

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 923 - SB 779

March 18, 2019

SUMMARY OF ORIGINAL BILL: Converts the Department of Transportation's (TDOT) Construction Manager/General Contractor Services (CM/GC) pilot program into a fully authorized project delivery method. Prohibits TDOT to initiate more than five CM/GC contracts in any one fiscal year. Requires TDOT to identify, in its annual Transportation Improvement Program to the General Assembly, any proposed CM/GS contract that has a total estimated contract amount in excess of \$70,000,000.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006127): Deletes and rewrites all language after the enacting clause such that the substantive changes are: (1) further specifies the selecting factors of projects; (2) removes the five CM/GC contract limitation in any one fiscal year; (3) requires the Commissioner of TDOT to send prior written notice to the Chairs of the Transportation Committees of the General Assembly identifying the project and the reason for deciding to use the CM/GC method; (4) prohibits the cumulative cost of the CM/GC projects awarded in any single fiscal year from exceeding 25 percent of the total amount of construction contract awards made in the previous fiscal year, except as the General Assembly may otherwise approve; and (5) reduces the required protest bond from 5 percent to 2 percent of the Department's estimate of the total project cost.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Public Chapter 366 (2013) established the "Tennessee Department of Transportation Contracts for Construction Manager/General Contractor Services Pilot Program," which allowed the Department to engage in an alternative procurement procedure for certain transportation projects performed.
- According to information provided by TDOT, the current process of contracting with a consulting engineer for design services and going through a bid letting process for a contract with a construction contractor is substantially similar to the established process

HB 923 - SB 779

under the pilot project. As a result, continuing to conduct this method of procurement will not result in a significant fiscal impact to the state.

- Any expenditures incurred for the selection committee will be not significant.
- Giving prior notification to the Chairs of the Transportation Committees of the General Assembly to identify CM/GC projects and the reason for deciding to use the CM/GC method will not result in an increase in TDOT expenditures.
- Compiling and presenting a detailed report to the General Assembly will not result in a significant increase in expenditures and can be accommodated within existing resources without an increased appropriation or a reduced reversion.
- Reducing the required protest bond by three percent is not estimated to significantly alter the amount of protests; therefore, it will not result in a significant impact on state expenditures or the common timeframe of CM/GC projects.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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