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FISCAL IMPACT REPORT

SPONSOR Aragon DATE TYPED 2/05/04 HB _____

SHORT TITLE Lower Minimum Design & Build Project Costs SB 479

ANALYST Geisler

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			Unknown		

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with: HB 561 and SB 522 (Section 13-1-119.1 NMSA 1978)

SOURCES OF INFORMATION

Regulation and Licensing Department Construction Industries Division (CID)
 General Services Department (GSD)
 State Department of Public Education (PED)

SUMMARY

Synopsis of Bill

This bill would amend Section 13-1-119.1 NMSA 1978 to authorized design and build projects for public works with a maximum allowable construction cost of more than \$500 thousand. The statute currently authorizes design and build for public works projects with construction costs of more than \$10 million. The bill also clarifies that it is a state purchasing agent, not the state purchasing office, who determines whether or not design and build system is appropriate on any given public works project.

Significant Issues

A design and build project delivery system is defined as a procurement process by which an agency contracts with one firm who has a responsibility for the design, construction and delivery of a project under a single contract with the agency. Under current law, two types of projects qualify for design and build project delivery: projects larger than \$10 million, and projects costing less than \$400,000 that are for site improvements or adapting a pre-fabricated building. Only projects less than \$500,000 that involve more than site-adapt or site improvements would not be eligible for this delivery method.

FISCAL IMPLICATIONS

PED provides that there may be a reduction in the costs associated with the designing and engineering portions of projects due to the use of design and build project delivery systems. However, some have expressed concerns about the ability of smaller governments to properly manage design and build projects without the involvement of a professional engineer, architect, or construction manager.

ADMINISTRATIVE IMPLICATIONS

The General Services Department (GSD) views this initiative as an opportunity to streamline and improve customer service by lowering the high project threshold from \$10 million to a practical amount of \$500,000. This proposal would reduce red tape, administrative costs and allow for shorter turnaround times for needed projects.

RELATIONSHIP

GSD provides that HB 516 and SB 522 also propose changes to Section 13-1-119.1 of the Procurement Code.

AMENDMENTS

CID states that there appears to be an internal inconsistency in the language of the statute that the proposed amendment does not address. Section A (line 25 on page 1) uses the term “maximum allowable construction cost,” while Section F (line 16 on page 4) uses the term “minimum construction cost of Subsection A.” CID suggests adding language that will resolve the internal inconsistency if one exists.

GGG/lg:yr