

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0980S.01I  
Bill No.: SB 104  
Subject: Capital Improvements; Contracts and Contractors; Roads and Highways;  
Transportation; Transportation, Department of  
Type: Original  
Date: January 20, 2021

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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**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
State Road Fund	(Could exceed \$189,038)	(Could exceed \$189,038)	(Could exceed \$189,038)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$189,038)</b>	<b>(Could exceed \$189,038)</b>	<b>(Could exceed \$189,038)</b>

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **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. Thin overlay projects of 2 inches or less in thickness are utilized for managing and maintaining in good condition the asset of Missouri's roadways. No viable thin concrete treatment exists that can be compared to the thin asphalt treatments used to perform this function.

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. Most funds are used to work on bridges and do the thin lift treatments mentioned above. Utilizing an LCCA to select more substantial pavement treatments would be a larger price for fewer miles of treatments at the cost of letting some roadway conditions degrade. 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. The highway system as a whole is thus likely to degrade in quality.

	Hours /Project	Number of Projects	Total Hours	Average Cost (assume \$31/hour)
Project set-up	2	250	500	\$ 15,500
Pavement coring	20	93	1,860	\$ 57,660
Pavement analysis and design	8	186	744	\$ 46,128
Estimate - Pre-bid	6	250	1,500	\$ 46,500
Analyze Bids	2	250	500	\$ 15,500
Award Recommendations	1	250	250	\$ 7,750
<b>Total</b>				<b>\$ 189,038</b>

**Oversight** assumes MoDOT will have increased costs due to this proposal and will reflect a fiscal impact of a negative "Could exceed \$189,038" for each fiscal year. Oversight assumes any potential long term savings from this change would be beyond the scope of this fiscal note.

Officials from the **Office of Administration** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>STATE ROAD FUND</b>			
Cost - MoDOT - staff time to assess and verify the validity of LCCA's	(Could exceed <u>\$189,038</u> )	(Could exceed <u>\$189,038</u> )	(Could exceed <u>\$189,038</u> )
<b>ESTIMATED NET EFFECT ON THE STATE ROAD FUND</b>	(Could exceed <u>\$189,038</u> )	(Could exceed <u>\$189,038</u> )	(Could exceed <u>\$189,038</u> )

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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

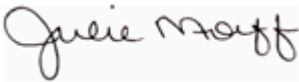
This act requires the Department of Transportation to consider the complete life-cycle costs of work in determining the lowest bid amount submitted for non-design-build projects.

The Department is required to develop and implement a life-cycle cost analysis for any non-design-build 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.

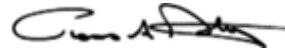
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Transportation  
Office of Administration



Julie Morff  
Director  
January 20, 2021



Ross Strobe  
Assistant Director  
January 20, 2021