal.

In response to a previous version, officials at the **Missouri Western State University** assumed no fiscal impact from this proposal.

Oversight assumes the local political subdivisions would not use CM or the Design Build process unless it would either save money, provide some other benefit, or be absorbed within current budget appropriations. Therefore, Oversight will assume the proposal could have a positive fiscal impact to local political subdivisions from this proposal and will range the fiscal impact from \$0 to an unknown amount of savings.

Senate Amendment #1

Oversight assumes no fiscal impact from this amendment.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - Local Political Subdivisions - on Construction Management practices	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT - Small Business

This could have a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

The bill authorizes any political subdivision to use the construction manager-at-risk method, as defined in the bill, for a project. Before or concurrently with selecting a construction manager-at-risk, the political subdivision shall select or designate an engineer or architect who shall prepare the construction documents for the project and who shall comply with all state laws, as applicable. If the engineer or architect is not a full-time employee of the political subdivision, the political subdivision shall select the engineer or architect on the basis of demonstrated competence and qualifications. The bill specifies definitions for use in regulating design build projects.

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. The design criteria consultant may evaluate construction as to the adherence to the design criteria. The consultant shall be selected and its contract negotiated in compliance with Sections 8.285 to 8.291, RSMo, unless the consultant is a direct employee of the political subdivision.

Criteria for notice and content regarding requests for proposals are specified in the bill. The political subdivision shall solicit proposals in a three-stage process. The bill describes these phases in detail.

As an inducement to qualified design-builders, the political subdivision shall pay a reasonable stipend, the amount of which shall be established in the request for proposal, to each prequalified design-builder whose proposal is responsive but not accepted. Upon payment of the stipend to any unsuccessful design builder, the political subdivision shall acquire a nonexclusive right to

FISCAL DESCRIPTION (continued)

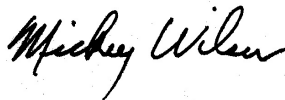
use the design submitted by the design-builder, and the design-builder shall have no further liability for the use of the design. If the design-builder desires to retain all rights and interest in the design proposed, the design-builder shall forfeit the stipend. The payment bond requirements of Section 107.170 shall apply to the design-build project.

The bill does not apply to any metropolitan sewer district established under Article VI, Section 30(a) of the Constitution of Missouri, or any charter city or charter county governed by home rule under Article VI, Section 18 or 19 of the Constitution of Missouri. The authority to use construction manager-at-risk, design-build, and design-build contracts expires September 1, 2026. This proposal removes water plants, wastewater plants, water distribution and wastewater conveyance as examples of civil works projects under the definition of design-build projects. This proposal also allows for and defines specialty construction design contracts. This proposal specifies the types of projects a political subdivision may use the construction manager-at-risk method for. The proposal also sets out specific requirements for political subdivisions to follow when publishing the request for proposals or qualifications.

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

Office of Administration
 Division of Facilities Management, Design and Construction
Department of Health and Senior Services
Department of Higher Education
Department of Economic Development
Department of Labor and Industrial Relations
Department of Conservation
Department of Natural Resources
Department of Insurance, Financial Institutions and Professional Registration
City of Kansas City
Northwest Missouri State University
University of Central Missouri
State Technical College of Missouri
Missouri State University
Metropolitan St. Louis Sewer District
Missouri Department of Transportation
Missouri Western State University
University of Missouri Systems
City of Columbia
Callaway County Commission



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May 11, 2016

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