

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7644

BILL NUMBER: HB 1906

DATE PREPARED: Jan 22, 1999

BILL AMENDED:

SUBJECT: Design-build public works projects.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill authorizes a public agency to enter into a design-build contract for public works projects and establishes the procedures for solicitation and award of a design-build contract.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill gives public agencies the discretion to choose to award a design-build contract for a public works project, instead of using the existing competitive bid process. The design-build option allows for the submission of coordinated proposals in which the design and construction aspects of a project are merged. Under the competitive bid process, separate proposals for the design and construction of a public works project are submitted.

This bill requires that should a public agency choose to enter into a design-build contract, it must pay a stipend of .25% of the total design-build contract based upon the lowest price proposal to each potential design-builder that provides an unsuccessful proposal certified for evaluation. If a public agency takes the design-build contract option, it must establish a technical review committee to qualify potential design builders, and rate and score qualitative proposals. After evaluating proposals, the technical review committee must select three to five potential design-builders considered the most highly qualified to perform the required services and report their selection to the public agency. If a contract award is not made, the public agency shall pay all certified proposers a stipend. If the public agency pays a stipend it can use any concept or information contained in the proposal.

The design-build option may save expenditures if the merger of construction and design speeds up the construction of the total project. However, the requirement that a stipend be paid to unsuccessful proposals may offset any cost savings.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Administration.

Local Agencies Affected: Public agencies that award contracts for public works projects.

Information Sources: Rob Palmer, Association of General Contractors, (317) 656-8899; Jay McQueen, Department of Administration, (317) 232-7636.