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FISCAL IMPACT REPORT

SPONSOR Kernan ORIGINAL DATE 1/29/21
LAST UPDATED _____ HB _____
SHORT TITLE Design and Build of Project Delivery System SB 34
ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

Senate Bill 34 (SB 34) strikes language limiting use of design and build procurement to federally-funded transportation projects. The bill will allow DOT to use design and build for a project with construction costs over \$50 million regardless of funding source.

FISCAL IMPLICATIONS

The DOT already has authority to use this procurement type for federally funded projects and reports the cost to develop policies around use of design and build procurement was minimal. Therefore, it is unlikely extending this authority to state-funded projects will impose additional costs on the agency.

SIGNIFICANT ISSUES

DOT writes:

According to the Design-Build Institute of America (DBIA), the design and build form of project delivery is a system of contracting whereby one entity performs both architectural/engineering and construction under one contract. This delivery method often

leads to faster project completion times as it is possible for design and construction to occur simultaneously. Design and build transportation project delivery is authorized in most states. *See* DBIA 2021 *State Statute Report*, available at: [2021-DBIA-State-Statute-Report.pdf](#), last visited 01/22/2021. Design and build public works project procurement has been authorized in the Procurement Code for use by various state agencies since 1997, and for the NMDOT's use on qualifying, federally-funded transportation projects since 2009. *See* NMSA 1978, §§ 13-1-119.1 and -119.2.

CJ/sb