

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB317

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Ruff

3. Committee: General Laws and Technology

4. Title: Public procurement; contracting for construction on a construction management basis.

5. Summary: Authorizes state public bodies and public institutions of higher education to enter into contracts for construction on a construction management basis where the estimated cost is expected to be greater than \$40 million of actual construction costs without following certain statutory procedures. Under current law, such bodies are required to comply with the procedures whenever such bodies decide to use construction management. The bill also changes the threshold for local public bodies to contract for construction using construction management from \$10 million to \$40 million. The bill also amends the components of the definition "complex project" by (i) removing references to multifaceted program, unique equipment, and specialized building systems, (ii) adding unconventional building systems, (iii) clarifying that the accelerated schedule component of the definition must be due to regulatory mandates, and (iv) requiring that any historic designation be properly registered.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary – fiscal impact is indeterminate. See Item 8.

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. The bill would authorize state public bodies and covered institutions of higher education to use construction management (CM) or design-build (D-B) procurement methods without following certain statutory procedures when the estimated constructions cost is greater than \$40 million. It also makes changes to the definition of “complex project.”

The bill removes requirements for state agencies and covered institutions to have the Department of General Services (DGS) evaluate the selected use of CM or D-B methods for projects with estimated construction costs greater than \$40 million. Currently, DGS is required to review and make a recommendation as to whether the use of CM or D-B is the appropriate method for the given project for all projects regardless of dollar value.

However, § 4-4.01 y. of Chapter 836, 2017 Acts of Assembly, and HB/SB 30, as introduced, specifies certain requirements for the use of CM or D-B, which would remain in place unless amended in HB/SB 30. Such requirements include the review and approval of the requested

use of CM or D-B by state agencies and institutions of higher education other than covered institutions by DGS for all projects.

Among the other statutory procedures that the bill would no longer require for projects with estimated construction costs greater than \$40 million is also the requirement that at least 90 percent of construction work be performed by subcontractors procured by competitive sealed bidding to the maximum extent practicable. The potential impact of any such changes is indeterminate

9. Specific Agency or Political Subdivisions Affected: Department of General Services, and all state agencies, institutions of higher education, and localities

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/5/2018