

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4164-01  
Bill No.: HB 1223  
Subject: Administration, Office of; Contracts and Contractors; State Departments  
Type: Original  
Date: March 28, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Facilities Maintenance Reserve	\$62,108	\$76,766	\$79,069
Various	\$152,058	\$187,944	\$193,582
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$214,166</b>	<b>\$264,710</b>	<b>\$272,651</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Missouri Senate**, the **Missouri House of Representatives**, and the **Office of the Governor** assumed a similar proposal would have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State** (SOS) assume this proposal would modify the requirements for the management, design, and construction of state buildings. The Office of Administration could promulgate rules. The Administrative Rules Division would publish those rules in the Missouri Register and the Code of State Regulations. Based on experience with other divisions the rules, regulations and forms could require publication of approximately 75 pages in the Missouri Register and 50 pages in the Code of State Regulations. The estimated cost of a page in the Missouri Register is \$23, and the estimated cost of a page in the Code of State Regulations is \$27. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.  $((75 \times \$23) + (50 \times \$27) = \$3,075)$

ASSUMPTION (continued)

In response to a similar proposal, SOS stated that the estimated fiscal impact for the proposal was less than \$1,500. The SOS stated that no additional funding would be required to meet these costs, but that SOS would request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of Administration, Division of Purchasing and Materials Management**, the **Department of Conservation**, and the **Department of Transportation** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Facilities Management, Design and Construction** (FMDC) assume this proposal could result in significant savings of at least \$257,000 per year from reduced cost for bonding and reduction of advertising, with a potential reduction in overall project cost.

FMDC officials stated this legislation could have an economic impact on small business that were unable to propose a bid due to the limitation of the bonding issue, and that this proposal could open up opportunities for WBE/MBE businesses.

Officials from the **Department of Natural Resources** (DNR) assume this proposal would place general supervision and charge of all public property under the authority of the Board of Public Buildings, except for property deeded to the Departments of Transportation, Higher Education, and Conservation. It would appear to create duplicate management of the state park system and an additional layer of management. It is unknown how the Board of Public Buildings would implement provisions in this proposal and how that would affect the way the department's Division of State Parks currently manages the state park system. If an administrative fee was charged similar to those fees charged on capital improvement projects, the Division of State Parks estimated costs for the Board of Public Buildings to "co-manage" the state park system could average \$297,856 annually.

**Oversight** assumes the Board of Public Buildings would not co-manage or administer state parks, or charge an administrative fee to the state park system.

Officials from the **Office of the State Treasurer** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>FACILITIES MAINTENANCE RESERVE FUND</b>			
<u>Savings</u> - Office of Administration Construction and maintenance cost	<u>\$62,108</u>	<u>\$76,766</u>	<u>\$79,069</u>
<b>ESTIMATED NET EFFECT ON FACILITIES MAINTENANCE RESERVE FUND</b>	<b><u>\$62,108</u></b>	<b><u>\$76,766</u></b>	<b><u>\$79,069</u></b>
<b>VARIOUS STATE FUNDS</b>			
<u>Savings</u> - Office of Administration Capital improvement projects	<u>\$152,058</u>	<u>\$187,944</u>	<u>\$193,582</u>
<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS</b>	<b><u>\$152,058</u></b>	<b><u>\$187,944</u></b>	<b><u>\$193,582</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses involved in construction and building maintenance.

## DESCRIPTION

This proposal would amend the requirements for management, design and construction of state buildings.

- A. The Second State Capitol Commission would assume the responsibilities of the Capitol Review Commission and develop written policy that establishes guidelines for selection and placement of plaques, monuments, statues, pictures, and other articles in or on all buildings and grounds under the control of the board of public buildings and make a determination after a review of all requests from entreating parties as to the installation of such articles.
- B. The Office of Administration, Division of Facilities Management, Design, and Construction would supervise the design, construction, renovation, and repair of state facilities, except as otherwise provided by law, and except for facilities belonging to the institutions of higher education, the Highways and Transportation Commission, and the Conservation Commission. The Division would be responsible for the review of all requests for appropriations for capital improvements.
- C. The fine for a second or subsequent overparking offense on the same day would increase to twenty dollars.
- D. The Director of the Division of Facilities Management, Design, and Construction could impose debarment on a company or firm and its named principals for any or a combination of specified reasons. A contractor could be disqualified for a period of one year and until reinstated under rules established by the Director to receive invitations for bids, requests for proposals, or the award of any contract by the state. The disqualification would apply to a contract as a joint venture, contractor, subcontractor, consultant, or subconsultant on state projects.
- E. The Division of Facilities Management, Design, and Construction could develop and require a prequalification process for bidders when the nature of the project to be bid meets certain specified standards.

DESCRIPTION (continued)

- F. The Director of the Division of Facilities Management, Design, and Construction could waive the requirement of competitive bids for construction projects when the Director has determined that there exists a threat to life, property, public health, or public safety or when immediate projects are necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in state services, or to ensure the integrity of state records. Emergency contracts for construction would be made with as much competition as is practicable under the circumstances.
- G. The Commissioner of Administration would negotiate all leases and purchase all lands, except for departments which derive their power to acquire lands from the state constitution.
- H. The Board of Public Buildings could dispose of state owned property as part of a real estate transaction without approval by the Committee on Legislative Research of the General Assembly when the General Assembly is not in session, when such disposal is necessary to complete a time limited transaction and is requested and recommended by the Commissioner of Administration.
- I. The Director of the Division of Facilities Management, Design, and Construction could authorized design-build contracts in certain instances. The Director could determine whether a design-build procurement process is necessary for certain projects; authorize the division to contract with consultants to prepare proposals, review documents, resolve disputes, and make inspections; create an evaluation team within the division to review design-build proposals; and develop a three-phase process in which proposals would be solicited. The first phase would involve the soliciting of qualified design builders, the second phase would narrow the field of qualified design builders, and the third would be the bid submission. The Division would be required to reimburse unsuccessful bidders for costs incurred during the proposal submission process.
- J. The revenue bond limit would be increased for the acquisition of public buildings in cities by the Board of Public Buildings.

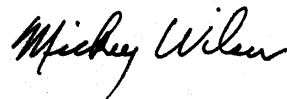
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Office of Administration  
    Division of Facilities Management, Design and Construction  
    Division of Purchasing and Materials Management  
Department of Conservation  
Department of Natural Resources  
Department of Transportation

NOT RESPONDING

**Office of the State Treasurer**



Mickey Wilson, CPA  
Director  
March 28, 2006