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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/07

SPONSOR Lopez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE ROAD PROJECT DESIGN & BUILD SYSTEM SB 675

ANALYST Propst

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>	0.0	60.0	50.0	110.0	Recurring	GSD Purchasing Div (General Fund)

(Parenthesis ( ) Indicate Revenue Decreases)

GSD estimates 1 additional FTE to review contracts prepared under a design and build system.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 675 eliminates the exclusion of road and highway construction and reconstruction projects from the "design and build project delivery system". It also defines allowable specific project construction cost to be a minimum, instead of maximum, of \$10,000,000.

### FISCAL IMPLICATIONS

GSD and DOT verified that there is no fiscal impact of this legislation on either Department.

### SIGNIFICANT ISSUES

GSD reports that public agencies, which include the NM Department of Transportation, are allowed by this bill to utilize a design and build project delivery system to combine the design and construction processes on a project rather than having to depend only on the "traditional design-bid-build" approach. Using the traditional approach tends to create a project working environment whereby the design entity and the contractor are not necessarily working in tandem with each other and can lead to them being "often at odds, blaming each other for problems on the project." SB 675 would foster a more cooperative relationship between the design entity and the contractor "because both are working on the same team to produce a constructible design and

construction in conformance with the contract specifications." DOT favors passage of this bill to utilize the design and build delivery system, particularly on its larger projects because "This approach is particularly valuable in large projects because a hostile atmosphere can increase the chances of particularly large claims."

Source: NM Department of Transportation

### **PERFORMANCE IMPLICATIONS**

Efficiencies would be realized by passage of this legislation because use of the design and build project delivery system would simplify the bidding process for large highway construction and reconstruction projects. Design services and construction services would no longer have to be obtained through separate bids. "The Department would have the ability to negotiate a construction and design package with one bidder under a competitive sealed proposal process..."

Source: NM Department of Transportation

### **ADMINISTRATIVE IMPLICATIONS**

The "administrative claims procedure" of the NM Department of Transportation would be streamlined because a contractor would not be able to claim defective design by the Department. That's because "the entity providing the construction services has also provided the design..."

Source: NM Department of Transportation

According to the GSD, Purchasing Division: "The request for proposals (RFP) process used in a design/build procurement takes more staff time than the invitation to bid process currently used for DOT projects." It has been verified with the Deputy Director of the GSD, Purchasing Division that an additional 1.0 FTE would be needed by the Division to handle the workload impact of including NM Department of Transportation highway projects in the design and build project delivery system.

Source: GSD, Purchasing Division

WEP/mt