

HB 2 -- DESIGN-BUILD STATE HIGHWAY PROJECT BONDS

SPONSOR: St. Onge

COMMITTEE ACTION: Voted "do pass" by the Committee on Transportation by a vote of 9 to 1.

This bill allows the Highways and Transportation Commission to modify bonding requirements for projects designated as design-build-finance-maintain projects for which the contract with the design-builder is expected to exceed 25 years. The surety bond for the design-build project must:

- (1) Require a bid or proposal bond in an amount of at least \$5 million;
- (2) Require a performance bond or bonds for the construction period specified in the design-build highway project contract in an aggregate amount of at least \$250 million or 25% of a reasonable estimate of the cost of the construction work, whichever is lower, except that the commission may allow other security in lieu of or in addition to any bond or bonds including, but not limited to, letters of credit or other negotiable instruments considered to be adequate and satisfactory to the commission; and
- (3) Require a payment bond or bonds for the protection of persons supplying labor and material in carrying out the construction work specified in the contract in an amount equal to a reasonable estimated total contract price under the terms of the project contract unless the commission makes a final determination by written findings of fact that the amount is impractical, in which case the commission will establish the amount of the payment bond or bonds, but in no case will the payment bond or bonds be less than the performance bond or bonds.

The bill contains an emergency clause.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill is needed because the traditional surety bonding procedures and statutes do not cover such a long and extensive process like this proposal.

Testifying for the bill were Representative St. Onge; Department of Transportation; Dwight Munk, Zachry American Infrastructure; Mark Wando, Team United; Edward DeSoigne, Heavy Constructors Association of Greater Kansas City; Associated General Contractors of St. Louis; St. Louis Regional Chamber and Growth

Association; American Council of Engineering Companies of Missouri; Associated General Contractors of Missouri, Incorporated; Missouri Laborers' Legislative Committee; Missouri Limestone Producers Association; Missouri Chamber of Commerce and Industry; and Missouri Farm Bureau.

OPPONENTS: There was no opposition voiced to the committee.