

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0615-01
Bill No.: SB 158
Subject: Boards, Commissions, Committees and Councils; Contracts and Contractors;
 Roads and Highways; Transportation; Department of Transportation
Type: Original
Date: January 9, 2019

Bill Summary: This proposal requires the Department of Transportation to consider the complete life-cycle costs of work in determining the lowest bid amount submitted for a contract.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
State Road Fund	(Could exceed \$230,640)	(Could exceed \$230,640)	(Could exceed \$230,640)
Total Estimated Net Effect on Other State Funds	(Could exceed \$230,640)	(Could exceed \$230,640)	(Could exceed \$230,640)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation (MoDOT)** assume this proposal would require the development of life-cycle cost analyses (LCCA) for all MoDOT projects with estimated paving costs of over \$1 million. MoDOT already uses LCCA for determining alternate pavement selection for new construction, but this would expand the selection criteria to many thin overlay projects.

MoDOT will require additional staff time to develop alternate LCCAs for asphalt and concrete overlay projects and perform additional pavement condition analyses. Last year's estimate was around \$68,000 in additional expenditures for increased personnel work.

The biggest potential impact from this proposal, however, relates to MoDOT's ability to budget each year for the number of projects to improve roads and bridges. Increasing initial award costs will decrease the overall number of projects to be delivered on an annual basis, which will in turn force MoDOT to delay necessary maintenance and rehabilitation on certain roads and bridges.

	Hours /Project	Number of Projects	Total Hours	Average Cost (assume \$31/hour)
Project set-up	2	372	744	\$ 23,064
Pavement coring	20	93	1,860	\$ 57,660
Pavement analysis and design	8	186	744	\$ 46,128
Estimate - Pre-bid	6	372	2,232	\$ 69,192
Analyze Bids	2	372	744	\$ 23,064
Award Recommendations	1	372	372	\$ 11,532
Total				\$ 230,640

Oversight assumes MoDOT will have increased costs due to this proposal and will reflect a fiscal impact of a negative "Could exceed \$230,640" for each fiscal year. Oversight assumes any potential long term savings from this change would be beyond the scope of this fiscal note.

ASSUMPTION (continued)

Officials from the **Office of Administration - Budget and Planning** assume this proposal will have no fiscal impact on their organization, no direct impact on General and Total State Revenues and will not impact the calculation pursuant to Article X Section 18(e).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
STATE ROAD FUND			
Cost - MoDOT - staff time to assess and verify the validity of LCCA's	(Could exceed <u>\$230,640</u>)	(Could exceed <u>\$230,640</u>)	(Could exceed <u>\$230,640</u>)
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	(Could exceed <u>\$230,640</u>)	(Could exceed <u>\$230,640</u>)	(Could exceed <u>\$230,640</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act requires the Department of Transportation to consider the complete life-cycle costs of work in determining the lowest bid amount submitted.

The Department is required to develop and implement a life-cycle cost analysis for any projects for which the estimated total pavement costs exceed \$1 million funded in whole or in part by state funds. The Department shall design such projects in both asphalt and concrete pavement designs, and shall award pavement projects utilizing the material with the lowest life-cycle cost. The designs and life-cycle cost analysis shall be conducted in accordance with the Department's currently established practices and policies.

FISCAL DESCRIPTION (continued)

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

Department of Transportation
Office of Administration - Budget and Planning



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January 9, 2019

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January 9, 2019