

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 3395-01  
BILL NO. SB 772  
SUBJECT: Contracts and Contractors; State Departments  
TYPE: Original  
DATE: January 28, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 4pages.

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**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Department of Transportation (DHT)** and the **Missouri Department of Conservation (MDC)** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Natural Resources (DNR)** assume they would work with the Office of Administration - Division of Design and Construction (COA) on any contractors wishing to bid on state building contracts. Therefore, they assume they would not be impacted by the proposal, since they would follow COA's guidance.

Officials from the **Office of the Secretary of State (SOS)** assume the bill would allow the Division of Design and Construction to promulgate rules for the conduct of the design-build process. Based on experience with this Division, the rules, regulations and forms issued by the Division if they were promulgated, would be minimal and the cost could be absorbed.

Officials from the **Coordinating Board for Higher Education (CBH)** assume this proposal would have no fiscal impact on the CBH, because they do not work directly with any construction contracts. However, it could have an impact on the colleges and universities.

Officials from the **Office of Administration - Division of Design and Construction (COA)** assume they would incur annual costs of approximately \$100,000. This would be the worst case scenario if five qualified proposers would participate in the bid of one Design-Build project, if each proposer is responsive, if the design-build proposer does not desire to retain all rights and interest in their design and the stipend paid to each proposer is approximately \$25,000 (maximum foreseeable amount).

**Oversight** assumes that combining the design and construction of a facility into one contract may affect the total cost of the project. Savings could be realized since one "design-builder" is responsible for the total project, and Division of Design and Construction (D&C) would not have to contract out the design and construction functions separately. However, Oversight further assumes there may be additional costs associated with this proposal, as it requires D&C to pay a stipend to each unsuccessful proposer in return for their rights in the design. Because design-builders may choose to forfeit this fee to retain the rights to their design, the costs for these fees cannot be estimated.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE**

Savings due to design-build contracts	Unknown	Unknown	Unknown
Costs - Stipend for rights to designs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Unknown to <u>(Unknown)</u></b>	<b>Unknown to <u>(Unknown)</u></b>	<b>Unknown to <u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal may affect small businesses as it may decrease the number of businesses capable of bidding on both the design and construction of a facility.

DESCRIPTION

This proposal allows the Division of Design and Construction of the Office of Administration to simultaneously contract for the design and construction of a building. Proposals would be solicited in a three-phase process. Phase I would be the solicitation of qualifications of the design-build team; phase II would be the solicitation of a technical proposal including conceptual design for the project; and phase III would be the proposal of the construction cost. An evaluation team would review the submittals of the proposers and assign points to each proposal in accordance with this legislation. The proposer with the highest total number of points would be awarded the contract. The Division would pay a stipend to all unsuccessful proposers and it would retain all rights to the design.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

MLW:LR:OD:005 (9-94)

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Department of Transportation  
Missouri Department of Conservation  
Department of Natural Resources  
Office of the Secretary of State  
Coordinating Board for Higher Education  
Office of Administration - Division of Design and Construction

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is cursive and somewhat stylized, with a large initial "J".

Jeanne Jarrett, CPA  
Director  
January 28, 2000