

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5857-01
Bill No.: HB 2376
Subject: Construction and Building Codes; Contracts and Contractors
Type: Original
Date: February 12, 2016

Bill Summary: This proposal modifies provisions of law relating 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Conservation**, the **Department of Higher Education**, the **Department of Natural Resources**, the **Department of Economic Development**, and the **Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation this year, SCS for SB Nos. 595 & 789, officials at **Department of Labor and Industrial Relations**, the **Office of Administration's Division of Purchasing and Materials Management** and the **Division of Facilities Management, Design and Construction**, the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Health and Senior Services** each assumed no fiscal impact to their respective agencies from this proposal.

Officials from the **University of Central Missouri (UCM)** estimates minimal or no fiscal impact because use of the construction-manager-at-risk building model is allowed but not mandated, and because UCM is already following the procedures outlined regarding each of the construction models mentioned. UCM could realize savings from being allowed to use a contractor-at-risk construction model.

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

In response to similar legislation this year, SCS for SB Nos. 595 & 789, officials at **Missouri Western State University** and the **City of Jefferson** each assume no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

Oversight assumes the local political subdivisions would not use CM or a Design Build process unless it would either save money, provide some other benefit, or be absorbed within current budget appropriations. Therefore, Oversight will assume a no fiscal impact to local political subdivisions from this proposal.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O’Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight’s** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College and Truman State University did not respond to **Oversight’s** request for fiscal impact.

<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
	<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

The proposal authorizes any political subdivision to use the construction manager-at-risk method, as defined in the proposal, 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 proposal 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 proposal. The political subdivision shall solicit proposals in a three-stage process. The proposal describes these phases in detail.

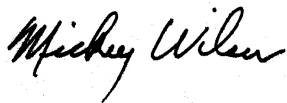
As an inducement to qualified design-builders, the political subdivision shall pay a reasonable stipend, the amount of which shall be established in the request for proposal, to each prequalified design-builder whose proposal is responsive but not accepted. Upon payment of the stipend to any unsuccessful design-builder, the political subdivision shall acquire a nonexclusive right to 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 proposal 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 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 Natural Resources
Department of Economic Development
Department of Transportation
City of Kansas City
Metropolitan St. Louis Sewer District
University of Missouri
Missouri State University
Northwest Missouri State University
University of Central Missouri
Department of Labor and Industrial Relations
Office of Administration
 Division of Purchasing and Materials Management
 Division of Facilities Management, Design and Construction
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Conservation
Department of Higher Education
State Technical College
Missouri Western State University
City of Jefferson



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February 12, 2016

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February 12, 2016