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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 3/14/09 **HB** _____

SPONSOR SFL _____

SHORT TITLE Dept. of Transportation Project Delivery **SB** 345/SFLS _____

ANALYST Moser _____

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Indeterminate	Indeterminate	Indeterminate	Recurring	State Road Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of Bill

Senate Floor Substitute for Senate Bill 345 authorizing the use of design and build project delivery systems for certain transportation construction projects with a maximum allowable construction cost of more than \$50 million funded in whole or in part by the grants programs of the Federal America Recovery and Reinvestment Act of 2009.

Senate Floor Substitute for Senate Bill 345 contains an emergency clause.

FISCAL IMPLICATIONS

Senate Floor Substitute for Senate Bill 345 may result in savings of capitol funds, administrative time and project delivery time.

SIGNIFICANT ISSUES

NMDOT indicates that Senate Floor Substitute for Senate Bill 345 provides NMDOT design and build authority only for transportation projects greater than \$50 million that are associated with the grants programs of the federal stimulus American Recovery and Reinvestment Act of 2009 (ARRA).

NMDOT reports that Senate Floor Substitute for Senate Bill 345 will allow the department to be in a better position to compete for grants programs projects to be selected by the U.S. Secretary of Transportation.

NMDOT indicates that design and build has proven to be effective on transportation projects in New Mexico and shown to be: 1) Faster - Project delivery will be expedited by allowing an earlier starting early which will be of tremendous benefit under the constraints imposed by ARRA; 2) Allow for greater Innovation by encouraging contractors to develop innovative ideas into the design process to improve quality. NMDOT experience shows that this, in most cases, reduces the number of change orders; and 3) If used on the right project can be more cost effective. NMDOT cites that examples of this type of contracting could be Large scale projects like: I-25 & Paseo del Norte Interchange (Albuquerque); I-10 & I-25 System Interchange (Las Cruces); and other major corridors like US 54, US 64 and US 491.

ADMINISTRATIVE IMPLICATIONS

NMDOT states that “Existing staffing is expected to be sufficient to address administrative implications, given the NMDOT has already had successful experience in administering special authorized Design and Build transportation projects.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Currently, NMSA 1978, § 13-1-119.1 allows for design-build projects “[e]xcept for road and highway construction or reconstruction projects,” thereby prohibiting the NMDOT from using a Design Build project delivery system for road and highway construction or reconstruction projects costing more than \$10,000,000.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The NMDOT would retain existing project delivery procurement systems and may not be in the best position to compete for the discretionary grants programs of the federal stimulus due to inability to deliver an expedient project.

GM/mc